Texas Department of Housing and Community Affairs

Supplemental Board Book

Thursday, April 10, 2025

10:00 AM

Dewitt C. Greer State Highway Building
125 E. 11th Street
Williamson Board Room
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 2025

CY 25 9% LIHTC Program

- Total Pre-Applications Rec'd: 235
- Total Market Rate Units Proposed: 852
- Total Low-Income Units Proposed: 18,390
- Total HTCs Requested: $379,713,107

Construction Type:

- Total Proposed New Construction Projects: 201
- Total Proposed Reconstruction Projects: 7
- Total Proposed Rehab Projects: 27

CY 25 4% LIHTC Program

Active or Approved Applications:

- Total Applications: 34
- Total Units Proposed: 7,254

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: $248,244,341
Total Households Served: 1,058

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: $36,246,063
Total Households Served: 26,124

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: $1,478,989
Total Individuals Served: 6,367

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: $6,069,975
Total Households Served: 1,984

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: $2,470,576
Total Households Served: 34

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: $8,532,163
Total Individuals Served: 42,779

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: $544,500
Total Households Served: 11

Total Expended Funds: $331,747,146
Total Households Served: 81,165

All FY2025 data as reported in TDHCA's 2025 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: 9/1/2024-11/30/2024 (4% Program figures as of 1/27/2025; 9% LIHTC Program figures as of 1/13/2025)

* Administered through the federally funded HOME Investment Partnerships Program

CALL TO ORDER

ROLL CALL

CERTIFICATION OF QUORUM

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

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

RESOLUTIONS

Resolution Recognizing May as Community Action Month

Resolution Recognizing April as Fair Housing Month

CONSENT AGENDA

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

EXECUTIVE

1.	Presentation, discussion, and possible action on the Board meeting minutes summary for March 6, 2025	Beau Eccles

ASSET MANAGEMENT

2.	Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Cleveland Square (HTC #23081)	Rosalio Banuelos
3.	Presentation, discussion, and possible action regarding an increase to the Housing Tax Credit amount for The Ridge at Lancaster (HTC #21421)	Rosalio Banuelos

BOND FINANCE

4.	Presentation, discussion, and possible action on Resolution No. 25-018 regarding the annual approval of the Department's Investment Policy	Scott Fletcher
5.	Presentation, discussion, and possible action on Resolution No. 25-019 regarding the annual approval of the Department's Interest Rate Risk Management Policy	Scott Fletcher

COMMUNITY AFFAIRS

6.	Presentation, discussion, and possible action on release of the draft 2026 Low Income Home Energy Assistance Program State Plan for public comment	Gavin Reid
7.	Presentation, discussion, and possible action on release of the draft Federal Fiscal Years 2026-2027 Community Services Block Grant State Plan for public comment	Gavin Reid

RULES

8.	Presentation, discussion, and possible action on an order adopting the repeal of 10 TAC §1.15, Integrated Housing Rule; an order adopting new 10 TAC §1.15, Integrated Housing Rule; and directing their publication in the Texas Register	Brooke Boston
9.	Presentation, discussion, and possible action on an order adopting amendments to 10 TAC Chapter 1, Subchapter D, Uniform Guidance for Recipients of Federal and State Funds, §1.401 Effective Date and Definitions, §1.403 Single Audit Requirements, §1.404 Purchase and Procurement Standards, and §1.407 Inventory Report; and directing its publication in the Texas Register	Brooke Boston
10.	Presentation, discussion, and possible action on an order adopting the repeal of 10 TAC Chapter 2, Subchapter B, Enforcement for Noncompliance with Program Requirements of Chapters 6 and 7, §2.201, Cost Reimbursement, and §2.202 Sanctions and Contract Closeout; an order adopting new 10 TAC Chapter 2, Subchapter B, Enforcement for Noncompliance with Program Requirements of Chapters 6 and 7, §2.201, Cost Reimbursement, and §2.202 Sanctions and Contract Closeout; and directing their publication in the Texas Register	Brooke Boston
11.	Presentation, discussion, and possible action on an order adopting the repeal and proposed new 10 TAC Chapter 5, Section 8 Housing Choice Voucher Program, and an order directing their publication in the Texas Register	Andre Adams

CONSENT AGENDA REPORT ITEMS

12.	Media Analysis and Outreach Report, February 2025	Michael Lyttle
13.	Report on the Department's 2nd Quarter Investment Report relating to funds held under Bond Trust Indentures	Scott Fletcher
14.	Report on the Department's 2nd Quarter Investment Report in accordance with the Public Funds Investment Act	Joe Guevara

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

15. Executive Director's Report — Bobby Wilkinson

FUNDING ANNOUNCEMENTS AND AWARDS

16. Presentation, discussion, and possible action on Inducement Resolution No. 25-016 Multifamily Housing Revenue Bonds regarding authorization for filing an application for private activity bond authority for Waters at Waterchase (#24613) — Teresa Morales

17. Presentation, discussion, and possible action on Resolution No. 25-017 amending previously adopted resolution relating to the Issuance of Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-1, Series 2025A-2, and Taxable Bonds Series 2025B — Teresa Morales

18. Presentation, discussion, and possible action on the 2025 Department of Energy Weatherization Assistance Program State Plan and Awards — Gavin Reid

ACTION REPORT ITEMS

19. Report on the closing of the Department's Residential Mortgage Revenue Bonds 2025 Series A (Non-AMT) — Scott Fletcher

20. Presentation and discussion regarding the pending issuance of Texas Department of Housing and Community Affairs Residential Mortgage Revenue Bonds, Series 2025 B (Non-AMT) and Series 2025 C (Taxable) — Scott Fletcher

HOME-ARP

21. Presentation, discussion and possible action regarding a HOME-ARP Allocation Plan Third Amendment to adjust the criteria for nonprofit capacity building/operating cost assistance and align the 2025 Nonprofit Capacity Building and Operating Notice of Funding Availability — Naomi Cantu

SINGLE FAMILY & HOMELESS PROGRAMS

22. Presentation, discussion, and possible action regarding a waiver of 10 TAC §23.50(f)(1) relating to the cumulative limitation on Tenant-Based Rental Assistance — Abigail Versyp

RULES

23. Presentation, discussion, and possible action on an order proposing amendments to 10 TAC Chapter 23, §23.50, Tenant-Based Rental Assistance General Requirements, and directing their publication for public comment in the Texas Register — Abigail Versyp

24. Presentation, discussion, and possible action on an order adopting the amended 10 TAC Chapter 10 Subchapter E, Post Award and Asset Management Requirements, and directing its publication for adoption in the Texas Register — Rosalio Banuelos

MULTIFAMILY FINANCE

25. Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.3(e) for Fair Park Landing (25047) — Cody Campbell

26. Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.9(d)(5) for Residences at Seley Park (25188) — 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 #: 011 **Agenda Date:** 4/10/2025 **Agenda #:**

Resolution Recognizing May as Community Action Month

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

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

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

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

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

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

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

NOW, therefore, it is hereby

RESOLVED, that the Governing Board of the Texas Department of Housing and Community Affairs does hereby celebrate May 2025, as Community Action Month in Texas, and encourages all Texas individuals and organizations, public and private, to join and work together in this observance of the hard work and dedication of Texas Community Action agencies.

Signed this tenth day of April 2025.

Leo Vasquez, Chair	Kenny Marchant, Vice Chair
Holland Harper, Member	Anna Maria Farias, Member
Ajay Thomas, Member	Cindy Conroy, Member
Bobby Wilkinson, Executive Director	

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 975 **Agenda Date:** 4/10/2025 **Agenda #:**

Resolution Recognizing April as Fair Housing Month

RESOLUTION

WHEREAS, April 2025 is Fair Housing Month, and marks 57 years since the passage of the federal Fair Housing Act (Title VIII of the Civil Rights Act of 1968), signed by U.S. President Lyndon Baines Johnson on April 11, 1968;

WHEREAS, the Fair Housing Act provides that no person shall be subjected to discrimination because of race, color, national origin, religion, sex, disability, or familial status in the sale, rental, financing, or advertising of housing and charges the Secretary of the U.S. Department of Housing and Urban Development (HUD) with administering HUD programs in a manner that meets the requirements of the law and purposes of the Fair Housing Act;

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

WHEREAS, it is the policy of the Department to support equal housing opportunity in the administration of all of its programs and services, including encouraging equitable lending practices for its homebuyer programs and ensuring compliance with Fair Housing rules and guidelines for its multifamily developments;

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

WHEREAS, the Department encourages the development of educational fair housing programs in local communities throughout the State and is seeking to build new opportunities for fair housing education and training; and

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

NOW, THEREFORE, it is hereby

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

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

(2) recognizes that in the pursuit of the goal and responsibility of providing affordable housing and equal housing opportunities for all, the Governing Board of the Texas Department of Housing and Community Affairs does hereby celebrate April 2025 as Fair Housing Month in Texas and encourages all Texas individuals and organizations, public and private, to join and work together in this observance of the impact and importance of affordable housing and equal housing opportunity to the success of all Texans.

Signed this tenth day of April 2025.

Leo Vasquez, Chair

Kenny Marchant, Vice Chair

Holland Harper, Member

Anna Maria Farias, Member

Ajay Thomas, Member

Cindy Conroy, Member

Bobby Wilkinson, Executive Director

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Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 980 **Agenda Date:** 4/10/2025 **Agenda #:** 1.

Presentation, discussion, and possible action on the Board meeting minutes summary for March 6, 2025

RECOMMENDED ACTION

Approve the Board meeting minutes summary for March 6, 2025

RESOLVED, that the Board meeting minutes summary for March 6, 2025, is hereby approved as presented.

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Texas Department of Housing and Community Affairs Governing Board
Board Meeting Minutes Summary
March 6, 2025

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

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

- Leo Vasquez, III, Chair
- Cindy Conroy
- Holland Harper
- Ajay Thomas

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

1) The Board unanimously approved the Consent Agenda (items 1-5) and Consent Agenda Report Items (items 6-7) as presented.

2) Action Item 8 – the Executive Director's Report – was presented by Bobby Wilkinson, TDHCA Executive Director. The Board heard the report and took no further action.

3) Action Item 9 – Report on the Meeting of the Internal Audit and Finance Committee – was presented by Ajay Thomas, Committee Chair, TDHCA Governing Board. The Board heard the report and took no further action.

4) Action Item 10 – Review and possible acceptance of the State Auditor's Office audit of the TDHCA Fiscal Year 2024 Financial Statements – was presented by Michael Clayton and Alex Sumners from the State Auditor's Office. The Board unanimously approved staff recommendation to accept the audit and associated financial statements.

5) Action Item 11 – Presentation, discussion, and possible action on a loan approval and a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Riverview Manor – was presented by Cody Campbell, TDHCA Director of Multifamily Finance. The Board unanimously adopted staff recommendation to approve the loan and force majeure request.

6) Action Item 12 – Presentation, discussion, and possible action on a loan approval and a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Trailside Estates – was presented by Mr. Campbell. Following public comment (listed below), the Board unanimously adopted staff recommendation to approve the loan and force majeure request.

- Ryan Garcia, representing Trailside Estates, provided comments on the item

7) Action Item 13 – Presentation, discussion, and possible action on State Fiscal Year 2025 Youth and Young Adult Homeless Program Award, including a request to waive 10 TAC §7.6(a) – was presented by Rosy Falcon, TDHCA Manager of Homeless Programs. The Board unanimously approved staff recommendation to issue the award and grant the waiver as referenced in the item.

8) Action Item 14 – Presentation, discussion, and possible action on the reprogramming of Program Year 2024 Community Services Block Grant Administrative funds – was presented by Gavin Reid, TDHCA Manager of Planning, Community Affairs division. The Board unanimously adopted staff recommendation to approve the reprogramming of CSBG administrative funds.

9) Action Item 15 – Presentation, discussion, and possible action regarding the approval of a Tax Credit Assistance Program Repayment Funds Invitation to Apply for multifamily Developments – was presented by Mr. Campbell. The Board unanimously adopted staff recommendation to approve the invitation to apply.

10) Mr. Reid presented Action Item 16 – Presentation, discussion, and possible action on awards for the 2025 Community Services Block Grant discretionary fund Reentry Assistance Program. The Board unanimously adopted staff recommendation to approve the recommended awards.

11) Action Item 17 – Presentation, discussion and possible action regarding a waiver of 10 TAC §11.101(b)(1)(A)(vii) of the Qualified Allocation Plan (QAP) relating to the percentage of efficiency and/or one-bedroom units for Mesa Hills I (#25451) – was presented by Teresa Morales, TDHCA Director of Multifamily Bonds. The Board unanimously adopted staff recommendation to approve the waiver request.

12) Action Item 18 – Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Santa Fe Place (HTC #23178/24266) – was presented by Rosalio Banuelos, TDHCA Director of Asset Management, with additional information from Mr. Wilkinson. Following public comment (listed below), the Board by a 3-0 vote (Chairman Vasquez abstained) adopted staff recommendation to approve the material amendment request.

- Michael Lyttle, TDHCA Director of External Affairs, read a letter into the record in support of staff recommendation from the Honorable Carl Tepper, State Representative, Texas House District 84
- Kent Hance, representing Santa Fe Place, provided comments in support of staff recommendation
- Matt Gillam, Overland Property Group, provided comments on the item

13) Action Item 19 – Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application, changes to the ownership structure, and a waiver of 10 TAC §11.9(b)(2)(A) for Park at Dogwood (HTC #24079) – was presented by Mr. Banuelos with additional information from Mr. Campbell. Following public comment (listed below), the Board unanimously approved the material amendment request (staff recommendation was neutral) and concurred with staff recommendation to approve the ownership structure changes and rule waiver request.

- Byron Burkhalter, Park Development Group and representing Park at Dogwood, provided comments on the item

14) Action Item 20 – Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Park at Dogwood – was presented by Mr. Campbell. The Board unanimously adopted staff recommendation to approve the force majeure request.

15) Action Item 21 – Presentation, discussion, and possible action regarding changes to the ownership structure and a waiver of 10 TAC §11.9(b)(2)(A) for Parkside on Carrier (HTC #21093/23920) – was presented by Mr. Banuelos with additional information from Mr. Wilkinson. The Board unanimously adopted staff recommendation to approve the ownership structure changes and rule waiver request.

16) Action Item 22 – Presentation, discussion, and possible action on recommendation to adopt an Agreed Final Order assessing an administrative penalty relating to The Life at Sterling Woods (HTC 04478 / CMTS 4176) – was presented by Sascha Stremler, TDHCA Assistant General Counsel. The Board unanimously approved staff recommendation to adopt the agreed final order on the penalty.

17) Action Item 23 – Presentation, discussion, and possible action on recommendation to debar multiple parties due to the foreclosures of The Life at Clearwood (HTC 01485 / CMTS 487) and The Life at Westland (HTC 02485 / CMTS 3284) – was presented by Sascha Stremler, TDHCA Assistant General Counsel, with additional information from Mr. Wilkinson. Following public comment (listed below), the Board adopted staff recommendation to approve the debarment order as referenced in the item.

- Cynthia Bast, Baker Hostetler attorney, provided comments on the item

17) Mr. Campbell presented Action Item 24 – Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Skyway Gardens II. The Board unanimously adopted staff recommendation to approve the force majeure request.

18) Action Item 25 – Presentation, discussion, and possible action on a waiver of 10 TAC §13.11(c)(14)(I) for Boulevard 61 – was presented by Mr. Campbell. Staff recommended approval of the waiver request and the Board unanimously concurred.

19) Action Item 26 – Presentation, discussion, and possible action on a staff-initiated waiver of specific provisions of 10 TAC §11.9(e)(6)(B) for Applicants in the 2025 9% Housing Tax Credit round – was presented by Mr. Campbell with additional information from Mr. Eccles. Following public comment (listed below), the Board unanimously approved staff recommendation to grant the waiver and extend the referenced deadline to April 15, 2025.

- Megan Lasch, O-SDA Industries, provided comments on the item

20) Action Item 27 – Presentation, discussion, and possible action on a waiver of 10 TAC §11.9(d)(5) related to Community Support from State Representative for GardenWalk of West Columbia (#25185) – was presented by Mr. Campbell with additional information from Mr. Wilkinson and Mr. Eccles. Following public comment (listed below), the Board unanimously approved the waiver request despite staff recommendation to deny.

- Derrick Hamilton, Belmont Development and representing GardenWalk of West Columbia, provided comments in opposition to staff recommendation
- Sarah Anderson, S. Anderson Consulting, provided comments on the item

21) During the time for public comment on matters other than items for which there were posted agenda items, the following persons made comment:

- Zachary Krochtengel, Sycamore Strategies, provided comments regarding waivers before the Board
- Sarah Anderson, S. Anderson Consulting, provided comments requesting an agenda item for the next meeting which would allow the development community to discuss the financial health of their respective deals
- Megan Lasch, O-SDA Industries, provided comments in concurrence with Ms. Anderson's comments above

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 12:23 p.m. The next meeting is scheduled for Thursday, April 10, 2025.

_____
Secretary

Approved:

_____
Chair

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 933 **Agenda Date:** 4/10/2025 **Agenda #:** 2.

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Cleveland Square (HTC #23081)

RECOMMENDED ACTION

WHEREAS, Cleveland Square (the Development) received an award of 9% Housing Tax Credits (HTCs) in 2023 for the rehabilitation of 48 units for the general population in Cleveland, Liberty County;

WHEREAS, due to the City of Cleveland granting parking area to the Development, Cleveland Square Housing, Ltd. (the Development Owner or Owner) requests approval to increase the size of the Development site from 1.4876 acres identified at Application to 2.018 acres, that is an increase of 0.5304 acre and results in a 26.28% decrease in residential density, from approximately 32.267 units per acre to 23.786 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 would not have adversely affected the selection of the Application;

NOW, therefore, it is hereby

RESOLVED, that the requested amendment of the Application for Cleveland Square 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

Cleveland Square received an award of 9% Housing Tax Credits in 2023 for the acquisition and rehabilitation of 48 units for the general population in Cleveland, Liberty County. In a letter dated January 23, 2025, Robbye G. Meyer, the representative for the Owner, requested approval for a material amendment to the Application.

The requested amendment is for a 26.28% decrease in the residential density, from

approximately 32.267 units per acres to 23.786 units per acre. 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). The change is a result of an increase in the Development site acreage from 1.4876 to 2.018 acres, an increase of 0.5304 acre. The Owner states that during the process of acquisition, it was discovered that the existing parking spaces along the site on Waco and Travis Streets were outside of the Development's boundaries and within encumbrances of the City of Cleveland (the City). The Owner explains that this presented a challenge to the Development to remain compliant with accessibility requirements because the City was not maintaining the parking area. Therefore, it was the City's preference to grant the acreage containing the parking areas to the Development to remove their maintenance and compliance obligations.

The Owner confirmed that there will be no change to the accessible parking originally identified at Application. Additionally, the Owner states that this amendment was unforeseeable because the boundary and encumbrance issues were not known until all due diligence was completed through the purchase process.

Staff has reviewed the original Application against this amendment request and has concluded that the change described above would not have affected the award. The final tax credit recommendation will be determined upon finalization of the cost certification review process.

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

Arx Housing Initiatives, LLC
Robbye G. Meyer
1305 Dusky Thrush Trail
Austin, Texas 78746
(512) 963-2555
robbye@arxadvantage.net

January 23, 2025

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

Dear Ms. Kenney,

We are representing the Cleveland Square Housing, Ltd. (the "Owner") with the attached amendment request for the Cleveland Square development (Application #23081).

The Owner submitted an application for 2023 Housing Tax Credits and received an award in July 2023 for the proposed development.

During the process of acquisition, it was discovered that the existing development parking spaces along Waco and Travis Streets were outside of the development boundaries within encumbrances of the City of Cleveland. The City was not maintaining the parking spaces which presented challenges to the development to be able to provide the required ADA compliance. It was the City's preference to grant the parking area to the development to remove any maintenance and compliance obligations.

Due to this granting of parking to the development, it has increased the site acreage of 0.5304 acres and reduction in density of 8.5%. In accordance with §10.405(a)(4)(F) of the Asset Management Rules, we are requesting a material amendment for this change. Exhibits accompanying this request are: Exhibit A-the original survey with application; Exhibit B-the special warranty deed and Exhibit C-the City Ordinance granting the abandonment to the owner.

Additionally, the increase in site acreage is necessary for the owner to keep the development in compliance with ADA requirements, which is the good cause for the change. This was unforeseeable by the owner until all due diligence was completed through the purchase process.

Should you have any questions or you need additional information, please feel free to contact me.

Sincerely,

Robbye G. Meyer
Arx Housing Initiatives, Managing Member

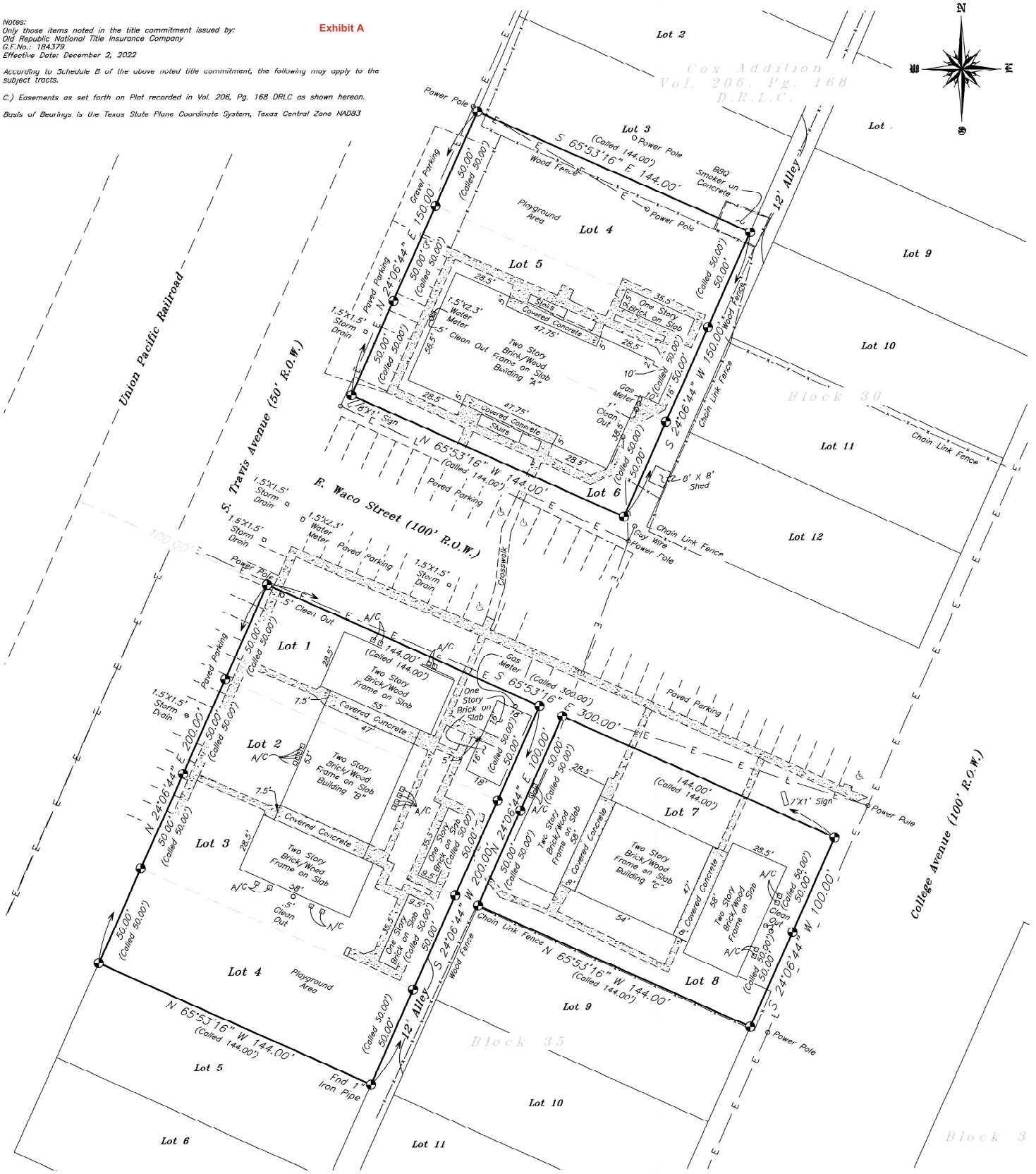
Notes:
Only those items noted in the title commitment issued by:
Old Republic National Title Insurance Company
G.F.No.: 184379
Effective Date: December 2, 2022

Exhibit A

According to Schedule B of the above noted title commitment, the following may apply to the subject tracts.

C.) Easements as set forth on Plat recorded in Vol. 206, Pg. 168 DRLC as shown hereon.

Basis of Bearings is the Texas State Plane Coordinate System, Texas Central Zone NAD83



The undersigned does hereby certify that this survey was made on the ground of the property legally described hereon and was correct at the time of the survey, and that there are no visible and/or apparent discrepancies, conflicts, boundary line conflicts, encroachments, overlapping of improvements, easements, rights-of-ways or utility easements, except as shown hereon and that said property has access to and from a dedicated roadway.

Dated this, the 13th day of January, 2023.

KENNETH E. SAVOY
REGISTERED PROFESSIONAL
LAND SURVEYOR NO. 5730

STATE OF TEXAS
REGISTERED
KENNETH E. SAVOY
5730
PROFESSIONAL
LAND SURVEYOR

W:\Active Jobs\2022\11.22 NOVEMBER\22110041 WASHBURN\Drawing\22110041 Washburn TH.dwg

0' 30 60
GRAPHIC SCALE IN FEET

LEGEND	
Fence Line	—X—
Overhead Powerline	— E —
Building Line	— — — —
Utility Easement	— — — —
Set 5/8" Iron Rod (Unless Noted)	●

MAP OF SURVEY OF

THREE TRACTS OF LAND TOTALING 1.4876 ACRES, SITUATED IN THE J. S. DOOTIE SURVEY, A-139, LIBERTY COUNTY, TEXAS, BEING ALL OF LOTS ONE (1), TWO (2), THREE (3), FOUR (4), SEVEN (7) AND EIGHT (8), OF BLOCK THIRTY-FIVE (35) AND LOTS FOUR (4), FIVE (5) AND SIX (6), OF BLOCK THIRTY (30), OF THE COX ADDITION, ACCORDING TO THAT MAP OR PLAT THEREOF RECORDED IN VOLUME 206, PAGE 168 IN THE DEED RECORDS OF LIBERTY COUNTY, WITH ALL BEARINGS BASED ON TEXAS STATE PLANE COORDINATE SYSTEM, TEXAS CENTRAL ZONE NAD83

WASHBURN ✦ COMPANY
LAND SURVEYORS
Residential, Commercial, Construction,
Industrial, Alta Surveys, Flood Certificates
P.O. Box 460
Cleveland, Texas 77328
P: 281-432-1665
F: 281-432-1462
awashburnsurvey@gmail.com

January 13, 2023
Book: 512
Page: 11
File: 22110041 WASHBURN
Firm No. 10104100

Exhibit B

SPECIAL WARRANTY DEED
WITH ASSUMPTION
(Cleveland Square Apartments)
Addresses:
101 East Waco Street, Cleveland, Liberty County, Texas
104 East Waco Street, Cleveland, Liberty County, Texas
405 South Travis Avenue, Cleveland, Liberty County, Texas

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF LIBERTY §

THAT **CLEVELAND SQUARE, LTD.**, a Texas limited partnership, owning property in Liberty County, State of Texas, hereinafter each and collectively called "**Grantor**" (whether one or more), for and in consideration of the sum of TEN AND NO/100 DOLLARS ($10.00) and other good and valuable consideration to Grantor in hand by **CLEVELAND SQUARE HOUSING, LTD.**, a Texas limited partnership, hereinafter called "**Grantee**" (whether one or more) whose mailing address is P.O. Box 489 New Caney, TX 77357, the receipt of which is hereby acknowledged, AND FURTHER CONSIDERATION that the Grantee hereby assumes and promises to pay, according to the terms thereof all of the following (each and collectively, the "**USA Note**"):

(i) all principal and interest now remaining unpaid on the following two promissory notes, being: (1) that certain Promissory Note dated November 6, 1989 in the original principal amount of $454,000.00, and (2) that certain Promissory Note dated February 15, 1990 in the original principal amount of $417,700.00, each executed by Grantor, payable to the order of **THE UNITED STATES OF AMERICA, ACTING THROUGH THE FARMERS HOME ADMINISTRATION, United States Department of Agriculture,** and secured by the following deeds of trust: (a) that certain Real Estate Deed of Trust for Texas dated November 6, 1989, in favor of J. Lynn Futch, as Trustee, as recorded in Volume 1299, Page 798 of the Official Public Records of Liberty County, Texas; (b) that certain Deed of Trust and Security Agreement dated November 6, 1989, in favor of Orrin M. Gowen, as Trustee for the benefit of Midland Mortgage Investment Corporation, as recorded under Vol. 1299, page 804 of the Official Public Records of Liberty County, Texas, as assigned to **THE UNITED STATES OF AMERICA, ACTING THROUGH THE FARMERS HOME ADMINISTRATION, United States Department of Agriculture** by that certain Assignment of Deed of Trust, Promissory Note, and Assignment of Rents, Leases, and Profits dated February 14, 1990, and as recorded under Vol. 1312, Page 339 of the Official Public Records of Liberty County, Texas ; and (c) that certain Deed of Trust filed for record February 20, 1990, recorded in/under Volume 1312, Page 341 of the Official Public Records of Liberty County, Texas, executed by Cleveland Square, Ltd., a Texas limited partnership, securing the payment of notes in the principal amounts of $454,000.00 and 417,700.00, bearing interest and payable as therein provided to the order of

STEWART TITLE
2400033013 3pm 33

United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (as to Tract 1 and Tract 2);

(ii) and for the further consideration of the execution and delivery by said Grantee of that one certain Assumption Agreement in the original principal amount of $346,667.82 of even date herewith, payable to the order of the **UNITED STATES OF AMERICA, ACTING THROUGH THE RURAL HOUSING SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE, or its successor Agency** (hereinafter called "**Mortgagee**"), bearing interest at the rate stated therein and with said Assumption Agreement containing an attorney's fee clause and various acceleration of maturity clauses in case of default, and being secured by a vendor's lien and superior title retained herein in favor of Grantor and assigned to Mortgagee, and also being secured by a Deed of Trust of even date herewith from Grantee to United States of America acting through Rural Housing Service, Director of Multifamily Housing Asset Management Division, **Mike Resnik,** or assignee, Area Technician for USDA Rural Development, with an address of 1305 South Main Street, #103, Henderson, Texas 75654, **as Trustee** (as to Tracts 1 & 2).

WHEREAS, Mortgagee has, at the special instance and request of Grantee, paid to Grantor a portion of the purchase price of the Property hereinafter described, as evidenced by the above described USA Note, said Vendor's Lien and Superior Title against said property securing the payment of said USA Note is hereby assigned, transferred and delivered without recourse to Mortgagee, Grantor hereby conveying to said Mortgagee the said Superior Title to said Property, subrogating said Mortgagee to all the rights and remedies of Grantor in the premises by virtue of said lien;

WHEREAS, as additional consideration for the purchase and development of the Property (defined below), Grantee has executed and delivered that certain Promissory Note of even date herewith (the "**Bank Note**") payable to the order of BOKF, NA, a national banking association d/b/a Bank of Texas whose address is P.O. Box 2300, Tulsa, Oklahoma 74102 (the "**Lender**"), in the original principal amount of up to **$6,115,000.00** which Bank Note is secured by (a) a vendor's lien herein retained, and (b) that certain Multifamily Construction Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing of even date executed by Grantee to Lisa E. Albers, as Trustee ("**Trustee**"), for the benefit of Lender covering the Property, and in connection with the Bank Note

(a) it is expressly agreed that the vendor's lien associated with the Bank Note, as well as the Superior Title in and to the Property, is retained against the Property until the above described Bank Note and all interest thereon is fully paid according to the face, tenor, effect and reading thereof when this Special Warranty Deed shall become absolute. The vendor's lien associated with the Bank Note is hereby assigned by Grantor to Lender without recourse or warranty.

(b) It is further expressly agreed that the vendor's lien associated with the Bank Note herein retained shall secure the Bank Note, and in the event of default in the payment of the Bank Note (or default in any covenant or condition of any instrument securing payment of the Bank Note), the Lender shall have the right and privilege of foreclosing the vendor's lien reserved in its favor herein

And Grantor has GRANTED, SOLD AND CONVEYED, and by these present does GRANT, SELL AND CONVEY, unto said Grantee, the following described real property including all improvements

thereon, consisting of contiguous and adjoining tracts of land as more fully described below and in the Exhibits attached hereto and made a part hereof for all purposes, together with (a) all improvements located thereon, (b) all rights, benefits, privileges, easements, tenements, hereditaments and appurtenances there unto belonging or in any way, pertaining thereto, and (c) all of Grantor's right, title and interest in and to adjacent strips, gores, streets, roads, driveways, rights-of-way, and alleys (collectively, the "**Property**"), to-wit;

Tract 1:
Lots 1, 2, 3, 4, 7 and 8 in Block 35 of COX ADDITION, an addition in the City of Cleveland, Liberty County, Texas, according to the map or plat thereof recorded in Volume 206, Page 168 of the Deed Records of Liberty County, Texas; and being commonly known by its street addresses as: (i) 405 South Travis Avenue, Cleveland, Texas; and (ii) 104 East Waco Street, Cleveland, Texas; and as shown or depicted in the survey attached hereto as **Exhibit "A"** and incorporated by this reference for all purposes; and

Tract 2:
Lots 4, 5, and 6 in Block 30 of COX ADDITION, an addition in the City of Cleveland, Liberty County, Texas, according to the map or plat thereof recorded in Volume 206, Page 168 of the Deed Records of Liberty County, Texas; and being commonly known by its street address as 101 East Waco Street, Cleveland, Texas; and as shown or depicted in the survey attached hereto as **Exhibit "A"** and incorporated by this reference for all purposes; and

Parcel A (called Tract A on the survey attached as Exhibit "D")
All of that area of land situated south of E. Waco Street and west of S. Travis street containing 15,127.5 square feet (0.3473 acres) of land, more or less, lying and being situated in the Cox Subdivision of the J.S. Boothe Survey in Liberty County, Texas as more particularly described in **EXHIBIT "B"**, and depicted in the survey plat attached hereto as **Exhibit "D"**, each attached hereto and made a part hereof for all intents and purposes; and

Parcel B (called Tract B on the survey attached as Exhibit "D")
All of that area of land situated north of E. Waco Street and west of S. Travis street containing 7,978.5 square feet (0.1831 acres) of land, more or less, lying and being situated in the Cox Subdivision of the J.S. Boothe Survey in Liberty County, Texas as more particularly described by metes and bounds in **EXHIBIT "C"**, and depicted in the survey plat attached hereto as **Exhibit "D"**, each attached hereto and made a part hereof for all intents and purposes.

AND there is also conveyed to Grantee all tax, insurance and other escrow funds, if any, now held in connection with the above identified liens by the respective lienholders.

This Special Warranty Deed and the conveyance hereinabove set forth is executed by Grantor and accepted by Grantee subject to the following matters (collectively, the "**Permitted Encumbrances**"): (i) all zoning laws, regulations, restrictions and ordinances of municipal or other governmental authorities, if any, but only to the extent same are valid and subsisting; and (ii) any and all rights and interest to any mineral leases or royalty interests of the mineral estate.

This conveyance is made and accepted subject to all restrictions, covenants, conditions, rights-of-way, easements and oil, gas and other mineral reservations, if any, that are valid, existing, and properly of record.

Taxes for the current year have been prorated as of the effective date hereof and Grantee fully assumes and agrees to pay the same.

TO HAVE AND TO HOLD the above described Property, together with all and singular, the rights and appurtenances thereunto in anywise belonging unto the said Grantee, its successors and assigns, forever. And Grantor does hereby bind itself, its successors and assigns, to warrant and forever defend all and singular the said Property unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by through or under Granter but not otherwise, subject to the Permitted Exceptions.

When the context requires, singular nouns and pronouns include the plural.

By delivery and recording of this Special Warranty Deed, Grantee hereby irrevocably accepts this Special Warranty Deed and acknowledges, consents and agrees to the terms and conditions of this instrument for all purposes.

NEXT PAGE IS THE SIGNATURE PAGE.

Signature Page to
SPECIAL WARRANTY DEED WITH ASSUMPTION

EXECUTED, EFECTIVE AND DELIVERED as of July 30, 2024.

GRANTOR:
CLEVELAND SQUARE, LTD.,
a Texas limited partnership

By: Lucky Lindy Development Corp.
Its: General Partner

By: Ronald E. Hill
Name: Ronald E. Hill, President

Acknowledgement

THE STATE OF TEXAS §
§
COUNTY OF WASHINGTON §

This instrument was acknowledged before me on the 30 day of July, **2024,** by Ronald E. Hill, as President of Lucky Lindy Development Corp., as the General Partner of Cleveland Square, Ltd., a Texas limited partnership, on behalf of said PARTNERSHIP.

CATHERINE JANE ALLEY
Notary ID #131379202
My Commission Expires
March 25, 2026

Notary Public, State of Texas

My commission expires: March 25, 2026

Notary's Name (printed): Catherine Alley

ATTACHMENTS:

Exhibit "A" – Survey of Tracts 1 and 2
Exhibit "B" – Legal Description for Parcel A (0.3473 acres- street abandonment)
Exhibit "C" – Legal Description for Parcel B (0.1831 acres – street abandonment)
Exhibit "D" – Survey Plat of Parcels A and B (street abandonments)

AFTER RECORDING, RETURN TO:

Jason L. Davis
Jason L. Davis & Associates, LLC
1500 Winding Way
Friendswood, Texas 77546

Exhibit "A"
Survey of Tracts 1 and 2

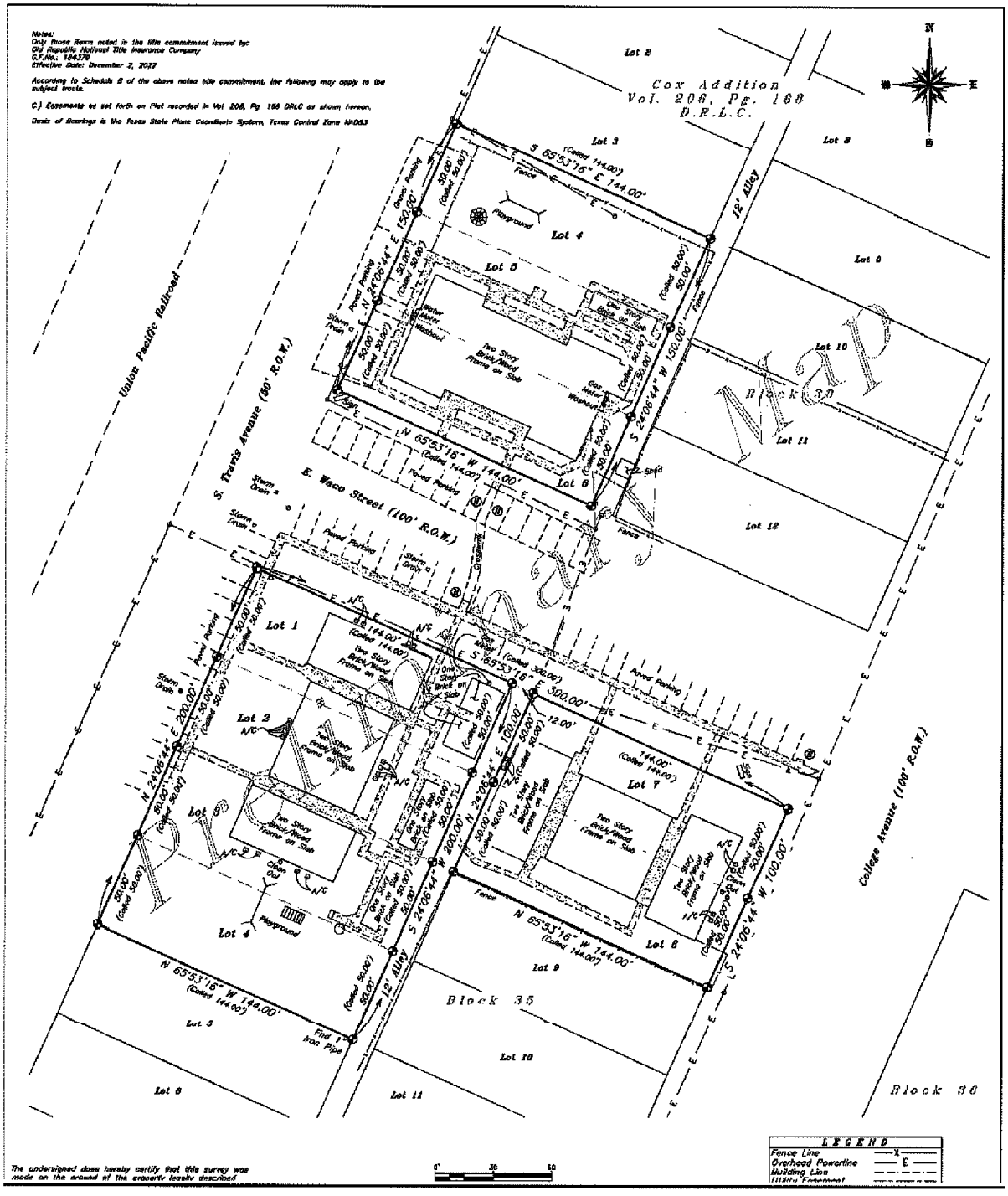


Exhibit "B"

Parcel A - Property Legal Description

METES AND BOUNDS DESCRIPTION
0.3473 ACRES
"TRACT A" or Parcel A
J.S. BOOTHE SURVEY, ABSTRACT No. 139
LIBERTY COUNTY, TEXAS

BEING a **0.3473 acre tract** of land, situated in the J.S. Boothe Survey, Abstract No. 139, Liberty County, Texas, being a portion of the right-of-way of East Waco Street (100' R.O.W.) lying between Blocks Thirty (30) and Thirty-Five (35) of the Cox Addition according to that map or plat thereof recorded in Volume 206, Page 168, of the Deed Records of Liberty County, and being a portion of the right-of-way of South Travis Avenue (50' R.O.W.) lying between said Block 35 and the Union Pacific Railroad, being more fully described by metes and bounds as follows with all bearings based on the Texas State Plane Coordinate System, Texas Central Zone, NAD83:

BEGINNING at a set 5/8 inch iron rod being the north corner of said Block 35, same being the north corner of Lot One (1) of said Block 35 and an internal ell corner and **POINT OF BEGINNING** of the herein described tract;

THENCE South 24°06'44" West, along and with the southeast right-of-way line of South Travis Avenue and the northwest line of said Block 35, at 50.00 feet pass a set 5/8 inch iron rod being the west corner of said Lot 1 and the north corner of Lot Two (2) of said Block 35, at 100.00 feet pass a set 5/8 inch iron rod being the west corner of said Lot 2 and the north corner of Lot Three (3) of said Block 35, at 150.00 feet pass a set 5/8 inch iron rod being the west corner of said Lot 3 and the north corner of Lot Four (4) of said Block 35, in all a total distance of 200.00 feet to a set 5/8 inch iron rod being the west corner of said Lot 4 and the north corner of Lot Five (5) of said Block 35, same being the most southerly corner of the herein described tract;

THENCE North 65°53'16" West, departing the northwest line of said Block 35, over and across the right-of-way of said South Travis Avenue, 15.00 feet to a point situated within said right-of-way of South Travis Avenue being the most westerly corner of the herein described tract;

THENCE North 24°06'44" East, over and across the right-of-way of said South Travis Avenue, 238.50 feet to a point situated within said right-of-way of South Travis Avenue and within the right-of-way of East Waco Street, being the most northerly corner of the herein described tract;

THENCE South 65°53'16" East, over and across the right-of-way of said East Waco Street, 315.00 feet to a point situated within the right-of-way of said East Waco Street and being the most easterly corner of the herein described tract;

THENCE South 24°06'44" West, over and across the right-of-way of said East Waco Street, 38.50 feet to a set 5/8 inch iron rod being the east corner of said Block 35 and the east corner of Lot Seven (7) of said Block 35, same being an external ell corner of the herein described tract;

THENCE North 65°53'16" West, along and with the southwest right-of-way line of said East Waco Street and the northeast line of said Block 35, at 144.00 feet pass a set 5/8 inch iron rod being the north corner of said Lot 7, at 156.00 feet pass the east corner of said Lot 1, in all a total distance of 300.00 feet to the **POINT OF BEGINNING**, containing a computed area of 0.3473 acres of land within this metes and bounds description.

Kenneth E. Savoy, R.P.L.S. 5730
07 March, 2024
Washburn & Company
Land Surveyors
P.O. Box 460
Cleveland, Texas

Exhibit "C"

Parcel B - Property Legal Description

METES AND BOUNDS DESCRIPTION
0.1831 ACRES
"TRACT B" or Parcel B
J.S. BOOTHE SURVEY, ABSTRACT No. 139
LIBERTY COUNTY, TEXAS

BEING a **0.1831 acre tract** of land, situated in the J.S. Boothe Survey, Abstract No. 139, Liberty County, Texas, being a portion of the right-of-way of East Waco Street (100' R.O.W.) lying between Blocks Thirty (30) and Thirty-Five (35) of the Cox Addition according to that map or plat thereof recorded in Volume 206, Page 168, of the Deed Records of Liberty County, and being a portion of the right-of-way of South Travis Avenue (50' R.O.W.) lying between said Block 35 and the Union Pacific Railroad, being more fully described by metes and bounds as follows with all bearings based on the Texas State Plane Coordinate System, Texas Central Zone, NAD83:

BEGINNING at a set 5/8 inch iron rod being the west corner of said Block 30, same being the west corner of Lot Six (6) of said Block 30 and an internal ell corner and **POINT OF BEGINNING** of the herein described tract;

THENCE South 65°53'16" East, along and with the northeast right-of-way line of said East Waco Street and the southwest line of said Block 30, at 144.00 feet pass the south corner of said Lot 6, in all a total distance of 156.00 feet to a point being the west corner of Lot Twelve (12) of said Block 30 and the most easterly corner of the herein described tract;

THENCE South 24°06'44" West, departing the southwest line of said Block 30, over and across the right-of-way of said East Waco Street, 33.50 feet to a point situated within the right-of-way of said East Waco Street being the most southerly corner of the herein described tract;

THENCE North 65°53'16" West, over and across the right-of-way of said East Waco Street, 171.00 feet to a point situated within said right-of-way of South Travis Avenue and within the right-of-way of East Waco Street, being the most westerly corner of the herein described tract;

THENCE North 24°06'44" East, over and across the right-of-way of said South Travis Avenue, 183.50 feet to a point situated within the right-of-way of said South Travis Avenue and being the most northerly corner of the herein described tract;

THENCE South 65°53'16" East, over and across the right-of-way of said South Travis Avenue, 15.00 feet to a set 5/8 inch iron rod being the west corner of Lot Three (3) of said Block 30 and the north corner of Lot Four (4) of said Block 30, same being an external ell corner of the herein described tract;

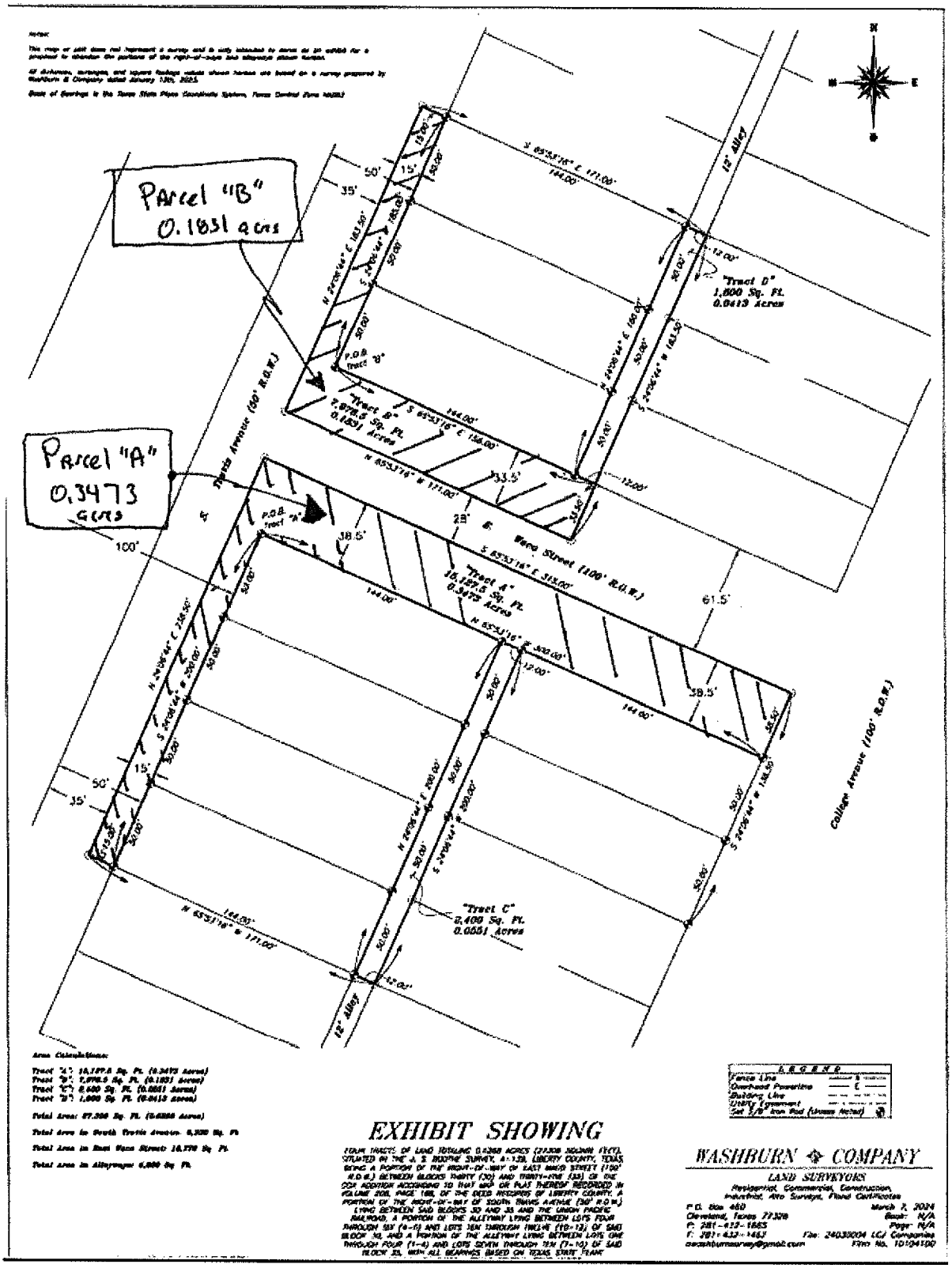
THENCE South 24°06'44" West, along and with the southeast right-of-way line of said South Travis Avenue and the northwest line of said Block 30, at 50.00 feet pass a set 5/8 inch iron rod being the west corner of said Lot 4 and the north corner of Lot Five (5) of said Block 30, at 100.00 feet pass a set 5/8 inch iron rod being the west corner of said Lot 5 and the north corner of Lot Six (6) of said Block 30, in all a total distance of 150.00 feet to the **POINT OF BEGINNING,** containing a computed area of 0.1831 acres of land within this metes and bounds description.

Kenneth E. Savoy, R.P.L.S. 5730
07 March, 2024
Washburn & Company
Land Surveyors
P.O. Box 460
Cleveland, Texas

Exhibit "D"

Survey Plat of Parcels A and B

(See Attached)


Parcel "B"
0.1831 acres
Parcel "A"
0.3473 acres
"Tract D"
1,800 Sq. Ft.
0.0413 Acres
"Tract B"
7,978.5 Sq. Ft.
0.1831 Acres
"Tract A"
15,127.5 Sq. Ft.
0.3473 Acres
"Tract C"
2,400 Sq. Ft.
0.0551 Acres
Davis Avenue (60' R.O.W.)
Ware Street (100' R.O.W.)
College Avenue (100' R.O.W.)
12' Alley
P.O.B. Tract "B"
P.O.B. Tract "A"
N 24°26'44" E 183.50'
S 24°26'44" W 183.50'
S 65°33'16" E 171.00'
N 65°33'16" W 171.00'
S 65°33'16" E 156.00'
N 65°33'16" W 156.00'
S 65°33'16" E 315.00'
N 65°33'16" W 315.00'
N 24°26'44" E 256.50'
S 24°26'44" W 256.50'
N 24°26'44" E 200.00'
S 24°26'44" W 200.00'
144.00'
50'
35'
15'
100'
61.5'
38.5'
33.5'
23'
12.00'
Area Calculations:
Tract "A": 15,127.5 Sq. Ft. (0.3473 Acres)
Tract "B": 7,978.5 Sq. Ft. (0.1831 Acres)
Tract "C": 2,400 Sq. Ft. (0.0551 Acres)
Tract "D": 1,800 Sq. Ft. (0.0413 Acres)
Total Area: 27,306 Sq. Ft. (0.6268 Acres)
Total Area in South Travis Avenue: 5,220 Sq. Ft.
Total Area in East Ware Street: 16,770 Sq. Ft.
Total Area in Alleyways: 6,000 Sq. Ft.
LEGEND
Property Line
Overhead Powerline
Building Line
Utility Easement
Set 1/2" Iron Rod (Unless Noted)
EXHIBIT SHOWING
FOUR TRACTS OF LAND TOTALING 0.6268 ACRES (27,306 SQUARE FEET), SITUATED IN THE J. S. BOOTHE SURVEY, A-139, LIBERTY COUNTY, TEXAS, BEING A PORTION OF THE RIGHT-OF-WAY OF EAST WARE STREET (100' R.O.W.) BETWEEN BLOCKS THIRTY (30) AND THIRTY-FIVE (35) OF THE 1924 ADDITION ACCORDING TO THAT MAP OR PLAT THEREOF RECORDED IN VOLUME 205, PAGE 188, OF THE DEED RECORDS OF LIBERTY COUNTY, A PORTION OF THE RIGHT-OF-WAY OF SOUTH TRAVIS AVENUE (60' R.O.W.) LYING BETWEEN SAID BLOCKS 30 AND 35 AND THE UNION PACIFIC RAILROAD, A PORTION OF THE ALLEYWAY LYING BETWEEN LOTS FOUR THROUGH SIX (4-6) AND LOTS TEN THROUGH TWELVE (10-12) OF SAID BLOCK 30, AND A PORTION OF THE ALLEYWAY LYING BETWEEN LOTS ONE THROUGH FOUR (1-4) AND LOTS SEVEN THROUGH TEN (7-10) OF SAID BLOCK 35, WITH ALL BEARINGS BASED ON TEXAS STATE PLANE
WASHBURN & COMPANY
LAND SURVEYORS
Residential, Commercial, Construction, Industrial, Arts Surveys, Flood Certificates
P.O. Box 460
Cleveland, Texas 77328
P: 281-432-1665
F: 281-432-1663
washburnsurvey@gmail.com
March 7, 2024
Book: N/A
Page: N/A
File: 24033004 LCJ Companies
Firm No. 10104100

THE STATE OF TEXAS
COUNTY OF LIBERTY

I hereby certify that this instrument was FILED on the date and the time stamped hereon by me and was duly RECORDED in the Records of Liberty County, Texas.

2024025983 DEED
07/31/2024 04:36:14 PM Total Fees: $69.00

Lee Haidusek Chambers,County Clerk
Liberty County, Texas

Exhibit C

ORDINANCE NO. 2024-04-16-02

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CLEVELAND, TEXAS, MAKING CERTAIN FINDINGS VACATING AND ABANDONING PORTIONS OF E. WACO AND S. TRAVIS STREETS; RETAINING A UTILITY EASEMENT AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT MATTER.

WHEREAS, the City Council of the City of Cleveland, Texas ("City"), has received a request from Cleveland Square, Ltd., the immediately adjacent landowner of multiple lots located at or near the intersection of E. Waco and S. Travis streets in the City ("Landowner"), and which entity has requested the abandonment and vacation of a portion of said streets from the City; and

WHEREAS, the portions of E. Waco and S. Travis streets for which Landowner requests abandonment and vacation is as further described as Tracts A and B in Exhibit "A" attached hereto and incorporated herein (the "Roadway"); and

WHEREAS, in order for the City to consider such request, it will need a utility easement for placement of infrastructure related to certain types utilities and facilities; and

WHEREAS, the City Council of the City of Cleveland, Texas, ("City") has considered this and now desires to abandon and vacate the afore-described portions of public streets under the terms and conditions set forth in this Ordinance; now therefore

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CLEVELAND, TEXAS:

PART 1: The facts and recitations set forth in the preamble of this Ordinance are declared true and correct.

PART 2: Subject to the provisions of this Ordinance, the City Council finds and determines there is no current nor anticipated future need to maintain the City's interest in the Roadway described in Exhibit "A" and the City herein abandons and vacates its interest in the Roadway as set forth in this Ordinance.

PART 3: Abandonment of City's interest in the Roadway shall be subject to and must meet the following conditions before going into effect:

a. Landowner grants City a Utility Easement in the form attached hereto as Exhibit "B"; and

b. Upon granting the Utility Easement described in above, the City Council herein authorizes the Mayor to sign and the City Secretary to acknowledge the Deed without Warranty as set forth in Exhibit "C" attached hereto abandoning the City's interest in the Property.

PASSED, ADOPTED and APPROVED this 16th day of April, 2024.

APPROVED:

D Lee

Danny Lee, Mayor

ATTEST:

Alice Rios

Alice Rios, City Secretary

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 981 **Agenda Date:** 4/10/2025 **Agenda #:** 3.

Presentation, discussion, and possible action regarding an increase to the Housing Tax Credit amount for The Ridge at Lancaster (HTC #21421)

RECOMMENDED ACTION

WHEREAS, The Ridge at Lancaster (the Development) received a 4% Housing Tax Credit (HTC) award in 2021 for the construction of 300 units, of which 270 are low-income units, for the general population in Dallas, Dallas County;

WHEREAS, construction of the Development has been completed, and LDG The Ridge at Lancaster, LP (the Development Owner or Owner) requests at cost certification to increase the annual HTC amount from $2,707,319, the amount reflected in the Determination Notice, to $3,292,947, a difference of $585,628, which represents a 21.63% increase;

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

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

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

NOW, therefore, it is hereby

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

BACKGROUND

The Ridge of Lancaster received a 4% HTC award in 2021 for new construction of 300 units, of which 270 are low-income units, for the general population in Dallas, Dallas County. On February 26, 2021, a Determination Notice was issued reflecting an annual tax credit amount of $2,707,319. The residential buildings in the Development placed in service between November

15, 2023, and April 25, 2024, and the cost certification documentation is currently under review by the Department.

The cost certification documentation reflects a requested annual tax credit amount of $3,292,947, which represents an increase of $585,628 (21.63%) from the amount reflected in the Determination Notice. In a letter dated October 3, 2024, Jason Trevino, the representative for the Development Owner, formally requested the additional credits and explained that this is due to unavoidable obstacles and increased costs during the construction of the Development.

A comparison of the development costs from the time of the Application, in 2021, to Cost Certification indicates that total development costs increased approximately $10.6 million (15.77%), from $67,545,802 to $78,199,028. The Owner explained that direct construction costs were underestimated at the time of application, as the applicant did not have actual construction bids at that time. Additionally, there were several change orders and material price escalations for lumber/trim. There was also a soil stabilization redesign to utilize shotcrete, which increased design costs and delayed construction, and there was a redesign of the grading and retaining walls, which required additional retaining walls for the project. Sanitary sewer and dry utility systems were redesigned post-closing, and there were improvements to paving and to the perimeter fence. Oncor electrical design changes were also required, and water plan changes required additional irrigation pumps. The City of Dallas changed the offsite utility tie-in plan multiple times due to an unstable creek crossing, which resulted in a delay of more than five months. The City of Dallas also required wastewater line upgrades not associated with the permit before they released permanent water service. General Conditions and overhead costs increased due to the lengthened schedule. Construction delays also caused an increase to construction interest. Developer fee also increased, but the final amount is not at the maximum limit of 15% of the Development's eligible costs.

Staff's analysis of this transaction at cost certification has concluded that the Development supports an annual tax credit allocation of $3,292,947, and that the requested increase is necessary for the financial feasibility of the project and its viability as a qualified low-income housing project throughout the credit period. This results in a 21.63% increase from $2,707,319, the original annual HTC amount in the Determination Notice. In accordance with 10 TAC §10.401(d), Board approval is required because the requested tax credit amount exceeds 120% of the HTC amount reflected in the Determination Notice. The Development Owner will be required to submit the Tax-Exempt Bond Credit Increase Request Fee required in 10 TAC §11.901(8) for the increase to the HTC amount prior to issuance of Forms 8609. Additionally, all required pending documentation for the cost certification review must be provided for the issuance of 8609s.

Staff recommends approval of the increase in the tax credit award as presented herein.

UNIT MIX/RENT SCHEDULE

The Ridge at Lancaster, Dallas, # 21421

LOCATION DATA	
CITY:	Dallas
COUNTY:	Dallas
PROGRAM REGION:	3

UNIT DISTRIBUTION		
# Beds	# Units	% Total
Eff		
1	48	16.0%
2	120	40.0%
3	108	36.0%
4	24	8.0%
TOTAL	300	100.0%

Income	# Units
20%	0
30%	0
40%	0
50%	0
60%	270
70%	0
80%	0
MR	30
TOTAL	300
Average Income:	60.00%

Applicable Programs
4% Housing Tax Credits

PRO FORMA ASSUMPTIONS	
REVENUE GROWTH:	2.00%
EXPENSE GROWTH:	3.00%
HIGH COST ADJUSTMENT:	130%
APPLICABLE FRACTION:	89.83%
APP % - ACQUISITION:	
APP % - CONSTRUCTION:	4.00%
AVERAGE SF	1,162

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		Unit Mix				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS					TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Tenant Pd UA's (Verified)	Max Net Program Rent	Delta to Max Program	Rent per NRA	Net Rent per Unit		Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent per NRA	Delta to Max Program	Market Rent	Rent per NRA	TDHCA Savings to Market
TC60%	$1,160	29	1	1	851	$1,160	$75	$1,085	$0	$1.27	$1,085		**$31,465**	**$31,465**	$1,085	$1.27	$0		0.00	
TC60%	$1,160	10	1	1	857	$1,160	$75	$1,085	$0	$1.27	$1,085		**$10,850**	**$10,850**	$1,085	$1.27	$0		0.00	
TC60%	$1,160	3	1	1	851	$1,160	$75	$1,085	$0	$1.27	$1,085		**$3,255**	**$3,255**	$1,085	$1.27	$0		0.00	
TC60%	$1,160	2	1	1	857	$1,160	$75	$1,085	$0	$1.27	$1,085		**$2,170**	**$2,170**	$1,085	$1.27	$0		0.00	
TC60%	$1,392	100	2	1	1,097	$1,392	$84	$1,308	$0	$1.19	$1,308		**$130,800**	**$130,800**	$1,308	$1.19	$0		0.00	
TC60%	$1,392	8	2	1	1,097	$1,392	$84	$1,308	$0	$1.19	$1,308		**$10,464**	**$10,464**	$1,308	$1.19	$0		0.00	
TC60%	$1,608	76	3	2	1,279	$1,608	$90	$1,518	$0	$1.19	$1,518		**$115,368**	**$115,368**	$1,518	$1.19	$0		0.00	
TC60%	$1,608	8	3	2	1,279	$1,608	$90	$1,518	$0	$1.19	$1,518		**$12,144**	**$12,144**	$1,518	$1.19	$0		0.00	
TC60%	$1,608	12	3	2	1,401	$1,608	$90	$1,518	$0	$1.08	$1,518		**$18,216**	**$18,216**	$1,518	$1.08	$0		0.00	
TC60%	$1,794	16	4	2	1,517	$1,794	$99	$1,695	$0	$1.12	$1,695		**$27,120**	**$27,120**	$1,695	$1.12	$0		0.00	
TC60%	$1,794	6	4	2	1,517	$1,794	$99	$1,695	$0	$1.12	$1,695		**$10,170**	**$10,170**	$1,695	$1.12	$0		0.00	
MR		4	1	2	851	$0	$75		NA	$1.41	$1,200		**$4,800**	**$4,800**	$1,200	$1.41	NA	$1,200	1.41	$0
MR		12	2	2	1,097	$0	$84		NA	$1.23	$1,350		**$16,200**	**$16,200**	$1,350	$1.23	NA	$1,350	1.23	$0
MR		12	3	2	1,279	$0	$90		NA	$1.20	$1,530		**$18,360**	**$18,360**	$1,530	$1.20	NA	$1,530	1.20	$0
MR		2	4	2	1,517	$0	$99		NA	$1.23	$1,865		**$3,730**	**$3,730**	$1,865	$1.23	NA	$1,865	1.23	$0
TOTALS / AVERAGE		**300**			**348,564**				**$0**	**$1.19**	**$1,384**		**$415,112**	**$415,112**	**$1,384**	**$1.19**	**$0**	**$144**	**$0.12**	**($1,240)**
ANNUAL POTENTIAL GROSS RENT:													**$4,981,344**	**$4,981,344**						

PRO FORMA ANALYSIS & DEVELOPMENT COSTS

					TDHCA CC	TDHCA -Prior	% DIFF	APP - Orig	Owner CC	$ DIFF			
POTENTIAL GROSS RENT					$4,981,344	$4,197,000	0%	$4,197,000	$4,981,344	$0			
Secondary Income		Per Unit/Month	$20.00		$72,000	$72,000	-100%	$72,000	$0	($72,000)		$0.00	Per Unit Per Month
Other Income:	Garage & Carpots and W/D						#DIV/0!	$0	$57,072	$57,072		$15.85	Per Unit Per Month
Other Income:	Late, Pet & application Fees						#DIV/0!	$0	$103,140	$103,140		$28.65	Per Unit Per Month
POTENTIAL GROSS INCOME					$5,053,344	$4,269,000	2%	$4,269,000	$5,141,556	$88,212			
Vacancy & Collection Loss		% of PGI	-7.5%		($379,001)	(320,175)	2%	(320,175)	(385,617)	($6,616)		-7.5%	% of PGI
EO/Non-Rental Units/Concessions					$0	-	#DIV/0!	-	-	$0			
EFFECTIVE GROSS INCOME					$4,674,343	$3,948,825	1.75%	$3,948,825	$4,755,939	$81,596			
EXPENSES		% of EGI	Per Unit	Per SF							Per SF	Per Unit	% of EGI
General & Administrative		3.58%	$558	$0.48	$167,425	$129,344	-33%	$112,500	$112,500	($54,925)	$0.32	$375	2.37%
Management		2.50%	$390	$0.34	$116,859	$138,209	2%	$141,441	$119,000	$2,141	$0.34	$397	2.50%
Payroll & Payroll Tax		8.50%	$1,324	$1.14	$397,240	$390,000	17%	$390,000	$465,000	$67,760	$1.33	$1,550	9.78%
Repairs & Maintenance		4.38%	$682	$0.59	$204,614	$180,000	12%	$210,000	$230,000	$25,386	$0.66	$767	4.84%
Electric/Gas		2.14%	$333	$0.29	$99,898	$52,717	8%	$104,000	$107,500	$7,602	$0.31	$358	2.26%
Water, Sewer, & Trash		5.00%	$780	$0.67	$233,933	$270,840	-23%	$166,000	$181,000	($52,933)	$0.52	$603	3.81%
Property Insurance		2.57%	$400	$0.34	$120,000	$124,744	0%	$120,000	$120,000	$0	$0.34	$400	2.52%
Property Tax	0%	0.00%	$0	$0.00	$0	$0	#DIV/0!	$0	$0	$0	$0.00	$0	0.00%
Reserve for Replacements		1.60%	$250	$0.22	$75,000	$75,000	0%	$75,000	$75,000	$0	$0.22	$250	1.58%
Cable TV		0.00%	$0	$0.00	$0	$0	#DIV/0!	$0	$0	$0	$0.00	$0	0.00%
Supportive service contract fees		0.67%	$104	$0.09	$31,333	$12,000	60%	$12,000	$50,000	$18,667	$0.14	$167	1.05%
TDHCA Compliance fees		0.23%	$36	$0.03	$10,800	$10,800	0%	$12,000	$10,800	$0	$0.03	$36	0.23%
TDHCA Bond Administration Fees (TDHCA as Bond Is		0.00%	$0	$0.00	$0	$30,000	#DIV/0!	$30,000	$0	$0	$0.00	$0	0.00%
Security		0.21%	$32	$0.03	$9,731	$3,500	23%	$3,500	$12,000	$2,269	$0.03	$40	0.25%
Other		1.17%	$182	$0.16	$54,500	$0	0%	$0	$54,500	$0	$0.16	$182	1.15%
TOTAL EXPENSES		32.55%	$5,071	$4.36	$1,521,333	$1,417,154	1.0%	$1,376,441	$1,537,300	$15,967	$4.41	$5,124	32.32%
NET OPERATING INCOME		67.45%	$10,510	$9.05	$3,153,010	$2,531,671	2.1%	$2,572,384	$3,218,639	$65,629	$9.23	$10,729	67.68%
DEBT													
First Lien: Redstone					$2,309,300	$2,258,251	0%	$2,233,397	$2,309,300	$0			
Other:							#VALUE!	$0		#VALUE!			
TOTAL DEBT SERVICE					$2,309,300	$2,258,251	0%	$2,233,397	$2,309,300	$0			
NET CASH FLOW					$843,710	$273,420	8%	$338,987	$909,340	$65,629			
AGGREGATE DEBT COVERAGE RATIO					1.37	1.12		1.15	1.39				
RECOMMENDED DEBT COVERAGE RATIO									1.39				
CONSTRUCTION COST		% of TOTAL	Per Unit	Per SF	TDHCA CC	TDHCA -Prior		APP - Orig	Owner CC		Per SF	Per Unit	% of TOTAL
Land Acquisition		4.09%	$10,667	$9.18	$3,200,000	$3,200,000	0%	$3,200,000	$3,200,000	$0	$9	$10,667	4.09%
Building Acquisition		0.00%	$0	$0.00	$0	$0	#DIV/0!	$0	$0	$0	$0	$0	0.00%
Closing costs & acq. legal fees		0.00%	$0	$0.00	$0	$0	#DIV/0!	$0	$0	$0	$0	$0	0.00%
Off-Sites		2.61%	$6,814	$5.86	$2,044,152	$2,000,000	0%	$2,000,000	$2,044,152	($0)	$6	$6,814	2.61%
Sitework		11.81%	$30,796	$26.51	$9,238,844	$5,400,000	15%	$5,400,000	$10,660,616	$1,421,772	$31	$35,535	13.63%
Site Amenities						$425,000		$425,000					
Other Construction Cost						$0	#DIV/0!	$0		$0			
Building Costs		41.46%	$108,079	$93.02	$32,423,843	$26,684,107	-4%	$27,537,000	$31,002,071	($1,421,772)	$89	$103,340	39.65%
Contingency						$1,991,409	#DIV/0!	$1,991,409		$0			
Contractor's Fees		7.80%	$20,336	$17.50	$6,100,690	$4,891,180	0%	$4,891,180	$6,100,690	$0	$18	$20,336	7.80%
Indirect Construction		6.24%	$16,269	$14.00	$4,880,750	$4,148,195	0%	$4,148,195	$4,880,750	$0	$14	$16,269	6.24%
Developer's Fees	13.96%	11.04%	$28,783	$24.77	$8,635,047	$7,500,615	0%	$7,547,999	$8,635,047	$0	$25	$28,783	11.04%
Financing		13.25%	$34,541	$29.73	$10,362,344	$9,068,455	0%	$9,068,455	$10,362,344	$0	$30	$34,541	13.25%
Reserves		1.68%	$4,378	$3.77	$1,313,358	$1,336,564	0%	$1,336,564	$1,313,358	$0	$4	$4,378	1.68%
TOTAL COST		100%	$260,663	$224	$78,199,028	$66,645,525	0%	$67,545,802	$78,199,028	$0	$224	$260,663	100%
Construction Cost Recap		**55.89%**	**$145,689**	**$125.39**	**$43,706,839**				**$43,706,839**		**$125.39**	**$145,689**	**55.89%**
SOURCES OF FUNDS										% TDC	RECOMMENDED		
First Lien: Redstone		58%	$150,117	$129	$45,035,000	$42,377,000	-6%	$43,677,000	$45,035,000	58%	$45,035,000	Developer Fee Available	
Other:		0%	$0	$0	$0	$0	#DIV/0!	$0	$0	0%	0	$8,635,047	
HTC Equity: Enterprise Housing Partners		37%	$96,045	$83	$28,813,564	$23,553,674	-22%	$23,548,967	$28,813,810	37%	28,813,564		
Timing Adjusters - Enterprise Housing Partners		-2%	($6,425)	($6)	($1,927,407)		#DIV/0!		($1,927,407)	-2%	(1,927,407)		
LDG The Ridge at Lancaster GP, LLC		0%	$0	$0	$100	$0	#DIV/0!	$0	$100	0%	100		
LDG The Ridge at Lancaster, SLP, LLC		0%	$0	$0	$100	$0	#DIV/0!	$0	$100	0%	100	% of Dev. Fee Deferred	
Deferred Developer Fee: LDG Multifamily		8%	$20,926	$18	$6,277,671	$1,615,128	-289%	$319,835	$6,277,425	8%	6,277,671	73%	
Additional (Excess) Funds Req'd		0%	$0	$0	$0	($900,277)	100%	$0	($0)	0%	0	15-Yr Cumulative Cash Flow	
TOTAL SOURCES					$78,199,028	$66,645,525	-17%	$67,545,802	$78,199,028	100%	$78,199,028	$19,171,844	

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

The Ridge at Lancaster, Dallas, # 21421

PROPOSED PAYMENT COMPUTATION

First Lien: Redstone	$45,035,000	Amort	480
Int Rate	4.15%	DCR	1.37

Other:	$0	Amort	0
Int Rate	0.00%	DCR	1.37

RECOMMENDED FINANCING STRUCTURE: APPLICANT'S NOI

First Lien: Redstone	$2,309,300
Other:	0
TOTAL DEBT SERVICE	**$2,309,300**

First Lien: Redstone	$45,035,000	Amort	480
Int Rate	4.15%	DCR	1.39

Other:	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.39

LONG TERM OPERATING PRO FORMA

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 25	YEAR 30	YEAR 35	YEAR 40
EFFECTIVE GROSS INCOME	$4,755,939	$4,851,058	$4,948,079	$5,047,041	$5,147,982	$5,683,788	$6,275,361	$6,928,506	$7,649,630	$8,445,810	$9,324,856	$10,295,395
LESS: TOTAL EXPENSES	1,537,300	1,582,125	1,628,376	1,675,991	$1,725,009	1,992,654	$2,302,190	2,660,210	3,074,353	3,553,462	4,107,783	4,749,179
NET OPERATING INCOME	**$3,218,639**	**$3,268,933**	**$3,319,703**	**$3,371,050**	**$3,422,973**	**$3,691,133**	**$3,973,171**	**$4,268,295**	**$4,575,277**	**$4,892,347**	**$5,217,074**	**$5,546,215**
LESS: DEBT SERVICE	2,309,300	2,309,300	2,309,300	2,309,300	2,309,300	2,309,300	2,309,300	2,309,300	2,309,300	2,309,300	2,309,300	2,309,300
NET CASH FLOW	**$909,340**	**$959,633**	**$1,010,403**	**$1,061,750**	**$1,113,673**	**$1,381,834**	**$1,663,871**	**$1,958,996**	**$2,265,978**	**$2,583,048**	**$2,907,774**	**$3,236,916**
CUMULATIVE NET CASH FLOW	$909,340	$1,868,973	$2,879,376	$3,941,126	$5,054,800	$11,421,985	$19,171,844	$28,371,549	$39,083,040	$51,360,536	$65,247,474	$80,772,767
DEFERRED DEVELOPER FEE BALANCE	$5,368,331	$4,408,698	$3,398,295	$2,336,544	$1,222,871	$0	$0	$0	$0	$0	$0	$0
DCR ON UNDERWRITTEN DEBT (Must-Pay)	1.39	1.42	1.44	1.46	1.48	1.60	1.72	1.85	1.98	2.12	2.26	2.40
EXPENSE/EGI RATIO	32.32%	32.61%	32.91%	33.21%	33.51%	35.06%	36.69%	38.40%	40.19%	42.07%	44.05%	46.13%

HTC ALLOCATION ANALYSIS - The Ridge at Lancaster, Dallas, # 21421

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost						
Purchase of land	$3,200,000	$3,200,000				
Purchase of buildings	$0	$0				
Closing costs & Acq. Legal Fees	$0	$0				
Off-Site Improvements	$2,044,152	$2,044,152			$2,044,152	$2,044,152
Sitework	$10,660,616	$9,238,844			$10,660,616	$9,238,844
Building Costs	$31,002,071	$32,423,843			$30,513,950	$31,935,722
Contingency	$0	$0				
Contractor's Fees	$6,100,690	$6,100,690			$6,050,620	$6,050,620
Indirect Construction	$4,880,750	$4,880,750	$0	$0	$4,835,358	$4,835,358
Interim Financing	$10,362,344	$10,362,344	$0	$0	$7,756,517	$7,756,517
Developer Fees						
Developer Fees	$8,635,047	$8,635,047	$0	$0	$8,635,047	$8,635,047
Development Reserves	$1,313,358	$1,313,358				
TOTAL DEVELOPMENT COSTS	$78,199,028	$78,199,028	$0	$0	$70,496,260	$70,496,260

Deduct from Basis:						
	$0					
Describe:						
Describe:						
Describe:						
Describe:						
Describe:					$0	$0
TOTAL ELIGIBLE BASIS			$0	$0	$70,496,260	$70,496,260
High Cost Area Adjustment					130%	130%
TOTAL ADJUSTED BASIS			$0	$0	$91,645,138	$91,645,138
Applicable Fraction			89.83%	89.83%	89.83%	89.83%
TOTAL QUALIFIED BASIS			$0	$0	$82,323,678	$82,323,677
Applicable Percentage			0.00%	0.00%	4.00%	4.00%
TOTAL AMOUNT OF TAX CREDITS			$0	$0	$3,292,947	$3,292,947
	Syndication Rate	**0.8750**	**$0**	**$0**	**$28,813,565**	**$28,813,565**
	Total Tax Credits (Eligible Basis Method)				**$3,292,947**	**$3,292,947**
	Syndication Proceeds				**$28,813,565**	**$28,813,565**
	Approved Tax Credits				**$3,292,947**	
	Syndication Proceeds				**$28,813,564**	
	Requested Tax Credits				**$3,292,947**	
	Syndication Proceeds				**$28,813,564**	
	Gap of Syndication Proceeds Needed				**$35,091,235**	
	Total Tax Credits (Gap Method)				**$4,010,388**	
	Recommended Tax Credits				**3,292,947**	
	Syndication Proceeds				**$28,813,564**	

10/3/2024

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

Re: The Ridge at Lancaster #21421 (20493) – Request for Additional Tax Credits

Mr. Banuelos,

The Determination Notice issued on 3/29/2021 for the above referenced application reflected an Annual Tax Credit Amount of $2,707,319. The final Eligible Basis of $70,496,267 (Adjusted $91,645,147 and Qualified of $82,323,685) now calculates an Annual Tax Credit amount of $3,292,947 which is approximately 21.63% higher. These figures are supported by an Independent Auditor's Report which has been included in the Cost Certification Package. Per TDHCA rules any increase over 20% from the initial Tax Credit amount must be approved by the board. Therefore, LDG is formally requesting the additional credits due to unavoidable obstacles and increased costs during the construction of this development.

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

Construction Costs:

- Direct construction costs were underestimated at the time of application as we did not have actual construction bids at that time. Therefore, Building Costs and Site Work Costs had significant variances from the time of initial application. Additionally, there were several change orders and material price escalations which also increased the direct construction costs. These change orders are included within the Cost Cert package.
- Lumber/Trim had a significant price escalation during this timeframe.
- Soil Stabilization Redesign: a new stabilized design utilizing shotcrete increased design costs and delayed construction.
- The following redesigns significantly increased materials costs and labor costs:
  - Civil Engineering redesign of the grading and retaining walls required additional retaining walls to the project
  - Sanitary sewer and dry utility systems were redesigned post-closing
  - Paving and Perimeter Fence required improvements
  - Oncor electrical design changes were required
  - Water plan changes required additional irrigation pumps
- General Conditions and Overhead costs increased due to lengthened schedule/construction delays from issues described in the following paragraph:

Construction Delays:

- Civil Engineering redesign of the grading and retaining walls required additional retaining walls to the project (+2 months delay)
- The City of Dallas changed the offsite utility tie-in plan multiple times due to an unstable creek crossing (+5 months delay)
- The City of Dallas required wastewater line upgrades not associated with our permit before they released permanent water service. (+5 months delay)

Financing Costs:

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

Developer Fees:

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

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

Sincerely,

Jason Trevino

Jason Trevino
LDG Development, LLC
512-578-8488

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 25-018 **Agenda Date:** 4/10/2025 **Agenda #:** 4.

Presentation, discussion, and possible action on Resolution No. 25-018 regarding the annual approval of the Department's Investment Policy

RECOMMENDED ACTION

Adopt attached resolution.

BACKGROUND

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

Staff, in conjunction with the Department's Financial Advisor and Bond Counsel, have reviewed the proposed Investment Policy and recommend approval and adoption of Resolution 25-018.

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

RESOLUTION NO. 25-018

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

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

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

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

ARTICLE 1

APPROVAL OF DOCUMENTS AND CERTAIN ACTIONS

Section 1.1 Approval of the Department's Investment Policy. The Investment Policy in the form presented to the Governing Board is hereby authorized and approved.

Section 1.2 Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance of the Department and the Secretary or Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

ARTICLE 2

GENERAL PROVISIONS

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

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

PASSED AND APPROVED this 10th day of April, 2025.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

INVESTMENT POLICY

As presented to the Board for adoption on April 10, 2025

2025

April 10, 2025

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

INVESTMENT POLICY

I. POLICY

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

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

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

II. SCOPE

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

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

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

III. PRUDENCE

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

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

IV. INVESTMENT PRIORITIES

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

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

2. Preservation and safety of principal;

3. Liquidity;

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

5. Diversification of the investment portfolio; and

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

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

V. STRATEGIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

VI. DELEGATION OF AUTHORITY

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

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

VII. ETHICS AND CONFLICTS OF INTEREST

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

VIII. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

No Discrimination Against Firearm Entities and Firearm Trade Associations. Financial advisors and service providers are required to comply with the requirements of Chapter 2274 of the Texas Government Code, Texas Government Code. Compliance includes an unqualified written verification in any agreement entered into with the Department by each financial advisor or service provider that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term for which they provide services to the Department. As used in the foregoing, the terms "discriminate against a firearm entity or firearm trade association", "firearm entity" and "firearm trade association" shall have the meanings given to each such term in Section 2274.001, Texas Government Code.

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

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

X. AUTHORIZED AND SUITABLE INVESTMENTS

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

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

Enterprise Fund

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

   A. Obligations of, or guaranteed by governmental entities:

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

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

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

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

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

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

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

- has a defined termination date;

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

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

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

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

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

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

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

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

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

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

XI. DIVERSIFICATION

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

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

XII. PERFORMANCE STANDARDS

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

XIII. EFFECT OF LOSS OF REQUIRED RATING

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

XIV. MAXIMUM MATURITIES

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

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

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

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

XV. COLLATERALIZATION

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

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

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

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

XVI. SAFEKEEPING AND CUSTODY

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

XVII. INTERNAL CONTROL

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

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

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

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

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

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

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

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

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

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

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

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

XVIII. REPORTING

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

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

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

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

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

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

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

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

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

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

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

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

XIX. AUTHORIZED LIST OF BROKER/DEALERS AND FINANCIAL INSTITUTIONS

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

XX. INVESTMENT POLICY ADOPTION

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

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

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

XXI. ACKNOWLEDGMENT OF RECEIPT OF INVESTMENT POLICY

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

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

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

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

XXII. TRAINING

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Attachment A

STRATEGY

SECTION 1

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

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

SECTION 2

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Attachment B

POLICY STATEMENTS AND RECOMMENDED PRACTICE

Repurchase Agreements

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

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

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

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

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

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

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Attachment C

ACKNOWLEDGMENT OF RECEIPT OF INVESTMENT POLICY

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

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

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

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

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

Dated this _____ day of _____, _____.

Name:_____

Title: _____

Business Organization: _____

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Attachment D

Annual Disclosure Statement for Financial Advisors and Service Providers

Figure 1
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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

INSTRUCTIONS:

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

PART 1: GENERAL INFORMATION

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

NAME OF INDIVIDUAL _____ JOB TITLE_____

NAME OF BUSINESS ENTITY_____ TYPE OF SERVICE PROVIDED_____

ADDRESS_____

CITY_____ STATE_____ ZIP_____ PHONE_____

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

PART 2: DISCLOSURES

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

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

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

_____

_____

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

_____

_____

PART 3: SIGNATURE AND DATE

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

Signature_____ Date_____

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Attachment E

TEXAS TRUST

TEXAS TREASURY SAFEKEEPING TRUST COMPANY

COMPTROLLER GLENN HEGAR, CHAIRMAN

Comptroller of Public Accounts
2024 Broker Dealer List

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

Thomas Jefferson Rusk State Office Building 208 East 10th Street Austin, Texas 78701
Phone (512) 463-4300 Fax (512) 463-4368

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 25-019 **Agenda Date:** 4/10/2025 **Agenda #:** 5.

Presentation, discussion, and possible action on Resolution No. 25-019 regarding the annual approval of the Department's Interest Rate Risk Management Policy

RECOMMENDED ACTION

Adopt attached resolution.

BACKGROUND

The Department adopted an Interest Rate Risk Management Policy (formerly the Swap Policy) on September 9, 2004, to establish guidelines for the use and administration of interest rate management agreements, including but not limited to, interest rate swaps, caps, collars, and floors acquired in connection with the issuance of debt obligations. The Swap Policy is reviewed and approved annually. It underwent substantial changes in 2009, and had minor edits since.

Modifications for 2025 clarify the Department's ability to manage interest rate risk related to assets (mortgage loans and pipeline risk), in addition to liabilities (issuance of debt obligations). The proposed Interest Rate Risk Management Policy, blacklined against the prior Swap policy, contains these edits, and updates pursuant to state law.

Staff, in conjunction with the Department's Swap Advisor and Bond Counsel, has reviewed the proposed Interest Rate Risk Management Policy and recommends approval and adoption of Resolution 25-019.

RESOLUTION NO. 25-019

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

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

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

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

ARTICLE 1

APPROVAL OF DOCUMENTS AND CERTAIN ACTIONS

Section 1.1 Approval of the Department's Interest Rate Risk Management Policy. The Interest Rate Risk Management Policy in the form presented to the Governing Board is hereby authorized and approved.

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

Section 1.3 Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance of the Department and the Secretary or Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

ARTICLE 2

GENERAL PROVISIONS

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

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

PASSED AND APPROVED this 10th day of April, 2025.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

INTEREST RATE RISK MANAGEMENT POLICY

As presented to the Board on April 10. 2025

2025

April 10, 2025

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

The Texas Department of Housing and Community Affairs (the "Department") has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code (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 "Governing Board") from time to time) at prices they can afford.

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

I. Introduction

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

II. Authority

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

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

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

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

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

III. Purpose

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

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

The Department will not use Agreements that:

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

IV. Evaluation of Risks Associated with Swaps

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

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

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

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

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

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

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

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

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

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

V. Long Term Financial Implications

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

Impact of Use of Liquidity

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

Call Option Value considerations

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

Qualified Hedges

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

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

VI. Form of Swap Agreements

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

VII. Qualified Swap Counterparties

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

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

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

In addition, the Department will take into consideration a Swap counterparty's track record of successfully executing Swap transactions. The Department will only execute Swap transactions with qualified Swap counterparties.

In addition to credit-related requirements, Swap counterparties and other providers of derivative products must comply with the following requirements to be eligible to enter into a contract with the Department in connection with, and at the time of, each applicable transaction:

No Boycott of Israel. Swap counterparties and other providers of derivative products are required to comply with the requirements of Chapter 2270 of the Texas Government Code. Compliance includes an unqualified written verification in the Agreement by each counterparty or provider that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) (i) does not boycott Israel and (ii) will not boycott Israel during the term for which they provide services to the Department.

Iran, Sudan and Foreign Terrorist Organizations. Swap counterparties and other providers of derivative products are required to comply with the requirements of Chapter 2252 of the Texas Government Code. Compliance includes an unqualified written verification in the Agreement by each counterparty or provider that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) is not an entity listed by the Texas Comptroller of Public Accounts under Sections 2252.153 or 2270.0201 of the Texas Government Code.

No Discrimination Against Fossil-Fuel Companies. Swap counterparties and other providers of derivative products are required to comply with the requirements of Chapter 2276 of the Texas Government Code. Compliance includes an unqualified written verification in the Agreement by each counterparty or provider that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) (i) not boycott energy companies and (ii) will not boycott energy companies during the term for which they provide services to the Department. As used in the foregoing, the term "boycott energy companies" shall have the meaning given to such term in Section 2276.001(1), Texas Government Code.

No Discrimination Against Firearm Entities and Firearm Trade Associations. Swap counterparties and other providers of derivative products are required to comply with the requirements of Chapter 2274 of the Texas Government Code. Compliance includes an unqualified written verification in the Agreement by each counterparty or provider that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) (i) does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and (ii) will not discriminate against a firearm entity or firearm trade association during the term for which they provide services to the Department. As used in the foregoing, the terms "discriminate against a firearm entity or firearm trade association", "firearm entity" and "firearm trade association" shall have the meanings given to each such term in Section 2274.001, Texas Government Code.

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

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

VIII. Termination Provisions

The Department shall include in all Swaps provisions granting the Department the right to optionally terminate a Swap at any time at market over the term of the Agreement. The Director of Bond Finance, in consultation with the Director of Administration, shall determine if it is financially advantageous for the Department to terminate a Swap.

A ratings-based additional termination event shall be included in all of the Department's Swaps if the provider (or its credit support provider) fails to maintain either:

1. A credit rating of at least Baa2 from Moody's; or
2. A credit rating of at least BBB from S&P; or,
3. An equivalent rating determined above by a nationally recognized ratings service acceptable to both parties.

A termination payment to or from the Department may be required in the event of termination of a Swap due to a default or a decrease in credit rating of either the Department or the counterparty. If the cause of the termination is a counterparty downgrade, termination payments will be calculated on the side of the bid-offer spread that favors the Department. Additionally, the termination amount of the Swap should seek to compensate the Department, as allowed under the ISDA Agreement, all other costs for creating a replacement transaction of like terms and conditions.

It is the intent of the Department not to make a termination payment to a counterparty that does not meet its contractual obligations. Prior to making any such termination payment, the Director of Bond Finance, in consultation with the Director of Administration, shall evaluate whether it is financially advantageous for the Department to obtain a replacement counterparty to avoid making such termination payment or finance the termination payment through a long-term financing product.

For payments on early termination and optional termination, Market Quotation and the Second Method will apply, allowing for two-way mark-to-market breakage. Swaps may use the 2002 form of the ISDA Master Agreement.

IX. Security and Source of Repayment

The Department may use the same security and source of repayment (pledged revenues) for Swaps as is used for the bonds that are hedged or carried by the Swap, if any, but shall consider the economic costs and benefits of subordinating the Department's payments and/or termination payment under the Swap. The use of the same security and source of repayment (pledged revenues) is subject to the respective bond indenture's covenants and the prior approval of the Department's bond counsel.

X. Specified Indebtedness

The specified indebtedness related to credit events in any Swap should be narrowly defined and refer only to indebtedness of the Department that could have a materially adverse effect on the Department's ability to perform its obligations under the Swap. Debt should typically only include obligations within the same lien as the Swap obligation.

XI. Governing Law

Governing law for Swaps will be the State of Texas. Issues relating to jurisdiction, venue, waiver of jury trial and sovereign immunity will be subject to prevailing law and approval of the Texas Attorney General Office. Preference will be given to language providing that the counterparty will consent to jurisdiction in the Texas courts with respect to enforcement of the Agreement.

XII. Events of Default

Events of default of a Swap counterparty shall include, but are not limited to the counterparty's:

1. Failure to make payments when due;
2. Breach of representations and warranties;
3. Illegality;
4. Failure to comply with downgrade provisions; and
5. Failure to comply with any other provisions of the Agreement after a specified notice period.

XIII. Collateral Requirements

As part of any Swap, the Department may require the counterparty or the counterparty may require the Department to post collateral or other credit enhancement to secure any or all Swap payment obligations. As appropriate, the Director of Administration and Director of Bond Finance may require collateral or other credit enhancement to be posted by each Swap counterparty under the following circumstances:

- Each counterparty to the Department may be required to post collateral if the credit rating of the counterparty or parent falls below a certain rating threshold, which varies by counterparty. Additional collateral for further decreases in credit ratings of each counterparty shall be posted by each counterparty in accordance with the provisions contained in the credit support annex to each Swap with the Department. At the current time, collateral posting rating triggers by the counterparties would range from A2 (Moody's)/A (S&P) to Baa1 (Moody's)/BBB+ (S&P).
- Collateral shall consist of cash, U.S. Treasury securities, or other mutually acceptable highly liquid securities.
- Collateral shall be deposited with an eligible third-party custodian, or as mutually agreed upon between the Department and each counterparty.
- The market value of the collateral shall be determined periodically at a frequency consistent with industry standard.
- The Department will determine reasonable threshold limits for increments of collateral posting based on a sliding scale reflective of credit ratings.
- The Director of Bond Finance, in consultation with the Director of Administration, shall determine on a case-by-case basis whether a form of credit enhancement in lieu of, or in addition to, collateral is more beneficial to the Department.
- The Department shall seek to not post collateral to the counterparty unless the Department's ratings fall below "A2" with Moody's or "A" with S&P.

XIV. Other Criteria

The Department may use a competitive or a negotiated process to select a Swap counterparty and price a Swap as it believes business, market or competitive conditions justify such a process. The conditions under which a negotiated selection is best used are provided below.

- Marketing of the Swap will require complex explanations about the security for payment or credit quality.
- Demand is weak among Swap counterparties.
- Market timing is important, such as for refundings.
- Coordination of multiple components of the financing is required.

- The Swap has non-standard features.
- The par amount is large enough to move the market in a manner adverse to the Department's interests.
- Counterparties are likely to demand individual changes in bid documents.

If a transaction is awarded through a negotiated process, the counterparty will provide the Department with:

- A statement that, in the counterparty's judgment, the difference in basis points between the rate of the transaction and the mid-market rate for a comparable transaction falls within the commonly occurring range for comparable transactions.
- A statement of the amount of the difference as determined by the counterparty.
- If the counterparty does not know of a comparable transaction or mid-market rate, a statement of another suitable measure of pricing acceptable to the counterparty.

The Department will use a swap advisory firm to assist in the price negotiation. Such swap advisory firm shall act as the "qualified independent representative" ("QIR") of the Department for purposes of CFTC Rule 23.450 (b) (1) to advise the Department on Swaps, provided that such firm provide certification to the Department addressing why such firm meets the requirements to act as a QIR pursuant to CFTC Regulation 23.450(b)(1). Also, the Department may obtain an opinion from an independent party that the terms and conditions of any derivative entered into reflect a fair market value of such derivatives as of the execution date.

The counterparty must provide to the Department disclosure of any payments the counterparty made to another person to procure the transaction.

Prior to or at execution of any new swap transaction, the swap dealer and/or swap advisor, as the case may be, shall provide information to the Department consistent with the rules and regulations in effect at the time. Such rules would include the Business Conduct Standards for Swap Dealers and Major Swap Participants as published and enacted by the Commodity Futures Trading Commission. In addition the swap dealer should represent to the Department that it is in compliance with such rules including pay-to-play restrictions.

The Department will determine that the swap transaction will conform to this Policy after reviewing a report of the Director of Bond Finance that identifies with respect to the transaction:

- its purpose;
- the anticipated economic benefit and the method used to determine the anticipated benefit;
- the use of the receipts of the transaction;
- the notional amount, amortization, and average life compared to the related obligation;
- any floating indices;
- its effective date and duration;
- the identity and credit rating of the counterparties;
- the cost and anticipated benefit of transaction insurance;
- the financial advisors and the legal advisors and their fees;

- any security for scheduled and early termination payments;
- any associated risks and risk mitigation features; and
- early termination provisions.

XV. Ongoing Monitoring and Reporting Requirements

Written records noting the status of all Swaps will be maintained by the Bond Finance Division and shall include the following information:

- Highlights of all material changes to Swaps or new Swaps entered into by the Department since the last report.
- Market value of each of the Swaps.
- The net impact of a 50 or 100 basis point parallel shift or other relevant shift in the appropriate Swap index or curve.
- For each counterparty, the total notional amount, the average life of each Swap and the remaining term of each Swap.
- The credit rating of each Swap counterparty and credit enhancer insuring Swap payments.
- Actual collateral posting by Swap counterparty, if any, in total by Swap counterparty.
- A summary of each Swap, including but not limited to the type of Swap, the rates paid by the Department and received by the Department, indices, and other key terms.
- Information concerning any default by a Swap counterparty to the Department, and the results of the default, including but not limited to the financial impact to the Department, if any.
- A summary of any Swaps that were terminated.

The Department will monitor its Swaps exposure on a periodic basis, as necessary, and will look for ways to reduce the cost of a Swap(s) or the overall Swap exposure.

The Bond Finance Division will monitor the performance of the QIR on an on-going basis.

The Department shall report its Swaps exposure in its annual financial statements and will reflect the use of derivatives in accordance with GASB requirements. With the adoption of GASB 53, the Department will be required to test hedge effectiveness on an annual basis. Any hedge deemed to be ineffective will result in the change in fair value being recorded as a gain or loss. While the long term economic value of the transaction should be more important when structuring a derivative, the Department should seek to structure transactions that are expected to be effective and would not result in changes in fair value affecting net income. For example, while a transaction structured to meet the Consistent Critical Terms method of GASB 53 would ensure hedge effectiveness, the Department should consider the tradeoffs of utilizing a transaction structure that may provide greater expected economic benefits at the expense of potentially not meeting hedge effectiveness. The disclosure requirements include:

1. Objective of the Derivative
2. Significant Terms
3. Fair Value
4. Associated Debt

5. Risks including but not limited to Credit Risk, Termination Risk, Interest Rate Risk, Basis Risk, Rollover Risk, Market Access Risk, and Foreign Currency Risk.

With the adoption of GASB 72, the Department will be required to report the fair value of its Swaps in its annual financial statements, as more fully described in GASB 72. The Department will follow these guidelines and may engage a third party to assist in the required calculations.

The Director of Administration and the Director of Bond Finance will review this Policy on an annual basis.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

INTEREST RATE ~~SWAP~~ RISK MANAGEMENT POLICY

As presented to the Board on ~~April 11, 2024~~ April 10, 2025

~~2024~~ 2025

~~April 11, 2024~~
April 10. 2025

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

The Texas Department of Housing and Community Affairs (the "Department") has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code (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 "Governing Board") from time to time) at prices they can afford.

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

I. Introduction

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

II. Authority

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

This Policy shall govern the Department's use and management of all ~~Swaps~~Agreements. While adherence to this Policy is required in applicable circumstances, the Department recognizes that changes in the capital markets, agency programs, and other unforeseen circumstances may from

time to time produce situations that are not covered by this Policy and will require modifications or exceptions approved or authorized by the Governing Board to achieve policy goals.

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

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

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

III. Purpose

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

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

The Department will not use Agreements that:

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

IV. Evaluation of Risks Associated with Swaps

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

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

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

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

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

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

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

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

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

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

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

Impact of Use of Liquidity

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

Call Option Value considerations

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

Qualified Hedges

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

then certain additional requirements must be met. In both of these situations, the terms of the Agreement and the process for entering into the Agreement must be reviewed and approved in advance by tax counsel.

VI. Form of Swap Agreements

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

VII. Qualified Swap Counterparties

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

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

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

In addition, the Department will take into consideration a Swap counterparty's track record of successfully executing Swap transactions. The Department will only execute Swap transactions with qualified Swap counterparties.

In addition to credit-related requirements, Swap counterparties and other providers of derivative products must comply with the following requirements to be eligible to enter into a contract with the Department in connection with, and at the time of, each applicable transaction:

No Boycott of Israel. Swap counterparties and other providers of derivative products are required to comply with the requirements of Chapter 2270 of the Texas Government Code. Compliance includes an unqualified written verification in the Agreement by each counterparty or provider that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) (i) does not boycott Israel and (ii) will not boycott Israel during the term for which they provide services to the Department.

Iran, Sudan and Foreign Terrorist Organizations. Swap counterparties and other providers of derivative products are required to comply with the requirements of Chapter 2252 of the Texas Government Code. Compliance includes an unqualified written verification in the Agreement by each counterparty or provider that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) is not an entity listed by the Texas Comptroller of Public Accounts under Sections 2252.153 or 2270.0201 of the Texas Government Code.

No Discrimination Against Fossil-Fuel Companies. Swap counterparties and other providers of derivative products are required to comply with the requirements of Chapter 2276 of the Texas Government Code. Compliance includes an unqualified written verification in the Agreement by each counterparty or provider that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) (i) not boycott energy companies and (ii) will not boycott energy companies during the term for which they provide services to the Department. As used in the foregoing, the term "boycott energy companies" shall have the meaning given to such term in Section 2276.001(1), Texas Government Code.

No Discrimination Against Firearm Entities and Firearm Trade Associations. Swap counterparties and other providers of derivative products are required to comply with the requirements of Chapter 2274 of the Texas Government Code. Compliance includes an unqualified written verification in the Agreement by each counterparty or provider that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) (i) does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and (ii) will not discriminate against a firearm entity or firearm trade association during the term for which they provide services to the Department. As used in the foregoing, the terms "discriminate against a firearm entity or firearm trade association", "firearm entity" and "firearm trade association" shall have the meanings given to each such term in Section 2274.001, Texas Government Code.

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

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

VIII. Termination Provisions

The Department shall include in all Swaps provisions granting the Department the right to optionally terminate a Swap at any time at market over the term of the Agreement. The Director of Bond Finance, in consultation with the Director of Administration, shall determine if it is financially advantageous for the Department to terminate a Swap.

A ratings-based additional termination event shall be included in all of the Department's Swaps if the provider (or its credit support provider) fails to maintain either:

1. A credit rating of at least Baa2 from Moody's; or
2. A credit rating of at least BBB from S&P; or,
3. An equivalent rating determined above by a nationally recognized ratings service acceptable to both parties.

A termination payment to or from the Department may be required in the event of termination of a Swap due to a default or a decrease in credit rating of either the Department or the counterparty. If the cause of the termination is a counterparty downgrade, termination payments will be calculated on the side of the bid-offer spread that favors the Department. Additionally, the termination amount of the Swap should seek to compensate the Department, as allowed under the ISDA Agreement, all other costs for creating a replacement transaction of like terms and conditions.

It is the intent of the Department not to make a termination payment to a counterparty that does not meet its contractual obligations. Prior to making any such termination payment, the Director of Bond Finance, in consultation with the Director of Administration, shall evaluate whether it is financially advantageous for the Department to obtain a replacement counterparty to avoid making such termination payment or finance the termination payment through a long-term financing product.

For payments on early termination and optional termination, Market Quotation and the Second Method will apply, allowing for ~~two~~ two-way mark-to-market breakage (assuming the Swaps are documented under the 1992 form of the ISDA Master Agreements). Swaps may use the 2002 form of the ISDA Master Agreement.

IX. Security and Source of Repayment

The Department may use the same security and source of repayment (pledged revenues) for Swaps as is used for the bonds that are hedged or carried by the Swap, if any, but shall consider the economic costs and benefits of subordinating the Department's payments and/or termination payment under the Swap. The use of the same security and source of repayment (pledged revenues) is subject to the respective bond indenture's covenants and the prior approval of the Department's bond counsel.

X. Specified Indebtedness

The specified indebtedness related to credit events in any Swap should be narrowly defined and refer only to indebtedness of the Department that could have a materially adverse effect on the Department's ability to perform its obligations under the Swap. Debt should typically only include obligations within the same lien as the Swap obligation.

XI. Governing Law

Governing law for Swaps will be the State of Texas. Issues relating to jurisdiction, venue, waiver of jury trial and sovereign immunity will be subject to prevailing law and approval of the Texas Attorney General Office. Preference will be given to language providing that the counterparty will consent to jurisdiction in the Texas courts with respect to enforcement of the Agreement.

XII. Events of Default

Events of default of a Swap counterparty shall include, but are not limited to the counterparty's:

1. Failure to make payments when due;
2. Breach of representations and warranties;
3. Illegality;
4. Failure to comply with downgrade provisions; and
5. Failure to comply with any other provisions of the Agreement after a specified notice period.

XIII. Collateral Requirements

As part of any Swap, the Department may require the counterparty or the counterparty may require the Department to post collateral or other credit enhancement to secure any or all Swap payment obligations. As appropriate, the Director of Administration and Director of Bond Finance may require collateral or other credit enhancement to be posted by each Swap counterparty under the following circumstances:

- Each counterparty to the Department may be required to post collateral if the credit rating of the counterparty or parent falls below a certain rating threshold, which varies by counterparty. Additional collateral for further decreases in credit ratings of each counterparty shall be posted by each counterparty in accordance with the provisions contained in the credit support annex to each Swap with the Department. At the current time, collateral posting rating triggers by the counterparties would range from A2 (Moody's)/A (S&P) to Baa1 (Moody's)/BBB+ (S&P).
- Collateral shall consist of cash, U.S. Treasury securities, or other mutually acceptable highly liquid securities.
- Collateral shall be deposited with an eligible ~~third~~ third-party custodian, or as mutually agreed upon between the Department and each counterparty.
- The market value of the collateral shall be determined ~~on at least a weekly basis.~~periodically at a frequency consistent with industry standard.
- The Department will determine reasonable threshold limits for increments of collateral posting based on a sliding scale reflective of credit ratings.
- The Director of Bond Finance, in consultation with the Director of Administration, shall determine on a case-by-case basis whether a form of credit enhancement in lieu of, or in addition to, collateral is more beneficial to the Department.
- The Department shall seek to not post collateral to the counterparty unless the Department's ratings fall below "A2" with Moody's or "A" with S&P.

XIV. Other Criteria

The Department may use a competitive or a negotiated process to select a Swap counterparty and price a Swap as it believes business, market or competitive conditions justify such a process. The conditions under which a negotiated selection is best used are provided below.

- Marketing of the Swap will require complex explanations about the security for payment or credit quality.
- Demand is weak among Swap counterparties.

- Market timing is important, such as for refundings.
- Coordination of multiple components of the financing is required.
- The Swap has non-standard features.
- The par amount is large enough to move the market in a manner adverse to the Department's interests.
- Counterparties are likely to demand individual changes in bid documents.

If a transaction is awarded through a negotiated process, the counterparty will provide the Department with:

- A statement that, in the counterparty's judgment, the difference in basis points between the rate of the transaction and the mid-market rate for a comparable transaction falls within the commonly occurring range for comparable transactions.
- A statement of the amount of the difference as determined by the counterparty.
- If the counterparty does not know of a comparable transaction or mid-market rate, a statement of another suitable measure of pricing acceptable to the counterparty.

The Department will use a swap advisory firm to assist in the price negotiation. Such swap advisory firm shall act as the "qualified independent representative" ("QIR") of the Department for purposes of CFTC Rule 23.450 (b) (1) to advise the Department on ~~swaps~~Swaps, provided that such firm provide certification to the Department addressing why such firm meets the requirements to act as a QIR pursuant to CFTC Regulation 23.450(b)(1). Also, the Department may obtain an opinion from an independent party that the terms and conditions of any derivative entered into reflect a fair market value of such derivatives as of the execution date.

The counterparty must provide to the Department disclosure of any payments the counterparty made to another person to procure the transaction.

Prior to or at execution of any new swap transaction, the swap dealer and/or swap advisor, as the case may be, shall provide information to the Department consistent with the rules and regulations in effect at the time. Such rules would include the Business Conduct Standards for Swap Dealers and Major Swap Participants as published and enacted by the Commodity Futures Trading Commission. In addition the swap dealer should represent to the Department that it is in compliance with such rules including pay-to-play restrictions.

The Department will determine that the swap transaction will conform to this Interest Rate Swap Policy after reviewing a report of the Director of Bond Finance that identifies with respect to the transaction:

- its purpose;
- the anticipated economic benefit and the method used to determine the anticipated benefit;
- the use of the receipts of the transaction;
- the notional amount, amortization, and average life compared to the related obligation;
- any floating indices;
- its effective date and duration;

- the identity and credit rating of the counterparties;
- the cost and anticipated benefit of transaction insurance;
- the financial advisors and the legal advisors and their fees;
- any security for scheduled and early termination payments;
- any associated risks and risk mitigation features; and
- early termination provisions.

XV. Ongoing Monitoring and Reporting Requirements

Written records noting the status of all Swaps will be maintained by the Bond Finance Division and shall include the following information:

- Highlights of all material changes to Swaps or new Swaps entered into by the Department since the last report.
- Market value of each of the Swaps.
- The net impact of a 50 or 100 basis point parallel shift or other relevant shift in the appropriate Swap index or curve.
- For each counterparty, the total notional amount, the average life of each Swap and the remaining term of each Swap.
- The credit rating of each Swap counterparty and credit enhancer insuring Swap payments.
- Actual collateral posting by Swap counterparty, if any, in total by Swap counterparty.
- A summary of each Swap, including but not limited to the type of Swap, the rates paid by the Department and received by the Department, indices, and other key terms.
- Information concerning any default by a Swap counterparty to the Department, and the results of the default, including but not limited to the financial impact to the Department, if any.
- A summary of any Swaps that were terminated.

The Department will monitor its Swaps exposure on a periodic basis, as necessary, and will look for ways to reduce the cost of a Swap(s) or the overall Swap exposure.

The Bond Finance Division will monitor the performance of the QIR on an on-going basis.

The Department shall report its Swaps exposure in its annual financial statements and will reflect the use of derivatives in accordance with GASB requirements. With the adoption of GASB 53, the Department will be required to test hedge effectiveness on an annual basis. Any hedge deemed to be ineffective will result in the change in fair value being recorded as a gain or loss. While the long term economic value of the transaction should be more important when structuring a derivative, the Department should seek to structure transactions that are expected to be effective and would not result in changes in fair value affecting net income. For example, while a transaction structured to meet the Consistent Critical Terms method of GASB 53 would ensure hedge effectiveness, the Department should consider the tradeoffs of utilizing a transaction structure that may provide greater expected economic benefits at the expense of potentially not meeting hedge effectiveness. The disclosure requirements include:

1. Objective of the Derivative

2. Significant Terms
3. Fair Value
4. Associated Debt
5. Risks including but not limited to Credit Risk, Termination Risk, Interest Rate Risk, Basis Risk, Rollover Risk, Market Access Risk, and Foreign Currency Risk.

With the adoption of GASB 72, the Department will be required to report the fair value of its Swaps in its annual financial statements, as more fully described in GASB 72. The Department will follow these guidelines and may engage a third party to assist in the required calculations.

The Director of Administration and the Director of Bond Finance will review this Policy on an annual basis.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 977 **Agenda Date:** 4/10/2025 **Agenda #:** 6.

Presentation, discussion, and possible action on release of the draft 2026 Low Income Home Energy Assistance Program State Plan for public comment

RECOMMENDED ACTION

WHEREAS, the U.S. Department of Health and Human Services (USHHS) requires that the Texas Department of Housing and Community Affairs (the Department) submit a State Plan every year in order to receive its allotment of Low Income Home Energy Assistance Program (LIHEAP) funds;

WHEREAS, the Department has prepared a draft 2026 LIHEAP State Plan (the Plan); and

WHEREAS, USHHS requires that a draft Plan be released for public comment and the State requires four public hearings prior to the submission of the Plan to USHHS;

NOW, therefore, it is hereby

RESOLVED, that the draft Plan, in the form presented to this meeting, is hereby approved to be released for public comment and posted on the Department's website and published in the *Texas Register*;

FURTHER RESOLVED, that if USHHS releases different guidance after Board approval, the Board authorizes staff to make needed conforming changes and non-substantive changes to the Plan, and to change the public hearing dates and the comment period; and

FURTHER RESOLVED, that the final Plan with consideration of final grant guidance, public comment and technical corrections made by staff, along with award recommendations for subrecipients, will be presented to the Board no later than July 2025.

BACKGROUND

USHHS requires that the State of Texas submit a LIHEAP State Plan each year on or before September 1 in order to receive its allotment of LIHEAP funds. In response to this requirement, the Department has prepared a draft 2026 LIHEAP State Plan. Subrecipients had two previous opportunities to provide input into the drafting of this Plan. The first opportunity included a 17-day timeframe in December 2024 to provide comments on what they wanted changed from the 2025 LIHEAP State Plan, and the second opportunity included an 18-day period in March 2025 to comment on the draft 2026 Plan before presenting it to the Board at this meeting.

The draft Plan, upon approval by the Board, will be posted on the Department's website, published in the

Texas Register, released for public comment and public hearings will be held.

An announcement of the availability of the draft Plan and details regarding the timeframe to accept comments from the public and the public hearing will be posted on the Department's website upon Board approval and published in the *Texas Register* on April 25, 2025. The period to accept comments from the public regarding the Plan will be open from April 25, 2025, through May 21, 2025, at 5:00 p.m. Central time. Written comments concerning the Plan may be submitted to the Texas Department of Housing and Community Affairs, Community Affairs Division-Gavin Reid, P.O. Box 13941, Austin, TX 78711-3941, or by email to gavin.reid@tdhca.texas.gov. Comments are due no later than 5:00 p.m. Central time on May 21, 2025.

The Department will also conduct four public hearings throughout the state. Meeting dates, times and locations are:

- Tuesday, May 13, 2025, 5:30 pm - 6:00 p.m. at Texas Department of Housing and Community Affairs, 221 East 11th Street, 1st Floor, Austin, TX 78701.
- Wednesday, May 14, 2025, at 1:00 p.m. - 1:30 p.m. at BakerRipley, First Floor Education Center, 3838 Aberdeen Way, Houston, TX 77025.
- Wednesday, May 14, 2025, at 1:00 p.m. - 1:30 p.m. at Northside Community Center, 1100 NW 18th Street, Room R44133, Fort Worth, TX 76164.
- Thursday, May 15, 2025, at 5:30 p.m. - 6:00 p.m. at West Texas Opportunities, 1415 East 2nd Street, Odessa, TX 79761.

Upon completion of the public comment period and public hearings, staff will modify the Plan, if appropriate, based on public comment. Staff will also include any changes required by federal guidance and necessary technical corrections made by staff. Staff anticipates presenting the revised Plan, along with recommendations for subrecipient awards, to the Board for review and final approval no later than July.

LIHEAP funds, as reflected in the Plan, are utilized in the following three ways:

- The Department allocates at least 75% of the LIHEAP funds to the Comprehensive Energy Assistance Program (CEAP), which provides utility assistance to eligible households, including crisis assistance and services to reduce home energy needs.
- The Department allocates up to 15% of the LIHEAP funds to the Weatherization Assistance Program. There is generally greater flexibility with LIHEAP weatherization funds than U.S. Department of Energy (DOE) weatherization funds, so continuing to allocate some portion of these funds for this activity allows households to receive more comprehensive assistance than if they were to be served solely by DOE WAP funds.
- The Department allocates 10% of LIHEAP funds for Department and subrecipient planning and administrative costs.

In review of the Plan, attached, it should be noted that the Plan follows a template and series of required responses pre-determined by USHHS with character limitations and specific instructions.

The full text of the draft 2026 LIHEAP State Plan may be viewed at the Department's website: <https://www.tdhca.texas.gov/tdhca-public-comment-center>. The public may also receive a copy of the draft

2026 LIHEAP State Plan by contacting Gavin Reid at gavin.reid@tdhca.texas.gov.

LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP)

MODEL PLAN

PUBLIC LAW 97-35, AS AMENDED

FEDERAL FISCAL YEAR 2026

GRANTEE: Texas Department of Housing and Community Affairs

EIN: 17426105429

ADDRESS: P.O. Box 13941
Austin, Texas 78711-3941

LIHEAP COORDINATOR: Michael DeYoung

EMAIL: michael.deyoung@tdhca.state.tx.us

TELEPHONE: (512) 475-2125 **FAX:** (512) 475-3935

CHECK ONE: TRIBE / TRIBAL ORGANIZATION _____ STATE__X____ INSULAR AREA _____

Department of Health and Human Services
Administration for Children and Families
Office of Community Services
Washington, DC 20447

August 1987, revised 05/92, 02/95, 03/96, 12/98, 11/01

OMB Approval No. 0970-0075

THE PAPERWORK REDUCTION ACT OF 1995 (Pub. L. 104-13)

Use of this model plan is optional. However, the information requested is required in order to receive a Low Income Home Energy Assistance Program (LIHEAP) grant in years in which the grantee is not permitted to file an abbreviated plan. Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, gathering and maintaining the data needed, and reviewing the collection of information. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

Assurances

The Texas Department of Housing and Community Affairs agrees to:

(1) use the funds available under this title to--

(A) conduct outreach activities and provide assistance to low income households in meeting their home energy costs, particularly those with the lowest incomes that pay a high proportion of household income for home energy, consistent with paragraph (5);

(B) intervene in energy crisis situations;

(C) provide low-cost residential weatherization and other cost-effective energy-related home repair; and

(D) plan, develop, and administer the State's program under this title including leveraging programs, and the State agrees not to use such funds for any purposes other than those specified in this title;

(2) make payments under this title only with respect to--

(A) households in which one or more individuals are receiving--

(i) assistance under the State program funded under part A of title IV of the Social Security Act;
(ii) supplemental security income payments under title XVI of the Social Security Act;
(iii) food stamps under the Food Stamp Act of 1977; or
(iv) payments under section 415, 521, 541, or 542 of title 38, United States Code, or under section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978; or

(B) households with incomes which do not exceed an amount equal to 150 percent of the poverty level for such State; or
(i) an amount equal to 60 percent of the State median income;

except that a State may not exclude a household from eligibility in a Federal fiscal year solely on the basis of household income if such income is less than 110 percent of the poverty level for such State, but the State may give priority to those households with the highest home energy costs or needs in relation to household income.

(3) conduct outreach activities designed to assure that eligible households, especially households with elderly individuals or disabled individuals, or both, and households with high home energy burdens, are made aware of the assistance available under this title, and any similar energy-related assistance available under subtitle B of title VI (relating to community services block grant program) or under any other provision of law which carries out programs which were administered under the Economic Opportunity Act of 1964 before the date of the enactment of this Act;

(4) coordinate its activities under this title with similar and related programs administered by the Federal Government and such State, particularly low-income energy-related programs under subtitle B of title VI (relating to community services block grant program), under the supplemental security income program, under part A of title IV of the Social Security Act, under title XX of the Social Security Act, under the low-

income weatherization assistance program under title IV of the Energy Conservation and Production Act, or under any other provision of law which carries out programs which were administered under the Economic Opportunity Act of 1964 before the date of the enactment of this Act;

(5) provide, in a timely manner, that the highest level of assistance will be furnished to those households which have the lowest incomes and the highest energy costs or needs in relation to income, taking into account family size, except that the State may not differentiate in implementing this section between the households described in clauses 2(A) and 2(B) of this subsection;

(6) to the extent it is necessary to designate local administrative agencies in order to carry out the purposes of this title, to give special consideration, in the designation of such agencies, to any local public or private nonprofit agency which was receiving Federal funds under any low-income energy assistance program or weatherization program under the Economic Opportunity Act of 1964 or any other provision of law on the day before the date of the enactment of this Act, except that--

(A) the State shall, before giving such special consideration, determine that the agency involved meets program and fiscal requirements established by the State; and

(B) if there is no such agency because of any change in the assistance furnished to programs for economically disadvantaged persons, then the State shall give special consideration in the designation of local administrative agencies to any successor agency which is operated in substantially the same manner as the predecessor agency which did receive funds for the Federal fiscal year preceding the Federal fiscal year for which the determination is made;

(7) if the State chooses to pay home energy suppliers directly, establish procedures to--

(A) notify each participating household of the amount of assistance paid on its behalf;

(B) assure that the home energy supplier will charge the eligible household, in the normal billing process, the difference between the actual cost of the home energy and the amount of the payment made by the State under this title;

(C) assure that the home energy supplier will provide assurances that any agreement entered into with a home energy supplier under this paragraph will contain provisions to assure that no household receiving assistance under this title will be treated adversely because of such assistance under applicable provisions of State law or public regulatory requirements; and

(D) ensure that the provision of vendor payments remains at the option of the State in consultation with local grantees and may be contingent on unregulated vendors taking appropriate measures to alleviate the energy burdens of eligible households, including providing for agreements between suppliers and individuals eligible for benefits under this Act that seek to reduce home energy costs, minimize the risks of home energy crisis, and encourage regular payments by individuals receiving financial assistance for home energy costs;

(8) provide assurances that--

(A) the State will not exclude households described in clause (2)(B) of this subsection from receiving home energy assistance benefits under clause (2), and

(B) the State will treat owners and renters equitably under the program assisted under this title;

(9) provide that--

(A) the State may use for planning and administering the use of funds under this title an amount not to exceed 10 percent of the funds payable to such State under this title for a Federal fiscal year; and

(B) the State will pay from non-Federal sources the remaining costs of planning and administering the program assisted under this title and will not use Federal funds for such remaining cost (except for the costs of the activities described in paragraph (16));

(10) provide that such fiscal control and fund accounting procedures will be established as may be necessary to assure the proper disbursal of and accounting for Federal funds paid to the State under this title, including procedures for monitoring the assistance provided under this title, and provide that the State will comply with the provisions of chapter 75 of title 31, United States Code (commonly known as the "Single Audit Act");

(11) permit and cooperate with Federal investigations undertaken in accordance with section 2608;

(12) provide for timely and meaningful public participation in the development of the plan described in subsection (c);

(13) provide an opportunity for a fair administrative hearing to individuals whose claims for assistance under the plan described in subsection (c) are denied or are not acted upon with reasonable promptness; and

(14) cooperate with the Secretary with respect to data collecting and reporting under section 2610.

(15) beginning in Federal fiscal year 1992, provide, in addition to such services as may be offered by State Departments of Public Welfare at the local level, outreach and intake functions for crisis situations and heating and cooling assistance that is administered by additional State and local governmental entities or community-based organizations (such as community action
agencies, area agencies on aging and not-for-profit neighborhood-based organizations), and in States where such organizations do not administer functions as of September 30, 1991, preference in awarding grants or contracts for intake services shall be provided to those agencies that administer the low-income weatherization or energy crisis intervention programs.

* This assurance is applicable only to States, and to territories whose annual regular LIHEAP allotments exceed $200,000. Neither territories with annual allotments of $200,000 or less nor Indian tribes/tribal organizations are subject to Assurance 15.

(16) use up to 5 percent of such funds, at its option, to provide services that encourage and enable households to reduce their home energy needs and thereby the need for energy assistance, including needs assessments, counseling, and assistance with energy vendors, and report to the Secretary concerning the impact of such activities on the number of households served, the level of direct benefits provided to those households, and the number of households that remain unserved.

Certification to the Assurances: As Chief Executive Officer, I agree to comply with the sixteen assurances contained in Title XXVI of the Omnibus Budget Reconciliation Act of 1981, as amended. By signing these assurances, I also agree to abide by the standard assurances on lobbying, debarment and suspension, and a drug-free workplace.

Signature of the Tribal or Board Chairperson or Chief Executive Officer of the State or Territory.

Signature: _____

Title: Executive Director, Texas Department of Housing and Community Affairs

Date: August 2026 *(The exact date to be notated in USHHS OLDC system at time of submission.)*

The Governor of Texas has delegated the responsibility of signing this document to the Executive Director of the Texas Department of Housing and Community Affairs. A copy of the letter is attached.

The Unique Entity ID (SAM) of the Texas Department of Housing & Community Affairs, which receives the grant funds, appears on the cover of this application.

In the above assurances which are quoted from the law, "State" means the 50 States, the District of Columbia, an Indian Tribe or Tribal Organization, or a Territory; "title" of the Act refers to Title XXVI of the Omnibus Budget Reconciliation Act of 1981 (OBRA), as amended, the "Low Income Home Energy Assistance Act"; "section" means Section 2605 of OBRA; and, "subsection" refers to Section 2605(b) of OBRA.

Section 1

NOTE: Capitalized terms are defined in Title 10, Chapters 1, 2, or 6 (as applicable) of the Texas Administrative Code or by federal law.

Program Components, 2605(a), 2605(b)(1) – Assurance 1, 2605(c)(1)(C)

1.1 Check which components you will operate under the LIHEAP program. (Note: You must provide information for each component designated here as requested elsewhere in this plan.)

Dates of Operation

NOTE: Identification of these periods does not limit the payment of assistance on any "seasonal" basis.

☒ Heating assistance Start date: 10/01/2025 End date: 09/30/2027

☒ Cooling assistance Start date: 10/01/2025 End date: 09/30/2027

☒ Crisis assistance Start date: 10/01/2025 End date: 09/30/2027

☒ Weatherization assistance Start date: 10/01/2025 End date: 09/30/2027

Estimated Funding Allocation, 2604(c), 2605(k)(1), 2605(b)(9), 2605(b)(16) – Assurances 9 and 16

1.2 Estimate what amount of available LIHEAP funds will be used for each component that you will operate: **The total of all percentages must add up to 100%**

15% heating assistance

50% cooling assistance

10% crisis assistance

Up to 15% weatherization assistance NOTE: If 15% is not used for weatherization assistance, the balance will be added to heating, cooling, or crisis assistance as needed.

0% carryover to the following Federal fiscal year

10% administrative and planning costs

0% services to reduce home energy needs including needs assessment (Assurance 16)

0% used to develop and implement leveraging activities

100% **TOTAL**

Alternate Use of Crisis Assistance Funds, 2605(c)(1)(C)

1.3 The funds reserved for winter crisis assistance that have not been expended by March 15 will be reprogrammed to:

☐ Heating assistance
☐ Weatherization assistance
☐ Cooling assistance
☒ Other (specify): funds are utilized for all eligible components

Categorical Eligibility, 2605(b)(2)(A) – Assurance 2, 2605(c)(1)(A), 2605(b)(8A) – Assurance 8

1.4 Do you consider households categorically eligible if at least one household member receives at least one of the following categories of benefits in the left column below? ☒ Yes ☐ No

Program	Cooling	Heating	Crisis	Weatherization
Temporary Assistance for Needy Families	Yes	Yes	Yes	Yes
Supplemental Security Income	Yes	Yes	Yes	Yes
Supplemental Nutrition Assistance Program	Yes	Yes	Yes	Yes
Means-tested Veterans Programs	Yes	Yes	Yes	Yes

1.4a. - Provide your definition of categorical eligibility.

Categorical Eligibility for CEAP benefits exists when at least one person in the Household receives assistance from:

(1) SSI payments from the Social Security Administration;

(2) Means Tested Veterans Program payments. See paragraph (37) of §6.2 of this chapter (relating to Definitions);

(3) Supplemental Nutrition Assistance Program (SNAP); or

(4) Temporary Assistance for Needy Families (TANF).

1.5 Do you automatically enroll households without a direct annual application?
☐ Yes ☒ No

1.6 How do you ensure there is no difference in the treatment of categorically eligible households from those not receiving other public assistance when determining eligibility and benefit amounts?

Texas provides Categorical Eligibility for SNAP, TANF, SSI, and Means-Tested Veterans Programs. State rules have a provision that there is to be no difference in the treatment of Categorically Eligible Households. The Department has a system for persons to submit complaints, and the monitoring reviews would also note any differences in treatment of persons that are or are not Categorically Eligible.

SNAP Nominal Payments

1.7 Do you allocate LIHEAP funds toward a nominal payment for SNAP households? If you answered "yes" to question 1.7a you must provide a response to 1.7b, 1.7c, 1.7d.

a. ☐ Yes ☒ No

b. Amount of Nominal Assistance: $___NA_____

c. Frequency of Assistance:

- ☐ Once per year
- ☐ Once every five years
- ☐ Other (describe): _____NA_____

d. How do you confirm that the household receiving a nominal payment has an energy cost or need?

Determination of Eligibility – Countable Income

1.8 In determining a household's income eligibility for LIHEAP, do you use gross income or net income?

☒ Gross Income (except for self-employment or farm income or gambling/lottery winnings)

NOTE: Exceptions on use of gross income are provided for in 10 TAC §6.4.

☐ Net Income

1.9. Select all of the applicable forms of countable income used to determine a household's income eligibility for LIHEAP.

- ☒ Wages (except as prohibited by the Workforce Investment Act of 1998)
- ☒ Self-employment income
- ☒ Contract income
- ☒ Payments from mortgage or sales contracts
- ☒ Unemployment Insurance
- ☒ Strike pay
- ☒ Social Security Administration (SSA) benefits
  - ☐ Including MediCare deduction ☒ Excluding MediCare deduction
- ☒ Supplemental Security Income (SSI)
- ☒ Retirement / pension benefits
- ☒ General Assistance benefits (except as excluded by federal law or 10 TAC §6.4)
- ☒ Temporary Assistance for Needy Families (TANF) benefits (except for one-time payments)
- ☐ Supplemental Nutrition Assistance Program (SNAP) benefits
- ☐ Women, Infants, and Children Supplemental Nutrition Program (WIC) benefits
- ☐ Loans that need to be repaid
- ☐ Cash gifts
- ☐ Savings account balance
- ☐ One-time lump-sum payments, such as rebates/credits, refund deposits, etc.
- ☐ Jury duty compensation
- ☒ Rental income
- ☐ Income from employment through Workforce Investment Act (WIA)
- ☐ Income from work study programs
- ☒ Alimony
- ☐ Child support
- ☒ Interest, dividends, or royalties
- ☒ Commissions
- ☐ Legal settlements

☐ Insurance payments made directly to the insured
☐ Insurance payments made specifically for the repayment of a bill, debt, or estimate
☒ Veterans Administration (VA) benefits (except for 38 USC 1315, 1521, 1541, 1542)
☐ Earned income of a child under the age of 18
☐ Balance of retirement, pension, or annuity accounts where funds cannot be withdrawn without a penalty.
☐ Income tax refunds
☐ Stipends from senior companion programs, such as VISTA
☐ Funds received by household for the care of a foster child
☐ AmeriCorps Program payments for living allowances, earnings, and in-kind aid (except if the CEO of the CNCS has made a determination that it be included income).
☐ Reimbursements (for mileage, gas, lodging, meals, etc.)
☒ Other Any item not excluded in 10 TAC §6.4 or by other federal law

1.10 Do you have an online application process

☒ Yes ☐ No

1.10 a. If yes, describe the types of online application (Select all that apply)

☒ A PDF version of the application available online and can be downloaded, filled out and mailed in for processing.
☐ A state-wide online application that allows a customer to complete data entry and submit an application electronically for processing.
☒ One or more locally available online applications that allows a customer to complete data entry and submit an application electronically for processing.
☐ Online application that is also mobile friendly
☐ Other, please describe

NOTE: Some subrecipients have an online application that is form fillable or downloadable off their website, and can be submitted either electronically or by mail.

1.10b Can all program components be applied for online?

☐ Yes ☒ No

If no, explain which components can and cannot be applied for online.

Some of the State's subrecipients/contractors have an application to download from their website. A few subrecipients have an on-line application system.

1.11 Do you have a process for conducting and completing applications by phone

☒ Yes ☐ No

1.12 Do you or any of your subrecipients require in person appointments in order to apply

☐ Yes ☒ No

If yes, please provide more information regarding why in-person appointments are required and in what circumstances they are required.

1.13 How can applicants submit documentation for verification? Select all that apply:

☒ In person
☒ Mail
☒ Email
☒ Portal application
☒ Other, please describe: The responses relate to the State's subrecipients/contractors.

Section 2 - HEATING ASSISTANCE

Eligibility, 2605(b)(2) – Assurance 2

2.1 Designate the income eligibility threshold used for the heating component:

Household Size	***Eligibility Guidelines***	***Eligibility Threshold***
All Household Sizes	USHHS Poverty Guidelines	150%

2.2 Do you have additional eligibility requirements for **HEATING ASSISTANCE?**

(NOTE: 10 TAC §6.307(f) states: "A Dwelling Unit cannot be served if the meter is utilized by another Household that is not part of the application for assistance. In instances where separate structures share a meter and the applicant is otherwise eligible for assistance, Subrecipient must provide services if: (1) the members of the separate structures that share a meter meet the definition of a Household per §6.2 of this Chapter (relating to Definitions); (2) the members of the separate structures that share a meter submit one application as one Household; and (3) all persons and applicable income from each structure are counted when determining eligibility.")

☐ Yes ☒ No

2.3 Check the appropriate boxes below and describe the policies for each.

	Yes	No
● Do you require an assets test?	☐	☒
● Do you have additional/differing eligibility policies for:		
• Renters?	☐	☒
• Renters living in subsidized housing?	☐	☒
• Renters with utilities included in the rent?	☐	☒

(NOTE: Per 10 TAC §6.309(i)(7), Subrecipient may make payments to landlords on behalf of eligible renters who pay their utility and/or fuel bills indirectly. Subrecipient shall notify each participating household of the amount of assistance paid on its behalf. Subrecipient shall document this notification. Subrecipient shall maintain proof of utility or fuel bill payment. Subrecipient shall ensure that amount of assistance paid on behalf of customer is deducted from customer's rent.)

● Do you give priority in eligibility to:		
• Older Adults (60 years or older)?	☒	☐
• Individuals with a disability?	☒	☐
• Young children?	☒	☐
• Households with high energy burdens?	☒	☐
• Other? Households with high energy consumption	☒	☐

Explanations of policies for each "yes" checked above for Older Adults and for individuals with a disability, young children, high energy burden, and high energy consumption:

10 TAC §6.307(e) states "Subrecipients must establish a written procedure to serve Households that have a Vulnerable Population Household member, Households with High Energy Burden, and Households with High Energy Consumption. High Energy Burden shall be the highest rated item in sliding scale priority determinations. The Subrecipient must maintain documentation of the use of the criteria." The state will provide a written procedure to a statewide or regional contractor.

Determination of Benefits, 2605(b)(5) – Assurance 5, 2605(c)(1)(B)

2.4 Describe how you prioritize the provision of heating assistance to vulnerable households, e.g., benefit amounts, application period, etc.

Subrecipients and statewide or regional contractors use a rating system which determines priority based on persons in Households who are particularly vulnerable such as the Elderly, Persons with Disabilities, Households with Young Children, Households with High Energy Burden, and Households with High Energy Consumption. Benefit amounts are determined on a sliding scale based on the Household's income. Households with the presence of a vulnerable member such as the Elderly, Persons with Disabilities, and Households with Young Children do not have a limit on the number of benefit payments, but adhere to the same benefit amounts. The maximum benefit amount is determined per program year based on the Household's heating and cooling need and is not required to be applied equally to heating and cooling costs.

2.5 Check the variables you use to determine your benefit levels. (Check all that apply):

- ☒ Income
- ☒ Family (household) size
- ☒ Home energy cost or need:
  - ☐ Fuel type
  - ☐ Climate/region
  - ☒ Individual bill
  - ☐ Dwelling type
  - ☒ Energy burden (% of income spent on home energy)
  - ☒ Energy need
  - ☒ Other (Describe:)

Other: Subrecipient must make utility payments on behalf of Households based on the previous 12 month's home energy consumption history, including allowances for cost inflation. If a 12 month's home energy consumption history is unavailable, Subrecipient must base payments on a Department approved alternative billing method. If neither a 12 month's home energy consumption history nor an approved alternative billing method exists, then Subrecipient may base payments on current bill. Subrecipient will note such exceptions in customer files. Benefit amounts exceeding the actual bill shall be treated as a credit for the customer with the utility company. The Department recommends an ABM where the Subrecipient determines the average consumption amount (kWh, therms, MCF, gallons, etc.) per month, for each household size and type based on a minimum sample size of 30 files that contain complete billing histories; however, if it is not possible for subrecipients to obtain the recommended 30 file per household sample size to create an average consumption amount, Subrecipients should use all the applicable files to determine the average consumption and document the lack of files for that household size. Subrecipients can propose other types of ABMs. The state will provide statewide or regional contractors other types of ABMs, if required. The ABM proposed by the Subrecipient must be approved by the Department prior to utilization.

Benefit Levels, 2605(b)(5) – Assurance 5, 2605(c)(1)(B)

2.6 Describe estimated benefit levels for FY 2024:

$1 Minimum benefit $12,600 Maximum benefit

Note: The State of Texas does not have a minimum benefit amount. The amount of benefit/assistance indicates $1.00 because the OLDC system requires that a figure be inserted in the minimum amount.

The maximum benefit amount per household is $12,600 per program year and could be reached if a household received up to $1,800 in Crisis Assistance, $1,800 in Utility Assistance, and a $9,000 purchase, repair or replacement of a heating or cooling unit or crisis-related purchase of portable cooling and/or hearing units/window units/evaporative coolers/mini splits. The initial assistance payment that would include arrears does not count towards the annual benefit cap for a household.

The amount of benefit/assistance that an applicant is eligible for is based on their level of household income. Per 10 TAC §6.309(e), Households with incomes 0-50% of Federal Poverty Income Guidelines (FPIG) have a maximum of $1,800 for the Utility Assistance Component and the Crisis Assistance Component; Households with incomes more than 50% but at or below 75% FPIG have a maximum of $1,500 per Component; Households with incomes more than 75% but at or below 150% FPIG have a maximum of $1,200 per Component; and there is a maximum of up to $9,000 for the purchase, service or repair of heating and cooling units, replacement of irreparable existing heating and cooling unit components, or the purchase of portable cooling and/or hearing units/window units/evaporative coolers/mini splits depending on the classification of the household as vulnerable or non-vulnerable and whether a crisis exists. Subrecipients should attempt to repair individual components of a system; if a component(s) of the heating or cooling system cannot be repaired using parts, the Subrecipient can replace the component(s) in order to repair the heating or cooling system. The Department allows payment of 100% of a customer's annual usage in one lump sum payment. See 10 TAC §6.309, §6.310, and §6.311 for details.

2.7 Do you provide in-kind (e.g., blankets, space heaters) and/or other forms of benefits?

☒ Yes ☐ No -- If yes, describe.

Per 10 TAC §6.310(d), eligible households may receive temporary shelter not to exceed the annual household expenditure limit for the duration of the contract period in the limited instances when Disasters result in energy supply shortages or other energy-related emergencies. Additionally, eligible households that have lost service or are in immediate danger of losing service and fall under an Extreme Weather Condition, a Disaster, or a Life Threatening Crisis as defined under 10 TAC §6.310(a), may receive other types of assistance such as emergency deliveries of fuel up to 250 gallons per crisis per Household, blankets, fans, and generators, if necessary.

Section 3: COOLING ASSISTANCE

Eligibility, 2605(c)(1)(A), 2605(b)(2) – Assurance 2

3.1 Designate the income eligibility threshold used for the cooling component:

#	Household Size	Eligibility Guidelines	Eligibility Threshold
1	All Household Sizes	USHHS Poverty Guidelines	150%

3.2 Do you have additional eligibility requirements for **COOLING ASSISTANCE**

☐ Yes ☒ No

NOTE: 10 TAC §6.307(f) states: "A Dwelling Unit cannot be served if the meter is utilized by another Household that is not part of the application for assistance. In instances where separate structures share a meter and the applicant is otherwise eligible for assistance, Subrecipient must provide services if: (1) the members of the separate structures that share a meter meet the definition of a Household per §6.2 of this Chapter (relating to Definitions); (2) the members of the separate structures that share a meter submit one application as one Household; and (3) all persons and applicable income from each structure are counted when determining eligibility."

3.3 Check the appropriate boxes below and describe the policies for each.

	Yes	No
● Do you require an assets test?	☐	☒
● Do you have additional/differing eligibility policies for:		
• Renters?	☐	☒
• Renters living in subsidized housing?	☐	☒
• Renters with utilities included in the rent?	☐	☒

NOTE: Per 10 TAC §6.309(i)(7), Subrecipient may make payments to landlords on behalf of eligible renters who pay their utility and/or fuel bills indirectly. Subrecipient shall notify each participating household of the amount of assistance paid on its behalf. Subrecipient shall document this notification. Subrecipient shall maintain proof of utility or fuel bill payment. Subrecipient shall ensure that amount of assistance paid on behalf of customer is deducted from customer's rent.

● Do you give priority in eligibility to:		
• Elderly?	☒	☐
• Disabled?	☒	☐
• Young children?	☒	☐
• Households with high energy burdens?	☒	☐
• Other? Households with high energy consumption	☒	☐

Explanations of policies for each "yes" checked above for Older Adults, individuals with a disability, young children, high energy burden, and high energy consumption:

10 TAC §6.307(e) states "Subrecipients must establish a written procedure to serve Households that have a Vulnerable Population Household member, Households with High Energy Burden, and Households with High Energy Consumption. High Energy Burden shall be the highest rated item in sliding scale priority determinations. The Subrecipient must maintain documentation of the use of the criteria." The state will provide a written procedure to a statewide or regional contractor.

3.4 Describe how you prioritize the provision of cooling assistance to vulnerable households, e.g., benefit amounts, application periods, etc.

Subrecipients and statewide or regional contractors use a rating system which determines priority based on persons in Households who are particularly vulnerable such as the Elderly, Persons with Disabilities, Families with Young Children, Households with High Energy Burden, and Households with High Energy Consumption. Benefit amounts are determined on a sliding scale based on the Household's income. Households with the presence of a vulnerable member such as the Elderly, Persons with Disabilities, and

Households with Young Children do not have a limit on the number of benefit payments, but adhere to the same benefit amounts. The maximum benefit amount is determined per-program year based on Household's heating and cooling needs and is not required to be applied equally to heating and cooling costs.

Determination of Benefits, 2605(b)(5) – Assurance 5, 2605(c)(1)(B)

3.5 Check the variables you use to determine your benefit levels. (Check all that apply):

- ☒ Income
- ☒ Family (household) size
- ☒ Home energy cost or need
  - ☐ Fuel type
  - ☐ Climate/region
  - ☒ Individual bill
  - ☐ Dwelling type
  - ☒ Energy burden (% of income spent on home energy)
  - ☒ Energy need
  - ☒ Other (describe)

Other: Subrecipient must make utility payments on behalf of Households based on the previous 12 month's home energy consumption history, including allowances for cost inflation. If a 12 month's home energy consumption history is unavailable, Subrecipient must base payments on a Department approved alternative billing method. If neither a 12 month's home energy consumption history nor an approved alternative billing method exists, then Subrecipient may base payments on current bill. Subrecipient will note such exceptions in customer files. Benefit amounts exceeding the actual bill shall be treated as a credit for the customer with the utility company. The Department recommends an ABM where the Subrecipient determines the average consumption amount (kWh, therms, MCF, gallons, etc.) per month, for each household size and type based on a minimum sample size of 30 files that contain complete billing histories; however, if it is not possible for subrecipients to obtain the recommended 30 file per household sample size to create an average consumption amount, Subrecipients should use all the applicable files to determine the average consumption and document the lack of files for that household size. Subrecipients can propose other types of ABMs. The ABM proposed by the Subrecipient must be approved by the Department prior to utilization.

Benefit Levels, 2605(b)(5) – Assurance 5, 2605(c)(1)(B)

3.6 Describe benefit levels:

$1 Minimum benefit $12,600 Maximum benefit

Note: The State of Texas does not have a minimum benefit amount. The amount of benefit/assistance indicates $1.00 because the OLDC system requires that a figure be inserted in the minimum amount.

The maximum benefit amount per household is $12,600 per program year and could be reached if a household received up to $1,800 in Crisis Assistance, $1,800 in Utility Assistance, and a $9,000 purchase, repair or replacement of a heating or cooling unit or crisis-related purchase of portable cooling and/or

hearing units/window units/evaporative coolers/mini splits. The initial assistance payment that would include arrears does not count towards the annual benefit cap for a household.

The amount of benefit/assistance that an applicant is eligible for is based on their level of household income. Per 10 TAC §6.309(e), Households with incomes 0-50% of Federal Poverty Income Guidelines (FPIG) have a maximum of $1,800 for the Utility Assistance Component and the Crisis Assistance Component; Households with incomes more than 50% but at or below 75% FPIG have a maximum of $1,500 per Component; Households with incomes more than 75% but at or below 150% FPIG have a maximum of $1,200 per Component; and there is a maximum of up to $9,000 for the purchase, service or repair of heating and cooling units, replacement of irreparable existing heating and cooling unit components, or the purchase of portable cooling and/or hearing units/window units/evaporative coolers/mini splits depending on the classification of the household as vulnerable or non-vulnerable and whether a crisis exists. Subrecipients should attempt to repair individual components of a system; if a component(s) of the heating or cooling system cannot be repaired using parts, the Subrecipient can replace the component(s) in order to repair the heating or cooling system. The Department allows payment of 100% of a customer's annual usage in one lump sum payment. See 10 TAC §6.309, §6.310, and §6.311 for details.

3.7 Do you provide in-kind (e.g., fans, air conditioners) and/or other forms of benefits?

☒Yes ☐ No -- If yes, describe.

Per 10 TAC §6.310(d), eligible households may receive temporary shelter not to exceed the annual household expenditure limit for the duration of the contract period in the limited instances when Disasters result in energy supply shortages or other energy-related emergencies. Additionally, eligible households that have lost service or are in immediate danger of losing service and fall under an Extreme Weather Condition, a Disaster, or a Life-Threatening Crisis as defined under 10 TAC §6.310(a), may receive other types of assistance such as emergency deliveries of fuel up to 250 gallons per crisis per Household, blankets, fans, and generators, if necessary.

Section 4: CRISIS ASSISTANCE

Eligibility - 2604(c), 2605(c)(1)(A)

4.1 Designate the income eligibility threshold used for the crisis component:

#	Household Size	Eligibility Guidelines	Eligibility Threshold	
1	All Household Sizes	USHHS Poverty Guidelines	150%	

4.2 Provide your LIHEAP program's definition for determining a crisis.
Crisis Assistance can be provided to persons who have already lost service or are in immediate danger of losing service only under one of the following conditions, as defined in 10 TAC §6.301 (relating to Background and Definitions):

(1) Extreme Weather Conditions, with assistance provided within 48 hours;
(2) Disaster, with assistance provided within 48 hours; or
(3) Life Threatening Crisis, with assistance provided within 18 hours.

4.3 What constitutes a life-threatening crisis?

A Life Threatening Crisis exists when the life of at least one person in the applicant Household who is a U.S. Citizen, U.S. National, or a Qualified Alien would likely, in the opinion of a reasonable person, be endangered if utility assistance or heating and cooling assistance is not provided. Examples of life endangerment include, but are not limited to, a Household member who needs electricity for life-sustaining equipment (e.g., kidney dialysis machines, oxygen concentrators, medicinal refrigeration and cardiac monitors); a Household member whose medical professional has prescribed that the ambient air temperature be maintained at a certain temperature; a Household member whose life is endangered if absence of heating or cooling were to continue; or the presence of noxious gases as a result of heating or cooling the Dwelling Unit. In cases concerning an applicant's medical condition or need for life-sustaining equipment, documentation must not be requested about the medical condition of the applicant but the applicant must affirm that such a device is required in the Dwelling Unit because of a life threatening illness or risk of death.

Crisis Requirements, 2604(c)

4.4 Within how many hours do you provide an intervention that will resolve the energy crisis for eligible households? 48 Hours

4.5 Within how many hours do you provide an intervention that will resolve the energy crisis for eligible households in life-threatening situations? 18 Hours

NOTE: Pursuant to §2604(c)(2) of the LIHEAP Statute, the Department provides "some form of assistance that will resolve the energy crisis" not later than 18 hours after a household applies for crisis benefits if such household is eligible to receive such benefits and is in a life-threatening situation.

Crisis Eligibility, 2605(c)(1)(A)?

4.6 Do you have additional eligibility requirements for **CRISIS ASSISTANCE?**

☐ Yes ☒ No

4.7 Check the appropriate boxes below and describe the policies for each.

	Yes	No
● Do you require an assets test?	☐	☒
● Do you give priority in eligibility to:		
• Older Adults (60 years and older)?	☒	☐
• Individuals with a disability?	☒	☐
• Young children?	☒	☐
• Households with high energy burdens?	☒	☐
• Other? Households with high energy consumption	☒	☐
● In order to receive crisis assistance: NOTE: The program has different requirements depending on whether the household contains a member of a priority group.		
• Must the household have received a shut-off notice or have a near empty tank?	☒	☐
• Must the household have been shut off or have an empty tank?	☒	☐

- Must the household have exhausted their regular heating benefit? ☐ ☒
- Must renters with heating costs included in their rent have received an eviction notice? ☐ ☒
- Must heating/cooling be medically necessary? ☐ ☒
- Must the household have non-working heating or cooling equipment? ☒ ☐
- Other? ☒ ☐

  Explanation for Other: Crisis Assistance can be provided to persons who have already lost service or are in immediate danger of losing service only under one of the following conditions, as defined in 10 TAC §6.301 (relating to Background and Definitions):

  (1) Extreme Weather Conditions, with assistance provided within 48 hours;
  (2) Disaster, with assistance provided within 48 hours; or
  (3) Life Threatening Crisis, with assistance provided within 18 hours.

● Do you have additional/differing eligibility policies for:

- Renters? ☐ ☒
- Renters living in subsidized housing? ☐ ☒
- Renters with utilities included in the rent? ☐ ☒

NOTE: Per 10 TAC §6.309(i)(7), Subrecipient may make payments to landlords on behalf of eligible renters who pay their utility and/or fuel bills indirectly. Subrecipient shall notify each participating household of the amount of assistance paid on its behalf. Subrecipient shall document this notification. Subrecipient shall maintain proof of utility or fuel bill payment. Subrecipient shall ensure that amount of assistance paid on behalf of customer is deducted from client's rent.

Explanation for "yes" responses: The maximum benefit amount per household is $12,600 per program year and could be reached if a household received up to $1,800 in Crisis Assistance, $1,800 in Utility Assistance, and a $9,000 purchase, repair or replacement of a heating or cooling unit or crisis-related purchase of portable cooling and/or hearing units/window units/evaporative coolers/mini splits. The initial assistance payment that would include arrears does not count towards the annual benefit cap for a household.

The amount of benefit/assistance that an applicant is eligible for is based on their level of household income. Per 10 TAC §6.309(e), Households with incomes 0-50% of Federal Poverty Income Guidelines (FPIG) have a maximum of $1,800 for the Utility Assistance Component and the Crisis Assistance Component; Households with incomes more than 50% but at or below 75% FPIG have a maximum of $1,500 per Component; Households with incomes more than 75% but at or below 150% FPIG have a maximum of $1,200 per Component; and there is a maximum of up to $9,000 for the purchase, service or repair of heating and cooling units, replacement of irreparable existing heating and cooling unit components, or the purchase of portable cooling and/or hearing units/window units/evaporative coolers/mini splits depending on the classification of the household as vulnerable or non-vulnerable and whether a crisis exists. Subrecipients should attempt to repair individual components of a system; if a component(s) of the heating or cooling system cannot be repaired using parts, the Subrecipient can replace the component(s) in order to repair the heating or cooling system. The Department allows

payment of 100% of a customer's annual usage in one lump sum payment. See 10 TAC §6.309, §6.310, and §6.311 for details.

Determination of Benefits

4.8 How do you handle crisis situations?

☒ Separate component

☐ Fast Track

☐ Other

4.9 If you have a separate component, how do you determine crisis assistance benefits?

☒ Amount to resolve crisis, up to a maximum of $1,800

☒ Other
Heating and cooling equipment repair or replace up to $9,000

Crisis Requirements, 2604(c)

4.10 Do you accept applications for energy crisis assistance at sites that are geographically accessible to all households in the area to be served?

☒ Yes ☐ No

Explain: In addition to what is already stated in Section 2604(c)(3) of the LIHEAP Statute regarding the requirement that each Subrecipient accept applications at sites that are geographically accessible to all Households in the area to be served, 10 TAC §6.313(c) states "Subrecipient shall handle Reasonable Accommodation requests, in accordance with §1.204 of this title (relating to Reasonable Accommodations)." 10 TAC §1.204 (b) General Considerations in Handling of Reasonable Accommodations. An applicant, participant, or occupant who has a disability may request an accommodation and, depending on the program funding the property or activity and whether the accommodation requested is a reasonable accommodation, their request must be timely addressed."

4.11 Do you provide individuals who have physical disabilities the means to:

■Submit applications for crisis benefits without leaving their homes?

☒ Yes ☐ No If no, explain.

Applications can be mailed in. In some cases, applications may be completed online or the organization will go to the applicant's home to take the application.

In addition to what is already stated in Section 2604(c)(3) of the LIHEAP Statute regarding the requirement that each Subrecipient accept applications at sites that are geographically accessible to all Households in the area to be served, 10 TAC §6.313(c) states "Subrecipient shall handle Reasonable Accommodation requests, in accordance with §1.204 of this title (relating to Reasonable Accommodations)." 10 TAC §1.204 (b) General Considerations in Handling of Reasonable Accommodations. An applicant, participant, or occupant who has a disability may request an accommodation and, depending on the program funding the property or activity and whether the accommodation requested is a reasonable accommodation, their request must be timely addressed."

■Travel to the sites at which applications for crisis assistance are accepted?
☐ Yes ☒ No If yes, explain.

If you answered "No" to both questions 4.11, please explain alternative means of intake to those who are homebound or physically disabled.

Benefit Levels, 2605(c)(1)(B)

4.12 Indicate the maximum benefit for each type of crisis assistance offered.

Winter Crisis $ 0 maximum benefit

Summer Crisis $ 0 maximum benefit

Year-round Crisis $1,800 maximum benefit

4.13 Do you provide in-kind (e.g., blankets, space heaters, fans) and/or other forms of benefits?
☒ Yes ☐ No If yes, describe.

If a component(s) of the heating or cooling system cannot be repaired using parts, the Subrecipient and statewide or regional contractors can replace the component(s) in order to repair the heating or cooling system under the Utility Assistance Component for Vulnerable Households or Crisis Assistance Component for Non-Vulnerable Households. Where replacement is required, use of Energy Star heating and/or cooling units must be prioritized. Manual J procedures will be used to confirm that the units are appropriately sized.

LIHEAP will allow home energy related expenditures as described in 10 TAC §6.310(c).
All Households experiencing a Life-Threatening Crisis may be eligible to receive portable cooling and/or heating units/window units/evaporative coolers/mini splits (portable electric heaters are allowable only as a last resort).

Per §6.310(d), eligible households may receive temporary shelter not to exceed the annual household expenditure limit for the duration of the contract period in the limited instances when Disasters result in energy supply shortages or other energy-related emergencies. Additionally, eligible households that have lost service or are in immediate danger of losing service and fall under an Extreme Weather Condition, a Disaster, or a Life Threatening Crisis as defined under §6.310(a), may receive other types of assistance such as emergency deliveries of fuel up to 250 gallons per crisis per Household, blankets, fans, and generators, if necessary.

4.14 Do you provide for equipment repair or replacement using crisis funds?
☒ Yes ☐ No

4.15 Check appropriate boxes below to indicate type(s) of assistance provided:

Type of Assistance	**Winter Crisis**	**Summer Crisis**	**Year-round Crisis**
Heating system repair			X
Heating system replacement (only components of a central HVAC system)			X
Cooling system repair			X
Cooling system replacement (only components of a central HVAC system)			X
Wood stove purchase			
Pellet stove purchase			
Solar panel(s)			
Utility poles / Gas line hook-ups			
Other (Specify: Households which include a member of a Vulnerable Population with an inoperable heating or cooling unit may be eligible for service and repair of their existing heating or cooling unit. Purchase of a heating and/or cooling unit up to $9,000 is allowable if a heating or cooling system is nonexistent. For Households who do not have a member of a Vulnerable Population, such assistance is limited to times when a Crisis exists as defined in 10 TAC §6.310(a). In a Life Threatening Crisis, all Households may be eligible to receive portable cooling and/or heating units/window units/evaporative coolers/mini splits (portable electric heaters are allowable only as a last resort).			X

4.16 Do any of the utility vendors you work with enforce a winter moratorium on shut offs? If you respond "Yes" to question 4.16, you must respond to question 4.17. ☒ Yes ☐ No

4.17 Describe the terms of the moratorium and any special dispensation received by LIHEAP clients during or after the moratorium period.

Specific to energy assistance clients, §25.483(i) of the Texas Public Utilities Commission rules provides that a Retail Electric Provider (REP) shall not authorize a disconnection for nonpayment of electric service to a delinquent residential customer for a billing period in which the REP receives a pledge, letter of intent, purchase order, or other notification that the energy assistance provider is forwarding sufficient payment

to continue service provided that such pledge, letter of intent, purchase order, or other notification is received by the due date stated on the disconnection notice, and the customer, by the due date on the disconnection notice, either pays or makes payment arrangements to pay any outstanding debt not covered by the energy assistance provider. Additionally, the rule provides that if an energy assistance provider has requested monthly usage data pursuant to §25.472(b)(4) (relating to Privacy of Customer Information), the REP shall extend the final due date on the disconnection notice, day for day, from the date the usage data was requested until it is provided; and that a REP shall allow at least 45 days for an energy assistance provider to honor a pledge, letter of intent, purchase order, or other notification before submitting the disconnection request to the TDU.

There are protections for several other categories of clients and situations applicable to LIHEAP clients served:
§25.483(g) provides that a REP shall not authorize a disconnection for nonpayment of electric service at a permanent, individually metered dwelling unit of a delinquent Critical Care Residential Customer when that customer establishes that disconnection of service will cause some person at that residence to become seriously ill or more seriously ill.
§25.483(h) provides that a REP shall not authorize a disconnection for nonpayment of electric service at a permanent, individually metered dwelling unit of a delinquent customer when that customer has been designated as a Chronic Condition Residential Customer pursuant to 25.497 with noted rule exceptions.
§25.483(j) provides that a REP shall not authorize a disconnection for nonpayment of electric service for any customer in a county in which an extreme weather emergency occurs. A REP shall offer residential customers a deferred payment plan upon request by the customer that complies with the requirements of 25.480 (relating to Bill Payment and Adjustments) for bills that become due during the weather emergency. The term “extreme weather emergency” shall mean a day when:
(A) the previous day’s highest temperature did not exceed 32 degrees Fahrenheit, and the temperature is predicted to remain at or below that level for the next 24 hours anywhere in the county, according to the nearest National Weather Service (NWS) reports; or
(B) the NWS issues a heat advisory for a county, or when such advisory has been issued on any one of the preceding two calendar days in a county.

4.18 If you experience a natural disaster, do you intend to utilize LIHEAP crisis funds to address disaster related crisis situations?
☒ Yes ☐ No

Subrecipients are able to utilize LIHEAP for assistance during a Disaster in compliance with 10 TAC §6.310:

(d) When Disasters result in energy supply shortages or other energy-related emergencies or have lost service or are in immediate danger of losing service, CEAP will allow home energy related expenditures for:

(1) Temporary Shelter in the limited instances that supply of power to the Dwelling Unit is disrupted or in immediate danger of losing services causing a temporary evacuation.

(2) Cost to temporary Shelter or house individuals in hotel, apartments or other living situations in which homes have been destroyed or damaged when health and safety is endangered by loss of access to heating and cooling.

(3) Costs for transportation (e.g., cars, shuttles, buses) to move the individuals away from the crisis area to Shelters when health and safety is endangered by loss of access to heating and cooling.

Section 5: WEATHERIZATION ASSISTANCE

Eligibility, 2605(c)(1)(A), 2605(b)(2) – Assurance 2

5.1 Designate the income eligibility threshold used for the weatherization component:

#	Household Size	Eligibility Guidelines	Eligibility Threshold
1	All Household Sizes	USHHS Poverty Guidelines	150%
2		State	

5.2 Do you enter into an interagency agreement to have another government agency administer a **WEATHERIZATION component?** ☐ Yes ☒ No

5.3 If yes, name the agency. N/A

5.4 Is there a separate monitoring protocol for weatherization? ☒ Yes ☐ No

WEATHERIZATION - Types of Rules

5.5 Under what rules do you administer LIHEAP weatherization? (Check only one.)

☐ Entirely under LIHEAP (not DOE) rules

☐ Entirely under DOE WAP (not LIHEAP) rules

☒ Mostly under LIHEAP rules with the following DOE WAP rule(s) where LIHEAP and WAP rules differ: (Check all that apply.)

☒ Income Threshold
☒ Weatherization of entire multi-family housing structure is permitted if at least 66% of units (50% in 2- & 4-unit buildings) are eligible units or will become eligible within 180 days.
☒ Weatherization of shelters temporarily housing primarily low-income persons (excluding nursing homes, prisons, and similar institutional care facilities).
☒ Other (describe):

- Adhere to language from the Consolidated Appropriations Act of 2021 that Paragraph (2) of Section 415(c) of the Energy Conservation and Production Act (42 USC 6865(c)) is amended to allow re-weatherization for a dwelling unit not previously weatherized using federal funds until the date that is 15 years after the date such previous weatherization has passed.

- 10 TAC Part 1, Chapter 6, Subchapter D, Weatherization Assistance Program, is one area where the LIHEAP funded weatherization program adheres to DOE regulations.
- TDHCA uses a priority list for LIHEAP households at 150% or below USHHS poverty income level. A Department approved LIHEAP Priority list or a DOE approved Priority List updated when applicable, which provides the prescribed method to be used by Subrecipients when addressing weatherization measures.
- Energy-related home repair: TDHCA will allow the use of LIHEAP weatherization funds for incidental repairs only if required to enable effective weatherization.
- If LIHEAP funds are included in a DOE unit, the energy audit, or applicable priority list(s), must be used to justify all measures.
- TDHCA will allow, with written permission, LIHEAP WAP funds to be used in the weatherization of DOE Identified HUD and USDA properties using DOE income calculation requirements and Income Determination (i.e., 200% Federal Poverty Income Guidelines).
- If Subrecipient leverages LIHEAP with any DOE weatherization funds, all federal and state rules and current Weatherization Program Notice (WPN) requirements will apply, including but not limited to: income calculation requirements as outlined in applicable DOE WPNs or updated Income Determination Notices in accordance with State Rules.

☐ Mostly under DOE WAP rules, with the following LIHEAP rule(s) where LIHEAP and WAP rules differ: (Check all that apply.)

☐ Income Threshold.
☐ Weatherization not subject to DOE WAP maximum statewide average cost per dwelling unit.
☐ Weatherization measures are not subject to DOE Savings to Investment Ratio (SIR) standards.
☐ Other (describe)

Eligibility, 2605(b)(5) – Assurance 5

	Yes	No
5.6 Do you require an assets test?	☐	☒

5.7 Do you have additional/differing eligibility policies for:

• Renters?	☐	☒
• Renters living in subsidized housing?	☐	☒
• Renters with utilities included in the rent?	☐	☒

5.8 Do you give priority in eligibility to:

• Older Adults?	☒	☐
• Individuals with a disability?	☒	☐
• Young children?	☒	☐
• Households with high energy burdens?	☒	☐
• Other?	☒	☐

Explanation: Households with high energy consumption

Explanation for Yes responses:

10 TAC §6.406(c) states "Subrecipients must establish a written procedure to serve Households that have a Vulnerable Population Household member, Households with High Energy Burden, and Households with High Energy Consumption. High Energy Burden shall be the highest rated item in sliding scale priority determinations. The Subrecipient must maintain documentation of the use of the criteria." The state will provide a written procedure to a statewide or regional contractor.

Subrecipients and statewide or regional contractors use a rating system which determines priority based on persons in Households who are particularly vulnerable such as the Elderly, Persons with Disabilities, Families with Young Children, Households with High Energy Burden, and Households with High Energy Consumption.

Benefit Levels

5.9 Do you have a maximum LIHEAP weatherization benefit/expenditure per household?

Yes	**No**
☒	☐

5.9a. If yes, what is the maximum? $12,000

5.10 Do you use an Average Cost per Unit (ACPU)?

Yes	**No**
☐	☒

5.10a. If yes, what is ACPU amount? NA

NOTE: unless additional expenditure is authorized in writing by the Department.

Types of Assistance, 2605(c)(1), (B) & (D)

5.11 What LIHEAP weatherization measures do you provide? (Check all categories that apply.)

☒ Weatherization needs/assessments/audits

☒ Caulking and insulation

☒ Storm windows

☒ Furnace/heating system modifications/repairs

☒ Furnace replacement

☒ Cooling system modifications/repairs

☒ Water conservation measures

☒ Compact fluorescent light bulbs

☒ Energy related roof repair

☒ Major appliance repairs

☒ Major appliance replacement

☒ Windows/sliding glass doors

☒ Doors

☒ Water Heater

☒ Cooling system replacement

☐ Roof top solar

☐ Community solar projects

☒ Other (describe)
Solar screens or window film. Smart thermostats, incidental repairs up to $500 only if required to enable effective weatherization; Window screens to help prevent exposure to the Zika virus for Households with pregnant women.

If an appropriate measurable savings in energy expenditures by Low-Income Households can be achieved, LIHEAP weatherization funds may be used for the installation of solar panels for eligible Households.

If any of the questions require further explanation or clarification that could not be made in the fields provided, attach a document with said explanation here.

Section 6: Outreach, 2605(b)(3) – Assurance 3, 2605(c)(3)(A)

6.1 Select all outreach activities that you conduct that are designed to assure that eligible households are made aware of all LIHEAP assistance available:

☒ Place posters/flyers in local and county social service offices, offices of aging, Social Security offices, VA, etc.

☒ Publish articles in local newspapers or broadcast media announcements.

☒ Include inserts in energy vendor billings to inform individuals of the availability of all types of LIHEAP assistance.

☒ Mass mailing(s) to prior-year LIHEAP recipients.

☒ Inform low-income applicants of the availability of all types of LIHEAP assistance at application intake for other low-income programs.

☒ Execute interagency agreements with other low-income program offices to perform outreach to target groups.

☒ Web posting

☒ Email

☒ Texting

☒ Events

☒ Social Media

☒ Other (specify): LIHEAP Subrecipients are to conduct outreach related to the utility assistance program and other assistance provided with the LIHEAP grant. The Department encourages Subrecipients to conduct outreach through various methods to inform people without internet services about the LIHEAP utility assistance program. Entities to be informed include, but is not limited to, units of government, local non-profits, charitable organizations, and churches. Other ways that persons are to be informed is through utility vendors who include information in client bills about the LIHEAP utility assistance program and the State's phone number to contact if they need utility assistance. Some utility vendors may inform customers and persons who are pending disconnection or who have had their services disconnected about the LIHEAP provider serving their area or provide them with the State phone number to contact. LIHEAP Subrecipients also are to use social media and periodically run radio announcements and newspaper ads.

Section 7: Coordination, 2605(b)(4) – Assurance 4

7.1 Describe how you will ensure that the LIHEAP program is coordinated with other programs available to low-income households (TANF, SSI, WAP, etc.)

☒ Joint application for multiple programs. Explanation: LIHEAP subrecipients have a single intake for their programs.

☒ Intake referrals to/from other programs. Explanation: Community Services Block Grant (CSBG) refers programs and other programs administered.
☐ One-stop intake centers
☐ Other – describe:

Section 8: Agency Designation, 2605(b)(6) – Assurance 6

8.1 How would you categorize the primary responsibility of your State agency?
☒ Administration Agency
☐ Commerce Agency
☐ Community Services Agency
☐ Energy/Environment Agency
☐ Housing Agency
☐ Welfare Agency
☐ Other – describe:

Alternate Outreach and Intake, 2605(b)(15) – Assurance 15

8.2 How do you provide alternate outreach and intake for **HEATING ASSISTANCE?**
Report of available services at various workgroup meetings with community stakeholders (disability, health services, homeless, etc), and presentation at area events.

8.3 How do you provide alternate outreach and intake for **COOLING ASSISTANCE?**
Report of available services at various workgroup meetings with community stakeholders (disability, health services, homeless, etc), and presentation at area events.

8.4 How do you provide alternate outreach and intake for **CRISIS ASSISTANCE**?
In instances of Disasters, subrecipients and statewide or regional contractors coordinate with other assistance organizations (shelters, Red Cross, etc.). Report of available services at various workgroup meetings with community stakeholders (disability, health services, homeless, etc), and presentation at area events.

Question 8.5	**Heating**	**Cooling**	**Crisis**	**Weatherization**
8.5a. Who determines client eligibility?	Local governments, CAAs and Other Nonprofits, Statewide or Regional Contractors	Local governments, CAAs and Other Nonprofits, Statewide or Regional Contractors	Local governments, CAAs and Other Nonprofits, Statewide or Regional Contractors	Local governments, CAAs and Other Non-profits, Statewide or Regional Contractors
8.5b. Who processes benefit payments to gas and electric vendors?	Local governments, CAAs and Other	Local governments, CAAs and	Local governments, CAAs and	N/A

	Nonprofits, Statewide or Regional Contractors	Other Nonprofits, Statewide or Regional Contractors	Other Nonprofits, Statewide or Regional Contractors	

Question 8.5	**Heating**	**Cooling**	**Crisis**	**Weatherization**
8.5c. Who processes benefit payments to bulk fuel vendors?	Local governments, CAAs and Other Nonprofits, Statewide or Regional Contractors	Local governments, CAAs and Other Nonprofits, Statewide or Regional Contractors	Local governments , CAAs and Other Nonprofits, Statewide or Regional Contractors	N/A
8.5d. Who performs installation of weatherization measures?	N/A	N/A	N/A	Local governments, CAAs and Other Nonprofits-most subcontract with local contractors, Statewide or Regional Contractors

Note for 8.5: In the USHHS-OLDC system where the State Plan is entered, it only allows states to select one type of entity. The Department will select Nonprofits; although we will also contract with Units of government and CAAs.

8.6 What is your process for selecting local administering agencies?
The Department ensures that to the extent it is necessary to designate local administrative agencies in order to carry out the purposes of Title 42 U.S.C. §§8621, et seq. special consideration is given to any local public or private nonprofit agency which was receiving CSBG or LIHEAP funds.
(1) The Department before giving such special consideration, determines that the agency involved meets program and fiscal requirements established by law and by the Department; and

(2) if there is no such agency because of any change in the assistance furnished to programs for economically disadvantaged persons, then the Department gives special consideration in the designation of local administrative agencies to any successor agency which is operated in substantially the same manner as the predecessor agency which did receive funds for the fiscal year preceding the fiscal year for which the determination is made.

Currently, the Department administers all aspects of program delivery through subrecipients and statewide/regional contractors that have demonstrated they are operating the program in accordance with the Economic Opportunity Act of 1964, the Low-Income Home Energy Assistance Act of 1981, as amended (42 U.S.C. §§8621, et seq.), and Department rules. If subrecipients and statewide/regional contractors are successfully administering the program, the Department may offer to renew the contract.

However, in order to achieve full expenditure of funding, the Department may reallocate funds that have been voluntarily relinquished or deobligated in compliance with TAC rule §6.304. Additionally, if the State receives a large supplemental appropriation for LIHEAP, the Department may allocate some or all of the funds to a statewide or regional contractor.

If the Department determines that an organization is not administering the program satisfactorily, corrective actions are taken to remedy the problem. Thereafter, if a Subrecipient fails to administer the program correctly, the Department may proceed with the process provided for in Department rules of removing funds and reassign the service area or a portion to another existing Subrecipient or conduct solicitation or selection of a new Subrecipient in accordance with the Low-Income Home Energy Assistance Act of 1981. The affected Subrecipient may request a hearing in accordance with §2105.204 of the Texas Government Code.

However, the Department retains the right to go through a procurement process for some or all aspects of the LIHEAP program.

8.7 How many local administering agencies do you use? 35

8.8 Have you changed any local administering agencies from last year? ☐ Yes ☒ No

8.9 If so, why?

- ☐ Agency was in noncompliance with grantee requirements for LIHEAP
- ☐ Agency is under criminal investigation
- ☐ Added agency
- ☐ Agency closed
- ☐ Other – describe – voluntary relinquishment

Explanation: N|A

8.10 If a subrecipient is no longer providing LIHEAP, are you aware of prior-year LIHEAP funds being mismanaged or misspent? ☐ Yes ☒ No

8.10a If yes, please explain.

8.10b If you are aware, were other federal programs impacted such as CSBG, SSBG, Head Start, TANF, and Department of Energy Weatherization funding, etc.

8.10c If yes, please explain.

Section 9: Energy Suppliers, 2605(b)(7) – Assurance 7

9.1 Do you make payments directly to home energy suppliers?

Heating	☒ Yes	☐ No
Cooling	☒ Yes	☐ No
Crisis	☒ Yes	☐ No
Are there exceptions?	☒ Yes	☐ No

If yes, describe: Per 10 TAC §6.309(i)(7), Subrecipient may make payments to landlords on behalf of eligible renters who pay their utility and/or fuel bills indirectly. Subrecipient shall notify each participating household of the amount of assistance paid on its behalf. Subrecipient shall document this notification. Subrecipient shall maintain proof of utility or fuel bill payment. Subrecipient shall ensure that amount of assistance paid on behalf of customer is deducted from client's rent.

9.2 How do you notify the client of the amount of assistance paid?
The administering Subrecipient/contractor informs them once the determination is made.

9.3 How do you assure that the home energy supplier will charge the eligible household, in the normal billing process, the difference between the actual cost of the home energy and the amount of the payment?
Vendor agreements are used in all components. The Department provides Subrecipients and statewide or regional contractors with a Department approved Vendor Agreement to utilize. The document can be found at the Department's website at https://www.tdhca.state.tx.us/community-affairs/ceap/guidance.htm

9.4 How do you assure that no household receiving assistance under this title will be treated adversely because of their receipt of LIHEAP assistance?
Vendor Agreements are used in all components. The Department provides Subrecipients and statewide or regional contractors with a Department approved Vendor Agreement to utilize. The document can be found at the Department's website at https://www.tdhca.state.tx.us/community-affairs/ceap/guidance.htm

9.5 Do you make payments contingent on unregulated vendors taking appropriate measures to alleviate the energy burdens of eligible households? ☐ Yes ☒ No. If so, describe the measures unregulated vendors may take. Attach a copy of the template statewide vendor agreement or a policy that indicates local agreements must adhere to statewide policies and assurances.

For Section 9, if any of the above questions require further explanation or clarification that could not be made in the fields provided, attach a document with said explanation here. N/A

Section 10: Program, Fiscal Monitoring, and Audit, 2605(b)(10) – Assurance 10

10.1. How do you ensure good fiscal accounting and tracking of LIHEAP funds?

1. Review annual audits
2. Monitor fiscal records
3. Review current and prior year monthly expenditure and performance reports

10.1a. Provide your definitions of the following:

Obligation: Funds become obligated upon approval of an award to Subrecipient by the Department's Governing Board, unless the Department does not receive sufficient funding from the cognizant federal entity.

Expenditures: Funds that have been accrued or remitted for purposes of the award.

Expenditure timeframe: The contract time period.

Administrative costs: Staff salaries and fringe benefits and overhead costs (such as office space, supplies, equipment, communication costs, travel, etc.) related to staff performing general program and planning duties and not related to direct program service delivery. General program administration and program planning activities include, but are not limited to:

- outreach/targeting activities; program activities, processes, implementation, etc.; budgeting; establishing staff goals and objectives;
- Program personnel management
- Updating/maintaining vendor agreements
- Financial and Performance reporting; accounting processes
- General program work, work related to preparing monitoring responses

Audit Process

10.2. Is your LIHEAP program audited annually under the Single Audit Act and OMB Circular A-133? ☒ Yes ☐ No

10.2a. if yes, describe your auditor selection process.

The State Auditor's Office (SAO) is responsible for carrying out the duties of the Single Audit and OMB A-133. The SAO currently outsources this portion of the statewide audit to the audit firm of Clifton Larson Allen (CLA).

10.3 Describe any audit findings rising to the level of material weakness or reportable condition cited in the A-133 audits, Grantee monitoring assessments, inspector general reviews, or other government agency reviews of the LIHEAP agency from the most recently audited federal fiscal year. (Document referenced:
Statewide Single Audit Report for the Year Ended August 31, 2023 (issued Feb 2023 – Report No. 24-318)

Finding	Type	Brief Summary	Resolved?	Action Taken
2022-024	Significant Deficiency in Internal Control over Compliance and Noncompliance	During our testing of special reporting for FFATA, we noted there is no review and approval process in place over the submitted reports to ensure accuracy and completeness. Additionally, we noted the following instances of noncompliance: TDHCA submits the Annual Report on Households Assisted by LIHEAP (Annual Report), which includes key line items in Section 1 and 2 of the report. During our testing of Annual Report submitted for Federal Fiscal Year 2021, we noted several variances between the Annual Report and supporting detail provided.	The household report portion of the internal control deficiency was resolved. The Department is still working on resolving the other internal control deficiencies.	Corrective Action Plan: For FFATA, Community Affairs Division (CAD) **CAD Response:** The noted Reporting control deficiency is accurate. Community Affairs Division (CAD) is currently updating Standard Operating Procedure (SOP) to include two review and approval processes that will take place prior to the submission in the FSFR system. The two additional review and approval processes will be performed by the Team Lead, Laura White in CAD and Elizabeth Yevich in the Housing Resource Center (HRC). The two additional reviews will aid in the process to ensure accurate and timely submission of monthly FFATA reporting. An updated SOP will be in place by the March 2023 FFATA submission. Corrective Action Plan: The noted Reporting control deficiency is accurate. CAD is currently working with the Information System Division (IS) to correct issues identified in the data pulls to the summary sheets. CAD has identified that issues began when separating the information by the different grants types. In order to address the identified issues, CAD and IS will continue to correct the data queries and formulas to ensure accurate reporting is achieved.

10.4 Audits of Local Administering Agencies

What types of annual audit requirements do you have in place for local administering agencies/district offices?

☒ Local agencies/district offices are required to have an annual audit in compliance with Single Audit and OMB Circular A-133, 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).NOTE: Subrecipients will follow the audit requirements in 45 CFR 75 Subpart F, as applicable, and the requirements in the Texas Single Audit Act.

☐ Local agencies/district offices are required to have an annual audit (other than A-133, 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)).

10.4 (continued)

☒ Local agencies/district offices A-133, 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) or other independent audits are reviewed by Grantee as part of compliance process.

☒ Grant recipient conducts fiscal and program monitoring of local agencies/district offices.

☒ Local agencies and district offices are required to have an annual audit in compliance with Single Audit Act and OMB Circular A-133

Compliance Monitoring

10.5 Describe the Grantee's strategies for monitoring compliance with the Grantee's and Federal LIHEAP policies and procedures by:

Grantee employees:

☒ Internal program review
☒ Departmental oversight
☐ Secondary review of invoices and payments
☒ Other program review mechanisms are in place. Describe: Cross Division peer review of documents

Local Administering Agencies/District Offices:

☒ On-site evaluation
☐ Annual program review
☐ Monitoring through Central Database
☒ Desk reviews
☐ Client File Testing/Sampling
☒ Other program review mechanisms are in place. Describe: Desk review of 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal

Awards (Uniform Guidance); A review of the Subrecipient's resolution of prior monitoring or Single Audit reports is performed prior to awarding new contracts.

10.6 Explain, or attach a copy of your local agency monitoring schedule and protocol. Response: See attached monitoring schedule.

10.7 Describe how you select local agencies for monitoring reviews?
On-site monitoring visits and desk reviews are mechanisms used for in-depth investigation and overall assessment, respectively. The Department will conduct on-site monitoring reviews and desk reviews of contracts based on an assessment of risk of non-compliance with program requirements. Monitors review necessary program documents and financial records through desk reviews and on-site reviews. LIHEAP Subrecipients and statewide or regional contractors are monitored (for prior year funding) at least once every three years. This is a component of the risk assessment score. If a Subrecipient also has Community Service Block Grant funds, the LIHEAP monitoring may be done at the same time. Subrecipients and statewide or regional contractors that leverage LIHEAP funds with DOE funds for weatherization are subject to a programmatic, fiscal, and unit inspection review according to the DOE monitoring schedule (once a year). Contracts may also be selected for monitoring based on other factors, such as prior monitoring findings, issues noted in the Single Audit, complaints, and/or special requests.

10.8 How often is each local agency monitored? At least once every three years.

10.9 How many local agencies are currently on corrective action plans? (Number only) 0

If any of the above questions require further explanation or clarification that could not be made in the fields provided, attach a document with said explanation here.

Section 11: Timely and Meaningful Public Participation, 2605(b)(12) – Assurance 12, 2605(c)(2)

11.1 How did you obtain input from the public in the development of your LIHEAP plan?
Check all that apply:

- ☐ Tribal Council meeting(s)
- ☒ Public Hearing(s)
- ☒ Draft Plan posted to website and available for comment
- ☒ Hard copy of plan is available for public view and comment
- ☒ Comments from applicants are recorded
- ☒ Request for comments on draft Plan is advertised
- ☐ Stakeholder consultation meeting(s)
- ☒ Comments are solicited during outreach activities
- ☐ Other, describe:

Public Hearings, 2605(a)(2)

11.2 List the date(s) and location(s) that you held public hearing(s) on the proposed use and distribution of your LIHEAP funds?

Date	Event Description

Tuesday, May 13, 2025, 5:30PM–6PM	Texas Department of Housing and Community Affairs 221 East 11th Street, 1st Floor Austin, TX 78701
Wednesday, May 14, 2025, 1:00PM-1:30PM	BakerRipley First Floor Education Center 3838 Aberdeen Way Houston, TX 77025
Wednesday, May 14, 2025, 1:00PM-1:30PM	Northside Community Center 1100 NW 18th Str, Room R44133 Fort Worth, TX 76164
Thursday, May 15, 2025, 5:30PM-6PM	West Texas Opportunities 1415 East 2nd Street Odessa, TX 79761

11.3 How many parties commented on your plan at the hearing(s)? Pending

11.4 Summarize the comments you received at the hearing(s). Pending

11.5 What changes did you make to your LIHEAP plan as a result of the comments received at the public hearing(s)? Pending

Section 12: Fair Hearings, 2605(b)(13) – Assurance 13

12.1 How many fair hearings did the grantee have in the prior Federal fiscal year?
None

12.2 How many of those fair hearings resulted in the initial decision being reversed? N/A

12.3 Describe any policy and/or procedural changes made in the last Federal fiscal year as a result of fair hearings? None

12.4 Describe your fair hearing procedures for households whose applications are denied and or not acted upon in a timely manner.

An Applicant requests a hearing with the Subrecipient and statewide or regional contractors initially. If not satisfied with the results of the Subrecipient's and statewide or regional contractor's hearing, the Applicant then appeals to the Texas Department of Housing and Community Affairs to conduct a review of the subrecipient's decision. If still not satisfied, the applicant can then request a contested hearing under Tex. Gov't Code, Chapter 2001 which is conducted by the State Office of Administrative Hearings on behalf of the Department.

Subrecipient contracts include the following section:

APPEALS PROCESS

In compliance with the LIHEAP Act, Subrecipient must provide an opportunity for a fair administrative hearing to individuals whose application for assistance is denied, terminated or not acted upon in a timely manner. Subrecipient must establish a denial of service complaint procedure in accordance with 10 TAC §6.8 of the State Rules. The rule states:

(b) Subrecipient shall establish a denial of service complaint procedure to address written complaints from program applicants/customers. At a minimum, the procedures described in paragraphs (b)(1) - (8) of this subsection shall be included:

(1) Subrecipients shall provide a written denial of assistance notice to applicant within ten (10) calendar days of the determination. Such a determination is defined as a denial of assistance, but does not include a level of assistance lower than the possible program limits or a reduction in assistance, as long as such process is in accordance with the Subrecipient's written policy. This notification shall include written notice of the right of a hearing and specific reasons for the denial by program. The applicant wishing to appeal a decision must provide written notice to Subrecipient within twenty (20) days of receipt of the denial notice.

(2) A Subrecipient must establish an appeals committee composed of at least three persons. Subrecipient shall maintain documentation of appeals in their customer files.

(3) Subrecipients shall hold a private appeal hearing (unless otherwise required by law) by phone or in person in an accessible location within ten (10) business days after the Subrecipient received the appeal request from the applicant and must provide the applicant notice in writing of the time/location of the hearing at least seven (7) calendar days before the appeal hearing.

(4) Subrecipient shall record the hearing.

(5) The hearing shall allow time for a statement by Subrecipient staff with knowledge of the case.

(6) The hearing shall allow the applicant at least equal time, if requested, to present relevant information contesting the decision.

(7) Subrecipient shall notify applicant of the decision in writing. The Subrecipient shall mail the notification by close of business on the third calendar day following the decision (three day turn-around).

(8) If the denial is solely based on income eligibility, the provisions described in paragraphs (2) - (7) of this subsection do not apply and the applicant may request a recertification of income eligibility based on initial documentation provided at the time of the original application. The recertification will be an analysis of the initial calculation based on the documentation received with the initial application for services and will be performed by an individual other than the person who performed the initial determination. If the recertification upholds the denial based on income eligibility documents provided at the initial application, the applicant is notified in writing.

(c) If the applicant is not satisfied, the applicant may further appeal the decision in writing to the Department within ten (10) days of notification of an adverse decision.

(d) Applicants/customers who allege that the Subrecipient has denied all or part of a service or benefit in a manner that is unjust, violates discrimination laws, or without reasonable basis in law or fact, may request a contested hearing under Tex. Gov't Code, Chapter 2001.

(e) The hearing under subsection (d) shall be conducted by the State Office of Administrative Hearings on behalf of the Department in the locality served by the Subrecipient, for which the procedures are further described in §1.13, relating to Contested Case Hearing Procedures, of this title.

(f) If the applicant/customer appeals to the Department, the funds should remain encumbered until the Department completes its decision.

These requirements will also be incorporated into statewide or regional contractor Contracts.

12.5 When and how are applicants informed of these rights?
Applicants are informed of their rights either by 1) informing them on the application itself, 2) handing them a document with such information at the time of application, 3) displaying posters at intake offices, or 4) providing them the information in the denial of LIHEAP assistance letter that is mailed to the applicant.

Section 13: Reduction of home energy needs, 2605(b)(16) – Assurance 16

13.1 Describe how you use LIHEAP funds to provide services that encourage and enable households to reduce their home energy needs and thereby the need for energy assistance?
N/A-The State does not use funds under Assurance 16.

13.2 How do you ensure that you don't use more than 5% of your LIHEAP funds for these activities?
NA-The State does not use funds under Assurance 16.

13.3 Describe the impact of such activities on the number of households served in the previous Federal fiscal year.
NA-The State does not use funds under Assurance 16.

13.4 Describe the level of direct benefits provided to those households in the previous Federal fiscal year.
NA-The State does not use funds under Assurance 16.

13.5 How many households received these services?
NA-The State does not use funds under Assurance 16.

Section 14: Leveraging Incentive Program, 2607A

14.1 Do you plan to submit an application for the leveraging incentive program?

☐ Yes ☒ No

14.2 Describe instructions to any third parties and/or local agencies for submitting LIHEAP leveraging resource information and retaining records. NA

14.3 For each type of resource and/or benefit to be leveraged in the upcoming year that will meet the requirements of 45 C.F.R. § 96.87(d)(2)(iii), describe the following:

Resource	What is the type of resource or benefit?	What is the source(s) of the resource?	How will the resource be integrated and coordinated with LIHEAP?
NA	NA	NA	NA

Section 15: Training

15.1 Describe the training you provide for each of the following groups:

a. Grantee recipient Staff:

☒ Formal training on grantee policies and procedures

How often?

☐ Annually

☐ Biannually

☒ As needed

☐ Other – Describe:

☐ Employees are provided with policy manual

☒ Other – Describe:

Employees are provided with all the information necessary to administer the LIHEAP. The Department training team provides new staff with programmatic orientation training and are invited to observe and participate in Subrecipient trainings as well.

b. Local Agencies:

☒ Formal training conference

How often?

☒ Annually

☐ Biannually

☒ As needed

☒ Other – Describe: The Department offers a manager training for newly hired managers or Executive Directors, as needed, which is then followed up with individualized technical assistance. The Department hosts meetings and training events on an as needed basis with Subrecipients and statewide or regional contractors to conduct necessary training and/or make announcements. The Department collaborates with the Texas Association of Community Action Agencies to coordinate training for Subrecipients. Training for Subrecipients occurs at an annual conference sponsored by the Texas Association of Community Action Agencies each year. The Department provides a template for developing the Annual Service Delivery Plan and a guide for developing it. The Department develops data tools and trains agencies as needed on how to analyze their data to improve efficiency and productivity. Emails, Go-To-Webinars, MS Teams for virtual TTA, and phone calls are common communication means with which the Department trains, assists, and communicates with LIHEAP Subrecipients and statewide or regional contractors.

☒ On-site training

How often?

Annually

☐ Biannually

☒ As needed

☒ Other –

The Department identifies key areas for training needs based upon monitoring reports, new regulations, and Subrecipient and statewide or regional contractors requests. The Department has effective virtual training courses to address Subrecipient TTA needs. The Department provides training as needed to individual

agencies and network wide trainings on a variety of topics such as: process mapping, production, data analysis, intake, client file documentation, weatherization assessments, audits, final inspections, working with contractors, reporting, and technical assistance for service delivery. Onsite training is provided as warranted. The Department also supplies Subrecipients with online resources, training centers, and conference information to obtain skills and certifications.

☐ Employees are provided with policy manual

☒ Other – Describe: The Department uses an online portal (i.e., Wufoo) that agencies use daily for quick responses to questions or for requesting training. As needed, the Department schedules meetings to provide information, training, and technical assistance to the local agencies. Emails, the online portal, Go-To-Webinar, MS Teams for virtual TTA, and phone calls are the common methods used by the Department to train, assist, and communicate with LIHEAP Subrecipients and statewide or regional contractors. The Department creates tools, guides, cheat sheets, and FAQs that are posted on program webpages. The Department hosts quarterly Go-To-Webinar calls for the LIHEAP Subrecipients to provide relevant training on an ongoing basis.

c. Vendors

☐ Formal training conference

How often?

☐ Annually

☐ Biannually

☐ As needed

☐ Other – Describe:

☒ Policies communicated through vendor agreements

☐ Policies are outlined in a vendor manual

☐ Other – Describe:

15.2 Does your training program address fraud reporting and prevention?

☒ Yes ☐ No

Section 16: Performance Goals and Measures, 2605(b)

16.1 Describe your progress toward meeting the data collection and reporting requirements of the four required LIHEAP performance measures. Include timeframes and plans for meeting these requirements and what you believe will be accomplished in the coming federal fiscal year.

The Department was able to meet the four LIHEAP performance measures.

The Department currently requires Subrecipients and statewide or regional contractors to upload data related to the four performance measures into our State reporting system. The Department has made this reporting a contractual requirement for all LIHEAP Subrecipients and statewide or regional contractors. The Department periodically reviews uploaded summary reports and offers technical assistance to Subrecipients and statewide or regional contractors who may not understand what to report or may not upload the data in a timely fashion.

The Department will review the outcomes of the performance data reports to determine any training needs or changes to programs design that are needed.

Section 17: Program Integrity, 2605(b)(10)

17.1 Fraud Reporting Mechanisms

a. Describe all mechanisms available to the public for reporting cases of suspected waste, fraud, and abuse. Select all that apply.

- ☒ Online Fraud Reporting
- ☐ Dedicated Fraud Reporting Hotline
- ☒ Report directly to local agency/district office or Grantee office
- ☒ Report to State Inspector General or Attorney General
- ☒ Forms and procedures in place for local agencies/district offices and vendors to report fraud, waste, and abuse.
- ☐ Other – describe:

Note: TDHCA's website has a webpage named "Report Fraud, Waste, and Abuse by TDHCA Management and Staff" directing persons who suspect fraud, waste, and abuse by TDHCA management and staff to report to the State Auditor's Office at https://sao.fraud.texas.gov/ReportFraud/. Subrecipients are required to establish fraud, waste, and abuse procedures. The state will provide a fraud, waste, and abuse procedures to statewide or regional contractors.

b. Describe strategies in place for advertising the above-referenced resources. Select all that apply.

- ☐ Printed outreach materials
- ☐ Posted in local administering agencies offices
- ☐ Addressed on LIHEAP application
- ☒ Website
- ☐ Other - Describe

17.2 Identification Documentation Requirements

a. Indicate which of the following forms of identification are required or requested to be collected from LIHEAP applicants or their household members.

Type of Identification Collected	Collected from Whom?		
	Applicant Only	**All Adults in HH**	**HH Members Seeking Assistance***
Social Security Card is photocopied and retained	Required ☐	Required ☐	Required ☐
	Requested ☐	Requested ☐	Requested ☐
Social Security Number (without actual card)	Required ☐	Required ☐	Required ☐
	Requested ☐	Requested ☐	Requested ☐
Government-issued identification card (e.g.,: driver's license, state ID, Tribal ID, passport, etc.)	Required ☒	Required ☒	Required ☒
	Requested ☐	Requested ☐	Requested ☐

#	Other	Applicant Only Required	Applicant Only Requested	All Adults in House hold Required	All Adults in Household Requested	All Household Members Required	All Household Members Requested
1	**Other: clients provide identification to the subrecipients and statewide or regional contractors at the time of application. See attachment.**	☐	☐	☐	☐	☒	☐

*Households may include members who are not seeking assistance and may not be included in the household count. A live in aide or attendant is not considered part of the Household for purposes of determining Household income, but is considered for a benefit based on the size of the Household.

b. Describe any exceptions to the above policies: NA

17.3 Citizenship/Legal Residency Verification

What are your procedures for ensuring LIHEAP recipients are U.S. citizens or qualified non-citizens who are eligible to receive LIHEAP benefits? Select all that apply.

☐ Clients sign an attestation of citizenship or U.S. Citizen or Qualified Non-Citizen
☐ Clients' submission of certain Social Security Administration cards is accepted as proof of U.S. Citizen or Qualified Non-Citizen
☒ Non-Citizens must provide documentation of immigration status
☒ Citizens must provide a copy of their birth certificate, naturalization papers, or passport
☒ Noncitizens are verified through the SAVE system

☐ Tribal members are verified through Tribal enrollment records/Tribal ID card
☒ Other – describe: U.S. Nationals will have to provide documentation of that status.

	Other	Applicant Only Required	Applicant Only Requested	All Adults in Household Required	All Adults in Household Requested	All Household Members Required	All Household Members Requested
1	**Other: clients provide identification to the subrecipients and statewide or regional contractors at the time of application.**					☒	

17.4 Income Verification

What methods does your agency utilize to verify household income?

☒ Require documentation of income for all adult household members
☒ Pay stubs
☒ Social Security award letters
☐ Bank statements
☐ Tax statements
☒ Zero-income statements
☒ Unemployment Insurance letters
☒ Other – describe: Court Documents or government benefit statements as applicable.

☐ Computer data matches:
- ☐ Income information matched against state computer system (e.g., SNAP, TANF)
- ☐ Proof of unemployment benefits verified with state Department of Labor
- ☐ Social Security income verified with SSA
- ☐ Utilize state directory of new hires

☐ Other – describe:

17.5 Identification Verification

Describe what methods are used to verify the authenticity of identification documents provided by clients or household members. Select all that apply.

☐ Verify SSNs with Social Security Administration
☐ Match SSNs with death records from Social Security Administration or state agency
☐ Match SSNs with state eligibility/management system (e.g., SNAP, TANF)
☐ Match with state Department of Labor system
☐ Match with state and/or federal corrections system
☐ Match with state child support system
☐ Verification using private software (e.g., The Work Number)
☐ In-person certification by staff (for tribal grantees only)

☐ Match SSN/Tribal ID number with tribal database or enrollment records (for tribal grantees only)

☒ Other – describe:

Subrecipients or statewide/regional contractors verify the authenticity of identification documents provided by clients who are not U.S. citizens or nationals. That verification is made through the Systematic Alien Verification for Entitlements (SAVE) system.

17.6 Protection of Privacy and Confidentiality

Describe the financial and operating controls in place to protect client information against improper use or disclosure.

☒ Policy in place prohibiting release of information without written consent

☒ Grant recipient LIHEAP database includes privacy/confidentiality safeguards

☒ Employee training on confidentiality for:

- ☒ Grant recipient employees
- ☒ local agencies/district offices

☐ Employees must sign confidentiality agreement

- ☐ Grant recipient employees
- ☐ local agencies/district offices

☒ Physical files are stored in a secure location

☒ Electronic files are protected in a secure location.

☒ Other – describe: Grantee contracts include the following section:

17.6 Other – Describe:

17.6 Protection of Privacy and Confidentiality

Describe the financial and operating controls in place to protect client information against improper use or disclosure.

Policy in place prohibiting release of information without written consent

Grantee LIHEAP database includes privacy/confidentiality safeguards

Employee training on confidentiality for:

Grantee employees

local agencies/district offices

Employees must sign confidentiality agreement

Physical files are stored in a secure location

RECORD KEEPING REQUIREMENTS

Subrecipients and statewide or regional contractors acknowledge that any information created or exchanged with the State of Texas pursuant to this Contract, must be available in a format that is accessible by the public at no additional charge to the State of Texas. A request for public information shall be communicated to the Department's contact identified in this Contract, by the close of business on the following business day after the request is received. Subrecipient/Vendor shall not provide to the requestor any information that was written, produced, collected, assembled, or maintained under this Contract, but shall respond to the requestor that the request has been forwarded to the Department for processing. After gathering all information that is responsive to the request, but in no event later than five (5) business days after receiving the information request, Subrecipient/Vendor shall send the information to the Department and shall timely contact the Department if there will be any delay in sending the information request or responsive documents to the Department.

Texas Administrative Code, Title 10 Chapter 1, Subchapter D §1.409 requires that:

(a) Client Records including Multifamily Development Owners. The Department requires subrecipient organizations to document client services and assistance. Subrecipient organizations must arrange for the security of all program-related computer files through a remote, online, or managed backup service. Confidential client files must be maintained in a manner to protect the privacy of each client and to maintain the same for future reference. Subrecipient organizations must store physical client files in a secure space in a manner that ensures confidentiality and in accordance with Subrecipient organization policies and procedures. To the extent that it is financially feasible, archived client files should be stored offsite from Subrecipient a headquarters, in a secure space in a manner that ensures confidentiality and in accordance with organization policies and procedures.
(b) Records of client eligibility must be retained for five (5) years starting from the date the Household activity is completed, unless otherwise provided in federal regulations governing the program.
(c) Other records must be maintained as described in the Contract or the LURA, and in accordance with federal or state law for the programs described in the Chapters of this Part.

These requirements will also be incorporated into statewide and regional contractor Contracts.

17.7 Verifying the Authenticity of Energy Vendors

What policies are in place for verifying vendor authenticity?

- ☐ All vendors must register with the State/Tribe
- ☐ All vendors must supply a valid SSN or TIN/W-9 form
- ☒ Vendors are verified through energy bills provided by the household
- ☐ Grantee and/or local agencies/district offices perform physical monitoring of vendors
- ☐ Other – describe, and note any exceptions to policies above:

17.8 Benefits Policy – Gas and Electric Utilities

What policies are in place to protect against fraud when making benefit payments to gas and electric utilities on behalf of clients? Select all that apply.

- ☐ Applicants required to submit proof of physical residency
- ☒ Applicants must submit current utility bill
- ☐ Data exchange with utilities that verifies:
  - ☐ Account ownership

- ☐ Consumption
- ☐ Balances
- ☐ Payment history
- ☐ Account is properly credited with benefit
- ☐ Other – describe:

☐ Centralized computer system/database tracks payments to all utilities
☐ Centralized computer system automatically generates benefit level
☒ Separation of duties between intake and payment approval
☐ Payments coordinated among other heating assistance programs to avoid duplication of payments
☒ Payments to utilities and invoices from utilities are reviewed for accuracy
☐ Computer databases are periodically reviewed to verify accuracy and timeliness of payments made to utilities
☐ Direct payment to households are made in limited cases only
☐ Procedures are in place to require prompt refunds from utilities in cases of account closure
☒ Vendor agreements specify requirements selected above, and provide enforcement mechanism
☐ Other – describe:

17.9 Benefits Policy — Bulk Fuel Vendors

What procedures are in place for averting fraud and improper payments when dealing with bulk fuel suppliers of heating oil, propane, wood, and other bulk fuel vendors? Select all that apply.

☐ Vendors are checked against an approved vendors list
☐ Centralized computer system/database is used to track payments to all vendors
☒ Clients are relied on for reports of non-delivery or partial delivery
☐ Two-party checks are issued naming client and vendor
☐ Direct payment to households are made in limited cases only
☐ Vendors are only paid once they provide a delivery receipt signed by the client
☐ Conduct monitoring of bulk fuel vendors
☐ Bulk fuel vendors are required to submit reports to the Grantee
☒ Vendor agreements specify requirements selected above, and provide enforcement mechanism
☐ Other – describe:

17.10 Investigations and Prosecutions

Describe the Grantee's procedures for investigating and prosecuting reports of fraud, and any sanctions placed on clients/staff/vendors found to have committed fraud. Select all that apply.

☒ Refer to state Inspector General
☒ Refer to local prosecutor or state Attorney General
☒ Refer to US DHHS Inspector General (including referral to OIG hotline)
☒ Local agencies/district offices or Grantee conduct investigation of fraud complaints from public
☐ Grantee attempts collection of improper payments. If so, describe the recoupment process.
☐ Clients found to have committed fraud are banned from LIHEAP assistance. For how long is a household banned?
☒ Contracts with local agencies require that employees found to have committed fraud are reprimanded and/or terminated
☒ Vendors found to have committed fraud may no longer participate in LIHEAP

☒ Other — describe: A Subrecipient and statewide or regional contractors may be referred to the Department's Enforcement Committee or proposed for debarment.

Section 18: Certification Regarding Debarment, Suspension, and Other Responsibility Matters

Certification Regarding Debarment, Suspension, and Other Responsibility Matters--Primary Covered Transactions

Instructions for Certification

1. By signing and submitting this proposal, the prospective primary participant is providing the certification set out below.

2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.

3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

4. The prospective primary participant shall provide immediate written notice to the department or agency to which this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

5. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.

6. The prospective primary participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.

7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled ``Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction,'' provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it

determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Non-procurement Programs.

9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

Certification Regarding Debarment, Suspension, and Other Responsibility Matters--Primary Covered Transactions

(1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:

(a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency;

(b) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and

(d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

(2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier Covered Transactions

Instructions for Certification

1. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.

2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

3. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its

certification was erroneous when submitted or had become erroneous by reason of changed circumstances.

4. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meaning set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations.

5. The prospective lower tier participant agrees by submitting this proposal that, [[Page 33043]] should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.

6. The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled ``Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction,'' without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from covered transactions, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs.

8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

Certification Regarding Debarment, Suspension, Ineligibility an Voluntary Exclusion--Lower Tier Covered Transactions

(1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

(2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

☒ By checking this box, the prospective primary participant is providing the certification set out above.

Section 19: Certification Regarding Drug-Free Workforce Requirements

This certification is required by the regulations implementing the Drug-Free Workplace Act of 1988: 45 CFR Part 76, Subpart, F. Sections 76.630(c) and (d)(2) and 76.645(a)(1) and (b) provide that a Federal agency may designate a central receipt point for STATE-WIDE AND STATE AGENCY-WIDE certifications, and for notification of criminal drug convictions. For the Department of Health and Human Services, the central point is: Division of Grants Management and Oversight, Office of Management and Acquisition, Department of Health and Human Services, Room 517-D, 200 Independence Avenue, SW Washington, DC 20201.

Certification Regarding Drug-Free Workplace Requirements (Instructions for Certification)

1. By signing and/or submitting this application or grant agreement, the grantee is providing the certification set out below.

2. The certification set out below is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, the agency, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.

3. For grantees other than individuals, Alternate I applies.

4. For grantees who are individuals, Alternate II applies.

5. Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.

6. Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio studios).

7. If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see paragraph five).

8. Definitions of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:

Controlled substance means a controlled substance in Schedules I through V of the Controlled Substances Act (21 U.S.C. 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15);

Conviction means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;

Criminal drug statute means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;

Employee means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) All direct charge employees; (ii) All indirect charge employees unless their impact or involvement is insignificant to the performance of the grant; and, (iii) Temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the grantee's payroll; or employees of Subrecipients or subcontractors in covered workplaces).

Certification Regarding Drug-Free Workplace Requirements

Alternate I. (Grantees Other Than Individuals)

The grantee certifies that it will or will continue to provide a drug-free workplace by:

(a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
(b) Establishing an ongoing drug-free awareness program to inform employees about --(1)The dangers of drug abuse in the workplace;
(2) The grantee's policy of maintaining a drug-free workplace;
(3) Any available drug counseling, rehabilitation, and employee assistance programs; and
(4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
(d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will --
(1) Abide by the terms of the statement; and
(2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
(e) Notifying the agency in writing, within ten calendar days after receiving notice under paragraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
(f) Taking one of the following actions, within 30 calendar days of receiving notice under paragraph (d)(2), with respect to any employee who is so convicted -

(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
(g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e) and (f).
(B) The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

Place of Performance (Street address, city, county, state, zip code)

221 East 11th Street

Austin, Travis County, Texas, 78701

Check if there are workplaces on file that are not identified here.

Alternate II. (Grantees Who Are Individuals)

(a) The grantee certifies that, as a condition of the grant, he or she will not engage in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance in conducting any activity with the grant;

(b) If convicted of a criminal drug offense resulting from a violation occurring during the conduct of any grant activity, he or she will report the conviction, in writing, within 10 calendar days of the conviction, to every grant officer or other designee, unless the Federal agency designates a central point for the receipt of such notices. When notice is made to such a central point, it shall include the identification number(s) of each affected grant.

[55 FR 21690, 21702, May 25, 1990]

☒By checking this box, the prospective primary participant is providing the certification set out above.

Section 20: Certification Regarding Lobbying

The submitter of this application certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, ``Disclosure Form to Report Lobbying,'' in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all Subrecipients shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

Statement for Loan Guarantees and Loan Insurance

The undersigned states, to the best of his or her knowledge and belief, that:

If any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan, the undersigned shall complete and submit Standard Form-LLL, ``Disclosure Form to Report Lobbying,'' in accordance with its instructions. Submission of this statement is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required statement shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

☒ By checking this box, the prospective primary participant is providing the certification set out above.

REQUIRED ATTACHMENTS

The following documents must be attached to this application:

- Assurances signature page (submitted as separate document)
- Designation letter for signature to Assurances is required if someone other than the Governor or Tribal Chairperson signs the Assurances. (submitted as separate document)
- Heating component benefit matrix. (Attachment 3)
- Cooling component benefit matrix. (Attachment 3)
- Local Agency Monitoring Schedule (Attachment 4)

Attachment 3

Benefit Matrix

Program rules found at 10 Texas Administrative Code, §6.309(e):
https://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=6&rl=309 . .

All benefits are determined based on a sliding scale.

(e) Benefit determinations for the Utility Assistance Component and the Crisis Assistance Component cannot exceed the sliding scale described in paragraphs (1) - (3) of this subsection:

(1) Households with Incomes of 0 to 50% of Federal Poverty Guidelines may receive an amount not to exceed $1,800 per Component;

(2) Households with Incomes more than 50% but at or below 75% of Federal Poverty Guidelines may receive an amount not to exceed $1,500 per Component; and

(3) Households with Incomes more than 75% but at or below 150% of Federal Poverty Guidelines may receive an amount not to exceed $1,200 per Component; and

(f) Service and Repair of existing heating and cooling units: Households may receive up to $9,000 for service and repair of existing heating and cooling units, replacement of irreparable existing heating and cooling unit components, when the Household has an inoperable heating or cooling system based on requirements in §6.310 and §6.311.

(g) Purchase of heating and cooling units. Households may receive up to $9,000 for the purchase of a heating and cooling unit when a heating or cooling system is nonexistent based on requirements in §6.310 of this subchapter (relating to Crisis Assistance Component) for Non-Vulnerable Population Households and §6.311 of this subchapter (relating to Utility Assistance Component) for Vulnerable Population Households.

(h) Assistance with purchase of portable cooling and/or heating units, window units, evaporative coolers, and mini splits cannot exceed $9,000. Refer to §6.310(c)(5) of this subchapter for requirements relating to purchase of these types of units.

Attachment 4

Monitoring Schedule for FY 2026

	SUBRECIPIENT	REVIEW TYPE	FY Date of Next Monitoring Review	DATE OF LAST FULL ONSITE REVIEW (IF APPLICABLE)
1	Alamo Area Council of Governments	On-Site	2026	December 2024
2	Aspermont Small Business Development Center, Inc.	On-Site	2025	December 2022
3	BakerRipley	On-Site	2025	June 2024
4	Bexar County Community and Development Programs	On-Site	2026	January 2023
5	Brazos Valley Community Action Programs	On-Site	2025	July 2024
6	City of Fort Worth Neighborhood Services Department	On-Site	2025	November 2023
7	City of Lubbock Community Development Department	On-Site	2025	August 2021
8	Combined Community Action, Inc.	On-Site	2026	October 2024
9	Community Action Corporation of South Texas	On-Site	2025	January 2024
10	Community Action Inc. of Central Texas	On-Site	2026	March 2023
11	Community Council of South Central Texas, Inc.	On-Site	2025	April 2024
12	Community Services Northeast Texas, Inc.	On-Site	2027	March 2024
13	Concho Valley Community Action Agency	On-Site	2026	October 2024
14	Cornerstone Community Action Agency	On-Site	2027	March 2024
15	County of Hidalgo Community Services Agency	On-Site	2027	August 2024
16	Crossroads Community Action	On-Site	2025	November 2024
17	Dallas County Health and Human Services	On-Site	2025	April 2024
18	Economic Action Committee of the Gulf Coast	On-Site	2026	January 2023
19	Economic Opportunities Advancement Corporation of Planning Region XI	On-Site	2025	November 2023
20	El Paso Community Action Program-Project BRAVO	On-Site	2025	April 2024
21	Greater East Texas Community Action Program	On-Site	2025	March 2024
22	Hill Country Community Action Association, Inc.	On-Site	2025	November 2023
23	Kleberg County Human Services	On-Site	2027	October 2024
24	Nueces County Community Action Agency	On-Site	2026	October 2024
25	Panhandle Community Services	On-Site	2025	July 2024
26	Pecos County Community Action Agency	On-Site	2027	April 2024
27	Rolling Plains Management Corporation	On-Site	2025	November 2023
28	South Plains Community Action Association, Inc.	On-Site	2025	February 2024
29	South Texas Development Council	On-Site	2025	October 2022
30	Texas Neighborhood Services	On-Site	2025	March 2022
31	Texoma Council Of Governments	On-Site	2025	May 2024
32	Travis County Health and Human Services	On-Site	2025	August 2024
33	Tri-County Community Action, Inc.	On-Site	2024	August 2024
34	Webb County Community Action Agency	On-Site	2028	January 2025
35	West Texas Opportunities, Inc.	On-Site	2025	August 2024
36	Yardi Systems, Inc. (2022-2023 Statewide Contractor)	On-Site	2026	February 2023

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 978 **Agenda Date:** 4/10/2025 **Agenda #:** 7.

Presentation, discussion, and possible action on release of the draft Federal Fiscal Years 2026-2027 Community Services Block Grant State Plan for public comment

RECOMMENDED ACTION

WHEREAS, the U.S. Department of Health and Human Services (USHHS) requires that the Texas Department of Housing and Community Affairs (the Department) submit a State Plan every two years in order to receive its allotment of Community Services Block Grant (CSBG) funds;

WHEREAS, the Department has prepared a draft Federal Fiscal Years (FFY) 2026-2027 CSBG State Plan (the Plan); and

WHEREAS, USHHS requires that a draft Plan be released for public comment and the State requires four public hearings prior to the submission of the Plan to USHHS;

NOW, therefore, it is hereby

RESOLVED, that the draft Plan, in the form presented to this meeting, is hereby approved to be released for public comment, public hearings, posted on the Department's website and published in the *Texas Register;*

FURTHER RESOLVED, that if USHHS releases different guidance after Board approval, the Board authorizes staff to make needed conforming changes and non-substantive changes to the Plan, and if necessary to change the public hearing dates and the comment period; and

FURTHER RESOLVED, that the final Plan with consideration for final grant guidance, public comment and technical corrections made by staff, along with award recommendations for eligible entities, will be presented to the Board no later than July 2025.

BACKGROUND

USHHS requires that the State of Texas submit a CSBG State Plan every two years on or before September 1 in order to receive its allotment of CSBG funds. In response to this requirement, the Department has prepared a draft FFY 2026-2027 CSBG State Plan. Eligible Entities had two previous opportunities to provide input into the drafting of this Plan. The first opportunity included a 17-day timeframe in December 2024 to provide comments on what they wanted changed from the 2024-2025 CSBG State Plan, and the second opportunity included an 18-day period in March 2025 to comment on this draft 2026-2027 Plan before presenting it to the Board at this meeting.

The Plan, upon approval by the Board, will be posted on the Department's website, published in the *Texas Register,* released for public comment, and public hearings will be held.

An announcement of the availability of the draft Plan and details regarding the timeframe to accept comments from the public and the public hearing will be posted on the Department's website upon Board approval and published in the *Texas Register* on April 25, 2025. The period to accept comments from the public regarding the Plan will be open from April 25, 2025, through May 21, 2025, at 5:00 p.m. Central time. Written comments concerning the Plan may be submitted to the Texas Department of Housing and Community Affairs, Community Affairs Division-Gavin Reid, P.O. Box 13941, Austin, TX 78711-3941, or by email to gavin.reid@tdhca.texas.gov. Comments are due no later than 5:00 p.m. Central time on May 21, 2025.

The Department will also conduct four public hearings throughout the state. Meeting dates, times and locations are:

- Tuesday, May 13, 2025, 5:30 pm - 6:00 p.m. at Texas Department of Housing and Community Affairs, 221 East 11th Street, 1st Floor, Austin, TX 78701.
- Wednesday, May 14, 2025, at 1:00 p.m. - 1:30 p.m. at BakerRipley, First Floor Education Center, 3838 Aberdeen Way, Houston, TX 77025.
- Wednesday, May 14, 2025, at 1:00 p.m. - 1:30 p.m. at Northside Community Center, 1100 NW 18th Street, Room R44133, Fort Worth, TX 76164.
- Thursday, May 15, 2025, at 5:30 p.m. - 6:00 p.m. at West Texas Opportunities, 1415 East 2nd Street, Odessa, TX 79761.

Upon completion of the public comment period and public hearings, staff will modify the Plan, if appropriate, based on public comment. Staff will also include any changes required by federal guidance and necessary technical corrections made by staff. Staff anticipates presenting the revised Plan, along with recommendations for eligible entity awards, to the Board for review and final approval no later than July.

As listed in Section 7.9 and 7.11 of the Plan, 5% of the Department's CSBG allocation is reserved for discretionary activities and can be used for a variety of CSBG related purposes. Examples of these purposes can include training and technical assistance for subrecipients and awarding funds to organizations conducting community development activities or neighborhood innovation projects. Recipients of CSBG discretionary funds may, but are not required to, be eligible entities. The table below reflects the discretionary activities and funding levels for the current biennium as a point of comparison, followed by what the plan will reflect for the 2026-2027 biennium. The two primary changes are no longer funding the Housing Voucher Program Support Fund (which was funds set aside to support the central administration of the Section 8 Program and had not been used in several years), and an increase to the disaster recovery fund.

CSBG-Discretionary Activity	**2024-2025**	**2026-2027**	**Difference**
Re-Entry Assistance Program	$400,000	$400,000	$0
Network Training and Technical Assistance	$150,000	$150,000	$0
Organizational Capacity Improvements	$50,000	$50,000	$0

3rd Party T&TA/Assessment Services	$100,000	$100,000	$0
Network Transition Fund	$50,000	$50,000	$0
Migrant Seasonal Farmworker & Native American Populations Employment and Educational Initiatives	$300,000	$300,000	$0
Housing Voucher Program Support Fund	$150,000	$0	($150,000)
Disaster Recovery Fund	$500,000	$750,000	$250,000
Balance of State Continuum of Care and Related Statewide Homelessness Initiatives	$75,000	$50,000	($25,000)
Subtotal	**$1,775,000**	**$1,850,000**	**$75,000***

*Reflects a moderate estimated increase of the annual allocation amounts.

In review of the Plan, attached, it should be noted that the Plan follows a template and series of prompts pre-determined by USHHS with character limitations and specific instructions.

The full text of the draft 2026-2027 CSBG State Plan may be viewed at the Department's website: <https://www.tdhca.texas.gov/tdhca-public-comment-center>. The public may also receive a copy of the draft 2026-2027 CSBG State Plan by contacting Gavin Reid at gavin.reid@tdhca.texas.gov.

STATE OF TEXAS FFY 2026 and FFY 2027

COMMUNITY SERVICES BLOCK GRANT APPLICATION

AND STATE PLAN

To be Submitted to

U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

August 2025

by the

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Street Address: 221 East 11th Street, Austin, TX 78701
Mailing Address: PO Box 13941, Austin, TX 78711
Main Number: 512-475-3800 Toll Free: 1-800-525-0657
Email: info@tdhca.state.tx.us Web: www.tdhca.state.tx.us

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SECTION 1
CSBG Administrative Information

1.1. Identify whether this is a one-year or a two-year plan.

Two Year Plan

1.1a. Provide the federal fiscal years this plan covers: 2026 and 2027

1.2. Lead Agency and Authorized Official: Update the following information in relation to the lead agency designated to administer CSBG in the State, as required by Section 676(a) of the CSBG Act. Information should reflect the responses provided on the Application for Federal Assistance, SF-424M.

Has the information regarding the state lead agency and authorized official changed since the last submission of the State Plan? ☐ Yes ☒ No

If yes, select the fields that have changed. [Check all the apply]

☐ Lead Agency	☐ Department Type	☐ Department Name
☐ Authorized Official	☐ Street Address	☐ City
☐ Zip Code	☐ Office Number	☐ Fax Number
☐ Email Address	☐ Website	

1.2a. Lead agency [Texas Department of Housing and Community Affairs]

1.2b. Cabinet or administrative department of this lead agency [Check One and narrative where applicable]

- ☒ Community Affairs Department
- ☐ Community Services Department
- ☐ Governor's Office
- ☐ Health Department
- ☐ Housing Department
- ☐ Human Services Department
- ☐ Social Services Department
- ☐ Other, describe:

1.2c. Cabinet or Administrative Department Name: Provide the name of the cabinet or administrative department of the CSBG authorized official **[Community Affairs Division]**

1.2d. Authorized official of the lead agency [Mr. Bobby Wilkinson, Executive Director]

Instructional note: The authorized official could be the director, secretary, commissioner etc. as assigned in the designation letter (attached under item 1.3). The authorized official is the person indicated as authorized representative on the SF-424M and the official recipient of the Notice of Award per Office of Grant Management requirements.

Name: Bobby Wilkinson

Title: Executive Director

1.2e. Street address **[221 East 11th Street]**

1.2f. City **[Austin]**

1.2g. State **[Texas]**

1.2h. Zip **[78701]**

1.2i. Telephone number and extension **[512-475-3800]**

1.2j. Fax number **[512-475-3935]**

1.2k. Email address **[bobby.wilkinson@tdhca.state.tx.us]**

1.2l. Lead agency website **[www.tdhca.state.tx.us]**

1.3. Designation Letter: Attach the state's official CSBG designation letter. A new designation letter is required if the chief executive officer of the state and/or designated agency has changed. (Attach a document.)

Guidance: The designation letter should be updated whenever there is a change to the designee.

Instructional Note: The letter should be from the chief executive officer of the State and include, at minimum, the designated State CSBG lead agency (office, department, or bureau) and title of the authorized official of the lead agency who is to administer the CSBG grant award.

Per state law, programmatic designations to a State Agency from the Governor remain in effect unless rescinded.

1.4. CSBG Point of Contact: Provide the following in relation to the designated state CSBG point of contact. The state CSBG point of contact should be the person that will be the main point of contact for CSBG within the state.

Has the information regarding the state point of contact changed since the last submission of the State Plan? ☐ Yes ☒ No

If yes, select the fields that have changed. [Check all the apply]

☐ Agency Name	☐ Point of Contact	☐ Street Address	☐ City
☐ State	☐ Zip Code	☐ Office Number	☐ Fax Number
☐ Email Address	☐ Website		

1.4a. Agency name **[Texas Department of Housing and Community Affairs]**

1.4b. Point of Contact Name **[Michael DeYoung], Title: Director, Community Affairs Division**

1.4c. Street address **[221 East 11th Street]**

1.4d. City **[Austin]**

1.4e. State **[Texas]**

1.4f. Zip Code **[78701]**

1.4g. Telephone Number **[512-475-2125]**

1.4h. Fax number **[512-475-3935]**

1.4i. Email Address **[michael.deyoung@tdhca.state.tx.us]**

1.4j. Agency Website **[www.tdhca.texas.gov]**

1.5 Provide the following information in relation to the State Community Action Association.

There is currently a state Community Action Association within the state.

☒ Yes ☐ No

Has information regarding the state Community Action Association changed since the last submission of the State Plan?

☐ Yes ☒ No

If yes, select the fields that have changed. [Check all the apply]

☐ Agency Name	☐ Executive Director	☐ Street Address	☐ City
☐ State	☐ Zip Code	☐ Office Number	☐ Fax Number
☐ Email Address	☐ Website	☐ RPIC Lead	

1.5a. ***Agency name:*** *Texas Association of Community Action Agencies, Inc.*

1.5b. **Executive Director or Point of Contact** [Narrative, 50 characters each]

Name Amanda Shelton

Title Executive Director

1.5c. **Street Address** 1250 S Capital of Texas Highway Building 3, Ste 400

1.5d. **City**: Austin

1.5e. State: Texas

1.5f. Zip Code: 78746

1.5g. Telephone Number: 512-462-2555

1.5h. Fax Number

1.5i. Email Address: amandashelton@tacaa.org

1.5j. State Association Website: https://tacaatx.org/

1.5k. State Association currently serves as the Regional Performance Innovation Consortia (RPIC) lead

☒ Yes ☐ No

SECTION 2
State Legislation and Regulation

2.1. CSBG State Legislation: State has a statute authorizing CSBG? ☒ Yes ☐ No

2.2. CSBG State Regulation: State has regulations for CSBG? ☒ Yes ☐ No

2.3. If yes was selected in item 2.1 or 2.2, attach a copy (or copies) of legislation and/or regulations or provide a hyperlink(s), as appropriate. **[Attach a document and/or provide a link] Link:**

Texas Government Code, Section 2105:

http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.2105.htm

Texas Government Code, Title 10 General Government, Subtitle G, Chapter 2306, Sections 2306.092 and 2306.097:

http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.2306.htm

Texas Administrative Code, 10 TAC, Chapter 1, Administration:

https://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=4&ti=10&pt=1&ch=1

Texas Administrative Code, 10 TAC, Chapter 2, Enforcement:

http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=4&ti=10&pt=1&ch=2

Texas Administrative Code, 10 TAC, Chapter 6, Subchapter A, General Provisions:

http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=6&sch=A&rl=Y

Texas Administrative Code, 10 TAC, Chapter 6, Subchapter B, Community Services Block Grant:

http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=6&sch=B&rl=Y

Texas Grant Management Standards 2.0:

https://comptroller.texas.gov/purchasing/grant-management/

2.4. State Authority: Select a response for each of the following items about the State statute and/or regulations authorizing CSBG:

2.4a. Authorizing Legislation: State legislature enacted authorizing legislation or amendments to an existing authorizing statute last federal fiscal year?

☐ Yes ☒ No

2.4b. State established or amended regulations for CSBG last federal fiscal year?

☒ Yes ☐ No

SECTION 3
State Plan Development and Statewide Goals

3.1. CSBG Lead Agency Mission and Responsibilities: Briefly describe the mission and responsibilities of the State agency that serves as the CSBG lead agency. **[Narrative:**

The mission of the Texas Department of Housing and Community Affairs is to administer its assigned programs efficiently, transparently, and lawfully and to invest its resources strategically and develop high quality affordable housing which helps Texas communities to thrive.

The Department accomplishes its mission largely by acting as a conduit for federal assistance for housing and community services. However, because several major housing programs require the participation of private investors and private lenders, TDHCA also operates as a housing finance agency.

Ensuring compliance with the many state and federal laws that govern housing programs is another important part of the Department's mission. This ensures the health and safety of TDHCA's housing portfolio and guarantees state and federal resources are expended in an efficient and effective manner.

TDHCA also serves as a financial and administrative resource that helps provide essential services and affordable housing opportunities to Texans who qualify for this assistance based on their income level. Additionally, the Department is a resource for educational materials and technical assistance for housing, housing related, and community services matters. **3.2. State Plan Goals:** Describe the State's CSBG-specific goals for State administration of CSBG under this State Plan.

Guidance: States should consider feedback from OCS, their eligible entities, and the ACSI survey completed by eligible entities when creating their State Plan goals.

[Narrative: The Agency's Strategic Plan for Fiscal Years 2025-2029 includes the following measures related to CSBG:

Objective: Ease hardships and homelessness for 16% percent of the population of very low income persons each year.

Strategy 1: Administer poverty-related funds through a Network of Agencies.

Outcome Measures:

% of Eligible Population that Received Homeless & Poverty Related Assistance

% of Persons Assisted that Achieve Incomes above Poverty Level

Output Measures:

1. Number of persons assisted that achieve incomes above poverty level
2. Number of persons assisted by the Community Services Block Grant Program

Instructional Note: For examples of "goals," see State Accountability Measure 1Sa(i).

Note: This information is associated with State Accountability Measure 1Sa(i) and may pre-populate the State's Annual Report, Module 1, Item B.1.

3.3. State Plan Development: Indicate the information and input the State accessed to develop this State Plan.

3.3a. Analysis of state-level tools **[Check all that applies and provide additional information where applicable]**

- ☒ State Performance Indicators and/or National Performance Indicators (NPIs)
- ☒ U.S. Census data
- ☒ State performance management data (e.g., accountability measures, ACSI survey information, and/or other information from annual reports)
- ☒ Monitoring Visits/Assessments
- ☐ Tools Not Identified Above (specify) (Narrative, 500 characters) Describe:

[Narrative, 2500 characters]

3.3b. Analysis of local-level tools **[Check all that applies and provide additional information where applicable]**

- ☐ Eligible Entity Community Needs Assessments

☐ Eligible Entity Community Action Plans
☒ Public Hearings/Workshops
☐ Tools Not Identified Above (e.g. state required reports) (specify) Narrative (500 character max)

3.3c. Consultation with [Check all that applies and provide additional information where applicable]

☒ Eligible Entity (e.g., meetings, conferences, webinars; not including the public hearing)
☐ State Association for State Community Services Programs (NASCSP)association
☐ Community Action Partnership (NCAP)
☐ Community Action Program Legal Services (CAPLAW)
☐ CSBG Tribal Training and Technical Assistance (T/TA) provider
☐ Regional Performance Innovation Consortium (RPIC)
☐ Association for Nationally Certified ROMA Trainers (ANCRT)
☐ Federal CSBG Office
☒ Organizations not identified above (specify) **[Narrative:** The Department invites consultation with partners and stakeholders through our Executive Board Meeting, intra-agency councils, workgroups, and public hearings. State employees also attend state association conferences and Board meetings**.]**

3.4. Eligible Entity Involvement

3.4a. State Plan Development: Describe the specific steps the State took in developing the State Plan to involve the eligible entities. **[Narrative:** Prior to the development of the State Plan, the Department sent an e-mail to the eligible entities and the State Association to offer an initial opportunity to provide comments on the plan. Additionally, the State included CSBG eligible entities and the State Association in the development of the Plan and the use of CSBG funds by providing the eligible entities and the State Association with the draft Plan prior to presenting it to the TDHCA Governing Board. The plan was then presented to the Department's Board so that it could be released as the draft Plan for an official public comment period. This period provided the eligible entities and the State Association with a third opportunity to comment on the Plan. There were also four public hearings held in different regions of the state, two during business hours and two after business hours, to provide input to the Plan. **]**

Note: This information is associated with State Accountability Measures 1Sa(ii) and may pre-populate the State's annual report form.

If this is the first year filling out the automated State Plan, skip the following question.

3.4b. Performance Management Adjustment: Describe how has the State adjusted its State Plan development procedures under this State Plan, as compared to previous State plans, in order to 1) encourage eligible entity participation and 2) ensure the State Plan reflects input from eligible entities? Any adjustment should be based on the State's analysis of past performance in these areas, and should consider feedback from eligible entities, OCS, and other sources, such as the public hearing. If the State is not making any adjustments, provide further detail.

[The State thoroughly reviewed the results of the most recent ACSI Survey results (at time of development of Draft Plan, the 2021 ACSI Survey-pending results of 2024 ACSI Survey) in developing the Plan. One of the areas of feedback was that eligible entities asked to be able to provide input on the CSBG State Plan prior to the draft being released. In response to that suggestion, prior to beginning revisions, Department sent an e-mail to the eligible entities and the State Association to offer an initial opportunity to provide comments on the plan. The network of eligible entities also requested that the draft Plan be provided to them prior to publication showing the tracked changes and the Department has done so. The State also released a copy of the draft Plan to garner input prior to it being approved by the Board and released for public comment. The State continues to consider the input in the development of training and technical assistance in the areas of development of the Community Needs Assessment and the implementation of ROMA Next Generation. Other input in the most recent ACSI Survey related to concerns over a lack of coordination with the Department's Compliance Division and the Community Affairs Division Training Section. The two sections are aware of these concerns and continuously strive to communicate and coordinate their communications and guidance to the network to ensure consistent interpretation of state and federal regulations. The State will continue to utilize input from the Network throughout the period covered by this Plan.**]**

Note: This information is associated with State Accountability Measures 1Sb(i) and (ii) and may pre-populate the State's annual report form.

3.5. Eligible Entity Overall Satisfaction: Provide the State's target for eligible entity Overall Satisfaction during the performance period: **Year One [78] Year Two [_78_]**

Instructional Note: The State's target score will indicate improvement or maintenance of the States' Overall Satisfaction score from the most recent American Customer Survey Index (ACSI) survey of the State's eligible entities.

Note: Item 3.5 is associated with State Accountability Measure 8S and may pre-populate the State's annual report form.

SECTION 4
CSBG Hearing Requirements

4.1. **Public Inspection:** Describe the steps taken by the State to disseminate this State Plan to the public for review and comments prior to the public hearing, *pending scheduling and conducting hearings* as required under Section 676(e)(2) of the Act. **[Narrative:** The Draft Application and State Plan was made available for review at the April 10, 2025, meeting of the TDHCA Governing Board. Subsequently, a public comment period occurred from April 25, 2025, through May 21, 2025, whereby input into the Plan could be provided. The State held four public hearings, two during business hours and two after business hours in different regions of the state. The draft Plan was also posted on the Department's website on April 11, 2025, and a link to the website posting was published in the *Texas Register* on April 25, 2025**.** Both the Department's website and the *Texas Register* publication announced the public comment period and the public hearing information**.]**

4.2. **Public Notice/Hearing:** Describe how the State ensured there was sufficient time and statewide distribution of notice of the public hearing(s) to allow the public to comment on the State Plan, as required under 676(a)(2)(B) of the CSBG Act. **[Narrative:** The State posted notice of the public hearings and the public comment period on the Department's website April 11, 2025. CSBG eligible entities and the State Association were also notified by e-mail that same day. Notice of Public Hearings and the Public Comment period were also published in the *Texas Register* on April 25, 2025.**]**

4.3. **Public and Legislative Hearings:** In the table below, specify the date(s) and location(s) of the public and legislative hearing(s) held by the designated lead agency for this State Plan, as required under Section 676(a)(2)(B) and Section 676(a)(3) of the Act.

Instructional Note: A public hearing is required for each new submission of the State Plan. The date(s) for the public hearing(s) must have occurred in the year prior to the first Federal fiscal year covered by this plan. Legislative hearings are held at least every three years, and must have occurred within the last three years prior to the first federal fiscal year covered by this plan.

Date	Location	Type of Hearing [Select an option]	If a Combined Hearing was held confirm that the public was invited.
Legislative Hearings: House Appropriations Committee on February 24, 2025 Senate Committee on Finance on February 12, 2025	Texas House of Representatives House Appropriations Committee Meeting Texas State Capitol, Room E2.036 Austin, Texas Texas Senate Senate Finance Committee Meeting Texas State Capitol, Room E1.036 Austin, Texas	☐ Public ☒ Legislative ☐ Combined	☐
Public Hearings: Tuesday, May 13, 2025, from 5:30 p.m.-6:00 p.m. Wednesday, May 14, 2025, from 1:00 p.m.-1:30 p.m. Wednesday, May 14, 2025, from 1:00 p.m.-1:30 p.m. Thursday, May 15, 2025, from 5:30 p.m.-6:00 p.m.	TX Department of Housing and Community Affairs, 221 East 11th Street, 1st floor, Austin, TX 78701 BakerRipley 3838 Aberdeen Way, First Floor Education Center Houston, Texas 77025 Northside Community Center, 1100 NW 18th Street, room R44133, Fort Worth, TX 76164 West Texas Opportunities 1415 East 2nd Odessa, TX 79761	• ☒ Public • ☐ Legislative • ☐ Combined	•

ADD a ROW function Note: rows will be able to be added for each additional hearing

4.4. Attach supporting documentation or a hyperlink for the public and legislative hearings. **[Attach supporting documentation or provide a hyperlink.]**
Texas Register Notice: PENDING

SECTION 5
CSBG Eligible Entities

5.1. CSBG Eligible Entities: In the table below, list each eligible entity in the State, and indicate public or private, the type(s) of entity, and the geographical area served by the entity. (This table should include every CSBG Eligible Entity to which the State plans to allocate 90 percent funds, as indicated in the table in item 7.2. Do not include entities that only receive remainder/discretionary funds from the State or tribes/tribal organizations that receive direct funding from OCS under Section 677 of the CSBG Act.)

	CSBG Eligible Entity	Public or Nonprofit	Type of Agency	CSBG Counties Served
1	Aspermont Small Business Development Center, Inc.	Nonprofit	CAA	Haskell, Jones, Kent, Knox, Stonewall, Throckmorton
2	Austin, City of, Health and Human Services Department	Public	Local Government	Travis
3	Brazos Valley Community Action Programs	Nonprofit	CAA	Brazos, Burleson, Chambers, Grimes, Leon, Liberty, Madison, Montgomery, Robertson, Walker, Waller, Washington
4	Cameron and Willacy Counties Community Projects, Inc.	Nonprofit	CAA	Cameron, Willacy
5	Cornerstone Community Action Agency	Nonprofit	CAA	Brown, Callahan, Coleman, Comanche, Eastland, McCulloch, Runnels
6	Combined Community Action, Inc.	Nonprofit	CAA	Austin, Bastrop, Colorado, Fayette, Lee, Fort Bend, Wharton
7	Crossroads Community Action	Nonprofit	CAA	Aransas, Calhoun, De Witt, Goliad, Gonzales, Jackson, Lavaca, Refugio, Victoria
8	Community Action Corporation of South Texas	Nonprofit	CAA	Bee, Brooks, Duval, Jim Wells, Kenedy, Kleberg, San Patricio
9	Community Action Inc. of Central Texas	Nonprofit	CAA	Blanco, Caldwell, Hays
10	Community Action Social Services & Education	Nonprofit	CAA	Maverick
11	Community Council of South Central Texas, Inc.		CAA	Atascosa, Bandera, Brewster, Comal, Culberson, Dimmit, Edwards, Frio, Gillespie,

	CSBG Eligible Entity	Public or Nonprofit	Type of Agency	CSBG Counties Served
		Nonprofit		Guadalupe, Hudspeth, Jeff Davis, Karnes, Kendall, Kerr, Kinney, LaSalle, Live Oak, McMullen, Medina, Presidio, Real, Uvalde, Val Verde, Wilson, Zavala
12	Community Services of Northeast Texas, Inc.	Nonprofit	CAA	Bowie, Camp .Cass, Delta, Franklin, Hopkins, Lamar, Marion, Morris, Rains, Red River, Titus
13	Community Services, Inc.	Nonprofit	CAA	Anderson, Collin, Denton, Ellis, Henderson, Hunt, Kaufman, Navarro, Rockwall, Van Zandt
14	Concho Valley Community Action Agency	Nonprofit	CAA	Coke, Concho, Crockett, Irion, Kimble, Menard, Reagan, Schleicher, Sterling, Sutton, Tom Green
15	Community Council of Greater Dallas	Nonprofit	CAA	Dallas
16	Economic Action Committee of the Gulf Coast	Nonprofit	CAA	Matagorda
17	Economic Opportunities Advancement Corporation of Planning Region XI	Nonprofit	CAA	Bosque, Falls, Freestone, Hill, Limestone, McLennan
18	El Paso Community Action Program-Project BRAVO	Nonprofit	CAA	El Paso
19	Fort Worth, City of, Neighborhood Services Department	Public	Local Government	Tarrant
20	Greater East Texas Community Action Program	Nonprofit	CAA	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Smith, Trinity, Wood
21	Gulf Coast Community Services Association	Nonprofit	CAA	Harris, Brazoria, Galveston
22	Hidalgo County Community Services Agency	Public	Local Government	Hidalgo
23	Hill Country Community Action Association, Inc.	Nonprofit	CAA	Bell, Coryell, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba
24	Guadalupe Economic Services Corporation	Nonprofit	CAA	Lubbock

	CSBG Eligible Entity	Public or Nonprofit	Type of Agency	CSBG Counties Served
25	Nueces County Community Action Agency	Nonprofit	CAA	Nueces
26	Panhandle Community Services	Nonprofit	CAA	Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallum, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Wheeler
27	Pecos County Community Action Agency	Nonprofit	CAA	Crane, Pecos, Terrell
28	Rolling Plains Management Corporation	Nonprofit	CAA	Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Mitchell, Montague, Taylor, Shackelford, Stephens, Wichita, Wilbarger, Young
29	San Antonio, City of, Department of Community Initiatives	Public	Local Government	Bexar
30	South Plains Community Action Association, Inc.	Nonprofit	CAA	Bailey, Cochran, Crosby, Dickens, Floyd, Garza, Hale, Hockley, King, Lamb, Lynn, Motley, Terry, Yoakum
31	South Texas Development Council	Public	Local Government	Jim Hogg, Starr, Zapata
32	Southeast Texas Regional Planning Commission	Public	Local Government	Hardin, Jefferson, Orange
33	Texas Neighborhood Services	Nonprofit	CAA	Erath, Hood, Johnson, Palo Pinto, Parker, Somervell, Wise
34	Texoma Council of Governments	Public	Local Government	Cooke, Fannin, Grayson
35	Tri-County Community Action, Inc.	Nonprofit	CAA	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur
36	Webb County Community Action Agency	Public	Local Government	Webb
37	West Texas Opportunities, Inc.	Nonprofit	CAA	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Loving, Martin, Midland, Nolan, Reeves, Scurry, Upton, Ward, Winkler

	CSBG Eligible Entity	Public or Nonprofit	Type of Agency	CSBG Counties Served
38	Opportunities for Williamson and Burnet Counties	Nonprofit	CAA	Burnet, Williamson

Note: Table 5.1. pre-populates the Annual Report, Module 1, Table C.1.

5.2. Total number of CSBG eligible entities: __38__ **[This will automatically update based on chart in 5.1]**

5.3. **Changes to Eligible Entities List:** Has the list of eligible entities under item 5.1 changed since the State's last State Plan submission? If yes, briefly describe the changes.

☒ Yes ☐ No **[If yes is selected – Narrative:** In May 2023, CSBG eligible entity Big Bend Community Action Committee, Inc. (BBCAC) voluntarily relinquished its CSBG Eligible Entity status, thereby leaving Brewster, Culberson, Hudspeth, Jeff Davis, and Presidio counties without an Eligible Entity to provide poverty prevention services. On March 22, 2024, the Governor approved the designation of Community Council of South Central Texas to serve as the CSBG Eligible Entity for Brewster, Culberson, Hudspeth, Jeff Davis, and Presidio counties.

Additionally, there were 2 eligible entity name changes since the 2024-2025 CSBG State Plan: 1) Central Texas Opportunities, Inc changed their name to Cornerstone Community Action Agency and 2) Community Action Committee of Victoria, Texas changed their name to Crossroads Community Action.At the time we submitted the 2024-2025 CSBG State Plan, we included notice of such and were preparing to release a Request for Applications for a CSBG Eligible Entity to provide CSBG services in the counties that had been served by BBCAC. On September 23, 2023, the Texas Department of Housing and Community Affairs' Governing Board approved the staff recommendation to recommend that the Governor designate Community Council of South Central Texas (CCSCT) as the Eligible Entity for Brewster, Culberson, Hudspeth, Jeff Davis, and Presidio counties. On March 22, 2024, the Governor of Texas signed the designation letter. **]**

Instructional Note: Limited Purpose Agency refers to an eligible entity that was designated as a limited purpose agency under title II of the Economic Opportunity Act of 1964 for fiscal year 1981, that served the general purposes of a community action agency under title II of the Economic Opportunity Act, that did not lose its designation as a limited purpose agency under title II of the Economic Opportunity Act as a result of failure to comply with that Act and that has not lost its designation as an eligible entity under the CSBG Act.

Instructional Note: 90 percent funds are the funds a State provides to eligible entities to carry out the purposes of the CSBG Act, as described under Section 675C of the CSBG Act. A State must provide "no less than 90 percent" of their CSBG allocation, under Section 675B, to the eligible entities.

SECTION 6

Organizational Standards for Eligible Entities

Note: Reference IM 138, *State Establishment of Organizational Standards for CSBG Eligible Entities*, for more information on Organizational Standards. Click HERE for IM 138.

6.1. Choice of Standards: Confirm whether the state will implement the CSBG Organizational Standards Center for Excellence (COE) organization standards (as described in IM 138) or an alternative set during the federal fiscal year(s) of this planning period. (Select one)

☒ COE CSBG Organizational Standards Center of Excellence
☐ Modified Version of COE CSBG Organizational Standards
☐ Alternative set of organizational standards

Note: Item 6.1. pre-populates the Annual Report, Module 1, Item D.1.

6.1a. Modified Organizational Standards: In the case that the state is requesting to use modified COE-developed organizational standards, provide the proposed modification for the FFY of this planning period including the rationale. [Narrative, 2500 characters] **[**The state has administrative rules, the Texas Administrative Code (TAC), to address state requirements and implement the organizational standards under the TAC. The rule was put into place in January 2016, as amended on January 1, 2025. Minor modifications to the TAC included the state law requirement that eligible entities follow the Texas Grant Management Standards and the State of Texas Single Audit Circular, unless there has been a federal exemption. Additionally, where the word bylaws is used the Department has modified the standards to read Certificate of Formation/Articles of Incorporation or bylaws, as needed to comply with state law. **]**

6.1b. Alternative Organizational Standards: If using an alternative set of organizational standards, attach the complete list of alternative organizational standards. [Attachment (as applicable)]

6.1c. Alternative Organizational Standards: If using an alternative set of organizational standards: 1) provide any changes from the last set provided during the previous State Plan submission; 2) describe the reasons for using alternative standards; and 3) describe how they are at least as rigorous as the COE- developed standards.

☒ There were no changes from the previous State Plan submission [If not selected, provide a narrative, 2500 characters]

Provide reason for using alternative standards [Narrative, 2500 characters]

Describe rigor compared to COE-developed Standards [Narrative, 2500 characters

6.2. **Implementation:** Check the box that best describes how the State officially adopt(ed) organizational standards for eligible entities in the State in a manner consistent with the State's administrative procedures act? If "Other" is selected, provide a timeline and additional information, as necessary. **[Check all that applies and narrative where applicable]**

☒ Regulation
☐ Policy
☒ Contracts with eligible entities
☐ Other, describe: **[Narrative, 2500 characters]**

6.3. **Organizational Standards Assessment:** Describe how will the State will assess eligible entities against organizational standards this federal fiscal year(s).? **[Check all that applies]**

☐ Peer-to-peer review (with validation by the State or State-authorized third party)
☐ Self-assessment (with validation by the State or State-authorized third party)
☐ Self-assessment/peer review with State risk analysis
☐ State-authorized third party validation
☐ Regular, on-site CSBG monitoring
☒ Other (desk and monitoring reviews)

6.3a. **Assessment Process:** Describe the planned assessment process.
[Narrative:

The Texas Department of Housing and Community Affairs assesses eligible entities' compliance with organizational standards by using a software tool which allows eligible entities to upload documents to substantiate compliance with organizational standards. It allows eligible entities to upload documents throughout the federal fiscal year, except during the time period after the submission deadline has passed (i.e., September 30) at which time the Department reviews the documents to assess compliance. Eligible entities can log into their account and see which organizational standards they have met and not met and are sent any related comments via email and are permitted five days to cure unmet standards.

The assessment of organizational standards occurs at the end of the federal fiscal year after which all eligible entities have uploaded their documentation showing compliance with each of the organizational standards. If an eligible entity does not upload any documentation or the proper documentation by the deadline (i.e., September 30 of each year), then that entity will be placed in a "not met" category for the particular organizational standard and given five days to cure all unmet organizational standards to reverse the "not met" for any standards that are cured.

The Department places a high emphasis on Organizational Standards and staff are available to provide technical assistance throughout the year. In the event that an eligible entity does not meet a standard, the Department will determine whether that entity requires intensive technical assistance to meet the standard(s) and what other steps are necessary. Department staff will continue to provide technical

assistance and, if necessary, develop a Technical Assistance Plan or Quality Improvement Plan with the entity until the standards have been met.**]**

6.4. **Eligible Entity Exemptions:** Will the State make exceptions in applying the organizational standards for any eligible entities due to special circumstances or organizational characteristics (as described in IM 138)? ☐ Yes ☒ No

Guidance: You will only need to respond to the following question if you resonded "yes" to 6.4.

6.4a. Provide the specific eligible entities the state will exempt from meeting organizational standards and provide a description and a justification for each exemption. Total Number of Exempt Entities: **[Narrative: No eligible entities are exempt.]**

CSBG Eligible Entity	Description/Justification

6.5. **Performance Target:** Provide the percentage of eligible entities that the State expects to meet all the state-adopted organizational standards for the FFY(s) of this planning period. **[Insert a percentage.** 40%**]**

Note: Note: Item 6.5. is associated with State Accountability Measures 6Sa and pre-populates the Annual Report, Module 1, Table D.2.

SECTION 7
State Use of Funds

Eligible Entity Allocation (90 Percent Funds) [Section 675C(a) of the CSBG Act]

7.1 **Formula:** Select the method (formula) that best describes the current practice for allocating CSBG funds to eligible entities. **[Check one and narrative where applicable]**

- ☐ Historic
- ☒ Base + Formula
- ☐ Formula Alone
- ☐ Formula with Variables
- ☐ Hold Harmless + Formula
- ☐ Other **[Narrative:]**

7.1a. **Formula Description:** Describe the current practice for allocating CSBG funds to eligible entities. [Narrative, (4000 characters). The Department distributes CSBG funds to CSBG eligible entities based on a distribution formula which incorporates the most recent U.S. Census Bureau Decennial Census and data from the American Community Survey (ACS) for information on persons at 125% of poverty; a $50,000 base; a $150,000 floor; 98% weighted factor for poverty population; and a 2% weighted factor for the inverse ratio of population density. The formula is applied as follows: each eligible entity receives a base award; then the weighted factors of poverty population and population density are applied to the state's balance of the 90% funds. If the base and application of the weighted factors do not yield sufficient funds for the minimum floor per entity, then the minimum floor amount is reserved for each of those CSBG eligible entities under the floor figure. Then, the formula is re-applied to the balance of the 90% funds for distributing the remaining funds to the remaining CSBG eligible entities. Following the use of the decennial Census data, then on a biennial basis, the Department will use the most recent ACS 5 year estimate data that is available. To the extent that there are significant reductions in CSBG funds received by the Department, the Department may revise the CSBG distribution formula through a rulemaking process.]

7.1b. Does the State statutory or regulatory authority specify the terms or formula for allocating the 90 percent funds among eligible entities? ☒ Yes ☐ No

7.2. **Planned Allocation:** Specify the percentage of your CSBG planned allocation that will be funded to eligible entities and in accordance to the "not less than 90 percent funds" requirement as

described under Section 675C(a) of the CSBG Act. In the table, provide the planned allocation for each eligible entity receiving funds for the fiscal year(s) covered by this plan.

The estimated allocations are based on FY 2024 CSBG funding levels.

	CSBG Eligible Entity	Estimated 2024 Allocation	Estimated 2025 Allocation
1	Aspermont Small Business Development Center, Inc.	150,000	150,000
2	Brazos Valley Community Action Programs	1,311,839	1,311,839
3	Cameron and Willacy Counties Community Projects, Inc.	901,855	901,855
4	City of Austin Health and Human Services Department	1,140,731	1,140,731
5	City of Fort Worth Neighborhood Services Department	1,808,343	1,808,343
6	City of San Antonio Department of Community Initiatives	2,236,842	2,236,842
7	Combined Community Action, Inc.	698,152	698,152
8	Crossroads Community Action	299,607	299,607
9	Community Action Corporation of South Texas	453,623	453,623
10	Community Action Inc. of Central Texas	341,788	341,788
11	Community Action Social Services and Education	153,364	153,364
12	Community Council of Greater Dallas	2,962,537	2,962,537
13	Community Council of South Central Texas, Inc.	857,122	857,122
14	Community Services of Northeast Texas, Inc.	436,850	436,850
15	Community Services, Inc.	1,712,760	1,712,760
16	Concho Valley Community Action Agency	225,074	225,074
17	Cornerstone Community Action Agency	163,286	163,286
18	Economic Action Committee of the Gulf Coast	150,000	150,000
19	Economic Opportunities Advancement Corporation of Planning Region XI	518,505	518,505
20	El Paso Community Action Program-Project BRAVO	1,319,346	1,319,346
21	Greater East Texas Community Action Program	918,046	918,046
22	Guadalupe Economic Services Corporation	439,919	439,919
23	Gulf Coast Community Services Association	6,198,022	6,198,022
24	Hidalgo County Community Services Agency	1,882,114	1,882,114
25	Hill Country Community Action Association, Inc.	598,993	598,993

	CSBG Eligible Entity	Estimated 2024 Allocation	Estimated 2025 Allocation
26	Nueces County Community Action Agency	507,778	507,778
27	Opportunities for Williamson and Burnet Counties	376,737	376,737
28	Panhandle Community Services	564,657	564,657
29	Pecos County Community Action Agency	150,000	150,000
30	Rolling Plains Management Corporation	474,448	474,448
31	South Plains Community Action Association, Inc.	270,118	270,118
32	South Texas Development Council	269,491	269,491
33	Southeast Texas Regional Planning Commission	517,279	517,279
34	Texas Neighborhood Services	467,089	467,089
35	Texoma Council of Governments	242,515	242,515
36	Tri-County Community Action, Inc.	380,486	380,486
37	Webb County Community Action Agency	547,715	547,715
38	West Texas Opportunities, Inc.	666,382	666,382
	Total	**31,603,512**	**31,603,512**

Note: This information pre-populates the state's Annual Report, Module 1, Table E.2.

7.3. Distribution Process: Describe the specific steps in the State's process for distributing 90 percent funds to the eligible entities and include the number of days each step is expected to take. Please include information about State legislative approval or other types of administrative approval (such as approval by a board or commission). **[Narrative:** The Texas State Legislature meets biennially during which time the budgets of all state agencies are considered. The CSBG budget is included in the review and appropriation of the Department's overall budget. Prior to obtaining approval from its Governing Board to release funding contracts, the Department conducts an internal Previous Participation Review and Approval Process of the individual funding contracts for the eligible entities. After approval, the Department posts an agenda seven days prior to a monthly Board meeting to include an item seeking approval of the CSBG State Plan, which includes obtaining Board approval to release funding contracts to the eligible entities. The Department distributes funding utilizing an electronic contract and reporting system. Upon receipt of Notice of Grant Award from USHHS, the Department generates contracts to allocate the 90% pass-through funding to the CSBG eligible entities. This process can take up to 30 days.**]**

7.3a. Distribution Method: Select the option below that best describes the distribution method the state uses to issue CSBG funds to eligible entities:

☒ Reimbursement
☒ Advance
☐ Hybrid
☐ Other [Narrative, 4000 characters]

7.4. Distribution Timeframe: Does the State plan make funds available to eligible entities no later than 30 calendar days after OCS distributes the Federal award?

☐ Yes ☒ No

7.4a. Distribution Consistency: If no, describe State procedures to ensure funds are made available to eligible entities consistently and without interruption. **[Narrative:** The Department will make the funds available within 30 calendar days after Federal and State authority was provided, with the exception of the 1st quarter because of the State's CSBG contract year beginning January 1st.**]**

Note: Item 7.4 is associated with State Accountability Measure 2Sa and may pre-populate the State's annual report form.

If this is the first year filling out the automated State Plan, skip the following question.

7.5. Distribution of Funds Performance Management Adjustment: Describe the state's strategy for improving grant and/or contract administration procedures under this State Plan as compared to past plans? Any improvements should be based on analysis of past performance and should consider feedback from eligible entities, OCS, and other sources, such as the public hearing. If the State is not making any improvements, provide further detail. **[Narrative:** Because of feedback in the past from the network of eligible entities (e.g., most recent ACSI Survey), and an analysis of internal standard operating procedures, the State strives to improve its internal contract administration process and legal Department review process to ensure that the CSBG contracts are executed prior to the start date of the contract year. The State is always open to input from the network regarding its contract administration process.**]**

Note: This information is associated with State Accountability Measure 2Sb and may pre-populate the State's annual report form.

Administrative Funds [Section 675C(b)(2) of the CSBG Act]

7.6. Allocated Funds: Specify the percentage of your CSBG planned allocation for administrative activities for the FFY(s) covered by this State Plan? Enter percentage. **[5%]**

Note: This information pre-populates the state's Annual Report, Module 1, Table E.4.

7.7. **State Staff:** Provide the number of staff positions to be funded in whole or in part with CSBG funds for the FFY(s) covered by this State Plan?

[12.9] year one [12.9] year two

7.8. **State FTEs:** Provide the number ofstate Full Time Equivalents (FTEs) that will be funded with CSBG funds for the FFY covered by this State Plan? **[12.9] year one [12.9] year two**

Use of Remainder/Discretionary Funds [Section 675C(b) of the CSBG Act]

7.9. Remainder/Discretionary Funds Use: Does the State have remainder/discretionary funds as described in Section 675C(b) of the CSBG Act? ☒ Yes ☐ No

If yes was selected, describe how the State plans to use remainder/discretionary funds in the table below.

Note: This response will link to the corresponding assurance, item 14.2.

Instructional Note: The assurance under 676(b)(2) of the Act (item 14.2 of this State Plan) specifically requires a description of how the State intends to use remainder/discretionary funds to "support innovative community and neighborhood-based initiatives related to the purposes of [the CSBG Act]." Include this description in row "f" of the table below and/or attach the information.

If a funded activity fits under more than one category in the table, allocate the funds among the categories. For example, if the State provides funds under a contract with the State Community Action Association to provide training and technical assistance to eligible entities and to create a statewide data system, the funds for that contract should be allocated appropriately between row 7.9a. and 7.9 row c. If allocation is not possible, the State may allocate the funds to the main category with which the activity is associated.

Note: This information is associated with State Accountability Measures 3Saand pre-populates the State's Annual Report, Module 1, Table E.7.

Remainder of Discretionary Fund Uses (See 675C(b)(1) of the CSBG Act)	**Year One Planned $**	**Year One Planned %**	**Year Two Planned $**	**Year Two Planned %**	**Brief description of services/activities**
a. Training and Technical Assistance to eligible entities	$150,000	8.57%	$150,000	8.57%	T&TA provided by staff or an outsourced provider in areas such as ROMA, Org Standards, Case Management,

Remainder of Discretionary Fund Uses (See 675C(b)(1) of the CSBG Act)	Year One Planned $	Year One Planned %	Year Two Planned $	Year Two Planned %	Brief description of services/activities
					Board, Reporting, community action plans, needs assessments, strategic planning, data analysis, and other areas as requested.
b. Coordination of State-operated programs and/or local programs	$0		$0		
c. Statewide coordination and communication among eligible entities	$0		$0		
d. Analysis of distribution of CSBG funds to determine if targeting greatest need (briefly describe)	$0		$0		
e. Asset building programs (briefly describe)	$0		$0		
f. Innovative programs/activities by eligible entities or other neighborhood groups (briefly describe)	$0		$0		
g. State charity tax credits (briefly describe)	$0		$0		
h. Other activities specify (see below for details)	$1,700,000	91.43%	$1,700,000	91.43%	See notes below
Totals	$1,850,000	100%	$1,850,000	100%	

h. Other Activities. Specify: The planned uses may change as directed by the Governing Board. Expected uses: 1) $50,000 towards Organizational Capacity Improvements to assist eligible entities in improving

their organizational performance including, but not limited to, efforts to meet organizational standards such as the development of Community Needs Assessments and Strategic Plans, staff compensation to attract qualified employees and reduce turnover, training for staff to become certified ROMA trainers, equipment, software, or repairs); 2) $400,000 towards a Reentry Assistance Program which will allow nonprofit and local government organizations with established experience in serving the reentry population, to assist previously incarcerated individuals obtain rental housing through landlord incentives, security deposits and other reentry activities related to housing; 3) $100,000 towards the provision of training and technical assistance services through an outside provider to assess eligible entity operations and provide training and technical assistance; 4) $50,000 towards a Network Transition Fund which helps CSBG eligible entities with transitional expenses when they absorb other CSBG services areas; 5) $300,000 towards Migrant and Seasonal Farm Worker and Native American Populations Employment and Education Initiatives; 6) $750,000 towards a Disaster Recovery Fund; and 7) $50,000 towards the provision of training and technical assistance related to homelessness in the Balance of State Continuum of Care and related statewide homelessness initiatives.

As a result of this State Plan being approved by the TDHCA Governing Board, the Requests for Applications and awards for the Organizational Capacity Improvements will be released by Department staff without further Board approval.

If any of the categories above are not fully expended during the contract term the Department may reprogram the unexpended funds to other discretionary categories that it determines are best suited to receive the funds at the time or to the network of eligible entities to be used for CSBG eligible activities.

If funding to the State from HHS is less than projected in the first or second year, the reduced amount of the discretionary funds will be first taken from the Organizational Capacity Improvements activity and then reduced proportionally among the other discretionary categories.

If funding is more than projected in the first or second year, some of the increased amount of the discretionary funds will be given to the Reentry Assistance Program, and may also be programmed into other discretionary categories that are best suited to receive the funds at the time or to the network of eligible entities to be used for CSBG eligible activities.

7.10. **Remainder/Discretionary Funds Partnerships:** Select the types of organizations, if any, the State intends to work with (by grant or contract using remainder/discretionary funds) to carry out some or all of the activities in table 7.9. **[Check all that apply and narrative where applicable]**

☐ The State Directly Carries Out All Activities (No Partnerships)
☐ The State Directly Carries Out Some Activities (No Partnerships)
☒ CSBG eligible entities (up to 38) (if checked, provide the expected number of CSBG eligible entities to receive funds)
☐ Other community-based organizations
☐ State Community Action association
☐ Regional CSBG technical assistance provider(s)
☒ National technical assistance provider(s)

☒ Individual consultant(s)
☒ Tribes and Tribal Organizations
☒ Other **[Migrant and Seasonal Farm Worker Organizations, Homelessness Organization, Reentry Organizations]**

Note: This response will link to the corresponding CSBG assurance, item 14.2.

If this is the first year filling out the automated State Plan, skip the following question.

7.11. Use of Remainder/Discretionary Funds Performance Management Adjustment: Describe any adjustments the state will make to the use of remainder/discretionary funds under this State Plan as compared to past State Plans? Any adjustment should be based on the State's analysis of past performance, and should consider feedback from eligible entities, OCS, and other sources, such as the public hearing. If the State is not making any adjustments, provide further detail. [**Narrative**:

The Department anticipates a slight increase in CSBG funding for 2026 and 2027 as compared to the 2024 and 2025 CSBG State Plan. Within the Other Activities category the State will: 1) Continue to fund a Reentry Assistance Program to assist previously incarcerated individuals obtain housing at $400,000; 2) Maintain the amount allocated to Organizational Capacity Improvements and Training & Technical Assistance Services through an Outside Provider; 4) Remove the amount allocated to the Housing Voucher Program Support Fund; 5) Increase the amount allocated to the Disaster Recovery Fund; 6) Decrease the amount allocated to the Balance of State Continuum of Care T&TA and Related Homeless Initiatives from $75,000 to $50,000; and 7) make no changes to the amount allocated to the Network Transition Fund and Migrant and Seasonal Farmworker and Native American Populations Employment and Education Initiatives.

If funding is less or more than projected, reductions/increases will be implemented as described in Section 7.9.

Note: This information is associated with State Accountability Measures 3Sb, and may pre-populate the State's annual report form.

SECTION 8
State Training and Technical Assistance

8.1. Training and Technical Assistance Plan: Describe the State's plan for delivering CSBG-funded training and technical assistance to eligible entities under this State Plan by completing the table

below. The T/TA plan should include all planned CSBG-funded T/TA activities funded through the administrative or remainder/discretionary funds of the CSBG award (as reported in Section 7). The CSBG T/TA plan should include training and technical assistance conducted directly by the state or through partnerships (as specified in 8.3). Add a row for each activity: indicate the timeframe; whether it is training, technical assistance, or both; and the topic. Add a row for each activity: indicate the timeframe; whether it is training, technical assistance or both; and the topic. (CSBG funding used for this activity is referenced under item 7.9(a), Use of Remainder/Discretionary Funds.)

Note: 8.1 is associated with State Accountability Measure 3Sc and pre-populates the State's Annual Report, Module 1, Table F.1..

Fiscal Year (Y) Quarter (Q) / Timeframe	Training (T), Technical Assistance (TA), or Both (B)	Topic	Brief Description of Other
FY1 - Q1	B	F, GTB, OS-G, OS-US, CSD, R, ROMA, CA, SP, M, CM, NPI	Department staff provides technical assistance as identified by our T&TA Plan that was developed by the state office, state association, and RPIC. The T&TA plan was developed from eligible entity requests, monitoring reports, workgroups, surveys, and performance analysis. The State has an on-line system to request T&TA or to submit questions for TA. T&TA is conducted by the following means: on-site and virtual training, conferences, regional training series, webinars, teleconferences, workshops, videos, Best Practices, FAQs, and online tools/resources. Training is customized to the needs of the eligible entity. ROMA is embedded into all trainings, guidance, and materials. CM training is provided on-site and/or via virtual trainings. Individualized TA for CM will be provided as a continuation to CA trainings and guides previously provided. GTB trainings are provided when requested, along with online Board training resources. TA on reporting is provided monthly by Department reporting staff and performance analysis is provided by trainers. F, OS-G, OS-US, T&TA will be provided as requested and as needed;

Fiscal Year (Y) Quarter (Q) / Timeframe	Training (T), Technical Assistance (TA), or Both (B)	Topic	Brief Description of Other
			although aspects of each are incorporated into trainings as appropriate. CA, SP, CSD, M, TA will be provided as needed. Training and Technical Assistance Services through a third party will be provided to entities identified as "at-risk".
FY1 - Q2	B	F, GTB, OS-G, OS-US, CSD, R, ROMA, M, CM, NPI	Same as FY1-Q1
FY1 – Q3	B	F, GTB, OS-G, OS-US, CSD, R, ROMA, M, CM, NPI	Same as FY1-Q1
FY1 – Q4	B	F, GTB, OS-G, OS-US, CSD, R, ROMA, M, CM, NPI	Same as FY1-Q1
FY2 – Q1	B	F, GTB, OS-G, OS-US, CSD, R, ROMA, M, CM, NPI	Same as FY1-Q1
FY2 – Q2	B	F, GTB, OS-G, OS-US, CSD, R, ROMA, M, CM, NPI	Same as FY1-Q1
FY2 – Q3	B	F, GTB, OS-G, OS-US, CSD, R, ROMA, M, CM, NPI	Same as FY1-Q1
FY2 – Q4	B	F, GTB, OS-G, OS-US, CSD, R, ROMA, M, CM, NPI	Same as FY1-Q1

Topic:

- Fiscal (F)
- Governance/Tripartite Boards (GTB)
- Organizational Standards-General (OS-G)
- Organizational Standards (OS-US)– for eligible entities with unmet standards on Technical Assistance Plans or Quality Improvement Plans
- Correcting Significant Deficiencies Among Eligible Entities (CSD)

- Reporting (R)
- ROMA
- Community Assessment (CA)
- Strategic Planning (SP)
- Monitoring (M)
- Communications (C)
- Technology (T)
- National Performance Indicators (NPI)
- Other – Case Management (CM)

8.1a. **Training and Technical Assistance Budget:** The planned budget for the training and technical assistance (as indicated in the Remainder/Discretionary Funds table in item 7.9): **[150,000]**

8.1b. Training and Technical Assistance Collaboration: Describe how the state will collaborate with the State Association and other stakeholders in the planning and delivery of training and technical assistance? [Narrative, 2500 characters]: The Department consistently collaborates with the state association, the eligible entity network, and RPIC to try and consider the most effective ways to plan and deliver training and technical assistance. The Department uses information from eligible entity requests, monitoring reports, workgroups, surveys, and performance analysis, from within the state network and the state association to drive T&TA topics and implementation. Additionally, the Department hosts quarterly calls with the eligible entity network and Department staff is available to lead sessions at the state association's annual conference. Feedback from outside sources is key in developing T&TA assistance, so the Department is always available for additional feedback to improve effective training sessions and materials.

If this is the implementation year for organizational standards, skip question 8.2.

8.2. **Organizational Standards Technical Assistance:** Does the State have Technical Assistance Plans (TAPs) in place for all eligible entities with unmet organizational standards, if appropriate?

☒ Yes ☐ No (The Department reviews all submitted documentation of Organizational Standards, and provides technical assistance and detailed guidance for all standards that are not met. The Department continues to train and assist the network of eligible entities which, as a whole, are still in the process of putting systems in place to achieve Organizational Standards compliance, and maintain applicable documentation on a regular and timely basis enabling them to upload related documents throughout the year. Improvements are made each succeeding year.

Eligible entities who meet 30%-69.99% of Organizational Standards will be required to work with the Department to develop a TAP which will include targeted training and technical assistance and a timeframe for the entity to meet the standards. Failure to show progress in meeting TAP targets may result in an entity being placed on a QIP. Eligible entities who achieve 70%-99.99% will be provided with technical assistance with the goal of achieving 100% compliance in the following year. Eligible entities who have met less than 30% of the Organizational Standards in consecutive years may be placed on a Quality Improvement Plan, which will establish a timeframe and benchmarks for improvement. Additionally, any entity not showing progress in

meeting Organizational Standards for three consecutive years may also result in an entity being placed on a QIP. Failure to show progress in meeting QIP targets as well as significant and repetitive issues identified in monitoring reviews may result in the State proceeding to take additional actions including termination of CSBG funding per CSBG Information Memorandum 116 and state rules.

8.2a. **Address Unmet Organizational Standards:** Describe the state's plan to provide T/TA to eligible entities to ensure they address unmet Organizational Standards. [Narrative, 2500 characters]:

The Department reviews all submitted documentation of Organizational Standards and provides technical assistance and detailed guidance for all standards that are not met. The Department has resources readily available to train and assist the network of eligible entities with compliance with Organizational Standards and with guidance on how to maintain applicable documentation and provides such on a regular and timely basis. The goal is that improvements are made each succeeding year.

Note: 8.2 is associated with State Accountability Measure 6Sb. The State should put a TAP in place to support eligible entities with one or more unmet organizational standards (as needed).

8.3. **Training and Technical Assistance Organizations:** Indicate the types of organizations through which the State intends to provide training and/or technical assistance as described in item 8.1, and briefly describe their involvement? (Check all that apply.) **[Check all that applies and narrative where applicable]**

- ☐ All T/TA is conducted by the state
- ☐ CSBG eligible entities (if checked, provide the expected number of CSBG eligible entities to receive funds) **[Narrative]**
- ☐ Other community-based organizations
- ☒ State Community Action association
- ☒ Regional CSBG technical assistance provider(s)
- ☒ National technical assistance provider(s)
- ☒ Individual consultant(s)
- ☐ Tribes and Tribal Organizations
- ☐ Other **[Narrative, 1,000 characters]**

If this is the first year filling out the automated State Plan, skip the following question.

8.4. **CSBG-Funded T/TA Performance Management Adjustment:** Describe adjustments the state made to the training and technical assistance plan under this State Plan as compared to past plans? Any adjustment should be based on the State's analysis of past performance, and should consider feedback from eligible entities, OCS, and other sources, such as the public hearing. If the State is

not making any adjustments, provide further detail. **[Narrative:** Texas has developed its T/TA Plan in partnership with the state association and RPIC (as laid out in the T/TA Template). Texas has increased network input through workgroups, and online T&TA surveys/evaluations. Each Eligible Entity (EE) is assigned a trainer as their point-of-contact. Each trainer tracks all performance/expenditures, T&TA needs, and provides EEs with data analysis, TAPs, and other needs. The State uses the ACSI Survey results when developing the Joint State TTA Plan with the State Association. Pending the 2025 ACSI Survey results, the most recent ACSI Survey results available are the 2021 Survey. The State training team decided to address the two ACSI Survey drivers that had scores lower than the National scores.

In response to our score of 59 in the Monitoring and Corrective Action driver, the State implemented the following:

- Compliance monitors copy training staff on all eligible entity communications.
- The training team provides monitors with performance and expenditure dashboards for each eligible entity prior to the onsite visit.
- After each visit, the trainers meet with the monitors to discuss findings and/or concerns, and as appropriate, develop a TTA plan.
- The training team meets with monitors pre and/or post monitoring to review issues and ensure alignment.
- Technical assistance is provided to eligible entities related to monitoring findings.

In response to our score of 74 in the Communication driver, the State implemented the following:

- The training team disseminates announcements, changes and/or new requirements in a timely manner to the CSBG network.
- Network emails are sent out whenever new or updated guides, best practices, or tools are released. Webinars, virtual meetings and trainings are conducted whenever training is required for use of new or updated materials.
- A contact list with name, email, and phone number of State staff to contact regarding contracts, reporting, fiscal, and training was sent to each eligible entity. State staff are listed on the main page of the Community Affairs website, along with organizational charts indicating each staff member and their responsibilities. Each trainer has a back-up trainer to promote greater staff availability.
- The Department has continued its use of the online submission of questions that are answered by staff within 72 hours, typically within the day.
- Streamlined Community Action Plan and Organizational Standard documentation to reduce burden, yet meet requirements.

]

Note: This information is associated with State Accountability Measures 3Sd and may pre-populate the State's annual report form.

SECTION 9
State Linkages and Communication

Note: This section describes activities that the State may support with CSBG remainder/discretionary funds, described under Section 675C(b)(1) of the CSBG Act. The State may indicate planned use of remainder/discretionary funds for linkage/communication activities in Section 7, State Use of Funds, items 7.9(b) and (c).

9.1. State Linkages and Coordination at the State Level: Describe the linkages and coordination at the State level that the State intends to create or maintain to ensure increased access to CSBG services to low-income people and communities under this State Plan and avoid duplication of services (as required by the assurance under Section 676(b)(5)). Describe or attach additional information as needed. **[Check all that apply from the list below and provide a Narrative.** The Department administers the CSBG grant along with LIHEAP and Weatherization, and all are administered by the Community Affairs Division. The Department also administers the State's housing programs.

The Department is the administrative agency for the Texas Inter-Agency Council for the Homeless (TICH). The TICH membership includes representatives from the Governor's Office, Texas Department of Family and Protective Services, Texas Education Agency, Texas Workforce Commission, Health and Human Services Commission, Texas Department of Criminal Justice, Texas Department of Juvenile Justice, Texas Homeless Network, Texas Veterans Commission, Texas Department of State Health Services, and other housing and homeless advocacy organizations. The Department will continue to strengthen its collaboration with the Texas Workforce Commission to facilitate improved coordination with local Workforce Boards and eligible entities. The Department chairs the TICH. At the May 21, 2024, meeting, the TICH was provided information about the CSBG program and the eligible entities across the state.

The Department also chairs the State's Housing and Health Services Coordination Council which is composed of several State agencies including the Texas Department of Health and Human Services Commission, Texas Department of State Health Services, Texas Department of Agriculture, Office of Rural Affairs, Texas State Affordable Housing Corporation, and the Texas Veterans Commission. At the May 15, 2024, meeting, the HHSCC was provided information about the CSBG program and the eligible entities across the state.

As a participating member of the State of Texas Reentry Task Force, TDHCA gives periodic updates on the status of the CSBG-D Reentry Program**.**

Note: This response will link to the corresponding CSBG assurance, item 14.5. In addition, this item is associated with State Accountability Measure 7Sa and pre-populates the State's Annual Report , Module 1, Item G.1.

☒ State Low Income Home Energy Assistance Program (LIHEAP) office
☒ State Weatherization office
☐ State Temporary Assistance for Needy Families (TANF) office
☐ Head Start State Collaboration offices
☐ State public health office
☐ State education department
☒ State Workforce Innovation and Opportunity Act (WIOA) agency
☐ State budget office
☐ Supplemental Nutrition Assistance Program (SNAP)
☐ State child welfare office
☒ State housing office
☐ Other

9.2. State Linkages and Coordination at the Local Level: Describe the linkages and coordination at encouraging partnerships and collaborations at the state level with public and private sector organizations, to assure the effective delivery and coordination of CSBG services to transform low-income communities and avoid duplication of services (as required by assurances under Section 676(b)(5) – (6)). **[Narrative:** The Department administers the CSBG in a state whose territory is both vast and varied. As such, the Department's strategy centers on ensuring local coordination through the local service providers. The Department requires CSBG eligible entities to coordinate funds and services at the local level. The Community Action Plan from each entity has to describe the eligible entities' coordination efforts with city, county, schools, non-profits, and other local or regional organizations. CSBG eligible entities coordinate services and work to avoid duplication of services with other providers. CSBG eligible entities are encouraged to participate in local social service and homeless coalitions whose goal is to coordinate services. The Department has stressed the importance of CSBG eligible entities coordinating with WIOA agencies to assist persons to obtain employment and other benefits through WIOA and have their Community Action Plan provide information on how they work with WIOA. To assist in this coordination, the Department will continue to build upon the working relationship with the Texas Workforce Commission (TWC) and obtain from TWC contact data for local Workforce Development Boards throughout the state and encourage eligible entities to contact the local workforce boards and their contractors who operate services and programs in order to be able to link CSBG clients to available WIOA programs so that their employment and education needs can be better served. This coordination effort will also be of benefit to WIOA in helping them target persons most in need.**]**

Note: This response will link to the corresponding CSBG assurances, items 14.5 and 14.6. and pre-populates the Annual Report, Module 1, Item G.2.

9.3. Eligible Entity Linkages and Coordination

9.3a **State Assurance of Eligible Entity Linkages and Coordination:** Describe how the State will assure that the eligible entities will partner and collaborate with public and private sector organizations to assure the effective delivery of CSBG services to low-income people and communities and avoid duplication of services (as required by the assurance under Section 676(b)(5)). Attach additional information as needed. **[Narrative:** The State requires CSBG eligible entities to coordinate funds at the local level. Their Community Action Plan has to describe their coordination efforts with city, county, schools, non-profits, and other organizations. CSBG eligible entities coordinate services and work to avoid duplication of services with other providers. Most CSBG eligible entities participate in local social service and homeless coalitions whose goal is to coordinate services.**]**

Note: This response will link to the corresponding CSBG assurance, item 14.5 and pre-populates the Annual Report, Module 1, Item G.3a.

9.3b **State Assurance of Eligible Entity Linkages to Fill Service Gaps:** Describe how the eligible entities will develop linkages to fill identified gaps in the services, through the provision of information, referrals, case management, and follow-up consultations, according to the assurance under Section 676(b)(3)(B) of the CSBG Act. **[Narrative:** The Department requires a Community Action Plan be submitted annually, which includes a section wherein eligible entities describe any gaps in services, and their strategy to address those gaps. If a gap is not currently being addressed or not being sufficiently addressed, eligible entities are to develop and implement a strategy to work with other organizations in their local communities to address the gaps in services. **]**

Note: This response will link to the corresponding CSBG assurance, item 14.3b. and pre-populates the Annual Report, Module 1, Item G.3b.

9.4. **Workforce Innovation and Opportunity Act (WIOA) Employment and Training Activities:** Does the State intend to include CSBG employment and training activities as part of a WIOA Combined State Plan, as allowed under the Workforce Innovation and Opportunity Act (as required by the assurance under Section 676(b)(5) of the CSBG Act)?

☐ Yes ☒ No

Note: This response will link to the corresponding CSBG assurance, item 14.5.

9.4a **WIOA Combined Plan:** If the State selected "yes" under item 9.4, provide the CSBG-specific information included in the State's WIOA Combined Plan. This information includes a description of how the State and the eligible entities will coordinate the provision of employment and training activities through statewide and local WIOA workforce development systems. This information may also include examples of innovative employment and training programs and activities conducted by community action agencies or other neighborhood-based organizations as part of a community antipoverty strategy. **[Narrative, 2500 Characters]**

9.4b. **Employment and Training Activities:** If the State selected "no" under item 9.4, describe the coordination of employment and training activities, as defined in Section 3 of WIOA, by the State and by eligible entities providing activities through the WIOA system. **[Narrative:** In 2021, the State began to have virtual meetings with management at the Texas Workforce Commission to develop a plan to better coordinate CSBG and WIOA programs at the State level in order to help facilitate coordination at the local level between CSBG eligible entities and local Workforce Boards and their contractors. In the fall of 2022, the Texas Workforce Commission adopted revisions to their State rules to require that Workforce Boards engage with all required local partners, including CSBG eligible entities with employment and training programs. This was to begin no later than then end of 2023.

The Department has also obtained from the Texas Workforce Commission the contact names and contact information for local Workforce Boards and provided such to CSBG eligible entities and encourages them to establish formal relationships with their regional WIOA providers and the Workforce Board contractors so that they can better coordinate services and collaborate to assist persons to transition out of poverty. Texas has twenty-eight Workforce Development Boards serving the State's two-hundred and fifty-four counties.

Each Workforce Board determines how to administer the WIOA grants and selects their contractors to provide employment training and education. Therefore, close working relationships should be established at the local level by each CSBG eligible entity with both the Workforce Boards and their contractors, especially eligible entities who have employment and training programs. The State is available, upon request, to facilitate any CSBG eligible entity's collaborative efforts with their local WIOA office. As part of the Community Action Plan, eligible entities will continue to provide information related to employment and training activity coordination with their local WIOA office. Additional information on WIOA in Texas can be found at https://twc.texas.gov/**]**

9.5. **Emergency Energy Crisis Intervention:** Describe how the State will assure, where appropriate, that emergency energy crisis intervention programs under title XXVI (relating to Low-Income Home Energy Assistance) are conducted in each community in the State, as required by the assurance under Section 676(b)(6) of the CSBG Act). **[Narrative:** The Department administers the LIHEAP grant, which funds the Comprehensive Energy Assistance Program (CEAP). The CEAP provides utility assistance to low-income persons and includes an energy crisis component. LIHEAP also supports the Department's weatherization program. The majority of the CSBG eligible entities administer both the CEAP and weatherization programs. The Department programs a portion of CSBG discretionary funds for assistance in the case of declared natural disasters. The funds may be used to provide emergency energy crisis intervention and meet other emergency needs.**]**

Note: This response will link to the corresponding CSBG assurance, item 14.6.

9.6. State Assurance: Faith-based Organizations, Charitable Groups, Community Organizations: Describe how the State will assure local eligible entities will coordinate and form partnerships with other organizations, including faith-based organizations, charitable groups, and community organizations, according to the State's assurance under Section 676(b)(9) of the CSBG Act. **[Narrative:** Annually, CSBG eligible entities must submit a Community Action Plan to the Department. As part of the plan, CSBG eligible entities describe the organizations with which they coordinate services including faith-based organizations, charitable groups, and community organizations. Close coordination and referral takes place with these organizations. Training further reinforces this coordination.**]**

Note: this response will link to the corresponding assurance, item 14.9

9.7 Coordination of Eligible Entity 90 Percent Funds with Public/Private Resources: Describe how the eligible entities will coordinate CSBG 90 percent funds with other public and private resources, according to the assurance under Section 676(b)(3)(C) of the CSBG Act. **[Narrative:** Annually, CSBG eligible entities must submit a Community Action Plan to the Department. As part of the plan, CSBG eligible entities describe the organizations with which they coordinate services, including private and public organizations. Many of the CSBG eligible entities obtain either in-kind assistance or funds from local governments to support the programs that they administer, including donations of space in local government facilities to be utilized by eligible entities to provide CSBG supported services. **]**

Note: this response will link to the corresponding assurance, item 14.3c.

9.8. Coordination among Eligible Entities and State Community Action Association: Describe State activities for supporting coordination among the eligible entities and the State Community Action Association. **[Narrative:** The Department works closely with the state association, the Texas Association of Community Action Agencies (TACAA). The Department meets with the association and their board to discuss ways that the Department can better meet the needs of the eligible entities. The Department receives their input on the development of the CSBG State Plan, training and technical assistance needs, rule revisions, among other issues. The state association holds an annual conference for CSBG eligible entities and the Department provides staff to present training to CSBG eligible entities. When necessary, the Department also works with TACAA to form CSBG work groups to help the Department develop strategies on key issues. It should be noted that because not all eligible entities are members of TACAA, the Department ensures that all non-member eligible entities are included in all opportunities. **] Note:** This information will pre-populate the Annual Report, Module 1, Item G.5.

9.9 Communication with Eligible Entities and the State Community Action Association: In the table below, describe the State's plan for communicating with eligible entities, the State Community Action Association, and other partners under this State Plan.

For any topic that is not applicable, select *Not Applicable* under Expected Frequency.

Communication Plan

Topic	Expected Frequency	Format (drop down)	Brief Description of "Other"
Upcoming Public and/or Legislative Hearings	**Dropdown Options:** • ☐ Daily • ☐ Weekly • ☐ Twice-Monthly • ☐ Monthly • ☐ Quarterly • ☐ Semi-Annually • ☐ Annually • ☒ Other (Periodically)	• Dropdown Options: • ☐ Newsletter • ☐ Mailing • ☐ Meetings/Presentation • ☐ Blog • ☒ Email • ☒ Website • ☐ Social Media • ☐ Other	
State Plan Development	**Dropdown Options:** • ☐ Daily • ☐ Weekly • ☐ Twice-Monthly • ☐ Monthly • ☐ Quarterly • ☐ Semi-Annually • ☐ Annually ☒ Other (Periodically)	• Dropdown Options: • ☐ Newsletter • ☐ Mailing • ☐ Meetings/Presentation • ☐ Blog • ☒ Email • ☒ Website • ☐ Social Media ☒ Other (public hearings)	**Texas Government Code 2105 requires four public hearings.**
Organizational Standards Progress	**Dropdown Options:** • ☐ Daily • ☐ Weekly • ☐ Twice-Monthly • ☐ Monthly • ☐ Quarterly • ☐ Semi-Annually • ☒ Annually ☐ Other (Periodically)	• Dropdown Options: • ☐ Newsletter • ☐ Mailing • ☐ Meetings/Presentation • ☐ Blog • ☒ Email • ☐ Website • ☐ Social Media ☒ Other	
State Accountability Measures Progress	**Dropdown Options:** • ☐ Daily • ☐ Weekly • ☐ Twice-Monthly • ☐ Monthly • ☐ Quarterly • ☐ Semi-Annually • ☐ Annually ☒ Other (Periodically)	• Dropdown Options: • ☐ Newsletter • ☐ Mailing • ☐ Meetings/Presentation • ☐ Blog • ☒ Email • ☐ Website • ☐ Social Media ☐ Other	

Topic	Expected Frequency	Format (drop down)	Brief Description of "Other"
Community Needs Assessments/Community Action Plans	**Dropdown Options:** • ☐ Daily • ☐ Weekly • ☐ Twice-Monthly • ☐ Monthly • ☐ Quarterly • ☐ Semi-Annually • ☒ Annually ☐ Other (Periodically)	• Dropdown Options: • ☐ Newsletter • ☐ Mailing • ☐ Meetings/Presentation • ☐ Blog • ☒ Email • ☒ Website • ☐ Social Media ☐ Other	

9.10. Feedback to Eligible Entities and State Community Action Association: Describe how the State will provide feedback to local entities and State Community Action Associations regarding performance on State Accountability Measures. **[Narrative:** The Department will, within 60 calendar days of receiving feedback from OCS, provide eligible entities and the State Association, via an e-mail communication, the results of the ACSI Survey. The Department will also provide a synopsis of key concerns identified by eligible entities. The Department will also communicate with the State Association to discuss survey results and develop a plan to address concerns.**]**

Note: This information is associated with State Accountability Measure 5S(iii) and will pre-populate the Annual Report, Module 1, Item G.6.

9.11. Communication Plan Performance Management Adjustment: Describe any adjustments to the Communication plan in this State Plan as compared to past plans. Any adjustment should be based on the State's analysis of past performance, and should consider feedback from eligible entities, OCS, and other sources, such as the public hearing. If the State is not making any adjustments, provide further detail. **[Narrative:** The Department continually assesses the need to form workgroups with either the State Association or with eligible entities or both in order to receive input to rules, plans, guidance, or T&TA needs. Other ways the Department obtains the Network's input is surveys and e-mail communications. One of the comments in the most recent ACSI survey (2023) was the need for the Department to have consistent messages from program staff in the Community Affairs Division and monitors in the Compliance Division. In response to that input the Community Affairs Division, which administers the CSBG grant, has strengthened their coordination with the Compliance Division to share the results of monitoring reviews, and to develop and deliver training and technical assistance to address identified issues. FAQs are updated as needed with an email announcement of posting and new FAQs.**]**

Note: This information is associated with State Accountability Measures 7Sb; this response may pre-populate the State's annual report form.

SECTION 10

Monitoring, Corrective Action, and Fiscal Controls

Monitoring of Eligible Entities (Section 678B(a) of the CSBG Act)

10.1. Specify the proposed schedule for planned monitoring visits including: full on-site reviews; on-site reviews of newly designated entities; follow-up reviews – including return visits to entities that failed to meet State goals, standards, and requirements; and other reviews as appropriate.

This is an estimated schedule to assist States in planning. States may indicate "no review" for entities the State does not plan to monitor in the performance period.

Note: This information is associated with State Accountability Measure 4Sa(i); this response pre-populates the Annual Report, Module 1, Table H.1.

Guidance: Monitoring that is specific to organizational standards should be referenced within Section 6, Item 6.3a.

Monitoring Schedule

CSBG Eligible Entity	Review Type	Target Date FY25-FY26(Quarter) (Note: the dates may change based on risk)	Date of Last Full Onsite Review (if applicable)	Brief Description of "Other"
El Paso Community Action program, Project BRAVO, Inc.	Full on-site	FY27Q3	April 6, 2024	Risk Based and can change accordingly
Panhandle Community Services	Full on-site	FY25Q1	July 6. 2021	Risk Based and can change accordingly
Brazos Valley Community Programs	Full on-site	FY26Q3	February 13, 2023	Risk Based and can change accordingly
Rolling Plains Management Corp.	Full on-site	FY26Q2	October 30, 2023	Risk Based and can change accordingly
Combined Community Action, Inc.	Full on-site	FY27Q3	October 7, 2024	Risk Based and can change accordingly
Hidalgo County Community Services Agency	Full on-site	FY27Q4	August 14, 2024	Risk Based and can change accordingly
Community Action Social Services and Education	Full on-site	FY27Q3	August 26, 2024	Risk Based and can change accordingly
South Texas Development Council	Full on-site	FY25Q3	December 12, 2022	Risk Based and can change accordingly
Gulf Coast Community Services Association	No Review	FY28Q1	January 21, 2025	Risk Based and can change accordingly
Austin, City of, Health and Human Service Department	Full on-site	FY25Q3	November 2021	Risk Based and can change accordingly
Community Council of Greater Dallas	Full on-site	FY27Q2	November 4, 2024	Risk Based and can change accordingly
Crossroads Community Action (previously Community Action Committee of Victoria, Texas)	Full on-site	FY26Q3	July 10, 2023	Risk Based and can change accordingly

CSBG Eligible Entity	Review Type	Target Date FY25-FY26(Quarter) (Note: the dates may change based on risk)	Date of Last Full Onsite Review (if applicable)	Brief Description of "Other"
Cameron and Willacy Counties Community Projects, Inc.	Full on-site	FY27Q1	April 17, 2023	Risk Based and can change accordingly
Tri-County Community Action, Inc.	Full on-site	FY27Q2	April 12, 2024	Risk Based and can change accordingly
Community Services, Inc.	Full on-site	FY27Q3	May 2, 2023	Risk Based and can change accordingly
Pecos County Community Action Agency	Full on-site	FY27Q4	April 23, 2024	Risk Based and can change accordingly
Economic Opportunities Advancement Corp of PR XI	Full on-site	FY27Q3	November 13, 2023	Risk Based and can change accordingly
Texas Neighborhood Services	Full on-site	FY25Q3	March 28, 2022	Risk Based and can change accordingly
Aspermont Small Business Development Center, Inc.	Full on-site	FY25Q3	December 5, 2022	Risk Based and can change accordingly
West Texas Opportunities, Inc.	Full on-site	FY28Q2	August 5, 2024	Risk Based and can change accordingly
Greater East Texas Community Action Program	Full on-site	FY25Q3	July 6, 2022	Risk Based and can change accordingly
Southeast Texas Regional Planning Commission	Full on-site	FY27Q3	May 15, 2023	Risk Based and can change accordingly
City of San Antonio Department of Community Initiatives	Full on-site	FY26Q2	March 6, 2023	Risk Based and can change accordingly
Cornerstone Community Action Agency	Full On-site	FY27Q3	April 16, 2024	Risk Based and can change accordingly
Concho Valley Community Action Agency	Full On-site	FY27Q4	February 12, 2024	Risk Based and can change accordingly
Community Action Inc. of Central Texas	Full On-site	FY26Q1	March 27, 2023	Risk Based and can change accordingly
Community Services of Northeast Texas, Inc.	Full On-site	FY24Q1	April 15, 2024	Risk Based and can change accordingly
South Plains Community Action Association, Inc.	No Review	FY27Q4	October 28, 2024	Risk Based and can change accordingly
City of Fort Worth Neighborhood Services Department	Full On-site	FY26Q2	November 6, 202	Risk Based and can change accordingly
Economic Action Committee of the Gulf Coast	Full on-site	FY26Q3	January 23, 2023	Risk Based and can change accordingly
Webb County Community Action Agency	Full on-site	FY28Q1	January 6, 2025	Risk Based and can change accordingly
Opportunities for Williamson and Burnet Counties	Full on-site	FY27Q3	April 14, 2024	Risk Based and can change accordingly

CSBG Eligible Entity	Review Type	Target Date FY25-FY26(Quarter) (Note: the dates may change based on risk)	Date of Last Full Onsite Review (if applicable)	Brief Description of "Other"
Community Action Corporation Of South Texas	Full on-site	FY27Q3	January 29, 2024	Risk Based and can change accordingly
Community Council of South Central Texas, Inc.	Full on-site	FY27Q1	April 22, 2024	Risk Based and can change accordingly
Guadalupe Economic Services Corporation	Full on-site	FY25Q4		Initial monitoring review
Hill Country Community Action Association, Inc.	Full on-site	FY25Q3	September 10, 2021	Risk Based and can change accordingly
Nueces County Community Action Agency	Full on-site	FY27Q2	October 15, 2024	Risk Based and can change accordingly
Texoma Council of Governments	Full on-site	FY25Q3	December 3, 2021	Risk Based and can change accordingly

* If the eligible entity removal process is complete, the Department will conduct a close-out monitoring within 90 days.

10.2. Monitoring Policies: Provide a copy of State monitoring policies and procedures by attaching and/or providing a hyperlink. **[Refer to Attachment A -** The FY2025 and FY2026 monitoring schedule is aggregate in nature. The schedule is created on an at-risk assessed basis determined every quarter. The schedule is maintained on the Compliance Subrecipient Monitoring Tracking Database and Performance Records. The proposed schedule above can change each quarter depending on risk.**]**

10.3. Initial Monitoring Reports: According to the State's procedures, by how many calendar days must the State disseminate initial monitoring reports to local entities? **[**It is the Department's goal to submit CSBG monitoring reports within 30 calendar days from the last day of the monitoring visit. However, if extenuating circumstances are present, the CSBG monitoring report will be submitted within 60 days of the completion of the monitoring review with the exception of those few reports requiring executive and legal review due to deficiencies.**]**

Note: This item is associated with State Accountability Measure 4Sa(ii) and may pre-populate the State's annual report form.

Corrective Action, Termination and Reduction of Funding and Assurance Requirements (Section 678C of the Act)

10.4. Closing Findings: Are State procedures for addressing eligible entity findings/deficiencies, and the documenting of closure of findings included in the State monitoring policies attached under 10.2? ☒ Yes ☐ No

10.4a. Closing Findings Procedures: If no, describe State procedures for addressing eligible entity findings/deficiencies, and the documenting of closure of findings. **[Narrative, 2500 characters]**

10.5. Quality Improvement Plans (QIPs): Provide the number eligible entities currently on QIPs, if applicable. **[0]**

Note: The QIP information is associated with State Accountability Measures 4Sc.

10.6. Reporting of QIPs: Describe the State's process for reporting eligible entities on QIPs to the Office of Community Services within 30 calendar days of the State approving a QIP? **[Narrative:** The Department will contact the Office of Community Services either by phone or through e-mail to inform them of eligible entities on a Quality Improvement Plan.**]**

Note: This item is associated with State Accountability Measure 4Sa(iii)).

10.7. Assurance on Funding Reduction or Termination: the State assures that received CSBG funding the previous fiscal year will not have its funding terminated or reduced below the proportional share of funding the entity received in the previous fiscal year unless, after providing notice and an opportunity for a hearing on the record, the State determines that cause exists for such termination or such reduction, subject to review by the Secretary as provided in Section 678C(b) per Section 678C(b)(8) of the CSBG Act." ☒ Yes ☐ No

Note: This response will link with the corresponding assurance under item 14.8.

Policies on Eligible Entity Designation, De-designation, and Re-designation

10.8. Eligible Entity Designation: Does the State CSBG statute and/or regulations provide for the designation of new eligible entities? ☒ Yes ☐ No

10.8a. New Designation Citation: If yes, provide the citation(s) of the law and/or regulation. If no, describe State procedures for the designation of new eligible entities. **[Narrative:** Texas Administrative Code

10 TAC §6.208
http://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=6&rl=208 **]**

10.8b. **New Designation Procedures:** If no, describe state procedures for the designation of new eligible entities and how the procedures were made available to eligible entities and the public. **[Narrative:]**

10.9. Eligible Entity Termination: Does the state CSBG statute and/or regulations provide for termination of eligible entities? ☒ Yes ☐ No Choose an item.

10.9a. Termination Citation: If yes, provide the citation(s) of the law and/or regulation. [Narrative,

10 TAC §1.411

https://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=1&rl=411

10 TAC §2.203

https://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=2&rl=203]

10 TAC §2.204

https://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=2&rl=204

10.9b. Termination Procedures: If no, describe state procedures for termination of new eligible entities and how the procedures were made available to eligible entities and the public. [Narrative, 4000 characters]

10.10. Does the State CSBG statute and/or regulations provide for de-designation of an existing eligible entities? ☒ Yes ☐ No

10.10a. If yes, provide the citation(s) of the law and/or regulation. If no, describe State procedures for de-designation of new eligible entities. **[Narrative:** Texas Administrative Code:

10 TAC §1.411

https://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=1&rl=411

10 TAC §2.203
https://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=2&sch=B&rl=Y

10 TAC §2.204

https://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=2&rl=204

10 TAC §6.208
http://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=6&rl=208

10.10. Does the State CSBG statute and/or regulations specify a process the State CSBG agency must follow to re-designate an existing eligible entity? ☒ Yes ☐ No

10.10a. If yes, provide the citation(s) of the law and/or regulation. If no, describe State procedures for re-designation of existing eligible entities. **[Narrative:** Texas Administrative Code

10 TAC §1.411

https://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=1&rl=411

10 TAC §2.203
https://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=2&sch=B&rl=Y

10 TAC §6.208
http://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=6&rl=208

10.10b. Re-Designation Procedures: If no, describe state procedures for re-designation of existing eligible entities and how the procedures were made available to eligible entities and the public. [Narrative, 4000 characters]

Fiscal Controls and Audits and Cooperation Assurance

10.11. Fiscal Controls and Accounting: Describe how the State's fiscal controls and accounting procedures will a) permit preparation of the SF-425 Federal fiscal reports (FFR) and b) permit the tracing of expenditures adequate to ensure funds have been used appropriately under the block grant, as required by Block Grant regulations applicable to CSBG at 45 CFR 96.30(a). **[Narrative:** All expenditures are recorded in the Department's PeopleSoft accounting system. Indexes, grant numbers and fund numbers allow for identification of charges to a specific grant and cost categories. Policies and Procedures are in place to ensure compliance with statutes and regulations. Independent annual financial audit and single audit are performed for the Department.
Every draw is reviewed by program staff upon submittal by contractor localities. All drawdowns must be consistent within the most current approved budget. Draws are then processed by accountants and approved by senior accountant or team leader. Back up to support draws are reviewed during on site monitoring.
The general ledger is the source for the SF-425 Federal fiscal reports. They are prepared by the grant accountant, reviewed by the financial team leader and approved by management prior to submittal. Reports are prepared according to program rules and regulations.**]**

10.12. Single Audit Management Decisions: Describe State procedures for issuing management decisions for eligible entity single audits, as required by Block Grant regulations applicable to CSBG at 45 CFR 75.521. **[Narrative:** The Department requires each eligible entity to complete an Audit Certification

form within 60 days from the end of the Entity's fiscal year. This is used to determine if a Single Audit is required. 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, it is reviewed and discussed by the director of Internal Audit, the Director of Compliance, the Director of Subrecipient Monitoring and staff to determine the appropriate steps to address any CSBG issues identified in the audit report or management letter. The Department may issue correspondence to the entity, identifying applicable corrective action measures and/or requiring support documentation addressing program deficiencies. The entity will be provided a time frame to respond to the correspondence.

Except for non-discretionary CSBG funds, the Department will not execute new contracts with the entity until issues with the single audit are resolved, unless the issue is a late audit submittal and the entity has provided documentation of an extension received from the federal cognizant agency.**]**

Note: This information is associated with State Accountability Measure 4Sd.

10.13. Assurance on Federal Investigations: The State "permit and cooperate with Federal investigations undertaken in accordance with Section 678D" of the CSBG Act, as required by the assurance under Section 676(b)(7) of the CSBG Act? ☒ Yes ☐ No

Note: This response will link with the corresponding assurance, item 14.7

10.13a. Federal Investigations Policies: Are state procedures for permitting and cooperating with federal investigations included in the state monitoring policies attached under 10.2?

☒ Yes ☐ No

10.14. Monitoring Procedures Performance Management Adjustment: Describe any adjustments to monitoring procedures in this State Plan as compared to past plans? Any adjustment should be based on the State's analysis of past performance, and should consider feedback from eligible entities, OCS, and other sources, such as the public hearing. If the State is not making any adjustments, provide further detail. **[Narrative:** The Department closely reviewed the responses to the 2021 ACSI Survey (Pending the results for the 2025 ACSI Survey) related to monitoring and the Department's Director of Subrecipient Monitoring continues to make concerted efforts to maintain a good working relationship with CSBG eligible entities. The Director ensures that monitoring staff receive directives and audit training as the need arises. Staff meetings are held regularly to promote consistency and increase knowledge between the monitoring staff. Community Affairs Training and Technical Assistance staff receive all monitoring reports from compliance monitors and work closely with each other so that training and technical assistance staff can provide eligible entities follow-up tips and resources to address findings or concerns identified in the monitoring reports. **]**

Note: This item is associated with State Accountability Measure 4Sb and may pre-populate the State's annual report form.

SECTION 11
Eligible Entity Tripartite Board

11.1. **Tripartite Board Verification:** Verify which of the following measures are taken to ensure that the State verifies CSBG Eligible Entities are meeting Tripartite Board requirements under Section 676B(a)(2) of the CSBG Act? **[Check all that applies and narrative where applicable]**

☐ Attend Board meetings
☒ Organizational Standards Assessment
☒ Monitoring
☒ Review copies of Board meeting minutes
☐ Track Board vacancies/composition
☒ Other: [The Department reviews board rosters and Board member election/selection material. We also get information on board vacancies on their CSBG Monthly Performance Report. Through CSBG organizational standards reviews, we get information on board vacancies/composition also. Lastly, Department staff attends some Board meetings of entities.]

11.2. **Tripartite Board Updates:** Provide how often does the State requires eligible entities (which are not on TAPs or QIPs) to provide updates regarding their Tripartite Boards. This includes but is not limited to copies of meeting minutes, vacancy alerts, changes to bylaws, low-income member selection process, etc. [Select one and provide a narrative where applicable] regarding their Tripartite Boards?

☒ Annually
☐ Semiannually

☐ Quarterly
☐ As It Occurs
☒ Monthly
☒ Other **[**Information concerning board vacancies and new hires must be received by the Department within 30 days of such occurrence. Eligible entities must also report board vacancies by sector in its CSBG Monthly Performance Reports. Organizational Standards, a yearly requirement, also indicates board vacancies and composition. **]**

11.3. **Tripartite Board Representation Assurance:** Describe how the State will verify that eligible entities have policies and procedures by which individuals or organizations can petition for adequate representation on an eligible entity's Tripartite Board as required by the assurance under Section 676(b)(10) of the CSBG Act.. **[Narrative:** The Department has instituted a rule, in the Texas Administrative Code, that requires an entity to have written procedures under which a low-income individual, community organization, religious organization, or representative of such may petition for adequate representation on the board of the eligible entity.**]**

Note: This response will link with the corresponding assurance, item 14.10.

11.4. Tripartite Board Alternative Representation: Does the State permit public eligible entities to use, as an alternative to a Tripartite Board, "another mechanism specified by the State to assure decision-making and participation by low-income individuals in the development, planning, implementation, and evaluation of programs" as allowed under Section 676B(b)(2) of the CSBG Act.

☒ Yes ☐ No

11.4a. If yes, describe the mechanism used by public eligible entities as an alternative to a Tripartite Board. **[Narrative:** Public agencies have advisory boards and develop bylaws for the advisory board.

Texas Administrative Code, Chapter 6, Subchapter B, Community Services Block Grant, RULE §6.210 Board Structure, states the following related to public organizations:

"(b) For a Public Organization that is an Eligible Entity, the entity shall administer the CSBG grant through an advisory board that fully participates in the development, planning, implementation and evaluation of programs that serve low-income communities or through another mechanism specified by the state and that satisfies the requirements of a tripartite board in subsection (a) above. The advisory board is the only alternative mechanism for administration the Department has specified."

The "alternative mechanism" is an "advisory board" and Public Organizations who utilize an advisory board must ensure that the advisory board meets the requirements of having 1) One-third of the members of the board shall be elected public officials, holding office on the date of the selection, or their representatives. 2) Not fewer than 1/3 of the members are persons chosen in accordance with the Eligible Entity's Board-approved written democratic selection procedures adequate to assure that these members are representative of low-income individuals and families in the neighborhood served; and each representative of low-income individuals and families selected to represent a specific neighborhood within a community resides in the neighborhood represented by the member. And 3) The remainder are members of business, industry, labor, religious, law enforcement, education, or other major groups and interests in the community served.

SECTION 12
Individual and Community Income Eligibility Requirements

12.1. Required Income Eligibility: What is the income eligibility threshold for services in the State? **[Check one item below.]**

☒ 125% of the HHS poverty line
☐ X % of the HHS poverty line (fill in the threshold):_____% **[insert up to a 3 digit percentage]**
☐ Varies by eligible entity [Narrative:]

12.1a. Describe any State policy and/or procedures for income eligibility, such as treatment of income and family/household composition. **[Narrative:** The Department's administrative rule, TAC Rule §6.4, states the following: "(a) Eligibility for program assistance is determined under the Poverty Income Guidelines and calculated as described herein (some forms of income may qualify the Household as Categorically Eligible for assistance in §6.2(b)(3), however Categorical Eligibility does not determine the level of benefit, which is determined through the Income Determination process). Income means cash receipts earned and/or received by the applicant before taxes during applicable tax year(s), but not the excluded income listed in paragraph (2) of this subsection. Gross income is to be used, not net income, except that from non-farm or farm self-employment net receipts must be used (i.e., receipts from a person's own business or from an owned or rented farm after deductions for business or farm expenses), and net income from gambling or lottery winnings."

The TAC RULE §6.4 identifies types of income sources that are excluded.

(b) The requirements for determining whether an applicant Household is eligible for assistance require the Subrecipient to annualize the Household income based on verifiable documentation of income, within 30 days of the application date. Income is based on the Gross Annual Income for all household members 18 years or older. Annual gross income is the total amount of money earned annually before taxes or any deductions.

(c) The Subrecipient must document all sources of income, including excluded income, for 30 days prior to the date of application, for all household members 18 years of age or older.

(d) Identify all income sources, not on the excluded list, for income calculation.

(1) The Subrecipient must calculate projected annual income by annualizing current income. Income that may not last for a full 12 months should be calculated assuming current circumstances will last a full 12 months, unless it can be documented that employment is less than 12 months/year and pay is not prorated over the entire 12 month period. For incomes not able to be annualized over a twelve month period, the income shall be calculated on the total annual earning period (e.g., for a teacher paid only nine months a

year, the annual income should be the income earned during those nine months). In limited cases where income is not paid hourly, weekly, bi-weekly, semi-monthly nor monthly, the Subrecipient may contact the Department to determine an alternate calculation method in unique circumstances on a case-by-case basis.

(2) For all customers including those with categorical eligibility, the Subrecipient must collect verifiable documentation of Household income received in the 30 days prior to the date of application.

(3) Once all sources of income are known, Subrecipient must convert reported income to an annual figure. Convert periodic wages to annual income by multiplying:

(A) Hourly wages by the number of hours worked per year (2,080 hours for full-time employment with a 40-hour week and no overtime);

(B) Weekly wages by 52;

(C) Bi-weekly wages (paid every other week) by 26;

(D) Semi-monthly wages (paid twice each month) by 24; and

(E) Monthly wages by 12.

(F) One-time employment income should be added to the total after the income has been annualized.

(4) Except where a more frequent period is required by federal regulation, re-certification of income eligibility must occur at least every twelve months.

For the complete rule see attachment.

12.2. **Income Eligibility for General/Short Term Services:** Describe how the state ensures eligible entities generally verify eligibility for those services with limited in-take procedures (where individual income verification is not possible or practical), how does the State ensure eligible entities generally verify income eligibility for services? An example of these services is emergency food assistance. **[Narrative:** Subrecipients must maintain income documentation for a direct service funded with CSBG funds. If proof of income is unobtainable they can utilize a Declaration of Income Statement. Per TAC RULE §6.4 (f) If proof of income is unobtainable, the applicant must complete and sign a Declaration of Income Statement (DIS).

12.3. Community-targeted Services: Describe how the state ensures eligible entities' services target and benefit low-income communities for those services that provide a community-wide benefit (e.g., development of community assets/facilities, building partnerships with other organizations). **[Narrative:** The Department's Texas Administrative Code Rule §6.206 (d) Services to Poverty Population require that services be provided equitably in the CSBG service area (county/counties served). Also, in their Community Action Plan they must identify how the services proposed address the top five needs identified in their Community Action Plan. The state

issues guidance on development of the Community Action Plan. If they are not planning to address one of the top five needs, they must provide an explanation as to why they are not.

SECTION 13
Results Oriented Management and Accountability (ROMA) System

13.1. Performance Measurement System: Identify the performance measurement system that the State and all eligible entities use, as required by Section 678E(a) of the CSBG Act and the assurance under Section 676(b)(12) of the CSBG Act? **[Check one]**

Note: This response will also link to the corresponding assurance, item 14.12.

- ☒ The Results Oriented Management and Accountability (ROMA) System
- ☐ Another performance management system that meets the requirements of Section 678E(b) of the CSBG Act
- ☐ An alternative system for measuring performance and results

13.1a. ROMA Description: If ROMA was selected in item 13.1, attach and/or describe the State's written policies, procedures, or guidance documents on ROMA. **[Attachment and Narrative:**

The Department has incorporated ROMA principles in the areas of reporting, community action plans, strategic planning, community needs assessments, goal/target setting, case management, and Board trainings. Entities report monthly on outcomes for family, agency and community goals identified in their community action plan. These reports are then used to evaluate entity performance. An outcome matrix, tracking incremental change, is used as part of case management services; along with tools for capturing outcomes. TDHCA has three NCRAs and the State Association has one NCRA and Eligible Entities have one NCRA. Eligible entities now have 7 NCRTs on staff and there are 50 NCRIs. All Eligible Entities have been provided "Intro to ROMA" training and have access to a ROMA trainer. Refer to State requirements at https://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=6&rl=206

13.1b. Alternative System Description: If ROMA was not selected in item 13.1, describe the system the State will use for performance measurement. **[Narrative:** The Department will employ the ROMA System as described above.

13.2. Outcome Measures: Indicate and describe the outcome measures the State will use to measure eligible entity performance in promoting self-sufficiency, family stability, and community revitalization, as required under Section 676(b)(12) of the CSBG Act? **[Narrative:** The State assigns eligible entities a goal for the number of persons to transition out of poverty (TOP) each year. TOP is defined as the household achieving an income above 125% FPIG. The State has

issued requirements related to the systems that must be in place to assist households to TOP, refer to

https://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=6&rl=206

The CSBG monthly performance report includes a section where CSBG entities report the number of persons working to TOP and the number of persons that successfully TOP. Eligible Entities are to target their CSBG resources to assist persons to transition out of poverty and move towards self-sufficiency consistent with identified gaps in need. The entities' efforts in self-sufficiency, family stability, and community revitalization are reported using the NPIs in their CSBG monthly performance report.**]**

Note: This response will also link to the corresponding assurance, item 14.12.

- ☒ CSBG National Performance Indicators (NPIs)
- ☐ NPIs and others
- ☒ Others

13.3. Eligible Entity Support: Describe how does the State supports the eligible entities in using ROMA or alternative performance measurement system? **[Narrative:** The Department has designed the CSBG training curriculum with a focus on ROMA principals. The Department has three NCRAs. The state association has also assisted CSBG eligible entities in helping some of their staff to become Certified ROMA trainers/implementers/advocates. All trainings provided to entities are ROMA-focused and the Department's ROMA Certified staff members are available to provide training and technical assistance. Results achieved compared to the CAP Plan are evaluated for the impact on implementation processes, re-assessment activities, and future plans. Entities can request training and technical assistance at any time and can submit questions on-line or can contact staff by phone or e-mail. The Department has developed a ROMA Case Management Workflow that aligns the processes of case management to ROMA. The Department sets aside CSBG Discretionary funds to be used for Organizational Capacity Improvements which can be used to pay for the costs of staff to become NCRT/NCRI/NCRAs or to obtain training to retain their NCRT or NCRI certifications. Using the new Virtual Intro to ROMA course, the ROMA group is working toward being able to offer regional Intro to ROMA courses on an annual basis to new staff.**]**

Note: The activities described under item 13.3 may include activities listed in "Section 8: Training and Technical Assistance." If so, mention briefly, and/or cross-reference as needed. This response will also link to the corresponding assurance, item 14.12.

13.4. Eligible Entity Use of Data: Describe how is the State intends to validate that the eligible entities are using data to improve service delivery? **[Narrative:** The Department assigns each CSBG eligible entity a goal for the number of persons to transition out of poverty each program year. At the end of the program year, the Department reviews their performance and entities that did not meet their assigned goal are asked to provide a plan of action to improve performance. The Department also reviews the eligible entities' CSBG Performance Report each month and their

end of the year final report. The Department does acknowledge that quite a few entities find it challenging to design and carry out community initiatives, as many just entered into this level of work. The Department will continue to provide technical assistance to entities to improve their performance through data analysis, process mapping, and training materials. To assist with data use the Department provides the network with links to data sources that may be useful to them, such as the American Community Survey Institute and the Community Action Partnership's Community Needs Assessment Online Tool.**]**

Note: This response will also link to the corresponding assurance, item 14.12.

Community Action Plans and Needs Assessments

13.5. Community Action Plan: Describe how the State will secure a Community Action Plan from each eligible entity, as a condition of receipt of CSBG funding by each entity, as required by Section 676(b)(11) of the CSBG Act. **[Narrative:** The Department develops Community Action Plan Requirements and guidance and posts this information to our website at https://www.tdhca.state.tx.us/community-affairs/csbg/additional-requirements.htm. Annually, CSBG eligible entities must submit a Community Action Plan. Staff reviews the CAP and provides technical assistance to eligible entities on improvements. **]**

Note: This response will link to the corresponding assurance, item 14.11.

13.6. Community Needs Assessment: Describe how the State will assure that each eligible entity includes a community needs assessment for the community served (which may be coordinated with community needs assessments conducted by other programs) in each entity's Community Action Plan, as required by Section 676(b)(11) of the CSBG Act. **[Narrative**: Every three years, CSBG eligible entities must complete and submit a Community Needs Assessment (CNA). The State provides forms and guidance on how to conduct a CNA and on the required areas to be addressed in their CNA document. As part of the CNA, they must identify at least the top 5 needs in their service area based on their community assessment.

Annually, CSBG eligible entities must submit a Community Action Plan (CAP). Every third year, the CAP must be completely revised to incorporate the latest CNA results. The two years following the initial year of the CAP, they provide updates to any changes and primarily revise their performance targets for NPIs and SRVs and community initiatives. In the first year of the CAP, they must include their top 5 needs and identify the organizations providing the service or strategy to address the need, the services or strategies that will address the need, the NPIs that will be reported on, and the county(ies). They also include information on the gaps in services, the county where it exists, how they will address the gaps, names of partners they will work with and how the partner will help meet the gaps in services. SRVs and NPIs with targets are linked to one of the top 5 needs if applicable.

Note: this response will link to the corresponding assurance, item 14.11.

SECTION 14
CSBG Programmatic Assurances and Information Narrative
(Section 676(b) of the CSBG Act)

14.1 Use of Funds Supporting Local Activities

CSBG Services

14.1a. 676(b)(1)(A): Describe how the State will assure "that funds made available through grant or allotment will be used –

(A) to support activities that are designed to assist low-income families and individuals, including families and individuals receiving assistance under title IV of the Social Security Act, homeless families and individuals, migrant or seasonal farmworkers, and elderly low-income individuals and families, and a description of how such activities will enable the families and individuals--

(i) to remove obstacles and solve problems that block the achievement of self-sufficiency (particularly for families and individuals who are attempting to transition off a State program carried out under part A of title IV of the Social Security Act);

(ii) to secure and retain meaningful employment;

(iii) to attain an adequate education with particular attention toward improving literacy skills of the low-income families in the community, which may include family literacy initiatives;

(iv) to make better use of available income;

(v) to obtain and maintain adequate housing and a suitable living environment;

(vi) to obtain emergency assistance through loans, grants, or other means to meet immediate and urgent individual and family needs;

(vii) to achieve greater participation in the affairs of the communities involved, including the development of public and private grassroots partnerships with local law enforcement agencies, local housing authorities, private foundations, and other public and private partners to –

(I) document best practices based on successful grassroots intervention in urban areas, to develop methodologies for widespread replication; and

(II) strengthen and improve relationships with local law enforcement agencies, which may include participation in activities such as neighborhood or community policing efforts;

[Narrative: The Department requires CSBG eligible entities to submit an annual Community Action Plan (CAP). The CAP outlines their proposed activities. Staff reviews the CAP Plan and ensures that the activities supported are eligible uses of CSBG funds and meet the noted assurances.**]**

Needs of Youth

14.1b. 676(b)(1)(B) Describe how the State will assure "that funds made available through grant or allotment will be used –

(B) to address the needs of youth in low-income communities through youth development programs that support the primary role of the family, give priority to the prevention of youth problems and crime, and promote increased community coordination and collaboration in meeting the needs of youth, and support development and expansion of innovative community-based youth development programs that have demonstrated success in preventing or reducing youth crime, such as--

(i) programs for the establishment of violence-free zones that would involve youth development and intervention models (such as models involving youth mediation, youth mentoring, life skills training, job creation, and entrepreneurship programs); and

(ii) after-school child care programs;

[Narrative: The Department requires CSBG eligible entities to submit an annual Community Action Plan (CAP). The CAP outlines their proposed activities. Staff reviews the CAP Plan and ensures that the activities supported are eligible uses of CSBG funds. The Department requires that entities provide a referral to the Texas Attorney General's Office for families for whom child support might be a needed resource.**]**

Coordination of Other Programs

14.1c. 676(b)(1)(C) Describe how the State will assure "that funds made available through grant or allotment will be used –

(C) to make more effective use of, and to coordinate with, other programs related to the purposes of this subtitle (including State welfare reform efforts)

[Narrative: The Department requires CSBG eligible entities to submit an annual Community Action Plan (CAP). The CAP outlines their proposed activities. The CAP also includes several forms that address funding coordination, coordination with WIOA Programs, referrals to Child Support Office, and participation in social service coalitions. Staff reviews the CAP Plan and ensures that the activities supported are eligible uses of CSBG funds.**]**

State Use of Discretionary Funds

14.2 676(b)(2) Describe "how the State intends to use discretionary funds made available from the remainder of the grant or allotment described in section 675C(b) in accordance with this subtitle, including a description of how the State will support innovative

community and neighborhood-based initiatives related to the purposes of this subtitle."

Note: The Department describes this assurance under "State Use of Funds: Remainder/Discretionary," items 7.9-7.11.

[No response; links to items 7.9 and 7.10.]

Eligible Entity Service Delivery, Coordination, and Innovation

14.3. 676(b)(3) "Based on information provided by eligible entities in the State, a description of…"

Eligible Entity Service Delivery System

14.3a. 676(b)(3)(A) Describe "the service delivery system, for services provided or coordinated with funds made available through grants made under 675C(a), targeted to low-income individuals and families in communities within the State;

[Narrative: The Department requires CSBG eligible entities to submit an annual Community Action Plan (CAP). The CAP includes a description of the service delivery system, the counties served, the facilities where services are available, and information regarding how the eligible entity conducts outreach and delivers services in counties where service centers are not available. The CAP also describes how the eligible entity coordinates funds with other organizations. **]**

Eligible Entity Linkages – Approach to Filling Service Gaps

14.3b. 676(b)(3)(B) Describe "how linkages will be developed to fill identified gaps in the services, through the provision of information, referrals, case management, and follow-up consultations."

Note: The Department describes this assurance in the State Linkages and Communication section, item 9.3b.

[No response; links to 9.3b.]

Coordination of Eligible Entity Allocation 90 Percent Funds with Public/Private Resources

14.3c. 676(b)(3)(C) Describe how funds made available through grants made under 675C(a)will be coordinated with other public and private resources."

Note: The Department describes this assurance in the State Linkages and Communication section, item 9.7.

[No response; links to 9.7]

Eligible Entity Innovative Community and Neighborhood Initiatives, Including Fatherhood/Parental Responsibility

14.3d. 676(b)(3)(D) Describe "how the local entity will use the funds [made available under 675C(a)] to support innovative community and neighborhood-based initiatives related to the purposes of this subtitle, which may include fatherhood initiatives and other initiatives with the goal of strengthening families and encouraging parenting."

Note: The description above is about eligible entity use of 90 percent funds to support these initiatives. States may also support these types of activities at the local level using state remainder/discretionary funds, allowable under Section 675C(b)(1)(F). In this State Plan, the Department indicates funds allocated for these activities under item 7.9(f).

[Narrative: The Department requires CSBG eligible entities to submit an annual Community Action Plan (CAP). As part of the CAP, entities must complete a document which provides information regarding any innovative community and neighborhood-based initiatives related to the purpose of CSBG, which may include fatherhood initiatives and other initiatives which strengthen families and encourage effective parenting. A limited number of CSBG eligible entities have reported these types of initiatives. The Department will continue to work with CSBG eligible entities to promote these initiatives if such gaps are identified in their CAP. As the Department identifies information on webinars or funding opportunities related to this area, the Department shares this information with CSBG eligible entities. **]**

Eligible Entity Emergency Food and Nutrition Services

14.4. 676(b)(4) Describe how the State will assure "that eligible entities in the State will provide, on an emergency basis, for the provision of such supplies and services, nutritious foods, and related services, as may be necessary to counteract conditions of starvation and malnutrition among low-income individuals."

[Narrative: The Department requires CSBG eligible entities to submit an annual Community Action Plan (CAP). As part of the CAP, entities must complete a document which provides information related to how the CSBG eligible entity will provide, on an emergency basis, for the provision of such supplies and services, nutritious foods, and related services, as may be necessary to counteract conditions of starvation and malnutrition among low-income individuals. Most CSBG eligible entities work with either a local food pantry or the food bank to provide food in these circumstances. If there are no other resources available, then CSBG funds are utilized to provide nutritional support. **]**

State and Eligible Entity Coordination/linkages and Workforce Innovation and Opportunity Act Employment and Training Activities

14.5. 676(b)(5) Describe how the State will assure "that the State and eligible entities in the State will coordinate, and establish linkages between, governmental and other social services

programs to assure the effective delivery of such services, and [describe] how the State and the eligible entities will coordinate the provision of employment and training activities, as defined in section 3 of the Workforce Innovation and Opportunity Act, in the State and in communities with entities providing activities through statewide and local workforce development systems under such Act."

Note: The Department describes this assurance in the State Linkages and Communication section, items 9.1-9.4b.

[No response; links to items 9.1-9.4b]

State Coordination/Linkages and Low-income Home Energy Assistance

14.6. 676(b)(6) Provide "an assurance that the State will ensure coordination between antipoverty programs in each community in the State, and ensure, where appropriate, that emergency energy crisis intervention programs under title XXVI (relating to low-income home energy assistance) are conducted in such community."

Note: The Department describes this assurance in the State Linkages and Communication section, items 9.2 and 9.5.

[No response; links to 9.2 and 9.5]

Federal Investigations

14.7. 676(b)(7) Provide "an assurance that the State will permit and cooperate with Federal investigations undertaken in accordance with section 678D."

Note: The Department addresses this assurance in the Fiscal Controls and Monitoring section, item 10.13.

[No response; links to 10.13]

Funding Reduction or Termination

14.8. 676(b)(8) Provide "an assurance that any eligible entity in the State that received funding in the previous fiscal year through a community services block grant made under this subtitle will not have its funding terminated under this subtitle, or reduced below the proportional share of funding the entity received in the previous fiscal year unless, after providing notice and an opportunity for a hearing on the record, the State determines that cause exists for such termination or such reduction, subject to review by the Secretary as provided in section 678C(b)."

Note: The Department addresses this assurance in the Fiscal Controls and Monitoring section, item 10.7.

[No response; links to 10.7]

Coordination with Faith-based Organizations, Charitable Groups, Community Organizations

14.9. 676(b)(9) Describe how the State will assure "that the State and eligible entities in the State will, to the maximum extent possible, coordinate programs with and form partnerships with other organizations serving low-income residents of the communities and members of the groups served by the State, including religious organizations, charitable groups, and community organizations."

Note: The Department describes this assurance in Section 9 the State Linkages and Communication section, under 9.6.

[No response; links to 9.6]

Eligible Entity Tripartite Board Representation

14.10. 676(b)(10) Describe how "the State will require each eligible entity in the State to establish procedures under which a low-income individual, community organization, or religious organization, or representative of low-income individuals that considers its organization, or low-income individuals, to be inadequately represented on the board (or other mechanism) of the eligible entity to petition for adequate representation."

Note: The state describes this assurance in Section 11 Eligible Entity Tripartite Board section, under 11.3

[No response; links to item 11.3]

Eligible Entity Community Action Plans and Community Needs Assessments

14.11. 676(b)(11) Provide "an assurance that the State will secure from each eligible entity in the State, as a condition to receipt of funding by the entity through a community services block grant made under this subtitle for a program, a community action plan (which shall be submitted to the Secretary, at the request of the Secretary, with the State plan) that includes a community-needs assessment for the community served, which may be coordinated with community-needs assessments conducted for other programs."

[No response; links to items 13.5 and 13.6]

State and Eligible Entity Performance Measurement: ROMA or Alternate system

14.12. 676(b)(12) Provide "an assurance that the State and all eligible entities in the State will, not later than fiscal year 2001, participate in the Results Oriented Management and Accountability System, another performance measure system for which the Secretary facilitated development pursuant to section 678E(b), or an alternative system for measuring performance and results that meets the requirements of that section, and [describe] outcome measures to be used to measure eligible entity performance in promoting self-sufficiency, family stability, and community revitalization."

Note: The Department describes this assurance in the ROMA section, items 13.1- 13.4.

[No response; links to 13.1-13.4]

Validation for CSBG Eligible Entity Programmatic Narrative Sections

14.13. 676(b)(13) Provide "information describing how the State will carry out the assurances described in this section."

Note: The Department provides information for each of the assurances directly in section 14 or in corresponding items throughout the State Plan, which are included as hyperlinks in section 14.

[No response for this item]

☒ By checking this box, the State CSBG authorized official is certifying the assurances set out above.

SECTION 15
Federal Certifications

The box after each certification must be checked by the State CSBG authorized official.

15.1 Lobbying

Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all entities shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

Statement for Loan Guarantees and Loan Insurance

The undersigned states, to the best of his or her knowledge and belief, that:

If any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions. Submission of this statement is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S.

Code. Any person who fails to file the required statement shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

☒ By checking this box, the State CSBG authorized official is providing the certification set out above.

15.2 Drug-Free Workplace Requirements

This certification is required by the regulations implementing the Drug-Free Workplace Act of 1988: 45 CFR Part 76, Subpart, F. Sections 76.630(c) and (d)(2) and 76.645 (a)(1) and (b) provide that a Federal agency may designate a central receipt point for STATE-WIDE AND STATE AGENCY-WIDE certifications, and for notification of criminal drug convictions. For the Department of Health and Human Services, the central point is: Division of Grants Management and Oversight, Office of Management and Acquisition, Department of Health and Human Services, Room 517-D, 200 Independence Avenue, SW Washington, DC 20201.

Certification Regarding Drug-Free Workplace Requirements (Instructions for Certification)

(1) By signing and/or submitting this application or grant agreement, the grantee is providing the certification set out below.

(2) The certification set out below is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, the agency, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.

(3) For grantees other than individuals, Alternate I applies.

(4) For grantees who are individuals, Alternate II applies.

(5) Workplaces under grants, for grantees other than individuals, need to be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.

(6) Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio studios).

(7) If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see paragraph five).

(8) Definitions of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:

Controlled substance means a controlled substance in Schedules I through V of the Controlled Substances Act (21 U.S.C. 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15);

Conviction means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;

Criminal drug statute means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;

Employee means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) All direct charge employees; (ii) All indirect charge employees unless their impact or involvement is insignificant to the performance of the grant; and, (iii) Temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the grantee's payroll; or employees of subrecipients or subcontractors in covered workplaces).

Certification Regarding Drug-Free Workplace Requirements

Alternate I. (Grantees Other Than Individuals)

The grantee certifies that it will or will continue to provide a drug-free workplace by:

(a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;

(b) Establishing an ongoing drug-free awareness program to inform employees about - -

(1) The dangers of drug abuse in the workplace;

(2) The grantee's policy of maintaining a drug-free workplace;

(3) Any available drug counseling, rehabilitation, and employee assistance programs; and

(4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;

(c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);

(d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will - -

(1) Abide by the terms of the statement; and

(2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

(e) Notifying the agency in writing, within 10 calendar days after receiving notice under paragraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

(f) Taking one of the following actions, within 30 calendar days of receiving notice under paragraph (d)(2), with respect to any employee who is so convicted - -

(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

(g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e) and (f).

The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

Place of Performance (Street address, city, county, state, zip code) **[Narrative:**

Texas Department of Housing and Community Affairs

221 East 11th Street

Austin, Travis County, Texas 78701-2410]

☐ Check if there are workplaces on file that are not identified here.

Alternate II. (Grantees Who Are Individuals)

(a) The grantee certifies that, as a condition of the grant, he or she will not engage in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance in conducting any activity with the grant;

(b) If convicted of a criminal drug offense resulting from a violation occurring during the conduct of any grant activity, he or she will report the conviction, in writing, within 10 calendar days of the conviction, to every grant officer or other designee, unless the Federal agency designates a central

point for the receipt of such notices. When notice is made to such a central point, it shall include the identification number(s) of each affected grant.

[55 FR 21690, 21702, May 25, 1990]

☒ By checking this box, the State CSBG authorized official is providing the certification set out above.

15.3 Debarment

CERTIFICATION REGARDING DEBARMENT, SUSPENSION AND OTHER RESPONSIBILITY MATTERS

Certification Regarding Debarment, Suspension, and Other Responsibility Matters - -

Primary Covered Transactions

Instructions for Certification

(1) By signing and submitting this proposal, the prospective primary participant is providing the certification set out below.

(2) The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.

(3) The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

(4) The prospective primary participant shall provide immediate written notice to the department or agency to which this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

(5) The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.

(6) The prospective primary participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4,

debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.

(7) The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusive-Lower Tier Covered Transaction," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

(8) A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Non-procurement Programs.

(9) Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

(10) Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

Certification Regarding Debarment, Suspension, and Other Responsibility Matters - -

Primary Covered Transactions

(1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:

(a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency;

(b) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and

(d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

(2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - - Lower Tier Covered Transactions

Instructions for Certification

(1) By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.

(2) The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

(3) The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.

(4) The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that

its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.

(5) The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meaning set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations.

(6) The prospective lower tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.

(7) The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

(8) A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from covered transactions, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs.

(9) Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

(10) Except for transactions authorized under paragraph five of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - - Lower Tier Covered Transactions

(1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

(2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

☒ By checking this box, the State CSBG authorized official is providing the certification set out above.

15.4 Environmental Tobacco Smoke

Public Law 103227, Part C Environmental Tobacco Smoke, also known as the Pro Children Act of 1994, requires that smoking not be permitted in any portion of any indoor routinely owned or leased or contracted for by an entity and used routinely or regularly for provision of health, day care, education, or library services to children under the age of 18, if the services are funded by Federal programs either directly or through State or local governments, by Federal grant, contract, loan, or loan guarantee. The law does not apply to children's services provided in private residences, facilities funded solely by Medicare or Medicaid funds, and portions of facilities used for inpatient drug or alcohol treatment. Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to $1000 per day and/or the imposition of an administrative compliance order on the responsible entity by signing and submitting this application the applicant/grantee certifies that it will comply with the requirements of the Act.

The applicant/grantee further agrees that it will require the language of this certification be included in any subawards which contain provisions for the children's services and that all subgrantees shall certify accordingly.

☒ By checking this box, the State CSBG authorized official is providing the certification set out above.

ATTACHMENTS

Attachment A
Response to Question 10.2 Monitoring Policies

Compliance Division

Subrecipient Monitoring Section

Standard Operating Procedures

1.0 Risks and Control Objectives

1.1 The risks associated with not having an SOP for Assignments and Risk Assessments and the control objectives to ensure that those risks are minimized, are illustrated in the following table:

Risks	Control Objectives
The risks associated with not having an SOP for monitoring procedures are that that monitoring reviews may not be conducted or be conducted in a consistent manner and within the requirements of the Department and/or Federal requirements.	This SOP will minimize the risks described by providing a comprehensive process for a monitoring risk assessment, monitoring assignment and for the completion of monitoring reports and responses.

2.0 Policy

2.1 It is the requirement of the Texas Department of Housing and Community Affairs and its Compliance Division to perform monitoring functions of federal and state funds, in a consistent manner that is compliant with Department and Funding source requirements. The Chief of Compliance oversees three (3) monitoring sections within the Compliance Division, one (1) of which is the Compliance Subrecipient Monitoring section. The Compliance Subrecipient Monitoring director oversees the section of employees that monitor the programs that are administered by the Community Affairs Division, Single Family, and Home and Homelessness Programs Divisions of the Department.

3.0 General

3.1 Abbreviations

A. Texas Department of Housing and Community Affairs – Department

B. Community Affairs Division – CAD

C. Community Development Block Grant - CDBG

D. Compliance Division - Compliance

E. Compliance Division Subrecipient Monitoring Section - CMSM

F. Compliance Subrecipient Monitoring Director – CMSM Director

G. Subrecipient Monitor – Compliance Monitor or Monitor

H. Community Affairs Division program awardees (Non-profit corporations, Counties, Cities, Council of Government's) – Subrecipient

I. Weatherization Assistance Program – WAP

J. Comprehensive Energy Assistance Program – CEAP

K. Community Services Block Grant - CSBG

L. Department of Energy – DOE

M. Emergency Solutions Grant – ESG

N. HOME Investments Partnership – HOME

O. Homeless Housing and Services Program – HHSP

P. Housing Trust Fund – HTF

Q. Low Income Housing and Energy Assistance Program – LIHEAP

R. LIHEAP Weatherization Assistance Program – LI-WAP

S. National Housing Trust Fund – NHTF

T. Neighborhood Stabilization Program – NSP

U. Quality Control Inspector - QCI

3.2 Purpose

A. This SOP describes the Department's methodology for monitoring Subrecipients.

B. To comply with Department rules on the administration on program funds.

C. To comply with Federal Funding source requirements for administering program funds.

D. It establishes consistent processes and procedures when monitoring CAD programs.

E. Monitoring activities are planned to focus on areas of highest risk and to help ensure the most effective use of monitoring resources.

F. To ensure the CMSM Compliance Monitors completed monitoring reports and responses within a designated time frame to ensure Subrecipients address any corrective actions in a timely manner.

G. To ensure monitoring responses are reviewed to ensure corrective actions were completed.

4.0 Responsibilities

4.1 The CMSM section is responsible for ensuring the CEAP, CSBG, ESG, HOME, HHSP, HTF, Ending Homelessness, CDBG, Multifamily Direct HOME Loans, NHTF, NSP and WAP programs (DOE and LIHEAP) are administered and funds are expended in accordance with contract provisions and applicable State and Federal rules, regulations, policies, and related statutes.

4.2 The CMSM Director will ensure a monitoring schedule is developed that identifies the Subrecipients that are to be monitored.

4.3 According to individual program requirements and/or standards, the CMSM section will develop a list of specific compliance requirements to be reviewed. The section will also develop a methodology to review each compliance requirement consistently.

4.4 The CMSM section will perform the respective monitoring to determine Subrecipient compliance.

4.5 The CMSM monitors will notify the CMSM Director and/or Chief of Compliance if a finding or concern of fraud, waste and/or abuse were noted during a Subrecipient's monitoring.

4.6 Within 30 days of the completion of the monitoring, the CMSM section will develop a report or correspondence, for the Subrecipient, reflecting the results of the monitoring.

4.7 The CMSM section will address the Subrecipient's response to the report and/or close out the monitoring process.

4.8 The CMSM section will notify and work with the CAD Training section to address any findings consistent within the Subrecipient network.

5.0 Subrecipient Monitoring Selection

5.1 The CMSM section will complete a Subrecipient monitoring review schedule, at least quarterly each year. The schedule will identify the quarter in which the Subrecipient will be monitored.

5.2 The CMSM section utilizes the most efficient use of its travel and monitoring budget, as its methodology in developing the Subrecipient monitoring review schedule. The schedule takes into account the program contract periods and may require Compliance Monitors to review multiple programs during the review.

5.3 The Department's schedule is used as a planning tool and is subject to change. The CMSM Section may encounter situations that arise and cause Subrecipients to be monitored in a different month or more frequently than what is identified in the schedule. These situations may include:

1. Subrecipient who may not or have not met the minimum on-site monitoring threshold.
2. There is low production in the program(s) selected for monitoring.

3. Monitor(s) attempt to schedule a monitoring and provides proposed monitoring dates. However, the Subrecipient is unable to accommodate the monitoring during the proposed dates.

4. The Department receives fraud, waste and/or abuse concerns against a Subrecipient.

5. The Department receives a credible complaint against a Subrecipient.

5.4 As needed, the CMSM will also factor in the results of a Subrecipient's prior monitoring review and/or Single Audit findings when determining the monitoring schedule. Subrecipient's with prior and/or repetitive monitoring and/or Single Audit findings are a priority to be monitored.

5.5 At a minimum:

A. DOE (July-June) and LIHEAP WAP (Jan. – Dec.) Subrecipients will be monitored at least once each year;

B. LIHEAP Subrecipients will be monitored at least once every three (3) years (Triennial).

C. CSBG Subrecipients will be monitored at least once every three (3) years (Triennial).

6.0 Determining Compliance Requirements

6.1 The CMSM section will review Subrecipient's compliance with program requirements, contract provisions and Federal, State, local government rules and regulations.

A. The CMSM section will determine compliance on specific contract provisions, rules, regulations and/or program requirements are most applicable to be reviewed or required to be reviewed by the funding source. The CMSM section will verify if the Subrecipients have complied with the requirements. The CMSM section will utilize a monitoring tool (instrument) that identifies the areas of compliance that will be reviewed. The monitoring tool will have a methodology to reflect the process used to determine compliance of each selected contract provision, rule, regulation and/or requirement.

B. The monitoring tool will be in electronic format and the CMSM section will enter the selected compliance requirements into the document.

C. The monitoring tool will be maintained in the Department's monitoring software (Teammate).

6.2 The monitoring tool and the list of compliance requirements that are to be reviewed may be revised, updated, or changed from period to period due to program, legislative and/or budget changes.

A. The listed monitoring tool is reviewed on a continual basis, during the federal fiscal year or Subrecipient program year (as applicable), to account for changes in rules and/or program requirements.

7.0 Monitoring Announcement

7.1 After it has been determined which Subrecipients will be monitored, the CMSM Director will assign monitors, to the Subrecipients who will be monitored. The CMSM Director will determine the method of distributing the Subrecipients to the Monitors.

7.2 After a review of risk factors utilized in previous risk assessments the following factors have been identified by staff consensus as the set of indicators that most accurately present the highest degree of program and fiscal risk:

- ◊ Program Activity Type
- ◊ Number of months remaining on the contract;
- ◊ Time Since Most Recent Monitoring Evaluation of the elapsed length of time since a Subrecipient has received an on-site visit or desk review;
- ◊ Results of previous on-site visit(s) and/or desk review;
- ◊ Total Funds Budgeted – Evaluation of the total amount of funds awarded to a Subrecipient;
- ◊ Total Funds Committed – Evaluation of the percentage of funds committed to the projects of the contract(s);
- ◊ Total Cumulative Draws – Evaluation of the percentage of contract funds drawn;
- ◊ Match obligation for contract;
- ◊ Set-aside Type;
- ◊ Construction Activities – A review to determine if subrecipient's performing activities with a construction component have incurred Davis-Bacon Labor Standards requirements; and
- ◊ Details of any reported complaints (internal and external).

Risk Factors may be revised, updated, or changed from period to period due to program, legislative, or budget changes. *The Risk Factors utilized may also be governed or restricted by constraints inherent in the architecture of the central data base system. It may not be 100% accurate or cost-effective to include some risk factors because of this constraint. An example is Single Audit Status.*

Other Risk Factors may include:

- ◊ Multiple funding sources for a contract;
- ◊ Significant gaps between expected and actual results of previous contracts;
- ◊ Multiple contracts for an individual subrecipient; and
- ◊ Instability in the management environment.

7.3 The Monitor will contact each of the assigned Subrecipients and schedule future on-site monitoring. The Monitor will make every attempt to provide the Subrecipient with a minimum of 30 days' notice prior to the monitoring review.

A. On occasions, the monitoring may occur with fewer than 30 days' notice. Situations that may warrant a monitoring occurring with fewer than 30 days' notice include:

1. The Subrecipient notifies the Department that it is not able to be monitored the proposed week and chooses the monitoring date.
2. The Department receives credible fraud, waste and/or abuse concerns against a Subrecipient requiring little to no notice of the monitoring.
3. The Department receives a credible complaint against a Subrecipient requiring little to no notice of the monitoring.

7.4 After the monitoring date has been confirmed, the Monitor will complete a Monitoring Announcement letter.

7.5 When the announcement letter has been completed, the document will be scanned and saved to the Subrecipient's respective Monitoring file within the computerized Monitoring Software.

7.6 The scanned version will be emailed to the Subrecipient. If applicable, a copy of the announcement letter will be sent to appropriate individuals.

7.7 The Monitoring Announcement letter should be sent to the Subrecipient as soon as the monitoring dates have been set, but no less than two (2) weeks prior to the monitoring.

7.8 In some instances a Monitoring Announcement letter may be submitted less than two (2) weeks from the scheduled monitoring. This may occur when 7.2 A (1) is met.

7.9 In some instances a Monitoring Announcement letter may not be submitted to the Subrecipient prior to the monitoring. This may occur when 7.2 A (2) and (3) are met.

8.0 Performing the On-site Monitoring

8.1 The CMSM section will utilize electronic monitoring tool to review the selected compliance requirements and to document the Subrecipients compliance with the specific requirement.

8.2 If the appropriate Subrecipient staff is available, the Monitor will have an Entrance Conference prior to the start of the monitoring. In the Entrance Conference the Monitor will provide a brief summary of the on-site monitoring process and/or the on-site monitoring plan. The Monitor will

also utilize this time to answer Subrecipient questions that are specific to the monitoring and/or the programs.

8.4 After the Entrance conference, the Monitor will review the compliance requirements and perform the methodology to determine compliance with the selected requirements. The monitor will complete each question and section of the selected compliance requirements on electronic testing documents. The CMSM section will document the reason for the inability to verify any of the selected compliance requirements.

A. Weatherization Assistance Program ("WAP") Monitorings may be performed as a Full Monitoring or as a Unit Inspection.

a. A Full WAP Monitoring will consist of the Compliance Monitor performing a review to determine compliance with Financial and Expenditure requirements, Administrative requirements, client eligibility requirements and performing an inspection of weatherized units.

b. Unit Inspection monitoring consists of the Compliance Monitor(s) reviewing weatherization client files for compliance and eligibility requirements and performing an inspection of the weatherized units.

c. Client file reviews and Unit Inspections will vary according to the funding source used to weatherize the unit. When units are weatherized with LIHEAP funding only, the Compliance Monitor(s) will review the weatherized work based on an established Priority Rating sheet. When units are weatherized with DOE funding only, or with DOE and LIHEAP funds, the Compliance Monitor(s) will review the weatherized work based on an approved Energy Audit. Compliance Monitors will be required to have all applicable field tests performed during the Unit Inspection. The Compliance Monitor(s) may supervise a Subrecipient's performance of the field test. The Compliance Monitor(s) must document the results of the field tests.

d. The Compliance Monitor will utilize the following as a guide when determining the number of units to inspect. The actual number of units inspected will vary according to the number of QCI staff employed by the Subrecipient and the process the Subrecipient follows for their Assessments and Final Inspections.

a. When a Compliance Monitor is conducting a monitoring visit, in which the Subrecipient has limited QCI staff therefore the same QCI staff will perform more than one function in the unit, the Compliance Monitor(s) will perform a minimum of:
   i. Ten percent (10%) unit inspections of the total units completed

b. When a Compliance Monitor is conducting a monitoring visit, in which the Subrecipient has multiple QCI staff therefore the QCI staff performing the final inspection will not perform any other function in the unit, Compliance Monitor(s) will perform a minimum of:
    i. Five percent (5%) unit inspections of the total units completed

e. The CMSM Section will be required to monitor a minimum of 5% of all completed weatherized units (at the time of the monitoring) that are funded by DOE and inspected by a QCI who was not involved in the assessment of the weatherized unit. The CMSM Section will monitor a minimum of 10% of all completed weatherized units (at the time of the monitoring) that were inspected by a QCI that was involved in the assessment of the weatherized unit. The CMSM section will utilize the monitoring tracking database to track the number of units that have been inspected. The Department will also review Monthly Expenditure Reports to track the number of total completed units and will adjust the monitoring schedule to ensure that it meets the minimum number of units inspected.

a. A Compliance Monitor may not be able to monitor the minimum number of weatherized units if:
    i. the Subrecipient does not have enough completed weatherized units;
    ii. the geographical location of the weatherized homes prohibits the ability to inspect units;
    iii. inclement weather persists.

B. Community Services Block Grant
    1. A CSBG Monitoring review will consist of the Compliance Monitor performing a review to determine compliance with Financial and Expenditure requirements, Administrative requirements and client eligibility requirements.
    2. The monitoring tool's methodology identifies the minimum number of expenditures and client files to review.

C. Comprehensive Energy Assistance Program
    1. A CEAP Monitoring review will consist of the Compliance Monitor performing a review to determine compliance with Financial and Expenditure requirements, Administrative requirements and client eligibility requirements.
    2. The monitoring tool's methodology identifies the minimum number of expenditures and client files to review.

8.5 When the respective methodology is not enough to determine compliance, the Monitor(s) will make every effort to determine if the requirement is compliant. This may require the Monitor(s) to perform additional testing, request additional information or clarification from Subrecipient staff and/or request assistance from peer Monitors, CA Division staff, the CMSM Director or the Chief of Compliance.

8.6 The Monitor will obtain and maintain the appropriate documentation to justify any finding, disallowed and/or questioned cost.

8.7 The Monitor will notify the CA Trainers of the Subrecipient's need for Training and/or Technical Assistance if necessary.

8.8. If the Monitor(s) is unable to complete the monitoring during the specified period, the Monitor(s) must notify the CMSM Director of the circumstance(s) that resulted in the inability to complete the monitoring. The CMSM Director will determine the appropriate course of action to complete the monitoring. The Monitor must notify the Subrecipient that additional time is required to complete the monitoring and of the course of action that was determined by the CMSM Director. The inability to complete the monitoring and the course of action must be documented in the computerized Monitoring Software or the Monitoring Instrument.

8.9 Time permitting and if the appropriate Subrecipient staff are available, the Monitor will make every attempt to provide the Subrecipient with an on-site Exit Conference. The Exit Conference is intended to explain, to the Subrecipient, the preliminary results of the monitoring. In some situations the Subrecipient may be provided a few days to submit documentation, if the documentation was not readily available during the onsite visit. In this situation, an Exit conference may not be conducted on-site.

8.10 If an on-site exit conference cannot be completed, the Monitor will schedule an Exit conference via conference call. The call will typically occur within 5 business days from the last day the monitoring.

8.11 The Monitor(s) will create electronic copies of all applicable monitoring documents and/or Finding support documentation obtained during the review. The Monitor will save the electronic copies to the monitoring file within the computerized Monitoring Software.

9.0 Monitoring Report

9.1 The Monitor(s) will be required to develop a report, detailing the results of the monitoring. Each Monitoring Report will contain general program information and/or a brief description of the monitoring process that was performed. If applicable, the monitoring report will contain:

A. Finding/Deficiency (CSBG only)

1 A brief and concise description of the lack of compliance of a specific program requirement;

2. A brief description of the program requirement;

3. A description of any disallowed or questioned cost; and

4. The respective reference for program compliance.

B. Action Required for a Finding/Deficiency

1. A brief requirement for the Subrecipient to meet;
2. A requirement for the Subrecipient to complete a specific action to resolve the finding;
3. A requirement for the Subrecipient to provide a reimbursement, documents, an assurance and/or a response to the monitoring report.

C. If there were findings or deficiencies of noncompliance, a 30 calendar day corrective action deadline. If there were no Findings or Required Action, the Monitoring Report will reflect that no response is required and that the Monitoring Review is considered closed.

D. A Concern

1. A brief and concise description of the lack of compliance of a specific program requirement;
2. A brief description of the program requirement;
3. The respective reference for program compliance.

E. Action Required for a Concern

1. A brief requirement for the Subrecipient to meet;
2. A requirement for the Subrecipient to complete a specific action to resolve the Concern;

F. Observation

1. A brief and concise description of the policy, practice or procedure observed through the course of monitoring that may lead to a lack of compliance of a specific program requirement.

9.2 Monitors are expected to, on average, complete monitoring letters within 30 calendar days from the last day of the onsite visit. However, DOE-WAP monitoring letters must be completed within 30 calendar days.

9.3 The Monitor(s) will make an electronic copy of the Monitoring Report and save the copy to the Subrecipient's respective monitoring file within the computerized Monitoring Software. The scanned version will be emailed. A hard copy report will be mailed to the Subrecipient if email is not an option.

9.4 At a minimum, the Monitor will e-mail the Monitoring Report to the Subrecipient and a copy of the report to the Subrecipient's Board Chair or the assigned Board representative.

9.5 The date the monitoring report is considered complete and submitted to the Subrecipient, is when the report is emailed to the Subrecipient.

10.0 Response to the Monitoring Report

10.1 The Subrecipient will be provided a 30 day corrective action period which can be extended for good cause by the Chief of Compliance.

10.2 The Monitor(s) is responsible for tracking corrective action due dates. If the Department has not received the Subrecipient's response, the Monitor(s) will submit a letter to the Subrecipient, notifying them of the delinquent response. The Monitor will document that a letter was sent to the Subrecipient, in the "Notes" area of the Monitoring Tracking System.

10.3 If the Subrecipient's response is submitted as a paper document, the Monitor will make an electronic copy of the response. The Monitor will then save the copy to the Subrecipient's respective Monitoring File within the electronic software.

10.4 The Monitor(s) will review the Subrecipient's response to the report for compliance with the specific Finding's required action and program rules, regulations and requirements.

10.5 Within 45 business days of the receipt of the response, the Monitor(s) will provide correspondence to the Subrecipient addressing each Finding and/or required action. For each Finding, the monitor(s) will:

A. Briefly state the Finding that occurred;

B. The Subrecipient's response and/or documentation;

C. Any concern or question posed in the Subrecipient's response;

D. The results of the Department's review of the response and/or documentation;

E. Necessary information to address the Subrecipient's concern or question;

F. If the response and/or documentation is acceptable to resolve the Finding;

G. If the Finding is resolved;

H. If applicable, the Finding is closed;

i. A Finding will not be considered resolved, but closed when the Department believes the Subrecipient's required action is not obtainable. The Subrecipient will no longer be required to complete the required action.

ii. The Department should consider the efforts the Subrecipient made to resolve the Finding.

iii. A “Closed” Finding will not be used on the Required Action of a Subrecipient to reimburse the Department for disallowed expenditures.

I. If applicable, the additional required action to resolve the Finding.

10.6 The Monitor(s) will make an electronic copy of the document addressing the Subrecipient’s response to the report. The Monitor will save the copy to the Subrecipient’s respective monitoring file in the computerized Monitoring Software. The scanned version will be emailed to the Subrecipient. If applicable, a copy of the document will be sent to appropriate individuals.

10.7 If the Subrecipient’s response did not resolve the Findings and/or required actions of the monitoring report, the Monitor(s) will keep abreast of the Subrecipient’s 30 day response period. If the Department has not received the Subrecipient’s response, the Monitor(s) will submit a letter to the Subrecipient, notifying them of the delinquent response. The Monitor will document that a letter was sent to the Subrecipient, in the Monitoring Tracking System.

10.8 When the Subrecipient submits the response from 10.7, the Monitor(s) will continue at 10.2 of the Monitoring SOP. If the Monitor completes Section 10.5 of the SOP and determines the Subrecipient’s response to Finding(s) to remain unresolved, the Monitor will continue with 10.6 and 10.7 of the SOP. However, unless prior approval from the Chief of Compliance, the original Corrective Action deadline is not amended. The Subrecipient must resolve the Finding(s)as soon as possible. If the Department has not received the Subrecipient’s response, the Monitor(s) will submit a letter to the Subrecipient, notifying them of the delinquent response. The Monitor will document that a letter was sent to the Subrecipient, in the Monitoring Tracking System.

10.9 Similarly, when the Subrecipient submits the response from 10.8, the Monitor(s) will continue at 10.2 of the Monitoring SOP. If the Monitor completes Section 10.5 of the SOP and determines the Subrecipient’s response to Finding(s) to remain unresolved, the CMSM Director will notify the Chief of Compliance. The Chief of Compliance may determine if the matter should be referred to the Department’s Enforcement Committee in accordance with Department Rules and SOPs.

10.10 If a Subrecipient has submitted its second response and is still not able to comply with the required action(s), the Monitor(s) will note in its subsequent correspondence that the Subrecipient is able to request a meeting with the Department’s Compliance committee. The Subrecipient may request the committee to review the validity of the Finding or to appeal the required action.

A. The Subrecipient must include in its subsequent response that it request a meeting with the Compliance committee.

B. Once the request has been received, the Department will follow the rules and the SOP's pertaining to the Compliance committee.

APPROVAL:

Earnest Hunt ***1/16/2025***

Compliance Subrecipient Monitoring Director

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 962 **Agenda Date:** 4/10/2025 **Agenda #:** 8.

Presentation, discussion, and possible action on an order adopting the repeal of 10 TAC §1.15, Integrated Housing Rule; an order adopting new 10 TAC §1.15, Integrated Housing Rule; and directing their publication in the *Texas Register*

RECOMMENDED ACTION

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

WHEREAS, the provision of integrated housing through the Department's programs is authorized by Tex. Gov't Code §2306.111(g), which directs that the Department's funding priorities should provide that funds are awarded, when feasible, based on a project's ability to provide integrated affordable housing;

WHEREAS, the current rule that relates to Integrated Housing was last amended in March 2021, and is in need of revisions, and such revisions were proposed through the repeal of the current rule and a simultaneous new rule to be adopted in its place;

WHEREAS, the needed revisions included updates to references and minor technical corrections; and

WHEREAS, such proposed rulemaking was published in the *Texas Register* for public comment and no public comment was received;

NOW, therefore, it is hereby

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

BACKGROUND

Tex. Gov't Code §2306.111(g) directs that the Department's funding priorities should provide that funds be awarded, when feasible, based on a project's ability to provide integrated affordable housing.

The related rule at 10 TAC §1.15 ensures that housing developments that are subject to the rule do not restrict occupancy solely to households with disabilities, with a maximum integration limit dependent on the size of the housing development. The current rule was last amended in March 2021. Changes included updates to references and minor technical corrections.

The rule was made available for public comment and no comment was received. The rule is being adopted without changes from the rule proposed.

Attachment 1: Preamble, including required analysis, for repeal of 10 TAC §1.15, Integrated Housing Rule

The Texas Department of Housing and Community Affairs (the Department) adopts the repeal of 10 TAC §1.15, Integrated Housing Rule. The purpose of the repeal is to include updates to references and make minor technical corrections.

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

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

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

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

1. The repeal does not create or eliminate a government program but relates to changes to an existing activity: requirements relating to integrated housing for recipients of Department funds.

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

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

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

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

6. The repeal will not expand, limit, or repeal 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 changed section would be an updated and more germane rule. There will not be economic costs to individuals required to comply with the repealed section.

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

SUMMARY OF PUBLIC COMMENT. The public comment period was held from January 31, 2025 through March 4, 2025, to receive input on the proposed action. No comment was received.

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

10 TAC §1.15, Integrated Housing Rule

Attachment 2: Preamble, including required analysis, for new 10 TAC §1.15, Integrated Housing Rule

The Texas Department of Housing and Community Affairs (the Department) adopts new 10 TAC §1.15, Integrated Housing Rule. The purpose of the new rule is to include updates to references and make minor technical corrections.

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

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

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

Mr. Bobby Wilkinson 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 changes

to an existing activity: requirements relating to integrated housing for recipients of Department funds.

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

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

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

5. The new section is not creating a new regulation, except that they are replacing sections being repealed simultaneously to provide for revisions.

6. The new section will not expand, limit, or repeal 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 it will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The new section does not contemplate nor authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

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

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

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the new section is in effect, the public benefit anticipated as a result of the new section would be a more current and 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 is in effect, enforcing or administering the section does not have any foreseeable implications related to costs or revenues of the state or local governments.

SUMMARY OF PUBLIC COMMENT. The public comment period was held from January 31, 2025 through March 4, 2025, to receive input on the proposed action. No public comment was received.

STATUTORY AUTHORITY. The new section is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the new section affects

no other code, article, or statute. The rule, as adopted, has been reviewed by legal counsel and found to be a valid exercise of the Department's legal authority.

10 TAC §1.15, Integrated Housing Rule

(a) Purpose. It is the purpose of this section to provide a standard by which Developments funded by the Department offer an integrated housing opportunity for Households with Disabilities. This rule is authorized by Tex. Gov't Code, §2306.111(g) that promotes projects that provide integrated affordable housing.

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

(1) Capitalized words used herein have the meaning assigned in the specific Chapters and Rules of this Part that govern the program associated with the funded or awarded Development, or assigned by federal or state law.

(2) Households with Disabilities--A Household composed of one or more persons, at least one of whom is an individual who is determined to have 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 disability as defined by other applicable federal or state law.

(3) Integrated Housing--Living arrangements typical of the general population. Integration is achieved when Households with Disabilities have the option to choose housing units that are located among units that are not reserved or set aside for Households with Disabilities. Integrated Housing is distinctly different from assisted living facilities/arrangements.

(4) Unit--has the meaning in §11.1(d) of this title, or of Single Family Housing Unit in §20.3 of this title, or Dwelling Unit in §7.2 of this title, or as determined by the applicable funding source or funding announcement.

(c) Applicability. This rule applies to:

(1) All Multifamily Developments subject to Chapter 11 of this title, Chapter 12 of this title (relating to Multifamily Housing Revenue Bond Rules), and Chapter 13 of this title (relating to Multifamily Direct Loan Rule), with the exclusion of Transitional Housing Developments;

(2) Single Family Developments subject to Chapter 23, Subchapter F, Single Family Development Program, of this title (relating to Single Family HOME Program), §7.3 of this title, or done with Neighborhood Stabilization Program funds, with the exclusion of Shelters, Transitional Housing, and Scattered-site developments, meaning one to four family dwellings located on sites that are on non-adjacent lots, with no more than four units on any one site; and

(3) Only the restrictions or set asides placed on Units through a Contract, LURA, or financing source that limits occupancy to Persons with Disabilities. This rule does not prohibit a Development from having a higher percentage of actual occupants who are Persons with

Disabilities.

(4) Previously awarded Multifamily Developments that would no longer be compliant with this rule are not considered to be in violation of the percentages described in subsection (d)(2) or subsection (d)(3) of this section if the award is made prior to September 1, 2018, and the restrictions or set asides were already on the Development or adopted in the Application for the Development.

(d) Integrated Housing Standard. Units exclusively set aside or containing a preference for Households with Disabilities must be dispersed throughout a Development.

(1) A Development may not market or restrict occupancy solely to Households with Disabilities unless required by a federal funding source.

(2) Developments with 50 or more Units shall not exclusively set aside more than 25% of the total Units in the Development for Households with Disabilities.

(3) Developments with fewer than 50 Units shall not exclusively set aside more than 36% of the Units in the Development for Households with Disabilities.

(e) Board Waiver. 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.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 963 **Agenda Date:** 4/10/2025 **Agenda #:** 9.

Presentation, discussion, and possible action on an order adopting amendments to 10 TAC Chapter 1, Subchapter D, Uniform Guidance for Recipients of Federal and State Funds, §1.401 Effective Date and Definitions, §1.403 Single Audit Requirements, §1.404 Purchase and Procurement Standards, and §1.407 Inventory Report; and directing its publication in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, the current rule relating to the guidance that must be followed uniformly by recipients of federal and state funds, at 10 TAC Chapter 1, Subchapter D, is in need of revisions, and such revision is being adopted through amendments to the current rule;

WHEREAS, the needed revisions are required to comply with the Texas Grant Management Standards (TxGMS) Version 2.0, which were published by the Texas Comptroller of Public Accounts in October 2024, and which replace the TxGMS Version 1.1; and

WHEREAS, the proposed rulemaking was published in the *Texas Register* for public comment and no comment was received;

NOW, therefore, it is hereby

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

BACKGROUND

10 TAC Chapter 1, Subchapter D, Uniform Guidance for Recipients of Federal and State Funds, has been identified by staff as needing revisions. The Comptroller published the Texas Grant Management Standards (TxGMS), Version 2.0 in October 2024. This document replaces the TxGMS, Version 1.1. Agencies have a crossover period until the end of state fiscal 2025 to apply either the rules in TxGMS Version 1.1 or TxGMS Version 2.0 to a specific grant program. Beginning Sept. 1, 2025 (the start of state fiscal year 2026), TxGMS Version 2.0 will be required. Staff is making the rule changes associated with Version 2.0 at this time. Changes relate to equipment, inventory, procurement, and audit report thresholds.

- §1.401. Effective Date and Definitions: revises the definition for Equipment to bring it into alignment with TxGMS 2.0.

- §1.403. Single Audit Requirements: raises the Single Audit Threshold for Subrecipient Fiscal Years Starting on or after October 1, 2024.

- §1.404. Purchase and Procurement Standards: Makes revisions to the category of micro -purchases.

- §1.407. Inventory Report: Adjusts the amount of supplies that must be reported in the inventory from $5,000 to $10,000.

The proposed amendments were made available for public comment and no comment was received. The amendment is being adopted without changes from the version proposed.

Attachment: Preamble, including required analysis, for amendments to 10 TAC Chapter 1, Subchapter D, Uniform Guidance for Recipients of Federal and State Funds, §1.401, Effective Date and Definitions, §1.403, Single Audit Requirements, §1.404, Purchase and Procurement Standards, and §1.407, Inventory Report

The Texas Department of Housing and Community Affairs (the Department) adopts, without changes, amendments to 10 TAC Chapter 1, Subchapter D, Uniform Guidance for Recipients of Federal and State Funds, §1.401, Effective Date and Definitions, §1.403, Single Audit Requirements, §1.404, Purchase and Procurement Standards, and §1.407, Inventory Report. The purpose of the amendments is to bring the rule into conformance with the Texas Grant Management Standards Version 2.0 published by the Texas Comptroller of Public Accounts in October 2024.

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

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

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

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

1. The amendments do not create or eliminate a government program but relate to changes to an existing activity: how state and federal requirements are applied to recipients of Department funds.

2. The amendments do 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 amendments do not require additional future legislative appropriations.

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

decrease in fees paid to the Department.

5. The amendments are not creating a new regulation.

6. The amendments will amend an existing regulation.

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

8. The amendments 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 amendments and determined that the amendments 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 amendments 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 amendments as to their possible effects on local economies and has determined that for the first five years the amendments 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 amendments are in effect, the public benefit anticipated as a result of the changed sections would be an updated and 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 amendments are in effect, enforcing or administering the amendments does not have any foreseeable implications related to costs or revenues of the state or local governments.

SUMMARY OF PUBLIC COMMENT. The public comment period was held from January 31, 2025 to March 4, 2025 and no comment was received.

STATUTORY AUTHORITY. The amendments are made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the amendments affect no other code, article, or statute. The amended rule, as adopted, has been reviewed by legal counsel and found to be a valid exercise of the Department's legal authority.

§1.401. Effective Date and Definition

(a) Revisions to this Subchapter reflect updates to 2 CFR Part 180 and 2 CFR Part 200, which are

generally effective for Contracts executed on or after October 1, 2024. This rule also reflects conformance with the Texas Grant Management Standards Version 2.0 (TxGMS) published by the Texas Comptroller of Public Accounts, which are effective for Contracts executed on or after September 1, 2025. TxGMS 2.0 may also be incorporated into Contracts executed on or after October 1, 2024, and will be incorporated into Contracts where funds are added on or after September 1, 2025. Previous versions of these rules as memorialized in Contracts will continue to be effective unless the Contract is amended to reflected TxGMS 2.0.

(b) Definitions. The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise. Capitalized words used herein have the meaning assigned in the specific Chapters and Rules of this title that govern the program associated with the request, or assigned by federal or state law.

(1) Affiliate--Shall have the meaning assigned by the specific program or programs described in this part.

(2) Department--The Texas Department of Housing and Community Affairs.

(3) Equipment--tangible personal property having a useful life of more than one year or a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by entity for financial statement purposes, or $10,000.

(4) Professional services--for a unit of government is as defined by state law. For Private Nonprofit Organizations it means services:

(A) within the scope of the practice, as defined by state law, of:

(i) accounting;

(ii) architecture;

(iii) landscape architecture;

(iv) land surveying;

(v) medicine;

(vi) optometry;

(vii) professional engineering;

(viii) real estate appraising;

(ix) professional nursing; or

(x) legal services; or

(B) provided in connection with the professional employment or practice of a person who is licensed or registered as:

(i) a certified public accountant;

(ii) an architect;

(iii) a landscape architect;

(iv) a land surveyor;

(v) a physician, including a surgeon;

(vi) an optometrist;

(vii) a professional engineer;

(viii) a state certified or state licensed real estate appraiser;

(ix) attorney; or

(x) a registered nurse.

(5) Single Audit--The audit required by Office of Management and Budget (OMB), 2 CFR Part 200, Subpart F, or Tex. Gov't Code, chapter 783, Uniform Grant and Contract Management, as reflected in an audit report.

(6) Single Audit Certification Form--A form that lists the source(s) and amount(s) of Federal funds and/or State funds expended by the Subrecipient during their fiscal year along with the outstanding balance of any loans made with federal or state funds if there are continuing compliance requirements other than repayment of the loan.

(7) Subrecipient--Includes an entity receiving or applying for federal or state funds from the Department under Chapters 6, 7, 20, 23, 24, 25, or 26 as identified by Contract or in this subchapter. Except as otherwise noted in this subchapter or by Contract, the definition does not include Applicants/Owners who have applied for and/or received funds under a program administered by the Multifamily Finance Division, except for CHDO Operating funds, a grant made to a unit of government or nonprofit organization, or Affiliate, or TCAP-RF grants or loans when made to a unit of government or nonprofit organization or Affiliate. Except as otherwise noted in this subchapter or by Contract, this definition does not include vendors having been procured by the Department for goods or services. A Subrecipient may also be referred to as Administrator.

(8) Supplies--means tangible personal property other than "Equipment" in this section.

(9) Texas Grant Management Standards (TxGMS)--The standardized set of financial management procedures and definitions established by Tex. Gov't Code, chapter 783 regarding Uniform Grant and Contract Management to promote the efficient use of public funds by requiring consistency among grantor agencies in their dealings with grantees, and by ensuring accountability for the expenditure of public funds. This includes TxGMS Version 2.0 published by the Texas Comptroller of Public Accounts in October 2024. State agencies are required to adhere to these standards when administering grants and other financial assistance agreements with cities, counties and other political subdivisions of the state. This includes all Public Organizations including public housing and housing finance agencies. In addition, Tex. Gov't Code Chapter 2105, regarding Administration of Block Grants, subjects subrecipients of federal block grants (as defined therein) to TxGMS.

(10) Uniform Grant Management Standards (UGMS)--the standardized set of financial management procedures used by the Department in Contracts that began before January 1, 2022.

§1.403. Single Audit Requirements

(a) For this section, the word Subrecipient also includes Multifamily Development Owners who have applied for or received Direct Loan Funds, grants or 811 PRA funds from the Department who are or have an Affiliate that is required to submit a Single Audit, i.e. units of government, nonprofit organizations.

(b) Procurement of a Single Auditor. A Subrecipient or Affiliate must procure their single auditor in the following manner unless subject to a different requirement in the Local Government Code:

(1) Competitive Proposal procedures whereby competitors' qualifications are evaluated and a contract awarded to the most qualified competitor. Proposals should be advertised broadly, which may include going outside the entity's service area, and solicited from an adequate number (usually two or more) of qualified sources. Procurements must be conducted in a manner that prohibits the use of in-state or local geographical preferences in the evaluation of bids or proposals;

(2) A Subrecipient may not use the sealed bid method for procurement of the Single Auditor. There is no requirement that the selected audit firm be geographically located near the Subrecipient. If a Subrecipient does not receive proposals from firms with appropriate

experience or responses with a price that is not reasonable compared to the cost price analysis, the submissions must be rejected and procurement must be re-performed.

(c) A Subrecipient or Affiliate must confirm that it is contracting with an audit firm that is properly licensed to perform the Single Audit and is not on a limited scope status or under any other sanction, reprimand or violation with the Texas State Board of Public Accountancy. The Subrecipient must ensure that the Single Audit is performed in accordance with the limitations on the auditor's license.

(d) A Subrecipient is required to submit a Single Audit Certification form within two (2) months after the end of its fiscal year indicating the amount they expended in Federal and State funds during the fiscal year and the outstanding balance of any loans made with federal funds if there are continuing compliance requirements other than repayment of the loan.

(e) Subrecipients that expend $1,000,000 or more in an entity’s fiscal year that starts on or after October 1, 2024 (or in the case of an entity’s fiscal years starting before October 1, 2024, $750,000 or more) in federal and/or state awards or have an outstanding loan balance associated with a federal or state resource of $1,000,000 or $750,000 (as applicable for the fiscal year) with continuing compliance requirements, or a combination thereof must have a Single Audit or program-specific audit conducted. If the Subrecipient's Single Audit is required by 2 CFR 200, subpart F, the report must be submitted to the Federal Audit Clearinghouse the earlier of 30 calendar days after receipt of the auditor's report or nine (9) months after the end of its respective fiscal year. If a Single Audit is required but not under 2 CFR Part 200, subpart F, the report must be submitted to the Department the earlier of 30 calendar days after receipt of the auditor's report or nine months after the end of its respective fiscal year. If the deadline is on a Saturday, Sunday, federal holiday (for a Single Audit required to be submitted to the Federal Audit Clearinghouse), or a state holiday (for a Single Audit required to be submitted to the Department), the deadline is the next business day.

(f) Subrecipients are required to submit a notification to the Department within five business days of submission to the Federal Audit Clearinghouse. Along with the notice, the Subrecipient must indicate if the auditor issued a management letter. If a management letter was issued by the auditor, a copy must be sent to the Department.

(g) The Department will review the Single Audit and issue a management decision letter for audit findings pertaining to the Federal award provided to the Subrecipient from the Department. If the Single Audit results in disallowed costs, those amounts must be repaid or an acceptable repayment plan must be entered into with the Department in accordance with 10 TAC §1.21, Action by Department if Outstanding Balances Exist.

(h) In evaluating a Single Audit, the Department will consider both audit findings and management responses in its review. The Department will notify Subrecipients and Affiliates (if applicable) of any Deficiencies or Findings from within the Single Audit for which the Department requires additional information or clarification and will provide a deadline by which that resolution must occur.

(i) All findings identified in the most recent Single Audit will be reported to the Executive Director during the Previous Participation review process described in Subchapter C of this Chapter. The Subrecipient may submit written comments for consideration within five business

days of the Department's management decision letter.

(j) If the Subrecipient disagrees with the auditors finding(s), and the issue is related to administration of one of the Department's programs, an appeal process is available to provide an opportunity for the auditee to explain its disagreement to the Department. This is not an appeal of audit findings themselves. The Subrecipient may submit a letter of appeal and documentation to support the appeal. The Department will take the documentation and written appeal into consideration prior to issuing a management decision letter. If the Subrecipient does not disagree with the auditor's finding, no appeal to the Department is available.

(k) In accordance with 2 CFR Part 200 and the State of Texas Single Audit Circular §225, with the exception of nondiscretionary CSBG funds except as otherwise required by federal laws or regulations, the Department may suspend and cease payments under all active Contracts, or refrain from executing a new Contract for any Board awarded contracts, until the Single Audit is received. In addition, the Department may elect not to renew an entity in accordance with §1.411 of this Chapter (relating to Administration of Block Grants under Chapter 2105 of the Tex. Gov't Code), or not amend or enter into a new Contract with a Subrecipient until receipt of the required Single Audit Certification form or the submission requirements detailed in subsection (e) of this section.

(l) In accordance with Subchapter C of this Chapter (relating to Previous Participation Reviews), if a Subrecipient applies for funding or an award from the Department, findings noted in the Single Audit and the failure to timely submit a Single Audit Certification Form or Single Audit will be reported to the Executive Director.

§1.404. Purchase and Procurement Standards

(a) The procurement of all goods and services shall be conducted, to the maximum extent practical, in a manner providing full and open competition consistent with the standards of 2 CFR Part 200, UGMS, and TxGMS, as applicable. (b) Subrecipients shall establish, and require its subrecipients/Subcontractors (as applicable by program regulations) to establish, written procurement procedures that when followed, result in procurements that comply with federal, state and local standards, and grant award contracts. Procedures must: (1) include a cost or price analysis that provides for a review of proposed procurements to avoid purchase of unnecessary or duplicative items. Where appropriate, analyzing lease versus purchase alternatives, performing the proposed service in-house, and performing any other appropriate analysis to determine the most economical approach. (2) require that solicitations for goods and services provide for a clear and accurate description of the technical requirements for the material, product or service to be procured. In competitive procurements, such a description shall not contain features which unduly restrict competition, but must contain requirements that the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals. A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards. The specific features of "brand name or equal value" that bidders are required to meet must be listed in the solicitation. (3) include a method for conducting technical evaluations of the proposals received and for selecting awardees. (c) Documentation of procurement processes, to include but not be limited to the items in paragraphs (1) to (9) of this subsection, must be maintained by the Subrecipient in accordance with the record retention requirements of the applicable program: (1) rationale for the type of procurement, (2) cost or price analysis, (3) procurement package, (4) advertising, (5) responses, (6) selection process, (7) contractor selection or rejection, (8) certification of conflict of interest requirements being satisfied, and (9) evidence that the awardee is not an excluded entity in the System for Award Management (SAM). (d) In accordance with 34 Texas Administrative Code, Part 1, Chapter 20, Subchapter D, Division 1, each Subrecipient shall make a good faith effort to utilize the state's Historically Underutilized Business Program in contracts for construction, services (including consulting and Professional Services) and commodities purchases. (e) The State of Texas conducts procurement for many materials, goods, and appliances. Use of the State of Texas Co-Op Purchasing Program does not satisfy the requirements of 2 CFR Part 200. For more detail about how to purchase from the state contract, please contact: State of Texas Co-Op Purchasing Program, Texas Comptroller of Public Accounts. If Subrecipients choose to use the Cooperative Purchasing Program, documentation of annual fee payment is required. (f) All vehicles considered for purchase with state or federal funds must be pre-approved by the Department. Subrecipient must present written justification for the needed vehicle. If approved such approval will be provided via written correspondence from the Department. Procurement procedures must include provisions for full and open competition and a comparison of the costs associated with leasing versus buying a vehicle. Any vehicle purchased without approval may result in disallowed costs. (g) For procurement transactions not subject to UGMS or TxGMS, the Department has adopted a $10,000 micropurchase and $250,000 simplified acquisition threshold. If the federal simplified acquisition threshold changes, as a result of 2 CFR §200.88, or if it is temporarily raised because of a federal disaster declaration, the Department will publish the new amount on its website. For procurement transactions subject to TxGMS 2.0, but not 2 CFR Part 200 Subrecipient must follow a $10,000 micropurchase threshold and a $500,000 Texas Acquisition Threshold. For procurement transactions subject to UGMS or TXGMS prior to version 2.0, Subrecipient must follow a $3,000 micropurchase threshold and a $250,000 Texas Acquisition Threshold. Certain political subdivisions (such as cities and counties) are required under state law to follow a $50,000 sealed bid threshold.

§1.407. Inventory Report (a) The Department requires the submission of an inventory report for all Contracts to be submitted to the Department, no later than 45 calendar days after the end of the Contract Term, or a more frequent period as reflected in the Contract. Real Property and Equipment must be inventoried and reported on the Department's required form. The form and instructions are found on the Department's website. (b) Real property and Equipment purchased with funds under a Contract with the Department must be inventoried and reported to the Department during the Contract Term. (c) Aggregate Supplies of over $10,000, must be reported to the Department at the end of the Contract Term using federal form SF-428, which is a standard form to collect information related to tangible personal property or other form required by the federal fund source. (d) For certain public facility activities funded by the Community Development Block Grant, inventory requirements will be those required by HUD for real property, as further identified in the Contract.

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Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 964 **Agenda Date:** 4/10/2025 **Agenda #:** 10.

Presentation, discussion, and possible action on an order adopting the repeal of 10 TAC Chapter 2, Subchapter B, Enforcement for Noncompliance with Program Requirements of Chapters 6 and 7, §2.201, Cost Reimbursement, and §2.202 Sanctions and Contract Closeout; an order adopting new 10 TAC Chapter 2, Subchapter B, Enforcement for Noncompliance with Program Requirements of Chapters 6 and 7, §2.201, Cost Reimbursement, and §2.202 Sanctions and Contract Closeout; and directing their publication in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, the current rules that relate to Cost Reimbursement, and Sanctions and Contract Closeout, for enforcement actions related to programs associated with Chapters 6 and 7 of the Department's rules (which relate to Community Affairs and Homelessness Programs) were last amended in March 2021 and are in need of revisions, and such revisions are being made through the repeal of the current rule and a simultaneous new rule to be adopted in its place;

WHEREAS, the needed revisions included changes to bring this rule into consistency with other more recent revisions to Department rules and processes and to improve clarity; and

WHEREAS, such proposed rulemaking was published in the *Texas Register* for public comment and no comment was received;

NOW, therefore, it is hereby

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

BACKGROUND

10 TAC Chapter 2, Subchapter B, Enforcement for Noncompliance with Program Requirements of Chapters 6 and 7, §2.201 Cost Reimbursement, and §2.202 Sanctions and Contract Closeout, have been identified by staff as needing several minor revisions. The current rule was last amended in March 2021. Changes bring this rule into consistency with other more recent revisions to Department rules and processes and to improve clarity. This rule was released for

public comment, and no comment was received. The rule will be adopted without changes to the version proposed.

Attachment 1: Preamble, including required analysis, for the repeal of 10 TAC Chapter 2, Subchapter B, Enforcement for Noncompliance with Program Requirements of Chapters 6 and 7, §2.201, Cost Reimbursement, and §2.202 Sanctions and Contract Closeout

The Texas Department of Housing and Community Affairs (the Department) adopts, without changes, the repeal of 10 TAC Chapter 2, Subchapter B, Enforcement for Noncompliance with Program Requirements of Chapters 6 and 7, §2.201, Cost Reimbursement, and §2.202 Sanctions and Contract Closeout. The purpose of the repeal is to make changes to bring this rule into consistency with other more recent revisions to Department rules and processes and to improve clarity.

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

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

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

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

1. The repeal does not create or eliminate a government program but relates to changes to an existing activity: how to handle certain facets of enforcement actions relating to the Community Affairs and Homelessness Programs.

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, limit, or repeal 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 changed sections would be an updated and more germane rule. There will not be economic costs to individuals required to comply with the repealed section.

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

SUMMARY OF PUBLIC COMMENT. The public comment period was held January 31, 2025 through March 4, 2025, to receive input on the proposed action. No public comment was received.

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

§2.201 Cost Reimbursement

§2.202 Sanctions and Contract Closeout

Attachment 2: Preamble, including required analysis, for new 10 TAC Chapter 2, Subchapter B, Enforcement for Noncompliance with Program Requirements of Chapters 6 and 7, §2.201, Cost Reimbursement, and §2.202 Sanctions and Contract Closeout

The Texas Department of Housing and Community Affairs (the Department) adopts, without changes, new 10 TAC Chapter 2, Subchapter B, Enforcement for Noncompliance with Program Requirements of Chapters 6 and 7, §2.201, Cost Reimbursement, and §2.202 Sanctions and Contract Closeout. The purpose of the action is to make changes to bring this rule into consistency with other more recent revisions to Department rules and processes and to improve clarity.

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

The Department has analyzed this rulemaking and the analysis is described below for each

category of analysis performed.

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

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

1. The new sections do not create or eliminate a government program but relates to changes to an existing activity: how to handle certain facets of enforcement actions relating to the Community Affairs and Homelessness Programs.

2. The new sections do 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 sections do not require additional future legislative appropriations.

4. The new sections 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 sections are not creating a new regulation, except that they are replacing sections being repealed simultaneously to provide for revisions.

6. The new sections will not expand, limit, or repeal an existing regulation.

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

8. The new sections 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 sections and determined that they 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 sections do 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 sections as to their possible effects on local economies and has determined that for the first five years the new sections 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 sections are in effect, the public benefit anticipated as a result of the new sections would be a more current and germane rule. There will not be economic costs to individuals required to comply with the new sections.

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

revenues of the state or local governments.

SUMMARY OF PUBLIC COMMENT. The public comment period was held January 31, 2025 through March 4, 2025, to receive input on the proposed action. No public comment was received.

STATUTORY AUTHORITY. The new sections are made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the new sections affects no other code, article, or statute. The rule, as adopted, has been reviewed by legal counsel and found to be a valid exercise of the Department's legal authority.

§2.201, Cost Reimbursement

(a) The Department may place on Cost Reimbursement any Contract, other than non-Discretionary CSBG. Cost reimbursement requires Subrecipients to submit supporting documentation and back up for Expenditures or Obligations prior to the Department releasing funds. The Department staff will indicate for each entity placed on Cost Reimbursement status whether all expenses will be reviewed or a sample, and the nature of any additional documentation that the Department will require from the Subrecipient in connection therewith. The decision by the Department to release funds in a cost review situation does not constitute final approval of the expenditure. Funds so advanced remain subject to future reviews, monitoring, and audits and in no way does the decision to release funds constrains or limits those staff performing further reviews, monitoring, or audits.

(b) In addition to the reporting requirements outlined in §6.7 of this Title (relating to Subrecipient Reporting Requirements) an entity on Cost Reimbursement must submit, at a minimum, their expanded general ledger, chart of accounts, cost allocation plan, and bank reconciliations for the previous three months. Upon review of those items the Department will request submission of back up for some or all of the reported Expenditures.

(c) To the extent that the Contract has budget caps, the budget caps for each budget category will be enforced each month for which the entity is on Cost Reimbursement.

(d) An entity will be removed from Cost Reimbursement when the Department determines that identified risks or concerns have been sufficiently mitigated.

(e) An entity on Cost Reimbursement remains subject to further reviews, monitoring, and audits.

(f) The Department reserves the right to outsource some or all of its work associated with the Cost Reimbursement process to a third party.

§2.202 Sanctions and Contract Closeout

(a) A Subrecipient that enters into a Contract with the Department to administer programs are required to follow all Legal Requirements governing these programs.

(b) If a Subrecipient fails to comply with program and Contract requirements, rules, or regulations and in the event monitoring or other reliable sources reveal material Deficiencies or

Findings in performance, or if the Subrecipient fails to correct any Deficiency or Finding within the time allowed by federal or state law, the Department, in order to protect state or federal funds, may take reasonable and appropriate actions, including, but not limited to, one or more of the items described in paragraphs (1) - (6) of this subsection. In so doing, the Department will not take any action that exceeds what it is permitted to do under applicable state and federal law. The Department, as appropriate, may provide written notice of its actions and the rights of a Subrecipient to appeal.

(1) Place the Subrecipient on Cost Reimbursement as further described in §2.201 of this subchapter;

(2) With the exception of non-Discretionary CSBG, withhold all payments from the Subrecipient (both reimbursements and advances) until acceptable confirmation of compliance with the rules and regulations are received by the Department;

(3) Reduce the allocation of funds to Subrecipients as described in §2.203 of this subchapter (relating to Termination and Reduction of Funding for CSBG Eligible Entities) and as limited for LIHEAP funds as outlined in Tex. Gov't Code, Chapter 2105;

(4) With the exception of non-Discretionary CSBG, suspend performance of the Contract or reduce funds until proof of compliance with the rules and regulations are received by the Department or a decision is made by the Department to initiate proceedings for Contract termination;

(5) If permitted by applicable state and federal statute and regulations, elect not to provide future grant funds to the Subrecipient, either prospectively in general or until appropriate actions are taken to ensure compliance; and/or

(6) Terminate the Contract. Adhering to the requirements governing each specific program administered by the Department, as needed, the Department may determine to proceed with the termination of a Contract, in whole or in part, at any time the Department establishes there is good cause for termination. Such cause may include, but is not limited to: fraud; waste; abuse; fiscal mismanagement; not providing services to clients, or failing to expend Contract funds to serve clients, as contemplated under the Contract; or other serious Findings in the Subrecipient's performance. For CSBG contract termination procedures, refer to §2.203 of this subchapter.

(c) Contract Closeout. When a Contract is terminated, or voluntarily relinquished, the procedures described in paragraphs (1) - (12) of this subsection will be implemented. The terminology of a "terminated" Subrecipient below is intended to include a Subrecipient that is voluntarily terminating the Contract.

(1) The Department will issue a termination letter to the Subrecipient no less than 30 days prior to terminating the Contract; in the case of a Subrecipient that has notified the Department in writing of voluntarily relinquishment, the Department will acknowledge that termination in writing. If the entity is an Eligible Entity the Department, following the CSBG Act, will simultaneously initiate proceedings to terminate the Eligible Entity status and the effectiveness of the contractual termination will be stayed automatically pending the outcome of those proceedings. The Department may determine to take one or more of the following actions:

(A) suspend funds immediately;

(B) allow the Subrecipient to pursue a temporary transfer to another Department-approved provider;

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(C) require Cost Reimbursement for closeout proceedings; and/or

(D) provide instructions to the Subrecipient to prepare a proposed budget and written plan of action that supports the closeout of the Contract. The plan must identify the name and current job titles of Subrecipient staff that will perform the closeout and an estimated dollar amount to be incurred. The plan must identify the Certified Public Accountant or firm which will perform the Single Audit. The Department will issue an official termination date to allow all parties to calculate deadlines which are based on such date.

(2) If the Department determines that Cost Reimbursement is appropriate to accomplish closeout, the provisions in §2.201 of this subchapter will be utilized.

(3) No later than 30 calendar days after the Contract is terminated, the Subrecipient will perform a physical inventory of client files, including case management files.

(4) The terminated Subrecipient will have 30 calendar days from the date of the physical inventory to make available to the Department all current client files, which must be boxed by the county in which a household received assistance. Current and active case management files also must be inventoried, and boxed by county.

(5) Within 60 calendar days following the Subrecipient due date for preparing and boxing client files, Department staff will retrieve the client files.

(6) The terminated Subrecipient will prepare and submit no later than 30 calendar days from the date the Department retrieves the client files, a final report containing a full accounting of all funds expended under the Contract.

(7) A final monthly expenditure report and a final monthly performance report for all remaining expenditures incurred during the Contract period must be received by the Department no later than 45 calendar days from the date the Department determines that the closeout of the program and the period of transition are complete.

(8) The Subrecipient will submit to the Department no later than 45 calendar days after the termination of the Contract, an inventory of the non-expendable personal property acquired in whole or in part with funds received under the Contract as further described in §1.407 of this Title.

(9) The Department may require transfer of title to Equipment to the Department or may direct that a Subrecipient transfer such title to Equipment to another entity receiving funds from the Department. The Department will make arrangements to remove Equipment covered by this paragraph within 90 calendar days following termination of the Contract.

(10) Upon selection of a new service provider, the Department will transfer to the new provider client files and, as appropriate, Equipment.

(11) A current year Single Audit must be performed for all entities that have exceeded the federal expenditure threshold under 2 CFR Part 200, Subpart F or the State expenditure threshold under Texas Grant Management Standards, as applicable. The Department will allow a proportionate share of program funds to pay for accrued audit costs, when an audit is required, for a Single Audit that covers the date up to the closeout of the Contract. The terminated Subrecipient must have a binding contract with a Certified Public Accounting firm on or before the termination date of the Contract. The actual costs of the Single Audit and accrued audit costs including support documentation must be submitted to the Department no later than 45 calendar days from the date the Department determines the closeout is complete.

(12) Subrecipient shall submit within 45 calendar days after the date of the closeout process all financial, performance, and other applicable reports to the Department. The Department

may approve extensions when requested by the Subrecipient. However, unless the Department authorizes an extension, the Subrecipient must abide by the 45 calendar day requirement of submitting all referenced reports and documentation to the Department.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 970 **Agenda Date:** 4/10/2025 **Agenda #:** 11.

Presentation, discussion, and possible action on an order adopting the repeal and proposed new 10 TAC Chapter 5, Section 8 Housing Choice Voucher Program, and an order directing their publication in the *Texas Register*

RECOMMENDED ACTION

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

WHEREAS, the proposed new 10 TAC Chapter 5, Section 8 HCV Program, maintains compliance with federal requirements and updates its procedures to include additional special purpose vouchers;

WHEREAS, the repeal and replacement of 10 TAC Chapter 5, Section 8 Housing Choice Voucher (HCV) Program was published in the *Texas Register* for public comment from January 24, 2025, through February 24, 2025, and no public comment was received, and

WHEREAS, staff recommends adoption of the repeal of the existing and proposed new 10 TAC Chapter 5, Section 8 Housing Choice Voucher (HCV) Program as published in the *Texas Register*;

NOW, therefore, it is hereby

RESOLVED, that the proposed repeal of 10 TAC Chapter 5, Section 8 HCV Program, and new 10 TAC Chapter 5, Section 8 HCV Program, with the preamble presented to this meeting are hereby adopted and approved for publication in the *Texas Register*; and

FURTHER RESOLVED, that the Executive Director and his designees, be and each of them hereby are authorized, empowered and directed, for and on behalf of the Department to cause the actions to publish the adopted rules, in the form presented to this meeting, 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 Section 8 Housing Choice Voucher (HCV) rule was last adopted on January 2, 2022. Since this date, the Department has determined that it will participate in an additional type of special purpose voucher for the Foster Youth to Independence (FYI) Initiative as approved by the Board at the meeting on September 5, 2024. TDHCA has executed a Memorandum of Understanding with the Texas Department of Family and Protective Services (DFPS) and is now accepting referrals from DFPS for FYI eligible youth. HUD requires that FYI Initiative applicants

be placed on the Public Housing Authority (PHA) regular Housing Choice Voucher waitlist. While the existing rule does address special purpose vouchers in the current waitlist section, staff recommends adding the FYI Initiative as a specific voucher type to the rule.

As the review was being performed, staff seeks to repeal the existing rule and replace it with a new rule to add in information about the FYI Initiative, make minor updates to the Project Access rule, and to satisfy the four-year rule review requirements.

The proposed rules were approved for publication for public comment by the Board at its meeting of January 16, 2025. No public comment was received.

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Attachment A: Preamble, including required analysis, for adopting the repeal of 10 TAC Chapter 5, Section 8 Housing Choice Voucher Program

The Texas Department of Housing and Community Affairs (the Department) adopts the repeal of 10 TAC Chapter 5, Section 8 Housing Choice Voucher Program. The purpose of the repeal is to eliminate an outdated rule, while adopting a new updated rule under separate action.

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

1. Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the repeal would be in effect, the repeal does not create or eliminate a government program, but relates to the repeal, and simultaneous readoption making changes to an existing activity, administration of the Department's Section 8 Housing Choice Voucher Program.

2. The repeal does not require a change in work that would require the creation of new employee positions, nor is the repeal significant enough to reduce 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 a decrease in fees paid to the Department.

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

6. The action will repeal an existing regulation, but is associated with a simultaneous readoption making changes to an existing activity, the administration of the Department's Section 8 Housing Choice Voucher Program.

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

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

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

The Department has evaluated this 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 chapter would be an updated and more germane rule. There will not be economic costs to individuals required to comply with the repealed chapter.

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

SUMMARY OF PUBLIC COMMENT AND STAFF REASONED RESPONSE. The Department accepted public comment between January 24, 2025, to February 24, 2025. No comment was received.

The Board adopted the final order adopting the repeal on April 10, 2025.

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

10 TAC Chapter 5, Section 8 Housing Choice Voucher Program

§5.801 Project Access Initiative

§5.802 Waiting List

Attachment B: Preamble for adopting the new 10 TAC Chapter 5, Section 8 Housing Choice Voucher Program

The Texas Department of Housing and Community Affairs (the Department) adopts, without changes, the new 10 TAC Chapter 5, Section 8 Housing Choice Voucher Program. The purpose of the new section is to comply with federal requirements and update procedures to include additional special purpose vouchers.

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

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

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

1. The new rule does not create or eliminate a government program, but relates to the readoption of this rule which makes changes to administration of the Department's Section 8 Housing Choice Voucher Programs.

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

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

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

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

6. The new rule will not expand or repeal an existing regulation.

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

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

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002. The Department, in drafting this new rule, has attempted to reduce any adverse economic effect on small or micro-

business or rural communities while remaining consistent with the statutory requirements of Tex. Gov't Code §2306.111.

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

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

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The 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 has no economic effect on local employment because the rule serves to clarify and update existing requirements and does not establish new requirements or activities that may positively or negatively impact local economies.

Tex. Gov't Code §2001.022(a) states that this "impact statement must describe in detail the probable effect of the rule on employment in each geographic region affected by this rule…" Considering that this rule outlines administration of an existing department program and is purely administrative, there are no "probable" effects of the proposed new rule on particular geographic regions.

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

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

SUMMARY OF PUBLIC COMMENT AND STAFF REASONED RESPONSE. The Department accepted public comment between January 24, 2025, to February 24, 2025. No comment was received.

The Board adopted the final order adopting the repeal on April 10, 2025.

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

CHAPTER 5 SECTION 8 HOUSING CHOICE VOUCHER PROGRAM

§5.801 Project Access Initiative

(a) Purpose. The Project Access Program (PA Program) is a program that utilizes federal Section 8 Housing Choice Vouchers, Non-Elderly Disabled Vouchers, and Mainstream Vouchers administered by the Texas Department of Housing and Community Affairs (the Department) to assist low-income persons with disabilities in transitioning from institutions into the community by providing access to affordable housing. This rule provides the parameters and eligibility standards for this program.

(b) Definitions.

(1) At-Risk Applicant--A household that has applied to the Department's Section 8 Project Access program, and exited an Institution prior to issuance of a Department Section 8 Housing Choice Voucher using an alternate short term rental assistance solution and is at risk of that short term rental assistance ending.

(2) HHSC--Texas Health and Human Services Commission.

(3) HUD--The U.S. Department of Housing and Urban Development.

(4) Institution--Congregate settings populated exclusively or primarily with individuals with disabilities; congregate settings characterized by regimentation in daily activities, lack of privacy or autonomy, policies limiting visitors, or limits on individuals' ability to engage freely in community activities and to manage their own activities of daily living; or settings that provide for daytime activities primarily with other individuals with disabilities. This definition includes but is not limited to a nursing facility, state psychiatric hospital, intermediate care facility, or board and care facility as defined by HUD. The definition for Institution is further limited for vouchers funded with NED as further provided for in subsection(e)(2)(C) of this section. This definition does not include a prison, jail, halfway house, or other setting that persons reside in as part of a criminal proceeding.

(5) Mainstream Vouchers (MVP) --HUD's Mainstream Voucher Program.

(6) Non-Elderly Disabled (NED)--HUD's Non-Elderly Disabled Program.

(7) Section 8--HUD's Section 8 Housing Choice Voucher Program administered by the Department.

(c) Regulations Governing Program. All Section 8 Program rules and regulations, including but not limited to, criterion at 24 CFR Part 982 apply to the program.

(d) Project Access in the Department's PHA Plan. Project Access households have a preference in the Department's Section 8 Program, as designated in the Department's Annual PHA Plan. The total number of Project Access Vouchers will be determined each year in the Department's PHA Plan.

(e) Eligibility for the Project Access Program.

(1) A household that participates in the Project Access Program must meet all Section 8 eligibility criteria, and one member of the household must meet the eligibility criteria in subparagraphs(A) and(B) of this paragraph:

(A) Must have a disability as defined in 24 CFR §5.403; and

(B) Must meet one of the criteria in clauses(i) or(ii) of this subparagraph:

(i) be a resident of an Institution at the time of voucher issuance; or

(ii) be an At-Risk Applicant that meets one of the criteria of subclauses(I) through (IV) of this clause:

(I) A current recipient of Tenant-Based Rental Assistance (TBRA) from a HOME Investment Partnership Program, whose assistance from that HOME source is within six months of expiration and is not eligible for extension or renewal, and was a previous resident of an Institution prior to receiving the TBRA assistance;

(II) A household with a household member who meets the criteria of an At-Risk Applicant and has lost their TBRA from a HOME Investment Partnership Program due to lack of available funding;

(III) A household that is a current recipient of rental assistance funded by HHSC, whose assistance from HHSC is within six months of expiration and is not eligible for extension or renewal, and was a previous resident of an Institution immediately prior to receiving the assistance; or

(IV) A household that is a current recipient of HHSC funded group home housing that was a previous resident of a state hospital immediately prior to receiving the group home assistance.

(2) NED and Mainstream Vouchers have additional eligibility criteria which are:

(A) The household member with the disability as defined in 24 CFR §5.403, must be 18 but under 62 years of age at the time of voucher issuance;

(B) For NED only, the head of household, spouse, co-head, or sole member, must be a person with a disability; and

(C) For NED only, the qualifying household member must not be an At-Risk Applicant as described in this subsection, must be residing in a nursing facility, Texas state psychiatric hospital, or intermediate care facility immediately prior to voucher issuance, and must also be referred by the applicable HHSC funded agency.

(f) Waiting List and Allocation of Vouchers.

(1) Unless no longer authorized as a set-aside by HUD, no more than 10 percent of the vouchers used in the Project Access Program will be reserved for households with a household member eligible for a pilot

program in partnership with the HHSC for Texas state psychiatric hospitals who otherwise meets the criteria of the Project Access Program at the time of voucher issuance.

(2) The Department will accept an application for the PA Program at any time. An applicant for the PA Program is placed on a Waiting List until a voucher becomes available. An applicant who qualifies for the Project Access HHSC Pilot Program in subsection(f)(1) of this section is placed on a Waiting List for Project Access HHSC Pilot Program, and also for the general PA Program Waiting List.

(3) The Department will select applicants off the Waiting List for the Project Access HHSC Pilot Program, and for the general PA Program waitlist. Households will first be assessed for eligibility for NED and Mainstream Vouchers. Households eligible for PA that are not eligible for NED or Mainstream may be issued a regular Section 8 Voucher. to

(4) Maintaining Status on the Project Access Waiting List. A household on the Project Access waiting list may maintain their order and eligibility for a Project Access voucher if the household:

(A) Applied for the PA Program and was placed on the waiting list prior to transition out of an Institution; and

(B) Received continuous rental assistance from one of the eligible sources identified under subsection(e)(1)(B)(ii) of this section or other Department funding for rental assistance from the time of exit from an Institution until the issuance of the Project Access voucher.

§5.802 Waiting List

(a) Purpose. The U.S. Department of Housing and Urban Development (HUD) requires that the Texas Department of Housing and Community Affairs (the Department), in its role as a public housing authority (PHA) administering a Housing Choice Voucher (HCV) program, adopt a clear approach to accepting applications, placing households on the waiting list, and selecting households from the waiting list. This rule provides the Department's policies for taking applications, managing the waiting list and selecting households for HCV assistance specifically for its 34-county jurisdictional area.

(b) Applicability.

(1) This rule is applicable only to the specific geographically limited jurisdiction of the Department. This jurisdictional area is comprised of discrete areas within counties (currently 34), but may be expanded or reduced upon action of the Board. The jurisdictional area reflected on the Department's website will serve as the jurisdictional area for the purpose of this rule.

(2) This rule does not apply to the waiting list for statewide Project Access vouchers which is addressed in §5.801 of this chapter (relating to Project Access Initiative). The rule does not address the specific waiting list process for project-based vouchers administered by the Department or for HUD Veterans Affairs Supportive Housing (VASH) vouchers administered by the Department. Should any special purpose vouchers, including Foster Youth to Independence (FYI) vouchers, be received by the Department that serve specific populations or geographic areas other than the geographically limited jurisdiction of the Department referenced in paragraph (1) of this subsection, these waiting lists policies are not required to be utilized. Additionally, certain households might be accepted into the HCV program if required by 24 CFR §982.203, or at the direction of HUD, as directed by a court of law, or as part of a TDHCA conciliation agreement.

(c) Definitions and HUD Regulations.

(1) While the HUD regulations in 24 CFR Parts 5, §§903 and 982 use the word "family," in order to be consistent with other rules in this Part, this rule will use the word "household." Both words are intended to have the same meaning.

(2) Nothing in this rule is intended to conflict with federal statutes or regulations that govern the HCV assistance. If HUD mandates a process or procedure to be used for application or waiting list management that is not identified in this rule, the Department will follow HUD's direction and will amend this rule as soon as practicable.

(d) Outreach and Affirmative Marketing.

(1) HUD regulations require that all households have an equal opportunity to apply for and receive housing assistance, and that the PHA affirmatively further fair housing goals in the administration of the program (24 CFR §982.53).

(2) The Department will conduct sufficient outreach to ensure that a sufficient number of applications will be received. HUD requires that at least 75% of the households served by the Department are extremely low-income households, and therefore the Department may need to conduct special outreach to ensure that an adequate number of extremely low-income households apply for assistance. All outreach will specify the number of households that will be accepted onto the waiting list.

(3) All outreach efforts relating to the opening of the waiting list will take place at least 7 calendar days prior to the first day of the application acceptance period, but no longer than 45 calendar days prior to the first day of the application acceptance period.

(4) Prior to performing outreach efforts for the opening of the waiting list, the Department will analyze the characteristics of the population being served by the program and the characteristics of the population as a whole in the PHA's jurisdiction to identify underserved populations. Targeted outreach efforts will be undertaken if a comparison suggests that certain populations are underrepresented in the program. Outreach materials will be provided in English, Spanish, and any other language as determined by a 4-factor analysis within each county service area.

(5) Outreach efforts will include:

(A) marketing through press releases to local newspapers, including minority newspapers;

(B) communicating with councils of governments, regional planning councils, and community action agencies, whose jurisdictions include any one of the counties in the jurisdiction of the Department, to:

(i) request that they distribute informational materials and flyers to their clients;

(ii) offer training so that they can assist households with submitting an online application; and

(iii) request that they make available a computer or web interface for clients to apply;

(C) developing partnerships with other organizations that serve the low-income population and agencies that provide services to elderly persons, people with disabilities, and people with Limited English proficiency (LEP); and

(D) clear guidance on how a person with a disability can request a reasonable accommodation for the application process.

(6) The Department will maintain a designated telephone number where interested persons can receive specific directions on how and when to apply.

(e) Application.

(1) The Department will utilize an electronic application process available in multiple languages.

(2) Any household that wishes to receive HCV assistance must apply for admission to the program.

(3) All applications must be received through the Department's online application tool. Applications received in the mail or by hand delivery will not be considered.

(4) To be placed on the waiting list only an initial pre-application is required to be submitted. However, the Department may elect to skip the pre-application and use only the full application. Only when an applicant is being pulled from the waiting list to be offered a voucher will a full application submission be required. Form HUD-92006, Supplement to Application for Federally Assisted Housing, must be submitted as an attachment to the Department's full application. A household must submit the completed pre-application or application to ensure that the Department receives the information needed to determine the household's eligibility.

(5) Application Acceptance Period. Applications will be accepted for a 14-calendar day period.

(6) Individuals who have a disability which would prevent them from making an application online may call the Department to make special arrangements so that Department staff can complete their application in time to be included in the lottery process. A Telecommunications Device for the Deaf (TDD) is available for the deaf.

(f) Placement on Waiting List.

(1) No applicant has a right or entitlement to be listed on the waiting list, or to any particular position on the waiting list (24 CFR §982.202(c)).

(2) Placement on the waiting list does not indicate that the household is, in fact, eligible for assistance. A final determination of eligibility will be made when the household is selected from the waiting list.

(3) Creation of Waiting List. The Department will establish a single waiting list for its jurisdictional area. The Department will announce in its outreach documents the total number of households it will place on its waiting list. Except for households on a project-based waiting list, all households that are on a special purpose waiting list at the beginning of the application acceptance period and that wish to live in the Department's jurisdictional area will be placed first on the jurisdictional waiting list based on the time they have been on the special purpose waiting list (i.e. oldest time on any special purpose waiting list gets assigned the first number). All other applications received during the application acceptance period will be assigned a number using a random number generator, called a lottery process. These applications will then be placed in numerical order according to that assigned number. The Department will then place applicants on the waiting list up to the number of households the Department announced it would accept on its waiting list in rising numerical order (inclusive of the households automatically placed on the jurisdictional waiting list because they were on a special purpose waiting list at the beginning of the

application acceptance period). All other applications not within the number being accepted on the wait list will not be placed on the waiting list. All applications submitted will be notified in writing of having been added to the waiting list and their number ranking, or that they were not placed on the waiting list.

(4) Ineligible for Placement on the Waiting List. If the Department can determine from the information provided that a household is ineligible, the household will not be placed on the waiting list or be able to participate in the lottery process described in this section for placement on the waiting list. Where a household is determined to be ineligible, the Department will send written notification of the ineligibility determination within 14 calendar days of receiving the complete application from the Department at the Department headquarters (24 CFR §982.201(f)). The notice will specify the reasons for ineligibility, and will inform the household of its right to request an informal review and explain the process for doing so.

(5) Applicants with Special Purpose Characteristics. The application for the jurisdictional waiting list will ask if the household qualifies for any of the open special purpose waiting lists, including Project Access, that the Department maintains, except for a project-based waiting list or a waiting list in which a household may not directly apply. The applicant household, if qualified, may be added to one or more special purpose waiting lists at the end of the application acceptance period, but this will not impact their lottery number for the jurisdictional waiting list.

(6) If the Department permanently absorbs vouchers from another housing authority and is reassigned the contract by HUD, the waiting list from the other housing authority will be maintained, in its existing order, but will not be further expanded. That waiting list will be treated as separate from the rest of the Department's waiting list until it has been depleted. If after absorption of that area, the Department opens its jurisdictional waiting list, applicants located in the absorbed area will be eligible to also apply to this waiting list.

(g) Selection of Households from the Waiting List.

(1) The actual order in which households are selected from the waiting list can be affected if a household has certain characteristics designated by HUD or the Department to receive preferential treatment, such as being impacted by a particular declared disaster. Funding earmarked exclusively for households with particular characteristics, such as eligibility for Project Access or FYI, may also alter the order in which households are served. HUD requires that extremely low-income (ELI) households make up at least 75% of the households admitted to the HCV program during the Department's fiscal year. ELI households are those with annual incomes at or below 30% of the area median income. To ensure this requirement is met, the Department may skip non-ELI household on the waiting list in order to select an ELI household. (24 CFR §982.201(b)(2)). The skipped non-ELI household will retain its position on the waiting list. Low-income households admitted to the program that are "continuously assisted" under the 1937 Housing Act (24 CFR 982.4(b)), as well as low-income or moderate-income households admitted to the program that are displaced as a result of the prepayment of the mortgage or voluntary termination of an insurance contract on eligible low-income housing, are not counted for income targeting purposes (24 CFR §982.201(b)(2)(v)).

(2) When a voucher becomes available, the Department will select the household at the top of the waiting list. The order of admission from the waiting list IS NOT based on household size, or on the household unit size for which the household qualifies under the occupancy guidelines. If the Department does not have sufficient funds to subsidize the household unit size of the household at the top of the waiting list, the

Department WILL NOT skip the top household to admit an applicant with a smaller household unit size. Instead, the household at the top of the waiting list will be admitted when sufficient funds are available. (24 CFR §982.204(d) and(e)).

(3) When a household comes to the top of the waiting list and the Department is ready to issue a voucher, the household will be notified and required to complete the full application. The household will also be required to complete a Personal Declaration Form. A household that does not respond to the request for full application more than three times will be sent a notice consistent with program policies removing them from the waiting list.

(4) A household's decision to apply for, receive, or refuse non-PHA federal, state, or local housing assistance will not affect the household's placement on the jurisdictional waiting list, or any preferences for which the household may qualify, except as specified in §5.801 of this chapter.

(h) Reporting Changes in Household Circumstances While On the Waiting List. While a household is on the waiting list, the household must immediately inform the Department of changes in contact information, including current residence, mailing address, and phone number. The changes must be submitted in writing. Failure to provide this information may prevent the Department from being able to reach a household if a voucher becomes available and may result in removal from the waiting list.

(i) Updating of the Waiting List and Removal from the Waiting List.

(1) To ensure that the Department's waiting list reflects the most current applicant information, the waiting list may be updated no less than every twelve months.

(2) Process.

(A) To update the waiting list, the Department will send an update request to each household on the waiting list to determine whether the household continues to be interested in, and qualifies for, the program. This update request will be sent to the last address on record for the household and to any email address provided by the household.

(B) The update request will provide a deadline by which the household must respond, which will be approximately 10 days from the date the letter is sent, and will state that failure to respond will result in the applicant's name being removed from the waiting list.

(C) The household's response to the Department must be in writing and may be delivered, by mail, or by email. Responses should be postmarked or received by the Department no later than the deadline specified in the Department's letter.

(D) If the household fails to respond by the specified deadline, the household will be removed from the waiting list without further notice. If the notice is returned to the Department by the post office with no forwarding address, the applicant will be removed from the waiting list without further notice. If the notice is returned to the Department by the post office with a forwarding address, the notice will be re-sent to the address indicated. The household will have a new deadline specified by which to respond.

(3) Removal from the Waiting List.

(A) If a household is removed from the waiting list for failure to respond, the Department may reinstate the household to their former position on the waiting list if it determines that the lack of response was

due to Department error, or to circumstances beyond the household's control. Greater flexibility in this criterion may be provided as a reasonable accommodation.

(B) If a household is removed from the waiting list because they have failed to respond to the Department's request for more information/updates or the Department has determined that they are no longer eligible for assistance, a notice will be sent to the household's address of record as well as to any alternate address or email address provided on the initial application. The notice will state the reasons the household was removed from the waiting list and will inform the household that they have 10 calendar days from the date of the written correspondence to request an informal review of the Department's decision (24 CFR §982.201(f)).

(C) If a household accepts a tenant-based public housing voucher from the Department, the household will be removed from all tenant-based public housing Department waiting lists.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 972 **Agenda Date:** 4/10/2025 **Agenda #:** 12.

Media Analysis and Outreach Report, February 2025

Report follows this page.

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TDHCA Outreach and Media Analysis, February 2025

A compilation of TDHCA media analysis designed to enhance the awareness of TDHCA programs and services among key stakeholder groups and the general public, and outreach activities, such as trainings and webinars. The following is an analysis of print, online and broadcast news, and social media reporting for the time period of February 1-28, 2025 (news articles that specifically mentioned TDHCA generally or along with Department programs).

Total number of articles referencing TDHCA: 68
Breakdown by Medium:[1]

- Print: 15 (Editorials/Columnists = 0)
- Broadcast: 17
- Trade, Government or Internet-Based Publications: 36

Figure 1 News Tone

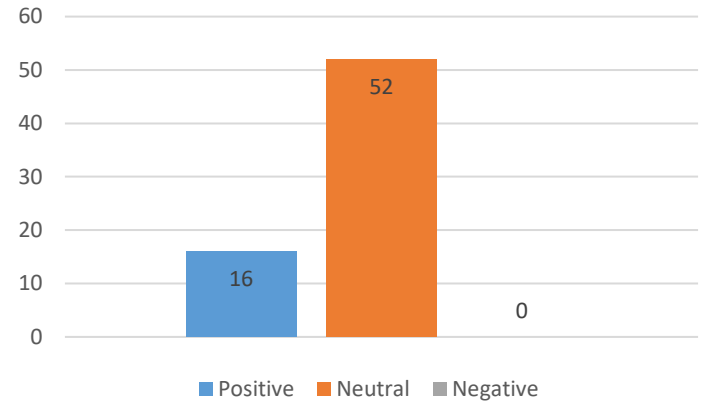
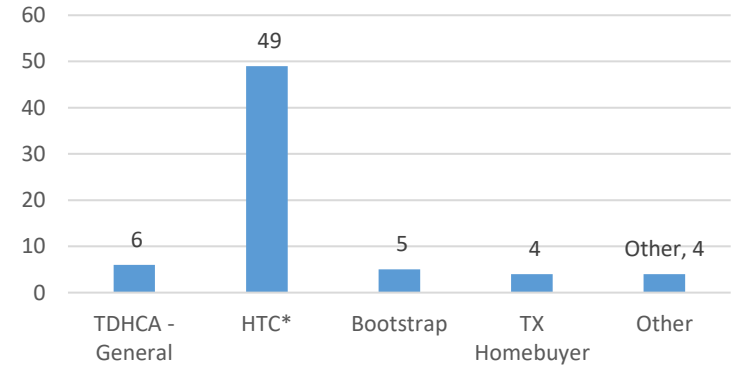
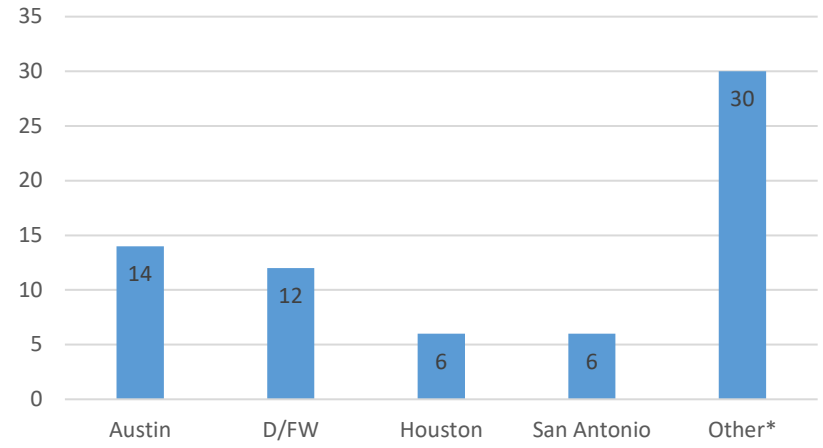


Figure 2 News Topic[2]



[1] *Broadcast numbers may represent times in which TDHCA was referenced on a television or radio station's website, rather than in a broadcast segment.* [2] *News Topics: Programs include Housing Tax Credit.*

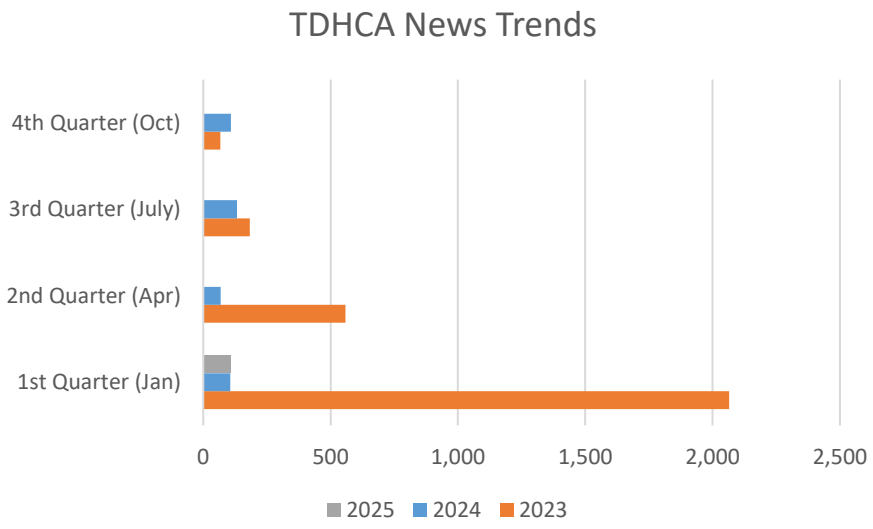
Figure 3 Media Market



Summary:
Reporting on TDHCA activities by the news media totaled 68 references in February 2025. TDHCA's Housing Tax Credit programs dominated the news cycle with most regarding city council support of 2025 9% HTC applications. Historically, the 9% HTC award cycle features heavily in news articles around the state in February. There were also reprints of TDHCA-issued press releases, including mentions of the Bootstrap Loan Program's 25th anniversary.

News mentions during the month were higher than February 2024 (48 total).

The following table illustrates the number of news mentions during each month or quarter of 2025 compared to 2024 and 2023. For the beginning of the first quarter of 2025 (January - March), total news mentions tracked slightly higher (109 total) compared to the number of mentions during the same timeframe of 2024 (106 total), but lower than 2023 (420 total). Please note, some pandemic-related programs for which TDHCA had oversight were still operating and accepting applications in 2023.



Social media:
Through February 2025, TDHCA has 3,674 followers to its X account and 7,650 fans to its Facebook page. TDHCA's YouTube channel had 4,979 views in February. The following is a summary analysis of TDHCA's efforts to inform stakeholders and the public on federal and state resources, initiatives, and programs.

Month/Yr	Posts	Clicks	Engagements	Shared posts	Reactions
January 2025	48	0	57 (includes Comments)	4	50
February 2025	39	0	18 (includes Comments	3	12

* Clicks = number of times an individual clicked on a link provided in a post; however, FB only tracks clicks for posts that reach a minimum engagement level of 30. Engagements = any action a person takes on our post including shares, comments and reactions.

Month/Yr	Posts	Clicks	Engagements	Retweets	Liked posts
January 2025	45	0	10	2	6
February 2025	42	11	9	1	3

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

Month	Views	Watch time (hours)	Avg. view duration	Avg. % viewed	Unique viewers
January 2025	6,118	521.9	5:07	17.6%	5,158
February 2025	4,979	471.4	5:40	15.8%	4,066

<u>Understanding the YouTube Analytics</u>

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

Top 25 videos for February 2025

Content	Views	Watch time (hours)	Average view duration	Average percentage viewed	Unique viewers
Total	**4,979**	**471.4**	**5:40**	**15.8%**	**4,066**
Help for Texans (English)	3,160 63.5%	85.1 18.1%	1:36	47.5%	2,916 71.7%
Texas Homebuyer Program introduction	467 9.4%	5.8 1.2%	0:44	85.9%	453 11.1%
Income Determination Training	152 3.1%	58.5 12.4%	23:05	8.0%	74 1.8%
Income Determination Training Webinar - Jan. 4, 2024	95 1.9%	95.0 20.2%	1:00:01	17.5%	50 1.2%
Reasonable Accommodations and Accessibility – Fair ...	68 1.4%	0.4 0.1%	0:18	0.3%	64 1.6%
Office Hours - NSPIRE	57 1.1%	19.4 4.1%	20:22	20.6%	32 0.8%
2024 Emergency Solutions Grants (ESG) Application S...	49 1.0%	3.5 0.8%	4:18	6.4%	38 0.9%
TEMAP Implementation Workshop - June 8, 2021	48 1.0%	0.4 0.1%	0:32	1.2%	42 1.0%
Assets and the Changes from HOTMA	46 0.9%	19.1 4.1%	24:56	23.3%	35 0.9%
Housing Opportunity Through Modernization Act of 20...	40 0.8%	8.8 1.9%	13:14	13.9%	33 0.8%
Multifamily Compliance: Online Reporting, USR and AO...	40 0.8%	10.0 2.1%	15:02	12.7%	24 0.6%
Frequently Asked Questions about Utility Allowances	35 0.7%	4.3 0.9%	7:26	11.5%	34 0.8%
Updated HOTMA Training - Oct. 13, 2023	33 0.7%	32.8 7.0%	59:40	37.6%	15 0.4%
TEMAP Monthly Reporting Webinar for Part C Program...	28 0.6%	0.3 0.1%	0:33	2.9%	24 0.6%
New Owner Training	28 0.6%	5.1 1.1%	11:00	11.5%	25 0.6%
Accessing Texas Department of Aging and Disability S...	25 0.5%	1.0 0.2%	2:27	34.6%	25 0.6%
2024 Emergency Solutions Grants (ESG) Implementati...	24 0.5%	2.4 0.5%	5:59	11.6%	14 0.3%
Fair Housing 101: The Basics of Fair Housing in Texas	23 0.5%	5.3 1.1%	13:55	13.2%	19 0.5%
Tax Exempt Bond Program (BOND) Training	17 0.3%	7.2 1.5%	25:20	15.2%	13 0.3%
Let's Talk About Forms	17 0.3%	3.3 0.7%	11:43	12.7%	16 0.4%
Fair Housing in Texas	17 0.3%	0.5 0.1%	1:55	61.6%	14 0.3%
New Monitor Review Questionnaire / Office Hours	17 0.3%	6.0 1.3%	21:20	22.1%	9 0.2%
Acquisition and Rehab Funding Requirements, Office H...	16 0.3%	5.9 1.3%	22:04	25.9%	12 0.3%
Reasonable Accommodations in Texas	16 0.3%	0.6 0.1%	2:11	52.7%	12 0.3%
Utility Allowance Webinar/Office Hours	16 0.3%	3.5 0.8%	13:18	12.6%	15 0.4%

TDHCA Outreach February 2025

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

Department	Meeting Date	Meeting Title	Attendees (includes organizer)
Compliance	Feb. 7	Office Hours with a New Owners Training	81
Housing Resource Center	Feb. 18	TICH (Texas Interagency Council for the Homeless)	19
HOME ARP	Feb. 20	NCO NOFA	21

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 984 **Agenda Date:** 4/10/2025 **Agenda #:** 13.

Report on the Department's 2nd Quarter Investment Report relating to funds held under Bond Trust Indentures

BACKGROUND

The Department's Investment Policy excludes funds invested under a bond trust indenture for the benefit of bond holders because the trustee for each trust indenture controls the authorized investments in accordance with the requirements of that indenture. Management of assets within an indenture is the responsibility of the Trustee. This internal management report is for informational purposes only and, while not required under the Public Funds Investment Act, it is consistent with the prescribed format and detail as required by the Public Funds Investment Act. It details the types of investments, maturity dates, carrying (face amount) values, and fair market values at the beginning and end of the quarter.

Overall, the portfolio carrying value increased approximately $145.1 million (see page 3), resulting in an end of quarter balance of $3,818,748,396.

The portfolio consists of those investments described in the attached Bond Trust Indentures Supplemental Management Report.

	Beginning Quarter	**Ending Quarter**
Mortgage Back Securities (MBS)	84%	85%
Guaranteed Investment Contracts / Investment Agreements	1%	1%
Repurchase Agreements (Cash Equivalents)	8%	9%
Account Control Agreements (Cash Equivalents)	0%	0%
Commercial Paper	0%	0%
Municipal Bonds	0%	0%
Treasury Backed Mutual / Funds	2%	2%
Treasury Notes / Bonds / SLGs	5%	3%

The increase in percentage of MBS is due to the pooling of mortgage loans under the RMRB bond indenture.

The decrease of Repurchase Agreements is due to the origination of mortgage loans and the temporary reinvestment of mortgage repayments until funds are utilized for bond debt service.

Portfolio activity for the quarter:

The MBS purchases this quarter were approximately $143.5 million, due to the issuance of RMRB and multifamily bonds and the investment of proceeds in MBS.

The maturities in MBS were approximately $30.6 million, which represent loan repayments or payoffs.

The table below shows the trend in MBS activity.

	2nd Qtr Fy24	3rd Qtr Fy24	4th Qtr Fy24	1st Qtr Fy24	2nd Qtr Fy25	Total
Purchases	$378,233,466	$145,860,302	$181,385,590	$114,144,979	$143,585,415	$963,209,752
Sales						
Maturities	$22,728,554	$25,521,843	$29,322,589	$28,275,216	$30,616,424	$136,464,626
Transfers						

The process of valuing investments at fair market value identifies unrealized gains and losses. These gains or losses do not impact the overall portfolio because the Department typically holds MBS investments until maturity.

The fair market value (the amount at which a financial instrument could be exchanged in a current transaction between willing parties) increased $156.3 million (see pages 3 and 4), with fair market value less than the carrying value. The national average for a 30-year fixed rate mortgage, as reported by the Freddie Mac Primary Mortgage Market Survey as of February 27, 2025, was 6.76%, down from 6.81% at the end of November 2024. Various factors affect the fair market value of these investments, but there is a correlation between the prevailing mortgage interest rates and the change in market value.

Given the current financial environment, this change in market value is to be expected.

The ability of the Department's investments to provide the appropriate cash flow to pay debt service and eventually retire the related bond debt is of more importance than the assessed relative value in the bond market as a whole.

The more relevant measures of indenture parity are reported on page 5 in the Bond Trust Indenture Parity Comparison. This report shows parity (ratio of assets to liabilities) by indenture with assets greater than liabilities in a range from 103.26% to 104.61%, which would indicate the Department has sufficient assets to meet its obligations.

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
PUBLIC FUNDS INVESTMENT ACT
Internal Management Report (Sec. 2256.023)
Quarter Ending February 28, 2025

Investment Type	FAIR VALUE (MARKET) @ 11/30/2024	CARRYING VALUE @ 11/30/2024	ACCRETION / PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	CARRYING VALUE @ 2/28/2025	FAIR VALUE (MARKET) @ 2/28/2025	CHANGE IN FAIR VALUE (MARKET)	ACCRUED INT RECVBL GAIN	RECOGNIZED GAIN
INDENTURE RELATED:											
Single Family	1,479,017,196.45	1,517,089,909.72	28,117,090.91	(3,572,399.63)	(17,503,180.78)	-	1,524,131,420.22	1,490,146,303.68	4,087,596.73	5,652,716.77	-
RMRB	1,574,111,495.00	1,597,404,207.82	319,080,764.62	(160,123,061.61)	(11,434,260.51)	-	1,744,927,650.32	1,726,429,676.91	4,794,739.41	6,295,287.20	-
Taxable Mortgage Program	7,730,112.74	8,444,921.42	29,084.40	(340,275.81)	(139,339.92)	-	7,994,390.09	7,306,765.17	27,183.76	2,606,944.31	-
Multi Family	496,091,507.19	550,689,445.56	40,848,515.76	(48,303,383.70)	(1,539,642.51)	-	541,694,935.11	489,381,353.71	2,284,356.97	765,402.06	-
	3,556,950,311.38	**3,673,628,484.52**	**388,075,455.69**	**(212,339,120.75)**	**(30,616,423.72)**	**0.00**	**3,818,748,395.74**	**3,713,264,099.47**	**11,193,876.87**	**15,320,350.34**	**0.00**

(b) (8) The Department is in compliance with regards to investing its funds in a manner which will provide by priority the following objectives: (1) safety of principal, (2) sufficient liquidity to meet Department cash flow needs, (3) a market rate of return for the risk assumed, and (4) conformation to all applicable state statutes governing the investment of public funds including Section 2306 of the Department's enabling legislation and specifically, Section 2256 of the Texas Government Code, the Public Funds Investment Act.

Per Section 2256.007(d) of the Texas Government Code, the Public Funds Investment Act:
David Cervantes completed 5.0 hrs. of training on the Texas Public Funds Investment Act on November 13 and 14, 2023
Scott Fletcher completed 5.0 hrs. of training on the Texas Public Funds Investment Act on June 27, 2024

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David Cervantes
Director of Administration
Date: 03/31/2025

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Scott Fletcher
Director of Bond Finance
Date: 03/31/2025

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BOND FINANCE DIVISION
BOND TRUST INDENTURES
Supplemental Management Report
Quarter Ending February 28, 2025

INVESTMENT TYPE	FAIR VALUE (MARKET) @ 11/30/2024	CARRYING VALUE @ 11/30/2024	ACCRETION / PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	CARRYING VALUE @ 2/28/2025	FAIR VALUE (MARKET) @ 2/28/2025	CHANGE IN FAIR VALUE (MARKET)	RECOGNIZED GAIN
INDENTURE RELATED:										
Mortgage-Backed Securities	2,999,341,353.22	3,116,019,526.36	143,585,414.96	-	(30,616,423.72)	-	3,228,988,517.60	3,123,504,221.33	11,193,876.87	-
Guaranteed Inv Contracts	50,253,440.85	50,253,440.85	510,000.00	(409,000.00)	-	-	50,354,440.85	50,354,440.85	-	-
Investment Agreements	577,000.00	577,000.00	-	(300,000.00)	-	-	277,000.00	277,000.00	-	-
Treasury-Backed Mutual Funds	32,441,132.39	32,441,132.39	35,827,406.68	(16,519,310.62)	-	-	51,749,228.45	51,749,228.45	-	-
Account Control Agreements	49,171.74	49,171.74	-	-	-	-	49,171.74	49,171.74	-	-
Commercial Paper	-	-					-	-	-	-
Municpal Bonds	-	-					-	-	-	-
Repurchase Agreements	317,002,129.18	317,002,129.18	203,131,524.97	(163,326,737.05)	-	-	356,806,917.10	356,806,917.10	-	-
SLG Securities	130,536,084.00	130,536,084.00	5,021,109.08	(5,034,073.08)	-	-	130,523,120.00	130,523,120.00	-	-
Treasury Notes / Bonds	26,750,000.00	26,750,000.00	-	(26,750,000.00)	-	-	-	-	-	0.00
	3,556,950,311.38	**3,673,628,484.52**	**388,075,455.69**	**(212,339,120.75)**	**(30,616,423.72)**	**0.00**	**3,818,748,395.74**	**3,713,264,099.47**	**11,193,876.87**	**0.00**

(b) (8) The Department is in compliance with regards to investing its funds in a manner which will provide by priority the following objectives: (1) safety of principal, (2) sufficient liquidity to meet Department cash flow needs, (3) a market rate of return for the risk assumed, and (4) conformation to all applicable state statutes governing the investment of public funds including Section 2306 of the Department's enabling legislation and specifically, Section 2256 of the Texas Government Code, the Public Funds Investment Act.

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Date 03/31/2025
David Cervantes
Director of Administration

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Date 03/31/2025
Scott Fletcher
Director of Bond Finance

Texas Department of Housing and Community Affairs
Bond Finance Division
Executive Summary
As of Jan 31, 2025

	Single Family Indenture Funds	Residential Mortgage Revenue Bond Indenture Funds	Multi-Family Indenture Funds	Combined Totals
PARITY COMPARISON:				
PARITY ASSETS				
Cash	$ -	$ -	$ -	$ -
Investments[1]	$ 116,386,493	$ 144,294,078	$ 536,244,722	$ 796,925,293
Mortgage Backed Securities[1]	$ 1,406,473,876	$ 1,416,512,681		$ 2,822,986,557
Loans Receivable[2]			$ 1,072,419,840	$ 1,072,419,840
Accrued Interest Receivable	$ 6,889,817	$ 6,034,474	$ 7,401,022	$ 20,325,313
TOTAL PARITY ASSETS	$ 1,529,750,186	$ 1,566,841,233	$ 1,616,065,584	$ 4,712,657,003
PARITY LIABILITIES				
Notes Payable	$ -	$ 10,000,000	$ 534,308,486	$ 544,308,486
Bonds Payable[1]	$ 1,436,354,493	$ 1,500,665,584	$ 897,497,055	$ 3,834,517,132
Accrued Interest Payable	$ 25,922,780	$ 6,749,518	$ 7,551,064	$ 40,223,362
Other Non-Current Liabilities[3]			$ 123,733,734	$ 123,733,734
TOTAL PARITY LIABILITIES	$ 1,462,277,273	$ 1,517,415,102	$ 1,563,090,339	$ 4,542,782,714
PARITY DIFFERENCE	$ 67,472,913	$ 49,426,131	$ 52,975,245	$ 169,874,289
PARITY	**104.61%**	**103.26%**	**103.39%**	**103.74%**

(1) Investments, Mortgage Backed Securities and Bonds Payable reported at par value not fair value. This adjustment is consistent with indenture cashflows prepared for rating agencies. Also, the CHMRB Bonds were redeemed in full in January 2019.

(2) Loans Receivable include whole loans only. Special mortgage loans are excluded.

(3) Other Non-Current Liabilities include "Due to Developers" (for insurance, taxes and other operating expenses) and "Earning Due to Developers" (on investments).

Note: Based on preliminary and unaudited financial statements, subject to change in audited financial statements.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 968 **Agenda Date:** 4/10/2025 **Agenda #:** 14.

Report on the Department's 2nd Quarter Investment Report in accordance with the Public Funds Investment Act

BACKGROUND

The Department's investment portfolio consists of two distinct parts. One part is related to bond funds under trust indentures that are not subject to the Public Funds Investment Act (PFIA), and the remaining portion is related to accounts excluded from the indentures but covered by the PFIA. The Department's total investment portfolio is $3,902,704,815 of which $3,818,748,396 is not subject to the PFIA. This report addresses the remaining $83,956,419 (see page 1 of the Internal Management Report) in investments covered by the PFIA. These investments are deposited in the General Fund, Housing Trust Fund, Compliance, and Housing Initiative accounts, which are all held at the Texas Treasury Safekeeping Trust Company (TTSTC), primarily in the form of overnight repurchase agreements. These investments are fully collateralized and secured by U.S. Government Securities. A repurchase agreement is the daily purchase of a security with an agreement to repurchase that security at a specific price and date, which in this case was March 3, 2025, with an effective interest rate of 4.31%. These investments safeguard principal while maintaining liquidity. The overnight repurchase agreements, subject to the PFIA, earned $707,335 in interest during the quarter.

Below is a description of each fund group and its corresponding accounts.

- The **General Fund** accounts maintain funds for administrative purposes to fund expenses related to the Department's ongoing operations. These accounts contain balances related to bond residuals, fee income generated from the Mortgage Credit Certificate (MCC) Program, escrow funds, single family and multifamily bond administration fees, and balances associated with the Below Market Interest Rate (BMIR) Program.

- **The State Housing Trust Fund** accounts maintain funds related to programs set forth by the Housing Trust Fund funding plan. The Housing Trust Fund provides loans and grants to finance, acquire, rehabilitate, and develop decent and safe affordable housing.

- The **Compliance** accounts maintain funds from compliance monitoring fees and asset management fees collected from multifamily developers. The number of low income units and authority to collect these fees is outlined in the individual Land Use Restriction Agreements (LURAs) that are issued to each Developer. These fees are generated for the purpose of offsetting expenses incurred by the Department related to the monitoring and administration of these properties.

- The **Housing Initiative** accounts maintain funds from fees collected from Developers in connection with the Department's Housing Tax Credit Program. The majority of fees collected are application fees and commitment fees. The authority for the collection of these fees is outlined in the Department's Multifamily Rules. These fees are generated for the purpose of offsetting expenses incurred by the Department related to the administration of the Tax Credit Program.

- The **Ending Homelessness Trust Fund** account maintains funds from donations collected from individuals through the Texas Department of Motor Vehicles in connection with the Department's Ending Homelessness Program. The authority for the collection of these donations is outlined in Tex. Transp. Code §502.415. These donations are collected and disbursed for the purpose of providing grants to counties and municipalities to combat homelessness.

This report is in the format required by the Public Funds Investment Act. It shows in detail the types of investments, their maturities, their carrying (face amount) values, and fair values at the beginning and end of the quarter. The detail for investment activity is on Pages 1 and 2.

During the 2nd Quarter, as it relates to the investments covered by the PFIA, the carrying value increased by $3,203,880 (see page 1) for an ending balance of $83,956,419. The change is described below by fund groups.

General Fund: The General Fund decreased by $309,318. This consists primarily of $386,423 received in multifamily bond fees and $650,000 transferred from the Single Family Bond Program, offset by disbursements including $1,247,838 to fund the operating budget.

The State Housing Trust Fund: The Housing Trust Fund decreased by $24,749. This consists primarily of $1,274,627 received in loan repayments and interest earnings, offset by disbursements including $1,460,469 for loans, grants, and escrow payments.

Compliance: Compliance funds increased by $2,934,943. This consists primarily of $5,121,052 received in compliance fees offset by disbursements of $2,287,094 transferred to fund the operating budget.

Housing Initiative: Housing Initiative funds increased by $610,935. This consists primarily of $2,959,679 received in fees and interest earnings related to tax credit activities offset by disbursements of $2,000,444 transferred to fund the operating budget.

Ending Homelessness Fund: Ending Homelessness funds decreased by $7,931. This consists of $63,644 donations and interest earnings on current investment balances, offset by disbursements of $71,518 for grants.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION

PUBLIC FUNDS INVESTMENT ACT
INTERNAL MANAGEMENT REPORT (SEC. 2256.023)
QUARTER ENDING FEBRUARY 28, 2025

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
PUBLIC FUNDS INVESTMENT ACT
Internal Management Report (Sec. 2256.023)
Quarter Ending February 28, 2025

	Investment Type	FAIR VALUE (MARKET) @ 11/30/2024	CARRYING VALUE @ 11/30/2024	ACCRETION / PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	CARRYING VALUE @ 2/28/2025	FAIR VALUE (MARKET) @ 2/28/2025	CHANGE IN FAIR VALUE (MARKET)	ACCRUED INT RECVBL GAIN	RECOGNIZED GAIN
NON-INDENTURE RELATED:												
General Fund	Repurchase Agreements	8,653,548.70	8,653,548.70	116,840.86	(426,159.35)	-	-	8,344,230.21	8,344,230.21	-	999.01	-
Housing Trust Fund	Repurchase Agreements	20,799,591.03	20,799,591.03	1,322,252.99	(1,347,001.62)	-	-	20,774,842.40	20,774,842.40	-	2,487.48	-
Compliance	Repurchase Agreements	15,498,201.07	15,498,201.07	2,934,943.26	-	-	-	18,433,144.33	18,433,144.33	-	2,206.86	-
Housing Initiatives	Repurchase Agreements	35,229,565.11	35,229,565.11	615,060.87	(4,126.33)	-	-	35,840,499.65	35,840,499.65	-	4,291.11	-
Ending Homelessness Trust Fund	Repurchase Agreements	571,633.47	571,633.47	-	(7,930.99)	-	-	563,702.48	563,702.48	-	67.49	-
NON-INDENTURE RELATED TOTAL		80,752,539.38	80,752,539.38	4,989,097.98	(1,785,218.29)	0.00	0.00	83,956,419.07	83,956,419.07	0.00	10,051.95	0.00

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David Cervantes
Director of Administration
Date: March 31, 2025

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Scott Fletcher
Director of Bond Finance
Date: March 31, 2025

Texas Department of Housing and Community Affairs
General Fund Investment Summary
For Period Ending February 28, 2025

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/2024	Beginning Market Value 11/30/2024	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 2/28/2025	Ending Market Value 2/28/2025		Change In Market Value	Recognized Gain
Repo Agmt	General Fund	4.31	2/28/2025	3/3/2025	1,796,164.18	1,796,164.18	-	(277,008.83)	-		1,519,155.35	1,519,155.35	-		
Repo Agmt	General Fund	4.31	2/28/2025	3/3/2025	0.02	0.02	-	-	-		0.02	0.02	-		
Repo Agmt	General Fund	4.31	2/28/2025	3/3/2025	84,425.77	84,425.77	-	(64,908.09)	-		19,517.68	19,517.68	-		
Repo Agmt	General Fund	4.31	2/28/2025	3/3/2025	649,004.13	649,004.13	24,858.15	-	-		673,862.28	673,862.28	-		
Repo Agmt	General Fund	4.31	2/28/2025	3/3/2025	4,001,149.68	4,001,149.68	78,223.84	-	-		4,079,373.52	4,079,373.52	-		
Repo Agmt	General Fund	4.31	2/28/2025	3/3/2025	464,187.19	464,187.19	5,031.16	-	-		469,218.35	469,218.35	-		
Repo Agmt	General Fund	4.31	2/28/2025	3/3/2025	855,519.61	855,519.61	-	(84,242.43)	-		771,277.18	771,277.18	-		
Repo Agmt	General Fund	4.31	2/28/2025	3/3/2025	801,958.07	801,958.07	8,725.29	-	-		810,683.36	810,683.36	-		
Repo Agmt	General Fund	4.31	2/28/2025	3/3/2025	1,140.05	1,140.05	2.42	-	-		1,142.47	1,142.47	-		
	General Fund Total				**8,653,548.70**	**8,653,548.70**	**116,840.86**	**(426,159.35)**	**-**	**-**	**8,344,230.21**	**8,344,230.21**		**-**	**-**
Repo Agmt	Housing Trust Fund	4.31	2/28/2025	3/3/2025	71,317.87	71,317.87	7,240.42	-	-		78,558.29	78,558.29	-		
Repo Agmt	Housing Trust Fund	4.31	2/28/2025	3/3/2025	390,233.01	390,233.01	38,875.39	-	-		429,108.40	429,108.40	-		
Repo Agmt	Housing Trust Fund	4.31	2/28/2025	3/3/2025	587,858.64	587,858.64	29,246.84	-	-		617,105.48	617,105.48	-		
Repo Agmt	General Revenue Appn	4.31	2/28/2025	3/3/2025	711,400.58	711,400.58	117,151.59	-	-		828,552.17	828,552.17	-		
Repo Agmt	General Revenue Appn	4.31	2/28/2025	3/3/2025	474,546.95	474,546.95	68,333.69	-	-		542,880.64	542,880.64	-		
Repo Agmt	General Revenue Appn	4.31	2/28/2025	3/3/2025	1,824,443.21	1,824,443.21	834,587.76	-	-		2,659,030.97	2,659,030.97	-		
Repo Agmt	General Revenue Appn	4.31	2/28/2025	3/3/2025	620,800.03	620,800.03	226,817.30	-	-		847,617.33	847,617.33	-		
Repo Agmt	General Revenue Appn	4.31	2/28/2025	3/3/2025	228,497.90	228,497.90	-	-	-		228,497.90	228,497.90	-		
Repo Agmt	Housing Trust Fund-GR	4.31	2/28/2025	3/3/2025	2,194,612.60	2,194,612.60	-	(313,512.10)	-		1,881,100.50	1,881,100.50	-		
Repo Agmt	Housing Trust Fund-GR	4.31	2/28/2025	3/3/2025	1,891,036.28	1,891,036.28	-	(301,989.52)	-		1,589,046.76	1,589,046.76	-		
Repo Agmt	Housing Trust Fund-GR	4.31	2/28/2025	3/3/2025	1,227,899.00	1,227,899.00	-	-	-		1,227,899.00	1,227,899.00	-		
Repo Agmt	Boostrap -GR	4.31	2/28/2025	3/3/2025	3,965,284.75	3,965,284.75	-	(99,000.00)	-		3,866,284.75	3,866,284.75	-		
Repo Agmt	Boostrap -GR	4.31	2/28/2025	3/3/2025	5,911,660.21	5,911,660.21	-	(632,500.00)	-		5,279,160.21	5,279,160.21	-		
Repo Agmt	Boostrap -GR	4.31	2/28/2025	3/3/2025	700,000.00	700,000.00	-	-	-		700,000.00	700,000.00	-		
	Housing Trust Fund Total				**20,799,591.03**	**20,799,591.03**	**1,322,252.99**	**(1,347,001.62)**	**-**	**-**	**20,774,842.40**	**20,774,842.40**		**-**	**-**
Repo Agmt	Multi Family	4.31	2/28/2025	3/3/2025	1,118,433.89	1,118,433.89	44,556.13	-	-		1,162,990.02	1,162,990.02	-		
Repo Agmt	Multi Family	4.31	2/28/2025	3/3/2025	962,387.68	962,387.68	132,664.24	-	-		1,095,051.92	1,095,051.92	-		
Repo Agmt	Low Income Tax Credit Prog.	4.31	2/28/2025	3/3/2025	13,417,379.50	13,417,379.50	2,757,722.89	-	-		16,175,102.39	16,175,102.39	-		
	Compliance Total				**15,498,201.07**	**15,498,201.07**	**2,934,943.26**	**-**	**-**	**-**	**18,433,144.33**	**18,433,144.33**		**-**	**-**
Repo Agmt	Asset Management	4.31	2/28/2025	3/3/2025	2,643,872.33	2,643,872.33	-	(4,126.33)	-		2,639,746.00	2,639,746.00	-		
Repo Agmt	Low Income Tax Credit Prog.	4.31	2/28/2025	3/3/2025	30,000.00	30,000.00	-	-	-		30,000.00	30,000.00	-		
Repo Agmt	Low Income Tax Credit Prog.	4.31	2/28/2025	3/3/2025	2,684,357.46	2,684,357.46	291,062.37	-	-		2,975,419.83	2,975,419.83	-		
Repo Agmt	Low Income Tax Credit Prog.	4.31	2/28/2025	3/3/2025	29,489,984.35	29,489,984.35	319,898.92	-	-		29,809,883.27	29,809,883.27	-		
Repo Agmt	Low Income Tax Credit Prog.	4.31	2/28/2025	3/3/2025	381,350.97	381,350.97	4,099.58	-	-		385,450.55	385,450.55	-		
	Housing Inititatives Total				**35,229,565.11**	**35,229,565.11**	**615,060.87**	**(4,126.33)**	**-**	**-**	**35,840,499.65**	**35,840,499.65**		**-**	**-**
Repo Agmt	Homelessness - HB4102	4.31	2/28/2025	3/3/2025	571,633.47	571,633.47	-	(7,930.99)	-		563,702.48	563,702.48	-		
	Homelessness - HB4102 Total				**571,633.47**	**571,633.47**	**-**	**(7,930.99)**	**-**	**-**	**563,702.48**	**563,702.48**		**-**	**-**
	Total Non-Indenture Related Investment Summary				**80,752,539.38**	**80,752,539.38**	**4,989,097.98**	**(1,785,218.29)**	**-**	**-**	**83,956,419.07**	**83,956,419.07**		**-**	**-**

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 965 **Agenda Date:** 4/10/2025 **Agenda #:** 15.

Executive Director's Report

ORAL PRESENTATION

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Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 25-016 **Agenda Date:** 4/10/2025 **Agenda #:** 16.

Presentation, discussion, and possible action on Inducement Resolution No. 25-016 Multifamily Housing Revenue Bonds regarding authorization for filing an application for private activity bond authority for Waters at Waterchase (#24613)

RECOMMENDED ACTION

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. 25-016, to proceed with the application submission to the BRB for possible receipt of State Volume Cap issuance authority under the Private Activity Bond Program for the pre-application listed herein, 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 $20,000,000 million in private activity bond volume cap. Staff notes that the Department's set-aside for the 2025 program year is $213,559,922, and is oversubscribed in requests. The pre-application below will be added to the Department's list of participating applications for 2025.

Waters at Waterchase

The acquisition and rehabilitation of 134 multifamily units to serve the general population is proposed for the project. The existing development, which was originally built in 1984, is located at 12365 Plano Road, Dallas, Dallas County. Waters at Waterchase was originally part of a Qualified 501(c)(3) Bond portfolio issued by the Department in 1993, which was redeemed in 2004 and the bonds are no longer outstanding. The applicant will elect the Priority 2 designation, which requires a minimum of 80% of the units to be rent- and income-restricted at 60% of the Area Median Family Income (AMFI). This designation allows up to 20% of the units to be leased at market rate. The Development will adhere to the requirements of the priority designation, as it preliminarily reflects that all of the units will be rent- and income-restricted at 60% of AMFI. The Department has not received any letters of support or opposition for the development.

The application was previously induced by the Board on October 10, 2024, with a requested bond amount of $15,450,000. Given the increase in construction costs since the original inducement due to an expanded scope of rehabilitation for the project, the applicant has requested additional volume cap to provide additional flexibility as it relates to the 50% test calculation. While the inducement amount provides a parameter, the actual application for volume cap, when filed, can be for a lesser amount.

Bond Inducement Amount: $20,000,000

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RESOLUTION NO. 25-016

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

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

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

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

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

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

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

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

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

WHEREAS, the Governing Board of the Department (the "Board") approved Resolution No. 25-006 on October 10, 2024 (the "Original Resolution") declaring its intent to issue its multifamily revenue bonds or notes for the purpose of providing funds to the Owner to finance the Developments described on the exhibit to the Original Resolution on the terms and conditions set forth therein, and the Board has determined to amend the Original Resolution only with respect to the Owner and Development in order to amend the maximum principal amount of bonds or notes to be issued for such Development; NOW, THEREFORE,

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

ARTICLE 1

OFFICIAL INTENT; APPROVAL OF CERTAIN ACTIONS

Section 1.1. Authorization of Issue. The Department declares its intent to issue its Multifamily Housing Revenue Bonds or Notes (the "Bonds") in one or more series and in amounts estimated to be sufficient to (a) fund a loan or loans to the Owner to provide financing for the respective Development in an aggregate principal amount not to exceed those amounts, corresponding to the Development, set forth in Exhibit A; (b) fund a reserve fund with respect to the Bonds if needed; and (c) pay certain costs incurred in connection with the issuance of the Bonds. Such Bonds will be issued as qualified residential rental development bonds. Final approval of the Department to issue the Bonds shall be subject to: (i) the review by the

Department's credit underwriters for financial feasibility; (ii) review by the Department's staff and legal counsel of compliance with federal income tax regulations and State law requirements regarding tenancy in the respective Development; (iii) approval by the Bond Review Board, if required; (iv) approval by the Attorney General of the State of Texas (the "Attorney General"); (v) satisfaction of the Board that the respective Development meets the Department's public policy criteria; and (vi) the ability of the Department to issue such Bonds in compliance with all federal and State laws applicable to the issuance of such Bonds.

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

Section 1.3. Reimbursement. The Department reasonably expects to reimburse the Owner for all or a portion of the costs that have been or will be paid subsequent to the date that is 60 days prior to the date of the Original Resolution in connection with the acquisition of real property and construction, reconstruction or renovation, as applicable, of its Development and listed on Exhibit A attached hereto ("Costs of the Development") from the proceeds of the Bonds, in an amount which is reasonably estimated to be sufficient: (a) to fund a loan to provide financing for the acquisition and construction or rehabilitation and equipping of its Development, including reimbursing the applicable Owner for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date of the Original Resolution in connection with the acquisition and construction or rehabilitation of the Development; (b) to fund certain reserves that may be required for the benefit of the holders of the Bonds; and (c) to pay certain costs incurred in connection with the issuance of the Bonds.

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

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

resources of the Department as may be expressly pledged by the Department to secure the payment of the Bonds.

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

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

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

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

Section 1.10. Conditions Precedent. The issuance of the Bonds following final approval by the Board shall be further subject to, among other things: (a) the execution by the Owner and the Department of contractual arrangements, on terms agreed to by the parties, providing assurance satisfactory to the Department that all requirements of the Act will be satisfied and that the Development will satisfy the requirements of Section 142(d) of the Code (except for portions to be financed with taxable bonds or notes); (b) the receipt of an opinion from

Bracewell LLP or other nationally recognized bond counsel acceptable to the Department ("Bond Counsel"), substantially to the effect that the interest on the tax-exempt Bonds is excludable from gross income for federal income tax purposes under existing law; and (c) receipt of the approval of the Bond Review Board, if required, and the Attorney General.

Section 1.11. Authorization to Proceed. The Board hereby authorizes staff, Bond Counsel and other consultants to proceed with preparation of the Developments' necessary review and legal documentation for the filing of one or more Applications and the issuance of the Bonds, subject to satisfaction of the conditions specified in this Resolution. The Board further authorizes staff, Bond Counsel and other consultants to re-submit an Application that was withdrawn by an Owner.

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

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

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

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

ARTICLE 2

CERTAIN FINDINGS AND DETERMINATIONS

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

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

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

(c) the Owner is financially responsible;

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

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

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

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

ARTICLE 3

GENERAL PROVISIONS

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

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

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

PASSED AND APPROVED this 10th day of April, 2025.

EXHIBIT "A"

Description of the Owner and the Development

Project Name	Owner	Principal	Amount Not to Exceed
Waters at Waterchase	Waters at Waterchase, LP, a Texas limited partnership	General Partner: AHF – Waters at Waterchase, LLC, a Texas limited liability company	$20,000,000
Costs – Acquisition/rehabilitation/equipping of an approximately 134 unit affordable, multifamily housing development to be known as Waters at Waterchase, located at approximately 12365 Plano Road, Dallas, Dallas County, Texas 75243			

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 25-017 **Agenda Date:** 4/10/2025 **Agenda #:** 17.

Presentation, discussion, and possible action on Resolution No. 25-017 amending previously adopted resolution relating to the Issuance of Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-1, Series 2025A-2, and Taxable Bonds Series 2025B

RECOMMENDED ACTION

WHEREAS, the Board previously approved Resolution No. 25-013 ("Original Resolution") at the Board meeting of January 16, 2025, for the issuance of Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-1, Series 2025A-2, in the total amount of $50,000,000 and taxable bonds Series 2025B, in the amount of $11,914,000;

WHEREAS, in accordance with Texas state law requiring the Board to set the terms for unrated bonds, Section 1.2 of Resolution No. 25-013 identified a formula for determining the respective principal amount of each series of the Bonds by reference to a schedule attached as Exhibit B to the Original Resolution and an aggregate principal amount of all of the Bonds of $61,914,000;

WHEREAS, based on final due diligence and underwriting, a request to amend the Original Resolution to accept a revision to the principal amounts of the Bonds, has been received by the Department;

WHEREAS, Resolution No. 25-013 is hereby amended to modify the amount of bonds to be issued; and

WHEREAS, underwriting and program staff will re-evaluate these changes to ensure an increase in TCAP-RF units is not needed;

NOW, therefore, it is hereby

RESOLVED, that Resolution No. 25-017 amending the previously adopted bond resolution relating to Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-1, Series 2025A-2, and Taxable Bonds Series 2025B, is hereby approved in the form presented to this meeting; and

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

BACKGROUND

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

Where the bonds will be unrated and privately placed, as is the case with The Ridge at Loop 12, the Department cannot rely on authority under Tex. Gov't Code Chapter 1371, that authorizes the Board to delegate the determination of the final terms to an authorized officer of the Department, but must instead rely on the authority under Tex. Gov't Code §2306.393 that requires the Board to set the terms.

The issuance of unrated, fixed rate tax-exempt bonds as Series 2025A-1, Series 2025A-2, and Taxable Bonds Series 2025B for The Ridge at Loop 12, in the aggregate principal amount of $61,914,000 was previously approved at the Board meeting of January 16, 2025. The bonds will be initially purchased by NewPoint Real Estate Capital as previously presented. The amount of 4% Housing Tax Credits ($4,343,053) remains unchanged as well as the formula for determining the interest rate and maturity date. However, based on additional due diligence completed by the lender and equity investor there has been a change to the total amount of bonds to be issued. Specifically, Exhibit B to the attached Resolution reflects changes across all Series of the bonds, and reduces the total amount to be issued from $61,914,000 to $59,702,000. While the tax-exempt amount to be issued remains the same at $50,000,000, the Taxable Bonds (Series 2025B) is reduced from $11,914,000 to $9,702,000.

RESOLUTION NO. 25-017

RESOLUTION AMENDING RESOLUTION NO. 25-013 AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS FOR THE RIDGE AT LOOP 12 DEVELOPMENT; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, on January 16, 2025, the Board approved Resolution No. 25-013 (the "Original Resolution") authorizing the issuance of its Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-1 (the "2025A-1 Bonds"), Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-2 (the "2025A-2 Bonds") and Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Taxable Series 2025B (the "2025B Bonds", and together with the 2025A-1 Bonds and the 2025A-2 Bonds, the "Bonds") and the use of the proceeds of the Bonds to make a mortgage loan to LDG The Ridge at Loop 12, LP, a Texas limited partnership (the "Borrower") in connection with the acquisition, construction and equipping of a qualified residential rental development to be known as The Ridge at Loop 12, as described in the Original Resolution, subject to the terms and conditions set forth in the Original Resolution; and

WHEREAS, the Original Resolution approved, among other things, a formula for determining the respective principal amount of each series of the Bonds by reference to a schedule attached as Exhibit B to the Original Resolution and an aggregate principal amount of all of the Bonds of $61,914,000; and

WHEREAS, the Borrower has requested, and the Board has determined, to amend the Original Resolution to accept a revision to the principal amounts of the Bonds; and

WHEREAS, the Board has ratified its determination, subject to the conditions set forth in this Resolution and the Original Resolution, to authorize the issuance of the Bonds, the execution and delivery of the Issuer Documents (as defined in the Original Resolution), the acceptance of the Security Instrument and the Borrower Note (as defined in the Original Resolution) 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

RATIFICATION; APPROVAL OF DOCUMENTS

Section 1.1 Ratification and Reaffirmation. That, except as specifically amended or supplemented by this Resolution, the Original Resolution remains in full force and effect. All capitalized terms used, but not defined, in this Resolution shall have the meanings given to such terms in the Original Resolution.

Section 1.2 Principal Amounts of the Bonds. Exhibit B to the Original Resolution is hereby replaced with Exhibit B attached to this Resolution and the aggregate principal amount of all of the Bonds shall be the amount shown under the "Total Financing Column" on Exhibit B attached to this Resolution.

Section 1.3 Taking of Any Action; Execution and Delivery of Other Documents. That the Authorized Representatives each are 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 or the Original Resolution.

Section 1.4 Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution or the Original Resolution, the Authorized Representatives each are hereby authorized to make or approve such revisions in the form of the documents attached as exhibits hereto or to the Original Resolution 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 and the Original Resolution, such approval to be evidenced by the execution of such documents by the Authorized Representatives.

Section 1.5 Authorized Representatives. That the persons named in the Original Resolution as "Authorized Representatives" of the Department are hereby ratified as authorized representatives for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Resolution or the Original Resolution. Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution or the Original Resolution.

ARTICLE 2

GENERAL PROVISIONS

Section 2.1 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 2.2 Certification of the Minutes and Records. That the Secretary or Assistant Secretary to the Board is hereby authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds and all other Department activities.

Section 2.3 Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Section 2.4 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 10th day of April, 2025.

EXHIBIT B

BVAL Rate	Gross Spread	All-in rate	Series A-1 Loan Amount	Series A-2 Loan Amount	Series B Taxable Loan Amount	Total Financing
3.150%	2.90%	6.050%	$36,570,000	$13,430,000	$9,702,000	$59,702,000
3.160%	2.90%	6.060%	$36,521,000	$13,479,000	$9,702,000	$59,702,000
3.170%	2.90%	6.070%	$36,477,000	$13,523,000	$9,702,000	$59,702,000
3.180%	2.90%	6.080%	$36,428,000	$13,572,000	$9,702,000	$59,702,000
3.190%	2.90%	6.090%	$36,384,000	$13,616,000	$9,702,000	$59,702,000
3.200%	2.90%	6.100%	$36,341,000	$13,659,000	$9,702,000	$59,702,000
3.210%	2.90%	6.110%	$36,292,000	$13,708,000	$9,702,000	$59,702,000
3.220%	2.90%	6.120%	$36,248,000	$13,752,000	$9,702,000	$59,702,000
3.230%	2.90%	6.130%	$36,200,000	$13,800,000	$9,702,000	$59,702,000
3.240%	2.90%	6.140%	$36,157,000	$13,843,000	$9,702,000	$59,702,000
3.250%	2.90%	6.150%	$36,114,000	$13,886,000	$9,702,000	$59,702,000
3.260%	2.90%	6.160%	$36,065,000	$13,935,000	$9,702,000	$59,702,000
3.270%	2.90%	6.170%	$36,023,000	$13,977,000	$9,702,000	$59,702,000
3.280%	2.90%	6.180%	$35,975,000	$14,025,000	$9,702,000	$59,702,000
3.290%	2.90%	6.190%	$35,932,000	$14,068,000	$9,702,000	$59,702,000
3.300%	2.90%	6.200%	$35,884,000	$14,116,000	$9,702,000	$59,702,000
3.310%	2.90%	6.210%	$35,842,000	$14,158,000	$9,702,000	$59,702,000
3.320%	2.90%	6.220%	$35,795,000	$14,205,000	$9,702,000	$59,702,000
3.330%	2.90%	6.230%	$35,752,000	$14,248,000	$9,702,000	$59,702,000
3.340%	2.90%	6.240%	$35,710,000	$14,290,000	$9,702,000	$59,702,000
3.350%	2.90%	6.250%	$35,663,000	$14,337,000	$9,702,000	$59,702,000
3.360%	2.90%	6.260%	$35,621,000	$14,379,000	$9,702,000	$59,702,000
3.370%	2.90%	6.270%	$35,574,000	$14,426,000	$9,702,000	$59,702,000
3.380%	2.90%	6.280%	$35,533,000	$14,467,000	$9,702,000	$59,702,000
3.390%	2.90%	6.290%	$35,486,000	$14,514,000	$9,702,000	$59,702,000
3.400%	2.90%	6.300%	$35,445,000	$14,555,000	$9,702,000	$59,702,000
3.410%	2.90%	6.310%	$35,398,000	$14,602,000	$9,702,000	$59,702,000
3.420%	2.90%	6.320%	$35,357,000	$14,643,000	$9,702,000	$59,702,000
3.430%	2.90%	6.330%	$35,311,000	$14,689,000	$9,702,000	$59,702,000
3.440%	2.90%	6.340%	$35,270,000	$14,730,000	$9,702,000	$59,702,000
3.450%	2.90%	6.350%	$35,224,000	$14,776,000	$9,702,000	$59,702,000
3.460%	2.90%	6.360%	$35,183,000	$14,817,000	$9,702,000	$59,702,000
3.470%	2.90%	6.370%	$35,137,000	$14,863,000	$9,702,000	$59,702,000
3.480%	2.90%	6.380%	$35,096,000	$14,904,000	$9,702,000	$59,702,000
3.490%	2.90%	6.390%	$35,051,000	$14,949,000	$9,702,000	$59,702,000
3.500%	2.90%	6.400%	$35,011,000	$14,989,000	$9,702,000	$59,702,000
3.510%	2.90%	6.410%	$34,965,000	$15,035,000	$9,702,000	$59,702,000
3.520%	2.90%	6.420%	$34,925,000	$15,075,000	$9,702,000	$59,702,000

3.530%	2.90%	6.430%	$34,880,000	$15,120,000	$9,702,000	$59,702,000
3.540%	2.90%	6.440%	$34,840,000	$15,160,000	$9,702,000	$59,702,000
3.550%	2.90%	6.450%	$34,795,000	$15,205,000	$9,702,000	$59,702,000
3.560%	2.90%	6.460%	$34,755,000	$15,245,000	$9,702,000	$59,702,000
3.570%	2.90%	6.470%	$34,710,000	$15,290,000	$9,702,000	$59,702,000
3.580%	2.90%	6.480%	$34,671,000	$15,329,000	$9,702,000	$59,702,000
3.590%	2.90%	6.490%	$34,626,000	$15,374,000	$9,702,000	$59,702,000
3.600%	2.90%	6.500%	$34,587,000	$15,413,000	$9,702,000	$59,702,000
3.610%	2.90%	6.510%	$34,543,000	$15,457,000	$9,702,000	$59,702,000
3.620%	2.90%	6.520%	$34,499,000	$15,501,000	$9,702,000	$59,702,000
3.630%	2.90%	6.530%	$34,459,000	$15,541,000	$9,702,000	$59,702,000
3.640%	2.90%	6.540%	$34,415,000	$15,585,000	$9,702,000	$59,702,000
3.650%	2.90%	6.550%	$34,376,000	$15,624,000	$9,702,000	$59,702,000
3.660%	2.90%	6.560%	$34,333,000	$15,667,000	$9,702,000	$59,702,000
3.670%	2.90%	6.570%	$34,294,000	$15,706,000	$9,702,000	$59,702,000
3.680%	2.90%	6.580%	$34,250,000	$15,750,000	$9,702,000	$59,702,000
3.690%	2.90%	6.590%	$34,207,000	$15,793,000	$9,702,000	$59,702,000
3.700%	2.90%	6.600%	$34,169,000	$15,831,000	$9,702,000	$59,702,000
3.710%	2.90%	6.610%	$34,125,000	$15,875,000	$9,702,000	$59,702,000
3.720%	2.90%	6.620%	$34,087,000	$15,913,000	$9,702,000	$59,702,000
3.730%	2.90%	6.630%	$34,044,000	$15,956,000	$9,702,000	$59,702,000
3.740%	2.90%	6.640%	$34,001,000	$15,999,000	$9,702,000	$59,702,000
3.750%	2.90%	6.650%	$33,963,000	$16,037,000	$9,702,000	$59,702,000
3.760%	2.90%	6.660%	$33,921,000	$16,079,000	$9,702,000	$59,702,000
3.770%	2.90%	6.670%	$33,883,000	$16,117,000	$9,702,000	$59,702,000
3.780%	2.90%	6.680%	$33,840,000	$16,160,000	$9,702,000	$59,702,000
3.790%	2.90%	6.690%	$33,798,000	$16,202,000	$9,702,000	$59,702,000
3.800%	2.90%	6.700%	$33,760,000	$16,240,000	$9,702,000	$59,702,000
3.810%	2.90%	6.710%	$33,718,000	$16,282,000	$9,702,000	$59,702,000
3.820%	2.90%	6.720%	$33,681,000	$16,319,000	$9,702,000	$59,702,000
3.830%	2.90%	6.730%	$33,639,000	$16,361,000	$9,702,000	$59,702,000
3.840%	2.90%	6.740%	$33,597,000	$16,403,000	$9,702,000	$59,702,000
3.850%	2.90%	6.750%	$33,560,000	$16,440,000	$9,702,000	$59,702,000
3.860%	2.90%	6.760%	$33,518,000	$16,482,000	$9,702,000	$59,702,000
3.870%	2.90%	6.770%	$33,477,000	$16,523,000	$9,702,000	$59,702,000
3.880%	2.90%	6.780%	$33,440,000	$16,560,000	$9,702,000	$59,702,000
3.890%	2.90%	6.790%	$33,398,000	$16,602,000	$9,702,000	$59,702,000
3.900%	2.90%	6.800%	$33,362,000	$16,638,000	$9,702,000	$59,702,000
3.910%	2.90%	6.810%	$33,320,000	$16,680,000	$9,702,000	$59,702,000
3.920%	2.90%	6.820%	$33,279,000	$16,721,000	$9,702,000	$59,702,000
3.930%	2.90%	6.830%	$33,243,000	$16,757,000	$9,702,000	$59,702,000
3.940%	2.90%	6.840%	$33,202,000	$16,798,000	$9,702,000	$59,702,000
3.950%	2.90%	6.850%	$33,161,000	$16,839,000	$9,702,000	$59,702,000

3.960%	2.90%	6.860%	$33,125,000	$16,875,000	$9,702,000	$59,702,000
3.970%	2.90%	6.870%	$33,085,000	$16,915,000	$9,702,000	$59,702,000
3.980%	2.90%	6.880%	$33,044,000	$16,956,000	$9,702,000	$59,702,000
3.990%	2.90%	6.890%	$33,008,000	$16,992,000	$9,702,000	$59,702,000
4.000%	2.90%	6.900%	$32,968,000	$17,032,000	$9,702,000	$59,702,000
4.010%	2.90%	6.910%	$32,928,000	$17,072,000	$9,702,000	$59,702,000
4.020%	2.90%	6.920%	$32,887,000	$17,113,000	$9,702,000	$59,702,000
4.030%	2.90%	6.930%	$32,852,000	$17,148,000	$9,702,000	$59,702,000
4.040%	2.90%	6.940%	$32,812,000	$17,188,000	$9,702,000	$59,702,000
4.050%	2.90%	6.950%	$32,772,000	$17,228,000	$9,702,000	$59,702,000
4.060%	2.90%	6.960%	$32,737,000	$17,263,000	$9,702,000	$59,702,000
4.070%	2.90%	6.970%	$32,697,000	$17,303,000	$9,702,000	$59,702,000
4.080%	2.90%	6.980%	$32,658,000	$17,342,000	$9,702,000	$59,702,000
4.090%	2.90%	6.990%	$32,623,000	$17,377,000	$9,702,000	$59,702,000
4.100%	2.90%	7.000%	$32,583,000	$17,417,000	$9,702,000	$59,702,000
4.110%	2.90%	7.010%	$32,544,000	$17,456,000	$9,702,000	$59,702,000
4.120%	2.90%	7.020%	$32,505,000	$17,495,000	$9,702,000	$59,702,000
4.130%	2.90%	7.030%	$32,470,000	$17,530,000	$9,702,000	$59,702,000
4.140%	2.90%	7.040%	$32,431,000	$17,569,000	$9,702,000	$59,702,000
4.150%	2.90%	7.050%	$32,392,000	$17,608,000	$9,702,000	$59,702,000

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 976 **Agenda Date:** 4/10/2025 **Agenda #:** 18.

Presentation, discussion, and possible action on the 2025 Department of Energy Weatherization Assistance Program State Plan and Awards

RECOMMENDED ACTION

WHEREAS, the Texas Department of Housing and Community Affairs (the Department) develops and submits a State Plan to the U.S. Department of Energy (DOE) each year to administer the Weatherization Assistance Program (WAP);

WHEREAS, the draft 2025 DOE WAP State Plan (the Plan) was approved for release for public comment at the Board meeting of February 6, 2025;

WHEREAS, the public comment period was open from February 21, 2025, to March 17, 2025, and public comment was received and is summarized in Attachment B of this action;

WHEREAS, consistent with DOE requirements (10 CFR §440.17) and as permitted by Tex. Gov't Code §2110.005 and 10 TAC §6.408, the Weatherization Assistance Program Policy Advisory Council met on March 18, 2025, and upon review and discussion, recommended the Plan;

WHEREAS, the Department has prepared the final Plan including a list of the subgrantees to be awarded funds and the proposed award amounts based on the formula contained in 10 TAC §6.404, Distribution of WAP Funds for submission to DOE; and

WHEREAS, the Department expects to receive 2025 DOE WAP funds in the approximate amount of $9,100,000;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director or his designee are hereby authorized, empowered, and directed, for and on behalf of this Board to submit the Plan to DOE and upon DOE approval of such Plan to contract for the awards represented in the Plan and in connection therewith to execute, deliver, and cause to be performed such amendments, documents, and other writings such as anticipated grant guidance on development of the Plan from DOE or to make such non-substantive technical corrections as they or any of them may deem necessary or advisable to effectuate the foregoing.

BACKGROUND

DOE weatherization funding provides for the installation of weatherization measures to increase energy efficiency of a home including caulking, weather-stripping, adding ceiling, wall, and floor insulation, patching holes in the building envelope, duct work, and repair or replacement of energy inefficient heating and cooling systems. Additionally, the funds allow for subgrantees to complete financial audits, household energy audits, outreach and engagement activities, and program administration. Weatherization Readiness Funds are also provided which reduce the number of deferred homes that require other services which are outside the scope of weatherization, before weatherization measures can be installed. Further, DOE funding provides for state administration and state training and technical assistance activities.

A draft of the Plan was approved at the Board meeting of February 6, 2025, for release for public comment. The draft Plan and announcement of a public comment period and public hearing was made available on the Department's website and by listserv email distribution, on February 7, 2025, in addition to being announced in the *Texas Register* issue dated February 21, 2025. The Department conducted a public hearing on March 5, 2025. The public comment period closed at 5:00 p.m. Central time on March 17, 2025. Public comment was received and is addressed in Attachment B.

DOE regulations also require a Weatherization Assistance Program Policy Advisory Council (WAP PAC) be designated in the Plan in order to provide guidance and comment on the Plan. The WAP PAC members are appointed by the Department and broadly represent organizations and agencies throughout the State that represent low-income persons. The WAP PAC meeting occurred on March 18, 2025, at the conclusion of the public comment period. The WAP PAC members reviewed and discussed the Plan and the comments with Department staff, and all PAC members expressed support for the Plan.

The Previous Participation Rule (10 TAC, Chapter 1, Subchapter C, §1.302) requires a review of the DOE WAP awards prior to contract execution. The review has been performed and the subgrantees listed in Attachment A have been recommended for award through the Previous Participation Review and Approval Process.

ATTACHMENT A: LIST OF SUBGRANTEES AND ALLOCATIONS

2025 DOE WAP ALLOCATIONS

Contract Period: July 1, 2025 – June 30, 2026

	SUBRECIPIENT	ALLOCATION	WRF
1	Alamo Area Council of Government	$629,307	$68,083
2	BakerRipley	$1,106,155	$124,125
3	Brazos Valley Community Action Programs	$239,828	$25,248
4	City of Fort Worth Neighborhood Services Department	$404,551	$41,669
5	Combined Community Action, Inc.	$211,031	$21,863
6	Community Action Corporation of South Texas	$935,728	$104,096
7	Community Council of South Central Texas, Inc.	$235,965	$24,794
8	Concho Valley Community Action Agency	$126,357	$11,912
9	Crossroads Community Action	$191,154	$19,527
10	Dallas County Health and Human Services	$621,319	$67,145
11	Economic Opportunities Advancement Corporation of Planning Region XI	$195,888	$20,084
12	El Paso Community Action Program-Project BRAVO	$299,705	$32,285
13	Greater East Texas Community Action Program	$626,269	$67,726
14	Hill Country Community Action Association, Inc.	$217,467	$22,620
15	Nueces County Community Action Agency	$121,208	$11,307
16	Panhandle Community Services	$194,196	$19,885
17	Rolling Plains Management Corporation	$261,917	$27,844
18	South Plains Community Action Association, Inc.	$188,289	$19,191
19	Texoma Council Of Governments	$421,681	$43,682
20	Travis County Health and Human Services	$226,684	$23,703
21	West Texas Opportunities, Inc.	$161,231	$16,011
	TOTAL	**$7,615,930**	**$812,800**

WRF=Weatherization Readiness Funds

NOTE: The numbers contained within this table are reflective of planning estimates provided by DOE in WAP Memorandum 139 and will be adjusted to align with PY 2025 appropriations when received from DOE.

ATTACHMENT B: SUMMARY OF PUBLIC COMMENT AND STAFF RESPONSE

The Department accepted public comment from February 21, 2025, through March 17, 2025, and conducted a virtual public hearing on March 5, 2025, via GoToWebinar. Comment was received from one individual, James Brown. His comment and staff response are presented in the following table. Numbers are assigned to commenters to identify who made the comment.

#	Commenter	Organization
1	James Brown	NA - Individual

Commenter	Comment Summary	Staff Response	Proposed Changes to the Plan
#1	Commenter is angered and frustrated with TDHCA programs such as the WAP, describing it as a government hand-out and a redistribution of wealth. Commenter believes TDHCA and the WAP should be shut down, saving taxpayer money.	The Department appreciates the comment; however, it is outside the scope of the DOE WAP State Plan.	No change.

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
07/01/2025

4. Applicant Identifier:

5a. Federal Entity Identifier:

5b. Federal Award Identifier:
DE-SE0001853

State Use Only:

6. Date Received by State: 12/16/2024

7. State Application Identifier: TX-W-200

8. APPLICANT INFORMATION:

a. Legal Name: State of Texas

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-0002025

Title:

2025 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: 07/01/2025

b. End Date: 06/30/2026

18. Estimated Funding ($):

a. Federal	8,354,422.00
b. Applicant	0.00
c. State	0.00
d. Local	0.00
e. Other	0.00
f. Program Income	0.00
g. TOTAL	8,354,422.00

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.

☒ 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**

☒ 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:

OMB Number: 4040-0006
Expiration Date: 02/28/2025

BUDGET INFORMATION - Non-Construction Programs

1. Program/Project Identification No. SE0001853	2. Program/Project Title Weatherization Assistance Program	
3. Name and Address	State of Texas P.O. BOX 13941 Austin, TX 787113941	4. Program/Project Start Date 07/01/2025 5. Completion Date 06/30/2026

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		$ 8,354,422.00		$ 8,354,422.00
2.						
3.						
4.						
5. TOTAL		$ 0.00	$ 0.00	$ 8,354,422.00	$ 0.00	$ 8,354,422.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	Grant Program, Function or Activity				Total
	(1) GRANTEE ADMINISTRATION	(2) SUBGRANTEE ADMINISTRATION	(3) GRANTEE T&TA	(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	$ 686,660.00	$ 14,225.00	$ 700,000.00	$ 7,630,155.00
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	$ 686,660.00	$ 125,389.00	$ 700,000.00	$ 8,195,179.00
j. Indirect Costs	$ 134,632.00	$ 0.00	$ 24,611.00	$ 0.00	$ 159,243.00
k. Totals	$ 588,492.00	$ 686,660.00	$ 150,000.00	$ 700,000.00	$ 8,354,422.00
7. Program Income	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00

OMB Number: 4040-0006
Expiration Date: 02/28/2025

BUDGET INFORMATION - Non-Construction Programs

1. Program/Project Identification No.	2. Program/Project Title
SE0001853	Weatherization Assistance Program

3. Name and Address	State of Texas P.O. BOX 13941 Austin, TX 787113941	4. Program/Project Start Date	07/01/2025
		5. Completion Date	06/30/2026

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	$ 8,354,422.00	$ 0.00	$ 8,354,422.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	Grant Program, Function or Activity				Total
	(1) PROGRAM OPERATIONS	(2) HEALTH AND SAFETY	(3) LIABILITY INSURANCE	(4) FINANCIAL AUDITS	(5)
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	$ 4,478,565.00	$ 796,446.00	$ 120,459.00	$ 21,000.00	$ 7,630,155.00
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	$ 4,478,565.00	$ 796,446.00	$ 120,459.00	$ 21,000.00	$ 8,195,179.00
j. Indirect Costs	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 159,243.00
k. Totals	$ 4,478,565.00	$ 796,446.00	$ 120,459.00	$ 21,000.00	$ 8,354,422.00
7. Program Income	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00

OMB Number: 4040-0006
Expiration Date: 02/28/2025

BUDGET INFORMATION - Non-Construction Programs

1. Program/Project Identification No.	2. Program/Project Title
SE0001853	Weatherization Assistance Program

3. Name and Address	State of Texas P.O. BOX 13941 Austin, TX 787113941	4. Program/Project Start Date	07/01/2025
		5. Completion Date	06/30/2026

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	$ 8,354,422.00	$ 0.00	$ 8,354,422.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	Grant Program, Function or Activity				Total
	(1) Weatherization Readiness	(2)	(3)	(4)	(5)
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				$ 7,630,155.00
g. Construction	$ 0.00				$ 0.00
h. Other Direct Costs	$ 0.00				$ 39,716.00
i. Total Direct Charges	$ 812,800.00				$ 8,195,179.00
j. Indirect Costs	$ 0.00				$ 159,243.00
k. Totals	$ 812,800.00				$ 8,354,422.00
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

DOE WAP is currently operating under a Continuing Resolution for Fiscal Year 2025. DOE is unable to issue TDHCA its allocation until a budget is passed by Congress and signed by the President. For planning purposes, DOE has provided TDHCA with an estimated allocation. 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:** 2025

Recipient: State of Texas

IV.1 Subgrantees

Subgrantee (City)	Planned Funds/Units
Alamo Area Council of Governments (San Antonio)	$629,307.00 45
BakerRipley (Houston)	$1,106,155.00 83
Brazos Valley Community Action Program (College Station)	$239,828.00 15
Combined Community Action, Inc. (Giddings)	$211,031.00 20
Community Action Committee of Victoria Texas (Victoria)	$191,154.00 12
Community Action Corporation of South Texas (Alice)	$935,728.00 69
Community Council of South Central Texas, Inc (Seguin)	$235,965.00 15
Concho Valley Community Action Agency (San Angelo)	$126,357.00 7
Dallas County Health & Human Services (Dallas)	$621,319.00 45
Economic Opportunities Advancement Corporation (Waco)	$195,888.00 12
El Paso Community Action Program, Project Bravo (El Paso)	$299,705.00 21
Fort Worth, City of (Fort Worth)	$404,551.00 27
Greater East Texas Community Action Program (Nacogdoches)	$626,269.00 45
Hill Country Community Action Association, Inc. (San Saba)	$217,467.00 14
Nueces County Community Action Agency (Corpus Christi)	$121,208.00 7
Panhandle Community Services (Amarillo)	$194,196.00 12
Rolling Plains Management Corporation (Crowell)	$261,917.00 18
South Plains Community Action Association, Inc. (Levelland)	$188,289.00 12
Texoma Council of Governments (Sherman)	$421,681.00 29
Travis County Health and Human Services and Veterans Services (Austin)	$226,684.00 14
West Texas Opportunities (Lamesa)	$161,231.00 10
Total:	**$7,615,930.00** **532**

IV.2 WAP Production Schedule

Weatherization Plans	Units

U.S. Department of Energy
Weatherization Assistance Program (WAP)
WEATHERIZATION ANNUAL FILE WORKSHEET
Grant Number: SE0001853, **State:** TX, **Program Year:** 2025
Recipient: State of Texas

Total Units (excluding reweatherized)	532
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	532
C	Total Units Reweatherized	0
D	Total Dwelling Units to be Weatherized and Reweatherized (B + C)	532
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	$4,478,565.00
G	Total Dwelling Units to be Weatherized and Reweatherized (from line D)	532
H	Average Program Operations Costs per Unit (F divided by G)	$8,418.36
I	Average Vehicles & Equipment Acquisition Cost per Unit (from line E)	$0.00
J	Total Average Cost per Dwelling (H plus I)	$8,418.36

IV.3 Energy Savings

Method used to calculate savings: ☑ WAP algorithm ☐ Other (describe below)

	Units	Savings Calculator (MBtus)	Energy Savings
This Year Estimate	532	29.3	15588
Prior Year Estimate	806	29.3	23616
Prior Year Actual	164	29.3	4805

Method used to calculate savings description:

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:** 2025
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
02/06/2025	TDHCA Board of Directors authorizes release of draft State Plan for public comment.
02/10/2025	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.
02/21/2025	Announcement of public hearing for draft State Plan published in Texas Register. Public comment period for draft State Plan begins.
03/05/2025	Public Hearing for the DOE State Plan. Conducted virtually.
03/17/2025	Comment period for the DOE State Plan ends at 5:00 pm (CST).
03/18/2025	WAPAC meeting regarding DOE State Plan.
04/10/2025	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.
04/30/2025	Final DOE State Plan submitted to DOE.

IV.7 Miscellaneous

Recipient Business Officer
Michael De Young
Michael.devoung@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.

OMB Control No: 1910-5127
Expiration Date: 02/28/2025

U.S. Department of Energy

Weatherization Assistance Program (WAP)

STATE PLAN / MASTER FILE WORKSHEET

Grant Number: SE0001853, **State:** TX, **Program Year:** 2025

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 24-3.

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 24-3. 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 Priority for Eligible Households and Customer Eligibility).

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 Shelter) 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 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 24 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 $8,000. The $8,000 maximum shall not be exceed 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.

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, 2010), 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. These have proved highly effective in multiple ways: increased compliance, better understanding on how to assess and proceed, increased consistency across the Network, and reduction in calls for repetitive issues. They often have multiple references and are based upon sound building science principles.

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. Social Cost of Carbon (SCC) is also approved for use in a Memorandum from DOE dated December 2, 2024.

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: 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 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 has not achieved 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 nonexpenditure 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 – 14+ 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 – 12+ years of weatherization experience including as a Texas WAP Subgrantee, BPI QCI, BPI Building Analyst Professional, BPI Energy Auditor and Lead certified.
- Robert Kunze - 13+ 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, MFQCI, 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.

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 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. 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

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 perspective 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 certification 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. 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 - 15+ years in WAP as a monitor/trainer, BPI Building Analyst Professional, BPI QCI, BPI EA, and attended DOE and TACAA sponsored conferences.
- Evan Brown - 10+ 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 – 14+ 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 – 12+ 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 - 13+ 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 of training 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 request, 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
    - 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 semiannually and compare those to the Subgrantee's monitoring reports.

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.

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:
  - 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.
  - Certification and training requirements of the RRP rule.
  - 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 must initially attempt to qualify existing Water Heater as an ECM. If the Water Heater does not rank, 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 heaters when existing primary water heater is unsafe, inoperable, or nonexistent.

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	$685.00	95.0%	$650.75
Smoke Alarms	$85.00	50.0%	$42.50
CO Alarms	$75.00	60.0%	$45.00
Replace UVSH Serving as Primary Hea	$2,150.00	12.0%	$258.00
Furnace Repair/Replacement	$3,000.00	2.0%	$60.00
Vulnerable HH Cooling Repair/Replace	$3,600.00	2.0%	$72.00
Clean/Tune Cookstove	$125.00	4.0%	$5.00
CAZ Isolation/Combustion Makeup Ai	$215.00	37.0%	$79.55
Revent Improperly Vented Gas Applia	$325.00	3.0%	$9.75
LSW	$250.00	10.0%	$25.00
	$0.00	0.0%	$0.00
	$0.00	0.0%	$0.00
	$0.00	0.0%	$0.00
	$0.00	0.0%	$0.00
	$0.00	0.0%	$0.00
	$0.00	0.0%	$0.00
	$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			$1,247.55
Enter Estimated Production (Annual File: IV.2 WAP Production Schedule)			532
Enter Estimated Program Operations Budget (Annual File - Budget)			$4,478,565.00
H&S Budget (Total Average H&S Cost Per Units * Estimated Production)			$663,696.60
Suggested H&S Budget Request			14.819%

PY2025 Tentative Monitoring Schedule*			
June - August 2025	**September – November 2025**	**December 2025 - February 2026**	**March 2026 - May 2026**
Brazos Valley Community Action Programs	Baker Ripley	Community Action Corporation of South Texas	Alamo Area Council of Governments
Concho Valley Community Action Agency	Dallas County Dept of Health & Human Services	Greater East Texas Community Action Program	Travis County Health and Human Services Department
Nueces County Community Action Agency	Rolling Plains Management Corporation	Community Council of South Central Texas	City of Fort Worth Department of Housing
West Texas Opportunities, Inc.	South Plains Community Action Association, Inc.	Economic Opportunities Advancement Corporation of PR XI	Hill Country Community Action Association, Inc.
Community Action Committee of Victoria, Texas	Panhandle Community Services, Inc.	El Paso Community Action Program, Project BRAVO	Combined Community Action Corporation
	Texoma Council of Governments		

* 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).

2025 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 implemented a new 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 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 Best Practices/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
- Etc.

Subgrantees receive the majority of T&TA funds which are utilized to address Subgrantee specific T&TA needs. TDHCA's reason for this approach is 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, MFQCI, 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 Santa Fe Community College's EnergySmart Academy (SFCCEA) to provide IREC accredited 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 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;
- Multi-Family 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
- Multi-Family QCI, if applicable

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 Best Practices, Frequently Asked Questions, training videos, etc.
- 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 Best Practices/Forms, training videos, WAP Cheat Sheets, etc.
- Peer-to-Peer technical assistance/information exchange is available from recognized experienced WX network Subgrantees.
- Activities in coordination with TACAA.
- Quarterly Network Calls.
- 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 Best Practices/Forms, WAP Cheat Sheets, training videos, etc.
- 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
  - 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 sign informed consent 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.
- 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.

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 #: 967 **Agenda Date:** 4/10/2025 **Agenda #:** 19.

Report on the closing of the Department's Residential Mortgage Revenue Bonds 2025 Series A (Non-AMT)

BACKGROUND

On October 10, 2024, the Board approved the issuance of Mortgage Revenue Bonds for Fiscal Year 2025, in an amount not to exceed $1.1 billion.

On January 16, 2025, the Department provided a report informing the Board of intent to issue Residential Mortgage Revenue Bonds Series 2025 Series A (Tax-Exempt) in the amount of $175,000,000. The Preliminary Official Statement (POS) was published January 8,. 2025. The Retail Order Period was January 13, 2025, and the Institutional Order Period was on January 14, 2025. The Bond Purchase Agreement (BPA) was signed on January 14, 2025, and the deal was closed on February 12, 2025.

The financing team included Bracewell LLP, Bond Counsel; McCall, Parkhurst & Horton, L.L.P., Disclosure Counsel; Stifel, Nicolaus & Co., Inc., Financial Advisor; and an underwriting team led by Jefferies as Book Running Senior Manager, RBC Capital Markets and Morgan Stanley as co-senior managers, with Ramirez & Co., Inc., Piper Sandler & Co. Wells Fargo Securities and Loop Capital Markets LLC, as co-managers.

The 2025 A Bonds were issued for the primary purpose of providing funds for the purchase of mortgage-backed, pass-through certificates, funding loans for down payment and closing cost assistance, and paying lender compensation related to the Mortgage Loans.

The 2025 A Bonds were structured to maximize premium received while keeping mortgage rates as low as possible. Fixed rate and tax-exempt, the bond structure included par serial bonds, par, discount, and premium term bonds, and a premium PAC (Planned Amortization Class) bond.

The par amount of 2025 A Bonds sold was $175,000,000, and the premium received was **$6,238,101.05** for total 2025 A Bond proceeds of **$181,238,101.05.** The premium will fund down payment and closing cost assistance for loans originated through this bond issuance, as well as a portion of the lender compensation. Issuer Contribution was $3,858,581.24.

The RMRB 2025 A bonds made $105,000,000 available for assisted loans, providing 3 and 4 points of down payment assistance (DPA), and closing cost assistance in the form of 30-year, non-amortizing, 0% interest second lien loans that are due on sale or refinance of the first mortgage. This series also provided up to $70,000,000 available for unassisted loans, providing Zero Points in DPA at a lower rate than the assisted loans. Eligible loan types are FHA, VA, and USDA-RD loans. Mortgage rates offered on these funds in Non-Targeted Area are currently 5.75% for unassisted loans, 6.250% for 3-point repayable DPA and 6.500% for 4-point repayable DPA. The Department has Targeted Area Loans available at 5.500% for unassisted loans, 6.000% for 3-point repayable DPA and 6.375% for 4-point repayable DPA.

As of March 21, these funds are 100% reserved.

Attached is a detailed summary of the pricing that was prepared by Jefferies.

powered by Legistar™

Texas Department of Housing and Community Affairs
Residential Mortgage Revenue and Refunding Bonds
Series 2025A (Non-AMT)

Retail Order Period: January 13, 2025
Pricing: January 14, 2025
Closing: February 12, 2025

Jefferies

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1. Overview of Financing

Executive Summary

EXECUTIVE SUMMARY

Timing

Retail Order Period:	January 13, 2025
Institutional Pricing:	January 14, 2025
Closing:	February 12, 2025

Underwriters

Senior Manager:	Jefferies
Co-Senior Managers:	RBC
	Morgan Stanley
Co-Managers:	JP Morgan
	Loop Capital
	Piper Sandler
	Ramirez & Co.
	Wells Fargo

Use of Proceeds

The Series 2025A Bonds are being issued for the primary purpose of (i) providing funds for the purchase of mortgage-backed, pass-through certificates, (ii) funding loans for down payment and closing cost assistance, (iii) paying lender compensation related to the Mortgage Loans and (iv) repaying and/or currently refunding Repaid FHLB Advances, providing funds for purposes (i)-(iii). The Mortgage Certificates purchased with the proceeds of the Series 2025A Bonds will be guaranteed as to timely payment of principal and interest by the Government National Mortgage Association

Bond Structure & Results

Serial Bonds				
Maturity	**Principal**	**Coupon**	**Price**	**Yield**
1/1/2026	$470,000	3.200%	100.000%	3.200%
7/1/2026	$845,000	3.250%	100.000%	3.250%
1/1/2027	$865,000	3.350%	100.000%	3.350%
7/1/2027	$880,000	3.400%	100.000%	3.400%
1/1/2028	$905,000	3.450%	100.000%	3.450%
7/1/2028	$920,000	3.450%	100.000%	3.450%
1/1/2029	$940,000	3.500%	100.000%	3.500%
7/1/2029	$965,000	3.500%	100.000%	3.500%
1/1/2030	$985,000	3.550%	100.000%	3.550%
7/1/2030	$1,005,000	3.650%	100.000%	3.650%
1/1/2031	$1,035,000	3.750%	100.000%	3.750%
7/1/2031	$1,055,000	3.800%	100.000%	3.800%
1/1/2032	$1,080,000	3.900%	100.000%	3.900%
7/1/2032	$1,105,000	3.950%	100.000%	3.950%
1/1/2033	$1,135,000	3.950%	100.000%	3.950%
7/1/2033	$1,165,000	3.950%	100.000%	3.950%
1/1/2034	$1,195,000	4.000%	100.000%	4.000%
7/1/2034	$1,225,000	4.000%	100.000%	4.000%
1/1/2035	$1,250,000	4.000%	100.000%	4.000%
7/1/2035	$1,285,000	4.000%	100.000%	4.000%
1/1/2036	$1,315,000	4.050%	100.000%	4.050%
7/1/2036	$1,345,000	4.100%	100.000%	4.100%
Term Bonds				
1/1/2040	$10,465,000	4.250%	100.000%	4.250%
1/1/2045	$18,675,000	4.650%	99.500%	4.689%
1/1/2050	$24,585,000	5.000%	101.362%	4.800%
7/1/2055	$35,685,000	5.125%	101.871%	4.850%
1/1/2056 (PAC)	$62,620,000	5.750%	108.510%	4.100%
TOTAL	**$175,000,000**			

Tax Status Non-AMT

Ratings Moody's: Aaa S&P: AA+

Bondholder Security

The Series 2025A Bonds, the Prior Bonds, and, unless subordinated, all Bonds subsequently issued under the Trust Indenture are equally and ratably secured by the Trust Estate held by the Trustee under the Trust Indenture.

Principal or Redemption Price of and interest on all Bonds are payable solely from and are secured by a pledge of and lien on the Trust Estate, which consists generally of the Revenues, Mortgages, Mortgage Loans (including Mortgage Certificates), money, and Investment Securities held in the Funds (excluding the Rebate Fund), and other property pledged under the Trust Indenture and any Supplemental Indenture. Revenues include all payments with respect to the Mortgage Loans (net of servicing, accounting and collection fees) which include Mortgage Certificates (net of servicing and guaranty fees) and the earnings on investments of amounts held under the Trust Indenture and any Supplemental Indenture. Revenues do not include payments made in order to obtain or maintain mortgage insurance and fire and other hazard insurance with respect to Mortgage Loans (including Mortgage Certificates), and any payments required to be made with respect to Mortgage Loans (including Mortgage Certificates) for taxes, other governmental charges, and other similar charges customarily required to be escrowed on mortgage loans or commitment fees or other financing charges paid by a Mortgage Lender or the Master Servicer to the Department in connection with a commitment to sell and deliver Mortgage Loans (including Mortgage Certificates) to the Department.

Retail Investor Participation

Bond Issue Component	Buyer Profile	
$22,970,000 2026 - 2036 Serial Bonds	Retail: Institutional:	49.0% 51.0%
$10,465,000 2040 Term Bonds	Retail: Institutional:	100.0% 0.0%
$18,675,000 2045 Term Bond	Retail: Institutional:	23.1% 76.9%
$24,585,000 2050 Term Bond	Retail: Institutional:	6.7% 93.3%
$35,685,000 2055 Term Bond	Retail: Institutional:	7.5% 92.5%
$62,620,000 2056 PAC Bond	Retail: Institutional:	0.0% 100.0%
Aggregate	Retail: Institutional:	17.3% 82.7%

Market Conditions

Treasuries held during the first half of the week, through Wednesday, when stable CPI numbers caused yields to fall. The 10-year ended the week 18 bps lower in yield. Municipal tax-exempt rates moved in sympathy, with 10-year MMD closing the week 7 bps lower in yield from market open on Monday. The week of pricing was the second straight week of inflows to bond funds for the year, moderated from the prior week. Flows rebounded on Wednesday as rates rallied. The 4-week moving average is down to -$123 million. Aggregate fund flows reported $144.7 million in, with high-yield funds showing $196 million in (EPFR). Primary issuance the week of pricing included $12.6 billion in municipal paper, including $227.5 million in competing housing issuance, and $1.9 billion in Texas paper.

Commentary

The transaction was structured to generate premium for TDHCA's DPA programs through the expanded offering of $60.3 million in premium term bonds, and $62.6 million in premium, non-AMT PAC Bonds with a 6.0-year average life at a 5.75% coupon, generating a total of $6.2 million in premium (3.44% of proceeds). Given the scheduled release of CPI data on Wednesday, the Department chose to price the Bonds on a Monday / Tuesday schedule, to avoid expected rate volatility. Jefferies led a retail order period on Monday, January 13th that generated over $40.3 million in retail orders for the Bonds. Treasuries moved upward in yield following a mid-day Consumer Inflation Expectation release that came in unchanged from November at 3.0%. Tax-exempt rates were moved higher in sympathy across the curve, 8 bps higher in 2026, and 4 – 5 bps higher along the rest of the curve. Jefferies was able to

leverage retail orders to hold yields steady where interest was greatest. Given the softness in demand for the term bonds, and increase in MMD, we held spreads steady along the longer end of the curve, and cut the PAC spread by 1 bp. The institutional order period generated $206.8 million in orders for the Bonds, leaving the issue 1.4x subscribed in aggregate. Demand was robust for the PAC bonds, with 8 accounts placing orders, and for the 2055 term bonds, which were 1.3x subscribed. The 2045s struggled, as with other like tenors that priced around the same time, and we restructured them as slight discount bonds, offered at a 4.689% yield to maturity (a small increase of 3.9 bps from preliminary pricing). We also leveraged investor interest in the longer serial bonds, cutting yields by 5 bps in 2035 and the front of 2036, and 2.5 bps in the back of 2036.

PARTICIPANTS

Issuer	Texas Department of Housing and Community Affairs
Bond Counsel	Bracewell LLP
Disclosure Counsel	McCall, Parkhurst & Horton, L.L.P.
Financial Advisor	Stifel, Nicolaus & Company
Underwriter's Counsel	Chapman and Cutler, LLP
Trustee	Bank of New York Mellon
Trustee's Counsel	McGuire, Craddock & Strother, P.C.
Rating Agencies	Moody's Investors Service, S&P Global Ratings
Printer	ImageMaster, Inc.

UNDERWRITER'S DISCOUNT

TOTAL UNDERWRITER'S DISCOUNT	
Takedown	$995,525.00
Management Fee	87,500.00
Underwriting Expenses	74,307.29
Total Underwriter's Discount	**$1,157,332.29**

BREAKDOWN OF UNDERWRITING EXPENSES	
Underwriter's Counsel Fees	$50,000.00
CUSIP Fee (27 CUSIPs)	1,676.00
iPreo (i.e., Order Entry, Wires, Taxes, etc.)	12,708.43
iPreo Order Monitor	6,001.73
Day Loan	2,501.12
DTC	975.00
DAC	445.00
Total Underwriting Expenses	**$74,307.29**

SOURCES AND USES OF FUNDS

SOURCES OF FUNDS	
Bond Proceeds	$181,238,101.05
Issuer Contribution	3,858,581.24
TOTAL	**$185,096,682.29**

USES OF FUNDS	
Mortgage Loan Accounts	$183,111,250.00
Underwriter Compensation	1,157,332.29
Cost of Issuance	828,100.00
TOTAL	**$185,096,682.29**

Preliminary Official Statement Cover

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

NEW ISSUE - BOOK-ENTRY ONLY

RATINGS
Moody's: "AAA"
S&P: "AA+"
(See "RATINGS" herein)

Bracewell LLP, Bond Counsel, is of the opinion that, subject to certain conditions described herein and under existing law, interest on the Series 2025A Bonds (i) is excludable from gross income for federal income tax purposes and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals. See "TAX MATTERS RELATING TO THE SERIES 2025A BONDS" herein, including information regarding potential alternative minimum tax consequences for corporations.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

$175,000,000*
Residential Mortgage Revenue and Refunding Bonds, Series 2025A (Non-AMT) ("Series 2025A Bonds")

Dated Date/Delivery Date:	February 12, 2025*
Due:	January 1 and July 1, as shown on the inside cover
Interest Payment Dates:	Interest accrued on the Series 2025A Bonds (the "Series 2025A Bonds") will be payable on each July 1 and January 1, commencing July 1, 2025* as described herein.
Interest Rates:	Payable at the rates as shown on the inside cover.
Redemption:	The Series 2025A Bonds are subject to redemption on the dates and at the Redemption Prices more fully described herein. See "THE SERIES 2025A BONDS – Redemption Provisions."
Denominations:	The Series 2025A Bonds will be available to purchasers in book-entry form only in denominations of $5,000 or any integral multiple thereof as described herein.
Tax Matters:	Bracewell LLP, Bond Counsel, is of the opinion that, subject to certain conditions described herein and under existing law, (i) interest on the Series 2025A Bonds is excludable from gross income for federal income tax purposes and (ii) interest on the Series 2025A Bonds is not an item of tax preference for purposes of the alternative minimum tax on individuals. See "TAX MATTERS RELATING TO THE SERIES 2025A BONDS" herein.
Purpose:	The Series 2025A Bonds are being issued for the primary purpose of (i) providing funds for the purchase of mortgage-backed, pass-through certificates (the "Mortgage Certificates"), (ii) funding loans for down payment and closing cost assistance, (iii) paying lender compensation related to the Mortgage Loans (as defined herein) and (iv) repaying and/or currently refunding the Repaid FHLB Advances (as defined herein), thereby providing funds for purposes (i)-(iii). The Mortgage Certificates purchased with the proceeds of the Series 2025A Bonds will be guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("Ginnie Mae") ("Ginnie Mae Certificates" or "GNMA Certificates"). See "APPENDIX B-1 – GNMA AND THE GNMA CERTIFICATES."
Security:	The Series 2025A Bonds, the Prior Bonds (as defined herein), and, unless subordinated, all Bonds subsequently issued under the Trust Indenture (as defined herein) are equally and ratably secured by the Trust Estate (as defined herein) held by the Trustee under the Trust Indenture. The Series 2025A Bonds are limited obligations of the Texas Department of Housing and Community Affairs (the "Department") and are payable solely from the revenues and funds pledged for the payment thereof as more fully described herein. Neither the State of Texas (the "State") nor any agency of the State, other than the Department, nor the United States of America or any agency, department or other instrumentality thereof, including Ginnie Mae, is obligated to pay the principal or Redemption Price of or interest on the Series 2025A Bonds. Neither the faith and credit nor the taxing power of the State or the United States of America is pledged, given or loaned to such payment. The Department has no taxing power. Ginnie Mae guarantees only the payment of the principal of and interest on the Ginnie Mae Certificates when due and does not guarantee the payment of the Series 2025A Bonds or any other obligations issued by the Department. See "SECURITY FOR THE BONDS" and "THE TRUST INDENTURE."
Book-Entry Only System:	The Series 2025A Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). See "APPENDIX H – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – DTC and Book-Entry."
Trustee:	The Bank of New York Mellon Trust Company, N.A.
Bond Counsel:	Bracewell LLP
Disclosure Counsel:	McCall, Parkhurst & Horton L.L.P.
Underwriters' Counsel:	Chapman and Cutler LLP
Financial Advisor:	Stifel, Nicolaus & Company, Incorporated

Jefferies

RBC Capital Markets **Morgan Stanley**

J.P. Morgan **Loop Capital Markets**

Piper Sandler & Co. **Ramirez & Co., Inc.** **Wells Fargo Securities**

* Preliminary, subject to change.

Official Statement Cover

OFFICIAL STATEMENT DATED JANUARY 14, 2025

NEW ISSUE - BOOK-ENTRY ONLY

RATINGS
Moody's: "Aaa"
S&P: "AA+"
(See "RATINGS" herein)

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Jefferies

RBC Capital Markets | **Morgan Stanley**

J.P. Morgan | **Loop Capital Markets**

Piper Sandler & Co. | **Ramirez & Co., Inc.** | **Wells Fargo Securities**

Financing Schedule

11/19/2024

Texas Department of Housing and Community Affairs

Residential Mortgage Revenue Bonds
2025 Series A
Program 110

Issuer	Texas Department of Housing and Community Affairs	TDHCA
Bond Counsel	Bracewell LLP	BC
Disclosure Counsel	McCall, Parkhurst & Horton LLP	DC
Financial Advisor	Stifel	FA
Senior Manager	Jefferies	SM
Co-Seniors	RBC Capital Markets, Morgan Stanley	
Co-Managers	JPM, LCM, PSC, RMZ, WF	UW
Underwriter's Counsel	Chapman & Cutler	UWC
Working Group	All Parties Above	WG

Date	Action	Party
11/08/24 -Fri	-Kickoff Call	
11/14/24 -Thu	-Submit Volume Cap Application	TDHCA/BC
11/15/24 -Fri	-Distribute First Drafts of Documents	BC
11/19/24 -Tue	-TDHCA to Request 1295s	
11/20/24 -Wed	-Distribute first Draft of POS	DC
11/21/24 -Thu	-Rating Agency Submission	FA
11/25/24 -Mon	-Comments on First Drafts of Documents Due	
11/25/24 -Mon	-Circulate First Draft of BPA	UWC
11/25/24 -Mon	-1295s Due From Underwriters	UW
11/26/24 -Tue	-Distribute 2nd Round of Documents & POS	BC / DC
11/28/24 -Thu	-Thanksgiving Day	Holiday
11/29/24 -Fri	-Day after Thanksgiving	Holiday
12/03/24 -Tue	-Comments on BPA and 2nd Round of Docs Due	WG
12/03/24 -Tue	-Confirm Fees before Draft BRB NOI	WG
12/04/24 -Wed	-Distribute Draft of BRB Exempt Issuer State Debt NOI	WG
12/05/24 -Thu	-Distribute 3rd Round of Docs and 2nd round of BPA	
12/06/24 -Fri	-Comments due on Draft of BRB Exempt Issuer NOI	WG
10/10/24 -Thu	-Comments on all Documents Due	WG
12/11/24 -Wed	-Submit **Exempt** Issuer State Debt Notice of Intent to BRB	TDHCA, BC, FA
12/16/24 -Mon	-Receive Ratings	TDHCA/FA
12/16/24 -Mon	-Draft Due Diligence Questionnaire Due	UWC
12/17/24 -Tue	-BRB Exempt Track - Begin 6-day clock	TDHCA
12/19/24 -Thu	-BRB Volume Cap 35-Day Filing Deadline	TDHCA/BC
12/24/24 -Tue	-Christmas Eve	Holiday
12/25/24 -Wed	-Christmas Day	Holiday
12/26/24 -Thu	-Day After Christmas	Holiday
01/01/25 -Wed	-New Years Day	Holiday
01/03/25 -Fri	-Final POS comments due	WG
01/06/25 -Mon	-Due Diligence Call	WG
01/06/25 -Mon	-POS Sign Off	All Parties
01/06/25 -Mon	-Receive BRB Approval (after 5pm) - Will likely receive earlier	
01/07/25 -Tue	**-Release POS**	WG
01/10/25 -Fri	-Employment Situation Release	Eco Calendar
01/13/25 -Mon	**-Pre Marketing**	UW
01/14/25 -Tue	**-Price and Execute BPA**	WG;UW;FA
01/15/25 -Wed	-CPI Release	Eco Calendar
01/16/25 -Thu	-Verification of Premium Redemption Prices Due	FA;Causey
01/20/25 -Mon	-MLK Day	Holiday
01/21/25 -Tue	**-Distribute Official Statement**	WG
01/22/25 -Wed	-Verification of Yield Due	FA;Causey
01/24/25 -Fri	-Cashflow Certificate Due	FA
01/29/25 -Wed	-FOMC Meeting	Eco Calendar
01/29/25 -Wed	-Submit AG Transcript	WG
02/11/25 -Tue	**-Pre Closing**	WG
02/12/25 -Wed	**-Closing**	WG
02/28/25 -Fri	-New Master Servicer Go-Live Date (TBD)	TDHCA
04/11/25 -Fri	BRB Final Report (58 days following close)	TDHCA / FA

2. Pricing Information

Pre-Pricing: Market Data and Comparable Pricing Information

Jefferies

Residential Mortgage Revenue and Refunding Bonds Series 2025 A

Pre-Pricing Materials

JANUARY 2025 | CONFIDENTIAL

Member, SIPC. The information provided in this document, including valuation discussions, represents the views of Jefferies Investment Banking. There is no assurance that the views expressed herein will be consistent with the views expressed by Jefferies Research or its Analysts. Nothing in this document should be understood as a promise or offer of favorable research coverage.

2024 Recap and Jefferies' Expectations for 2025

2024 RESULTS

- UST rates rose in 2024 as economic growth unexpectedly accelerated and job growth remained firm
- The Fed's messaging remained consistent that future rate cuts will be subject to economic data
- Fixed Income markets remained strong in 2024 with robust issuance in the corporate and municipal markets, credit spread tightening, and significant cash inflows
- Municipal fund flows (excluding HY and SMA) totaled **$40 billion**, representing **4.2% of NAV** – a material reversal compared to the past two years (**$3 billion** and **$112 billion** of outflows in 2023 and 2022, respectively)
- Issuers re-entered the market in force following **three** consecutive years of supply declines (2021-2023)

JEFFERIES' EXPECTATIONS FOR 2025

- Market conditions should generally remain strong and 10-year rates should rise **~50 bps** by year-end with inter-year volatility of approximately **75 bps**
- UST curve should steepen: short-term rates are expected to continue to decline – with **three 25-bp cuts** estimated this year
- Municipal fund inflows are expected to continue, further supported by ongoing strong SMA participation
- Municipal issuance should increase by **~3% YoY** (including Corp. CUSIPs)
- Potential elimination of tax-exemption could have uncertain impacts on the timing of issuance and overall supply; we believe low probability, but not zero

2024 Economic Results and Jefferies' 2025 Expectations

INDICATOR	2024 RESULTS	2025 EXPECTATIONS
2-Year UST	↓ by 9 bps to **4.24%**	↓ by 29 bps to **3.95%**
10-Year UST	↑ by 66 bps to **4.57%**	↑ by 38 bps to **4.95%**
U.S. GDP Growth (YoY)	↓ +2.7% (exp.) vs. 2.5% in 2023	↓ +2.4%
CPI (YoY)	↑ by 1.2% to **2.7%**	↓ by 0.4% to **2.3%**
Unemployment Rate	↑ by 0.5% to **4.2%**	↓ by 0.2% to **4.0%**
Fed Funds Rate	↑ by 100 bps to **4.50%**	↓ by 75 bps to **3.75%**
IG Index	↑ by 2.6%	n/a
S&P	↑ by 23.3% (ending at 5,881)	↑ 6,000 Target
NASDAQ	↑ by 28.6%	n/a

Fed Policy & Recent Economic Reports

MARKET CONDITIONS CONTINUE TO SHOW LABOR MARKET STRENGTH AND SLOWING INFLATION

DATE	DATA	ACTUAL	CONSENSUS
1/3	ISM Manufacturing Prices (Dec)	52.5	50.3
1/6	Services PMI (Dec)	56.8	56.1
1/7	ISM Non-Manufacturing Prices (Dec)	64.4	58.2
1/7	JOLTS Job Openings (Nov)	8.098M	7.839M
1/8	Initial Jobless Claims	201K	221K
1/8	30-Year Bond Auction	4.913%	4.535%
1/8	ADP Nonfarm Employment Change (Dec)	122K	146K
1/10	Nonfarm Payrolls (Dec)	256K	164K
1/10	Private Nonfarm Payrolls (Dec)	223K	135K
1/10	Unemployment Rate (Dec)	4.1%	4.2%

DECEMBER 18TH FOMC STATEMENT

"In considering the extent and timing of additional adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks."

MARKET PREDICTIONS FOR FUTURE FED CUT PROBABILITY

AS OF	JAN. 2025	MAR. 2025	MAY 2025
1/9	6.9%	37%	21.6%

UST RATES

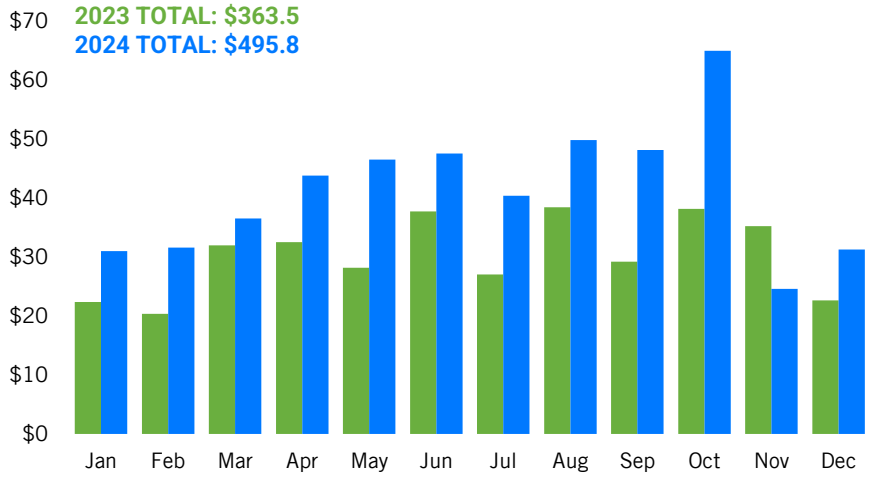
	Current	W/W Δ	M/M Δ	Y/Y Δ
2-Yr	4.40%	+ 12 bps	+ 25 bps	+ 7 bps
5-Yr	4.59%	+ 18 bps	+ 46 bps	+ 66 bps
10-Yr	4.77%	+ 17 bps	+ 51 bps	+ 82 bps
30-Yr	4.96%	+ 14 bps	+ 48 bps	+ 88 bps

MMD RATES

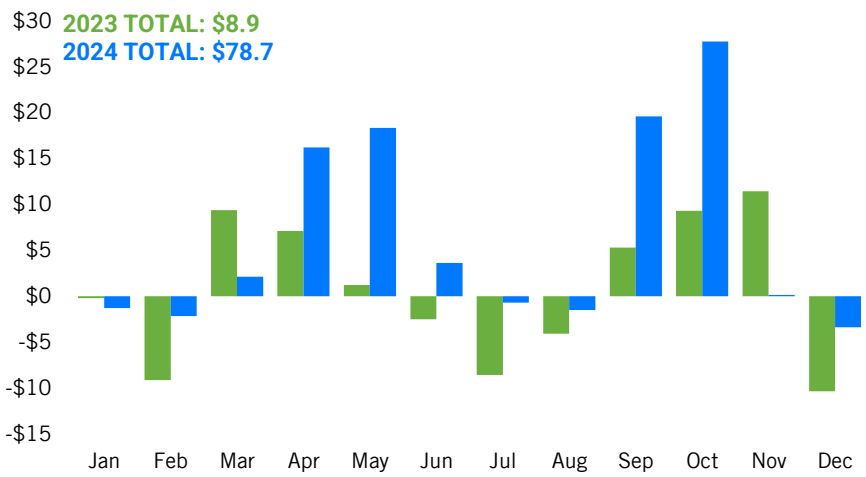
	Current	W/W Δ	M/M Δ	Y/Y Δ
2-Yr	2.84%	+ 8 bps	+ 31 bps	+ 40 bps
5-Yr	2.95%	+ 11 bps	+ 39 bps	+ 70 bps
10-Yr	3.17%	+ 13 bps	+ 41 bps	+ 89 bps
30-Yr	4.06%	+ 17 bps	+ 46 bps	+ 63 bps

Municipal Supply and Demand Dynamics

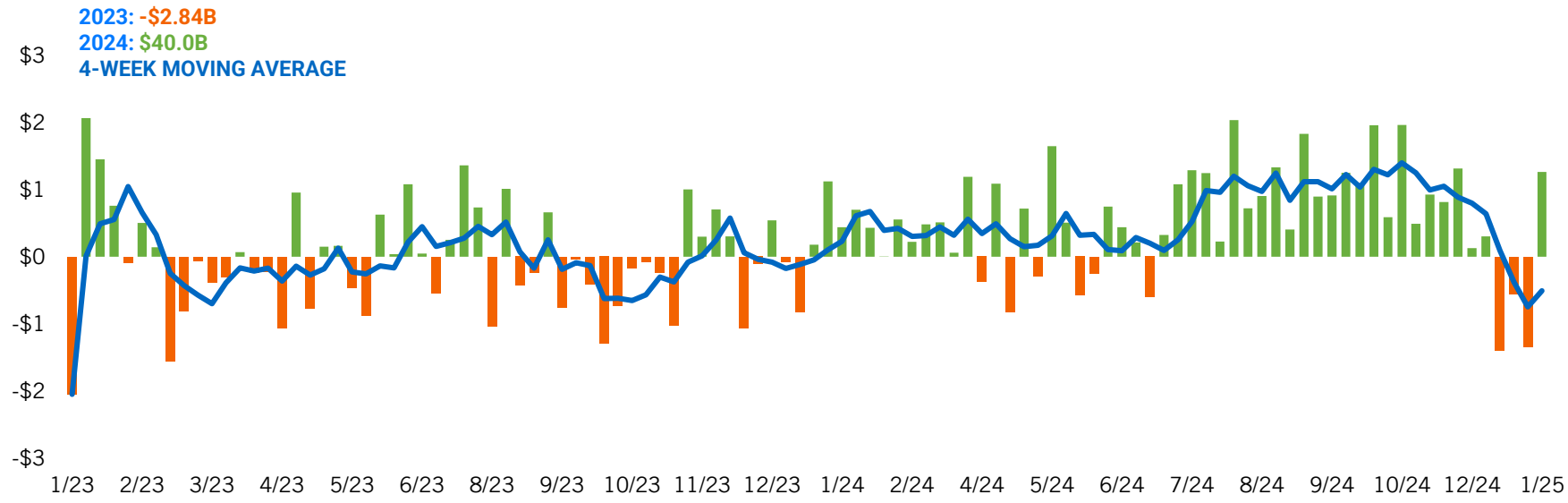
GROSS MONTHLY MUNICIPAL ISSUANCE (2023-2024) ($B)



NET MONTHLY MUNICIPAL SUPPLY (2023-2024) ($B)

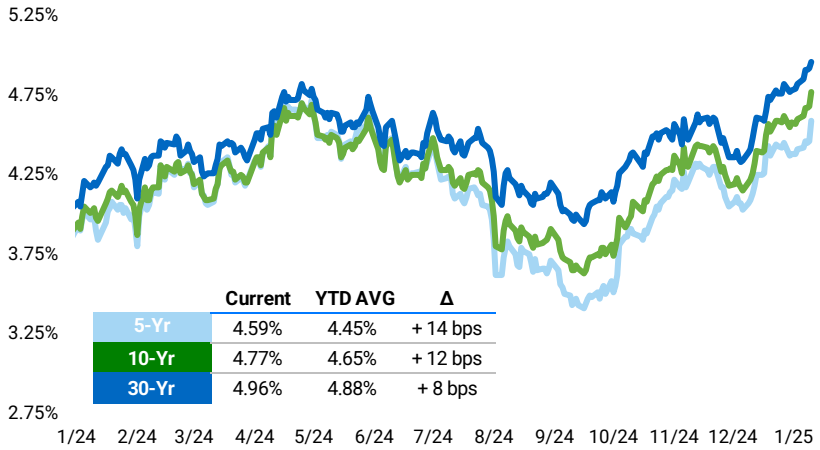


MUNICIPAL FUND FLOWS (2023-2025YTD) ($B)



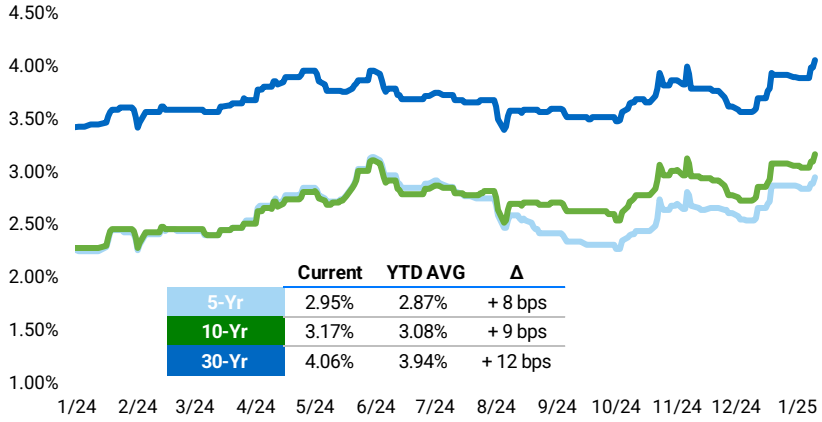
Current Rates and Ratios

UST (2024-2025YTD)



	Current	YTD AVG	Δ
5-Yr	4.59%	4.45%	+ 14 bps
10-Yr	4.77%	4.65%	+ 12 bps
30-Yr	4.96%	4.88%	+ 8 bps

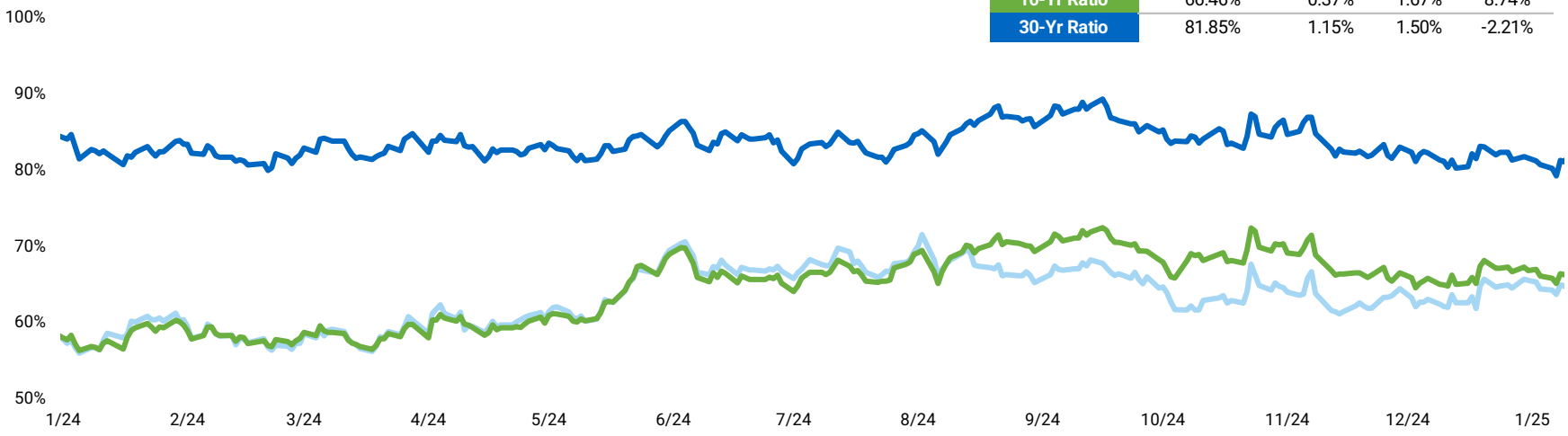
MMD (2024-2025YTD)



	Current	YTD AVG	Δ
5-Yr	2.95%	2.87%	+ 8 bps
10-Yr	3.17%	3.08%	+ 9 bps
30-Yr	4.06%	3.94%	+ 12 bps

MMD TO UST RATIOS (2024-2025YTD)

	Current	W/W Δ	M/M Δ	Y/Y Δ
5-Yr Ratio	64.27%	-0.13%	2.28%	7.02%
10-Yr Ratio	66.46%	0.37%	1.67%	8.74%
30-Yr Ratio	81.85%	1.15%	1.50%	-2.21%



Forward Negotiated New Issuance Calendar

HOUSING

SALE DATE	ISSUER	TYPE	TAX-EXEMPT PAR ($MM)	TAXABLE PAR ($MM)	STATE	CREDIT RATINGS
1/14	**Texas DHCA**	Single Family	**$175,000**	**--**	**TX**	**Aaa | AA+ | NR | NR**
1/15	Colorado HFA	Single Family	$45,000	$64,645	CO	Aaa | AAA | NR | NR
1/15	Wyoming CDA	Single Family	$84,980	$15,000	WY	Aa1 | AA+ | NR | NR
1/14	HFA of Pinellas County	Single Family	$15,000	$10,000	FL	Aaa | NR | NR | NR
1/16	Colorado HFA	Multifamily	$16,340	$4,680	CO	Aaa | AAA | NR | NR
1/15	Health & Edu. Facilities Board of Franklin	Multifamily	$8,450	--	TN	NR | AA+ | NR | NR
Total			**$344,770**	**$94,325**		

SELECT MUNICIPAL

SALE DATE	ISSUER	TYPE	PAR AMOUNT ($MM)	STATE	TAX STATUS	CREDIT RATINGS
1/16	Triborough Bridge and Tunnel Authority	Transportation	$1,300,000	NY	TE	A1 | A+ | NR | AA
1/14	Airport Commission of San Francisco	Airports	$996,335	CA	TE, TX	A1 | AA- | A+ | NR
1/16	Orange County Health Facilities Authority	Hospitals	$824,770	CA	TE	NR | A+ | AA- | NR
1/16	Plano Independent School District	School Building	$607,300	TX	TE	Aaa | AAA | NR | NR
1/14	Jacksonville Electric Authority	Water and Sewer	$533,255	FL	TE	Aa1 | AA+ | AA+ | NR
1/14	School Board of Miami-Dade County	Certificates of Participation	$410,770	FL	TE	A1 | NR | NR | NR
1/16	Orlando Health Obligated Group	Hospitals	$400,000	FL	TX	NR | A+ | AA- | NR
1/15	Department of Water & Power of LA	Water System	$371,050	CA	TE	Aa2 | AA+ | NR | AA+
1/14	Cypress-Fairbanks Indep. School Dist.	General Obligation	$350,925	TX	TE	Aaa | AAA | NR | NR
1/14	Dallas Independent School District	School Building	$339,540	TX	TE	Aaa | NR | NR | NR
1/16	Idaho State Building Authority	Sales Tax Revenue	$310,590	ID	TE	Aaa | NR | AA+ | NR
1/16	Regents of University of Colorado	Higher Education	$300,000	CO	TE	Aa1 | NR | AA+ | NR
1/14	Pennsylvania Higher Edu. Facilities Auth.	Higher Education	$270,000	PA	TE	Aa1 | AA+ | NR | NR
1/14	Allen Independent School District	School Building	$205,940	TX	TE	Aaa | AAA | NR | NR
1/15	Trustee of Purdue University	Higher Education	$200,000	IN	TE	Aaa | AAA | NR | NR
1/15	Iowa Finance Authority	State Revolving Fund	$186,845	IA	TE, TX	NR | AAA | AAA | NR
1/15	Minneapolis & Housing & Redev. Auth. of St. Paul	Health Care System	$181,385	MN	TE	NR | AA- | AA | NR
1/14	Salt Lake City	Public Utilities	$178,865	UT	TE	Aa1 | AAA | NR | NR
1/14	Adams 12 Five Star Schools	General Obligation	$170,330	CO	TE	Aa1 | AA | NR | NR
1/15	State of Alaska	Airports	$120,290	AK	TE	Aa3 | NR | NR | NR
1/14	Clemson University	Higher Education	$120,145	SC	TE	Aa3 | NR | NR | NR
1/15	Paradise Valley Unified School Dist.	School Improvement	$104,905	AZ	TE	Aa1 | NR | AAA | NR
Subtotal			**$8,483,240**			
Total Visible Negotiated and Competitive Calendar			**$14,004,585**			

Economic and Transaction Calendar

DATE | TIME	ECONOMIC INDICATOR	ACTUAL	SURVEY	PRIOR
Monday, January 13th	**Retail Order Period**			
11:00 AM	Consumer Inflation Expectations (Dec)	--	--	3.0%
Tuesday, January 14th	**Pricing**			
8:30 AM	PPI (MoM) (Dec)	--	--	0.4%
Wednesday, January 15th				
8:30 AM	Core CPI (MoM) (Dec)	--	--	0.3%
8:30 AM	CPI (MoM) (Dec)	--	--	0.3%
8:30 AM	CPI (YoY) (Dec)	--	--	2.7%
Thursday, January 16th				
8:30 AM	Core Retail Sales (MoM) (Dec)	--	--	0.2%
8:30 AM	Initial Jobless Claims	--	--	201K
8:30 AM	Philadelphia Fed Manufacturing Index (Jan)	--	--	-10.9
8:30 AM	Retail Sales (MoM) (Dec)	--	--	0.7%

Syndicate Price Views

Syndicate Price Views

			JEFFERIES		RBC		MS		JPM		LOOP		PIPER		RAMIREZ		WELLS	
MATURITY	PAR	MMD	SPREAD	YIELD	SPREAD	YIELD	SPREAD	YIELD	SPREAD	YIELD	SPREAD	YIELD	SPREAD	YIELD	SPREAD	YIELD	SPREAD	YIELD
1/1/2026	$470,000	2.73%	+ 42	3.150%	+ 42	3.150%	+ 42	3.150%	+ 37	3.100%	+ 42	3.150%	+ 47	3.200%	+ 47	3.200%	+ 42	3.150%
7/1/2026	$845,000	2.73%	+ 47	3.200%	+ 47	3.200%	+ 47	3.200%	+ 42	3.150%	+ 47	3.200%	+ 52	3.250%	+ 52	3.250%	+ 47	3.200%
1/1/2027	$865,000	2.77%	+ 48	3.250%	+ 48	3.250%	+ 48	3.250%	+ 48	3.250%	+ 48	3.250%	+ 48	3.250%	+ 53	3.300%	+ 48	3.250%
7/1/2027	$880,000	2.77%	+ 48	3.250%	+ 48	3.250%	+ 48	3.250%	+ 53	3.300%	+ 53	3.300%	+ 53	3.300%	+ 53	3.300%	+ 53	3.300%
1/1/2028	$905,000	2.81%	+ 49	3.300%	+ 49	3.300%	+ 49	3.300%	+ 54	3.350%	+ 54	3.350%	+ 54	3.350%	+ 54	3.350%	+ 54	3.350%
7/1/2028	$920,000	2.81%	+ 54	3.350%	+ 54	3.350%	+ 54	3.350%	+ 59	3.400%	+ 59	3.400%	+ 59	3.400%	+ 59	3.400%	+ 59	3.400%
1/1/2029	$940,000	2.85%	+ 55	3.400%	+ 55	3.400%	+ 55	3.400%	+ 60	3.450%	+ 60	3.450%	+ 60	3.450%	+ 60	3.450%	+ 60	3.450%
7/1/2029	$965,000	2.85%	+ 60	3.450%	+ 60	3.450%	+ 60	3.450%	+ 65	3.500%	+ 65	3.500%	+ 65	3.500%	+ 65	3.500%	+ 65	3.500%
1/1/2030	$985,000	2.89%	+ 61	3.500%	+ 61	3.500%	+ 66	3.550%	+ 66	3.550%	+ 66	3.550%	+ 66	3.550%	+ 71	3.600%	+ 66	3.550%
7/1/2030	$1,005,000	2.89%	+ 71	3.600%	+ 71	3.600%	+ 71	3.600%	+ 76	3.650%	+ 71	3.600%	+ 71	3.600%	+ 76	3.650%	+ 71	3.600%
1/1/2031	$1,035,000	2.90%	+ 75	3.650%	+ 75	3.650%	+ 75	3.650%	+ 80	3.700%	+ 75	3.650%	+ 75	3.650%	+ 80	3.700%	+ 75	3.650%
7/1/2031	$1,055,000	2.90%	+ 75	3.650%	+ 75	3.650%	+ 80	3.700%	+ 85	3.750%	+ 80	3.700%	+ 80	3.700%	+ 85	3.750%	+ 80	3.700%
1/1/2032	$1,080,000	2.92%	+ 83	3.750%	+ 83	3.750%	+ 83	3.750%	+ 88	3.800%	+ 83	3.750%	+ 83	3.750%	+ 88	3.800%	+ 83	3.750%
7/1/2032	$1,105,000	2.94%	+ 86	3.800%	+ 86	3.800%	+ 86	3.800%	+ 91	3.850%	+ 86	3.800%	+ 91	3.850%	+ 91	3.850%	+ 86	3.800%
1/1/2033	$1,135,000	2.99%	+ 86	3.850%	+ 86	3.850%	+ 86	3.850%	+ 91	3.900%	+ 86	3.850%	+ 91	3.900%	+ 91	3.900%	+ 86	3.850%
7/1/2033	$1,165,000	3.00%	+ 90	3.900%	+ 90	3.900%	+ 90	3.900%	+ 95	3.950%	+ 90	3.900%	+ 95	3.950%	+ 95	3.950%	+ 90	3.900%
1/1/2034	$1,195,000	3.02%	+ 93	3.950%	+ 93	3.950%	+ 88	3.900%	+ 93	3.950%	+ 93	3.950%	+ 98	4.000%	+ 93	3.950%	+ 93	3.950%
7/1/2034	$1,225,000	3.05%	+ 90	3.950%	+ 90	3.950%	+ 90	3.950%	+ 95	4.000%	+ 95	4.000%	+ 95	4.000%	+ 90	3.950%	+ 90	3.950%
1/1/2035	$1,250,000	3.10%	+ 90	4.000%	+ 90	4.000%	+ 85	3.950%	+ 95	4.050%	+ 95	4.050%	+ 95	4.050%	+ 90	4.000%	+ 90	4.000%
7/1/2035	$1,285,000	3.12%	+ 88	4.000%	+ 88	4.000%	+ 83	3.950%	+ 93	4.050%	+ 93	4.050%	+ 93	4.050%	+ 88	4.000%	+ 88	4.000%
1/1/2036	$1,315,000	3.14%	+ 91	4.050%	+ 91	4.050%	+ 86	4.000%	+ 91	4.050%	+ 96	4.100%	+ 96	4.100%	+ 91	4.050%	+ 91	4.050%
7/1/2036	$1,345,000	3.16%	+ 89	4.050%	+ 89	4.050%	+ 84	4.000%	+ 94	4.100%	+ 94	4.100%	+ 94	4.100%	+ 89	4.050%	+ 89	4.050%
1/1/2040	$10,465,000	3.38%	+ 77	4.150%	+ 77	4.150%	+ 77	4.150%	+ 87	4.250%	+ 77	4.150%	+ 92	4.300%	+ 77	4.150%	+ 82	4.200%
1/1/2045	$18,675,000	3.76%	+ 74	4.500%	+ 74	4.500%	+ 74	4.500%	+ 84	4.600%	+ 79	4.550%	+ 89	4.650%	+ 74	4.500%	+ 79	4.550%
1/1/2050	$24,585,000	3.92%	+ 78	4.700%	+ 78	4.700%	+ 78	4.700%	+ 83	4.750%	+ 78	4.700%	+ 83	4.750%	+ 73	4.650%	+ 73	4.650%
7/1/2055	$35,685,000	3.99%	+ 76	4.750%	+ 76	4.750%	+ 76	4.750%	+ 81	4.800%	+ 76	4.750%	+ 86	4.850%	+ 71	4.700%	+ 71	4.700%
PAC	$62,620,000	2.90%	+ 110	4.000%	+ 110	4.000%	+ 108	3.980%	+ 110	4.000%	+ 110	4.000%	+ 120	4.100%	+ 110	4.000%	+ 107	3.970%
(5.50% coupon / 6.00 year WAL)																		
TOTAL	**$175,000,000**																	

Recent Non-AMT Housing Financings

New Hampshire Housing Finance Authority
Single Family Mortage Acquisition Revenue Bonds
2025 Series A
1/8/2025
Aaa | NR | NR
Non-AMT
$75,000,000

Optional call in 07/01/2033 @ 100.00

Maturity	Par	Coupon	Yield	Spread (MMD Day Prior)	Spread (MMD Day of)
7/1/2040	5,900	4.150	4.150	+ 85	+ 77
7/1/2045	17,095	4.500	4.500	+ 84	+ 74
7/1/2049	12,850	4.650	4.650	+ 84	+ 74
1/1/2056	39,155	6.500	3.930	+ 108	+ 103
			113.266		

*PAC Avg Life 6.0 yrs over range of 100 - 500% PSA @ 6.5% coupon

Utah Housing Corporation
Single Family Mortgage Bonds
2025 Series A
1/8/2025
Aa2 | NR | NR
Non-AMT
$74,000,000

Optional call in 01/01/2033 @ 100.00

Maturity	Par	Coupon	Yield	Spread (MMD Day Prior)	Spread (MMD Day of)
1/1/2026	450	3.150	3.150	+ 40	+ 40
7/1/2026	200	3.200	3.200	+ 45	+ 45
1/1/2027	45	3.250	3.250	+ 51	+ 46
7/1/2027	50	3.250	3.250	+ 51	+ 46
1/1/2028	50	3.300	3.300	+ 54	+ 49
7/1/2028	50	3.350	3.350	+ 59	+ 54
1/1/2029	50	3.400	3.400	+ 60	+ 55
7/1/2029	50	3.450	3.450	+ 65	+ 60
1/1/2030	55	3.550	3.550	+ 71	+ 66
7/1/2030	55	3.600	3.600	+ 76	+ 71
1/1/2031	55	3.625	3.625	+ 77	+ 73
7/1/2031	55	3.700	3.700	+ 85	+ 80
1/1/2032	60	3.750	3.750	+ 89	+ 83
7/1/2032	60	3.800	3.800	+ 92	+ 86
1/1/2033	60	3.850	3.850	+ 92	+ 86
7/1/2033	65	3.900	3.900	+ 96	+ 90
1/1/2034	65	3.900	3.900	+ 94	+ 88
7/1/2034	70	3.950	3.950	+ 96	+ 90
1/1/2035	70	3.950	3.950	+ 91	+ 85
7/1/2035	75	3.950	3.950	+ 89	+ 83
1/1/2036	75	4.000	4.000	+ 92	+ 86
7/1/2036	80	4.000	4.000	+ 90	+ 84
1/1/2037	85	4.050	4.050	+ 93	+ 87
7/1/2037	85	4.050	4.050	+ 91	+ 85
7/1/2040	565	4.100	4.100	+ 80	+ 80
7/1/2045	1,190	4.450	4.450	+ 79	+ 79
7/1/2050	1,635	4.600	4.600	+ 78	+ 78
1/1/2055	2,070	4.650	4.650	+ 76	+ 76
7/1/2055	66,525	6.500	3.910	+ 107	+ 102
			111.444		

*PAC Avg Life 5.0 yrs over range of 100 - 500% PSA @ 6.5% coupon

South Carolina State Housing Finance and Development Authority
Mortgage Revenue Bonds
Series 2025 A
1/7/2025
Aaa | NR | NR
Non-AMT
$172,000,000

Optional call in 01/01/2033 @ 100.00

Maturity	Par	Coupon	Yield	Spread (MMD Day Prior)	Spread (MMD Day of)
1/1/2026	610	5.000	2.960	+ 19	+ 21
7/1/2026	760	5.000	3.000	+ 23	+ 25
1/1/2027	780	5.000	3.030	+ 27	+ 29
7/1/2027	800	5.000	3.070	+ 31	+ 33
1/1/2028	825	5.000	3.120	+ 36	+ 36
7/1/2028	845	5.000	3.150	+ 39	+ 39
1/1/2029	870	5.000	3.210	+ 41	+ 41
7/1/2029	890	5.000	3.260	+ 46	+ 46
1/1/2030	915	5.000	3.310	+ 47	+ 47
7/1/2030	935	5.000	3.340	+ 50	+ 50
1/1/2031	960	5.000	3.400	+ 55	+ 55
7/1/2031	990	5.000	3.450	+ 60	+ 60
1/1/2032	1,015	5.000	3.490	+ 63	+ 63
7/1/2032	1,045	5.000	3.520	+ 64	+ 64
1/1/2033	1,070	5.000	3.590	+ 66	+ 66
7/1/2033	1,100	3.875	3.875	+ 94	+ 94
1/1/2034	1,120	3.900	3.900	+ 94	+ 94
7/1/2034	1,140	3.950	3.950	+ 96	+ 96
1/1/2035	1,170	4.000	4.000	+ 96	+ 96
7/1/2035	1,190	4.000	4.000	+ 94	+ 94
1/1/2036	1,220	4.050	4.050	+ 97	+ 97
7/1/2036	1,245	4.050	4.050	+ 95	+ 95
1/1/2037	1,275	4.100	4.100	+ 98	+ 98
7/1/2037	1,300	4.100	4.100	+ 96	+ 96
7/1/2040	8,455	4.150	4.150	+ 85	+ 85
7/1/2045	17,065	4.500	4.500	+ 84	+ 84
7/1/2050	21,865	4.650	4.650	+ 83	+ 83
1/1/2055	25,045	4.700	4.700	+ 81	+ 81
7/1/2055	75,500	6.500	3.960	+ 111	+ 111
			113.023		

*PAC Avg Life 5.95 yrs over range of 100 - 400% PSA @ 6.5% coupon

Recent Non-AMT Housing Financings (cont.)

Kentucky Housing Corporation
Single Family Mortgage Revenue Bonds
2025 Series A
1/7/2025
Aaa | NR | NR
Non-AMT
$40,000,000

Optional call in 01/01/2033 @ 100.00

urity	Par	Coupon	Yield	Spread (MMD Day Prior)	Spread (MMD Day of)
1/1/2026	205	3.150	3.150	+ 38	+ 40
7/1/2026	335	3.200	3.200	+ 43	+ 45
1/1/2027	340	3.250	3.250	+ 49	+ 51
7/1/2027	350	3.250	3.250	+ 49	+ 51
1/1/2028	355	3.300	3.300	+ 54	+ 54
7/1/2028	360	3.350	3.350	+ 59	+ 59
1/1/2029	370	3.400	3.400	+ 60	+ 60
7/1/2029	375	3.450	3.450	+ 65	+ 65
1/1/2030	380	3.500	3.500	+ 66	+ 66
7/1/2030	390	3.600	3.600	+ 76	+ 76
1/1/2031	395	3.625	3.625	+ 77	+ 77
7/1/2031	405	3.700	3.700	+ 85	+ 85
1/1/2032	410	3.750	3.750	+ 89	+ 89
7/1/2032	420	3.800	3.800	+ 92	+ 92
1/1/2033	430	3.850	3.850	+ 92	+ 92
7/1/2033	440	3.875	3.875	+ 94	+ 94
1/1/2034	445	3.875	3.875	+ 92	+ 92
7/1/2034	455	3.950	3.950	+ 96	+ 96
1/1/2035	465	4.000	4.000	+ 96	+ 96
7/1/2035	475	4.000	4.000	+ 94	+ 94
1/1/2036	485	4.050	4.050	+ 97	+ 97
7/1/2036	495	4.050	4.050	+ 95	+ 95
1/1/2037	510	4.100	4.100	+ 98	+ 98
7/1/2037	520	4.100	4.100	+ 96	+ 96
7/1/2040	3,360	4.200	4.200	+ 90	+ 90
7/1/2045	6,750	4.500	4.500	+ 84	+ 84
7/1/2049	6,675	4.625	4.625	+ 82	+ 82
7/1/2055	13,405	6.250	3.960	+ 112	+ 112
			110.132		

*PAC Avg Life 5.6 yrs over range of 75 - 400% PSA @ 5.75% coupon

Delaware State Housing Authority
Senior Single Family Mortgage Revenue Bonds
2025 Series A
1/6/2025
Aa1 | NR | NR
Non-AMT
$115,000,000

Optional call in 07/01/2033 @ 100.00

Maturity	Par	Coupon	Yield	Spread (MMD Day Prior)	Spread (MMD Day of)
1/1/2026	310	3.150	3.150	+ 38	+ 38
7/1/2026	580	3.200	3.200	+ 43	+ 43
1/1/2027	590	3.200	3.200	+ 44	+ 44
7/1/2027	605	3.250	3.250	+ 49	+ 49
1/1/2028	610	3.300	3.300	+ 54	+ 54
7/1/2028	625	3.350	3.350	+ 59	+ 59
1/1/2029	635	3.400	3.400	+ 60	+ 60
7/1/2029	650	3.450	3.450	+ 65	+ 65
1/1/2030	660	3.500	3.500	+ 66	+ 66
7/1/2030	675	3.550	3.550	+ 71	+ 71
1/1/2031	690	3.600	3.600	+ 75	+ 75
7/1/2031	705	3.650	3.650	+ 80	+ 80
1/1/2032	715	3.750	3.750	+ 89	+ 89
7/1/2032	735	3.800	3.800	+ 92	+ 92
1/1/2033	745	3.850	3.850	+ 92	+ 92
7/1/2033	770	3.900	3.900	+ 95	+ 96
1/1/2034	785	3.900	3.900	+ 94	+ 94
7/1/2034	810	3.900	3.900	+ 91	+ 91
1/1/2035	820	3.900	3.900	+ 86	+ 86
7/1/2035	845	3.950	3.950	+ 89	+ 89
1/1/2036	855	4.000	4.000	+ 92	+ 92
7/1/2036	880	4.000	4.000	+ 90	+ 90
7/1/2040	7,870	4.200	4.200	+ 90	+ 90
7/1/2045	12,380	4.550	4.550	+ 89	+ 89
7/1/2050	16,150	4.650	4.650	+ 83	+ 83
7/1/2054	10,000	4.700	4.554	+ 67	+ 67
			101.000		
7/1/2055	10,805	4.700	4.700	+ 81	+ 81
1/1/2056	42,500	5.750	3.910	+ 106	+ 106
			108.897		

*PAC Avg Life 5.6 yrs over range of 75 - 400% PSA @ 5.75% coupon

Illinois Housing Development Authority
Revenue Bonds
2024 Series I
12/3/2024
Aaa | NR | NR
Non-AMT
$200,000,000

Optional call in 10/01/2032 @ 100.00

Maturity	Par	Coupon	Yield	Spread (MMD Day Prior)	Spread (MMD Day of)
10/1/2029	100	3.350	3.350	+ 78	+ 81
10/1/2044	34,385	4.450	4.450	+ 111	+ 113
4/1/2050	68,230	4.625	4.625	+ 92	+ 94
10/1/2055	97,285	6.000	3.700	+ 110	+ 113
			112.024		

*PAC Avg Life 6.00 yrs over range of 75 - 400% PSA @ 6.00% coupon

Daily Rate Sheets

Daily Rate Sheet
Close of Business January 10, 2025

Jefferies

Year	Jefferies' Tax-Exempt AAA Scale				U.S. Treasury				Comparison	
	Rate	Δ 1 Day	Δ 1 Week	Δ 1 Year	Rate	Δ 1 Day	Δ 1 Week	Δ 1 Year	AAA Scale/UST	UST Less AAA Scale
1	2.79%	0.04%	-0.10%	-0.03%	4.25%	0.09%	0.09%	-0.57%	65.60%	1.46%
2	2.82%	0.06%	0.02%	0.20%	4.40%	0.13%	0.15%	0.03%	64.14%	1.58%
3	2.85%	0.06%	0.06%	0.38%	4.46%	0.15%	0.19%	0.36%	63.95%	1.61%
4	2.89%	0.06%	0.07%	0.53%	4.53%	0.14%	0.20%	0.48%	63.89%	1.63%
5	2.94%	0.06%	0.07%	0.64%	4.59%	0.13%	0.21%	0.60%	63.97%	1.65%
6	2.97%	0.06%	0.07%	0.68%	4.65%	0.13%	0.21%	0.65%	64.03%	1.67%
7	3.02%	0.06%	0.08%	0.71%	4.70%	0.13%	0.22%	0.69%	64.21%	1.68%
8	3.08%	0.06%	0.09%	0.74%	4.72%	0.12%	0.21%	0.70%	65.27%	1.64%
9	3.14%	0.07%	0.09%	0.77%	4.75%	0.10%	0.20%	0.72%	66.09%	1.61%
10	3.20%	0.07%	0.11%	0.79%	4.77%	0.09%	0.19%	0.73%	67.06%	1.57%
11	3.25%	0.07%	0.10%	0.77%	4.80%	0.09%	0.19%	0.73%	67.71%	1.55%
12	3.30%	0.07%	0.12%	0.71%	4.82%	0.08%	0.19%	0.72%	68.41%	1.52%
13	3.35%	0.07%	0.13%	0.66%	4.85%	0.08%	0.19%	0.72%	69.08%	1.50%
14	3.41%	0.07%	0.15%	0.58%	4.88%	0.08%	0.19%	0.71%	69.93%	1.47%
15	3.48%	0.07%	0.18%	0.57%	4.91%	0.07%	0.18%	0.71%	70.87%	1.43%
16	3.54%	0.07%	0.19%	0.59%	4.93%	0.07%	0.18%	0.71%	71.86%	1.39%
17	3.60%	0.07%	0.19%	0.60%	4.96%	0.07%	0.18%	0.70%	72.68%	1.36%
18	3.67%	0.07%	0.20%	0.61%	4.99%	0.07%	0.18%	0.70%	73.59%	1.32%
19	3.73%	0.07%	0.20%	0.62%	5.01%	0.06%	0.18%	0.69%	74.31%	1.29%
20	3.78%	0.07%	0.20%	0.65%	5.04%	0.06%	0.18%	0.69%	75.06%	1.26%
21	3.83%	0.08%	0.19%	0.65%	5.03%	0.06%	0.18%	0.70%	76.07%	1.20%
22	3.87%	0.08%	0.19%	0.66%	5.02%	0.06%	0.18%	0.70%	76.97%	1.16%
23	3.91%	0.08%	0.19%	0.66%	5.02%	0.05%	0.18%	0.71%	77.89%	1.11%
24	3.93%	0.08%	0.19%	0.65%	5.01%	0.05%	0.18%	0.72%	78.45%	1.08%
25	3.95%	0.08%	0.19%	0.65%	5.00%	0.05%	0.18%	0.73%	79.08%	1.05%
26	3.97%	0.08%	0.19%	0.66%	4.99%	0.05%	0.18%	0.73%	79.59%	1.02%
27	3.99%	0.08%	0.19%	0.66%	4.98%	0.05%	0.18%	0.74%	80.00%	1.00%
28	4.00%	0.08%	0.19%	0.65%	4.98%	0.04%	0.18%	0.75%	80.45%	0.97%
29	4.01%	0.08%	0.19%	0.65%	4.97%	0.04%	0.18%	0.75%	80.78%	0.96%
30	4.03%	0.08%	0.19%	0.66%	4.96%	0.04%	0.18%	0.76%	81.17%	0.93%
Steepness (30Y-1Y)	**1.24%**	**0.03%**	**0.29%**	**0.69%**	**0.71%**	**-0.05%**	**0.09%**	**1.33%**		

Key Rates

	Today	Δ 1 Day	Δ 1 Week	Δ 1 Year
SIFMA*	1.83%	0.00%	-1.79%	-0.07%
SOFR	4.30%	0.01%	-0.07%	-1.01%
Fed Funds	4.33%	0.00%	0.00%	-1.00%
Prime	7.50%	0.00%	0.00%	-1.00%

*Represents reset on January 08, 2025, effective from January 09, 2025 to January 15, 2025

Reinvestment Rates

Year	UST	SLGS*
1	4.25%	4.24%
2	4.40%	4.38%
3	4.46%	4.44%
4	4.53%	4.51%
5	4.59%	4.57%
7	4.70%	4.68%
10	4.77%	4.77%

*SLGS are reset the morning of January 10, 2025, whereas the balance of the data is as of COB

Generic GO Credit Spreads*

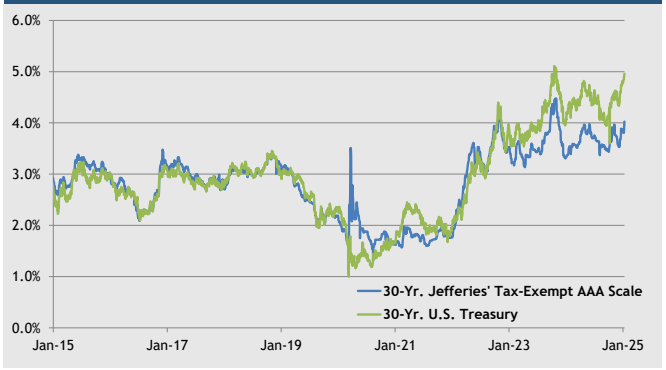
Tenor	AA	A	BBB
10 Year	11 bps	35 bps	83 bps
20 Year	21 bps	44 bps	88 bps
30 Year	22 bps	45 bps	90 bps

*Source: Thomson Reuters; assumes a tax-exempt issue

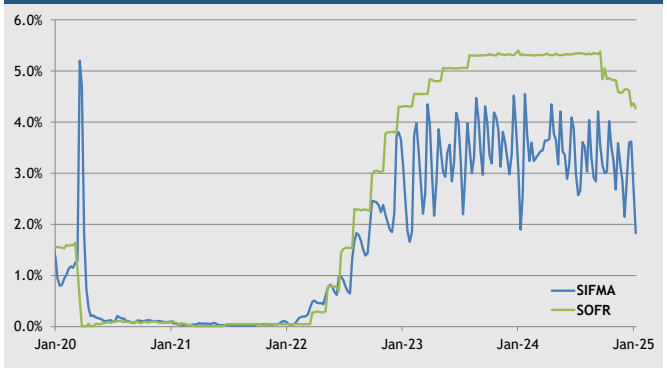
SIFMA/SOFR Ratio

Range	Ratio
Today	42.56%
1M Average	65.95%
1Y Average	64.66%
5Y Average	69.34%

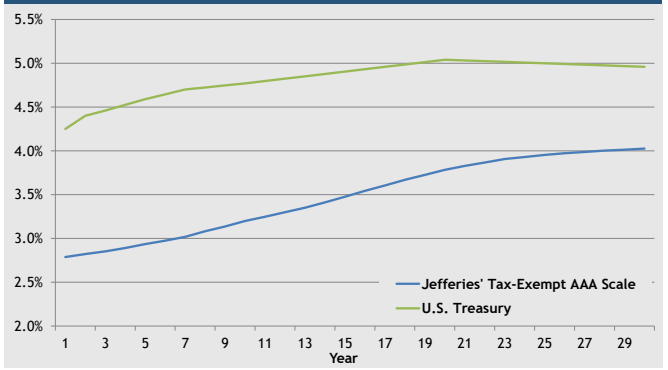
Historical Long-Term Interest Rates



Historical Short-Term Interest Rates



Yield Curve Comparison



THIS MESSAGE CONTAINS INSUFFICIENT INFORMATION TO MAKE AN INVESTMENT DECISION.
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Sources: United States Treasury, SIFMA, Federal Reserve, New York Fed, Thomson Reuters, MarketWatch, TreasuryDirect.

Daily Rate Sheet
Close of Business January 13, 2025

Jefferies

Year	Jefferies' Tax-Exempt AAA Scale				U.S. Treasury				Comparison	
	Rate	Δ 1 Day	Δ 1 Week	Δ 1 Year	Rate	Δ 1 Day	Δ 1 Week	Δ 1 Year	AAA Scale/UST	UST Less AAA Scale
1	2.85%	0.06%	-0.02%	0.00%	4.24%	-0.01%	0.07%	-0.46%	67.24%	1.39%
2	2.87%	0.05%	0.10%	0.21%	4.40%	0.00%	0.15%	0.18%	65.30%	1.53%
3	2.90%	0.05%	0.13%	0.39%	4.49%	0.03%	0.20%	0.47%	64.59%	1.59%
4	2.94%	0.05%	0.14%	0.55%	4.55%	0.03%	0.22%	0.57%	64.59%	1.61%
5	2.98%	0.04%	0.14%	0.65%	4.61%	0.02%	0.23%	0.66%	64.64%	1.63%
6	3.02%	0.04%	0.14%	0.69%	4.66%	0.02%	0.24%	0.68%	64.76%	1.64%
7	3.06%	0.04%	0.15%	0.73%	4.71%	0.01%	0.24%	0.70%	65.01%	1.65%
8	3.13%	0.04%	0.15%	0.76%	4.74%	0.01%	0.23%	0.71%	66.00%	1.61%
9	3.18%	0.05%	0.17%	0.79%	4.76%	0.02%	0.23%	0.71%	66.82%	1.58%
10	3.25%	0.05%	0.17%	0.81%	4.79%	0.02%	0.22%	0.72%	67.75%	1.55%
11	3.29%	0.05%	0.17%	0.79%	4.82%	0.02%	0.22%	0.71%	68.40%	1.52%
12	3.35%	0.05%	0.19%	0.73%	4.84%	0.02%	0.21%	0.70%	69.10%	1.50%
13	3.40%	0.04%	0.20%	0.68%	4.87%	0.02%	0.21%	0.69%	69.76%	1.47%
14	3.46%	0.04%	0.21%	0.61%	4.89%	0.02%	0.21%	0.68%	70.62%	1.44%
15	3.52%	0.04%	0.23%	0.60%	4.92%	0.01%	0.20%	0.67%	71.57%	1.40%
16	3.59%	0.04%	0.24%	0.61%	4.95%	0.01%	0.20%	0.66%	72.56%	1.36%
17	3.65%	0.04%	0.24%	0.62%	4.97%	0.01%	0.20%	0.65%	73.37%	1.32%
18	3.71%	0.04%	0.25%	0.64%	5.00%	0.01%	0.20%	0.64%	74.31%	1.28%
19	3.77%	0.04%	0.25%	0.65%	5.02%	0.01%	0.19%	0.63%	75.04%	1.25%
20	3.83%	0.04%	0.25%	0.68%	5.05%	0.01%	0.19%	0.62%	75.80%	1.22%
21	3.87%	0.04%	0.25%	0.68%	5.04%	0.01%	0.19%	0.62%	76.81%	1.17%
22	3.91%	0.05%	0.25%	0.68%	5.03%	0.01%	0.19%	0.63%	77.73%	1.12%
23	3.95%	0.05%	0.26%	0.69%	5.03%	0.01%	0.19%	0.63%	78.67%	1.07%
24	3.98%	0.05%	0.26%	0.68%	5.02%	0.01%	0.19%	0.64%	79.23%	1.04%
25	4.00%	0.05%	0.26%	0.68%	5.01%	0.01%	0.19%	0.65%	79.84%	1.01%
26	4.02%	0.05%	0.26%	0.68%	5.00%	0.01%	0.18%	0.65%	80.37%	0.98%
27	4.03%	0.05%	0.26%	0.68%	4.99%	0.01%	0.18%	0.66%	80.78%	0.96%
28	4.05%	0.05%	0.26%	0.68%	4.99%	0.01%	0.18%	0.66%	81.25%	0.94%
29	4.06%	0.05%	0.26%	0.68%	4.98%	0.01%	0.18%	0.67%	81.56%	0.92%
30	4.07%	0.05%	0.26%	0.68%	4.97%	0.01%	0.18%	0.67%	81.97%	0.90%
Steepness (30Y-1Y)	**1.22%**	**-0.02%**	**0.28%**	**0.68%**	**0.73%**	**0.02%**	**0.11%**	**1.13%**		

Key Rates

	Today	Δ 1 Day	Δ 1 Week	Δ 1 Year
SIFMA*	1.83%	0.00%	-0.89%	-0.07%
SOFR	4.30%	0.00%	-0.19%	-1.01%
Fed Funds	4.33%	0.00%	0.00%	-1.00%
Prime	7.50%	0.00%	0.00%	-1.00%

*Represents reset on January 08, 2025, effective from January 09, 2025 to January 15, 2025

Reinvestment Rates

Year	UST	SLGS*
1	4.24%	4.23%
2	4.40%	4.38%
3	4.49%	4.46%
4	4.55%	4.52%
5	4.61%	4.57%
7	4.71%	4.67%
10	4.79%	4.75%

*SLGS are reset the morning of January 13, 2025, whereas the balance of the data is as of COB

Generic GO Credit Spreads*

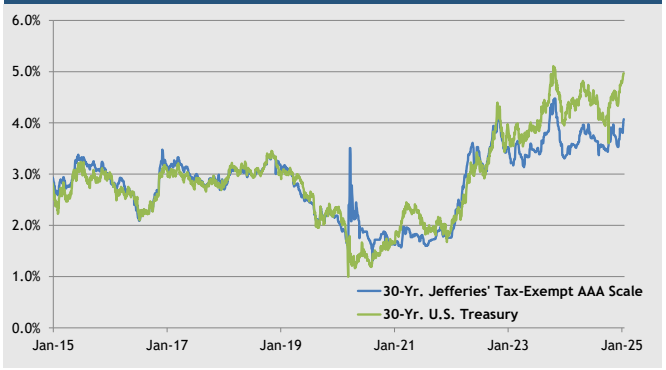
Tenor	AA	A	BBB
10 Year	11 bps	35 bps	83 bps
20 Year	21 bps	44 bps	88 bps
30 Year	22 bps	45 bps	90 bps

*Source: Thomson Reuters; assumes a tax-exempt issue

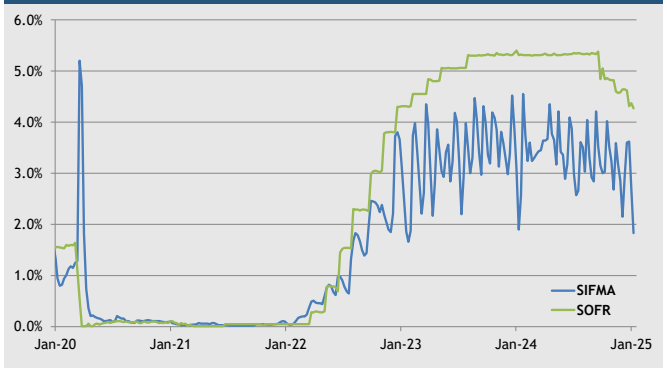
SIFMA/SOFR Ratio

Range	Ratio
Today	42.56%
1M Average	66.60%
1Y Average	65.26%
5Y Average	69.28%

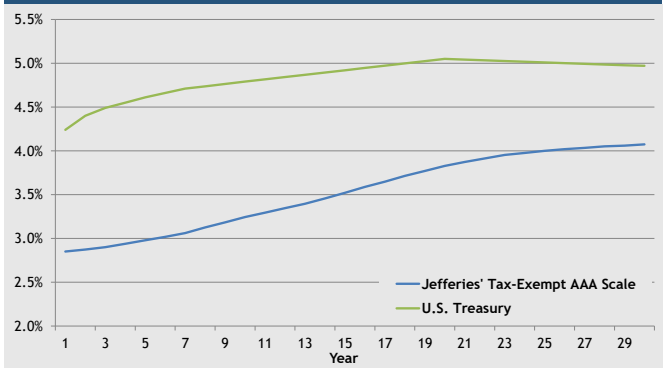
Historical Long-Term Interest Rates



Historical Short-Term Interest Rates



Yield Curve Comparison



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Sources: United States Treasury, SIFMA, Federal Reserve, New York Fed, Thomson Reuters, MarketWatch, TreasuryDirect.

Daily Rate Sheet
Close of Business January 14, 2025

Jefferies

Year	Jefferies' Tax-Exempt AAA Scale				U.S. Treasury				Comparison	
	Rate	Δ 1 Day	Δ 1 Week	Δ 1 Year	Rate	Δ 1 Day	Δ 1 Week	Δ 1 Year	AAA Scale/UST	UST Less AAA Scale
1	2.84%	-0.01%	0.00%	-0.01%	4.22%	-0.02%	0.04%	-0.48%	67.35%	1.38%
2	2.88%	0.00%	0.12%	0.22%	4.37%	-0.03%	0.09%	0.15%	65.79%	1.50%
3	2.90%	0.00%	0.15%	0.40%	4.46%	-0.03%	0.14%	0.44%	65.11%	1.56%
4	2.94%	0.01%	0.16%	0.55%	4.53%	-0.03%	0.16%	0.54%	65.06%	1.58%
5	2.99%	0.01%	0.16%	0.66%	4.59%	-0.02%	0.18%	0.64%	65.05%	1.60%
6	3.03%	0.01%	0.17%	0.70%	4.65%	-0.02%	0.19%	0.67%	65.25%	1.61%
7	3.08%	0.01%	0.18%	0.74%	4.70%	-0.01%	0.19%	0.69%	65.43%	1.63%
8	3.14%	0.01%	0.18%	0.77%	4.73%	-0.01%	0.19%	0.70%	66.41%	1.59%
9	3.20%	0.01%	0.19%	0.81%	4.75%	-0.01%	0.18%	0.70%	67.26%	1.56%
10	3.26%	0.01%	0.20%	0.83%	4.78%	-0.01%	0.18%	0.71%	68.18%	1.52%
11	3.31%	0.02%	0.21%	0.81%	4.81%	-0.01%	0.18%	0.70%	68.93%	1.49%
12	3.37%	0.02%	0.22%	0.75%	4.84%	-0.01%	0.18%	0.69%	69.60%	1.47%
13	3.42%	0.02%	0.24%	0.70%	4.86%	0.00%	0.18%	0.69%	70.25%	1.45%
14	3.48%	0.02%	0.25%	0.63%	4.89%	0.00%	0.18%	0.68%	71.08%	1.42%
15	3.54%	0.02%	0.26%	0.62%	4.92%	0.00%	0.18%	0.67%	71.99%	1.38%
16	3.61%	0.02%	0.27%	0.63%	4.95%	0.00%	0.18%	0.66%	72.96%	1.34%
17	3.67%	0.02%	0.27%	0.64%	4.98%	0.00%	0.18%	0.65%	73.75%	1.31%
18	3.74%	0.02%	0.27%	0.66%	5.00%	0.01%	0.18%	0.65%	74.64%	1.27%
19	3.79%	0.02%	0.28%	0.67%	5.03%	0.01%	0.18%	0.64%	75.34%	1.24%
20	3.85%	0.02%	0.28%	0.70%	5.06%	0.01%	0.18%	0.63%	76.07%	1.21%
21	3.89%	0.02%	0.28%	0.70%	5.05%	0.01%	0.18%	0.64%	77.08%	1.16%
22	3.93%	0.01%	0.27%	0.70%	5.04%	0.01%	0.18%	0.64%	77.85%	1.12%
23	3.96%	0.01%	0.27%	0.70%	5.04%	0.01%	0.17%	0.65%	78.71%	1.07%
24	3.98%	0.01%	0.27%	0.69%	5.03%	0.01%	0.17%	0.65%	79.20%	1.05%
25	4.01%	0.01%	0.27%	0.68%	5.02%	0.01%	0.17%	0.66%	79.80%	1.01%
26	4.03%	0.01%	0.27%	0.69%	5.01%	0.01%	0.17%	0.66%	80.33%	0.99%
27	4.04%	0.01%	0.27%	0.69%	5.00%	0.01%	0.17%	0.67%	80.74%	0.96%
28	4.06%	0.01%	0.27%	0.68%	5.00%	0.01%	0.16%	0.67%	81.18%	0.94%
29	4.07%	0.01%	0.27%	0.68%	4.99%	0.01%	0.16%	0.68%	81.50%	0.92%
30	4.08%	0.01%	0.27%	0.69%	4.98%	0.01%	0.16%	0.68%	81.91%	0.90%
Steepness (30Y-1Y)	**1.24%**	**0.01%**	**0.27%**	**0.70%**	**0.76%**	**0.03%**	**0.12%**	**1.16%**		

Key Rates

	Today	Δ 1 Day	Δ 1 Week	Δ 1 Year
SIFMA*	1.83%	0.00%	-0.89%	-0.07%
SOFR	4.29%	-0.01%	-0.11%	-1.02%
Fed Funds	4.33%	0.00%	0.00%	-1.00%
Prime	7.50%	0.00%	0.00%	-1.00%

*Represents reset on January 08, 2025, effective from January 09, 2025 to January 15, 2025

Reinvestment Rates

Year	UST	SLGS*
1	4.22%	4.21%
2	4.37%	4.38%
3	4.46%	4.46%
4	4.53%	4.52%
5	4.59%	4.58%
7	4.70%	4.68%
10	4.78%	4.77%

*SLGS are reset the morning of January 14, 2025, whereas the balance of the data is as of COB

Generic GO Credit Spreads*

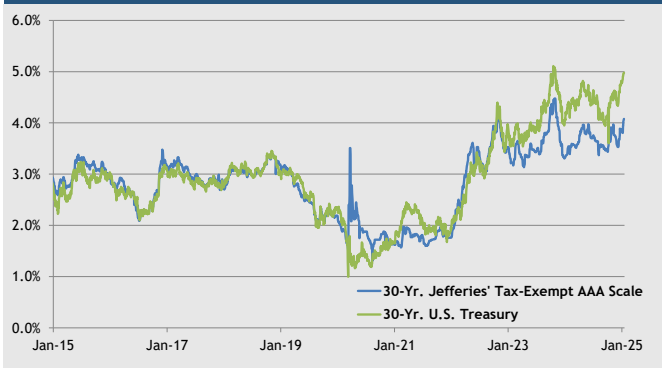
Tenor	AA	A	BBB
10 Year	11 bps	35 bps	83 bps
20 Year	21 bps	44 bps	88 bps
30 Year	22 bps	45 bps	90 bps

*Source: Thomson Reuters; assumes a tax-exempt issue

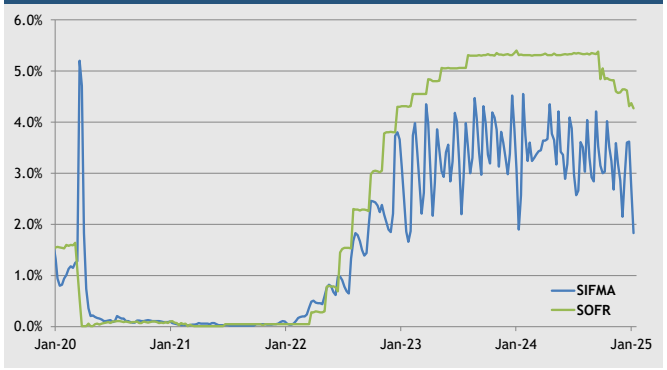
SIFMA/SOFR Ratio

Range	Ratio
Today	42.66%
1M Average	66.85%
1Y Average	65.30%
5Y Average	69.22%

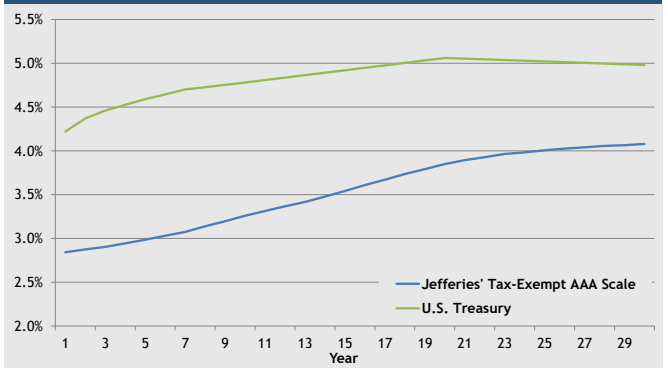
Historical Long-Term Interest Rates



Historical Short-Term Interest Rates



Yield Curve Comparison



THIS MESSAGE CONTAINS INSUFFICIENT INFORMATION TO MAKE AN INVESTMENT DECISION.
Jefferies' Municipal Finance Group is providing this material for informational purposes only. It reflects data as of the date and time identified above, and we do not undertake any obligation to update it. The data underlying the information has been obtained from public sources believed to be reliable, but we do not guarantee its accuracy. This material is not a research product of Jefferies' Municipal Finance Group and it should not be regarded as research or a research report. This is not a solicitation of any transaction. Jefferies' Municipal Finance Group and its affiliates may trade or make markets as principal or otherwise in financial instruments referred to herein. Jefferies' Tax-Exempt AAA scale is reflective of a AAA GO and assumes a 5% coupon and 10-year par call.
Sources: United States Treasury, SIFMA, Federal Reserve, New York Fed, Thomson Reuters, MarketWatch, TreasuryDirect.

Pricing Wires

Actions: View Deal Inbox Go
Print Email Close

Rec'd Date/Time (EST)	Sender	ST	Wire Type/Title	Master Message #	Deal Type
01/13/25 11:26 AM	Jefferies LLC	NY	RETAIL ORDER PERIOD		Neg

RE: $ 175,000,000*
Texas Department of Housing and Community Affairs
Residential Mortgage Revenue and Refunding Bonds
Series 2025A (Non-AMT)

POS LINK: https://www.munios.com/munios-notice.aspx?i=IABHJJN5Xr8

We have a retail release. Orders until 4:00PM EST.

The Department reserves the right to accelerate pricing based on market conditions.

Department reserves the right to limit retail allotments to 50% of the aggregate par value at the final price.

The Manager will assume that orders for the serial maturities with the same coupon on either side can be filled in 1/1 or 7/1.

MOODY'S: Aaa S&P: AA+
FITCH: NR KROLL: NR

DATED:02/12/2025 FIRST COUPON:07/01/2025

DUE: 01/01 & 07/01

MATURITY	AMOUNT*	COUPON	PRICE	ADD'L TAKEDOWN (Pts)
01/01/2026	470M	3.20%	100.00	1/4
07/01/2026	845M	3.25%	100.00	1/4
01/01/2027	865M	3.30%	100.00	1/4
07/01/2027	880M	3.30%	100.00	3/8
01/01/2028	905M	3.35%	100.00	3/8
07/01/2028	920M	3.40%	100.00	1/2
01/01/2029	940M	3.45%	100.00	1/2
07/01/2029	965M	3.50%	100.00	1/2
01/01/2030	985M	3.55%	100.00	1/2
07/01/2030	1,005M	3.65%	100.00	1/2
01/01/2031	1,035M	3.70%	100.00	1/2
07/01/2031	1,055M	3.70%	100.00	5/8
01/01/2032	1,080M	3.80%	100.00	5/8
07/01/2032	1,105M	3.85%	100.00	5/8
01/01/2033	1,135M	3.90%	100.00	5/8
07/01/2033	1,165M	3.95%	100.00	5/8
01/01/2034	1,195M	4.00%	100.00	5/8
07/01/2034	1,225M	4.00%	100.00	5/8
01/01/2035	1,250M	4.05%	100.00	5/8
07/01/2035	1,285M	4.05%	100.00	5/8
01/01/2036	1,315M	4.10%	100.00	5/8
07/01/2036	1,345M	4.10%	100.00	5/8
01/01/2040	10,465M	4.20%	100.00	5/8
01/01/2045	18,675M	4.60%	100.00	5/8

01/01/2050 24,585M 5.00% 4.75 5/8
(Approx. $ Price PTC 07/01/2033 101.707 Approx. YTM 4.880)

07/01/2055 35,685M 5.125% 4.80 5/8
(Approx. $ Price PTC 07/01/2033 102.216 Approx. YTM 4.982)

01/01/2056 NO RETAIL 62,620M 5.50% 4.05 1/2
(Approx. $ Price 107.492)
(PAC)
(Avg. Life: 6.00 years over a range of 75.00% to 400.00% of PSA experience

					Premium Pac Term Bond Due 1/1/2056	
SIFMA Prepayment Model	Term Bond due 1/1/2040	Term Bond due 1/1/2045	Term Bond due 1/1/2050	Term Bond due 1/1/2055	Optional Call not Exercised	Optional Call Exercised
0%	13.4	17.7	22.8	27.3	16.6	7.8
50%	13.2	17.4	20.9	22.4	7.4	6.3
75%	10.4	16.5	19.0	19.6	6.0	5.7
100%	4.0	15.5	17.3	17.6	6.0	5.7
125%	2.8	14.0	15.3	15.4	6.0	5.7
150%	2.3	12.7	13.5	13.6	6.0	5.7
175%	2.1	11.5	12.1	12.1	6.0	5.7
200%	1.9	10.4	10.8	10.8	6.0	5.7
300%	1.6	7.3	7.4	7.4	6.0	5.7
400%	1.4	5.4	5.4	5.4	6.0	5.7
500%	1.3	4.7	4.7	4.7	4.9	4.7

CALL FEATURES: Optional call in 07/01/2033 @ 100.00

The Premium PAC Term Bond is subject to redemption prior to maturity, in whole or in part at any time and from time to time, on and after July 1, 2033, at the option of the Department after giving notice as provided in the Trust Indenture, at the Redemption Prices set forth below (expressed as a percentage of the principal amount to be redeemed), in each case together with interest accrued thereon to, but not including, the redemption date:

Redemption Date	Redemption Price
July 1, 2033	TBD
January 1, 2034	TBD
July 1, 2034	TBD
January 1, 2035	TBD
July 1, 2035	TBD
January 1, 2036	TBD
July 1, 2036	TBD
January 1, 2037 and thereafter	100.00%

The Series 2025A bonds are subject to special redemption from mortgage loan principal payments, unexpended proceeds, excess revenues and mandatory sinking fund redemption as more fully described in the Preliminary Official Statement, pages 4 - 13.

Premium PAC Term Bonds Outstanding Applicable Amount Date	Amount
2/12/2025	$62,620,000
7/1/2025	62,620,000
1/1/2026	62,035,000
7/1/2026	60,460,000

1/1/2027	58,125,000
7/1/2027	55,060,000
1/1/2028	51,315,000
7/1/2028	47,260,000
1/1/2029	43,310,000
7/1/2029	39,495,000
1/1/2030	35,805,000
7/1/2030	32,245,000
1/1/2031	28,805,000
7/1/2031	25,495,000
1/1/2032	22,295,000
7/1/2032	19,220,000
1/1/2033	16,265,000
7/1/2033	13,425,000
1/1/2034	10,700,000
7/1/2034	8,090,000
1/1/2035	5,740,000
7/1/2035	3,730,000
1/1/2036	2,020,000
7/1/2036	565,000
1/1/2037	-

Sinking Fund Schedule

2040 Term Bond

01/01/2037	1,385M
07/01/2037	1,420M
01/01/2038	1,455M
07/01/2038	1,495M
01/01/2039	1,530M
07/01/2039	1,570M
01/01/2040	1,610M

Sinking Fund Schedule

2045 Term Bond

07/01/2040	1,650M
01/01/2041	1,695M
07/01/2041	1,745M
01/01/2042	1,785M
07/01/2042	1,835M
01/01/2043	1,885M
07/01/2043	1,940M
01/01/2044	1,990M
07/01/2044	2,045M
01/01/2045	2,105M

Sinking Fund Schedule

2050 Term Bond

07/01/2045	2,155M
01/01/2046	2,220M
07/01/2046	2,285M
01/01/2047	2,345M
07/01/2047	2,415M
01/01/2048	2,485M
07/01/2048	2,555M
01/01/2049	2,630M
07/01/2049	2,710M
01/01/2050	2,785M

Sinking Fund Schedule

2055 Term Bond

07/01/2050	2,865M
01/01/2051	2,945M
07/01/2051	3,030M
01/01/2052	3,120M
07/01/2052	3,210M
01/01/2053	3,300M
07/01/2053	3,400M
01/01/2054	3,495M
07/01/2054	3,595M
01/01/2055	3,700M
07/01/2055	3,025M

Sinking Fund Schedule

2056 Term Bond

01/01/2026	260M
07/01/2026	465M
01/01/2027	475M
07/01/2027	485M
01/01/2028	495M
07/01/2028	510M
01/01/2029	520M
07/01/2029	530M
01/01/2030	545M
07/01/2030	560M
01/01/2031	570M
07/01/2031	585M
01/01/2032	600M
07/01/2032	615M
01/01/2033	630M
07/01/2033	645M
01/01/2034	660M
07/01/2034	675M
01/01/2035	695M
07/01/2035	710M
01/01/2036	730M
07/01/2036	750M
01/01/2037	765M
07/01/2037	785M
01/01/2038	805M
07/01/2038	825M
01/01/2039	850M
07/01/2039	870M
01/01/2040	895M
07/01/2040	915M
01/01/2041	940M
07/01/2041	965M
01/01/2042	995M
07/01/2042	1,020M
01/01/2043	1,050M
07/01/2043	1,075M
01/01/2044	1,105M
07/01/2044	1,135M
01/01/2045	1,165M
07/01/2045	1,200M
01/01/2046	1,235M
07/01/2046	1,270M
01/01/2047	1,310M
07/01/2047	1,345M

01/01/2048	1,385M
07/01/2048	1,425M
01/01/2049	1,465M
07/01/2049	1,505M
01/01/2050	1,550M
07/01/2050	1,595M
01/01/2051	1,640M
07/01/2051	1,690M
01/01/2052	1,735M
07/01/2052	1,785M
01/01/2053	1,840M
07/01/2053	1,890M
01/01/2054	1,945M
07/01/2054	2,000M
01/01/2055	2,060M
07/01/2055	1,685M
01/01/2056	195M

* - APPROXIMATE SUBJECT TO CHANGE
Priority of Orders (During the Retail order Period)
1. Texas Retail
2. National Retail

Definition of Retail:
A "Retail" order is defined as an order placed for the account of an individual, bank trust, or investment advisor acting on behalf of an individual, with a maximum of $1,000,000 per account, or at the discretion of the Department, some larger amount. Retail orders do not include bank portfolios, insurance companies, bond funds or municipalities. Zip Codes are required with all Retail Orders.

Order period until today 4:00 PM, Eastern, Monday, 01/13/25.
Please use Electronic Order Entry to enter orders or call (212) 336-7151.

The managers reserve the right to terminate or extend the order period prior to or later than the above-mentioned time and date and to confirm bonds at their discretion.

The compliance addendum MSRB Rule G-11 will apply.

Pursuant to MSRB Rule G-11, syndicate members and other brokers, dealers, and municipal securities dealers ("Dealers"), when submitting an order for the syndicate member or Dealer's own account or for a "related account" as defined in Rule G-11 (which includes, without limitation, proprietary orders for affiliates of the syndicate member or Dealer), must so inform Jefferies LLC at the time any such order is submitted.

Delivery is expected on Wednesday, February 12, 2025.

This issue is book entry only. This issue is clearing through DTC.

Jefferies LLC
RBC Capital Markets
Morgan Stanley & Co. LLC
J.P. Morgan Securities LLC
Loop Capital Markets
Piper Sandler & Co
Ramirez & Co., Inc.
Wells Fargo Bank, N.A. Municipal Finance Group

Actions: View Deal Inbox Go
Print Email Close

Rec'd Date/Time (EST)	Sender	ST	Wire Type/Title	Master Message #	Deal Type
01/14/25 10:38 AM	Jefferies LLC	NY	Preliminary Pricing Wire		Neg

RE: $ 175,000,000*
Texas Department of Housing and Community Affairs
Residential Mortgage Revenue and Refunding Bonds
Series 2025A (Non-AMT)

POS LINK: https://www.munios.com/munios-notice.aspx?i=IABHJJN5Xr8

We have a release. Order until 12:15PM EST.

Department reserves the right to limit retail allotments to 50% of the aggregate par value at the final price.

The Manager will assume that orders for the serial maturities with the same coupon on either side can be filled in 1/1 or 7/1.

MOODY'S: Aaa S&P: AA+
FITCH: NR KROLL: NR

DATED:02/12/2025 FIRST COUPON:07/01/2025

DUE: 01/01 & 07/01

MATURITY	Balance	AMOUNT*	COUPON	PRICE	ADD'L TAKEDOWN (Pts)
01/01/2026	235	470M	3.20%	100.00	1/4
07/01/2026	420	845M	3.25%	100.00	1/4
01/01/2027	755	865M	3.30%	100.00	1/4
07/01/2027	855	880M	3.35%	100.00	3/8
01/01/2028	905	905M	3.40%	100.00	3/8
07/01/2028	620	920M	3.45%	100.00	1/2
01/01/2029	490	940M	3.50%	100.00	1/2
07/01/2029	480	965M	3.50%	100.00	1/2
01/01/2030	490	985M	3.55%	100.00	1/2
07/01/2030	500	1,005M	3.65%	100.00	1/2
01/01/2031	935	1,035M	3.75%	100.00	1/2
07/01/2031	855	1,055M	3.75%	100.00	5/8
01/01/2032	880	1,080M	3.85%	100.00	5/8
07/01/2032	1,105	1,105M	3.90%	100.00	5/8
01/01/2033	1,085	1,135M	3.95%	100.00	5/8
07/01/2033	580	1,165M	3.95%	100.00	5/8
01/01/2034	595	1,195M	4.00%	100.00	5/8
07/01/2034	610	1,225M	4.00%	100.00	5/8
01/01/2035	625	1,250M	4.05%	100.00	5/8
07/01/2035	640	1,285M	4.05%	100.00	5/8
01/01/2036	655	1,315M	4.10%	100.00	5/8
07/01/2036	670	1,345M	4.125%	100.00	5/8
01/01/2040	5,230	10,465M	4.25%	100.00	5/8
01/01/2045	13,855	18,675M	4.65%	100.00	5/8
01/01/2050	22,945	24,585M	5.00%	4.80	5/8

(Approx. $ Price PTC 07/01/2033 101.362 Approx. YTM 4.904)

07/01/2055 33,025 35,685M 5.125% 4.85 5/8
(Approx. $ Price PTC 07/01/2033 101.871 Approx. YTM 5.004)

01/01/2056 62,620 62,620M 5.75% 4.10 1/2
(Approx. $ Price 108.510)
(PAC)
(Avg. Life: 6.00 years over a range of 75.00% to 400.00% of PSA experience

					Premium Pac Term Bond Due 1/1/2056	
SIFMA Prepayment Model	Term Bond due 1/1/2040	Term Bond due 1/1/2045	Term Bond due 1/1/2050	Term Bond due 1/1/2055	Optional Call not Exercised	Optional Call Exercised
0%	13.4	17.7	22.8	27.3	16.6	7.8
50%	13.2	17.4	20.9	22.4	7.4	6.3
75%	10.4	16.5	19.0	19.6	6.0	5.7
100%	4.0	15.5	17.3	17.6	6.0	5.7
125%	2.8	14.0	15.3	15.4	6.0	5.7
150%	2.3	12.7	13.5	13.6	6.0	5.7
175%	2.1	11.5	12.1	12.1	6.0	5.7
200%	1.9	10.4	10.8	10.8	6.0	5.7
300%	1.6	7.3	7.4	7.4	6.0	5.7
400%	1.4	5.4	5.4	5.4	6.0	5.7
500%	1.3	4.7	4.7	4.7	4.9	4.7

CALL FEATURES: Optional call in 07/01/2033 @ 100.00

The Premium PAC Term Bond is subject to redemption prior to maturity, in whole or in part at any time and from time to time, on and after July 1, 2033, at the option of the Department after giving notice as provided in the Trust Indenture, at the Redemption Prices set forth below (expressed as a percentage of the principal amount to be redeemed), in each case together with interest accrued thereon to, but not including, the redemption date:

Redemption Date	Redemption Price
July 1, 2033	TBD
January 1, 2034	TBD
July 1, 2034	TBD
January 1, 2035	TBD
July 1, 2035	TBD
January 1, 2036	TBD
July 1, 2036	TBD
January 1, 2037 and thereafter	100.00%

The Series 2025A bonds are subject to special redemption from mortgage loan principal payments, unexpended proceeds, excess revenues and mandatory sinking fund redemption as more fully described in the Preliminary Official Statement, pages 4 - 13.

Premium PAC Term Bonds Outstanding Applicable Amount Date	Amount
2/12/2025	$62,620,000
7/1/2025	62,620,000
1/1/2026	62,035,000
7/1/2026	60,460,000
1/1/2027	58,125,000
7/1/2027	55,060,000

1/1/2028	51,315,000
7/1/2028	47,260,000
1/1/2029	43,310,000
7/1/2029	39,495,000
1/1/2030	35,805,000
7/1/2030	32,245,000
1/1/2031	28,805,000
7/1/2031	25,495,000
1/1/2032	22,295,000
7/1/2032	19,220,000
1/1/2033	16,265,000
7/1/2033	13,425,000
1/1/2034	10,700,000
7/1/2034	8,090,000
1/1/2035	5,740,000
7/1/2035	3,730,000
1/1/2036	2,020,000
7/1/2036	565,000
1/1/2037	-

Sinking Fund Schedule

2040 Term Bond

01/01/2037	1,385M
07/01/2037	1,420M
01/01/2038	1,455M
07/01/2038	1,495M
01/01/2039	1,530M
07/01/2039	1,570M
01/01/2040	1,610M

Sinking Fund Schedule

2045 Term Bond

07/01/2040	1,650M
01/01/2041	1,695M
07/01/2041	1,745M
01/01/2042	1,785M
07/01/2042	1,835M
01/01/2043	1,885M
07/01/2043	1,940M
01/01/2044	1,990M
07/01/2044	2,045M
01/01/2045	2,105M

Sinking Fund Schedule

2050 Term Bond

07/01/2045	2,155M
01/01/2046	2,220M
07/01/2046	2,285M
01/01/2047	2,345M
07/01/2047	2,415M
01/01/2048	2,485M
07/01/2048	2,555M
01/01/2049	2,630M
07/01/2049	2,710M
01/01/2050	2,785M

Sinking Fund Schedule

2055 Term Bond

07/01/2050	2,865M
01/01/2051	2,945M
07/01/2051	3,030M
01/01/2052	3,120M
07/01/2052	3,210M
01/01/2053	3,300M
07/01/2053	3,400M
01/01/2054	3,495M
07/01/2054	3,595M
01/01/2055	3,700M
07/01/2055	3,025M

Sinking Fund Schedule

2056 Term Bond

01/01/2026	260M
07/01/2026	465M
01/01/2027	475M
07/01/2027	485M
01/01/2028	495M
07/01/2028	510M
01/01/2029	520M
07/01/2029	530M
01/01/2030	545M
07/01/2030	560M
01/01/2031	570M
07/01/2031	585M
01/01/2032	600M
07/01/2032	615M
01/01/2033	630M
07/01/2033	645M
01/01/2034	660M
07/01/2034	675M
01/01/2035	695M
07/01/2035	710M
01/01/2036	730M
07/01/2036	750M
01/01/2037	765M
07/01/2037	785M
01/01/2038	805M
07/01/2038	825M
01/01/2039	850M
07/01/2039	870M
01/01/2040	895M
07/01/2040	915M
01/01/2041	940M
07/01/2041	965M
01/01/2042	995M
07/01/2042	1,020M
01/01/2043	1,050M
07/01/2043	1,075M
01/01/2044	1,105M
07/01/2044	1,135M
01/01/2045	1,165M
07/01/2045	1,200M
01/01/2046	1,235M
07/01/2046	1,270M
01/01/2047	1,310M
07/01/2047	1,345M
01/01/2048	1,385M
07/01/2048	1,425M

01/01/2049 1,465M
07/01/2049 1,505M
01/01/2050 1,550M
07/01/2050 1,595M
01/01/2051 1,640M
07/01/2051 1,690M
01/01/2052 1,735M
07/01/2052 1,785M
01/01/2053 1,840M
07/01/2053 1,890M
01/01/2054 1,945M
07/01/2054 2,000M
01/01/2055 2,060M
07/01/2055 1,685M
01/01/2056 195M

* - APPROXIMATE SUBJECT TO CHANGE

Priority of Orders:
1 Net Designated
Exception: (If an investor is affiliated with a syndicate member and that syndicate member may not be compensated for the investor's order, the investor will not be required to designate that syndicate member.)
2 Member

Priority Policy:
At least 4 firms must be designated.
No firm may receive more than 60.00% of any designation.
Each designee must receive a minimum of 5.00% for each priority order.

Order period until today 12:15 PM, Eastern, Tuesday, 01/14/25.
Please use Electronic Order Entry to enter orders or call (212) 336-7151.

The managers reserve the right to terminate or extend the order period prior to or later than the above-mentioned time and date and to confirm bonds at their discretion.

The compliance addendum MSRB Rule G-11 will apply.

Pursuant to MSRB Rule G-11, syndicate members and other brokers, dealers, and municipal securities dealers ("Dealers"), when submitting an order for the syndicate member or Dealer's own account or for a "related account" as defined in Rule G-11 (which includes, without limitation, proprietary orders for affiliates of the syndicate member or Dealer), must so inform Jefferies LLC at the time any such order is submitted.

Delivery is expected on Wednesday, February 12, 2025.

This issue is book entry only. This issue is clearing through DTC.

Jefferies LLC
RBC Capital Markets
Morgan Stanley & Co. LLC
J.P. Morgan Securities LLC
Loop Capital Markets
Piper Sandler & Co
Ramirez & Co., Inc.
Wells Fargo Bank, N.A. Municipal Finance Group

Actions: View Deal Inbox Go
Print Email Close

Rec'd Date/Time (EST)	Sender	ST	Wire Type/Title	Master Message #	Deal Type
01/14/25 01:34 PM	Jefferies LLC	NY	Repricing Wire		Neg

RE: $ 175,000,000*
Texas Department of Housing and Community Affairs
Residential Mortgage Revenue and Refunding Bonds
Series 2025A (Non-AMT)

POS LINK: https://www.munios.com/munios-notice.aspx?i=IABHJJN5Xr8

We have received the Verbal Award. All orders will be considered good unless we hear to the contrary by 2:00PM EST.

Department reserves the right to limit retail allotments to 50% of the aggregate par value at the final price.

The Manager will assume that orders for the serial maturities with the same coupon on either side can be filled in 1/1 or 7/1.

MOODY'S: Aaa S&P: AA+
FITCH: NR KROLL: NR

DATED:02/12/2025 FIRST COUPON:07/01/2025

DUE: 01/01 & 07/01

MATURITY	AMOUNT*	COUPON	PRICE	ADD'L TAKEDOWN (Pts)
01/01/2026	470M	3.20%	100.00	1/4
07/01/2026	845M	3.25%	100.00	1/4
01/01/2027	865M	3.35%	100.00	1/4
07/01/2027	880M	3.40%	100.00	3/8
01/01/2028	905M	3.45%	100.00	3/8
07/01/2028	920M	3.45%	100.00	1/2
01/01/2029	940M	3.50%	100.00	1/2
07/01/2029	965M	3.50%	100.00	1/2
01/01/2030	985M	3.55%	100.00	1/2
07/01/2030	1,005M	3.65%	100.00	1/2
01/01/2031	1,035M	3.75%	100.00	1/2
07/01/2031	1,055M	3.80%	100.00	5/8
01/01/2032	1,080M	3.90%	100.00	5/8
07/01/2032	1,105M	3.95%	100.00	5/8
01/01/2033	1,135M	3.95%	100.00	5/8
07/01/2033	1,165M	3.95%	100.00	5/8
01/01/2034	1,195M	4.00%	100.00	5/8
07/01/2034	1,225M	4.00%	100.00	5/8
01/01/2035	1,250M	4.00%	100.00	5/8
07/01/2035	1,285M	4.00%	100.00	5/8
01/01/2036	1,315M	4.05%	100.00	5/8
07/01/2036	1,345M	4.10%	100.00	5/8
01/01/2040	10,465M	4.25%	100.00	5/8
01/01/2045	18,675M	4.65%	99.50	5/8

(Approx. Yield 4.689)

01/01/2050 24,585M 5.00% 4.80 5/8
(Approx. $ Price PTC 07/01/2033 101.362 Approx. YTM 4.904)

07/01/2055 35,685M 5.125% 4.85 5/8
(Approx. $ Price PTC 07/01/2033 101.871 Approx. YTM 5.004)

01/01/2056 62,620M 5.75% 4.10 1/2
(Approx. $ Price 108.510)
(PAC)
(Avg. Life: 6.00 years over a range of 75.00% to 400.00% of PSA experience

					Premium Pac Term Bond Due 1/1/2056	
SIFMA Prepayment Model	Term Bond due 1/1/2040	Term Bond due 1/1/2045	Term Bond due 1/1/2050	Term Bond due 1/1/2055	Optional Call not Exercised	Optional Call Exercised
0%	13.4	17.7	22.8	27.3	16.6	7.8
50%	13.2	17.4	20.9	22.4	7.4	6.3
75%	10.4	16.5	19.0	19.6	6.0	5.7
100%	4.0	15.5	17.3	17.6	6.0	5.7
125%	2.8	14.0	15.3	15.4	6.0	5.7
150%	2.3	12.7	13.5	13.6	6.0	5.7
175%	2.1	11.5	12.1	12.1	6.0	5.7
200%	1.9	10.4	10.8	10.8	6.0	5.7
300%	1.6	7.3	7.4	7.4	6.0	5.7
400%	1.4	5.4	5.4	5.4	6.0	5.7
500%	1.3	4.7	4.7	4.7	4.9	4.7

CALL FEATURES: Optional call in 07/01/2033 @ 100.00

The Premium PAC Term Bond is subject to redemption prior to maturity, in whole or in part at any time and from time to time, on and after July 1, 2033, at the option of the Department after giving notice as provided in the Trust Indenture, at the Redemption Prices set forth below (expressed as a percentage of the principal amount to be redeemed), in each case together with interest accrued thereon to, but not including, the redemption date:

Redemption Date	Redemption Price
July 1, 2033	TBD
January 1, 2034	TBD
July 1, 2034	TBD
January 1, 2035	TBD
July 1, 2035	TBD
January 1, 2036	TBD
July 1, 2036	TBD
January 1, 2037 and thereafter	100.00%

The Series 2025A bonds are subject to special redemption from mortgage loan principal payments, unexpended proceeds, excess revenues and mandatory sinking fund redemption as more fully described in the Preliminary Official Statement, pages 4 - 13.

Premium PAC Term Bonds Outstanding Applicable Amount Date	Amount
2/12/2025	$62,620,000
7/1/2025	62,620,000
1/1/2026	62,035,000
7/1/2026	60,460,000

1/1/2027	58,125,000
7/1/2027	55,060,000
1/1/2028	51,315,000
7/1/2028	47,260,000
1/1/2029	43,310,000
7/1/2029	39,495,000
1/1/2030	35,805,000
7/1/2030	32,245,000
1/1/2031	28,805,000
7/1/2031	25,495,000
1/1/2032	22,295,000
7/1/2032	19,220,000
1/1/2033	16,265,000
7/1/2033	13,425,000
1/1/2034	10,700,000
7/1/2034	8,090,000
1/1/2035	5,740,000
7/1/2035	3,730,000
1/1/2036	2,020,000
7/1/2036	565,000
1/1/2037	-

Sinking Fund Schedule

2040 Term Bond

01/01/2037	1,385M
07/01/2037	1,420M
01/01/2038	1,455M
07/01/2038	1,495M
01/01/2039	1,530M
07/01/2039	1,570M
01/01/2040	1,610M

Sinking Fund Schedule

2045 Term Bond

07/01/2040	1,650M
01/01/2041	1,695M
07/01/2041	1,745M
01/01/2042	1,785M
07/01/2042	1,835M
01/01/2043	1,885M
07/01/2043	1,940M
01/01/2044	1,990M
07/01/2044	2,045M
01/01/2045	2,105M

Sinking Fund Schedule

2050 Term Bond

07/01/2045	2,155M
01/01/2046	2,220M
07/01/2046	2,285M
01/01/2047	2,345M
07/01/2047	2,415M
01/01/2048	2,485M
07/01/2048	2,555M
01/01/2049	2,630M
07/01/2049	2,710M
01/01/2050	2,785M

Sinking Fund Schedule

2055 Term Bond

07/01/2050	2,865M
01/01/2051	2,945M
07/01/2051	3,030M
01/01/2052	3,120M
07/01/2052	3,210M
01/01/2053	3,300M
07/01/2053	3,400M
01/01/2054	3,495M
07/01/2054	3,595M
01/01/2055	3,700M
07/01/2055	3,025M

Sinking Fund Schedule

2056 Term Bond

01/01/2026	260M
07/01/2026	465M
01/01/2027	475M
07/01/2027	485M
01/01/2028	495M
07/01/2028	510M
01/01/2029	520M
07/01/2029	530M
01/01/2030	545M
07/01/2030	560M
01/01/2031	570M
07/01/2031	585M
01/01/2032	600M
07/01/2032	615M
01/01/2033	630M
07/01/2033	645M
01/01/2034	660M
07/01/2034	675M
01/01/2035	695M
07/01/2035	710M
01/01/2036	730M
07/01/2036	750M
01/01/2037	765M
07/01/2037	785M
01/01/2038	805M
07/01/2038	825M
01/01/2039	850M
07/01/2039	870M
01/01/2040	895M
07/01/2040	915M
01/01/2041	940M
07/01/2041	965M
01/01/2042	995M
07/01/2042	1,020M
01/01/2043	1,050M
07/01/2043	1,075M
01/01/2044	1,105M
07/01/2044	1,135M
01/01/2045	1,165M
07/01/2045	1,200M
01/01/2046	1,235M
07/01/2046	1,270M
01/01/2047	1,310M
07/01/2047	1,345M

01/01/2048 1,385M
07/01/2048 1,425M
01/01/2049 1,465M
07/01/2049 1,505M
01/01/2050 1,550M
07/01/2050 1,595M
01/01/2051 1,640M
07/01/2051 1,690M
01/01/2052 1,735M
07/01/2052 1,785M
01/01/2053 1,840M
07/01/2053 1,890M
01/01/2054 1,945M
07/01/2054 2,000M
01/01/2055 2,060M
07/01/2055 1,685M
01/01/2056 195M

* - APPROXIMATE SUBJECT TO CHANGE

Priority of Orders:
1 Net Designated
Exception: (If an investor is affiliated with a syndicate member and that syndicate member may not be compensated for the investor's order, the investor will not be required to designate that syndicate member.)
2 Member

Priority Policy:
At least 4 firms must be designated.
No firm may receive more than 60.00% of any designation.
Each designee must receive a minimum of 5.00% for each priority order.

The compliance addendum MSRB Rule G-11 will apply.

Pursuant to MSRB Rule G-11, syndicate members and other brokers, dealers, and municipal securities dealers ("Dealers"), when submitting an order for the syndicate member or Dealer's own account or for a "related account" as defined in Rule G-11 (which includes, without limitation, proprietary orders for affiliates of the syndicate member or Dealer), must so inform Jefferies LLC at the time any such order is submitted.

Delivery is expected on Wednesday, February 12, 2025.

This issue is book entry only. This issue is clearing through DTC.

Jefferies LLC
RBC Capital Markets
Morgan Stanley & Co. LLC
J.P. Morgan Securities LLC
Loop Capital Markets
Piper Sandler & Co
Ramirez & Co., Inc.
Wells Fargo Bank, N.A. Municipal Finance Group

By: Jefferies LLC New York, NY

Actions: View Deal Inbox Go
Print Email Close

Rec'd Date/Time (EST)	Sender	ST	Wire Type/Title	Master Message #	Deal Type
01/15/25 08:08 AM	Jefferies LLC	NY	Final Pricing Wire		Neg

RE: $ 175,000,000
Texas Department of Housing and Community Affairs
Residential Mortgage Revenue and Refunding Bonds
Series 2025A (Non-AMT)

POS LINK: https://www.munios.com/munios-notice.aspx?i=IABHJJN5Xr8

We have received the Written Award.

MOODY'S: Aaa S&P: AA+
FITCH: NR KROLL: NR

DATED:02/12/2025 FIRST COUPON:07/01/2025

DUE: 01/01 & 07/01

INITIAL TRADE DATE: 01/15/2025 @ 11:00AM Eastern

MATURITY	AMOUNT	COUPON	PRICE	ADD'L TAKEDOWN (Pts)	CUSIP
01/01/2026	470M	3.20%	100.00	1/4	882750ZZ8
07/01/2026	845M	3.25%	100.00	1/4	882750A28
01/01/2027	865M	3.35%	100.00	1/4	882750A36
07/01/2027	880M	3.40%	100.00	3/8	882750A44
01/01/2028	905M	3.45%	100.00	3/8	882750A51
07/01/2028	920M	3.45%	100.00	1/2	882750A69
01/01/2029	940M	3.50%	100.00	1/2	882750A77
07/01/2029	965M	3.50%	100.00	1/2	882750A85
01/01/2030	985M	3.55%	100.00	1/2	882750A93
07/01/2030	1,005M	3.65%	100.00	1/2	882750B27
01/01/2031	1,035M	3.75%	100.00	1/2	882750B35
07/01/2031	1,055M	3.80%	100.00	5/8	882750B43
01/01/2032	1,080M	3.90%	100.00	5/8	882750B50
07/01/2032	1,105M	3.95%	100.00	5/8	882750B68
01/01/2033	1,135M	3.95%	100.00	5/8	882750B76
07/01/2033	1,165M	3.95%	100.00	5/8	882750B84
01/01/2034	1,195M	4.00%	100.00	5/8	882750B92
07/01/2034	1,225M	4.00%	100.00	5/8	882750C26
01/01/2035	1,250M	4.00%	100.00	5/8	882750C34
07/01/2035	1,285M	4.00%	100.00	5/8	882750C42
01/01/2036	1,315M	4.05%	100.00	5/8	882750C59
07/01/2036	1,345M	4.10%	100.00	5/8	882750C67
01/01/2040	10,465M	4.25%	100.00	5/8	882750C75
01/01/2045	18,675M	4.65%	99.50	5/8	882750C83
	(Approx. Yield 4.689)				
01/01/2050	24,585M	5.00%	4.80	5/8	882750C91
	(Approx. $ Price PTC 07/01/2033 101.362 Approx. YTM 4.904)				

07/01/2055 35,685M 5.125% 4.85 5/8 882750D25
(Approx. $ Price PTC 07/01/2033 101.871 Approx. YTM 5.004)

01/01/2056 62,620M 5.75% 4.10 1/2 882750D33
(Approx. $ Price 108.510)
(PAC)
(Avg. Life: 6.00 years over a range of 75.00% to 400.00% of PSA experience

					Premium Pac Term Bond Due 1/1/2056	
SIFMA Prepayment Model	Term Bond due 1/1/2040	Term Bond due 1/1/2045	Term Bond due 1/1/2050	Term Bond due 1/1/2055	Optional Call not Exercised	Optional Call Exercised
0%	13.4	17.7	22.8	27.3	16.6	7.8
50%	13.2	17.4	20.9	22.4	7.4	6.3
75%	10.4	16.5	19.0	19.6	6.0	5.7
100%	4.0	15.5	17.3	17.6	6.0	5.7
125%	2.8	14.0	15.3	15.4	6.0	5.7
150%	2.3	12.7	13.5	13.6	6.0	5.7
175%	2.1	11.5	12.1	12.1	6.0	5.7
200%	1.9	10.4	10.8	10.8	6.0	5.7
300%	1.6	7.3	7.4	7.4	6.0	5.7
400%	1.4	5.4	5.4	5.4	6.0	5.7
500%	1.3	4.7	4.7	4.7	4.9	4.7

CALL FEATURES: Optional call in 07/01/2033 @ 100.00

The Premium PAC Term Bond is subject to redemption prior to maturity, in whole or in part at any time and from time to time, on and after July 1, 2033, at the option of the Department after giving notice as provided in the Trust Indenture, at the Redemption Prices set forth below (expressed as a percentage of the principal amount to be redeemed), in each case together with interest accrued thereon to, but not including, the redemption date:

PAC redemption:

Date	Price
7/1/2033	102.576%
1/1/2034	102.263%
7/1/2034	101.963%
1/1/2035	101.660%
7/1/2035	101.337%
1/1/2036	100.995%
7/1/2036	100.680%
1/1/2037	100.000%

The Series 2025A bonds are subject to special redemption from mortgage loan principal payments, unexpended proceeds, excess revenues and mandatory sinking fund redemption as more fully described in the Preliminary Official Statement, pages 4 - 13.

Premium PAC Term Bonds Outstanding Applicable Amount

Date	Amount
2/12/2025	$62,620,000
7/1/2025	62,620,000
1/1/2026	62,035,000
7/1/2026	60,460,000
1/1/2027	58,125,000

7/1/2027	55,060,000
1/1/2028	51,315,000
7/1/2028	47,260,000
1/1/2029	43,310,000
7/1/2029	39,495,000
1/1/2030	35,805,000
7/1/2030	32,245,000
1/1/2031	28,805,000
7/1/2031	25,495,000
1/1/2032	22,295,000
7/1/2032	19,220,000
1/1/2033	16,265,000
7/1/2033	13,425,000
1/1/2034	10,700,000
7/1/2034	8,090,000
1/1/2035	5,740,000
7/1/2035	3,730,000
1/1/2036	2,020,000
7/1/2036	565,000
1/1/2037	-

Sinking Fund Schedule

2040 Term Bond

01/01/2037	1,385M
07/01/2037	1,420M
01/01/2038	1,455M
07/01/2038	1,495M
01/01/2039	1,530M
07/01/2039	1,570M
01/01/2040	1,610M

Sinking Fund Schedule

2045 Term Bond

07/01/2040	1,650M
01/01/2041	1,695M
07/01/2041	1,745M
01/01/2042	1,785M
07/01/2042	1,835M
01/01/2043	1,885M
07/01/2043	1,940M
01/01/2044	1,990M
07/01/2044	2,045M
01/01/2045	2,105M

Sinking Fund Schedule

2050 Term Bond

07/01/2045	2,155M
01/01/2046	2,220M
07/01/2046	2,285M
01/01/2047	2,345M
07/01/2047	2,415M
01/01/2048	2,485M
07/01/2048	2,555M
01/01/2049	2,630M
07/01/2049	2,710M
01/01/2050	2,785M

Sinking Fund Schedule

2055 Term Bond

07/01/2050	2,865M
01/01/2051	2,945M
07/01/2051	3,030M
01/01/2052	3,120M
07/01/2052	3,210M
01/01/2053	3,300M
07/01/2053	3,400M
01/01/2054	3,495M
07/01/2054	3,595M
01/01/2055	3,700M
07/01/2055	3,025M

Sinking Fund Schedule

2056 Term Bond

01/01/2026	260M
07/01/2026	465M
01/01/2027	475M
07/01/2027	485M
01/01/2028	495M
07/01/2028	510M
01/01/2029	520M
07/01/2029	530M
01/01/2030	545M
07/01/2030	560M
01/01/2031	570M
07/01/2031	585M
01/01/2032	600M
07/01/2032	615M
01/01/2033	630M
07/01/2033	645M
01/01/2034	660M
07/01/2034	675M
01/01/2035	695M
07/01/2035	710M
01/01/2036	730M
07/01/2036	750M
01/01/2037	765M
07/01/2037	785M
01/01/2038	805M
07/01/2038	825M
01/01/2039	850M
07/01/2039	870M
01/01/2040	895M
07/01/2040	915M
01/01/2041	940M
07/01/2041	965M
01/01/2042	995M
07/01/2042	1,020M
01/01/2043	1,050M
07/01/2043	1,075M
01/01/2044	1,105M
07/01/2044	1,135M
01/01/2045	1,165M
07/01/2045	1,200M
01/01/2046	1,235M
07/01/2046	1,270M
01/01/2047	1,310M
07/01/2047	1,345M
01/01/2048	1,385M

07/01/2048 1,425M
01/01/2049 1,465M
07/01/2049 1,505M
01/01/2050 1,550M
07/01/2050 1,595M
01/01/2051 1,640M
07/01/2051 1,690M
01/01/2052 1,735M
07/01/2052 1,785M
01/01/2053 1,840M
07/01/2053 1,890M
01/01/2054 1,945M
07/01/2054 2,000M
01/01/2055 2,060M
07/01/2055 1,685M
01/01/2056 195M

Priority of Orders:
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Exception: (If an investor is affiliated with a syndicate member and that syndicate member may not be compensated for the investor's order, the investor will not be required to designate that syndicate member.)
2 Member

Priority Policy:
At least 4 firms must be designated.
No firm may receive more than 60.00% of any designation.
Each designee must receive a minimum of 5.00% for each priority order.

The compliance addendum MSRB Rule G-11 will apply.

Pursuant to MSRB Rule G-11, syndicate members and other brokers, dealers, and municipal securities dealers ("Dealers"), when submitting an order for the syndicate member or Dealer's own account or for a "related account" as defined in Rule G-11 (which includes, without limitation, proprietary orders for affiliates of the syndicate member or Dealer), must so inform Jefferies LLC at the time any such order is submitted.

The Award is final for Tuesday, January 14, 2025 at 5:52PM Eastern.

Delivery is firm for Wednesday, February 12, 2025.

This issue is book entry only. This issue is clearing through DTC.

Award: 01/14/2025
Award Time: 5:52PM Eastern
Delivery: 02/12/2025 (Firm)
Initial trade: 01/15/2025
Date of Execution: 01/15/2025
Time of Execution: 11:00AM Eastern

Jefferies LLC
RBC Capital Markets
Morgan Stanley & Co. LLC
J.P. Morgan Securities LLC

3. Financing Results

Pricing Progression

Pricing Progression										
Serial Bonds										
			Retail Order Period			Preliminary Pricing			Verbal Award	
Maturity	**Par**	**MMD (1/10)**	**Spread to MMD**	**Yield**	**MMD (1/13)**	**Spread to MMD**	**Yield**	**MMD (1/13)**	**Spread to MMD**	**Yield**
1/1/2026	$470,000	2.78%	**+ 42**	3.200%	2.86%	**+ 34**	3.200%	2.86%	**+ 34**	3.200%
7/1/2026	$845,000	2.78%	**+ 47**	3.250%	2.86%	**+ 39**	3.250%	2.86%	**+ 39**	3.250%
1/1/2027	$865,000	2.84%	**+ 46**	3.300%	2.89%	**+ 41**	3.300%	2.89%	**+ 46**	3.350%
7/1/2027	$880,000	2.84%	**+ 46**	3.300%	2.89%	**+ 46**	3.350%	2.89%	**+ 51**	3.400%
1/1/2028	$905,000	2.87%	**+ 48**	3.350%	2.92%	**+ 48**	3.400%	2.92%	**+ 53**	3.450%
7/1/2028	$920,000	2.87%	**+ 53**	3.400%	2.92%	**+ 53**	3.450%	2.92%	**+ 53**	3.450%
1/1/2029	$940,000	2.91%	**+ 54**	3.450%	2.96%	**+ 54**	3.500%	2.96%	**+ 54**	3.500%
7/1/2029	$965,000	2.91%	**+ 59**	3.500%	2.96%	**+ 54**	3.500%	2.96%	**+ 54**	3.500%
1/1/2030	$985,000	2.95%	**+ 60**	3.550%	2.99%	**+ 56**	3.550%	2.99%	**+ 56**	3.550%
7/1/2030	$1,005,000	2.95%	**+ 70**	3.650%	2.99%	**+ 66**	3.650%	2.99%	**+ 66**	3.650%
1/1/2031	$1,035,000	2.96%	**+ 74**	3.700%	3.00%	**+ 75**	3.750%	3.00%	**+ 75**	3.750%
7/1/2031	$1,055,000	2.96%	**+ 74**	3.700%	3.00%	**+ 75**	3.750%	3.00%	**+ 80**	3.800%
1/1/2032	$1,080,000	2.98%	**+ 82**	3.800%	3.02%	**+ 83**	3.850%	3.02%	**+ 88**	3.900%
7/1/2032	$1,105,000	3.00%	**+ 85**	3.850%	3.04%	**+ 86**	3.900%	3.04%	**+ 91**	3.950%
1/1/2033	$1,135,000	3.05%	**+ 85**	3.900%	3.09%	**+ 86**	3.950%	3.09%	**+ 86**	3.950%
7/1/2033	$1,165,000	3.06%	**+ 89**	3.950%	3.10%	**+ 85**	3.950%	3.10%	**+ 85**	3.950%
1/1/2034	$1,195,000	3.09%	**+ 91**	4.000%	3.14%	**+ 86**	4.000%	3.14%	**+ 86**	4.000%
7/1/2034	$1,225,000	3.12%	**+ 88**	4.000%	3.17%	**+ 83**	4.000%	3.17%	**+ 83**	4.000%
1/1/2035	$1,250,000	3.17%	**+ 88**	4.050%	3.22%	**+ 83**	4.050%	3.22%	**+ 78**	4.000%
7/1/2035	$1,285,000	3.19%	**+ 86**	4.050%	3.24%	**+ 81**	4.050%	3.24%	**+ 76**	4.000%
1/1/2036	$1,315,000	3.21%	**+ 89**	4.100%	3.26%	**+ 84**	4.100%	3.26%	**+ 79**	4.050%
7/1/2036	$1,345,000	3.23%	**+ 87**	4.100%	3.28%	**+ 85**	4.125%	3.28%	**+ 82**	4.100%
Term Bonds										
1/1/2040	$10,465,000	3.45%	**+ 75**	4.200%	3.50%	**+ 75**	4.250%	3.50%	**+ 75**	4.250%
1/1/2045	$18,675,000	3.83%	**+ 77**	4.600%	3.88%	**+ 77**	4.650%	3.88%	**+ 80.9**	4.689%
1/1/2050	$24,585,000	3.99%	**+ 76**	4.750%	4.04%	**+ 76**	4.800%	4.04%	**+ 76**	4.800%
7/1/2055	$35,685,000	4.06%	**+ 74**	4.800%	4.11%	**+ 74**	4.850%	4.11%	**+ 74**	4.850%
1/1/2056 (PAC)	$62,620,000	2.96%	**+ 109**	4.050%	3.00%	**+ 110**	4.100%	3.00%	**+ 110**	4.100%
TOTAL	**$175,000,000**									

Pricing Comparisons

Housing Finance Authority of Pinellas County, Florida

Single-Family Housing Revenue Bonds
2025 Series A
1/14/2025
Aaa | NR | NR
Non-AMT
$15,000,000
Optional call in 03/01/2033 @ 100.00

MATURITY	PAR ($MM)	COUPON	YIELD	SPREAD (MMD DAY PRIOR)	SPREAD (MMD DAY OF)
9/1/2025	20	3.200	3.200	+ 34	+ 34
3/1/2027	130	3.300	3.300	+ 41	+ 41
9/1/2027	45	3.400	3.400	+ 51	+ 51
3/1/2028	45	3.500	3.500	+ 58	+ 58
9/1/2028	45	3.550	3.550	+ 62	+ 62
3/1/2030	145	3.650	3.650	+ 66	+ 66
9/1/2030	50	3.750	3.750	+ 75	+ 75
3/1/2031	55	3.800	3.800	+ 78	+ 78
9/1/2031	55	3.850	3.850	+ 77	+ 83
3/1/2032	55	3.900	3.900	+ 88	+ 86
9/1/2032	55	3.950	3.950	+ 90	+ 88
3/1/2033	55	4.000	4.000	+ 91	+ 89
9/1/2033	60	4.000	4.000	+ 89	+ 87
3/1/2034	60	4.050	4.050	+ 90	+ 88
9/1/2034	60	4.050	4.050	+ 87	+ 85
3/1/2035	60	4.100	4.100	+ 87	+ 85
9/1/2035	60	4.100	4.100	+ 85	+ 83
3/1/2036	65	4.150	4.150	+ 89	+ 85
9/1/2036	65	4.150	4.150	+ 86	+ 82
3/1/2037	65	4.200	4.200	+ 90	+ 86
9/1/2037	65	4.200	4.200	+ 87	+ 83
9/1/2040	445	4.375	4.375	+ 88	+ 84
9/1/2045	890	4.700	4.700	+ 82	+ 78
9/1/2050	1,155	4.800	4.800	+ 76	+ 76
9/1/2055	1,195	4.850	4.850	+ 74	+ 74
3/1/2056	10,000	5.750	4.200	+ 120	+ 120
			107.734		

*PAC Avg Life 5.9 yrs over range of 75 - 400% PSA @ 5.75% coupon

Wyoming Community Development Authority

Housing Revenue Bonds
2025 Series 1
1/14/2025
Aa1 | AA+ | NR
Non-AMT
$84,980,000
Optional call in 06/01/2033 @ 100.00

MATURITY	PAR ($MM)	COUPON	YIELD	SPREAD (MMD DAY PRIOR)	SPREAD (MMD DAY OF)
12/1/2025	45	3.150	3.150	+ 29	+ 29
6/1/2026	40	3.150	3.150	+ 29	+ 29
12/1/2026	40	3.200	3.200	+ 34	+ 34
6/1/2027	40	3.250	3.250	+ 36	+ 36
12/1/2027	40	3.300	3.300	+ 41	+ 41
6/1/2028	45	3.350	3.350	+ 43	+ 43
12/1/2028	45	3.400	3.400	+ 46	+ 46
6/1/2029	45	3.500	3.500	+ 54	+ 54
12/1/2029	45	3.550	3.550	+ 57	+ 57
6/1/2030	45	3.600	3.600	+ 61	+ 61
12/1/2030	50	3.600	3.600	+ 60	+ 60
6/1/2031	50	3.700	3.700	+ 65	+ 68
12/1/2031	50	3.750	3.750	+ 64	+ 73
6/1/2032	50	3.850	3.850	+ 82	+ 80
12/1/2032	1,250	3.900	3.900	+ 83	+ 81
6/1/2033	1,285	3.950	3.950	+ 85	+ 83
12/1/2033	595	4.000	4.000	+ 89	+ 87
6/1/2034	1,345	4.050	4.050	+ 89	+ 87
12/1/2034	1,375	4.100	4.100	+ 91	+ 89
6/1/2035	1,410	4.100	4.100	+ 86	+ 84
12/1/2035	1,445	4.100	4.100	+ 85	+ 83
6/1/2036	1,475	4.150	4.150	+ 88	+ 84
12/1/2036	1,515	4.150	4.150	+ 85	+ 81
12/1/2040	13,440	4.300	4.300	+ 80	+ 76
12/1/2045	20,505	4.650	4.650	+ 77	+ 73
12/1/2050	23,895	4.850	4.850	+ 81	+ 81
12/1/2053	14,815	4.875	4.875	+ 79	+ 79

Texas Department of Housing and Community Affairs

Residential Mortgage Revenue and Refunding Bonds
2025 Series A
1/14/2025
Aaa | AA+ | NR
Non-AMT
$175,000,000
Optional call in 07/01/2033 @ 100.00

MATURITY	PAR ($MM)	COUPON	YIELD	SPREAD (MMD DAY PRIOR)	SPREAD (MMD DAY OF)
1/1/2026	470	3.200	3.200	+ 34	+ 34
7/1/2026	845	3.250	3.250	+ 39	+ 39
1/1/2027	865	3.350	3.350	+ 46	+ 46
7/1/2027	880	3.400	3.400	+ 51	+ 51
1/1/2028	905	3.450	3.450	+ 53	+ 53
7/1/2028	920	3.450	3.450	+ 53	+ 53
1/1/2029	940	3.500	3.500	+ 54	+ 54
7/1/2029	965	3.500	3.500	+ 54	+ 54
1/1/2030	985	3.550	3.550	+ 56	+ 56
7/1/2030	1,005	3.650	3.650	+ 66	+ 66
1/1/2031	1,035	3.750	3.750	+ 75	+ 73
7/1/2031	1,055	3.800	3.800	+ 74	+ 78
1/1/2032	1,080	3.900	3.900	+ 88	+ 86
7/1/2032	1,105	3.950	3.950	+ 91	+ 89
1/1/2033	1,135	3.950	3.950	+ 86	+ 84
7/1/2033	1,165	3.950	3.950	+ 85	+ 83
1/1/2034	1,195	4.000	4.000	+ 86	+ 84
7/1/2034	1,225	4.000	4.000	+ 83	+ 81
1/1/2035	1,250	4.000	4.000	+ 78	+ 76
7/1/2035	1,285	4.000	4.000	+ 76	+ 74
1/1/2036	1,315	4.050	4.050	+ 79	+ 75
7/1/2036	1,345	4.100	4.100	+ 82	+ 78
1/1/2040	10,465	4.250	4.250	+ 75	+ 71
1/1/2045	18,675	4.650	4.689	+ 81	+ 77
			99.500		
1/1/2050	24,585	5.000	4.800	+ 76	+ 76
			101.362		
7/1/2055	35,685	5.125	4.850	+ 74	+ 74
			101.871		
1/1/2056	62,620	5.750	4.100	+ 110	+ 108
			108.51		

*PAC Avg Life 6.0 yrs over range of 75 - 400% PSA @ 5.75% coupon

New Hampshire Housing Finance Authority

Single Family Mortgage Acquisition Revenue Bonds
2025 Series A
1/8/2025
Aaa | NR | NR
Non-AMT
$75,000,000
Optional call in 07/01/2033 @ 100.00

MATURITY	PAR ($MM)	COUPON	YIELD	SPREAD (MMD DAY PRIOR)	SPREAD (MMD DAY OF)
7/1/2040	5,900	4.150	4.150	+ 85	+ 77
7/1/2045	17,095	4.500	4.500	+ 84	+ 74
7/1/2049	12,850	4.650	4.650	+ 84	+ 74
1/1/2056	39,155	6.500	3.930	+ 108	+ 103
			113.266		

*PAC Avg Life 6.0 yrs over range of 100 - 500% PSA @ 6.5% coupon

South Carolina State Housing Finance and Development Authority

Mortgage Revenue Bonds
2025 Series A
1/7/2025
Aaa | NR | NR
Non-AMT
$172,000,000
Optional call in 01/01/2033 @ 100.00

MATURITY	PAR ($MM)	COUPON	YIELD	SPREAD (MMD DAY PRIOR)	SPREAD (MMD DAY OF)
1/1/2026	610	5.000	2.960	+ 19	+ 21
7/1/2026	760	5.000	3.000	+ 23	+ 25
1/1/2027	780	5.000	3.030	+ 27	+ 29
7/1/2027	800	5.000	3.070	+ 31	+ 33
1/1/2028	825	5.000	3.120	+ 36	+ 36
7/1/2028	845	5.000	3.150	+ 39	+ 39
1/1/2029	870	5.000	3.210	+ 41	+ 41
7/1/2029	890	5.000	3.260	+ 46	+ 46
1/1/2030	915	5.000	3.310	+ 47	+ 47
7/1/2030	935	5.000	3.340	+ 50	+ 50
1/1/2031	960	5.000	3.400	+ 55	+ 55
7/1/2031	990	5.000	3.450	+ 60	+ 60
1/1/2032	1,015	5.000	3.490	+ 63	+ 63
7/1/2032	1,045	5.000	3.520	+ 64	+ 64
1/1/2033	1,070	5.000	3.590	+ 66	+ 66
7/1/2033	1,100	3.875	3.875	+ 94	+ 94
1/1/2034	1,120	3.900	3.900	+ 94	+ 94
7/1/2034	1,140	3.950	3.950	+ 96	+ 96
1/1/2035	1,170	4.000	4.000	+ 96	+ 96
7/1/2035	1,190	4.000	4.000	+ 94	+ 94
1/1/2036	1,220	4.050	4.050	+ 97	+ 97
7/1/2036	1,245	4.050	4.050	+ 95	+ 95
1/1/2037	1,275	4.100	4.100	+ 98	+ 98
7/1/2037	1,300	4.100	4.100	+ 96	+ 96
7/1/2040	8,455	4.150	4.150	+ 85	+ 85
7/1/2045	17,065	4.500	4.500	+ 84	+ 84
7/1/2050	21,865	4.650	4.650	+ 83	+ 83
1/1/2055	25,045	4.700	4.700	+ 81	+ 81
7/1/2055	75,500	6.500	3.960	+ 111	+ 111
			113.023		

*PAC Avg Life 5.95 yrs over range of 100 - 400% PSA @ 6.5% coupon

Kentucky Housing Corporation

Single Family Mortgage Revenue Bonds
2025 Series A
1/7/2025
Aaa | NR | NR
Non-AMT
$40,000,000
Optional call in 01/01/2033 @ 100.00

MATURITY	PAR ($MM)	COUPON	YIELD	SPREAD (MMD DAY PRIOR)	SPREAD (MMD DAY OF)
1/1/2026	205	3.150	3.150	+ 38	+ 40
7/1/2026	335	3.200	3.200	+ 43	+ 45
1/1/2027	340	3.250	3.250	+ 49	+ 51
7/1/2027	350	3.250	3.250	+ 49	+ 51
1/1/2028	355	3.300	3.300	+ 54	+ 54
7/1/2028	360	3.350	3.350	+ 59	+ 59
1/1/2029	370	3.400	3.400	+ 60	+ 60
7/1/2029	375	3.450	3.450	+ 65	+ 65
1/1/2030	380	3.500	3.500	+ 66	+ 66
7/1/2030	390	3.600	3.600	+ 76	+ 76
1/1/2031	395	3.625	3.625	+ 77	+ 77
7/1/2031	405	3.700	3.700	+ 85	+ 85
1/1/2032	410	3.750	3.750	+ 89	+ 89
7/1/2032	420	3.800	3.800	+ 92	+ 92
1/1/2033	430	3.850	3.850	+ 92	+ 92
7/1/2033	440	3.875	3.875	+ 94	+ 94
1/1/2034	445	3.875	3.875	+ 92	+ 92
7/1/2034	455	3.950	3.950	+ 96	+ 96
1/1/2035	465	4.000	4.000	+ 96	+ 96
7/1/2035	475	4.000	4.000	+ 94	+ 94
1/1/2036	485	4.050	4.050	+ 97	+ 97
7/1/2036	495	4.050	4.050	+ 95	+ 95
1/1/2037	510	4.100	4.100	+ 98	+ 98
7/1/2037	520	4.100	4.100	+ 96	+ 96
7/1/2040	3,360	4.200	4.200	+ 90	+ 90
7/1/2045	6,750	4.500	4.500	+ 84	+ 84
7/1/2049	6,675	4.625	4.625	+ 82	+ 82
7/1/2055	13,405	6.250	3.960	+ 112	+ 112
			110.132		

*PAC Avg Life 5.6 yrs over range of 75 - 400% PSA @ 5.75% coupon

4. Order Book

Orders and Allotments by Maturity											
		Texas Retail		National Retail		Institutional		Stock		Total	
Maturity	Par Amount ($MM)	Orders	Allotments	Orders	Allotments	Orders	Allotments	Orders	Allotments	Orders	Allotments
1/1/2026	470	-	-	425	235	250	235	-	-	675	470
7/1/2026	845	1,145	845	1,325	-	-	-	-	-	2,470	845
1/1/2027	865	-	-	110	110	-	-	-	755	110	865
7/1/2027	880	-	-	25	25	-	-	-	855	25	880
1/1/2028	905	-	-	-	-	250	500	-	405	250	905
7/1/2028	920	-	-	300	300	600	600	-	20	900	920
1/1/2029	940	100	100	350	350	200	200	-	290	650	940
7/1/2029	965	100	100	700	700	30	30	-	135	830	965
1/1/2030	985	-	-	985	985	-	-	-	-	985	985
7/1/2030	1,005	-	-	1,480	1,005	-	-	-	-	1,480	1,005
1/1/2031	1,035	-	-	100	100	50	50	-	885	150	1,035
7/1/2031	1,055	-	-	200	200	50	50	-	805	250	1,055
1/1/2032	1,080	100	100	100	100	-	-	-	880	200	1,080
7/1/2032	1,105	-	-	-	-	-	-	-	1,105	-	1,105
1/1/2033	1,135	-	-	50	50	-	-	-	1,085	50	1,135
7/1/2033	1,165	1,165	1,165	200	-	-	-	-	-	1,365	1,165
1/1/2034	1,195	-	-	1,830	945	250	250	-	-	2,080	1,195
7/1/2034	1,225	25	25	1,460	1,200	-	-	-	-	1,485	1,225
1/1/2035	1,250	100	100	1,800	525	1,250	625	-	-	3,150	1,250
7/1/2035	1,285	-	-	2,830	645	1,285	640	-	-	4,115	1,285
1/1/2036	1,315	-	-	1,915	660	1,515	655	-	-	3,430	1,315
7/1/2036	1,345	-	-	1,590	675	1,345	670	-	-	2,935	1,345
1/1/2040	10,465	400	400	10,585	10,065	-	-	4,500	-	15,485	10,465
1/1/2045	18,675	230	230	4,090	4,090	1,790	14,355	5,500	-	11,610	18,675
1/1/2050	24,585	75	75	1,565	1,565	20,150	22,945	14,000	-	35,790	24,585
7/1/2055	35,685	200	200	2,460	2,460	44,250	33,025	20,000	-	66,910	35,685
1/1/2056	62,620	-	-	-	-	133,570	62,620	20,000	-	153,570	62,620
Total	**175,000**	**3,640**	**3,340**	**36,475**	**26,990**	**206,835**	**137,450**	**64,000**	**7,220**	**310,950**	**175,000**

Orders and Allotments by Manager										
	Texas Retail		National Retail		Institutional		Stock		Total	
Syndicate Member	Orders	Allotments	Orders	Allotments	Orders	Allotments	Orders	Allotments	Orders	Allotments
Jefferies	2,410	2,110	21,535	15,175	204,405	135,035	-	7,220	228,350	159,540
RBC	-	-	275	225	730	715	25,000	-	26,005	940
Morgan Stanley	50	50	4,130	3,305	-	-	10,000	-	14,180	3,355
JP Morgan	905	905	5,355	4,915	200	200	2,000	-	8,460	6,020
Loop Capital	-	-	-	-	-	-	7,000	-	7,000	-
Piper Sandler	-	-	-	-	-	-	10,000	-	10,000	-
Ramirez & Co.	75	75	300	300	1,500	1,500	10,000	-	11,875	1,875
Wells Fargo	200	200	4,880	3,070	-	-	-	-	5,080	3,270
Total	**3,640**	**3,340**	**36,475**	**26,990**	**206,835**	**137,450**	**64,000**	**7,220**	**310,950**	**175,000**

Allotments per Syndicate Member 2025 Series A																		
		Jefferies		RBC		Morgan Stanley		JP Morgan		Loop Capital		Piper Sandler		Ramirez & Co.		Wells Fargo		Total Allotments
Maturity	Par Amount ($MM)	Allotments	%	Allotments	%	Allotments	%	Allotments	%	Allotments	%	Allotments	%	Allotments	%	Allotments	%	
1/1/2026	470	-	-	235	50%	210	45%	25	5%	-	-	-	-	-	-	-	-	470
7/1/2026	845	845	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	845
1/1/2027	865	755	87%	-	-	-	-	10	1%	-	-	-	-	100	12%	-	-	865
7/1/2027	880	855	97%	25	3%	-	-	-	-	-	-	-	-	-	-	-	-	880
1/1/2028	905	905	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	905
7/1/2028	920	620	67%	-	-	-	-	300	33%	-	-	-	-	-	-	-	-	920
1/1/2029	940	290	31%	-	-	-	-	650	69%	-	-	-	-	-	-	-	-	940
7/1/2029	965	635	66%	30	3%	-	-	200	21%	-	-	-	-	100	10%	-	-	965
1/1/2030	985	-	-	-	-	-	-	-	-	-	-	-	-	-	-	985	100%	985
7/1/2030	1,005	300	30%	-	-	-	-	-	-	-	-	-	-	-	-	705	70%	1,005
1/1/2031	1,035	885	86%	50	5%	-	-	100	10%	-	-	-	-	-	-	-	-	1,035
7/1/2031	1,055	1,005	95%	50	5%	-	-	-	-	-	-	-	-	-	-	-	-	1,055
1/1/2032	1,080	980	91%	-	-	-	-	-	-	-	-	-	-	-	-	100	9%	1,080
7/1/2032	1,105	1,105	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,105
1/1/2033	1,135	1,085	96%	-	-	-	-	-	-	-	-	-	-	-	-	50	4%	1,135
7/1/2033	1,165	1,165	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,165
1/1/2034	1,195	910	76%	-	-	10	1%	25	2%	-	-	-	-	-	-	250	21%	1,195
7/1/2034	1,225	1,000	82%	-	-	225	18%	-	-	-	-	-	-	-	-	-	-	1,225
1/1/2035	1,250	975	78%	-	-	150	12%	100	8%	-	-	-	-	-	-	25	2%	1,250
7/1/2035	1,285	1,135	88%	-	-	50	4%	100	8%	-	-	-	-	-	-	-	-	1,285
1/1/2036	1,315	955	73%	-	-	-	-	100	8%	-	-	-	-	-	-	260	20%	1,315
7/1/2036	1,345	1,100	82%	-	-	45	3%	200	15%	-	-	-	-	-	-	-	-	1,345
1/1/2040	10,465	9,945	95%	-	-	20	0%	500	5%	-	-	-	-	-	-	-	-	10,465
1/1/2045	18,675	13,750	74%	110	1%	1,350	7%	1,720	9%	-	-	-	-	1,500	8%	245	1%	18,675
1/1/2050	24,585	22,945	93%	25	0%	1,150	5%	290	1%	-	-	-	-	75	0%	100	0%	24,585
7/1/2055	35,685	33,125	93%	65	0%	145	0%	1,700	5%	-	-	-	-	100	0%	550	2%	35,685
1/1/2056	62,620	62,270	99%	350	1%	-	-	-	-	-	-	-	-	-	-	-	-	62,620
Total	**175,000**	**159,540**		**940**		**3,355**		**6,020**		**0**		**0**		**1,875**		**3,270**		**175,000**

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Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 985 **Agenda Date:** 4/10/2025 **Agenda #:** 20.

Presentation and discussion regarding the pending issuance of Texas Department of Housing and Community Affairs Residential Mortgage Revenue Bonds, Series 2025 B (Non-AMT) and Series 2025 C (Taxable)

BACKGROUND

On October 10, 2024, the TDHCA Governing Board approved Resolution 25-004 authorizing issuance of Mortgage Revenue Bonds by the Department in an amount not to exceed $1.1 billion for Fiscal Year 2025. After the issuance of RMRB 2025BC, the Department will have $675 million of issuance authority remaining.

On January 14, 2025, the Department issued $175 million Residential Mortgage Revenue Bonds, Series 2025 A (Non-AMT). The bonds settled on February 12, 2025th. As of March 20, 2025, mortgage loans using these funds were fully reserved.

Market conditions remain 22 conducive to the issuance of additional series of tax-exempt and taxable mortgage revenue bonds under the Department's Residential Mortgage Revenue Bond Trust Indenture (RMRB) to finance mortgage loans for very low, low, and moderate income homebuyers. THDCA is currently offering Bond Funded Mortgage loans 37.5 to 50 basis points lower than mortgage rates available under the TMP (aka TBA) Program.

The Department has moved to a continuous lending model whereby bond-funded mortgage loans are always available to borrowers. Demand is strong and the Department is building a pipeline of loans to be funded by Texas Department of Housing and Community Affairs, Residential Mortgage Revenue Bonds, 2025 Series B (Non-AMT) (2024 B Bonds) and 2025 Series C (Taxable) (2024 C Bonds).

2025 B and 2025 C Bonds

The 2025 B Bonds will be issued in a maximum par amount of $187.5 million; total bond proceeds (par amount of bonds plus bond premium) will not exceed $202 million. The 2024C Bonds will be issued in a maximum par amount of $62.5 million; total bond proceeds (par amount of bonds plus premium) will not exceed $67.5 million.

A portion of the proceeds, not to exceed par of $22,655,000, will utilize recycled volume cap and will be used to repay amounts owed under the Advances and Security Agreement between the Federal Home Loan Bank and the Department representing recycled repayments from February 1, 2025, through April 1, 2025.

The proceeds of the Series 2025 B and Series 2025 C Bonds will be used to finance the purchase of tax-exempt eligible mortgage loans, including down payment assistance second loans, made to first-time homebuyers (with certain limited exceptions) of low, very low, and moderate income, who are acquiring moderately priced residences, and to pay a portion of the costs of issuance of the Series 2025B and Series 2025C Bonds.

The 2025 B Bonds are expected to be offered as traditional RMRBs, with par and premium serial bonds, par term bonds, and premium Planned Amortization Class (PAC) bonds. The 2025 C Bonds are expected to be offered as taxable RMRBs, with par serial bonds, par term bonds, and a premium Planned Amortization Class (PAC) bond. Issuing the 2025 C bonds as taxable will allow the Department to supplement and manage its volume cap balance. Depending on market conditions, proceeds of the 2025 B Bonds and 2025 C Bonds may be invested in a Guaranteed Investment Contract (GIC) until expended; otherwise, proceeds will be invested in overnight obligations that meet indenture requirements.

2025 B and 2025 C Mortgage Loans

Mortgage loans will be 30-year, fixed rate loans guaranteed by FHA, VA, or USDA and pooled into Ginnie Mae MBS. Initially, borrowers will have the choice of unassisted loans without down payment assistance (DPA), three (3) points of DPA, or four (4) points of DPA. DPA will be offered as a repayable loan, where the DPA is provided as 0% interest, non-amortizing, 30-year second mortgage loan that is due on sale or refinance of the first loan. Unassisted first mortgage loans on this transaction are expected to be offered around 50 basis points lower than loans with 3% repayable DPA and 75 basis points lower than loans with 4% repayable DPA. DPA options will be subject to modification in response to borrower demand or market conditions.

The issuance of $187.5 million of par amount of 2025 B Bonds will provide for $187.5 million in par amount of mortgage loans to be originated. The issuance of $62.5 million of par amount of 2025 C Bonds will provide for $62.5 million in par amount of mortgage loans to be originated. The associated down payment assistance, lender compensation, and servicing fees for the second loans are expected to total approximately $10.7 million.

Underwriting Team

RBC will serve as Book Running Senior Manager, with Jefferies and Morgan Stanley as co-senior managers, with Ramirez, JP Morgan, Piper Sandler, Wells Fargo, and Loop Capital serving as co-managers for this transaction.

Timing

Preliminarily, the key events are as follows, and subject to change:

March 21, 2025	Program Funds Available for Reservation
April 28, 2025	Preliminary Official Statement to be Released
May 6, 2025	Bonds Priced, Bond Purchase Agreement to be Executed
May 13, 2025	Official Statement to be Released
June 10, 2025	Bond Closing

Department Contribution

The contribution by the Department is projected to be $4,354,053.50 and will not exceed $10 million, which will to be used to fund a portion of the down payment and closing cost assistance and costs related to the acquisition of qualifying mortgage loans (including the payment of lender compensation and servicing fees for second mortgage loans) and to pay all or a portion of the costs of issuance of the 2025 B and 2025 C Bonds.

The contribution will be funded from amounts on deposit in the RMRB indenture. Capitalized interest of up to $10 million may be paid from the RMRB indenture as necessary. As with prior transactions, these amounts are maximums; the actual contribution and capitalized interest expense are expected to be less than that approved by the Board.

Summary

Staff will continue to work with the Department's financing team to ensure the economic viability of the 2025 B and 2025 C Bonds. Depending on market conditions and other factors, the amount of 2025 B and 2025 C Bonds issued may be less than described herein and it is possible that one series of the Bonds may be viable and the other not, in which case, Staff would move forward with the series that makes economic sense.

Exhibits

The Exhibits for this issuance can be found online at the Department's Board Meeting Information Center website: <http://www.tdhca.state.tx.us/board/meetings.htm>.

RESOLUTION NO. 25-004

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 1
DEFINITIONS, INTERPRETATION AND FINDINGS

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

"*Acts*" means, collectively, Chapter 1207, Chapter 1371, and Chapter 2306.

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

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

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

"*Attorney General*" means the Attorney General of the State.

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

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

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

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

"*Chapter 1207*" has the meaning given to such term in the recitals to this Resolution.

"*Chapter 1371*" has the meaning given to such term in the recitals to this Resolution.

"*Chapter 2306*" has the meaning given to such term in the recitals to this Resolution.

"*Counterparty*" shall mean a counterparty to a Hedge Agreement.

"*Depository Agreements*" has the meaning given to such term in the recitals to this Resolution.

"*DTC*" means The Depository Trust Company, New York, New York, and its successors and assigns.

"*Eligible Project Costs*" has the meaning ascribed to it in the recitals to this Resolution.

"*Escrow Agent*" means each Escrow Agent selected pursuant to Section 2.5 hereof or any successor thereto.

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

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

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

"*Fixed Rate Bonds*" means the Bonds of a Series bearing interest at a Fixed Rate.

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

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

"*Indentures*" has the meaning given to such term in the recitals to this Resolution.

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

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

"*Mortgage Certificates*" has the meaning given to such term in the recitals to this Resolution.

"*Outstanding Parity Bonds*" means, collectively, the Outstanding RMRB Parity Bonds and the Outstanding SFMRB Parity Bonds.

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

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

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

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

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

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

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

"*Series*" means any designated series of Bonds issued pursuant to this Resolution.

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

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

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

"*Trustee*" has the meaning given to such term in the recitals to this Resolution.

"*Trust Company*" has the meaning given to such term in the recitals to this Resolution.

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

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

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

ARTICLE 2
AUTHORIZATION AND TERMS OF THE BONDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 3
AUTHORIZATION AND TERMS OF HEDGE AGREEMENTS

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

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

(a) Determination as Hedge Agreement. The Board hereby determines that any such Hedge Agreement entered into by an Authorized Representative pursuant to this Resolution is necessary or appropriate to place the Department's obligations with respect to its outstanding Bonds or Bonds anticipated to be issued in the future, and any Mortgage Loans or Mortgage Certificates, on the interest rate, currency, cash flow or other basis set forth in such Hedge Agreement as approved and executed on behalf of the Department by an Authorized Representative. Each Hedge Agreement constitutes a "contract" under Section 2306.351(b) of Chapter 2306.

(b) Maximum Term. The maximum term of each Hedge Agreement authorized by this Resolution shall not exceed the maturity date of the then outstanding related Bonds or the related Bonds anticipated to be issued in the future, as applicable.

(c) Notional Amount. The notional amount of any Hedge Agreement authorized by this Resolution shall not at any time exceed the aggregate principal amount of the then outstanding related Bonds or related Bonds

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

(d) Early Termination. No Hedge Agreement entered into pursuant to this Resolution shall contain early termination provisions at the option of the Counterparty except upon the occurrence of an event of default or a termination event, as prescribed in the applicable Hedge Agreement. In addition to subsections (a) and (b) of Section 3 hereof, each Authorized Representative is hereby severally authorized to terminate any Hedge Agreement in whole or in part when, in such person's judgment, such termination is in the best interests of the Department given the market conditions at that time.

(e) Maximum Rate. No Hedge Agreement authorized by this Resolution shall be payable at a rate greater than the maximum rate allowed by law.

(f) Source of Payment. Hedge Agreement Payment Obligations may be made from lawfully available funds of the Department, including (i) with respect to a Hedge Agreement executed in connection with Single Family Mortgage Revenue Bonds, funds available for such purpose and on deposit in the Surplus Revenues Account held under the Single Family Indenture, or (ii) with respect to a Hedge Agreement executed in connection with Residential Mortgage Revenue Bonds, funds available for such purpose and on deposit in the Residual Revenues Fund held under the RMRB Indenture.

ARTICLE 4
APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

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

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

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

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

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

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

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

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

ARTICLE 5
CERTAIN FINDINGS AND DETERMINATIONS

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

ARTICLE 6
GENERAL PROVISIONS

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

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

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

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

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

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

EXHIBITS

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[NUMBER] SUPPLEMENTAL SINGLE FAMILY MORTGAGE
REVENUE BOND TRUST INDENTURE

AUTHORIZING

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

BETWEEN

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

AND

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

Dated as of [DOC DATE]

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[NUMBER] SUPPLEMENTAL SINGLE FAMILY
MORTGAGE REVENUE BOND TRUST INDENTURE

AUTHORIZING

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

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

RECITALS

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND PLEDGE OF SECURITY

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

Section 1.2 Definitions.

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

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

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

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

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

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

"Board" shall mean the Governing Board of the Department.

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

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

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

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

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

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

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

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

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

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

"Comptroller" means the Comptroller of Public Accounts of the State of Texas.

"Computation Date" shall mean each Installment Computation Date and the Final Computation Date.

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

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

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

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

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

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

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

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

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

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

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

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

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

"Gross Proceeds" shall mean any Proceeds and any Replacement Proceeds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Optional Redemption Date" shall mean [OPTIONAL REDEMPTION DATE].

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

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

"Paying Agent" shall mean the Trustee.

"Proceeds" shall mean any Sale Proceeds, Investment Proceeds and Transferred Proceeds.

"Program" shall mean the Department's Single Family Mortgage Purchase Program as set forth and implemented through the Program Agreement.

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

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

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

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

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

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

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

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

["Refunded Bonds" shall mean all of the Outstanding [____] Bonds.]

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

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

"Representative" shall mean [REPRESENTATIVE].

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

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

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

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

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

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

"State" shall mean the State of Texas.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 1.4 Rules of Construction.

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

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

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

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

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

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

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

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

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

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

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

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

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

[End of Article I]

ARTICLE II

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

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

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

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

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

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

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

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

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

Maturity Date	Principal Amount ($)	Interest Rate

[INSERT VARIABLE RATE PROVISIONS, AS APPLICABLE]

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

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

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

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

Section 2.6 Special Redemption.

[REDEMPTION PROVISIONS TO COME]

Section 2.7 Optional Redemption.

[REDEMPTION PROVISIONS TO COME]

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

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

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

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

(d) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the registered owner of such Series 202[4][5] [__] Bonds receives the notice.

(e) A second notice of redemption shall be given promptly after the 60th day after the redemption date in the manner required above to the registered owners of redeemed Series 202[4][5] [__] Bonds that have not been presented for payment by the 60th day after the redemption date.

(f) Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given upon mailing or being sent by facsimile to the latest known facsimile address, as applicable, whether or not the registered owner or other intended recipient thereof receives such notice.

(g) Except as specified in Section 2.6(b) and Section 2.6(c) hereof, the Series 202[4][5] [__] Bonds to be redeemed in part shall be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate. A portion of any Series 202[4][5] [__] Bond may be redeemed, but only in an Authorized Denomination. While the Series 202[4][5] [__] Bonds are held by the Bond Depository, Series 202[4][5] [__] Bonds shall be selected for redemption as described in Section 2.11 hereof.

Section 2.9 Form of Series 202[4][5] [__] Bonds.

(a) Each Series 202[4][5] [__] Bond shall be in substantially the form and tenor of Exhibit A attached hereto, which Exhibit A is incorporated herein as if fully set forth in this 202[4][5] [__] Supplemental Indenture, with such omissions, insertions, and variations as permitted or required by the Indenture. The registration certificate of the Comptroller of Public Accounts of the State of Texas and the certificate of authentication of the Trustee shall be in the form set forth in Exhibit A. The Department is hereby authorized, in its discretion, to provide for the assignment of CUSIP numbers for the Series 202[4][5] [__] Bonds and to have such CUSIP numbers printed thereon, and the Department may direct the Trustee to use such CUSIP numbers in notices of redemption, provided that any such notice may state that no representation is made by the Trustee or the Department as to the correctness of such CUSIP number either as printed on the Series 202[4][5] [__] Bonds or as contained in any notice of redemption. There may be printed on or attached to each Series 202[4][5] [__] Bond registered in the name of the Bond Depository a schedule for the purpose of notation by the Bond Depository of the portion of the principal amount thereof which shall have been paid and the portion of the principal amount thereof which remains Outstanding and unpaid.

(b) Notwithstanding the foregoing, the Initial Bond shall be in the form set forth in Exhibit A, except that the form of the single fully-registered Initial Bond shall be modified as follows:

(i) Immediately under the name of the bond issue and the legends, the existing headings shall be omitted and replaced with the following headings:

"No. TR-1 Dated Date: [CLOSING DATE] $[PRINCIPAL]

Registered Owner: [REPRESENTATIVE]

Principal Amount: [_____] MILLION DOLLARS"

(ii) The first paragraph shall be replaced with the following:

The TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (herein called the "Department"), a public and official agency of the State of Texas, organized and existing under and by virtue of the laws of the State of Texas, acknowledges itself indebted to and FOR VALUE RECEIVED, hereby promises to pay to the registered owner named above or registered assigns, but solely from the sources and in the manner hereinafter provided on the maturity date specified below, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such principal sum to the registered owner hereof in like coin or currency from the Issuance Date of this Bond or from the most recent date to which interest on this Bond (or any Bond in exchange for, or in lieu of, which this Bond was issued), has been paid at the interest rates

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

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

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

Section 2.10 Paying Agent; Method and Place of Payment.

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

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

Section 2.11 Bond Depository; Book-Entry System.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) a Favorable Opinion of Bond Counsel; and

(b) confirmation from each Rating Agency that such extension will not adversely affect the rating on the Series 202[4][5] [__] Bonds assigned by such Rating Agency.

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

[End of Article II]

ARTICLE III

FEDERAL INCOME TAX MATTERS

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

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

Section 3.3 Mortgage Eligibility Requirements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(f) Rebate Not Required in Certain Circumstances.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[End of Article III]

ARTICLE IV

MISCELLANEOUS

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

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

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

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

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

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

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

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

Section 4.9 Protection of Trust Estate.

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

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

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

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

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

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

(vi) pay all taxes or assessments levied or assessed upon the Trust Estate when due.

(b) The Department hereby designates the Trustee as its agent and attorney-in-fact to execute any financing statement, continuation statement or other instrument required pursuant to this Section 4.8; provided, however, that such designation shall not be deemed to create a duty on the Trustee to monitor the compliance of the Department with the foregoing covenants and provided further, that the duty of the Trustee to execute any instrument required pursuant to this Section 4.8 shall arise only if the Trustee has actual knowledge by notice in writing of any failure of the Department to comply with the provisions of this Section 4.8. Such power-of-attorney is coupled with an interest and is irrevocable, and the Department hereby ratifies and confirms all that the Trustee may do by virtue thereof. The Department shall be responsible for all reasonable costs incurred by the Trustee in the preparation and filing of all such continuation statements hereunder. Notwithstanding anything to the contrary contained herein or in the Indenture, the Trustee shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interest, the accuracy or sufficiency of any description of collateral in such initial filings or the filing of any modifications or amendments to the initial filings required by any amendments to Chapter 9 of the Texas Business and Commerce Code. Unless the Trustee shall have been notified in writing by the Department that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in relying on such initial filing and the information contained therein when filing any continuation statements or modifications thereto pursuant to this Section 4.9(b) or Section 1205 of the Indenture and when filing any continuation statements in the same filing offices as the initial filings were made.

Section 4.10 Notices to Department, Trustee and Paying Agent. All notices, demands and requests to be given to or made hereunder to the Department, the Trustee or the Paying Agent shall be given or made in writing and shall be deemed to be properly given or made if sent by United States certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

(a) As to the Department:

Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410
Attention: Executive Director

(b) As to the Trustee and Paying Agent:

The Bank of New York Mellon Trust Company, N.A.
4655 Salisbury Road, Suite 300
Jacksonville, Florida 32256
Attention: Richard Dillard

Section 4.11 [Investment Securities. The [NAME OF INVESTMENT AGREEMENT] by and among [INVESTMENT PROVIDER], the Department, the Texas Treasury Safekeeping Trust Company and the Trustee, dated as of the Issuance Date is hereby included as a permitted "Investment Security" with respect to the Bonds.]

Section 4.12 Compliance with Texas Government Code. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this 202[4][5] [__] Supplemental Indenture, the [____] Supplement to Depository Agreement dated as of [DOC DATE], among the Department, the Trustee and the Depository (the "Supplement to Depository Agreement") and the Continuing Disclosure Agreement dated as of [DOC DATE], between the Department and the Trustee (the "Disclosure Agreement", and together with the Supplemental Indenture, the Supplement to Depository Agreement and the Disclosure Agreement, the "Representation Documents"), and such representation is hereby incorporated by reference into each of the Representation Documents. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

https://comptroller.texas.gov/purchasing/docs/sudan-list.xlsx,
https://comptroller.texas.gov/purchasing/docs/iran-list.xlsx,
https://comptroller.texas.gov/purchasing/docs/fto-list.xlsx.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

To the extent any of the Representation Documents constitutes a contract for goods or services for which a written verification is required under Section 2274.002, Texas Government Code (as added by Senate Bill 13, 87th Texas Legislature, Regular Session) as amended, the Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and, will not boycott energy companies during the term of such Representation Document. The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or Federal law. As used in the foregoing verification, "boycott energy companies" shall have the meaning assigned to the term "boycott energy company" in Section 809.001, Texas Government Code.

To the extent any of the Representation Documents constitutes a contract for the purchase of goods or services for which a written verification is required under Section 2274.002, Texas Government Code (as added by Senate Bill 19, 87th Texas Legislature, Regular Session, "SB 19"), as amended, the Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any,

(1) do not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association; and

(2) will not discriminate during the term of the applicable Representation Document against a firearm entity or firearm trade association.

The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or Federal law. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" shall have the meaning assigned to such term in Section 2274.001(3), Texas Government Code (as added by SB 19).

As used in this Section 4.10, the Trustee understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

Section 4.13 Instructions via Electronic Means. The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions"), given pursuant to the Indenture and delivered using Electronic Means; provided, however, that the Department shall provide to the Trustee an incumbency certificate listing Authorized Representatives of the Department with the authority to provide such Instructions and containing specimen signatures of such Authorized Representative of the Department, which incumbency certificate shall be amended by the Department whenever a person is to be added or deleted from the listing. "Electronic Means" as used herein shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder. If the Department elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Department understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by or on behalf of an Authorized Representative listed on the incumbency certificate provided to the Trustee have been sent by or on behalf of such Authorized Representative. The Department shall be responsible for ensuring that only Authorized Representatives of the Department transmit or authorize the transmission of such Instructions to the Trustee and that the Department and all Authorized Representatives of the Department are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Department. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Department agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception or misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by Department; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 4.14 Letter of Instructions; Written Instructions. The Trustee may conclusively rely on any Letter of Instructions or written instructions delivered to the Trustee and shall not be responsible for any loss or liability resulting from the investment of funds or otherwise, but only so long as the Trustee follows such Letter of Instructions or written instructions in all material respects.

Section 4.15 Responsibilities of the Trustee. Notwithstanding anything to the contrary in the Indenture: (a) subject to the provisions of subsection 2 of Section 902 of the Indenture, the Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct; and (b) the Trustee may act through agents or attorneys and shall not be responsible for the misconduct or negligence of such agents or attorneys appointed with due care. Subject to the provisions of Section 902 of the Indenture, the Department further agrees, to the extent permitted by law, to indemnify and save the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to the Trustee's negligence or willful misconduct. If the Trustee renders any service hereunder not provided for in the Indenture or this 202[4][5] [__] Supplemental Indenture or related financing documents or institutes interpleader proceedings relative hereto, the Trustee shall be compensated reasonably by the Department for such extraordinary services and reimbursed for any and all claims, liabilities, losses, damages, fines, penalties, and expenses, including out of pocket

and incidental expenses and legal fees and expenses occasioned thereby. The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds. The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty.

[End of Article IV]

IN WITNESS WHEREOF, the Department and the Trustee have caused this 202[4][5] [__] Supplemental Indenture to be signed on their behalf by their duly authorized representatives, all as of the date first hereinabove written.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

By:_____
Director of Bond Finance

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By:_____
Authorized Officer

EXHIBIT A

FORM OF BOND

UNITED STATES OF AMERICA

STATE OF TEXAS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

SINGLE FAMILY MORTGAGE REVENUE BOND

202[4][5] SERIES [__]

THE ORIGINAL PRINCIPAL AMOUNT OF THIS BOND IS SUBJECT TO REDUCTION UPON PAYMENT OF AMOUNTS CAUSING A PARTIAL REDEMPTION OF THIS BOND AS PROVIDED HEREIN; THE OUTSTANDING PRINCIPAL AMOUNT OF THIS BOND WILL BE AS SHOWN ON THE REGISTRY BOOKS KEPT BY THE WITHIN-NAMED TRUSTEE

[THE STATED PRINCIPAL AMOUNT OF THIS BOND WHILE REGISTERED IN THE NAME OF THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK, OR ITS NOMINEE MAY BE REDUCED BY THE AMOUNT OF REDEMPTIONS OF ANY BONDS OR PORTIONS THEREOF][1]

No. _____ $_____

Interest Rate	Dated Date:	CUSIP:	Maturity Date:
_____%	_____	_____	_____

Registered Owner:_____

Principal Amount:_____ DOLLARS

The TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (herein called the "Department"), a public and official agency of the State of Texas, organized and existing under and by virtue of the laws of the State of Texas, acknowledges itself indebted to, and FOR VALUE RECEIVED, hereby promises to pay to the registered owner named above or registered assigns, but solely from the sources and in the manner hereinafter provided, on the maturity date specified above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such principal amount in like coin or currency from the Dated Date (as defined below) of this Bond or from the most recent date to which interest on this Bond (or any Bond in exchange for, or in lieu of, which this Bond was issued), has been paid at the interest rate per annum set forth above, calculated on the basis of a 360-day year composed of twelve 30-day months, payable [INITIAL INTEREST DATE], and [on each September 1 and March 1 thereafter][on the first day of each month, commencing [INITIAL INTEREST DATE]], and on any other date on which this Bond is subject to redemption (each, an "Interest Payment Date") to the date of maturity or earlier redemption, until the Department's obligation with respect to the payment of such principal amount shall be discharged. The principal amount or Redemption Price of this Bond shall be payable upon presentation and surrender of this Bond at the applicable office of The Bank of New York Mellon Trust Company, N.A. (such bank and any successor in such capacity being referred to as the "Trustee"). Notwithstanding the foregoing, in no event shall the cumulative amount of interest paid or payable on any Bond

[1] To be included only in bonds registered in the name of DTC or its nominees.

(including interest calculated as provided in the Indentures (as defined below), together with all other amounts that constitute interest on the Bonds under the laws of the State of Texas that are contracted for, charged, reserved, taken or received pursuant to the Indentures) through any Interest Payment Date or through the date of payment of such Bond (whether at maturity, by acceleration or upon earlier redemption) exceed the "net interest cost" that will produce a "net effective interest rate" of greater than 15% per annum or, to the extent allowed by law, such greater "net effective interest rate" as may be allowed from time to time. The terms "net interest cost" and "net effective interest rate," as used herein, shall have the respective meanings ascribed to them in Chapter 1204, Texas Government Code, as amended. This Bond shall be dated as of the date six months preceding the Interest Payment Date next following the date of authentication hereof by the Trustee, unless such date of authentication shall be an Interest Payment Date, in which case this Bond shall be dated as of such Interest Payment Date, or unless such date of authentication shall be prior to [INITIAL INTEREST DATE], in which case this Bond shall be dated as of the Issuance Date; provided that if interest on this Bond shall be in default, Bonds issued in lieu of this Bond upon surrender for transfer or exchange may be dated as of the date to which interest has been paid in full on the Bonds surrendered (herein, the "Dated Date").

This Bond is a limited obligation of the Department and is one of the Bonds of the Department designated "Single Family Mortgage Revenue [Refunding] Bonds" (herein called the "Bonds"), issued and to be issued in various series under and pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as such may be amended from time to time (together with the laws of the State of Texas applicable to the Department, collectively, the "Act"), [Chapter 1207, Texas Government Code, as amended,] and Chapter 1371, Texas Government Code, as amended, and under and pursuant to an indenture of the Department entitled "Amended and Restated Single Family Mortgage Revenue Bond Trust Indenture" dated as of June 1, 2017, which amends and restates the Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 1980, as amended and supplemented (herein called the "Indenture"), and a supplemental indenture of the Department entitled "[NUMBER] Supplemental Single Family Mortgage Revenue Bond Trust Indenture" dated as of [DOC DATE], authorizing the series of Bonds of which this Bond is a part (herein called the "Supplemental Indenture" and together with the Indenture called the "Indentures"). All defined terms used herein, but not otherwise defined, shall have the same definitions ascribed to them in the Indentures. As provided in the Indenture, Bonds may be issued from time to time pursuant to supplemental indentures in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and subject to the provisions thereof, may otherwise vary. All Bonds issued and to be issued under the Indenture are and will be equally secured by the pledges, assignments in trust and covenants made therein, except as otherwise expressly provided or permitted in the Indenture.

THE PRINCIPAL OF AND INTEREST AND PREMIUM, IF ANY, ON THIS BOND ARE LIMITED OBLIGATIONS OF THE DEPARTMENT AND ARE PAYABLE ONLY FROM REVENUES OR FUNDS OF THE DEPARTMENT PLEDGED UNDER THE INDENTURES. THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH OR CREDIT OR TAXING POWER OF THE STATE OF TEXAS. THE DEPARTMENT HAS NO TAXING POWER.

This Bond is one of a series of Bonds designated "Single Family Mortgage Revenue [Refunding] Bonds, 202[4][5] Series [__]" (herein sometimes called the "Series 202[4][5] [__] Bonds") issued in the aggregate initial principal amount of $[PRINCIPAL] under the Indentures for the purpose of [providing funds to finance the acquisition of mortgage loans through the purchase of Mortgage Certificates backed by qualified mortgage loans][refunding the Department's outstanding [____] Bonds]. Copies of the Indentures are on file at the office of the Department and at the applicable office of the Trustee and reference to the Indentures and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges, assignments in trust, and covenants securing the Bonds; the nature, extent, and manner of enforcement of such pledges, assignments in trust, and covenants; the rights and remedies of the registered owners of the Bonds with respect thereto; the terms and conditions upon which the Bonds are issued and may be issued thereunder; and other matters, to all of which the owner of this Bond assents by the acceptance of this Bond. To the extent of any conflict between the terms and provisions of the Indentures and the terms and provisions of this Bond, the Indentures shall govern and control.

The owner of this Bond shall have no right to enforce the provisions of the Indentures, or to institute any action with respect to any Event of Default (as defined in the Indenture), or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in the Indentures.

This Bond is transferable, as provided in the Indentures, only upon the books of the Department kept for that purpose at the above-mentioned office of the Trustee, by the registered owner hereof in person, or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon, a new Bond or Bonds in the same aggregate principal amount and maturity shall be issued to the transferee in exchange herefor as provided in the Indentures, and upon payment of the charges therein prescribed. The Department and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal, Redemption Price or purchase price hereof and interest due hereon and for all other purposes.

[EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURES, THIS BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF DTC OR TO A SUCCESSOR BOND DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR BOND DEPOSITORY.][2]

The Series 202[4][5] [__] Bonds are issuable only in the form of fully registered Bonds without coupons in the denomination of $[5,000] principal amount or any integral multiple thereof.

To the extent and in the manner permitted by the terms of the Indentures, the provisions of the Indentures, or any indenture amendatory thereof or supplemental thereto, may be modified or amended by the Department, with the written consent of the holders of at least 2/3 in principal amount of the Bonds of each series so affected then outstanding under the Indentures and, in case such modification or amendment would change the terms of any sinking fund installment, with such consent of the holders of at least 2/3 in principal amount of the Bonds of the particular Series and maturity entitled to such sinking fund installment then outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain outstanding under the Indentures, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of the calculation of outstanding Bonds. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds, the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee or of any paying agent without its written assent thereto.

The Series 202[4][5] [__] Bonds are subject to redemption prior to stated maturity as set forth in the Supplemental Indenture.

In lieu of redeeming Series 202[4][5] [__] Bonds, the Department has reserved the right in subsection 5 of Section 506 of the Indenture to purchase such Bonds at a price (excluding accrued interest but including any brokerage or other charges) no greater than the applicable Redemption Price of such Bonds.

The Series 202[4][5] [__] Bonds are payable upon redemption at the applicable office of the Trustee. Written notice of redemption shall be provided to the registered owner of the Bond to be redeemed as shown on the registry books of the Trustee, in the manner, at the times and upon the terms and conditions set forth in the Indentures. If notice of redemption shall have been given as aforesaid, the Series 202[4][5] [__] Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, money for the redemption of all the Bonds or portions thereof to be redeemed, together with interest to, but not including, the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

The Department reserves the right to regulate or restrict the yield or return on the investment of the moneys in any fund, account, or subaccount created under the Indentures or any supplemental indenture, if in the opinion of counsel, such regulation or restriction is necessary in order for the interest on the Bonds (other than any series of taxable Bonds issued under the Indenture) of any series issued or to be issued under the Indenture to be exempt from

[2] To be deleted from the Initial Bond.

federal income taxation.

The Act provides that neither the officers nor directors of the Department nor any person executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof.

It is hereby certified and recited that all conditions, acts, and things required by law and the Indentures to exist, to have happened, and to have been performed precedent to and in the issuance of this Bond, exist, have happened, and have been performed and that the issuance of this Bond and the series of Bonds of which it is a part are duly authorized by the laws of the State of Texas.

This Bond shall not be entitled to any benefit under the Indentures or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate or the execution by the Comptroller of Public Accounts of the State of Texas of the Comptroller's Registration Certificate hereon.

IN WITNESS WHEREOF, the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its duly authorized representative, and its corporate seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved, or otherwise reproduced and attested by the manual or facsimile signature of its Secretary.

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: _____
[Vice] Chair

Attest:

_____
Secretary

(SEAL)

[FORM OF COMPTROLLER'S REGISTRATION CERTIFICATE
ON THE INITIAL BOND]

STATE COMPTROLLER'S REGISTRATION CERTIFICATE

OFFICE OF COMPTROLLER Register No. _____

STATE OF TEXAS

I HEREBY CERTIFY that there is on file and of record in my office a certificate of the Attorney General of the State of Texas approving this Bond and certifying that this Bond and the proceedings for the issuance thereof have been examined by the Attorney General of the State of Texas as required by law, and that the Attorney General of the State of Texas finds that this Bond has been issued in accordance with law and that it is a valid and binding limited obligation of the Texas Department of Housing and Community Affairs, payable from the revenues and other funds pledged to its payment by and in the proceedings authorizing the same, and I do further certify that this Bond has this day been registered by me as Comptroller.

WITNESS MY HAND AND SEAL OF OFFICE this _____.

Comptroller of Public Accounts of
the State of Texas

(SEAL)

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION
ON EACH BOND OTHER THAN THE INITIAL BOND]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is to certify that the initial Bonds of this Series were approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this Bond is one of the Bonds delivered pursuant to the within-mentioned Indenture.

Date of Authentication:

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

By:_____
Authorized Officer

[FORM OF ASSIGNMENT]

ASSIGNMENT

For value received, the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated:

_____

NOTICE: The signature(s) on this assignment must correspond in every particular with the name(s) of the registered owner(s) appearing on the face of the within Bond.

Signature guaranteed by:

_____

NOTICE: Signature must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements will include membership or participation in STAMP or such other signature guaranty program as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT B

[[____] TRANSFERRED MORTGAGE CERTIFICATES]

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[NUMBER] SUPPLEMENTAL SINGLE FAMILY MORTGAGE
REVENUE BOND TRUST INDENTURE

AUTHORIZING

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

BETWEEN

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

AND

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

Dated as of [DOC DATE]

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[NUMBER] SUPPLEMENTAL SINGLE FAMILY
MORTGAGE REVENUE BOND TRUST INDENTURE

AUTHORIZING

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

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

RECITALS

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

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

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

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

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

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

WHEREAS, the Department has determined to issue its Single Family Mortgage Revenue [Refunding] Bonds, 202[4][5] Series [__] (Taxable) (the "Series 202[4][5] [__] Bonds") in an aggregate principal amount of $[PRINCIPAL] pursuant to the Indenture and this 202[4][5] [__] Supplemental Indenture for the purpose of [refunding its Outstanding Single Family Mortgage Revenue Bonds, [____] ([collectively,] the "Refunded Bonds")][obtaining funds to acquire Mortgage Certificates backed by Mortgage Loans secured by mortgages on residential housing in the State and occupied by persons and families of low and very low income and families of moderate income, paying lender compensation related to the 202[4][5] [__] Mortgage Loans and paying costs of issuance of the Series 202[4][5] [__] Bonds], all under and in accordance with the Constitution and laws of the State; and

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

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

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

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

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

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND PLEDGE OF SECURITY

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

Section 1.2 Definitions.

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

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

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

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

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

"Board" shall mean the Governing Board of the Department.

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

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

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

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

"Certificate Purchase Date" shall mean, with respect to a 202[4][5] [__] Mortgage Certificate, the date of purchase thereof by the Trustee on behalf of the Department in accordance with the Servicing Agreement.

"Certificate Purchase Period" shall mean the period from the Issuance Date to and including [____], but

which may be extended in accordance with Section 2.17 of this 202[4][5] [__] Supplemental Indenture.

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

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

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

"Comptroller" means the Comptroller of Public Accounts of the State of Texas.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Letter of Instructions" shall mean, with respect to the Series 202[4][5] [__] Bonds, a written directive and authorization to the Trustee or any Depository specifying the period of time for which such directive and authorization shall remain in effect, executed by two Authorized Representatives of the Department.

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

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

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

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

"Optional Redemption Date" shall mean [OPTIONAL REDEMPTION DATE].

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

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

"Paying Agent" shall mean the Trustee.

"Program" shall mean the Department's Single Family Mortgage Purchase Program as set forth and implemented through the Program Agreement.

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

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

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

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

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

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

["Refunded Bonds" shall mean all of the Outstanding [____] Bonds.]

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

"Representative" shall mean [REPRESENTATIVE]

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

"Series 202[4][5] [__] Bonds" shall mean the Department's Single Family Mortgage Revenue [Refunding] Bonds, 202[4][5] Series [__] (Taxable) to be issued under the Indenture and this 202[4][5] [__] Supplemental Indenture.

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

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

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

"State" shall mean the State of Texas.

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

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

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

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

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

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

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

"202[4][5] [__] Mortgage Loans" shall mean the Mortgage Loans allocated to proceeds of the Series 202[4][5] [__] Bonds.

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

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

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

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

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

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

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

Section 1.4 Rules of Construction.

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

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

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

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

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

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

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

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

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

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

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

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

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

[End of Article I]

ARTICLE II

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

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

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

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

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

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

(c) The Series 202[4][5] [__] Bonds shall be issued in Authorized Denominations.

(d) Unless the Department shall direct otherwise, each Series 202[4][5] [__] Bond within a maturity of the Series 202[4][5] [__] Bonds shall be lettered and numbered separately from 00001 upward prefixed by the letters R, the letter M or S depending on whether the maturity is March or September, and the last two digits of the year of maturity, provided that the Initial Bond shall be numbered TR-1.

Section 2.4 Interest Payment Dates, Interest Rates and Maturities of the Series 202[4][5] [__] Bonds. The Series 202[4][5] [__] Bonds shall bear interest from the Issuance Date until maturity or prior redemption at the respective rates per annum set forth below. Interest on the Series 202[4][5] [__] Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months, payable on each Interest Payment Date until maturity or prior redemption. The Series 202[4][5] [__] Bonds shall mature and become payable on the dates and in the respective principal amounts set forth below, subject to prior redemption in accordance with Section 2.6 and Section 2.7 of this 202[4][5] [__] Supplemental Indenture and Article IV of the Indenture.

Maturity Date	Principal Amount ($)	Interest Rate

[INSERT VARIABLE RATE PROVISIONS, AS APPLICABLE]

Section 2.5 Conditions to Issuance of Series 202[4][5] [__] Bonds. The Series 202[4][5] [__] Bonds shall be executed by the Department and, except for the Initial Bond shall be delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered by it to the Department or upon its order, but only upon receipt by the Trustee of the following (in addition to the documents required under the Indenture):

(a) *Intentionally omitted*;

(b) The amounts specified in this 202[4][5] [__] Supplemental Indenture to be deposited in the Accounts and Subaccounts as required herein; and

(c) Written confirmation from each Rating Agency that issuance of the Series 202[4][5] [__] Bonds will not cause the rating on any Outstanding Bonds (determined without regard to any bond insurance or similar credit enhancement) to be lower than Aaa by Moody's Investors Service and AA+ by S&P Global Ratings or their equivalents, as applicable.

Section 2.6 Special Redemption.

[REDEMPTION PROVISIONS TO COME]

Section 2.7 Optional Redemption.

[REDEMPTION PROVISIONS TO COME]

Section 2.8 Notice of Redemption; Selection of Series 202[4][5] [__] Bonds to Be Redeemed.

(a) The Trustee shall give notice, in the name of the Department, of the redemption of the Series 202[4][5] [__] Bonds to the holders thereof, which notice shall specify the Series 202[4][5] [__] Bonds to be redeemed, the redemption date, and the place or places where amounts due upon such redemption will be payable, and if less than all of the Series 202[4][5] [__] Bonds are to be redeemed, the letters and CUSIP numbers or other distinguishing marks, principal amounts, maturity dates and interest rates of such Series 202[4][5] [__] Bonds to be redeemed. Such notice shall further state that on such date there shall become due and payable on each Series 202[4][5] [__] Bonds to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal amount thereof in the case of Series 202[4][5] [__] Bonds to be redeemed in part only, together with interest accrued to, but not including, the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. If applicable, such notice shall provide that redemption of the Series 202[4][5] [__] Bonds is conditioned upon moneys being available for such purpose on the redemption date.

(b) The Trustee shall mail a copy of such notice by first class mail, postage prepaid, not less than 30 days prior to the redemption date, nor more than 60 days to the holders of any Series 202[4][5] [__] Bonds or portions thereof which are to be redeemed, at the address shown on the registration books maintained by the Trustee.

(c) If the Series 202[4][5] [__] Bonds are registered in the name of the nominee of the Bond Depository, the Trustee shall deliver, by overnight delivery service, facsimile or such other means as may be requested by the Bond Depository in accordance with its procedures, notice of a redemption in the manner and in substantially the form described above which will allow the Series 202[4][5] [__] Bonds to be timely redeemed on the redemption date.

(d) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the registered owner of such Series 202[4][5] [__] Bonds receives the notice.

(e) A second notice of redemption shall be given promptly after the 60th day after the redemption date in the manner required above to the registered owners of redeemed Series 202[4][5] [__] Bonds that have not been presented for payment by the 60th day after the redemption date.

(f) Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given upon mailing or being sent by facsimile to the latest known facsimile address, as applicable, whether or not the registered owner or other intended recipient thereof receives such notice.

(g) Except as specified in Section 2.6(b) and Section 2.6(c) hereof, the Series 202[4][5] [__] Bonds to be redeemed in part shall be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate. A portion of any Series 202[4][5] [__] Bond may be redeemed, but only in an Authorized Denomination. While the Series 202[4][5] [__] Bonds are held by the Bond Depository, Series 202[4][5] [__] Bonds shall be selected for redemption as described in Section 2.11 hereof.

Section 2.9 Form of Series 202[4][5] [__] Bonds.

(a) Each Series 202[4][5] [__] Bond shall be in substantially the form and tenor of Exhibit A attached hereto, which Exhibit A is incorporated herein as if fully set forth in this 202[4][5] [__] Supplemental Indenture, with such omissions, insertions, and variations as permitted or required by the Indenture. The registration certificate of the Comptroller of Public Accounts of the State of Texas and the certificate of authentication of the Trustee shall be in the form set forth in Exhibit A. The Department is hereby authorized, in its discretion, to provide for the assignment of CUSIP numbers for the Series 202[4][5] [__] Bonds and to have such CUSIP numbers printed thereon, and the Department may direct the Trustee to use such CUSIP numbers in notices of redemption, provided that any such notice may state that no representation is made by the Trustee or the Department as to the correctness of such CUSIP number either as printed on the Series 202[4][5] [__] Bonds or as contained in any notice of redemption. There may be printed on or attached to each Series 202[4][5] [__] Bond registered in the name of the Bond Depository a schedule for the purpose of notation by the Bond Depository of the portion of the principal amount thereof which shall have been paid and the portion of the principal amount thereof which remains Outstanding and unpaid.

(b) Notwithstanding the foregoing, the Initial Bond shall be in the form set forth in Exhibit A, except that the form of the single fully-registered Initial Bond shall be modified as follows:

(i) Immediately under the name of the bond issue and the legends, the existing headings shall be omitted and replaced with the following headings:

"No. TR-1 Dated Date: [CLOSING DATE] $[PRINCIPAL]

Registered Owner: [REPRESENTATIVE]

Principal Amount: [_____] MILLION DOLLARS"

(ii) The first paragraph shall be replaced with the following:

The TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (herein called the "Department"), a public and official agency of the State of Texas, organized and existing under and by virtue of the laws of the State of Texas, acknowledges itself indebted to and FOR VALUE RECEIVED, hereby promises to pay to the registered owner named above or registered assigns, but solely from the sources and in the manner hereinafter provided on the maturity date specified below, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such principal sum to the registered owner hereof in like coin or currency from the Issuance Date of this Bond or from the most recent date to which interest on this Bond (or any Bond in exchange for, or in lieu of, which this Bond was issued), has been paid at the interest rates per annum set forth below, calculated on the basis of a 360-day year composed of twelve 30-day months, payable on [INITIAL INTEREST DATE], and each September 1 and March 1 thereafter (each, an "Interest Payment Date") to the date of maturity or earlier redemption, until the Department's obligation with respect to the payment of such principal amount shall be discharged, in accordance with the following schedule:

[Insert maturity schedule from Section 2.4 of the Supplemental Indenture.]

The principal amount or Redemption Price of this Bond shall be payable upon presentation and surrender of this Bond, at the applicable office of The Bank of New York Mellon Trust Company, N.A. (such bank and any successor in such capacity being referred to as the "Trustee"). Notwithstanding the foregoing, in no event shall the cumulative amount of interest paid or payable on any Bond (including interest calculated as provided in the Indentures (as defined below), together with all other amounts that constitute interest on the Bonds under the laws of the State of Texas that are contracted for, charged, reserved, taken or received pursuant to the Indentures) through any Interest Payment Date or through the date of payment of such Bond (whether at maturity, by acceleration or upon earlier redemption) exceed the "net interest cost" that will produce a "net effective interest rate" of greater than 15% per annum or, to the extent allowed by law, such greater "net effective interest rate" as may be allowed from time to time. The terms "net interest cost" and "net effective interest rate," as used herein, shall have the respective meanings ascribed to them in Chapter 1204, Texas Government Code, as amended.

Section 2.10 Paying Agent; Method and Place of Payment.

(a) The Trustee is hereby appointed as Paying Agent for the Series 202[4][5] [__] Bonds and the Trustee hereby accepts such appointment. The Series 202[4][5] [__] Bonds shall be payable with respect to interest and principal of and the Redemption Price in any coin or currency of the United States of America which at the time is legal tender for the payment of public and private debts. The interest on each Series 202[4][5] [__] Bond shall be payable by check or draft mailed on each Interest Payment Date to the Person in whose name such Series 202[4][5] [__] Bond is registered as of the Record Date, at the address of such Person as shown on the registry books of the Department kept and maintained by the Trustee. The principal, Redemption Price of and interest on the Series 202[4][5] [__] Bonds shall also be payable at any other place that may be provided for such payment by the appointment of any other Paying Agent for the Series 202[4][5] [__] Bonds as permitted by the Indenture.

(b) Notwithstanding the foregoing, for so long as the Bond Depository is the exclusive registered owner of the Series 202[4][5] [__] Bonds and for owners of not less than $1,000,000 in aggregate principal amount of the Series 202[4][5] [__] Bonds, and except for the final payment of principal of the Series 202[4][5] [__] Bonds at maturity the principal amount, Redemption Price thereof and the interest thereon shall be payable by wire transfer in immediately available federal funds to the Bond Depository or such owners to an account in the continental United States without the necessity of any immediate presentation and surrender of Series 202[4][5] [__] Bonds pursuant to written instructions from the registered owner.

Section 2.11 Bond Depository; Book-Entry System.

(a) The Department hereby appoints The Depository Trust Company, New York, New York, as Bond Depository for the Series 202[4][5] [__] Bonds. In accordance with the Letter of Representations, the Department shall cause the initial Series 202[4][5] [__] Bonds to be registered in the name of Cede & Co., as nominee for the Bond Depository, and to be delivered to the Bond Depository on the Issuance Date.

(b) With respect to Series 202[4][5] [__] Bonds registered in the registry books of the Department required to be maintained by the Trustee pursuant to Section 308 of the Indenture in the name of Cede & Co. or any successor Bond Depository, or a nominee therefor, the Department and the Trustee shall have no responsibility or obligation to any Depository Participant or to any Person on behalf of whom such Depository Participant holds an interest in Series 202[4][5] [__] Bonds. The Department and the Trustee may treat and consider the registered owner of any Series 202[4][5] [__] Bond as the holder and absolute owner of such Series 202[4][5] [__] Bond for the purpose of payment of the principal and Redemption Price of and interest with respect to such Series 202[4][5] [__] Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 202[4][5] [__] Bond, for the purpose of registering transfers and exchanges with respect to such Series 202[4][5] [__] Bond, and for all other purposes whatsoever. The Trustee shall pay all the principal amount and Redemption Price of and interest on the Series 202[4][5] [__] Bonds only to or upon the order of the respective registered owners of the Series 202[4][5] [__] Bonds and all such payments shall be valid and effective with respect to such payments to the extent of the sum or sums so paid. The Department and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of The Depository Trust Company, any successor Bond Depository or any Depository Participant with respect to any ownership interest in Series 202[4][5] [__] Bonds, (ii) the delivery to any Depository Participant or any other Person, other than a registered owner of a Series 202[4][5] [__] Bond as shown in the registry books required to be kept and maintained pursuant to Section 308 of the Indenture, of any notice with respect to the

Series 202[4][5] [__] Bonds, including any notice of redemption, or (iii) the payment to any Depository Participant or any other Person, other than a registered owner of a Series 202[4][5] [__] Bond, of any amount with respect to any Series 202[4][5] [__] Bond. The rights of Depository Participants and Persons on behalf of whom any Depository Participant holds a beneficial interest in Series 202[4][5] [__] Bonds shall be limited to those established by law and agreements between such Depository Participants and other Persons and the applicable Bond Depository.

(c) In the event that either (i) the Bond Depository that is, directly or through a nominee, the registered owner of all of the Outstanding Series 202[4][5] [__] Bonds notifies the Trustee and the Department that it is no longer willing or able to discharge its responsibilities as a Bond Depository or (ii) the Department determines that continuance of the existing book-entry system for ownership of interests in the Series 202[4][5] [__] Bonds is not in the best interest of such owners of beneficial interests in the Series 202[4][5] [__] Bonds, then the Department shall direct the Bond Depository to terminate the existing book-entry system for ownership of interests in the Series 202[4][5] [__] Bonds. Upon such termination, the Department shall promptly select a substitute Bond Depository (and shall notify the Trustee in writing of such selection) to provide a system of book-entry ownership of beneficial interests in the Series 202[4][5] [__] Bonds, if one is available satisfactory to the Department, and the ownership of all Series 202[4][5] [__] Bonds shall be transferred on the registry books required to be kept and maintained pursuant to Section 308 of the Indenture to such successor Bond Depository, or its nominee. In the alternative, the Department may direct the Trustee, in writing, to, and if the Department fails to promptly designate a successor Bond Depository the Trustee, without further direction, shall, notify the Depository Participants, through the Bond Depository for the Series 202[4][5] [__] Bonds, of the availability of Bonds registered in the names of such Persons as are owners of beneficial interests in the Series 202[4][5] [__] Bonds and, upon surrender to the Trustee of the Outstanding Series 202[4][5] [__] Bonds held by the Bond Depository, accompanied by registration instructions from the Bond Depository, the Trustee shall, at the expense of the transferees, cause to be printed and authenticated Series 202[4][5] [__] Bonds, in Authorized Denominations, to the owners of beneficial interests in the Series 202[4][5] [__] Bonds as of the date of the termination of the existing book-entry ownership system for the Series 202[4][5] [__] Bonds. Neither the Department nor the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying upon, such instructions. So long as the Department has designated a Bond Depository to provide a system of book-entry ownership of the Series 202[4][5] [__] Bonds, all of the Series 202[4][5] [__] Bonds must be held under such book-entry system. Prior to any transfer of the Series 202[4][5] [__] Bonds outside the Book-Entry Only system (including, but not limited to, the initial transfer outside the Book-Entry Only system) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

(d) Notwithstanding any other provisions in Article II of this 202[4][5] [__] Supplemental Indenture, the Department and the Trustee may, but shall not be required to, enter into separate agreements with one or more Bond Depositories which may provide for alternative or additional provisions with respect to the delivery of notices, payment of interest and/or principal, or any other matters.

Section 2.12 Creation of Additional Funds, Accounts and Subaccounts and Application Thereof.

(a) Pursuant to the provisions of subsection 4 of Section 713 of the Indenture, there is established by this Section 2.12, for the Series 202[4][5] [__] Bonds, an Account in each Fund and a Subaccount in each Account established by Section 502 of the Indenture. Each such Account and Subaccount shall be known and designated as the 202[4][5] [__] Account or Subaccount followed by the appropriate reference to the Fund or the Account within the Fund to which such Account or Subaccount relates. In addition, there are hereby established for the Series 202[4][5] [__] Bonds the following additional Funds, Accounts and Subaccounts:

(i) (A) within the Mortgage Loan Fund, (1) a temporary Account to be known and designated as the 202[4][5] [__] Proceeds Account, and (2) a temporary Account to be known and designated as the 202[4][5] [__] Costs of Issuance Account, and (B) within the 202[4][5] [__] Mortgage Loan Account, the 202[4][5] [__] Administrative Subaccount;

(ii) within the 202[4][5] [__] Revenue Account, a 202[4][5] [__] Capitalized Interest Subaccount; and

(iii) within the Expense Fund held by the Department, an additional Account designated as the 202[4][5] [__] Rebate Account.

(b) Unless an Event of Default shall have occurred and be continuing, Revenues from the 202[4][5] [__] Mortgage Certificates or from the investment or reinvestment of moneys on deposit in each Account or Subaccount for the Series 202[4][5] [__] Bonds shall be kept separate and apart from the Revenues attributable to other Mortgage Loans or other Mortgage Certificates or attributable to the investment and reinvestment of the moneys on deposit under the Indenture with respect to any other Series. The Accounts and Subaccounts described in this Section shall be for the equal benefit of the Holders of all of the Bonds. The segregation of the Accounts and Subaccounts as required by this Section 2.12 is for the purpose of making the calculations required by Sections 143(g) and 148 of the Code, and is not for the purpose of giving a priority or preference to the Bonds of one Series over that of another Series. Except as provided in this Section, the Revenues and proceeds of a Series shall continue to be used as provided in Article V of the Indenture.

(c) The Costs of Issuance incurred by the Department in connection with the issuance of the Series 202[4][5] [__] Bonds shall be payable from amounts deposited in the 202[4][5] [__] Costs of Issuance Account.

(d) Deposits to and Transfers from the 202[4][5] [__] Revenue Account.

(i) In accordance with Section 504 of the Indenture, all payments received with respect to the 202[4][5] [__] Mortgage Certificates shall be deposited in the 202[4][5] [__] Revenue Account.

(ii) Pursuant to subsection 2 of Section 505 of the Indenture, the Trustee shall transfer from the Revenue Fund amounts on deposit therein in the following order of priority:

(1) First, on each Interest Payment Date or any other date for the redemption of the Series 202[4][5] [__] Bonds, to the 202[4][5] [__] Interest Subaccount, to the extent required so that the balance in said account equals the amount of interest which will be due and payable on the Series 202[4][5] [__] Bonds on such Interest Payment Date or redemption date;

(2) Second, monthly, upon receipt of Mortgage Loan Principal Payments, to the 202[4][5] [__] Principal Subaccount, one-sixth of the amount required to pay maturing principal and the unsatisfied balance of any Sinking Fund Installment on any Series 202[4][5] [__] Bonds on the next Interest Payment Date; [and]

(3) Third, monthly, upon receipt of Mortgage Loan Principal Payments, to the 202[4][5] [__] Redemption Subaccount, any remaining Mortgage Loan Principal Payments to be applied monthly to the redemption of Series 202[4][5] [__] Bonds pursuant to Section 2.6(b) hereof.

(iii) On or after each Interest Payment Date and pursuant to a Letter of Instructions, the Trustee shall transfer to the 202[4][5] [__] Redemption Subaccount from the 202[4][5] [__] Revenue Account the amount in such Account after taking into account (1) the provision for payment of Debt Service on the Series 202[4][5] [__] Bonds on such Interest Payment Date, (2) the required transfers of the amounts to the 202[4][5] [__] Redemption Subaccount and the 202[4][5] [__] Principal Subaccount pursuant to Section 2.12(d)(ii) of this 202[4][5] [__] Supplemental Indenture, and (3) the payment of Department Expenses in accordance with subsection 1 of Section 505 of the Indenture, and such excess revenues shall be used to redeem Series 202[4][5] [__] Bonds in accordance with Section 2.6(c) hereof.

Section 2.13 Initial Deposits and Transfers into Accounts and Subaccounts. The proceeds of the Series 202[4][5] [__] Bonds initially shall be deposited by the Trustee in the 202[4][5] [__] Proceeds Account. There shall be deposited, out of the proceeds of the Series 202[4][5] [__] Bonds, the amounts specified in the Letter of Instructions to the Trustee authorizing the authentication and delivery of the Series 202[4][5] [__] Bonds, into the Funds, Accounts and Subaccounts specified therein. After completion of such transfers, the 202[4][5] [__] Proceeds Fund shall be closed. After payment of all costs, any funds remaining in the 202[4][5] [__] Costs of Issuance Account shall be transferred to the Surplus Revenues Account pursuant to a Letter of Instructions.

Section 2.14 Transfer of and Representations and Covenants Relating to [_____] Transferred Mortgage Certificates. All [_____] Transferred Mortgage Certificates are hereby allocated to the [_____] Mortgage Loan Account. The Department represents and covenants that each of the [_____] Transferred Mortgage Certificates is a Mortgage Loan that, at the date of acquisition, met the requirements set forth in Section 705 of the Indenture.

Section 2.15 Reserved.

Section 2.16 202[4][5] [__] Mortgage Loan Account. The 202[4][5] [__] Mortgage Loan Account established pursuant to Section 2.12(a) hereof shall be credited with all amounts deposited therein from whatever source. The amounts in such Account shall be used to purchase, on each Certificate Purchase Date within the Certificate Purchase Period, 202[4][5] [__] Mortgage Certificates. On [____], unless the Certificate Purchase Period is extended in accordance with Section 2.17 hereof, unexpended proceeds of the Series 202[4][5] [__] Bonds shall be transferred from the 202[4][5] [__] Mortgage Loan Account to the 202[4][5] [__] Redemption Subaccount in accordance with Section 2.6(a) hereof.

Section 2.17 202[4][5] [__] Mortgage Certificate Acquisition.

(a) As instructed by the Department, the Trustee shall use amounts on deposit in the 202[4][5] [__] Mortgage Loan Account to acquire the 202[4][5] [__] Mortgage Certificates as more particularly described in a Letter of Instructions.

(b) The purchase of the 202[4][5] [__] Mortgage Loans shall be accomplished through the purchase of Ginnie Mae Certificates in accordance with the Program Agreement, and no 202[4][5] [__] Mortgage Loan shall be eligible for purchase unless it has been included in a Mortgage Pool and the beneficial ownership thereof is represented by a 202[4][5] [__] Mortgage Certificate. Following the purchase of any 202[4][5] [__] Mortgage Certificate, all payments received by the Trustee with respect thereto shall be deemed to be payments of principal and interest with respect to the 202[4][5] [__] Mortgage Loans included in the Mortgage Pool pertaining to such 202[4][5] [__] Mortgage Certificate.

(c) On each applicable Certificate Purchase Date, the Trustee shall purchase Ginnie Mae Certificates at the Ginnie Mae Certificates Purchase Price, from amounts available in the 202[4][5] [__] Mortgage Loan Account in accordance with this subsection (c) unless otherwise instructed by the Department in a Letter of Instructions.

(d) Each 202[4][5] [__] Mortgage Certificate purchased shall bear interest at the applicable Pass-Through Rate. Ginnie Mae Certificates shall be accepted by the Trustee only if:

(i) The Ginnie Mae Certificates acquired by the Trustee on behalf of the Department shall be held at all times by the Trustee in trust for the benefit of the Bondholders and shall be registered in the name of the Trustee or its nominee or credited to the account of the Trustee at a clearing corporation as defined under and pursuant to the Uniform Commercial Code applicable to such corporation, which corporation shall be registered as a "Clearing Agency" pursuant to Section 17A of the Securities Exchange Act of 1934, as amended. For a Ginnie Mae Certificate that is in the form of a book-entry maintained on the records of the Participants Trust Corporation, or any successor depository institution ("PTC") ("Book Entry Security"), the Trustee shall receive confirmation from PTC that PTC has made an appropriate entry in its records of the transfer of such Book Entry Security to a limited purpose account of the PTC Participant (defined below), and identifying such Book Entry Security as belonging to the Trustee, so that the Trustee at all times has a first priority perfected security interest in such Ginnie Mae Certificates. The "PTC Participant" (if not the Trustee) shall be a "financial intermediary" (as defined in Section 8-313 of the Uniform Commercial Code as in effect in the state in which the Book Entry Security is deposited) which is a participant in PTC and which has a custody agreement with the Trustee with respect to the Ginnie Mae Certificate to be transferred as Book Entry Securities through PTC. In the custody agreement, the PTC Participant must agree (w) to act as agent of the Trustee for purposes of causing, upon instructions of the Trustee, the transfer of Book Entry Securities to the PTC account of the PTC Participant, (x) to issue to the Trustee confirmation of the transfer of each Book Entry Security to the PTC Participant, (y) to identify each such Book Entry Security in its records as belonging to the Trustee, and (z) to accept instructions only from the Trustee with respect to the transfer of such Book Entry Securities. The Ginnie Mae Certificate shall be identified on the records of the

PTC Participant as being held by such PTC Participant solely and exclusively for the benefit of the Trustee. The PTC Participant shall send a confirmation to the Trustee of such transfer of the Ginnie Mae Certificate to the PTC Participant. The PTC Participant shall cause each Book Entry Security to be transferred to and held in a Limited Purpose Account (or such other account as may be created or identified in the PTC Rules (the "Rules") in which PTC does not have any lien on any Book Entry Security held therein). The Trustee shall have evidence that (xx) the receiving PTC Participant has delivered to PTC an irrevocable instruction to the effect that all fees arising in connection with the specified Limited Purpose Account are to be charged to another account maintained by PTC for the receiving PTC Participant, and (yy) PTC has delivered a certificate to the receiving PTC Participant to the effect that, based on the instruction regarding payment of PTC fees, PTC will not charge the specified Limited Purpose Account for so long as the instruction remains in effect. If the Trustee does not receive a payment or advice of payment on a Ginnie Mae Certificate when due (if the Ginnie Mae Certificates are held by the Trustee, on the fifteenth day of each month with regard to Ginnie Mae I Certificates and twentieth day of each month with regard to Ginnie Mae II Certificates and if the Ginnie Mae Certificates are held by PTC, on the seventeenth day of each month with regard to Ginnie Mae I Certificates and twenty-second day of each month with regard to Ginnie Mae II Certificates), the Trustee shall promptly telephonically notify, and demand payment from Ginnie Mae, in the case of Ginnie Mae I Certificates, or Chemical Bank as paying agent for Ginnie Mae in the case of Ginnie Mae II Certificates. To the extent the Ginnie Mae Certificates are subject to book-entry transfer, the Trustee shall so notify PTC. Notwithstanding the foregoing, the Trustee shall comply with such procedures as are prescribed by Ginnie Mae from time to time; and

(ii) Sufficient amounts are available in the appropriate Accounts to pay the applicable Ginnie Mae Certificate Purchase Price.

Section 2.18 Transfer of Unexpended Proceeds. Upon receipt by the Trustee of a certification from the Department as described in Section 2.6(a) hereof, the Trustee shall transfer the amounts set forth in such certification to the 202[4][5] [__] Redemption Subaccount to redeem Series 202[4][5] [__] Bonds pursuant to Section 2.6(a) hereof. Any amounts in the 202[4][5] [__] Mortgage Loan Account remaining unexpended for acquisition of 202[4][5] [__] Mortgage Certificates on the last day of the Certificate Purchase Period (or such earlier date as directed in writing by the Department), as such date may be extended as provided herein, shall be transferred to the 202[4][5] [__] Redemption Subaccount and applied to the redemption of Series 202[4][5] [__] Bonds pursuant to Section 2.6(a) hereof. The Certificate Purchase Period for amounts in the 202[4][5] [__] Mortgage Loan Account may be extended to a date certain as set out in a Letter of Instructions to the Trustee upon delivery to the Trustee no later than 30 days prior to the last day of the then existing Certificate Purchase Period of the following:

(a) *Intentionally omitted*; and

(b) confirmation from each Rating Agency that such extension will not adversely affect the rating on the Series 202[4][5] [__] Bonds assigned by such Rating Agency.

The Department shall provide written notice to the Servicer at least thirty (30) days prior to the last day of the then existing Certificate Purchase Period of any such proposed extension of the Certificate Purchase Period.

[End of Article II]

ARTICLE III

RESERVED

[End of Article III]

ARTICLE IV

MISCELLANEOUS

Section 4.1 Sale of Series 202[4][5] [__] Bonds. The Series 202[4][5] [__] Bonds authorized to be issued herein in the aggregate principal amount of $[PRINCIPAL] shall be sold to the Underwriters at an aggregate purchase price $[_____] (representing the par amount of the Series 202[4][5] [__] Bonds, plus a premium in the amount of $[_____]), on the terms and conditions set forth in the Purchase Agreement, and upon the basis of the representations therein set forth.

Section 4.2 Certain Duties of the Department. The Department covenants that, in addition to such other duties as may be required under the Indenture and this 202[4][5] [__] Supplemental Indenture the Department will not voluntarily take any action or fail to take any action that will impair the ability of the Department to satisfy the Asset Test set forth in the Indenture during any period in which the Series 202[4][5] [__] Bonds remain Outstanding. [Prior to an Event of Default and so long as the Series 202[4][5] [__] Bonds remain Outstanding, the Department will not use Mortgage Loan Principal Payments on the [____] Transferred Mortgage Certificates for the purpose of paying Department Expenses.]

Section 4.3 No Recourse on Series 202[4][5] [__] Bonds. No recourse shall be had for payment of the principal or Redemption Price of or interest on the Series 202[4][5] [__] Bonds or for any claim based thereon or on this 202[4][5] [__] Supplemental Indenture against any Board member, officer or employee of the Department or the Trustee or any person executing or authenticating the Series 202[4][5] [__] Bonds, and neither the Board members, officers or employees of the Department or the Trustee nor any person executing or authenticating the Series 202[4][5] [__] Bonds shall be liable personally on the Series 202[4][5] [__] Bonds by reason of the issuance thereof.

Section 4.4 [Redemption of Refunded Bonds. The Department has instructed the Trustee to redeem the Refunded Bonds.]

Section 4.5 Continuing Disclosure Relating to Other Obligated Persons. The Board hereby determines that an Other Obligated Person would be an "obligated person" (as defined in Rule 15c2-12 (the "Rule")), for whom financial information and operating data would be presented in any final official statement relating to the Series 202[4][5] [__] Bonds had such Person been known at the time of the offering thereof. Based upon the objective criteria specified in the definition of Other Obligated Person, the Board concludes that no Borrower eligible to participate in the Program would be an Other Obligated Person.

Section 4.6 Agreement Regarding Assumption of Certain Home Loans. The Board agrees not to permit the assumption of any Mortgage Loan that would cause any Person to become an Other Obligated Person.

Section 4.7 Execution in Several Counterparts. This 202[4][5] [__] Supplemental Indenture may be simultaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

Section 4.8 [Sale of [____] Transferred Mortgage Certificates. Notwithstanding any other provision of the Indenture, the Department may sell the [____] Transferred Mortgage Certificates in whole or in part only upon delivery by the Department of written confirmation from each Rating Agency that such sale will not adversely affect the then current ratings on the Bonds (determined without regard to any bond insurance or similar credit enhancement).]

Section 4.9 Protection of Trust Estate.

(a) At the request of the Trustee, the Department will from time to time execute and deliver all such supplements and amendments hereto and all such financing statements, continuation statements, instruments of further assurance and other instruments, and will take such other action as may be necessary or advisable to:

(i) grant more effectively all or any portion of the Trust Estate;

(ii) maintain or preserve the lien of the Indenture and this 202[4][5] [__] Supplemental Indenture or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by the Indenture or this 202[4][5] [__] Supplemental Indenture;

(iv) enforce any of the documents executed in connection with this 202[4][5] [__] Supplemental Indenture;

(v) preserve and defend title to the Trust Estate and the rights of Trustee and of owners of the Series 202[4][5] [__] Bonds in the other property held as part of the Trust Estate against the claims of all Persons and parties; or

(vi) pay all taxes or assessments levied or assessed upon the Trust Estate when due.

(b) The Department hereby designates the Trustee as its agent and attorney-in-fact to execute any financing statement, continuation statement or other instrument required pursuant to this Section 4.8; provided, however, that such designation shall not be deemed to create a duty on the Trustee to monitor the compliance of the Department with the foregoing covenants and provided further, that the duty of the Trustee to execute any instrument required pursuant to this Section 4.8 shall arise only if the Trustee has actual knowledge by notice in writing of any failure of the Department to comply with the provisions of this Section 4.8. Such power-of-attorney is coupled with an interest and is irrevocable, and the Department hereby ratifies and confirms all that the Trustee may do by virtue thereof. The Department shall be responsible for all reasonable costs incurred by the Trustee in the preparation and filing of all such continuation statements hereunder. Notwithstanding anything to the contrary contained herein or in the Indenture, the Trustee shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interest, the accuracy or sufficiency of any description of collateral in such initial filings or the filing of any modifications or amendments to the initial filings required by any amendments to Chapter 9 of the Texas Business and Commerce Code. Unless the Trustee shall have been notified in writing by the Department that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in relying on such initial filing and the information contained therein when filing any continuation statements or modifications thereto pursuant to this Section 4.9(b) or Section 1205 of the Indenture and when filing any continuation statements in the same filing offices as the initial filings were made.

Section 4.10 Notices to Department, Trustee and Paying Agent. All notices, demands and requests to be given to or made hereunder to the Department, the Trustee or the Paying Agent shall be given or made in writing and shall be deemed to be properly given or made if sent by United States certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

(a) As to the Department:

Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410
Attention: Executive Director

(b) As to the Trustee and Paying Agent:

The Bank of New York Mellon Trust Company, N.A.
4655 Salisbury Road, Suite 300
Jacksonville, Florida 32256
Attention: Richard Dillard

Section 4.11 [Investment Securities. The [NAME OF INVESTMENT AGREEMENT] by and among [INVESTMENT PROVIDER], the Department, the Texas Treasury Safekeeping Trust Company and the Trustee, dated as of the Issuance Date is hereby included as a permitted "Investment Security" with respect to the Bonds.]

Section 4.12 Compliance with Texas Government Code. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this 202[4][5] [__] Supplemental Indenture, the [____] Supplement to Depository Agreement dated as of [DOC DATE], among the Department, the Trustee and the Depository (the "Supplement to Depository Agreement") and the Continuing Disclosure Agreement dated as of [DOC DATE], between the Department and the Trustee (the "Disclosure Agreement", and together with the Supplemental Indenture, the Supplement to Depository Agreement and the Disclosure Agreement, the "Representation Documents"), and such representation is hereby incorporated by reference into each of the Representation Documents. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

https://comptroller.texas.gov/purchasing/docs/sudan-list.xlsx,
https://comptroller.texas.gov/purchasing/docs/iran-list.xlsx,
https://comptroller.texas.gov/purchasing/docs/fto-list.xlsx.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

To the extent any of the Representation Documents constitutes a contract for goods or services for which a written verification is required under Section 2274.002, Texas Government Code (as added by Senate Bill 13, 87th Texas Legislature, Regular Session) as amended, the Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and, will not boycott energy companies during the term of such Representation Document. The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or Federal law. As used in the foregoing verification, "boycott energy companies" shall have the meaning assigned to the term "boycott energy company" in Section 809.001, Texas Government Code.

To the extent any of the Representation Documents constitutes a contract for the purchase of goods or services for which a written verification is required under Section 2274.002, Texas Government Code (as added by Senate Bill 19, 87th Texas Legislature, Regular Session, "SB 19"), as amended, the Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any,

(1) do not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association; and

(2) will not discriminate during the term of the applicable Representation Document against a firearm entity or firearm trade association.

The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or Federal law. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" shall have the meaning assigned to such term in Section 2274.001(3), Texas Government Code (as added by SB 19).

As used in this Section 4.10, the Trustee understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

Section 4.13 Instructions via Electronic Means. The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions"), given pursuant to the Indenture and delivered using Electronic Means; provided, however, that the Department shall provide to the Trustee an incumbency certificate listing Authorized Representatives of the Department with the authority to provide such Instructions and containing specimen signatures of such Authorized Representative of the Department, which incumbency certificate shall be amended by the Department whenever a person is to be added or deleted from the listing. "Electronic Means" as used herein shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder. If the Department elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Department understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by or on behalf of an Authorized Representative listed on the incumbency certificate provided to the Trustee have been sent by or on behalf of such Authorized Representative. The Department shall be responsible for ensuring that only Authorized Representatives of the Department transmit or authorize the transmission of such Instructions to the Trustee and that the Department and all Authorized Representatives of the Department are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Department. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Department agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception or misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by Department; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 4.14 Letter of Instructions; Written Instructions. The Trustee may conclusively rely on any Letter of Instructions or written instructions delivered to the Trustee and shall not be responsible for any loss or liability resulting from the investment of funds or otherwise, but only so long as the Trustee follows such Letter of Instructions or written instructions in all material respects.

Section 4.15 Responsibilities of the Trustee. Notwithstanding anything to the contrary in the Indenture: (a) subject to the provisions of subsection 2 of Section 902 of the Indenture, the Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct; and (b) the Trustee may act through agents or attorneys and shall not be responsible for the misconduct or negligence of such agents or attorneys appointed with due care. Subject to the provisions of Section 902 of the Indenture, the Department further agrees, to the extent permitted by law, to indemnify and save the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to the Trustee's negligence or willful misconduct. If the Trustee renders any service hereunder not provided for in the Indenture or this 202[4][5] [__] Supplemental Indenture or related financing documents or institutes interpleader proceedings relative hereto, the Trustee shall be compensated reasonably by the Department for such extraordinary services and reimbursed for any and all claims, liabilities, losses, damages, fines, penalties, and expenses, including out of pocket

and incidental expenses and legal fees and expenses occasioned thereby. The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds. The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty.

[End of Article IV]

IN WITNESS WHEREOF, the Department and the Trustee have caused this 202[4][5] [__] Supplemental Indenture to be signed on their behalf by their duly authorized representatives, all as of the date first hereinabove written.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

By:_____
Director of Bond Finance

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By:_____
Authorized Officer

EXHIBIT A

FORM OF BOND

UNITED STATES OF AMERICA

STATE OF TEXAS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

SINGLE FAMILY MORTGAGE REVENUE BOND

202[4][5] SERIES [__] (Taxable)

THE ORIGINAL PRINCIPAL AMOUNT OF THIS BOND IS SUBJECT TO REDUCTION UPON PAYMENT OF AMOUNTS CAUSING A PARTIAL REDEMPTION OF THIS BOND AS PROVIDED HEREIN; THE OUTSTANDING PRINCIPAL AMOUNT OF THIS BOND WILL BE AS SHOWN ON THE REGISTRY BOOKS KEPT BY THE WITHIN-NAMED TRUSTEE

[THE STATED PRINCIPAL AMOUNT OF THIS BOND WHILE REGISTERED IN THE NAME OF THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK, OR ITS NOMINEE MAY BE REDUCED BY THE AMOUNT OF REDEMPTIONS OF ANY BONDS OR PORTIONS THEREOF][1]

No. _____ $_____

Interest Rate	Dated Date:	CUSIP:	Maturity Date:
_____%	_____	_____	_____

Registered Owner:_____

Principal Amount:_____ DOLLARS

The TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (herein called the "Department"), a public and official agency of the State of Texas, organized and existing under and by virtue of the laws of the State of Texas, acknowledges itself indebted to, and FOR VALUE RECEIVED, hereby promises to pay to the registered owner named above or registered assigns, but solely from the sources and in the manner hereinafter provided, on the maturity date specified above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such principal amount in like coin or currency from the Dated Date (as defined below) of this Bond or from the most recent date to which interest on this Bond (or any Bond in exchange for, or in lieu of, which this Bond was issued), has been paid at the interest rate per annum set forth above, calculated on the basis of a 360-day year composed of twelve 30-day months, payable [INITIAL INTEREST DATE], and [on each September 1 and March 1 thereafter][on the first day of each month, commencing [INITIAL INTEREST DATE]], and on any other date on which this Bond is subject to redemption (each, an "Interest Payment Date") to the date of maturity or earlier redemption, until the Department's obligation with respect to the payment of such principal amount shall be discharged. The principal amount or Redemption Price of this Bond shall be payable upon presentation and surrender of this Bond at the applicable office of The Bank of New York Mellon Trust Company, N.A. (such bank and any successor in such capacity being referred to as the "Trustee"). Notwithstanding the foregoing, in no event shall the cumulative amount of interest paid or payable on any Bond

[1] To be included only in bonds registered in the name of DTC or its nominees.

(including interest calculated as provided in the Indentures (as defined below), together with all other amounts that constitute interest on the Bonds under the laws of the State of Texas that are contracted for, charged, reserved, taken or received pursuant to the Indentures) through any Interest Payment Date or through the date of payment of such Bond (whether at maturity, by acceleration or upon earlier redemption) exceed the "net interest cost" that will produce a "net effective interest rate" of greater than 15% per annum or, to the extent allowed by law, such greater "net effective interest rate" as may be allowed from time to time. The terms "net interest cost" and "net effective interest rate," as used herein, shall have the respective meanings ascribed to them in Chapter 1204, Texas Government Code, as amended. This Bond shall be dated as of the date six months preceding the Interest Payment Date next following the date of authentication hereof by the Trustee, unless such date of authentication shall be an Interest Payment Date, in which case this Bond shall be dated as of such Interest Payment Date, or unless such date of authentication shall be prior to [INITIAL INTEREST DATE], in which case this Bond shall be dated as of the Issuance Date; provided that if interest on this Bond shall be in default, Bonds issued in lieu of this Bond upon surrender for transfer or exchange may be dated as of the date to which interest has been paid in full on the Bonds surrendered (herein, the "Dated Date").

This Bond is a limited obligation of the Department and is one of the Bonds of the Department designated "Single Family Mortgage Revenue [Refunding] Bonds" (herein called the "Bonds"), issued and to be issued in various series under and pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as such may be amended from time to time (together with the laws of the State of Texas applicable to the Department, collectively, the "Act"), [Chapter 1207, Texas Government Code, as amended,] and Chapter 1371, Texas Government Code, as amended, and under and pursuant to an indenture of the Department entitled "Amended and Restated Single Family Mortgage Revenue Bond Trust Indenture" dated as of June 1, 2017, which amends and restates the Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 1980, as amended and supplemented (herein called the "Indenture"), and a supplemental indenture of the Department entitled "[NUMBER] Supplemental Single Family Mortgage Revenue Bond Trust Indenture" dated as of [DOC DATE], authorizing the series of Bonds of which this Bond is a part (herein called the "Supplemental Indenture" and together with the Indenture called the "Indentures"). All defined terms used herein, but not otherwise defined, shall have the same definitions ascribed to them in the Indentures. As provided in the Indenture, Bonds may be issued from time to time pursuant to supplemental indentures in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and subject to the provisions thereof, may otherwise vary. All Bonds issued and to be issued under the Indenture are and will be equally secured by the pledges, assignments in trust and covenants made therein, except as otherwise expressly provided or permitted in the Indenture.

THE PRINCIPAL OF AND INTEREST AND PREMIUM, IF ANY, ON THIS BOND ARE LIMITED OBLIGATIONS OF THE DEPARTMENT AND ARE PAYABLE ONLY FROM REVENUES OR FUNDS OF THE DEPARTMENT PLEDGED UNDER THE INDENTURES. THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH OR CREDIT OR TAXING POWER OF THE STATE OF TEXAS. THE DEPARTMENT HAS NO TAXING POWER.

This Bond is one of a series of Bonds designated "Single Family Mortgage Revenue [Refunding] Bonds, 202[4][5] Series [__] (Taxable)" (herein sometimes called the "Series 202[4][5] [__] Bonds") issued in the aggregate initial principal amount of $[PRINCIPAL] under the Indentures for the purpose of [providing funds to finance the acquisition of mortgage loans through the purchase of Mortgage Certificates backed by qualified mortgage loans][refunding the Department's outstanding [____] Bonds]. Copies of the Indentures are on file at the office of the Department and at the applicable office of the Trustee and reference to the Indentures and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges, assignments in trust, and covenants securing the Bonds; the nature, extent, and manner of enforcement of such pledges, assignments in trust, and covenants; the rights and remedies of the registered owners of the Bonds with respect thereto; the terms and conditions upon which the Bonds are issued and may be issued thereunder; and other matters, to all of which the owner of this Bond assents by the acceptance of this Bond. To the extent of any conflict between the terms and provisions of the Indentures and the terms and provisions of this Bond, the Indentures shall govern and control.

The owner of this Bond shall have no right to enforce the provisions of the Indentures, or to institute any action with respect to any Event of Default (as defined in the Indenture), or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in the Indentures.

This Bond is transferable, as provided in the Indentures, only upon the books of the Department kept for that purpose at the above-mentioned office of the Trustee, by the registered owner hereof in person, or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon, a new Bond or Bonds in the same aggregate principal amount and maturity shall be issued to the transferee in exchange herefor as provided in the Indentures, and upon payment of the charges therein prescribed. The Department and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal, Redemption Price or purchase price hereof and interest due hereon and for all other purposes.

[EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURES, THIS BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF DTC OR TO A SUCCESSOR BOND DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR BOND DEPOSITORY.][2]

The Series 202[4][5] [__] Bonds are issuable only in the form of fully registered Bonds without coupons in the denomination of $[5,000] principal amount or any integral multiple thereof.

To the extent and in the manner permitted by the terms of the Indentures, the provisions of the Indentures, or any indenture amendatory thereof or supplemental thereto, may be modified or amended by the Department, with the written consent of the holders of at least 2/3 in principal amount of the Bonds of each series so affected then outstanding under the Indentures and, in case such modification or amendment would change the terms of any sinking fund installment, with such consent of the holders of at least 2/3 in principal amount of the Bonds of the particular Series and maturity entitled to such sinking fund installment then outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain outstanding under the Indentures, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of the calculation of outstanding Bonds. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds, the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee or of any paying agent without its written assent thereto.

The Series 202[4][5] [__] Bonds are subject to redemption prior to stated maturity as set forth in the Supplemental Indenture.

In lieu of redeeming Series 202[4][5] [__] Bonds, the Department has reserved the right in subsection 5 of Section 506 of the Indenture to purchase such Bonds at a price (excluding accrued interest but including any brokerage or other charges) no greater than the applicable Redemption Price of such Bonds.

The Series 202[4][5] [__] Bonds are payable upon redemption at the applicable office of the Trustee. Written notice of redemption shall be provided to the registered owner of the Bond to be redeemed as shown on the registry books of the Trustee, in the manner, at the times and upon the terms and conditions set forth in the Indentures. If notice of redemption shall have been given as aforesaid, the Series 202[4][5] [__] Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, money for the redemption of all the Bonds or portions thereof to be redeemed, together with interest to, but not including, the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

The Department reserves the right to regulate or restrict the yield or return on the investment of the moneys in any fund, account, or subaccount created under the Indentures or any supplemental indenture, if in the opinion of counsel, such regulation or restriction is necessary in order for the interest on the Bonds (other than any series of taxable Bonds issued under the Indenture) of any series issued or to be issued under the Indenture to be exempt from

[2] To be deleted from the Initial Bond.

federal income taxation.

The Act provides that neither the officers nor directors of the Department nor any person executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof.

It is hereby certified and recited that all conditions, acts, and things required by law and the Indentures to exist, to have happened, and to have been performed precedent to and in the issuance of this Bond, exist, have happened, and have been performed and that the issuance of this Bond and the series of Bonds of which it is a part are duly authorized by the laws of the State of Texas.

This Bond shall not be entitled to any benefit under the Indentures or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate or the execution by the Comptroller of Public Accounts of the State of Texas of the Comptroller's Registration Certificate hereon.

IN WITNESS WHEREOF, the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its duly authorized representative, and its corporate seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved, or otherwise reproduced and attested by the manual or facsimile signature of its Secretary.

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: _____
[Vice] Chair

Attest:

_____
Secretary

(SEAL)

[FORM OF COMPTROLLER'S REGISTRATION CERTIFICATE
ON THE INITIAL BOND]

STATE COMPTROLLER'S REGISTRATION CERTIFICATE

OFFICE OF COMPTROLLER Register No. _____

STATE OF TEXAS

I HEREBY CERTIFY that there is on file and of record in my office a certificate of the Attorney General of the State of Texas approving this Bond and certifying that this Bond and the proceedings for the issuance thereof have been examined by the Attorney General of the State of Texas as required by law, and that the Attorney General of the State of Texas finds that this Bond has been issued in accordance with law and that it is a valid and binding limited obligation of the Texas Department of Housing and Community Affairs, payable from the revenues and other funds pledged to its payment by and in the proceedings authorizing the same, and I do further certify that this Bond has this day been registered by me as Comptroller.

WITNESS MY HAND AND SEAL OF OFFICE this _____.

_____
Comptroller of Public Accounts of
the State of Texas

(SEAL)

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION
ON EACH BOND OTHER THAN THE INITIAL BOND]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is to certify that the initial Bonds of this Series were approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this Bond is one of the Bonds delivered pursuant to the within-mentioned Indenture.

Date of Authentication:

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., Trustee

By:_____
Authorized Officer

[FORM OF ASSIGNMENT]

ASSIGNMENT

For value received, the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated:

_____

NOTICE: The signature(s) on this assignment must correspond in every particular with the name(s) of the registered owner(s) appearing on the face of the within Bond.

Signature guaranteed by:

_____

NOTICE: Signature must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements will include membership or participation in STAMP or such other signature guaranty program as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT B

[[____] TRANSFERRED MORTGAGE CERTIFICATES]

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[NUMBER] SUPPLEMENTAL RESIDENTIAL MORTGAGE
REVENUE BOND TRUST INDENTURE

BETWEEN

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

AND

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., AS TRUSTEE

AUTHORIZING

$[PRINCIPAL]
RESIDENTIAL MORTGAGE REVENUE [REFUNDING] BONDS,
SERIES 202[4][5] [__]

Dated as of [DOC DATE]

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[NUMBER] SUPPLEMENTAL RESIDENTIAL MORTGAGE REVENUE BOND TRUST INDENTURE

THIS [NUMBER] SUPPLEMENTAL RESIDENTIAL MORTGAGE REVENUE BOND TRUST INDENTURE, dated as of [DOC DATE] (this "202[4][5] [__] Series Supplement"), is made by and between the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas (together with any successor to its rights, duties, and obligations hereunder, the "Department"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as trustee (as successor trustee to MTrust Corp, and together with any successor trustee hereunder, the "Trustee").

RECITALS

WHEREAS, the Department and the Trustee have heretofore executed and delivered that certain Amended and Restated Residential Mortgage Revenue Bond Trust Indenture dated as of July 1, 2019, as amended and supplemented from time to time (the "Indenture"), providing for the issuance from time to time by the Department of one or more series of its Residential Mortgage Revenue Bonds (collectively, the "Bonds"); and

WHEREAS, the Department has been created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as such may be amended from time to time (together with other laws of the State of Texas (the "State") applicable to the Department, the "Act"), for the purpose, among others, of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide safe and sanitary housing for persons and families of low and very low income and families of moderate income (as described in the Act and as determined by the Governing Board of the Department from time to time) at prices they can afford; and

[WHEREAS, the Act authorizes the Department: (i) to make and acquire, and to enter into advance commitments to make and acquire, mortgage loans (including participations therein) secured by mortgages on residential housing in the State; (ii) to issue its bonds for the purpose of obtaining funds to make and acquire such mortgage loans or participations therein, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (iii) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such mortgage loans or participations therein, and to mortgage, pledge or grant security interests in such mortgages, mortgage loans or participations therein or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and]

[WHEREAS, the Department is authorized under the Act to issue bonds to refund its outstanding obligations and is authorized under the Indenture to issue bonds to refund Bonds issued under the Indenture; and

WHEREAS, Section 1207.002, Texas Government Code, as amended, authorizes the Department to issue refunding bonds to refund all or any part of the Department's outstanding bonds, notes or other general or special obligations; and]

WHEREAS, Section 1002 of the Indenture authorizes the Department and the Trustee to execute and deliver a supplemental indenture, authorizing Bonds of a Series to include any other matters and things relative to such Bonds which are not inconsistent with or contrary to the Indenture, to add to the covenants of the Department, and to pledge other moneys, securities or funds as part of the Trust Estate; and

WHEREAS, the Department has determined to issue its Residential Mortgage Revenue [Refunding] Bonds, Series 202[4][5] [__] in an aggregate principal amount of $[PRINCIPAL] (the "Series 202[4][5] [__] Bonds") pursuant to the Indenture and this 202[4][5] [__] Series Supplement [for the purpose of refunding its Outstanding Residential Mortgage Revenue Bonds, Series [_____] ([collectively,]the "Refunded Bonds")][to obtain funds to acquire Mortgage Certificates backed by Mortgage Loans secured by mortgages on residential housing in the State owned and occupied by persons and families of low and very low income and families of moderate income, to provide down payment and closing cost assistance with respect to Assisted Mortgage Loans (as hereinafter defined), to pay lender

compensation related to the 202[4][5] [__] Mortgage Loans and to pay a portion of the costs of issuance of the Series 202[4][5] [__] Bonds], all under and in accordance with the Constitution and the laws of the State; and

[WHEREAS, concurrently with the execution of this 202[4][5] [__] Series Supplement, the Department and the Trustee are also entering into that certain [NUMBER] Supplemental Residential Mortgage Revenue Bond Trust Indenture of even date herewith (together with any amendments thereto, the "202[4][5] [__] Series Supplement") by and between the Department and the Trustee, pursuant to which the Department intends to issue its Residential Mortgage Revenue [Refunding] Bonds, [Taxable] Series 202[4][5] [__] (the "Series 2024D Bonds", and together with the Series 202[4][5] [__] Bonds, the "Series 202[4][5][__] Bonds") for the purposes described in the 202[4][5] [__] Series Supplement; and]

WHEREAS, the execution and delivery of this 202[4][5] [__] Series Supplement and the issuance of the Series 202[4][5] [__] Bonds have been in all respects duly and validly authorized by a written resolution of the Governing Board of the Department; and

WHEREAS, the Trustee has accepted the trusts created by the Indenture and this 202[4][5] [__] Series Supplement and in evidence thereof has joined in the execution and delivery hereof; and

WHEREAS, except as provided herein, all acts and conditions and things required by the Constitution and laws of the State to happen, exist and be performed precedent to execution and delivery of this 202[4][5] [__] Series Supplement have happened, exist and have been performed as so required in order to make the Indenture, as supplemented by this 202[4][5] [__] Series Supplement, a valid, binding and legal instrument for the security of the Series 202[4][5] [__] Bonds and a valid and binding agreement in accordance with its terms;

NOW, THEREFORE, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Series 202[4][5] [__] Bonds by the holders thereof from time to time, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the further purpose of fixing and declaring the terms and conditions upon which the Series 202[4][5] [__] Bonds are to be issued, authenticated, delivered and accepted by the holders thereof from time to time, the Department and the Trustee do hereby mutually covenant and agree, for the equal and proportionate benefit of the respective holders from time to time of the Bonds, including the Series 202[4][5] [__] Bonds, as follows:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND PLEDGE OF SECURITY

Section 1.1. Supplemental Indenture. This 202[4][5] [__] Series Supplement is supplemental to, and is adopted in accordance with, Article III and Article X of the Indenture.

Section 1.2. Definitions.

1. Unless defined in subsection (b) of this Section 1.2 or unless the context shall require otherwise, all defined terms contained in the Indenture shall have the same meanings in this 202[4][5] [__] Series Supplement (other than in the form of Series 202[4][5] [__] Bond set forth in Exhibit A hereto) as such defined terms are given in Section 101 of the Indenture.

2. As used in this 202[4][5] [__] Series Supplement (other than in the form of Series 202[4][5] [__] Bond set forth in Exhibit A hereto), unless the context shall otherwise require, the following terms shall have the following respective meanings:

"Account" or "Accounts" shall mean any one or more, as the case may be, of the separate special trust accounts pertaining to the Series 202[4][5] [__] Bonds created and established in Section 2.10 of this 202[4][5] [__] Series Supplement.

"Assisted Mortgage Loans" shall mean 202[4][5] [__] Mortgage Loans and 2023C Mortgage Loans that include a related DPA Loan to provide down payment and closing cost assistance.

"Authorized Denominations" shall mean $[5,000] principal amount or any integral multiples thereof.

"Authorized Representative of the Department" shall mean the [Chair or Vice Chair of the Board of the Department, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance of the Department, and the Secretary or any Assistant Secretary to the Board] or any officer or employee of the Department authorized to perform specific acts or duties by resolution duly adopted by the Board and as evidenced by a written certificate delivered to the Trustee containing the specimen signature of such person.

"Board" shall mean the Governing Board of the Department.

"Bond Counsel" shall mean a firm or firms of attorneys selected by the Department, and acceptable to the Trustee, experienced in the field of housing revenue bonds the interest on which is excludable from gross income for federal income tax purposes, and whose legal opinion on such bonds is acceptable in national bond markets.

"Bond Depository" shall mean The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, and any successor Bond Depository appointed pursuant to Section 913 of the Indenture and Section 2.7 hereof.

"Business Day" shall mean any day other than a (i) Saturday or Sunday, (ii) day on which banking institutions in New York, New York, the State, or the city in which the payment office of the Paying Agent is located are authorized or obligated by law or executive order to be closed for business, or (iii) day on which the New York Stock Exchange is closed.

"Certificate Accrued Interest" shall mean the amount of interest received in the month following the month of the purchase of a 202[4][5] [__] Mortgage Certificate by the Trustee which represents the number of days of interest on such 202[4][5] [__] Mortgage Certificate at the applicable Pass-Through Rate from the first day of the month of purchase to, but not including, the Certificate Purchase Date.

"Certificate Purchase Date" shall mean, with respect to a 202[4][5] [__] Mortgage Certificate, the date of purchase thereof by the Trustee on behalf of the Department in accordance with the Servicing Agreement.

"Certificate Purchase Period" shall mean the period from the Issuance Date to and including [____], but which may be extended to a date no later than [____], in accordance with Section 5.2 of this 202[4][5] [__] Series Supplement.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in clauses (b) and (c).

"Compliance Agent" shall mean Hilltop Securities Inc., and its successors and assigns.

"Compliance Agreement" shall mean the Program Administration Agreement dated as of May 24, 2023, by and between the Department and the Compliance Agent, together with any amendments thereto.

"Comptroller" means the Comptroller of Public Accounts of the State of Texas.

"Computation Date" shall mean each Installment Computation Date and the Final Computation Date.

"Contract for Deed Exception" shall mean the exception from certain Mortgage Loan eligibility requirements available with respect to a Borrower possessing land under a contract for deed, as provided in Section 143(i)(l)(C) of the Code.

"Costs of Issuance" shall mean costs to the extent incurred in connection with, and allocable to, the issuance of an issuance of obligations within the meaning of Section 147(g) of the Code. For example, Costs of Issuance include the following costs, but only to the extent incurred in connection with, and allocable to, the borrowing: underwriters' spread; counsel fees; financial advisory fees; fees paid to an organization to evaluate the credit quality of an issue; trustee fees; paying agent fees; bond registrar, certification and authentication fees; accounting fees; printing costs for bonds and offering documents; public approval process costs; engineering and feasibility study costs; guarantee fees, other than qualified guarantees; and similar costs.

"Counsel's Opinion" shall mean a written opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds (who may also be counsel to the Department) selected by the Department and satisfactory to the Trustee.

"Depository" shall mean the Texas Treasury Safekeeping Trust Company, acting in accordance with the Depository Agreement, and any bank or trust company appointed pursuant to Section 914 of the Indenture and Section 5.7 hereof to act as depository of certain moneys and investments.

"Depository Agreement" shall mean that certain [_____] Supplement to Amended and Restated Depository Agreement dated as of the date hereof, by and among the Department, the Trustee and the Depository relating to the Series 202[4][5] [__] Bonds, together with any amendments or supplements thereto.

"Depository Participant" shall mean a broker, dealer, bank, other financial institution or any other Person for whom from time to time a Bond Depository effects book-entry transfers and pledges of securities deposited with such Bond Depository.

"DPA Loan" means a subordinated, no stated interest loan for down payment and closing costs made to a mortgagor under the Program in an amount as identified in the commitment lot notice applicable to a 202[4][5] [__]C Mortgage Loan, subject to adjustment from time to time at the direction of the Department. DPA Loans are due on sale, refinance, or repayment of the first mortgage and have a thirty year term. DPA Loans are not considered Mortgage Loans.

"Favorable Opinion of Bond Counsel" shall mean, with respect to any action, or omission of an action, the taking or omission of which requires such an opinion, an unqualified written opinion of Bond Counsel to the effect that, under existing law, such action or omission does not adversely affect the excludability of interest payable on the Series 202[4][5] [__] Bonds from gross income for federal income tax purposes (subject to the inclusion of any exceptions contained in the opinion of Bond Counsel delivered upon original issuance of the Series 202[4][5] [__] Bonds or other customary exceptions acceptable to the recipient thereof).

"Final Computation Date" shall mean the date on which final payment in full of the Series 202[4][5] [__] Bonds is made.

"Ginnie Mae" shall mean the Government National Mortgage Association, a wholly-owned corporate instrumentality of the United States of America within the Department of Housing and Urban Development, whose powers are prescribed generally by Title III of the National Housing Act of 1934, as amended (12 U.S.C. § 1716 et seq.), and any successor thereto.

"Ginnie Mae Certificate" shall mean a fully-modified, mortgage-backed, pass-through security issued by the Servicer in accordance with the applicable Ginnie Mae Guide bearing interest at the applicable Pass-Through Rate and representing the beneficial ownership interest in a Ginnie Mae pool, registered in the name of the Trustee and guaranteed as to timely payment of principal and interest by Ginnie Mae pursuant to Section 306(g) of Title III of the National Housing Act of 1934 and regulations promulgated thereunder backed by Mortgage Loans originated by Mortgage Lenders under the Program and packaged by the Servicer into a Ginnie Mae pool.

"Ginnie Mae Certificate Purchase Price" shall mean, with respect to the Program and the purchase of any Ginnie Mae Certificate thereunder by the Trustee on any Certificate Purchase Date, the total of 100% of the principal balance of the 202[4][5] [__] Mortgage Loans in the applicable Mortgage Pool on record with Ginnie Mae (subject to adjustment upon written notice from the Department) on the first day of the month in which the subject Certificate Purchase Date occurs, but shall not include any Certificate Accrued Interest thereon.

"Ginnie Mae Guaranty Agreement" shall mean, with respect to the Program, the Commitment to Guarantee Mortgage-Backed Securities (Form HUD-11704) (whether one or more) issued by Ginnie Mae to the Servicer, together with any amendments or supplements thereto or extensions thereof.

"Gross Proceeds" shall mean any Proceeds and any Replacement Proceeds.

"IHFA" means the Idaho Housing and Finance Association, an Idaho independent public body corporate and politic.

"Indenture" shall mean the Amended and Restated Residential Mortgage Revenue Bond Trust Indenture dated as of July 1, 2019, between the Department and the Trustee, as supplemented and amended from time to time.

"Initial Bond" means the Series 202[4][5] [__] Bond approved by the Attorney General of the State of Texas and registered by the Comptroller.

"Installment Computation Date" shall mean the last day of the fifth Tax Bond Year and each succeeding fifth Tax Bond Year.

[NEW MONEY]"Interest Payment Date" shall mean, with respect to the Series 202[4][5] [__] Bonds, each July 1 and January 1, commencing [INITIAL INTEREST DATE], and any other date on which the Series 202[4][5] [__] Bonds are subject to redemption.

[REFUNDING]"Interest Payment Date" shall mean, with respect to the Series 202[4][5] [__] Bonds, the first day of each month, commencing [INITIAL INTEREST DATE], and any other date on which the Series 202[4][5] [__] Bonds are subject to redemption.

"Investment Proceeds" has the meaning set forth in Section 1.148-1(b) of the Regulations and, generally, consist of any amounts actually or constructively received from investing Proceeds.

"Issuance Date" shall mean [CLOSING DATE], the date of initial issuance and delivery of the Series 202[4][5] [__] Bonds to the Underwriters, as initial purchasers thereof, in exchange for payment of the purchase price of the Series 202[4][5] [__] Bonds.

"Letter of Instructions" shall mean, with respect to the Series 202[4][5] [__] Bonds, a written directive and authorization to the Trustee or any Depository specifying the period of time for which such directive and authorization shall remain in effect, executed by two Authorized Representatives of the Department.

"Letter of Representations" shall mean that certain DTC Blanket Issuer Letter of Representations executed by the Department and the Bond Depository.

[NEW MONEY]"Mortgage Loan Principal Payment" shall mean, with respect to any 202[4][5] [__] Mortgage Loan, all amounts representing (i) scheduled payments of principal thereof and (ii) Mortgage Loan Principal Prepayments other than portions, if any, of Mortgage Loan Principal Prepayments representing any penalty, fee, premium or other additional charge for the prepayment of principal which may be paid pursuant to the terms of such 202[4][5] [__] Mortgage Loan.

[REFUNDING]"Mortgage Loan Principal Payments" shall mean all Mortgage Loan Principal Prepayments and all regularly scheduled payments of principal with respect to all Mortgage Loans included in the [___] Transferred Mortgage Certificates.

"Mortgage Origination Agreement" shall mean the Master Mortgage Origination Agreement by and between the Department and a Mortgage Lender, together with any amendments thereto.

"Mortgage Pool" shall have the meaning assigned to the term "Pool" in the Servicing Agreement.

"Net Proceeds" means Sale Proceeds, less the portion of any Sale Proceeds invested in a reasonably required reserve or replacement fund.

"Nonpurpose Investment" shall mean any "investment property," as defined in Section 148(b) of the Code, that is not a purpose investment acquired to carry out the governmental purpose of the Series 202[4][5] [__] Bonds.

"Optional Redemption Date" shall mean [OPTIONAL REDEMPTION DATE].

"Other Obligated Person" shall mean a Person that is a mortgagor with respect to at least 20% in aggregate principal amount of the Mortgage Loans held under the Indenture.

"Pass-Through Rate" shall mean the interest rate accruing each month on a 202[4][5] [__] Mortgage Certificate, which will equal the mortgage rate of the 202[4][5] [__] Mortgage Loans backing the 202[4][5] [__] Mortgage Certificate less servicing and guaranty fees, which fees are retained by the Servicer.

"Paying Agent" shall mean the Trustee.

"Proceeds" shall mean any Sale Proceeds, Investment Proceeds and Transferred Proceeds.

"Program" shall mean the Department's Single Family Mortgage Purchase Program as set forth and implemented through the Program Agreement.

"Program Agreement" shall mean, collectively, the Mortgage Origination Agreement, the Servicing Agreement, the Compliance Agreement and the Program Guidelines.

"Program Guidelines" shall mean the Program Guidelines for Texas Department of Housing and Community Affairs effective July 24, 2023, relating to specific provisions of the Program, as amended from time to time.

"Purchase Agreement" shall mean the Bond Purchase Agreement dated [PRICING DATE], between the Department and the Underwriters providing for the purchase of the Series 202[4][5] [__] Bonds by the Underwriters, as amended or supplemented from time to time.

"Rating Agency" shall mean: (i) S&P Global Ratings, a division of S&P Global Inc., and any successor thereto; and (ii) Moody's Investors Service, Inc. and any successor thereto to the extent either agency then has a rating on the Bonds in effect at the request of the Department.

"Rebate Amount" has the meaning set forth in Section 1.148-3(b) of the Regulations and generally means the excess, as of any date, of the future value of all receipts on Nonpurpose Investments over the future value of all payments on Nonpurpose Investments, all as determined in accordance with Section 1.148-3 of the Regulations.

"Rebate Analyst" shall mean a person that is (a) qualified and experienced in the calculation of rebate payments under Section 148 of the Code, (b) chosen by the Department, and (c) engaged for the purpose of determining the Rebate Amount and the amount of required deposits, if any, to the Rebate Fund.

"Record Date" shall mean the close of business on the 15th day of the month (whether or not a Business Day) immediately preceding an Interest Payment Date.

"Redemption Price" shall mean, with respect to any Series 202[4][5] [__] Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Series 202[4][5] [__] Bond or the Indentures.

["Refunded Bonds" shall mean all of the Department's Outstanding Residential Mortgage Revenue Bonds, Series [_____].]

"Regulations" means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

"Replacement Proceeds" has the meaning set forth in Section 1.148-1(c) of the Regulations and, generally, consist of amounts that have a sufficiently direct nexus to an issue of obligations or the governmental purpose of an issue of obligations to conclude that the amounts would have been used for that governmental purpose if the Proceeds were not used or to be used for that governmental purpose.

"Representative" shall mean [REPRESENTATIVE].

"Revenues" shall mean in addition to those items defined as such in the Indenture, all amounts paid or required to be paid from time to time on the 202[4][5] [__] Mortgage Certificates, including any payments received from Ginnie Mae pursuant to the Ginnie Mae Certificates, all Mortgage Loan Principal Payments representing the same, all prepayment premiums or penalties received by or on behalf of the Department in respect of the 202[4][5] [__] Mortgage Certificates and all other net proceeds of such 202[4][5] [__] Mortgage Certificates.

"RHS" shall mean the United States Department of Agriculture, Rural Housing Service, formerly known as Farmers Home Administration, or any successor thereto.

"Sale Proceeds" has the meaning set forth in Section 1.148-1(b) of the Regulations and, generally, consist of any amounts actually or constructively received from the sale (or other disposition) of any obligation, including amounts used to pay underwriters' discount or compensation and accrued interest other than pre-issuance accrued interest. Sale Proceeds also include amounts derived from the sale of a right that is associated with any obligation and that is described in Section 1.148-4(b)(4) of the Regulations.

"Series 202[4][5] [__] Bonds" shall mean the Bonds of the Department of the Series authorized by this 202[4][5] [__] Series Supplement.

"Series Supplement" shall mean this [NUMBER] Supplemental Residential Mortgage Revenue Bond Trust Indenture by and between the Department and the Trustee, dated as of [DOC DATE], together with any amendments hereto.

"Servicer" shall mean (i) IHFA, or any successor thereto as servicer for the Program, including any designee to act as subservicer on its behalf; and (ii) any additional servicer for the Program as selected by the Department.

"Servicing Agreement" shall mean (i) with respect to IHFA, the Mortgage Acquisition, Pooling and Servicing Agreement dated as of October 1, 2021, by and between the Department and IHFA, as amended pursuant to that certain First Addendum to Mortgage Acquisition, Pooling and Servicing Agreement dated as of June 1, 2023; and (ii) with respect to any additional servicer, the servicing agreement executed by the Department and such servicer, in any case together with any amendments thereto.

"Sinking Fund Installment" means the principal amount of the Series 202[4][5] [__] Bonds subject to scheduled mandatory redemption on the respective redemption dates set forth in **Error! Reference source not found.** hereof.

"State" shall mean the State of Texas.

"Subaccount" or "Subaccounts" shall mean any one or more, as the case may be, of the special subaccounts pertaining to the Series 202[4][5] [__] Bonds created in certain Accounts pursuant to Section 2.9 hereof.

"Tax Bond Year" shall mean each one-year period that ends at the close of business on the day selected by the Department. The first and last Tax Bond Years may be short periods. If no day is selected by the Department before the earlier of the date the last Series 202[4][5] [__] Bond is discharged or the date that is five years after the Issuance Date, Tax Bond Years end on each anniversary of the Issuance Date and on the date the last Series 202[4][5] [__] Bond is discharged.

"Transferred Proceeds" shall mean the amounts described in Section 1.148-9 of the Regulations.

"202[4][5] [__] Administrative Subaccount" shall mean the 202[4][5] [__] Administrative Subaccount within the 202[4][5] [__] Mortgage Loan Account established pursuant to Section 2.10 hereof.

"202[4][5] [__] Bond Proceeds Fund" shall mean the 202[4][5] [__] Bond Proceeds Fund established pursuant to Section 2.10 hereof.

"202[4][5] [__] Cost of Issuance Account" shall mean the 202[4][5] [__] Costs of Issuance Account of the Cost of Issuance Fund established pursuant to Section 2.10 hereof.

"202[4][5] [__] Down Payment Assistance Subaccount" shall mean the 202[4][5] [__] Down Payment Assistance Subaccount within the 202[4][5] [__] Mortgage Loan Account established pursuant to Section 2.10 hereof.

"202[4][5] [__] Expense Account" shall mean the 202[4][5] [__] Expense Account of the Expense Fund established pursuant to Section 2.10 hereof.

"202[4][5] [__] Interest Account" shall mean the 202[4][5] [__] Interest Account of the Interest Fund established pursuant to Section 2.10 hereof.

"202[4][5] [__] Mortgage Certificates" shall mean the Ginnie Mae Certificates that evidence beneficial ownership of and a participation in a Mortgage Pool, that satisfy the requirements of Section 2.17 hereof which are purchased by the Trustee from amounts available in the 202[4][5] [__] Mortgage Loan Account and pledged by the Department to the Trustee pursuant to the Indenture and this 202[4][5] [__] Series Supplement.

"202[4][5] [__] Mortgage Loan Account" shall mean the 202[4][5] [__] Mortgage Loan Account of the Mortgage Loan Fund established pursuant to Section 2.10 hereof.

"202[4][5] [__] Mortgage Loans" shall mean the Mortgage Loans included in each Mortgage Pool represented by a 202[4][5] [__] Mortgage Certificate.

"202[4][5] [__] Principal Account" shall mean the 202[4][5] [__] Principal Account of the Principal Fund established pursuant to Section 2.10 hereof.

"202[4][5] [__] Rebate Fund" shall mean the 202[4][5] [__] Rebate Fund established pursuant to Section 2.10 hereof.

"202[4][5] [__] Residual Revenues Account" shall mean the 202[4][5] [__] Residual Revenues Account of the Residual Revenues Fund established pursuant to Section 2.10 hereof.

"202[4][5] [__] Revenue Account" shall mean the 202[4][5] [__] Revenue Account of the Revenue Fund established pursuant to Section 2.10 hereof.

"202[4][5] [__] Special Redemption Account" shall mean the 202[4][5] [__] Special Redemption Account of the Special Redemption Fund established pursuant to Section 2.10 hereof.

"[_____] Transferred Mortgage Certificates" shall mean the Mortgage Certificates allocated to the [_____] Mortgage Loan Account as described in Exhibit B hereto.

"Underwriters" shall mean the Representative and the other underwriters named on the schedule attached to the Purchase Agreement.

"Yield" shall mean (i) with respect to the Series 202[4][5] [__] Bonds, yield as determined in accordance with Section 143(g)(2)(C) of the Code and (ii) with respect to the 202[4][5] [__] Mortgage Loans, the effective rate of mortgage interest as determined in accordance with Section 143(g)(2)(B) of the Code.

Section 1.3. Authority for This 202[4][5] [__] Series Supplement. This 202[4][5] [__] Series Supplement is adopted pursuant to the provisions of the Act and the Indenture, particularly Section 1002(1) thereof.

Section 1.4. Rules of Construction.

1. For all purposes of this 202[4][5] [__] Series Supplement unless the context requires otherwise, all references to designated Articles, Sections and other subdivisions are to the articles, sections and other subdivisions of this 202[4][5] [__] Series Supplement.

2. Except where the context otherwise requires, terms defined in this 202[4][5] [__] Series Supplement to impart the singular number shall be considered to include the plural number and vice versa.

3. Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa.

4. This 202[4][5] [__] Series Supplement and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this 202[4][5] [__] Series Supplement and the Indenture which it supplements.

Section 1.5. Interpretation. The Table of Contents, titles and headings of the Articles and Sections of this 202[4][5] [__] Series Supplement have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms of provisions hereof.

Section 1.6. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.7. Indenture to Remain in Force. Except as amended by this 202[4][5] [__] Series Supplement, the Indenture shall remain in full force and effect as to the matters covered therein.

Section 1.8. Successors and Assigns. All covenants and agreements in this 202[4][5] [__] Series Supplement by the Department and the Trustee shall bind their respective successors and assigns, whether so expressed or not.

Section 1.9. Separability Clause. In case any provision in this 202[4][5] [__] Series Supplement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 1.10. Benefits of Series Supplement. Nothing in this 202[4][5] [__] Series Supplement or in the Bonds, express or implied, shall give to any Person, other than the parties hereto, their successors hereunder, and the Holders of Bonds any benefit or any legal or equitable right, remedy or claim under this 202[4][5] [__] Series Supplement.

Section 1.11. Governing Law. This 202[4][5] [__] Series Supplement shall be construed in accordance with and governed by the laws of the State.

Section 1.12. Miscellaneous. Every "request," "order," "demand," "application," "notice," "statement," "certificate," "consent," "instruction," or similar action hereunder shall, unless the form thereof is specifically provided herein, be in writing, and in the case of the Department signed by an Authorized Representative of the

Department or in the case of any other Person signed by its President or Vice President, or other officer serving in similar capacities specifically authorized to execute such writing on behalf of any other Person, as the case may be.

Section 1.13. Granting Clause. In order to secure the payment of the principal of, premium, if any, and interest on the Bonds as the same become due and payable, whether at maturity or by prior redemption, and the performance and observance of all of the covenants and conditions herein contained, and in consideration of the premises, the acceptance by the Trustee of the trust hereby created, the purchase and acceptance of the Bonds by the holders thereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Department does hereby GRANT, BARGAIN, CONVEY, ASSIGN, MORTGAGE, and PLEDGE to the Trustee and its successors in trust hereunder all rights, title and interest of the Department now owned or hereafter acquired in and to the DPA Loans and the 202[4][5] [__] Mortgage Certificates, all amounts that may be received with respect to the DPA Loans and the 202[4][5] [__] Mortgage Certificates and the Ginnie Mae Guaranty Agreement, any right of the Department under any Ginnie Mae Guaranty Agreement with respect to the 202[4][5] [__] Mortgage Certificates held under the Indenture, including any amendments, extensions, or renewals of the terms thereof, including, without limitation, all present and future rights of the Department to make claim for, collect and receive any income, revenues, issues, profits, insurance proceeds and other sums of money payable to the account of or receivable by the Department under the DPA Loans and the 202[4][5] [__] Mortgage Certificates, to bring actions and proceedings under the DPA Loans and the 202[4][5] [__] Mortgage Certificates, or for the enforcement thereof, and to do any and all things which the Department is or may become entitled to do under the 202[4][5] [__] Mortgage Certificates, and the holders of the Bonds are by such pledge and assignment afforded a beneficial interest in such DPA Loans and the 202[4][5] [__] Mortgage Certificates.

ARTICLE II

AUTHORIZATION AND TERMS OF SERIES 202[4][5] [__] BONDS

Section 2.1. Authorization, Original Principal Amount, Designation, and Series. In accordance with and subject to the terms, conditions, and limitations established in the Indenture and this 202[4][5] [__] Series Supplement, a Series of Bonds is hereby authorized to be issued in the original aggregate principal amount of $[PRINCIPAL]. Each Bond of this Series of Bonds shall be entitled "Texas Department of Housing and Community Affairs Residential Mortgage Revenue Bond, Series 202[4][5] [__]." The terms of the Series 202[4][5] [__] Bonds shall be as set forth in Article III of the Indenture and this Article II.

Section 2.2. Purposes. The Series 202[4][5] [__] Bonds are issued in accordance with subsection 1(3)(b) of Section 302 of the Indenture for the purposes of [(i) the making, acquisition or refinancing of Mortgage Loans, through the purchase of 202[4][5] [__] Mortgage Certificates, including providing down payment and closing cost assistance with respect to Assisted Mortgage Loans and paying lender compensation related to the 202[4][5] [__] Mortgage Loans; [(ii) the making of deposits in amounts, if any, required by the Indenture to be paid into one or more Funds from the proceeds of the Series 202[4][5] [__] Bonds;] and (ii[[i]) the payment of Costs of Issuance][the refunding of the Refunded Bonds.]

Section 2.3. [(i) the acquisition or refinancing of Mortgage Loans, or participations therein, through the purchase of 202[4][5] [__] Mortgage Certificates, including the payment of legal, financing and other expenses incidental thereto and including providing down payment and closing cost assistance with respect to Assisted Mortgage Loans; (ii) the making of deposits in amounts, if any, required by the Indenture or this 202[4][5] [__] Series Supplement to be paid into one or more Funds or Accounts from the proceeds of such Series of Bonds; (iii) payment of Cost of Issuance; and (iv) the payment of Department's Expenses, including paying lender compensation related to the 202[4][5] [__] Mortgage Loans][the refunding of the Refunded Bonds].

Section 2.4. Registered Bonds Only, Dates, Denominations, Numbers, and Letters.

1. The Series 202[4][5] [__] Bonds shall be issuable only in the form of fully registered bonds without coupons and may not be exchanged into coupon bonds. The Initial Bond shall be registered to the Representative.

2. The Series 202[4][5] [__] Bonds shall be dated as of the date of authentication thereof by the Trustee, unless such date of authentication shall be an Interest Payment Date, in which case they shall be dated as of such

Interest Payment Date; provided, however, that if the date of authentication shall be prior to the first Interest Payment Date or in the case of the Initial Bond, the Series 202[4][5] [__] Bonds shall be dated as of the Issuance Date.

3. The Series 202[4][5] [__] Bonds shall be issued in the Authorized Denominations.

4. Unless the Department shall direct otherwise, each Series 202[4][5] [__] Bond within a maturity of the Series 202[4][5] [__] Bonds shall be lettered and numbered separately from 00001 upward prefixed by the letters R, the letters Ja or Ju depending on whether the maturity is January or July, and the last two digits of the year of maturity, provided that the Initial Bond shall be numbered TR-1.

Section 2.5. Interest Payment Dates, Interest Rates and Maturities of the Series 202[4][5] [__] Bonds. The Series 202[4][5] [__] Bonds shall bear interest from the date thereof until maturity or prior redemption at the respective rates per annum set forth below. Interest on the Series 202[4][5] [__] Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months, payable on each Interest Payment Date until maturity or prior redemption. The Series 202[4][5] [__] Bonds shall mature and become payable on the dates and in the respective principal amounts set forth below, subject to prior redemption in accordance with Section 2.8 hereof and Article IV of the Indenture:

Maturity Date	Principal Amount ($)	Interest Rate

[INSERT VARIABLE RATE PROVISIONS, AS APPLICABLE]

Section 2.6. Paying Agent; Method and Place of Payment.

1. The Trustee is hereby appointed as Paying Agent for the Series 202[4][5] [__] Bonds and the Trustee hereby accepts such appointment. The principal amount and Redemption Price of the Series 202[4][5] [__] Bonds shall be payable upon the presentation and surrender thereof, as the same respectively become due and payable, at the applicable office of the Trustee. For purposes of this Section, "applicable office" shall mean the Trustee's office presently located in Houston, Texas (or such other office designated by the Trustee) which will be utilized to perform payments and transfers with respect to the Bonds. The interest on each Series 202[4][5] [__] Bond shall be payable by check mailed on the Interest Payment Date to the Person in whose name such Series 202[4][5] [__] Bond is registered at the close of business on the Record Date immediately preceding the applicable Interest Payment Date, at the address of such Person as shown on the Bond registration books kept by the Trustee. The principal amount and Redemption Price of and interest on the Series 202[4][5] [__] Bonds shall also be payable at any other place that may be provided for such payment by the appointment of any other Paying Agent for the Series 202[4][5] [__] Bonds as permitted by the Indenture.

2. Notwithstanding the foregoing, for so long as the Bond Depository is the exclusive Holder of the Series 202[4][5] [__] Bonds and for Holders of not less than $1,000,000 in aggregate principal amount of the Series 202[4][5] [__] Bonds, and except for the final payment of principal of the Series 202[4][5] [__] Bonds at maturity, the principal amount, Redemption Price thereof and the interest thereon shall be payable by wire transfer in immediately available federal funds to the Bond Depository or such Holders to an account in the continental United States without the necessity of any immediate presentation and surrender of Series 202[4][5] [__] Bonds pursuant to written instructions from the Holder, or the Letter of Representations, as the case may be.

Section 2.7. Bond Depository; Book-Entry System.

1. Pursuant to Section 913 of the Indenture, the Department hereby appoints The Depository Trust Company, New York, New York, as Bond Depository for the Series 202[4][5] [__] Bonds. In accordance with the Letter of Representations, the Department shall cause the Series 202[4][5] [__] Bonds (other than the Initial Bond) to be registered in the name of Cede & Co., as nominee for the Bond Depository, and to be delivered on the Issuance Date to the Trustee to be held on behalf of the Bond Depository.

2. With respect to Series 202[4][5] [__] Bonds registered in the Bond registration books of the Department required to be maintained by the Trustee pursuant to Section 310 of the Indenture in the name of Cede & Co. or any successor Bond Depository, or a nominee therefor, the Department and the Trustee shall have no responsibility or obligation to any Depository Participant or to any Person on behalf of whom such Depository Participant holds an interest in Series 202[4][5] [__] Bonds. The Department and the Trustee may treat and consider the registered owner of any Series 202[4][5] [__] Bond as the holder and absolute owner of such Series 202[4][5] [__] Bond for the purpose of payment of the principal and Redemption Price of and interest with respect to such Series 202[4][5] [__] Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 202[4][5] [__] Bond, for the purpose of registering transfers and exchanges with respect to such Series 202[4][5] [__] Bond, and for all other purposes whatsoever. The Trustee shall pay all the principal amount and Redemption Price of and interest on the Series 202[4][5] [__] Bonds only to or upon the order of the respective registered owners of the Series 202[4][5] [__] Bonds and all such payments shall be valid and effective with respect to such payments to the extent of the sum or sums so paid. The Department and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of The Depository Trust Company, any successor Bond Depository or any Depository Participant with respect to any ownership interest in Series 202[4][5] [__] Bonds, (ii) the delivery to any Depository Participant or any other Person, other than a registered owner of a Series 202[4][5] [__] Bond as shown in the Bond registration books required to be kept and maintained pursuant to Section 310 of the Indenture, of any notice with respect to the Series 202[4][5] [__] Bonds, including any notice of redemption, or (iii) the payment to any Depository Participant or any other Person, other than a registered owner of a Series 202[4][5] [__] Bond, of any amount with respect to any Series 202[4][5] [__] Bond. The rights of Depository Participants and Persons on behalf of whom any Depository Participant holds a beneficial interest in Series 202[4][5] [__] Bonds shall be limited to those established by law and agreements between such Depository Participants and other Persons and the applicable Bond Depository.

3. In the event that either (i) the Bond Depository that is, directly or through a nominee, the registered owner of all of the Outstanding Series 202[4][5] [__] Bonds notifies the Trustee and the Department that it is no longer willing or able to discharge its responsibilities as a Bond Depository or (ii) the Department determines that continuance of the existing book-entry system for ownership of interests in the Series 202[4][5] [__] Bonds is not in the best interest of such owners of beneficial interests in the Series 202[4][5] [__] Bonds, then the Department shall direct the Bond Depository to terminate the existing book-entry system for ownership of interests in the Series 202[4][5] [__] Bonds. Upon such termination, the Department shall promptly select a substitute Bond Depository (and shall notify the Trustee in writing of such selection) to provide a system of book-entry ownership of beneficial interests in the Series 202[4][5] [__] Bonds, if one is available satisfactory to the Department, and the ownership of all Series 202[4][5] [__] Bonds shall be transferred on the Bond registration books required to be kept and maintained pursuant to Section 310 of the Indenture to such successor Bond Depository, or its nominee. In the alternative, the Department may direct the Trustee to, and if the Department fails to promptly designate a successor Bond Depository the Trustee, without further direction, shall, notify the Depository Participants, through the Bond Depository for the Series 202[4][5] [__] Bonds, of the availability of Series 202[4][5] [__] Bonds registered in the names of such Persons as are owners of beneficial interests in the Series 202[4][5] [__] Bonds and, upon surrender to the Trustee of the Outstanding Series 202[4][5] [__] Bonds held by the Bond Depository, accompanied by registration instructions from the Bond Depository, the Trustee shall, at the expense of the transferees, cause to be printed and authenticated Series 202[4][5] [__] Bonds, in Authorized Denominations, to the owners of beneficial interests in the Series 202[4][5] [__] Bonds as of the date of the termination of the existing book-entry ownership system for the Series 202[4][5] [__] Bonds. Neither the Department nor the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying upon, such instructions. So long as the Department has designated a Bond Depository to provide a system of book-entry ownership of the Series 202[4][5] [__] Bonds, all of the Series 202[4][5] [__] Bonds must be held under such book-entry system. Prior to any transfer of the Series 202[4][5] [__] Bonds outside the book-entry system (including, but not limited to, any initial transfer outside the book-entry system) the Department, Bond Depository, or the transferor of a Series 202[4][5] [__] Bond shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

4. Notwithstanding any other provisions in Article II of this 202[4][5] [__] Series Supplement, the Department and the Trustee may, but shall not be required to, enter into separate agreements with one or more Bond

Depositories which may provide for alternative or additional provisions with respect to the delivery of notices, payment of interest and/or principal, or any other matters.

Section 2.8. Redemption Prices and Terms. The Series 202[4][5] [__] Bonds shall not be subject to redemption prior to maturity except as follows:

[REDEMPTION PROVISIONS TO COME]

Section 2.9. Notice of Redemption; Selection of Series 202[4][5] [__] Bonds to Be Redeemed.

1. Subject to Section 2.7 hereof, notice of the call for any redemption other than pursuant to Section 2.7.1 hereof, identifying the Series 202[4][5] [__] Bonds or portions thereof to be redeemed, shall be given by the Trustee as provided in Section 405 of the Indenture. If applicable, such notice shall provide that redemption of the Series 202[4][5] [__] Bonds is conditioned upon moneys being available for such purpose on the redemption date.

2. Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the registered owner of such Series 202[4][5] [__] Bonds receives the notice.

3. Except as specified in Section 2.7(2) and Section 2.7(3) hereof, the Series 202[4][5] [__] Bonds to be redeemed in part shall be selected as provided in Section 404 of the Indenture. While the Series 202[4][5] [__] Bonds are held by the Bond Depository, Series 202[4][5] [__] Bonds shall be selected for redemption as described in Section 2.6 hereof.

Section 2.10. Creation of Additional Funds, Accounts and Subaccounts and Application Thereof.

1. Pursuant to the provisions of subsection 3 of Section 502 of the Indenture, there is established by this Section 2.10 for the Series 202[4][5] [__] Bonds, an Account in the Interest Fund and the Principal Fund. Each such Account shall be known and designated as the "202[4][5] [__] _____ Account", with the blank containing an appropriate reference to the Fund to which such Account relates. There is also hereby established for the Series 202[4][5] [__] Bonds two additional Funds designated as the "202[4][5] [__] Bond Proceeds Fund" and the "202[4][5] [__] Rebate Fund." Within each of the Cost of Issuance Fund, the Expense Fund, the Mortgage Loan Fund, the Revenue Fund, the Special Redemption Fund and the Residual Revenues Fund, there is hereby established an Account to be known and designated as the "202[4][5] [__] _____ Account" with the blank containing an appropriate reference to the Fund to which such Account relates. Within the 202[4][5] [__] Mortgage Loan Account, there is also hereby established for the Series 202[4][5] [__] Bonds two additional subaccounts designated as the "202[4][5] [__] Down Payment Assistance Subaccount" and the "202[4][5] [__] Administrative Subaccount."

2. Unless an Event of Default shall have occurred and be continuing, Revenues from the 202[4][5] [__] Mortgage Certificates or from the investment or reinvestment of moneys on deposit in each Account for the Series 202[4][5] [__] Bonds shall be kept separate and apart from the Revenues attributable to other Mortgage Certificates or attributable to the investment and reinvestment of the moneys on deposit under the Indenture with respect to any other Series. The Accounts shall be for the equal benefit of the Holders of all of the Bonds. The segregation of the Accounts as required by this Section 2.10 is for the purpose of making the calculations required by Sections 143(g) and 148 of the Code, and is not for the purpose of giving a priority or preference to the Bonds of one Series over that of another Series. Except as provided in this Section, the Revenues and proceeds of a Series shall continue to be used as provided in Article V of the Indenture.

Section 2.11. Initial Deposits and Transfers into Funds, Accounts and Subaccounts. On the Issuance Date, as shall be more fully set forth in a Letter of Instructions, the Trustee shall deposit the proceeds of the Series 202[4][5] [__] Bonds into the 202[4][5] [__] Bond Proceeds Fund. There shall be transferred from the 202[4][5] [__] Bond Proceeds Fund the amounts specified in a Letter of Instructions authorizing the authentication and delivery of the Series 202[4][5] [__] Bonds, for deposit to the Funds, Accounts and Subaccounts specified therein. After completion of such transfers, the 202[4][5] [__] Bond Proceeds Fund shall be closed. After payment of all costs, any funds remaining in the 202[4][5] [__] Cost of Issuance Account shall be transferred to the Residual Revenues Fund pursuant to a Letter of Instructions from the Department.

Section 2.12. Transfer of and Representations and Covenants Relating to [_____] Transferred Mortgage Certificates. All [_____] Transferred Mortgage Certificates are hereby allocated to the [_____] Mortgage Loan Account. The Department represents and covenants that each of the [_____] Transferred Mortgage Certificates is a Mortgage Loan that, at the date of acquisition, met the requirements set forth in Section 705 of the Indenture.

Section 2.13. Form of Series 202[4][5] [__] Bonds. (a) Each Series 202[4][5] [__] Bond shall be in substantially the form and tenor of Exhibit A attached hereto, which Exhibit A is incorporated herein as if fully set forth in this 202[4][5] [__] Series Supplement, with such omissions, insertions, and variations as permitted or required by the Indenture. The registration certificate of the Comptroller of Public Accounts of the State of Texas and the certificate of authentication of the Trustee shall be in the form set forth in Exhibit A. The Department is hereby authorized, in its discretion, to provide for the assignment of CUSIP numbers for the Series 202[4][5] [__] Bonds and to have such CUSIP numbers printed thereon, and the Department may direct the Trustee to use such CUSIP numbers in notices of redemption, provided that any such notice may state that no representation is made by the Trustee or the Department as to the correctness of such CUSIP number either as printed on the Series 202[4][5] [__] Bonds or as contained in any notice of redemption. There may be printed on or attached to each Series 202[4][5] [__] Bond registered in the name of the Bond Depository a schedule for the purpose of notation by the Bond Depository of the portion of the principal amount thereof which shall have been paid and the portion of the principal amount thereof which remains Outstanding and unpaid.

(b) Notwithstanding the foregoing, the Initial Bond shall be in the form set forth in Exhibit A, with the following modifications:

(i) Immediately under the name of the bond issue and the legends, the existing headings shall be omitted and replaced with the following headings:

"No. TR-1 Dated Date: [CLOSING DATE] $[PRINCIPAL]

Registered Owner: [REPRESENTATIVE]

Principal Amount: [_____] MILLION DOLLARS"

(ii) The first paragraph shall be replaced with the following:

The TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (herein called the "Department"), a public and official agency of the State of Texas, acknowledges itself indebted to, and FOR VALUE RECEIVED, hereby promises to pay to the registered owner named above or registered assigns, but solely from the sources and in the manner hereinafter provided, on the maturity date specified below, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such principal sum to the registered owner hereof in like coin or currency from the Issuance Date of this Bond or from the most recent date to which interest on this Bond (or any Bond in exchange for, or in lieu of, which this Bond was issued), has been paid at the interest rates per annum set forth below, calculated on the basis of a 360-day year composed of twelve 30-day months, payable on [INITIAL INTEREST DATE], and each January 1 and July 1 thereafter (each, an "Interest Payment Date") to the date of maturity or earlier redemption, until the Department's obligation with respect to the payment of such principal amount shall be discharged, in accordance with the following schedule:

[Insert maturity schedule from Section 2.5 of the Series Supplement]

The principal amount or Redemption Price of this Bond shall be payable upon presentation and surrender of this Bond, at the applicable office of The Bank of New York Mellon Trust Company, N.A. (such bank and any successor in such capacity being referred to as the "Trustee"). Notwithstanding the foregoing, in no event shall the cumulative amount of interest paid or payable on any Bond (including interest calculated as provided in the Indentures (as defined below), together with all other amounts that constitute interest on the Bonds under the laws of the State of Texas that are contracted for, charged, reserved, taken or received pursuant to the Indentures) through any Interest Payment Date or through the date of payment of such Bond (whether at maturity, by acceleration or upon earlier redemption) exceed

the "net interest cost" that will produce a "net effective interest rate" of greater than 15% per annum or, to the extent allowed by law, such greater "net effective interest rate" as may be allowed from time to time. The terms "net interest cost" and "net effective interest rate," as used herein, shall have the respective meanings ascribed to them in Chapter 1204, Texas Government Code, as amended.

Section 2.14. 202[4][5] [__] Rebate Fund.

1. At the beginning of each Tax Bond Year, the Department shall calculate the estimated Rebate Amount that will be payable on the next occurring Computation Date, as set forth in Section 4.6.1(ii). In calculating the Rebate Amount, the Department may rely upon a Counsel's Opinion or an opinion of a Rebate Analyst that the method of calculation utilized by the Department complies with the requirements of Section 148 of the Code and Section 1.148-3 of the Regulations. If, in making such calculations, the Department determines that there is an insufficient amount currently on deposit in the 202[4][5] [__] Rebate Fund to make the payment required by Section 4.6.1(ii) hereof, then the Department shall (i) immediately transfer the amount of such deficiency from any other account in the Expense Fund or (ii) instruct the Trustee to transfer such amount to the 202[4][5] [__] Rebate Fund from the Revenue Fund and the Trustee shall transfer from the 202[4][5] [__] Revenue Account to the 202[4][5] [__] Rebate Fund the amounts so specified, all in accordance with Section 505 of the Indenture. If, in making such calculations, the Department determines that there is a negative Rebate Amount, then the Department may direct the Trustee in writing to transfer from the 202[4][5] [__] Rebate Fund to the 202[4][5] [__] Revenue Account the amount then on deposit in the 202[4][5] [__] Rebate Fund.

2. All earnings resulting from the investment of amounts on deposit in the 202[4][5] [__] Rebate Fund shall be credited to the 202[4][5] [__] Rebate Fund.

3. No later than 55 day after each Computation Date for the Series 202[4][5] [__] Bonds, the Department shall deliver the items set forth in Section 4.6.1 to the Trustee. Not later than 60 days after each Computation Date for the Series 202[4][5] [__] Bonds, the Trustee shall withdraw from the 202[4][5] [__] Rebate Fund the amounts described in Section 4.6.1(ii) hereof and remit to the United States of America the amounts required to be paid to the United States of America in accordance with written instructions from the Department, which shall be in compliance with Sections 1.148-1 through 1.148-8 of the Regulations or any successor regulation.

4. If the Department discovers or is notified that any amount due to the United States of America in an amount described in Section 4.6.1(ii) has not been paid to the United States of America pursuant hereto as required or that any payment paid to the United States of America pursuant hereto has failed to satisfy any requirement of Section 148(f) of the Code or Section 1.148-3 of the Regulations (whether or not such failure shall be due to any default by the Department or the Trustee), the Department, shall immediate transfer any amounts due as set forth in Section 4.6.2 and shall deliver to the Trustee any documents required pursuant to Section 4.6.2. Upon receipt of such amount and documentation relating thereto, the Trustee shall withdraw from the 202[4][5] [__] Rebate Fund the amounts described in Section 4.6.2 and remit to the United States of America the amounts required to be paid in accordance with written instructions from the Department, which shall be in compliance with Regulations Sections 1.148-1 through 1.148-8 or any successor regulation.

5. Each payment required to be made to the United States of America pursuant to this Section shall be submitted to the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255 or such other address as provided by law or regulation and shall be accompanied by Internal Revenue Service Form 8038-T properly completed by the Department with respect to the Series 202[4][5] [__] Bonds.

Section 2.15. Transfers from 202[4][5] [__] Residual Revenues Account. Unless otherwise directed pursuant to a Letter of Instructions accompanied by a Cashflow Certificate, on each Interest Payment Date and each date fixed for the redemption of the Series 202[4][5] [__] Bonds, to the extent funds are not available in the 202[4][5] [__] Revenue Account to pay interest or principal due on the Series 202[4][5] [__] Bonds, the Trustee shall transfer from the 202[4][5] [__] Residual Revenues Account to the 202[4][5] [__] Interest Account or the 202[4][5] [__] Principal Account an amount which, when added to any amounts already on deposit therein, will equal the amount of interest and principal to become due and payable on the Series 202[4][5] [__] Bonds on such date.

Section 2.16. 202[4][5] [__] Mortgage Loan Account. The 202[4][5] [__] Mortgage Loan Account established pursuant to Section 2.10 hereof shall be credited with all amounts deposited therein from whatever source. The amounts in such Account shall be used to purchase, on each Certificate Purchase Date within the Certificate Purchase Period, 202[4][5] [__] Mortgage Certificates. On [____], unless the Certificate Purchase Period is extended in accordance with Section 5.2 hereof, unexpended proceeds of the Series 202[4][5] [__] Bonds shall be transferred from 202[4][5] [__] Mortgage Loan Account to the 202[4][5] [__] Special Redemption Account in accordance with **Error! Reference source not found.** hereof.

Section 2.17. 202[4][5] [__] Mortgage Certificate Acquisition.

1. The Department has determined that the Supplemental Mortgage Security for the 202[4][5] [__] Mortgage Loans shall be the guaranty of timely payment of principal and interest provided by Ginnie Mae pursuant to the Ginnie Mae Certificates. Accordingly, the purchase of the 202[4][5] [__] Mortgage Loans shall be accomplished through the purchase of Ginnie Mae Certificates in accordance with the Program Agreement, and no 202[4][5] [__] Mortgage Loan shall be eligible for purchase unless it has been included in a Mortgage Pool and the beneficial ownership thereof is represented by a 202[4][5] [__] Mortgage Certificate.

2. On each applicable Certificate Purchase Date, the Trustee shall purchase Ginnie Mae Certificates at the Ginnie Mae Certificate Purchase Price from amounts available in the 202[4][5] [__] Mortgage Loan Account in accordance with this subsection 2 unless otherwise instructed by the Department in a Letter of Instructions.

3. Each 202[4][5] [__] Mortgage Certificate purchased shall bear interest at the applicable Pass-Through Rate. Ginnie Mae Certificates shall be accepted by the Trustee only if:

(i) The Ginnie Mae Certificates acquired by the Trustee on behalf of the Department shall be held at all times by the Trustee in trust for the benefit of the Bondholders and shall be registered in the name of the Trustee or its nominee or credited to the account of the Trustee at a clearing corporation as defined under and pursuant to the Uniform Commercial Code applicable to such corporation, which corporation shall be registered as a "Clearing Agency" pursuant to Section 17A of the Securities Exchange Act of 1934, as amended. For a Ginnie Mae Certificate that is in the form of a book-entry maintained on the records of the Participants Trust Corporation, or any successor depository institution ("PTC") ("Book Entry Security"), the Trustee shall receive confirmation from PTC that PTC has made an appropriate entry in its records of the transfer of such Book Entry Security to a limited purpose account of the PTC Participant (defined below), and identifying such Book Entry Security as belonging to the Trustee, so that the Trustee at all times has a first priority perfected security interest in such Ginnie Mae Certificates. The "PTC Participant" (if not the Trustee) shall be a "financial intermediary" (as defined in Section 8-313 of the Uniform Commercial Code as in effect in the state in which the Book Entry Security is deposited) which is a participant in PTC and which has a custody agreement with the Trustee with respect to the Ginnie Mae Certificate to be transferred as Book Entry Securities through PTC. In the custody agreement, the PTC Participant must agree (w) to act as agent of the Trustee for purposes of causing, upon instructions of the Trustee, the transfer of Book Entry Securities to the PTC account of the PTC Participant, (x) to issue to the Trustee confirmation of the transfer of each Book Entry Security to the PTC Participant, (y) to identify each such Book Entry Security in its records as belonging to the Trustee, and (z) to accept instructions only from the Trustee with respect to the transfer of such Book Entry Securities. The Ginnie Mae Certificate shall be identified on the records of the PTC Participant as being held by such PTC Participant solely and exclusively for the benefit of the Trustee. The PTC Participant shall send a confirmation to the Trustee of such transfer of the Ginnie Mae Certificate to the PTC Participant. The PTC Participant shall cause each Book Entry Security to be transferred to and held in a Limited Purpose Account (or such other account as may be created or identified in the PTC Rules (the "Rules") in which PTC does not have any lien on any Book Entry Security held therein). The Trustee shall have evidence that (xx) the receiving PTC Participant has delivered to PTC an irrevocable instruction to the effect that all fees arising in connection with the specified Limited Purpose Account are to be charged to another account maintained by PTC for the receiving PTC Participant, and (yy) PTC has delivered a certificate to the receiving PTC Participant to the effect that, based on the instruction regarding payment of PTC fees, PTC will not charge the specified Limited Purpose Account for so long as the instruction remains in effect. If the Trustee does not receive a payment or advice of payment on a Ginnie Mae Certificate when due (if the Ginnie Mae Certificates are held by the Trustee, on the fifteenth day of each month with regard to

Ginnie Mae I Certificates, and twentieth day of each month with regard to Ginnie Mae II Certificates and if the Ginnie Mae Certificates are held by PTC, on the seventeenth day of each month with regard to Ginnie Mae I Certificates and twenty-second day of each month with regard to Ginnie Mae II Certificates), the Trustee shall promptly telephonically notify, and demand payment from Ginnie Mae, in the case of Ginnie Mae I Certificates, or Chemical Bank as paying agent for Ginnie Mae in the case of Ginnie Mae II Certificates. To the extent the Ginnie Mae Certificates are subject to book-entry transfer, the Trustee shall so notify PTC. Notwithstanding the foregoing, the Trustee shall comply with such procedures as are prescribed by Ginnie Mae from time to time; and

(ii) Sufficient amounts are available in the appropriate Accounts to pay the applicable Ginnie Mae Certificate Purchase Price.

ARTICLE III

[REDEMPTION

Section 3.1. Redemption of Refunded Bonds. The Department has instructed the Trustee to redeem the Refunded Bonds.

Section 3.2. Sale of [____] Transferred Mortgage Certificates. Notwithstanding any other provision of the Indenture, the Department may sell the [____] Transferred Mortgage Certificates in whole or in part only upon delivery by the Department of written confirmation from each Rating Agency that such sale will not adversely affect the then current ratings on the Bonds (determined without regard to any bond insurance or similar credit enhancement).]

ARTICLE IV

FEDERAL INCOME TAX MATTERS

Section 4.1. General Tax Covenant. The Department covenants not to take any action, or knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the interest on the Series 202[4][5] [__] Bonds to be includable in gross income for federal income tax purposes. In furtherance thereof, the Department covenants to comply with section 103 and 141, 143, and 146 through 150 of the Code and the provisions set forth in the Federal Tax Certificate executed by the Department in connection with the Series 202[4][5] [__] Bonds. The Department and the Trustee may amend this 202[4][5] [__] Series Supplement to reflect the deletion or substitution of any such requirement specified in this Article IV in the manner provided in Section 1002 of the Indenture. The Department will not be required to comply with any of the federal tax covenants set forth in this Article IV if the Department has received a Favorable Opinion of Bond Counsel regarding such noncompliance.

Section 4.2. Use of Proceeds. The Department covenants that (a) all of the Proceeds of the Series 202[4][5] [__] Bonds (other than amounts used to pay Costs of Issuance of the Series 202[4][5] [__] Bonds) will be used to finance owner-occupied residences; (b) the Proceeds of the Series 202[4][5] [__] Bonds will not be used in a way that would cause the Series 202[4][5] [__] Bonds to meet the private business use tests set forth in Section 141(b) of the Code; (c) all Proceeds of the Series 202[4][5] [__] Bonds that are to be used to finance owner-occupied residences (i) will be used for such purpose within the 42-month period beginning on the Issuance Date of the Series 202[4][5] [__] Bonds or (ii) to the extent not so used, will be used to redeem Series 202[4][5] [__] Bonds within such period; and (d) no portion of the Proceeds of the Series 202[4][5] [__] Bonds will be used to finance any 202[4][5] [__] Mortgage Loan or DPA Loan or to acquire any Mortgage Certificate after the close of such period.

Section 4.3. Mortgage Eligibility Requirements.

1. The Department covenants: (i) to attempt in good faith to meet, with respect to each 202[4][5] [__] Mortgage Loan, before the execution thereof, the mortgage eligibility requirements of Section 143(c), (d), (e), (f) and (i) of the Code (as more fully described in subsections 2, 3, 4, 5 and 6, respectively, of this Section 4.3), by placing restrictions in the Program Agreement or other similar agreements that permit the origination and purchase of

202[4][5] [__] Mortgage Loans only in accordance with such requirements and by establishing reasonable procedures to ensure compliance with such requirements, including investigation by the Mortgage Lenders and the Servicer or the Department (or its agent) to determine that each 202[4][5] [__] Mortgage Loan meets such requirements; (ii) to use all due diligence to assure that all of the Proceeds of the Series 202[4][5] [__] Bonds that are applied to the financing of 202[4][5] [__] Mortgage Loans are applied to finance 202[4][5] [__] Mortgage Loans that, as of the date of execution thereof, meet all such requirements; and (iii) to correct any failure to meet such requirements within a reasonable period after such failure is first discovered by causing the non-qualifying 202[4][5] [__] Mortgage Loan to be accelerated or to be replaced with a 202[4][5] [__] Mortgage Loan that meets such requirements if the non-qualifying 202[4][5] [__] Mortgage Loan defect cannot be cured within such reasonable period. The Department covenants that each Mortgage Lender selected for participation in the Program that services Mortgage Loans under the Program shall be required to enter into an agreement or agreements containing, in addition to servicing requirements relating to the Mortgage Loans set forth in Section 710 of the Indenture, that each Mortgage Lender shall represent and warranty that it: (i) maintains an Office of Foreign Assets Control ("OFAC") compliance program, and (ii) is responsible for and best positioned to conduct OFAC scanning of all relevant data with respect to the serviced portfolio (including borrower names/addresses) in accordance with its OFAC compliance program. As used herein, "OFAC compliance program" shall refer to those programs, policies, procedures and measures designed to ensure compliance with, and prevent violations of, all economic sanctions, laws, rules, regulations, executive orders and requirements administered by OFAC, or any other applicable authority with jurisdiction over such Mortgage Lender. Each Mortgage Lender shall agree to, among other things: (i) perform effective and timely OFAC scanning in accordance with such Mortgage Lender's OFAC compliance program of all relevant data with respect to the portfolio of assets serviced pursuant to the Indenture; (ii) if a Borrower at any time becomes or is otherwise determined to be an OFAC sanctions target that requires blocking or rejection of a portfolio asset held by the Trustee under or in connection with the Indenture, take all actions required by OFAC regulations, including, without limitation (a) conducting all necessary investigations and communications with OFAC (including reporting) concerning the portfolio assets that such Mortgages Lender determines are subject to OFAC restrictions, (b) blocking the assets of any OFAC sanctions target in such portfolio serviced by such Mortgages Lender (including any related payments from the same), and (c) obtain any licenses from OFAC necessary for such Mortgage Lender and the Trustee to perform their respective services under the Indenture with respect to sanctioned assets and/or borrowers; and (iii) promptly provide notice in writing to the Trustee of any portfolio assets that such Mortgages Lender determines are subject to OFAC restrictions and consult with the Trustee on the action plan to handle those assets.

2. The Department covenants to require, and the Program Agreement requires, with respect to each 202[4][5] [__] Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(c) of the Code, the residence being financed with the proceeds of such 202[4][5] [__] Mortgage Loan is a single-family residence located within the State that the Borrower reasonably expects to occupy as his or her principal residence within a reasonable time (e.g., 60 days) after the financing is provided.

3. The Department covenants to require, and the Program Agreement requires, with respect to each 202[4][5] [__] Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(d) of the Code, the Borrower has not had, within the three-year period ending on the date of execution of the applicable 202[4][5] [__] Mortgage Loan, a present ownership interest in a principal residence; provided, however, that (i) the Department may purchase 202[4][5] [__] Mortgage Loans that do not satisfy the foregoing requirement, so long as such purchase does not cause less than 95% of the Net Proceeds of the Series 202[4][5] [__] Bonds to have been used to finance such non-conforming loans; (ii) financings with respect to targeted area residences will be treated as meeting such requirement; (iii) financings described in the Contract For Deed Exception will be treated as meeting such requirement; and (iv) financings of any residence for any veteran (as defined in Section 101 of Title 38, United States Code), if such veteran has not previously qualified for and received financing pursuant to the exception, will be treated as meeting such requirement.

4. The Department covenants to require and the Program Agreement requires, with respect to each 202[4][5] [__] Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(e) of the Code, the acquisition cost of the residence being financed with the proceeds of such 202[4][5] [__] Mortgage Loan does not exceed 90% of the average area purchase price applicable to such residence (110% in the case of a targeted area residence).

5. The Department covenants to require and the Program Agreement requires, with respect to each 202[4][5] [__] Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(f) of the Code, the Borrower's family income does not exceed: (i) for an individual or a family of two persons, 100% of the applicable median family income (120% in the case of a Borrower acquiring a targeted area residence); or (ii) for a family of three or more persons, 115% of the applicable median family income (140% in the case of a Borrower acquiring a targeted area residence).

6. The Department covenants to require and the Program Agreement requires, with respect to each 202[4][5] [__] Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(i) of the Code, the 202[4][5] [__] Mortgage Loan is not made for the purpose of acquiring or replacing an existing mortgage (i.e., that the Borrower does not have an existing mortgage (whether or not paid off) on the residence securing the 202[4][5] [__] Mortgage Loan at any time prior to the execution of the 202[4][5] [__] Mortgage Loan), except for a mortgage falling within the Contract for Deed Exception or a mortgage securing a construction period loan, a bridge loan or other similar temporary initial financing having a term of 24 months or less. The Department further covenants and agrees not to permit the assumption of any 202[4][5] [__] Mortgage Loan unless the requirements described in subsection 2, 3, 4 and 5, respectively, of this Section 4.3 are met with respect to such assumption. Borrowers described in the Contract for Deed Exception shall be treated as meeting the requirements of this paragraph 6.

7. The Department covenants to require and the Program Agreement requires, that each 202[4][5] [__] Mortgage Loan include provisions for acceleration in the event that the Department discovers that any of such mortgage eligibility requirements have not been met with respect to such 202[4][5] [__] Mortgage Loan.

8. The following terms used in this Section 4.3 shall have the respective meanings set forth in Section 143 of the Code and the Regulations promulgated thereunder: acquisition cost, applicable median family income, average area purchase price, family income, mortgage, present ownership interest, principal residence, residence, single family residence, and targeted area residence.

Section 4.4. Targeted Area Residences. The Department covenants that an amount equal to at least 20% of the proceeds of the Series 202[4][5] [__] Bonds that are made available for the purchase of 202[4][5] [__] Mortgage Loans has been or will be made available for at least one year after the date on which owner-financing was first made available with respect to targeted area residences (within the meaning of Section 143(j) of the Code). The Department will attempt with reasonable diligence to use such proceeds to purchase mortgage loans pertaining to such targeted area residences by conducting an advertising campaign reasonably designed to inform the general public of the availability of such proceeds, and shall take such other and further actions to assure that, to the maximum extent practicable, such proceeds are used for such purpose.

Section 4.5. Mortgage Rate. The Department will take all actions necessary to ensure that the blended Yield on the 202[4][5] [__] Mortgage Loans properly allocable under Sections 1.148-1 through 1.148-10 of the Regulations to the Series 202[4][5] [__] Bonds will not exceed the Yield on the Series 202[4][5] [__] Bonds (all as computed by or on behalf of the Department in accordance with Section 143(g) of the Code and Sections 1.148-1 and 1.148-10 of the Regulations) by more than 1.125%. To the extent that the Yield on the 202[4][5] [__] Mortgage Loans exceeds the Yield on the Series 202[4][5] [__] Bonds by more than 1.125%, the Department will make yield reduction payments ("Yield Reduction Payments") to the federal government as set forth in Section 1.148-5(c) of the Regulations and as set forth below.

Section 4.6. Rebate Requirement. The Department covenants to comply with the requirement that "rebatable arbitrage earnings" on the investment of the Gross Proceeds of the Series 202[4][5] [__] Bonds, within the meaning of Section 148(f) of the Code, be rebated to the federal government.

1. Delivery of Documents and Money on Computation Dates. The Department shall deliver to the Trustee, within 55 days after each Computation Date for the Series 202[4][5] [__] Bonds,

(i) a statement, signed by an Authorized Representative of the Department, stating the Rebate Amount for the Series 202[4][5] [__] Bonds as of such Computation Date and the amount of any Yield Reduction Payment due;

(ii) (A) if such Computation Date is an Installment Computation Date, an amount which, together with any amount then held in the 202[4][5] [__] Rebate Fund, is equal to at least 90% of the Rebate Amount as of such Installment Computation Date, less any "previous rebate payments" (determined in accordance with Section 1.148-3(f)(1) of the Regulations), made to the United States of America with respect to the Series 202[4][5] [__] Bonds and Yield Reduction Payments, or (B) if such Computation Date is a Final Computation Date, an amount which, together with any amount then held for the credit of the 202[4][5] [__] Rebate Fund is equal to the Rebate Amount as of such Final Computation Date, less any "previous rebate payments" (determined in accordance with Section 1.148-3(f)(1) of the Regulations), made to the United States of America with respect to the Series 202[4][5] [__] Bonds and Yield Reduction Payments; and

(iii) an Internal Revenue Service Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate ("Form 8038-T") properly signed and completed as of such Computation Date.

2. Correction of Underpayments. If the Department discovers or is notified that any amount due to the United States of America in an amount described in Section 4.6.1(ii) above has not been paid as required pursuant to Section 2.14 hereof or that any payment paid to the United States of America pursuant hereto has failed to satisfy any requirement of Section 148(f) of the Code or Section 1.148-3 of the Regulations (whether or not such failure shall be due to any default by the Department or the Trustee), the Department will (i) deliver to the Trustee (for deposit to the 202[4][5] [__] Rebate Fund) and cause the Trustee to pay to the United States of America from the 202[4][5] [__] Rebate Fund (A) the Rebate Amount or Yield Reduction Payments that the Department failed to pay, plus any interest specified in Section 1.148-3(h)(2) of the Regulations, if such correction payment is delivered to and received by the Trustee within 175 days after such discovery or notice, or (B) if such correction payment is not delivered to and received by the Trustee within 175 days after such discovery or notice, the amount determined in accordance with clause (A) of this subparagraph plus the 50 percent penalty required by Section 1.148-3(h)(1) of the Regulations, and (ii) deliver to the Trustee and the Department a Form 8038-T completed as of such date. If such Rebate Amount or Yield Reduction Payments, together with any penalty and/or interest due, is not paid to the United States of America in the amount and manner and by the time specified in the Regulations, the Department will take such steps as are necessary to prevent the Series 202[4][5] [__] Bonds from becoming an "arbitrage bond" within the meaning of Section 148 of the Code. The Trustee shall not be liable for any penalties incurred with respect to the calculation and payment of the Rebate Amount or Yield Reduction Payments.

3. Records. The Department will retain all of its accounting records relating to the Funds, Accounts and Subaccounts and all calculations made in preparing the statements described in this Section 4.6 for at least three years after the later of (i) the final maturity of the Series 202[4][5] [__] Bonds or (ii) the first date on which no Series 202[4][5] [__] Bonds is Outstanding.

4. Fees and Expenses. The Department agrees to pay all of the fees and expenses of a nationally recognized bond counsel, a certified public accountant and any Rebate Analyst or other necessary consultant employed by the Department or the Trustee in connection with computing the Yield Reduction Payments and Rebate Amount.

5. No Diversion of Rebatable Arbitrage. The Department will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the Gross Proceeds of the Series 202[4][5] [__] Bonds that is not purchased at fair market value (as defined in Section 1.148-5(d)(6)(iii) of the Regulations) or includes terms that the Department would not have included if the Series 202[4][5] [__] Bonds were not subject to Section 148(f) of the Code.

6. Rebate Not Required in Certain Circumstances.

(i) Notwithstanding the foregoing, the Department will not be required to perform the obligations set forth in this Section 4.6, except for the obligation to retain accounting records and the payment of expenses as described herein, if (A) the Yield on the Mortgage Loans does not exceed the Yield on the Bonds by more than 1.125% or (B) the Department has not earned any "rebatable arbitrage earnings" and, therefore, is not subject to the rebate obligation set forth in Section 148(f) of the Code. To the extent that the Department will not be required to perform such obligations, the Department will send written notice to the Trustee within 55 days after the applicable Computation Date.

(ii) Notwithstanding anything to the contrary in this 202[4][5] [__] Series Supplement requiring a payment to be made based on the Rebate Analyst's calculations showing a rebate being due, no payment will be made by the Trustee to the United States of America if the Department furnishes to the Trustee a Favorable Opinion of Bond Counsel.

Section 4.7. No-Arbitrage Covenant. The Department covenants that it will make such use of the Gross Proceeds of the Series 202[4][5] [__] Bonds and related Revenues, regulate investments of proceeds of the Series 202[4][5] [__] Bonds and related Revenues, and take such other and further action as may be required so that the Series 202[4][5] [__] Bonds will not be "arbitrage bonds" within the meaning of Section 148(a) of the Code. The Department hereby expressly reserves the right to direct the Trustee or any Depository to make specific investments to ensure compliance with this Section 4.7 and Section 4.8.

Section 4.8. Limitations on Investment of Reserve Amounts. The Department covenants that at no time will the aggregate amount of money held in any reasonably required reserve for the Series 202[4][5] [__] Bonds that is invested in Nonpurpose Investments and at a yield higher than the yield on such Series 202[4][5] [__] Bonds, exceed the least of (i) 10% of the Sale Proceeds of the Series 202[4][5] [__] Bonds; (ii) the maximum annual principal and interest requirements on the issue, or (iii) 125 percent of the average annual principal and interest requirements on the issue.

Section 4.9. Limitations on Costs of Issuance. The Department covenants and agrees that the Costs of Issuance financed with the Proceeds of the Series 202[4][5] [__] Bonds will not exceed two percent of the Sale Proceeds of the Series 202[4][5] [__] Bonds.

Section 4.10. No Federal Guaranty. The Department covenants not to take any action, or knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause any of the Series 202[4][5] [__] Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code, except as permitted by Section 149(b) of the Code.

Section 4.11. Information Reporting. The Department covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Series 202[4][5] [__] Bonds are issued, an information statement concerning the Series 202[4][5] [__] Bonds, all under and in accordance with Section 149(e) of the Code, and that it will file or cause to be filed such additional information reports as may be required by Section 149(e) of the Code.

Section 4.12. Changes in Use of Mortgaged Property. The Department acknowledges that the provisions of Section 150(b) of the Code (relating to changes in use of property financed with the proceeds of private activity bonds) apply to the 202[4][5] [__] Mortgage Loans (including Mortgage Loans represented by Mortgage Certificates), and covenants to advise each Borrower with respect to a Mortgage Loan of such provisions.

Section 4.13. Use of Repayments to Redeem Series 202[4][5] [__] Bonds. So long as any of the Series 202[4][5] [__] Bonds are Outstanding, the Department covenants that each Mortgage Loan Principal Payment with respect to a 202[4][5] [__] Mortgage Loan received on or after the ten year anniversary of the Issuance Date will be used to redeem Series 202[4][5] [__] Bonds not later than the close of the first semiannual period beginning after the date such Mortgage Loan Principal Payment is received, unless the Department has received a Favorable Opinion of Bond Counsel and the Department has fulfilled the other requirements of Section 2.8 hereof with respect to the use of such payments to redeem other Bonds.

Section 4.14. Recapture. The Department covenants and agrees to comply with the provisions of Section 143(m) of the Code (regarding the recapture of a portion of the federal subsidy from the use of qualified mortgage bonds) with respect to each 202[4][5] [__] Mortgage Loan.

Section 4.15. Bonds are not Hedge Bonds. The Department covenants and agrees that not more than 50% of the Sale Proceeds of the Series 202[4][5] [__] Bonds will be invested in Nonpurpose Investments having a substantially guaranteed yield for four years or more within the meaning of Section 149(g)(3)(A)(ii) of the Code, and the Department reasonably expects that at least 85% of the spendable proceeds of the Series 202[4][5] [__] Bonds will

be used to carry out the governmental purposes of the Series 202[4][5] [__] Bonds within the three-year period beginning on the Issuance Date.

Section 4.16. Sale of 202[4][5] [__] Mortgage Certificates. Notwithstanding any other provision of the Indenture, the Department may sell the 202[4][5] [__] Mortgage Certificates in whole or in part only upon delivery by the Department of (i) a Counsel's Opinion that such sale will not cause all or any portion of the 202[4][5] [__] Mortgage Certificates, or the Series 202[4][5] [__] Bonds to be classified as a "taxable mortgage pool" within the meaning of Section 7701(i) of the Code; and (ii) written confirmation from each Rating Agency that such sale will not adversely affect the then current ratings on the Bonds (determined without regard to any bond insurance or similar credit enhancement).

Section 4.17. Record Retention. The Department will retain all pertinent and material records relating to the use and expenditure of the proceeds of the Series 202[4][5] [__] Bonds until three years after the last Series 202[4][5] [__] Bond is redeemed or paid at maturity, or such other period as authorized by subsequent guidance issued by the Department of Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the Department to retrieve and reproduce such books and records in the event of an examination of the Series 202[4][5] [__] Bonds by the Internal Revenue Service.

Section 4.18. Continuing Obligation. Notwithstanding any other provision of this 202[4][5] [__] Series Supplement, the Department's obligations under the covenants and provisions of this Article IV will survive the defeasance and discharge of the Series 202[4][5] [__] Bonds for as long as such matters are relevant to the excludability of interest on the Series 202[4][5] [__] Bonds from gross income for federal income tax purposes.

ARTICLE V

OTHER MATTERS

Section 5.1. *Reserved*.

Section 5.2. Transfer of Unexpended Proceeds. Upon receipt by the Trustee of a certification from the Department as described in Section 2.7.1 hereof, the Trustee shall transfer the amounts set forth in such certification to the 202[4][5] [__] Special Redemption Account to redeem Series 202[4][5] [__] Bonds pursuant to Section 2.7.1. Any amounts in the 202[4][5] [__] Mortgage Loan Account remaining unexpended for acquisition of 202[4][5] [__] Mortgage Certificates on the last day of the Certificate Purchase Period (or such earlier date as directed in writing by the Department), as such date may be extended as provided herein, shall be transferred to the 202[4][5] [__] Special Redemption Account and applied to the redemption of Series 202[4][5] [__] Bonds pursuant to Section 2.7.1. The Certificate Purchase Period for amounts in the 202[4][5] [__] Mortgage Loan Account may be extended to a date certain as set out in a Letter of Instructions to the Trustee, but not later than [____], upon delivery to the Trustee no later than 30 days prior to the last day of the then existing Certificate Purchase Period of the following:

(i) a Favorable Opinion of Bond Counsel; and

(ii) confirmation from each Rating Agency that such extension will not adversely affect the rating on the Series 202[4][5] [__] Bonds assigned by such Rating Agency.

The Department shall provide written notice to the Servicer at least thirty (30) days prior to the last day of the then existing Certificate Purchase Period of any such proposed extension of the Certificate Purchase Period.

Section 5.3. Application of Amounts in 202[4][5] [__] Revenue Account.

1. Unless otherwise directed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate and a confirmation from each Rating Agency of the then current ratings on the Series 202[4][5]

[__] Bonds, all Revenues received with respect to the 202[4][5] [__] Mortgage Certificates shall be deposited in the 202[4][5] [__] Revenue Account.

2. [Pursuant to subsection 3 of Section 505 of the Indenture, the Trustee shall set aside monthly in the [_____] Revenue Account, all Mortgage Loan Principal Payments relating to the [_____]Transferred Mortgage Certificates to be used to redeem Series [_____]Bonds in accordance with Section 2.7.1 hereof unless otherwise directed by a Letter of Instructions accompanied by a Cashflow Statement giving effect to the actions directed in such Letter of Instructions.]

3. [Pursuant to subsection 3 of Section 505 of the Indenture, the Trustee shall transfer from the Revenue Fund amounts on deposit therein in the following order of priority:

(i) First, on each Interest Payment Date or any other date for the redemption of the Series 202[4][5] [__] Bonds, to the 202[4][5] [__] Interest Account, to the extent required so that the balance in said account equals the amount of interest which will be due and payable on the Series 202[4][5] [__] Bonds on such Interest Payment Date or redemption date;

(ii) Second, monthly, upon receipt of Mortgage Loan Principal Payments, to the 202[4][5] [__] Principal Account, one-sixth of the amount required to pay maturing principal and the unsatisfied balance of any Sinking Fund Installment on any Series 202[4][5] [__] Bonds on the next Interest Payment Date; and

(iii) Third, monthly, upon receipt of Mortgage Loan Principal Payments, to the 202[4][5] [__] Special Redemption Account, any remaining Mortgage Loan Principal Payments to be applied monthly to the redemption of Series 202[4][5] [__] Bonds pursuant to **Error! Reference source not found.** hereof.]

Section 5.4. Application of Residual Revenues. The Trustee shall transfer any amounts set forth or described in a Letter of Instructions from the 202[4][5] [__] Residual Revenues Account to the 202[4][5] [__] Special Redemption Account to redeem Series 202[4][5] [__] Bonds in accordance with **Error! Reference source not found.** hereof.

Section 5.5. Limitations on Mortgage Loans. The Department covenants and agrees that each Mortgage Loan contained in a mortgage pool represented by a 202[4][5] [__] Mortgage Certificate shall satisfy the following requirements:

(i) each 202[4][5] [__] Mortgage Loan shall bear interest (which interest shall be payable in arrears) at the applicable rate in accordance with the Program Agreement;

(ii) each 202[4][5] [__] Mortgage Loan shall have a term of 30 years and shall provide for level monthly payments and full amortization over the term thereof;

(iii) each 202[4][5] [__] Mortgage Loan shall be secured by a Mortgage creating a first lien on the residence being financed with the proceeds of such 202[4][5] [__] Mortgage Loan;

(iv) each 202[4][5] [__] Mortgage Loan shall be (A) insured by the FHA pursuant to Section 203, 221(d)(2) or 234(c) of the National Housing Act of 1934, as amended, in accordance with the applicable standards of the FHA, (B) guaranteed by the VA under the Servicemen's Readjustment Act of 1945, as amended, in accordance with applicable standards of the VA, or (C) guaranteed by RHS under the Cranston-Gonzales National Affordable Housing Act of 1990;

(v) each 202[4][5] [__] Mortgage Loan shall be further secured by Supplemental Mortgage Security in the form of the guaranty provided by Ginnie Mae pursuant to a Ginnie Mae Certificate;

(vi) each residence financed with a 202[4][5] [__] Mortgage Loan shall be a single family attached or detached house, a single unit in a condominium development or a planned unit development or a

qualifying duplex (but not a triplex or fourplex or manufactured housing that is not permanently affixed to real property owned by the Borrower);

(vii) each 202[4][5] [__] Mortgage Certificate shall be acquired by the Department with moneys disbursed from the 202[4][5] [__] Mortgage Loan Account during the Certificate Purchase Period; and

(viii) such other requirements as may be set forth in the Program Agreement.

The Department covenants and agrees that each DPA Loan meets the requirements set forth in the Program Guidelines.

Section 5.6. Covenant Relating to the Program Agreement. The Department represents and covenants that the Program Agreement incorporates the requirements set forth in Article IV and Section 5.5 of this 202[4][5] [__] Series Supplement. The Department further covenants and agrees to obtain, prior to or upon any amendment thereof, a Counsel's Opinion that: (i) the form and substance of such amendment are consistent with the requirements of the Indenture and this 202[4][5] [__] Series Supplement; and (ii) that the execution and delivery of such amendment by the Department, the Trustee and one or more Mortgage Lenders, and the consummation of the transactions contemplated thereby, will not adversely affect the exclusion of the interest on the Series 202[4][5] [__] Bonds from the gross income of the Holders thereof for purposes of federal income taxation.

Section 5.7. Depository. In accordance with Section 914 of the Indenture, the Department hereby appoints the Texas Treasury Safekeeping Trust Company as Depository for the purpose of holding, administering and investing the moneys and securities required to be credited to all Accounts, all as more fully provided in the Depository Agreement.

Section 5.8. Certain Requirements Applicable to Cashflow Statements. The Department covenants and agrees, with respect to each Cashflow Statement filed with the Trustee, that such Cashflow Statement shall demonstrate the sufficiency of the anticipated Revenues (as more fully set forth in Section 711 of the Indenture).

Section 5.9. Certain Conditions of Issuance of the Series 202[4][5] [__] Bonds. The Series 202[4][5] [__] Bonds shall be executed by the Department and, except for the Initial Bond, shall be delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered by it to the Department or upon its order, but only upon receipt by the Trustee of the following (in addition to the documents required under the Indenture):

(i) an executed counterpart of this 202[4][5] [__] Series Supplement;

(ii) a certificate of an Authorized Representative of the Department to the effect that, on the basis of all facts and estimates and circumstances (including covenants of the Department contained in the Indenture) reasonably expected to be in existence on the Issuance Date, it is not expected that the proceeds of the Series 202[4][5] [__] Bonds will be used in a manner that would cause the Series 202[4][5] [__] Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code and applicable Regulations thereunder, and such certificate shall set forth such facts, estimates, and circumstances (including covenants of the Department contained in the Indenture), which may be in brief and summary terms, and shall state that to the best of the knowledge and belief of such Authorized Representative of the Department there are no other facts, estimates, or circumstances that would materially change such expectation;

(iii) an executed counterpart of the Depository Agreement in satisfaction of the requirements of subsection 1 of Section 914 of the Indenture, together with an opinion of counsel to the Depository regarding the enforceability thereof; and

(iv) the amounts specified in this 202[4][5] [__] Series Supplement to be deposited in the Accounts and Subaccounts as required therein.

Section 5.10. Sale of Series 202[4][5] [__] Bonds. The Series 202[4][5] [__] Bonds shall be sold to the Underwriters at an aggregate purchase price $[_____] (representing the par amount of the Series 202[4][5] [__] Bonds

plus a premium in the amount of $[_____]), subject to the terms and conditions set forth in the Purchase Agreement, and upon the basis of the representations therein set forth.

Section 5.11. Execution in Several Counterparts. This 202[4][5] [__] Series Supplement may be simultaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

Section 5.12. Certain Duties of the Department. The Department covenants and agrees that, in addition to such other duties as may be required under the Indenture and this 202[4][5] [__] Series Supplement, the Department will not voluntarily take any action or fail to take any action that will impair the ability of the Department to satisfy the asset test set forth in subsection 2 of Section 512 of the Indenture during any period in which the Series 202[4][5] [__] Bonds remain Outstanding.

Section 5.13. No Recourse on Series 202[4][5] [__] Bonds. No recourse shall be had for payment of the principal or Redemption Price of or interest on the Series 202[4][5] [__] Bonds or for any claim based thereon or on this 202[4][5] [__] Series Supplement against any Board member, officer or employee of the Department or the Trustee or any person executing or authenticating the Series 202[4][5] [__] Bonds, and neither the Board members, officers or employees of the Department or the Trustee, nor any person executing or authenticating the Series 202[4][5] [__] Bonds shall be liable personally on the Series 202[4][5] [__] Bonds by reason of the issuance thereof.

Section 5.14. Protection of Trust Estate.

1. At the request of the Trustee, the Department will from time to time execute and deliver all such supplements and amendments hereto and all such financing statements, continuation statements, instruments of further assurance and other instruments, and will take such other action as may be necessary or advisable to:

(i) grant more effectively all or any portion of the Trust Estate;

(ii) maintain or preserve the lien of the Indenture and this 202[4][5] [__] Series Supplement or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by the Indenture or this 202[4][5] [__] Series Supplement;

(iv) enforce any of the documents executed in connection with this 202[4][5] [__] Series Supplement;

(v) preserve and defend title to the Trust Estate and the rights of Trustee and of owners of the Series 202[4][5] [__] Bonds in the other property held as part of the Trust Estate against the claims of all Persons and parties; or

(vi) pay all taxes or assessments levied or assessed upon the Trust Estate when due.

2. The Department hereby designates the Trustee as its agent and attorney-in-fact to execute any financing statement, continuation statement or other instrument required pursuant to this Section 5.14; provided, however, that such designation shall not be deemed to create a duty on the Trustee to monitor the compliance of the Department with the foregoing covenants and provided further, that the duty of the Trustee to execute any instrument required pursuant to this Section 5.14 shall arise only if the Trustee has actual knowledge or has been notified in writing of any failure of the Department to comply with the provisions of this Section 5.14. Such power- of-attorney is coupled with an interest and is irrevocable, and the Department hereby ratifies and confirms all that the Trustee may do by virtue thereof. The Department shall be responsible for all reasonable costs incurred by the Trustee in the preparation and filing of all such continuation statements hereunder. Notwithstanding anything to the contrary contained herein or in the Indenture, the Trustee shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interest, the accuracy or sufficiency of any description of collateral in such initial filings or the filing of any

modifications or amendments to the initial filings required by any amendments to Chapter 9 of the Texas Business and Commerce Code. Unless the Trustee shall have been notified in writing by the Department that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in relying on such initial filing and the information contained therein when filing any continuation statements or modifications thereto pursuant to this Section 5.14 or Section 1205 of the Indenture and when filing any continuation statements in the same filing offices as the initial filings were made.

Section 5.15. Continuing Disclosure Relating to Other Obligated Persons. The Board hereby determines that an Other Obligated Person would be an "obligated person" (as defined in Rule 15c2-12 (the "Rule")), for whom financial information and operating data would be presented in any final official statement relating to the Series 202[4][5] [__] Bonds had such Person been known at the time of the offering thereof. Based upon the objective criteria specified in the definition of Other Obligated Person, the Board concludes that no Borrower eligible to participate in the Program would be an Other Obligated Person.

Section 5.16. Agreement Regarding Assumption of Certain Home Loans. The Board agrees not to permit the assumption of any Mortgage Loan that would cause any Person to become an Other Obligated Person.

Section 5.17. Responsibilities of Trustee. Notwithstanding anything to the contrary in the Indenture: (a) subject to the provisions of subsection 2 of Section 902 of the Indenture, the Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct; and (b) the Trustee may act through agents or attorneys and shall not be responsible for the misconduct or negligence of such agents or attorneys appointed with due care. Subject to the provisions of Section 902 of the Indenture, the Department further agrees, to the extent permitted by law, to indemnify and save the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to the Trustee's negligence or willful misconduct. If the Trustee renders any service hereunder not provided for in the Indenture or this 202[4][5] [__] Series Supplement or related financing documents or institutes interpleader proceedings relative hereto, the Trustee shall be compensated reasonably by the Department for such extraordinary services and reimbursed for any and all claims, liabilities, losses, damages, fines, penalties, and expenses, including out of pocket and incidental expenses and legal fees and expenses occasioned thereby. The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds. The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty.

Section 5.18. Compliance with Texas Government Code.

1. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this 202[4][5] [__] Series Supplement, the Depository Agreement and the Continuing Disclosure Agreement dated as of [DOC DATE], between the Department and the Trustee (the "Disclosure Agreement," and together with this 202[4][5] [__] Series Supplement and the Depository Agreement, the "Representation Documents"), and such representation is hereby incorporated by reference into each of the Representation Documents. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

2. The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

https://comptroller.texas.gov/purchasing/docs/sudan-list.xlsx,
https://comptroller.texas.gov/purchasing/docs/iran-list.xlsx, or
https://comptroller.texas.gov/purchasing/docs/fto-list.xlsx.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

3. To the extent any of the Representation Documents constitutes a contract for goods or services for which a written verification is required under Section 2276.002, Texas Government Code, as amended, the Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and, will not boycott energy companies during the term of such Representation Document. The foregoing verification is made solely to comply with Section 2276.002, Texas Government Code, as amended, to the extent Section 2276.002, Texas Government Code does not contravene applicable Texas or Federal law. As used in the foregoing verification, "boycott energy companies" shall have the meaning assigned to the term "boycott energy company" in Section 809.001, Texas Government Code.

4. To the extent any of the Representation Documents constitutes a contract for the purchase of goods or services for which a written verification is required under Section 2274.002, Texas Government Code, as amended, the Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any,

(1) do not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association; and

(2) will not discriminate during the term of the applicable Representation Document against a firearm entity or firearm trade association.

The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or Federal law. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" shall have the meaning assigned to such term in Section 2274.001(3), Texas Government Code.

5. As used in this Section 5.18, the Trustee understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

Section 5.19. Instructions via Electronic Means. The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions"), given pursuant to the Indenture and delivered using Electronic Means; provided, however, that the Department shall provide to the Trustee an incumbency certificate listing Authorized Representatives of the Department with the authority to provide such Instructions and containing specimen signatures of such Authorized Representative of the Department, which incumbency certificate shall be amended by the Department whenever a person is to be added or deleted from the listing. "Electronic Means" as used herein shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder. If the Department elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Department understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by or on behalf of an Authorized Representative listed on the incumbency certificate provided to the Trustee have been sent by or on behalf of such Authorized Representative. The Department shall be responsible for ensuring that only Authorized Representatives of the Department transmit or authorize the transmission of such Instructions to the Trustee and that the Department and all Authorized Representatives of the Department are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Department. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Department agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee

acting on unauthorized Instructions, and the risk of interception or misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by Department; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 5.20. Letter of Instruction; Written Instructions. The Trustee may conclusively rely on any Letter of Instructions or written instructions delivered to the Trustee and shall not be responsible for any loss or liability resulting from the investment of funds or otherwise, but only so long as the Trustee follows such Letter of Instructions or written instructions in all material respects.

[signature pages follow]

IN WITNESS WHEREOF, the Department and the Trustee have caused this 202[4][5] [__] Series Supplement to be signed, sealed, and attested on their behalf by their duly authorized representatives, all as of the date first hereinabove written.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

By: _____
Director of Bond Finance

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF BOND

UNITED STATES OF AMERICA

STATE OF TEXAS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
RESIDENTIAL MORTGAGE REVENUE {REFUNDING] BOND
SERIES 202[4][5] [__]

THE ORIGINAL PRINCIPAL AMOUNT OF THIS BOND IS SUBJECT TO REDUCTION UPON PAYMENT OF AMOUNTS CAUSING A PARTIAL REDEMPTION OF THIS BOND AS PROVIDED HEREIN; THE OUTSTANDING PRINCIPAL AMOUNT OF THIS BOND WILL BE AS SHOWN ON THE REGISTRY BOOKS KEPT BY THE WITHIN-NAMED TRUSTEE

[THE STATED PRINCIPAL AMOUNT OF THIS BOND WHILE REGISTERED IN THE NAME OF THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK, OR ITS NOMINEE MAY BE REDUCED BY THE AMOUNT OF REDEMPTIONS OF ANY BONDS OR PORTIONS THEREOF][1]

No. _____ $_____

Interest Rate:	Dated Date:	CUSIP:	Maturity Date:
_____	_____	_____	_____

Registered Owner: _____

Principal Amount: _____ DOLLARS

The TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (herein called the "Department"), a public and official agency of the State of Texas, acknowledges itself indebted to, and FOR VALUE RECEIVED, hereby promises to pay to the registered owner named above or registered assigns, but solely from the sources and in the manner hereinafter provided, on the maturity date specified above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such principal amount in like coin or currency from the Dated Date (as defined below) of this Bond or from the most recent date to which interest on this Bond (or any Bond in exchange for, or in lieu of, which this Bond was issued), has been paid at the interest rate per annum set forth above, calculated on the basis of a 360-day year composed of twelve 30-day months, payable on [INITIAL INTEREST DATE], and each January 1 and July 1 thereafter, and on any other date on which this Bond is subject to redemption (each, an "Interest Payment Date") to the date of maturity or earlier redemption, until the Department's obligation with respect to the payment of such principal amount shall be discharged. The principal amount or Redemption Price of this Bond shall be payable upon presentation and surrender of this Bond, at the applicable office of The Bank of New York Mellon Trust Company, N.A. (such bank and any successor in such capacity being referred to as the "Trustee"). The interest on each Series 202[4][5] [__] Bond shall be paid by check mailed on the Interest Payment Date to the Person in whose name such Series 202[4][5] [__] Bond is registered at the close of business on the 15th day of the month (whether or not a Business Day) immediately preceding the applicable Interest Payment Date, at the address of such Person as shown on the Bond registration books

[1] To be deleted from the Initial Bond, and be included only in Series 202[3][4] [__] Bonds registered in the name of DTC or its nominee.

kept by the Trustee. Notwithstanding the foregoing, in no event shall the cumulative amount of interest paid or payable on any Bond (including interest calculated as provided in the Indentures (as defined below), together with all other amounts that constitute interest on the Bonds under the laws of the State of Texas that are contracted for, charged, reserved, taken or received pursuant to the Indentures) through any Interest Payment Date or through the date of payment of such Bond (whether at maturity, by acceleration or upon earlier redemption) exceed the "net interest cost" that will produce a "net effective interest rate" of greater than 15% per annum or, to the extent allowed by law, such greater "net effective interest rate" as may be allowed from time to time. The terms "net interest cost" and "net effective interest rate," as used herein, shall have the respective meanings ascribed to them in Chapter 1204, Texas Government Code, as amended. This Bond shall be dated as of the date six months preceding the Interest Payment Date next following the date of authentication hereof by the Trustee, unless such date of authentication shall be an Interest Payment Date, in which case this Bond shall be dated as of such Interest Payment Date, or unless such date of authentication shall be prior to [INITIAL INTEREST DATE], in which case this Bond shall be dated as of the Issuance Date; provided that if interest on this Bond shall be in default, Bonds issued in lieu of this Bond upon surrender for transfer or exchange may be dated as of the date to which interest has been paid in full on the Bonds surrendered (herein, the "Dated Date").

This Bond is a limited obligation of the Department and is one of the Bonds of the Department designated "Residential Mortgage Revenue [Refunding] Bonds" (herein called the "Bonds"), issued and to be issued in various series under and pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as such may be amended from time to time (together with the laws of the State of Texas applicable to the Department, collectively, the "Act"), [Chapter 1207, Texas Government Code, as amended,] and Chapter 1371, Texas Government Code, as amended, and under and pursuant to an indenture of the Department entitled "Amended and Restated Residential Mortgage Revenue Bond Trust Indenture", dated as of July 1, 2019, as amended and supplemented (herein called the "Indenture"), and a supplemental indenture of the Department entitled "[NUMBER] Supplemental Residential Mortgage Revenue Bond Trust Indenture", dated as of [DOC DATE], authorizing the series of Bonds of which this Bond is a part (herein called the "Series Supplement" and together with the Indenture called the "Indentures"). All defined terms used herein, but not otherwise defined, shall have the same definitions ascribed to them in the Indentures. As provided in the Indenture, Bonds may be issued from time to time pursuant to supplemental indentures in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and subject to the provisions thereof, may otherwise vary. All Bonds issued and to be issued under the Indenture are and will be equally secured by the pledges, assignments in trust and covenants made therein, except as otherwise expressly provided or permitted in the Indenture.

THE PRINCIPAL OF AND INTEREST AND PREMIUM, IF ANY, ON THIS BOND ARE LIMITED OBLIGATIONS OF THE DEPARTMENT AND ARE PAYABLE ONLY FROM REVENUES OR FUNDS OF THE DEPARTMENT PLEDGED UNDER THE INDENTURES. THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH OR CREDIT OR TAXING POWER OF THE STATE OF TEXAS. THE DEPARTMENT HAS NO TAXING POWER.

This Bond is one of a series of Bonds designated "Residential Mortgage Revenue [Refunding] Bonds, Series 202[4][5] [__]" (herein sometimes called the "Series 202[4][5] [__] Bonds") issued in the aggregate initial principal amount of $[PRINCIPAL] under the Indentures [to provide funds to refund the Refunded Bonds][for the purpose of providing funds to finance the acquisition of mortgage loans through the purchase of Mortgage Certificates backed by qualified mortgage loans]. Copies of the Indentures are on file at the office of the Department and at the applicable office of the Trustee and reference to the Indentures and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges, assignments in trust, and covenants securing the Bonds; the nature, extent, and manner of enforcement of such pledges, assignments in trust, and covenants; the rights and remedies of the registered owners of the Bonds with respect thereto; the terms and conditions upon which the Bonds are issued and may be issued thereunder; and other matters, to all of which the owner of this Bond assents by the acceptance of this Bond. To the extent of any conflict between the terms and provisions of the Indentures and the terms and provisions of this Bond, the Indentures shall govern and control.

The owner of this Bond shall have no right to enforce the provisions of the Indentures, or to institute any action with respect to any Event of Default (as defined in the Indenture), or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in the Indentures.

This Bond is transferable, as provided in the Indentures, only upon the books of the Department kept for that purpose at the above-mentioned office of the Trustee, by the registered owner hereof in person, or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon, a new Bond or Bonds in the same aggregate principal amount and maturity shall be issued to the transferee in exchange herefor as provided in the Indentures, and upon payment of the charges therein prescribed. The Department and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal, Redemption Price or purchase price hereof and interest due hereon and for all other purposes.

[EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURES, THIS BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF DTC OR TO A SUCCESSOR BOND DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR BOND DEPOSITORY.][2]

The Series 202[4][5] [__] Bonds are issuable only in the form of fully registered Bonds without coupons in the denomination of $[5,000] principal amount or any integral multiple thereof.

To the extent and in the manner permitted by the terms of the Indentures, the provisions of the Indentures, or any indenture amendatory thereof or supplemental thereto, may be modified or amended by the Department, with the written consent of the holders of at least 2/3 in principal amount of the Bonds of each series so affected then outstanding under the Indentures; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain outstanding under the Indentures, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of the calculation of outstanding Bonds. No such modification or amendment shall permit any of the following, without the consent of each Bondholder whose rights are affected thereby: a change in the terms of maturity or redemption of any Bond or of any installment of interest thereon; a reduction in the principal amount or Redemption Price of any Bond or in the rate of interest thereon; the creation of a lien on or a pledge of the revenues pledged under the Indenture or any portion thereof that is superior to or on a parity with the lien of the Indenture; the granting of a preference or priority of any Bond or Bonds over any other Bond or Bonds; or a reduction in the aggregate principal amount or classes of Bonds, of which the consent of the registered owners is required to effect any such modification or amendment.

The Series 202[4][5] [__] Bonds are subject to redemption prior to stated maturity as set forth in the Series Supplement.

In lieu of redeeming Series 202[4][5] [__] Bonds, the Department has reserved the right in the Indenture to purchase such Bonds.

Written notice of redemption shall be provided to the registered owner of each Series 202[4][5] [__] Bond to be redeemed, as shown on the Bond registration books kept by the Trustee, at least 30 days prior to the redemption date, in the manner and upon the terms and conditions set forth in the Indentures. If notice of redemption shall have been given as aforesaid, the Series 202[4][5] [__] Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, moneys for the redemption of all the Series 202[4][5] [__] Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Series 202[4][5] [__] Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

The Department reserves the right to regulate or restrict the yield or return on the investment of the moneys in any fund, account, or subaccount created under the Indentures or any supplemental indenture, if in the opinion of counsel, such regulation or restriction is necessary in order for the interest on the Bonds (other than any series of taxable Bonds issued under the Indenture) of any series issued or to be issued under the Indenture to be exempt from federal income taxation.

[2] To be deleted from the initially issued Bonds.

The Act provides that neither the officers or directors of the Department nor any person executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof.

It is hereby certified and recited that all conditions, acts, and things required by law and the Indentures to exist, to have happened, and to have been performed precedent to and in the issuance of this Bond, exist, have happened, and have been performed and that the issuance of this Bond and the series of Bonds of which it is a part are duly authorized by the laws of the State of Texas.

This Bond shall not be entitled to any benefit under the Indentures or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate or the execution by the Comptroller of Public Accounts of the State of Texas of the Comptroller's Registration Certificate hereon.

IN WITNESS WHEREOF, the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its duly authorized representative, and its corporate seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved, or otherwise reproduced and attested by the manual or facsimile signature of its Secretary.

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: _____
[Vice] Chair

Attest:

_____
Secretary

(SEAL)

[FORM OF COMPTROLLER'S REGISTRATION
CERTIFICATE ON INITIAL BOND]

STATE COMPTROLLER'S REGISTRATION CERTIFICATE

OFFICE OF COMPTROLLER Register No. _____

STATE OF TEXAS

I HEREBY CERTIFY that there is on file and of record in my office a certificate of the Attorney General of the State of Texas approving this Bond and certifying that this Bond and the proceedings for the issuance thereof have been examined by him as required by law, and that he finds that this Bond has been issued in accordance with law and that it is a valid and binding limited obligation of the Texas Department of Housing and Community Affairs, payable from the revenues and other funds pledged to its payment by and in the proceedings authorizing the same, and I do further certify that this Bond has this day been registered by me as Comptroller.

WITNESS MY HAND AND SEAL OF OFFICE this _____.

_____
Comptroller of Public Accounts
of the State of Texas

(SEAL)

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION
ON EACH BOND OTHER THAN THE INITIAL BOND]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is to certify that the initial Bonds of this Series were approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this Bond is one of the Bonds delivered pursuant to the within-mentioned Indenture.

Date of Authentication:

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., Trustee

By: _____
Authorized Officer

[FORM OF ASSIGNMENT]

ASSIGNMENT

For value received, the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated:_____

_____

NOTICE: The signature(s) on this assignment must correspond in every particular with the name(s) of the registered owner(s) appearing on the face of the within Bond.

Signature guaranteed by:

_____

NOTICE: Signature must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements will include membership or participation in STAMP or such other signature guaranty program as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT B

[[_____] TRANSFERRED MORTGAGE CERTIFICATES]

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[NUMBER] SUPPLEMENTAL RESIDENTIAL MORTGAGE
REVENUE BOND TRUST INDENTURE

BETWEEN

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

AND

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., AS TRUSTEE

AUTHORIZING

$[PRINCIPAL]
RESIDENTIAL MORTGAGE REVENUE [REFUNDING] BONDS,
TAXABLE SERIES 202[4][5] [__]

Dated as of [DOC DATE]

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Exhibit A – Form of Bond A-1

Exhibit B – [[_____] TRANSFERRED MORTGAGE CERTIFICATES] B-1

[NUMBER] SUPPLEMENTAL RESIDENTIAL MORTGAGE REVENUE BOND TRUST INDENTURE

THIS [NUMBER] SUPPLEMENTAL RESIDENTIAL MORTGAGE REVENUE BOND TRUST INDENTURE, dated as of [DOC DATE] (this "202[4][5] [__] Series Supplement"), is made by and between the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas (together with any successor to its rights, duties, and obligations hereunder, the "Department"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as trustee (as successor trustee to MTrust Corp, and together with any successor trustee hereunder, the "Trustee").

RECITALS

WHEREAS, the Department and the Trustee have heretofore executed and delivered that certain Amended and Restated Residential Mortgage Revenue Bond Trust Indenture dated as of July 1, 2019, as amended and supplemented from time to time (the "Indenture"), providing for the issuance from time to time by the Department of one or more series of its Residential Mortgage Revenue Bonds (collectively, the "Bonds"); and

WHEREAS, the Department has been created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as such may be amended from time to time (together with other laws of the State of Texas (the "State") applicable to the Department, the "Act"), for the purpose, among others, of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide safe and sanitary housing for persons and families of low and very low income and families of moderate income (as described in the Act and as determined by the Governing Board of the Department from time to time) at prices they can afford; and

[WHEREAS, the Act authorizes the Department: (i) to make and acquire, and to enter into advance commitments to make and acquire, mortgage loans (including participations therein) secured by mortgages on residential housing in the State; (ii) to issue its bonds for the purpose of obtaining funds to make and acquire such mortgage loans or participations therein, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (iii) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such mortgage loans or participations therein, and to mortgage, pledge or grant security interests in such mortgages, mortgage loans or participations therein or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and]

[WHEREAS, the Department is authorized under the Act to issue bonds to refund its outstanding obligations and is authorized under the Indenture to issue bonds to refund Bonds issued under the Indenture; and

WHEREAS, Section 1207.002, Texas Government Code, as amended, authorizes the Department to issue refunding bonds to refund all or any part of the Department's outstanding bonds, notes or other general or special obligations; and]

WHEREAS, Section 1002 of the Indenture authorizes the Department and the Trustee to execute and deliver a supplemental indenture, authorizing Bonds of a Series to include any other matters and things relative to such Bonds which are not inconsistent with or contrary to the Indenture, to add to the covenants of the Department, and to pledge other moneys, securities or funds as part of the Trust Estate; and

WHEREAS, the Department has determined to issue its Residential Mortgage Revenue [Refunding] Bonds, Taxable Series 202[4][5] [__] in an aggregate principal amount of $[PRINCIPAL] (the "Series 202[4][5] [__] Bonds") pursuant to the Indenture and this 202[4][5] [__] Series Supplement [for the purpose of refunding its Outstanding Residential Mortgage Revenue Bonds, Series [_____] ([collectively,]the "Refunded Bonds")][to obtain funds to acquire Mortgage Certificates backed by Mortgage Loans secured by mortgages on residential housing in the State owned and occupied by persons and families of low and very low income and families of moderate income, to pay lender compensation related to the 202[4][5] [__] Mortgage Loans and to pay a portion of the costs of issuance of the Series 202[4][5] [__] Bonds], all under and in accordance with the Constitution and the laws of the State; and

[WHEREAS, concurrently with the execution of this 202[4][5] [__] Series Supplement, the Department and the Trustee are also entering into that certain [NUMBER] Supplemental Residential Mortgage Revenue Bond Trust Indenture of even date herewith (together with any amendments thereto, the "202[4][5] [__] Series Supplement") by and between the Department and the Trustee, pursuant to which the Department intends to issue its Residential Mortgage Revenue [Refunding] Bonds, [Taxable] Series 202[4][5] [__] (the "Series 2024D Bonds", and together with the Series 202[4][5] [__] Bonds, the "Series 202[4][5][__] Bonds") for the purposes described in the 202[4][5] [__] Series Supplement; and]

WHEREAS, the execution and delivery of this 202[4][5] [__] Series Supplement and the issuance of the Series 202[4][5] [__] Bonds have been in all respects duly and validly authorized by a written resolution of the Governing Board of the Department; and

WHEREAS, the Trustee has accepted the trusts created by the Indenture and this 202[4][5] [__] Series Supplement and in evidence thereof has joined in the execution and delivery hereof; and

WHEREAS, except as provided herein, all acts and conditions and things required by the Constitution and laws of the State to happen, exist and be performed precedent to execution and delivery of this 202[4][5] [__] Series Supplement have happened, exist and have been performed as so required in order to make the Indenture, as supplemented by this 202[4][5] [__] Series Supplement, a valid, binding and legal instrument for the security of the Series 202[4][5] [__] Bonds and a valid and binding agreement in accordance with its terms;

NOW, THEREFORE, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Series 202[4][5] [__] Bonds by the holders thereof from time to time, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the further purpose of fixing and declaring the terms and conditions upon which the Series 202[4][5] [__] Bonds are to be issued, authenticated, delivered and accepted by the holders thereof from time to time, the Department and the Trustee do hereby mutually covenant and agree, for the equal and proportionate benefit of the respective holders from time to time of the Bonds, including the Series 202[4][5] [__] Bonds, as follows:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND PLEDGE OF SECURITY

Section 1.1. Supplemental Indenture. This 202[4][5] [__] Series Supplement is supplemental to, and is adopted in accordance with, Article III and Article X of the Indenture.

Section 1.2. Definitions.

1. Unless defined in subsection (b) of this Section 1.2 or unless the context shall require otherwise, all defined terms contained in the Indenture shall have the same meanings in this 202[4][5] [__] Series Supplement (other than in the form of Series 202[4][5] [__] Bond set forth in Exhibit A hereto) as such defined terms are given in Section 101 of the Indenture.

2. As used in this 202[4][5] [__] Series Supplement (other than in the form of Series 202[4][5] [__] Bond set forth in Exhibit A hereto), unless the context shall otherwise require, the following terms shall have the following respective meanings:

"Account" or "Accounts" shall mean any one or more, as the case may be, of the separate special trust accounts pertaining to the Series 202[4][5] [__] Bonds created and established in Section 2.10 of this 202[4][5] [__] Series Supplement.

"Authorized Denominations" shall mean $[5,000] principal amount or any integral multiples thereof.

"Authorized Representative of the Department" shall mean the [Chair or Vice Chair of the Board of the Department, the Executive Director of the Department, the Director of Administration of the Department, the Director

of Financial Administration of the Department, the Director of Bond Finance of the Department, and the Secretary or any Assistant Secretary to the Board] or any officer or employee of the Department authorized to perform specific acts or duties by resolution duly adopted by the Board and as evidenced by a written certificate delivered to the Trustee containing the specimen signature of such person.

"Board" shall mean the Governing Board of the Department.

"Bond Counsel" shall mean a firm or firms of attorneys selected by the Department, and acceptable to the Trustee, experienced in the field of housing revenue bonds the interest on which is excludable from gross income for federal income tax purposes, and whose legal opinion on such bonds is acceptable in national bond markets.

"Bond Depository" shall mean The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, and any successor Bond Depository appointed pursuant to Section 913 of the Indenture and Section 2.7 hereof.

"Business Day" shall mean any day other than a (i) Saturday or Sunday, (ii) day on which banking institutions in New York, New York, the State, or the city in which the payment office of the Paying Agent is located are authorized or obligated by law or executive order to be closed for business, or (iii) day on which the New York Stock Exchange is closed.

"Certificate Accrued Interest" shall mean the amount of interest received in the month following the month of the purchase of a 202[4][5] [__] Mortgage Certificate by the Trustee which represents the number of days of interest on such 202[4][5] [__] Mortgage Certificate at the applicable Pass-Through Rate from the first day of the month of purchase to, but not including, the Certificate Purchase Date.

"Certificate Purchase Date" shall mean, with respect to a 202[4][5] [__] Mortgage Certificate, the date of purchase thereof by the Trustee on behalf of the Department in accordance with the Servicing Agreement.

"Certificate Purchase Period" shall mean the period from the Issuance Date to and including [____], but which may be extended in accordance with Section 5.2 of this 202[4][5] [__] Series Supplement.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in clauses (b) and (c).

"Compliance Agent" shall mean Hilltop Securities Inc., and its successors and assigns.

"Compliance Agreement" shall mean the Program Administration Agreement dated as of May 24, 2023, by and between the Department and the Compliance Agent, together with any amendments thereto.

"Comptroller" means the Comptroller of Public Accounts of the State of Texas.

"Contract for Deed Exception" shall mean the exception from certain Mortgage Loan eligibility requirements available with respect to a Borrower possessing land under a contract for deed, as provided in Section 143(i)(l)(C) of the Code.

"Costs of Issuance" shall mean costs to the extent incurred in connection with, and allocable to, the issuance of an issuance of obligations within the meaning of Section 147(g) of the Code. For example, Costs of Issuance include the following costs, but only to the extent incurred in connection with, and allocable to, the borrowing: underwriters' spread; counsel fees; financial advisory fees; fees paid to an organization to evaluate the credit quality of an issue; trustee fees; paying agent fees; bond registrar, certification and authentication fees; accounting fees; printing costs for bonds and offering documents; public approval process costs; engineering and feasibility study costs; guarantee fees, other than qualified guarantees; and similar costs.

"Counsel's Opinion" shall mean a written opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds (who may also be counsel to the Department) selected by the Department and satisfactory to the Trustee.

"Depository" shall mean the Texas Treasury Safekeeping Trust Company, acting in accordance with the Depository Agreement, and any bank or trust company appointed pursuant to Section 914 of the Indenture and Section 5.7 hereof to act as depository of certain moneys and investments.

"Depository Agreement" shall mean that certain [_____] Supplement to Amended and Restated Depository Agreement dated as of the date hereof, by and among the Department, the Trustee and the Depository relating to the Series 202[4][5] [__] Bonds, together with any amendments or supplements thereto.

"Depository Participant" shall mean a broker, dealer, bank, other financial institution or any other Person for whom from time to time a Bond Depository effects book-entry transfers and pledges of securities deposited with such Bond Depository.

"Ginnie Mae" shall mean the Government National Mortgage Association, a wholly-owned corporate instrumentality of the United States of America within the Department of Housing and Urban Development, whose powers are prescribed generally by Title III of the National Housing Act of 1934, as amended (12 U.S.C. § 1716 et seq.), and any successor thereto.

"Ginnie Mae Certificate" shall mean a fully-modified, mortgage-backed, pass-through security issued by the Servicer in accordance with the applicable Ginnie Mae Guide bearing interest at the applicable Pass-Through Rate and representing the beneficial ownership interest in a Ginnie Mae pool, registered in the name of the Trustee and guaranteed as to timely payment of principal and interest by Ginnie Mae pursuant to Section 306(g) of Title III of the National Housing Act of 1934 and regulations promulgated thereunder backed by Mortgage Loans originated by Mortgage Lenders under the Program and packaged by the Servicer into a Ginnie Mae pool.

"Ginnie Mae Certificate Purchase Price" shall mean, with respect to the Program and the purchase of any Ginnie Mae Certificate thereunder by the Trustee on any Certificate Purchase Date, the total of 100% of the principal balance of the 202[4][5] [__] Mortgage Loans in the applicable Mortgage Pool on record with Ginnie Mae (subject to adjustment upon written notice from the Department) on the first day of the month in which the subject Certificate Purchase Date occurs, but shall not include any Certificate Accrued Interest thereon.

"Ginnie Mae Guaranty Agreement" shall mean, with respect to the Program, the Commitment to Guarantee Mortgage-Backed Securities (Form HUD-11704) (whether one or more) issued by Ginnie Mae to the Servicer, together with any amendments or supplements thereto or extensions thereof.

"IHFA" means the Idaho Housing and Finance Association, an Idaho independent public body corporate and politic.

"Indenture" shall mean the Amended and Restated Residential Mortgage Revenue Bond Trust Indenture dated as of July 1, 2019, between the Department and the Trustee, as supplemented and amended from time to time.

"Initial Bond" means the Series 202[4][5] [__] Bond approved by the Attorney General of the State of Texas and registered by the Comptroller.

[NEW MONEY]"Interest Payment Date" shall mean, with respect to the Series 202[4][5] [__] Bonds, each July 1 and January 1, commencing [INITIAL INTEREST DATE], and any other date on which the Series 202[4][5] [__] Bonds are subject to redemption.

[REFUNDING]"Interest Payment Date" shall mean, with respect to the Series 202[4][5] [__] Bonds, the first day of each month, commencing [INITIAL INTEREST DATE], and any other date on which the Series 202[4][5] [__] Bonds are subject to redemption.

"Issuance Date" shall mean [CLOSING DATE], the date of initial issuance and delivery of the Series 202[4][5] [__] Bonds to the Underwriters, as initial purchasers thereof, in exchange for payment of the purchase price of the Series 202[4][5] [__] Bonds.

"Letter of Instructions" shall mean, with respect to the Series 202[4][5] [__] Bonds, a written directive and authorization to the Trustee or any Depository specifying the period of time for which such directive and authorization shall remain in effect, executed by two Authorized Representatives of the Department.

"Letter of Representations" shall mean that certain DTC Blanket Issuer Letter of Representations executed by the Department and the Bond Depository.

[NEW MONEY]"Mortgage Loan Principal Payment" shall mean, with respect to any 202[4][5] [__] Mortgage Loan, all amounts representing (i) scheduled payments of principal thereof and (ii) Mortgage Loan Principal Prepayments other than portions, if any, of Mortgage Loan Principal Prepayments representing any penalty, fee, premium or other additional charge for the prepayment of principal which may be paid pursuant to the terms of such 202[4][5] [__] Mortgage Loan.

[REFUNDING]"Mortgage Loan Principal Payments" shall mean all Mortgage Loan Principal Prepayments and all regularly scheduled payments of principal with respect to all Mortgage Loans included in the [___] Transferred Mortgage Certificates.

"Mortgage Origination Agreement" shall mean the Master Mortgage Origination Agreement by and between the Department and a Mortgage Lender, together with any amendments thereto.

"Mortgage Pool" shall have the meaning assigned to the term "Pool" in the Servicing Agreement.

"Optional Redemption Date" shall mean [OPTIONAL REDEMPTION DATE].

"Other Obligated Person" shall mean a Person that is a mortgagor with respect to at least 20% in aggregate principal amount of the Mortgage Loans held under the Indenture.

"Pass-Through Rate" shall mean the interest rate accruing each month on a 202[4][5] [__] Mortgage Certificate, which will equal the mortgage rate of the 202[4][5] [__] Mortgage Loans backing the 202[4][5] [__] Mortgage Certificate less servicing and guaranty fees, which fees are retained by the Servicer.

"Paying Agent" shall mean the Trustee.

"Program" shall mean the Department's Single Family Mortgage Purchase Program as set forth and implemented through the Program Agreement.

"Program Agreement" shall mean, collectively, the Mortgage Origination Agreement, the Servicing Agreement, the Compliance Agreement and the Program Guidelines.

"Program Guidelines" shall mean the Program Guidelines for Texas Department of Housing and Community Affairs effective July 24, 2023, relating to specific provisions of the Program, as amended from time to time.

"Purchase Agreement" shall mean the Bond Purchase Agreement dated [PRICING DATE], between the Department and the Underwriters providing for the purchase of the Series 202[4][5] [__] Bonds by the Underwriters, as amended or supplemented from time to time.

"Rating Agency" shall mean: (i) S&P Global Ratings, a division of S&P Global Inc., and any successor thereto; and (ii) Moody's Investors Service, Inc. and any successor thereto to the extent either agency then has a rating on the Bonds in effect at the request of the Department.

"Record Date" shall mean the close of business on the 15th day of the month (whether or not a Business Day) immediately preceding an Interest Payment Date.

"Redemption Price" shall mean, with respect to any Series 202[4][5] [__] Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Series 202[4][5] [__] Bond or the Indentures.

["Refunded Bonds" shall mean all of the Department's Outstanding Residential Mortgage Revenue Bonds, Series [_____].]

"Regulations" means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

"Representative" shall mean [REPRESENTATIVE].

"Revenues" shall mean in addition to those items defined as such in the Indenture, all amounts paid or required to be paid from time to time on the 202[4][5] [__] Mortgage Certificates, including any payments received from Ginnie Mae pursuant to the Ginnie Mae Certificates, all Mortgage Loan Principal Payments representing the same, all prepayment premiums or penalties received by or on behalf of the Department in respect of the 202[4][5] [__] Mortgage Certificates and all other net proceeds of such 202[4][5] [__] Mortgage Certificates.

"RHS" shall mean the United States Department of Agriculture, Rural Housing Service, formerly known as Farmers Home Administration, or any successor thereto.

"Series 202[4][5] [__] Bonds" shall mean the Bonds of the Department of the Series authorized by this 202[4][5] [__] Series Supplement.

"Series Supplement" shall mean this [NUMBER] Supplemental Residential Mortgage Revenue Bond Trust Indenture by and between the Department and the Trustee, dated as of [DOC DATE], together with any amendments hereto.

"Servicer" shall mean (i) IHFA, or any successor thereto as servicer for the Program, including any designee to act as subservicer on its behalf; and (ii) any additional servicer for the Program as selected by the Department.

"Servicing Agreement" shall mean (i) with respect to IHFA, the Mortgage Acquisition, Pooling and Servicing Agreement dated as of October 1, 2021, by and between the Department and IHFA, as amended pursuant to that certain First Addendum to Mortgage Acquisition, Pooling and Servicing Agreement dated as of June 1, 2023; and (ii) with respect to any additional servicer, the servicing agreement executed by the Department and such servicer, in any case together with any amendments thereto.

"Sinking Fund Installment" means the principal amount of the Series 202[4][5] [__] Bonds subject to scheduled mandatory redemption on the respective redemption dates set forth in **Error! Reference source not found.** hereof.

"State" shall mean the State of Texas.

"Subaccount" or "Subaccounts" shall mean any one or more, as the case may be, of the special subaccounts pertaining to the Series 202[4][5] [__] Bonds created in certain Accounts pursuant to Section 2.9 hereof.

"202[4][5] [__] Administrative Subaccount" shall mean the 202[4][5] [__] Administrative Subaccount within the 202[4][5] [__] Mortgage Loan Account established pursuant to Section 2.10 hereof.

"202[4][5] [__] Bond Proceeds Fund" shall mean the 202[4][5] [__] Bond Proceeds Fund established pursuant to Section 2.10 hereof.

"202[4][5] [__] Cost of Issuance Account" shall mean the 202[4][5] [__] Costs of Issuance Account of the Cost of Issuance Fund established pursuant to Section 2.10 hereof.

"202[4][5] [__] Expense Account" shall mean the 202[4][5] [__] Expense Account of the Expense Fund established pursuant to Section 2.10 hereof.

"202[4][5] [__] Interest Account" shall mean the 202[4][5] [__] Interest Account of the Interest Fund established pursuant to Section 2.10 hereof.

"202[4][5] [__] Mortgage Certificates" shall mean the Ginnie Mae Certificates that evidence beneficial ownership of and a participation in a Mortgage Pool, that satisfy the requirements of Section 2.17 hereof which are purchased by the Trustee from amounts available in the 202[4][5] [__] Mortgage Loan Account and pledged by the Department to the Trustee pursuant to the Indenture and this 202[4][5] [__] Series Supplement.

"202[4][5] [__] Mortgage Loan Account" shall mean the 202[4][5] [__] Mortgage Loan Account of the Mortgage Loan Fund established pursuant to Section 2.10 hereof.

"202[4][5] [__] Mortgage Loans" shall mean the Mortgage Loans included in each Mortgage Pool represented by a 202[4][5] [__] Mortgage Certificate.

"202[4][5] [__] Principal Account" shall mean the 202[4][5] [__] Principal Account of the Principal Fund established pursuant to Section 2.10 hereof.

"202[4][5] [__] Residual Revenues Account" shall mean the 202[4][5] [__] Residual Revenues Account of the Residual Revenues Fund established pursuant to Section 2.10 hereof.

"202[4][5] [__] Revenue Account" shall mean the 202[4][5] [__] Revenue Account of the Revenue Fund established pursuant to Section 2.10 hereof.

"202[4][5] [__] Special Redemption Account" shall mean the 202[4][5] [__] Special Redemption Account of the Special Redemption Fund established pursuant to Section 2.10 hereof.

"[_____] Transferred Mortgage Certificates" shall mean the Mortgage Certificates allocated to the [_____] Mortgage Loan Account as described in Exhibit B hereto.

"Underwriters" shall mean the Representative and the other underwriters named on the schedule attached to the Purchase Agreement.

Section 1.3. Authority for This 202[4][5] [__] Series Supplement. This 202[4][5] [__] Series Supplement is adopted pursuant to the provisions of the Act and the Indenture, particularly Section 1002(1) thereof.

Section 1.4. Rules of Construction.

1. For all purposes of this 202[4][5] [__] Series Supplement unless the context requires otherwise, all references to designated Articles, Sections and other subdivisions are to the articles, sections and other subdivisions of this 202[4][5] [__] Series Supplement.

2. Except where the context otherwise requires, terms defined in this 202[4][5] [__] Series Supplement to impart the singular number shall be considered to include the plural number and vice versa.

3. Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa.

4. This 202[4][5] [__] Series Supplement and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this 202[4][5] [__] Series Supplement and the Indenture which it supplements.

Section 1.5. Interpretation. The Table of Contents, titles and headings of the Articles and Sections of this 202[4][5] [__] Series Supplement have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms of provisions hereof.

Section 1.6. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.7. Indenture to Remain in Force. Except as amended by this 202[4][5] [__] Series Supplement, the Indenture shall remain in full force and effect as to the matters covered therein.

Section 1.8. Successors and Assigns. All covenants and agreements in this 202[4][5] [__] Series Supplement by the Department and the Trustee shall bind their respective successors and assigns, whether so expressed or not.

Section 1.9. Separability Clause. In case any provision in this 202[4][5] [__] Series Supplement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 1.10. Benefits of Series Supplement. Nothing in this 202[4][5] [__] Series Supplement or in the Bonds, express or implied, shall give to any Person, other than the parties hereto, their successors hereunder, and the Holders of Bonds any benefit or any legal or equitable right, remedy or claim under this 202[4][5] [__] Series Supplement.

Section 1.11. Governing Law. This 202[4][5] [__] Series Supplement shall be construed in accordance with and governed by the laws of the State.

Section 1.12. Miscellaneous. Every "request," "order," "demand," "application," "notice," "statement," "certificate," "consent," "instruction," or similar action hereunder shall, unless the form thereof is specifically provided herein, be in writing, and in the case of the Department signed by an Authorized Representative of the Department or in the case of any other Person signed by its President or Vice President, or other officer serving in similar capacities specifically authorized to execute such writing on behalf of any other Person, as the case may be.

Section 1.13. Granting Clause. In order to secure the payment of the principal of, premium, if any, and interest on the Bonds as the same become due and payable, whether at maturity or by prior redemption, and the performance and observance of all of the covenants and conditions herein contained, and in consideration of the premises, the acceptance by the Trustee of the trust hereby created, the purchase and acceptance of the Bonds by the holders thereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Department does hereby GRANT, BARGAIN, CONVEY, ASSIGN, MORTGAGE, and PLEDGE to the Trustee and its successors in trust hereunder all rights, title and interest of the Department now owned or hereafter acquired in and to the DPA Loans and the 202[4][5] [__] Mortgage Certificates, all amounts that may be received with respect to the DPA Loans and the 202[4][5] [__] Mortgage Certificates and the Ginnie Mae Guaranty Agreement, any right of the Department under any Ginnie Mae Guaranty Agreement with respect to the 202[4][5] [__] Mortgage Certificates held under the Indenture, including any amendments, extensions, or renewals of the terms thereof, including, without limitation, all present and future rights of the Department to make claim for, collect and receive any income, revenues, issues, profits, insurance proceeds and other sums of money payable to the account of or receivable by the Department under the DPA Loans and the 202[4][5] [__] Mortgage Certificates, to bring actions and proceedings under the DPA Loans and the 202[4][5] [__] Mortgage Certificates, or for the enforcement thereof, and to do any and all things which the Department is or may become entitled to do under the 202[4][5] [__] Mortgage Certificates, and the holders of the Bonds are by such pledge and assignment afforded a beneficial interest in such DPA Loans and the 202[4][5] [__] Mortgage Certificates.

ARTICLE II

AUTHORIZATION AND TERMS OF SERIES 202[4][5] [__] BONDS

Section 2.1. Authorization, Original Principal Amount, Designation, and Series. In accordance with and subject to the terms, conditions, and limitations established in the Indenture and this 202[4][5] [__] Series Supplement, a Series of Bonds is hereby authorized to be issued in the original aggregate principal amount of $[PRINCIPAL]. Each Bond of this Series of Bonds shall be entitled "Texas Department of Housing and Community Affairs Residential Mortgage Revenue [Refunding] Bond, Taxable Series 202[4][5] [__]." The terms of the Series 202[4][5] [__] Bonds shall be as set forth in Article III of the Indenture and this Article II.

Section 2.2. Purposes. The Series 202[4][5] [__] Bonds are issued in accordance with subsection 1(3)(b) of Section 302 of the Indenture for the purpose of [refunding the Refunded Bonds][acquiring Mortgage Loans by purchasing Mortgage Certificates representing participations therein and paying lender compensation related to the 202[4][5] [__] Mortgage Loans].

Section 2.3. The Series 202[4][5] [__] Bonds are issued [for the purposes of providing funds to acquire Mortgage Loans, or participations therein, through the purchase of 202[4][5] [__] Mortgage Certificates, including providing down payment and closing cost assistance with respect to Assisted Mortgage Loans, paying lender compensation related to the 202[4][5] [__] Mortgage Loans and paying costs of issuance][to provide funds for the purpose of refunding the Refunded Bonds].

Section 2.4. Registered Bonds Only, Dates, Denominations, Numbers, and Letters.

1. The Series 202[4][5] [__] Bonds shall be issuable only in the form of fully registered bonds without coupons and may not be exchanged into coupon bonds. The Initial Bond shall be registered to the Representative.

2. The Series 202[4][5] [__] Bonds shall be dated as of the date of authentication thereof by the Trustee, unless such date of authentication shall be an Interest Payment Date, in which case they shall be dated as of such Interest Payment Date; provided, however, that if the date of authentication shall be prior to the first Interest Payment Date or in the case of the Initial Bond, the Series 202[4][5] [__] Bonds shall be dated as of the Issuance Date.

3. The Series 202[4][5] [__] Bonds shall be issued in the Authorized Denominations.

4. Unless the Department shall direct otherwise, each Series 202[4][5] [__] Bond within a maturity of the Series 202[4][5] [__] Bonds shall be lettered and numbered separately from 00001 upward prefixed by the letters R, the letters Ja or Ju depending on whether the maturity is January or July, and the last two digits of the year of maturity, provided that the Initial Bond shall be numbered TR-1.

Section 2.5. Interest Payment Dates, Interest Rates and Maturities of the Series 202[4][5] [__] Bonds. The Series 202[4][5] [__] Bonds shall bear interest from the date thereof until maturity or prior redemption at the respective rates per annum set forth below. Interest on the Series 202[4][5] [__] Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months, payable on each Interest Payment Date until maturity or prior redemption. The Series 202[4][5] [__] Bonds shall mature and become payable on the dates and in the respective principal amounts set forth below, subject to prior redemption in accordance with Section 2.8 hereof and Article IV of the Indenture:

Maturity Date	Principal Amount ($)	Interest Rate

[INSERT VARIABLE RATE PROVISIONS, AS APPLICABLE]

Section 2.6. Paying Agent; Method and Place of Payment.

1. The Trustee is hereby appointed as Paying Agent for the Series 202[4][5] [__] Bonds and the Trustee hereby accepts such appointment. The principal amount and Redemption Price of the Series 202[4][5] [__] Bonds shall be payable upon the presentation and surrender thereof, as the same respectively become due and payable, at the applicable office of the Trustee. For purposes of this Section, "applicable office" shall mean the Trustee's office presently located in Houston, Texas (or such other office designated by the Trustee) which will be utilized to perform payments and transfers with respect to the Bonds. The interest on each Series 202[4][5] [__] Bond shall be payable by check mailed on the Interest Payment Date to the Person in whose name such Series 202[4][5] [__] Bond is registered at the close of business on the Record Date immediately preceding the applicable Interest Payment Date, at the address of such Person as shown on the Bond registration books kept by the Trustee. The principal amount and Redemption Price of and interest on the Series 202[4][5] [__] Bonds shall also be payable at any other place that may be provided for such payment by the appointment of any other Paying Agent for the Series 202[4][5] [__] Bonds as permitted by the Indenture.

2. Notwithstanding the foregoing, for so long as the Bond Depository is the exclusive Holder of the Series 202[4][5] [__] Bonds and for Holders of not less than $1,000,000 in aggregate principal amount of the Series 202[4][5] [__] Bonds, and except for the final payment of principal of the Series 202[4][5] [__] Bonds at maturity, the principal amount, Redemption Price thereof and the interest thereon shall be payable by wire transfer in immediately available federal funds to the Bond Depository or such Holders to an account in the continental United States without the necessity of any immediate presentation and surrender of Series 202[4][5] [__] Bonds pursuant to written instructions from the Holder, or the Letter of Representations, as the case may be.

Section 2.7. Bond Depository; Book-Entry System.

1. Pursuant to Section 913 of the Indenture, the Department hereby appoints The Depository Trust Company, New York, New York, as Bond Depository for the Series 202[4][5] [__] Bonds. In accordance with the Letter of Representations, the Department shall cause the Series 202[4][5] [__] Bonds (other than the Initial Bond) to be registered in the name of Cede & Co., as nominee for the Bond Depository, and to be delivered on the Issuance Date to the Trustee to be held on behalf of the Bond Depository.

2. With respect to Series 202[4][5] [__] Bonds registered in the Bond registration books of the Department required to be maintained by the Trustee pursuant to Section 310 of the Indenture in the name of Cede & Co. or any successor Bond Depository, or a nominee therefor, the Department and the Trustee shall have no responsibility or obligation to any Depository Participant or to any Person on behalf of whom such Depository Participant holds an interest in Series 202[4][5] [__] Bonds. The Department and the Trustee may treat and consider the registered owner of any Series 202[4][5] [__] Bond as the holder and absolute owner of such Series 202[4][5] [__] Bond for the purpose of payment of the principal and Redemption Price of and interest with respect to such Series 202[4][5] [__] Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 202[4][5] [__] Bond, for the purpose of registering transfers and exchanges with respect to such Series 202[4][5] [__] Bond, and for all other purposes whatsoever. The Trustee shall pay all the principal amount and Redemption Price of and interest on the Series 202[4][5] [__] Bonds only to or upon the order of the respective registered owners of the Series 202[4][5] [__] Bonds and all such payments shall be valid and effective with respect to such payments to the extent of the sum or sums so paid. The Department and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of The Depository Trust Company, any successor Bond Depository or any Depository Participant with respect to any ownership interest in Series 202[4][5] [__] Bonds, (ii) the delivery to any Depository Participant or any other Person, other than a registered owner of a Series 202[4][5] [__] Bond as shown in the Bond registration books required to be kept and maintained pursuant to Section 310 of the Indenture, of any notice with respect to the Series 202[4][5] [__] Bonds, including any notice of redemption, or (iii) the payment to any Depository Participant or any other Person, other than a registered owner of a Series 202[4][5] [__] Bond, of any amount with respect to any Series 202[4][5] [__] Bond. The rights of Depository Participants and Persons on behalf of whom any Depository Participant holds a beneficial interest in Series 202[4][5] [__] Bonds shall be limited to those established by law and agreements between such Depository Participants and other Persons and the applicable Bond Depository.

3. In the event that either (i) the Bond Depository that is, directly or through a nominee, the registered owner of all of the Outstanding Series 202[4][5] [__] Bonds notifies the Trustee and the Department that it is no longer willing or able to discharge its responsibilities as a Bond Depository or (ii) the Department determines that continuance of the existing book-entry system for ownership of interests in the Series 202[4][5] [__] Bonds is not in the best interest of such owners of beneficial interests in the Series 202[4][5] [__] Bonds, then the Department shall direct the Bond Depository to terminate the existing book-entry system for ownership of interests in the Series 202[4][5] [__] Bonds. Upon such termination, the Department shall promptly select a substitute Bond Depository (and shall notify the Trustee in writing of such selection) to provide a system of book-entry ownership of beneficial interests in the Series 202[4][5] [__] Bonds, if one is available satisfactory to the Department, and the ownership of all Series 202[4][5] [__] Bonds shall be transferred on the Bond registration books required to be kept and maintained pursuant to Section 310 of the Indenture to such successor Bond Depository, or its nominee. In the alternative, the Department may direct the Trustee to, and if the Department fails to promptly designate a successor Bond Depository the Trustee, without further direction, shall, notify the Depository Participants, through the Bond Depository for the Series 202[4][5] [__] Bonds, of the availability of Series 202[4][5] [__] Bonds registered in the names of such Persons as are owners of beneficial interests in the Series 202[4][5] [__] Bonds and, upon surrender to the Trustee of the Outstanding Series 202[4][5] [__] Bonds held by the Bond Depository, accompanied by registration instructions from the Bond Depository, the Trustee shall, at the expense of the transferees, cause to be printed and authenticated Series 202[4][5] [__] Bonds, in Authorized Denominations, to the owners of beneficial interests in the Series 202[4][5] [__] Bonds as of the date of the termination of the existing book-entry ownership system for the Series 202[4][5] [__] Bonds. Neither the Department nor the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying upon, such instructions. So long as the Department has designated a Bond Depository to provide a system of book-entry ownership of the Series 202[4][5] [__] Bonds, all of the Series 202[4][5] [__] Bonds must be held under such book-entry system. Prior to any transfer of the Series 202[4][5] [__] Bonds outside the book-entry system (including, but not limited to, any initial transfer outside the book-entry system) the Department, Bond Depository, or the transferor of a Series 202[4][5] [__] Bond shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

4. Notwithstanding any other provisions in Article II of this 202[4][5] [__] Series Supplement, the Department and the Trustee may, but shall not be required to, enter into separate agreements with one or more Bond Depositories which may provide for alternative or additional provisions with respect to the delivery of notices, payment of interest and/or principal, or any other matters.

Section 2.8. Redemption Prices and Terms. The Series 202[4][5] [__] Bonds shall not be subject to redemption prior to maturity except as follows:

[REDEMPTION PROVISIONS TO COME]

Section 2.9. Notice of Redemption; Selection of Series 202[4][5] [__] Bonds to Be Redeemed.

1. Subject to Section 2.7 hereof, notice of the call for any redemption other than pursuant to Section 2.7.1 hereof, identifying the Series 202[4][5] [__] Bonds or portions thereof to be redeemed, shall be given by the Trustee as provided in Section 405 of the Indenture. If applicable, such notice shall provide that redemption of the Series 202[4][5] [__] Bonds is conditioned upon moneys being available for such purpose on the redemption date.

2. Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the registered owner of such Series 202[4][5] [__] Bonds receives the notice.

3. Except as specified in Section 2.7(2) and Section 2.7(3) hereof, the Series 202[4][5] [__] Bonds to be redeemed in part shall be selected as provided in Section 404 of the Indenture. While the Series 202[4][5] [__] Bonds are held by the Bond Depository, Series 202[4][5] [__] Bonds shall be selected for redemption as described in Section 2.6 hereof.

Section 2.10. Creation of Additional Funds, Accounts and Subaccounts and Application Thereof.

1. Pursuant to the provisions of subsection 3 of Section 502 of the Indenture, there is established by this Section 2.10 for the Series 202[4][5] [__] Bonds, an Account in the Interest Fund and the Principal Fund. Each such Account shall be known and designated as the "202[4][5] [__] _____ Account", with the blank containing an appropriate reference to the Fund to which such Account relates. There is also hereby established for the Series 202[4][5] [__] Bonds an additional Fund designated as the "202[4][5] [__] Bond Proceeds Fund." Within each of the Cost of Issuance Fund, the Expense Fund, the Mortgage Loan Fund, the Revenue Fund, the Special Redemption Fund and the Residual Revenues Fund, there is hereby established an Account to be known and designated as the "202[4][5] [__] _____ Account" with the blank containing an appropriate reference to the Fund to which such Account relates. Within the 202[4][5] [__] Mortgage Loan Account, there is also hereby established for the Series 202[4][5] [__] Bonds an additional subaccount designated as the "202[4][5] [__] Administrative Subaccount."

2. Unless an Event of Default shall have occurred and be continuing, Revenues from the 202[4][5] [__] Mortgage Certificates or from the investment or reinvestment of moneys on deposit in each Account for the Series 202[4][5] [__] Bonds shall be kept separate and apart from the Revenues attributable to other Mortgage Certificates or attributable to the investment and reinvestment of the moneys on deposit under the Indenture with respect to any other Series. The Accounts shall be for the equal benefit of the Holders of all of the Bonds. The segregation of the Accounts as required by this Section 2.9 is not for the purpose of giving a priority or preference to the Bonds of one Series over that of another Series. Except as provided in this Section, the Revenues and proceeds of a Series shall continue to be used as provided in Article V of the Indenture.

Section 2.11. Initial Deposits and Transfers into Funds, Accounts and Subaccounts. On the Issuance Date, as shall be more fully set forth in a Letter of Instructions, the Trustee shall deposit the proceeds of the Series 202[4][5] [__] Bonds into the 202[4][5] [__] Bond Proceeds Fund. There shall be transferred from the 202[4][5] [__] Bond Proceeds Fund the amounts specified in a Letter of Instructions authorizing the authentication and delivery of the Series 202[4][5] [__] Bonds, for deposit to the Funds, Accounts and Subaccounts specified therein. After completion of such transfers, the 202[4][5] [__] Bond Proceeds Fund shall be closed. After payment of all costs, any funds remaining in the 202[4][5] [__] Cost of Issuance Account shall be transferred to the Residual Revenues Fund pursuant to a Letter of Instructions from the Department.

Section 2.12. Transfer of and Representations and Covenants Relating to [_____] Transferred Mortgage Certificates. All [_____] Transferred Mortgage Certificates are hereby allocated to the [_____] Mortgage Loan Account. The Department represents and covenants that each of the [_____] Transferred Mortgage Certificates is a Mortgage Loan that, at the date of acquisition, met the requirements set forth in Section 705 of the Indenture.

Section 2.13. Form of Series 202[4][5] [__] Bonds. (a) Each Series 202[4][5] [__] Bond shall be in substantially the form and tenor of Exhibit A attached hereto, which Exhibit A is incorporated herein as if fully set forth in this 202[4][5] [__] Series Supplement, with such omissions, insertions, and variations as permitted or required by the Indenture. The registration certificate of the Comptroller of Public Accounts of the State of Texas and the certificate of authentication of the Trustee shall be in the form set forth in Exhibit A. The Department is hereby authorized, in its discretion, to provide for the assignment of CUSIP numbers for the Series 202[4][5] [__] Bonds and to have such CUSIP numbers printed thereon, and the Department may direct the Trustee to use such CUSIP numbers in notices of redemption, provided that any such notice may state that no representation is made by the Trustee or the Department as to the correctness of such CUSIP number either as printed on the Series 202[4][5] [__] Bonds or as contained in any notice of redemption. There may be printed on or attached to each Series 202[4][5] [__] Bond registered in the name of the Bond Depository a schedule for the purpose of notation by the Bond Depository of the portion of the principal amount thereof which shall have been paid and the portion of the principal amount thereof which remains Outstanding and unpaid.

(b) Notwithstanding the foregoing, the Initial Bond shall be in the form set forth in Exhibit A, with the following modifications:

(i) Immediately under the name of the bond issue and the legends, the existing headings shall be omitted and replaced with the following headings:

"No.TR-1 Dated Date: [CLOSING DATE] $[PRINCIPAL]

Registered Owner: [REPRESENTATIVE]

Principal Amount: [_____] MILLION DOLLARS"

(ii) The first paragraph shall be replaced with the following:

The TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (herein called the "Department"), a public and official agency of the State of Texas, acknowledges itself indebted to, and FOR VALUE RECEIVED, hereby promises to pay to the registered owner named above or registered assigns, but solely from the sources and in the manner hereinafter provided, on the maturity date specified below, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such principal sum to the registered owner hereof in like coin or currency from the Issuance Date of this Bond or from the most recent date to which interest on this Bond (or any Bond in exchange for, or in lieu of, which this Bond was issued), has been paid at the interest rates per annum set forth below, calculated on the basis of a 360-day year composed of twelve 30-day months, payable on [INITIAL INTEREST DATE], and each January 1 and July 1 thereafter (each, an "Interest Payment Date") to the date of maturity or earlier redemption, until the Department's obligation with respect to the payment of such principal amount shall be discharged, in accordance with the following schedule:

[Insert maturity schedule from Section 2.5 of the Series Supplement]

The principal amount or Redemption Price of this Bond shall be payable upon presentation and surrender of this Bond, at the applicable office of The Bank of New York Mellon Trust Company, N.A. (such bank and any successor in such capacity being referred to as the "Trustee"). Notwithstanding the foregoing, in no event shall the cumulative amount of interest paid or payable on any Bond (including interest calculated as provided in the Indentures (as defined below), together with all other amounts that constitute interest on the Bonds under the laws of the State of Texas that are contracted for, charged, reserved, taken or received pursuant to the Indentures) through any Interest Payment Date or through the date of payment of such Bond (whether at maturity, by acceleration or upon earlier redemption) exceed the "net interest cost" that will produce a "net effective interest rate" of greater than 15% per annum or, to the extent allowed by law, such greater "net effective interest rate" as may be allowed from time to time. The terms "net interest cost" and "net effective interest rate," as used herein, shall have the respective meanings ascribed to them in Chapter 1204, Texas Government Code, as amended.

Section 2.14. Reserved.

Section 2.15. Transfers from 202[4][5] [__] Residual Revenues Account. Unless otherwise directed pursuant to a Letter of Instructions accompanied by a Cashflow Certificate, on each Interest Payment Date and each date fixed for the redemption of the Series 202[4][5] [__] Bonds, to the extent funds are not available in the 202[4][5] [__] Revenue Account to pay interest or principal due on the Series 202[4][5] [__] Bonds, the Trustee shall transfer from the 202[4][5] [__] Residual Revenues Account to the 202[4][5] [__] Interest Account or the 202[4][5] [__] Principal Account an amount which, when added to any amounts already on deposit therein, will equal the amount of interest and principal to become due and payable on the Series 202[4][5] [__] Bonds on such date.

Section 2.16. 202[4][5] [__] Mortgage Loan Account. The 202[4][5] [__] Mortgage Loan Account established pursuant to Section 2.10 hereof shall be credited with all amounts deposited therein from whatever source. The amounts in such Account shall be used to purchase, on each Certificate Purchase Date within the Certificate Purchase Period, 202[4][5] [__] Mortgage Certificates. On [____], unless the Certificate Purchase Period is extended in accordance with Section 5.2 hereof, unexpended proceeds of the Series 202[4][5] [__] Bonds shall be transferred from 202[4][5] [__] Mortgage Loan Account to the 202[4][5] [__] Special Redemption Account in accordance with **Error! Reference source not found.** hereof.

Section 2.17. 202[4][5] [__] Mortgage Certificate Acquisition.

1. The Department has determined that the Supplemental Mortgage Security for the 202[4][5] [__] Mortgage Loans shall be the guaranty of timely payment of principal and interest provided by Ginnie Mae pursuant to the Ginnie Mae Certificates. Accordingly, the purchase of the 202[4][5] [__] Mortgage Loans shall be accomplished through the purchase of Ginnie Mae Certificates in accordance with the Program Agreement, and no 202[4][5] [__] Mortgage Loan shall be eligible for purchase unless it has been included in a Mortgage Pool and the beneficial ownership thereof is represented by a 202[4][5] [__] Mortgage Certificate.

2. On each applicable Certificate Purchase Date, the Trustee shall purchase Ginnie Mae Certificates at the Ginnie Mae Certificate Purchase Price from amounts available in the 202[4][5] [__] Mortgage Loan Account in accordance with this subsection 2 unless otherwise instructed by the Department in a Letter of Instructions.

3. Each 202[4][5] [__] Mortgage Certificate purchased shall bear interest at the applicable Pass-Through Rate. Ginnie Mae Certificates shall be accepted by the Trustee only if:

(i) The Ginnie Mae Certificates acquired by the Trustee on behalf of the Department shall be held at all times by the Trustee in trust for the benefit of the Bondholders and shall be registered in the name of the Trustee or its nominee or credited to the account of the Trustee at a clearing corporation as defined under and pursuant to the Uniform Commercial Code applicable to such corporation, which corporation shall be registered as a "Clearing Agency" pursuant to Section 17A of the Securities Exchange Act of 1934, as amended. For a Ginnie Mae Certificate that is in the form of a book-entry maintained on the records of the Participants Trust Corporation, or any successor depository institution ("PTC") ("Book Entry Security"), the Trustee shall receive confirmation from PTC that PTC has made an appropriate entry in its records of the transfer of such Book Entry Security to a limited purpose account of the PTC Participant (defined below), and identifying such Book Entry Security as belonging to the Trustee, so that the Trustee at all times has a first priority perfected security interest in such Ginnie Mae Certificates. The "PTC Participant" (if not the Trustee) shall be a "financial intermediary" (as defined in Section 8-313 of the Uniform Commercial Code as in effect in the state in which the Book Entry Security is deposited) which is a participant in PTC and which has a custody agreement with the Trustee with respect to the Ginnie Mae Certificate to be transferred as Book Entry Securities through PTC. In the custody agreement, the PTC Participant must agree (w) to act as agent of the Trustee for purposes of causing, upon instructions of the Trustee, the transfer of Book Entry Securities to the PTC account of the PTC Participant, (x) to issue to the Trustee confirmation of the transfer of each Book Entry Security to the PTC Participant, (y) to identify each such Book Entry Security in its records as belonging to the Trustee, and (z) to accept instructions only from the Trustee with respect to the transfer of such Book Entry Securities. The Ginnie Mae Certificate shall be identified on the records of the PTC Participant as being held by such PTC Participant solely and exclusively for the benefit of the Trustee. The PTC Participant shall send a confirmation to the Trustee of such transfer of the Ginnie Mae Certificate to the PTC Participant. The PTC Participant shall cause each Book Entry Security to be transferred to and held in a Limited Purpose Account (or such other account as may be created or identified in the PTC Rules (the "Rules") in which PTC does not have any lien on any Book Entry Security held therein). The Trustee shall have evidence that (xx) the receiving PTC Participant has delivered to PTC an irrevocable instruction to the effect that all fees arising in connection with the specified Limited Purpose Account are to be charged to another account maintained by PTC for the receiving PTC Participant, and (yy) PTC has delivered a certificate to the receiving PTC Participant to the effect that, based on the instruction regarding payment of PTC fees, PTC will not charge the specified Limited Purpose Account for so long as the instruction remains in effect. If the Trustee does not receive a payment or advice of payment on a Ginnie Mae Certificate when due (if the Ginnie Mae Certificates are held by the Trustee, on the fifteenth day of each month with regard to Ginnie Mae I Certificates, and twentieth day of each month with regard to Ginnie Mae II Certificates and if the Ginnie Mae Certificates are held by PTC, on the seventeenth day of each month with regard to Ginnie Mae I Certificates and twenty-second day of each month with regard to Ginnie Mae II Certificates), the Trustee shall promptly telephonically notify, and demand payment from Ginnie Mae, in the case of Ginnie Mae I Certificates, or Chemical Bank as paying agent for Ginnie Mae in the case of Ginnie Mae II Certificates. To the extent the Ginnie Mae Certificates are subject to book-entry transfer, the Trustee shall so notify PTC. Notwithstanding the foregoing, the Trustee shall comply with such procedures as are prescribed by Ginnie Mae from time to time; and

(ii) Sufficient amounts are available in the appropriate Accounts to pay the applicable Ginnie Mae Certificate Purchase Price.

ARTICLE III

[REDEMPTION

Section 3.1. Redemption of Refunded Bonds. The Department has instructed the Trustee to redeem the Refunded Bonds.

Section 3.2. Sale of [____] Transferred Mortgage Certificates. Notwithstanding any other provision of the Indenture, the Department may sell the [____] Transferred Mortgage Certificates in whole or in part only upon delivery by the Department of written confirmation from each Rating Agency that such sale will not adversely affect the then current ratings on the Bonds (determined without regard to any bond insurance or similar credit enhancement).]

ARTICLE IV

RESERVED

ARTICLE V

OTHER MATTERS

Section 5.1. *Reserved*.

Section 5.2. Transfer of Unexpended Proceeds. Upon receipt by the Trustee of a certification from the Department as described in Section 2.7.1 hereof, the Trustee shall transfer the amounts set forth in such certification to the 202[4][5] [__] Special Redemption Account to redeem Series 202[4][5] [__] Bonds pursuant to Section 2.7.1. Any amounts in the 202[4][5] [__] Mortgage Loan Account remaining unexpended for acquisition of 202[4][5] [__] Mortgage Certificates on the last day of the Certificate Purchase Period (or such earlier date as directed in writing by the Department), as such date may be extended as provided herein, shall be transferred to the 202[4][5] [__] Special Redemption Account and applied to the redemption of Series 202[4][5] [__] Bonds pursuant to Section 2.7.1. The Certificate Purchase Period for amounts in the 202[4][5] [__] Mortgage Loan Account may be extended to a date certain as set out in a Letter of Instructions to the Trustee upon delivery to the Trustee no later than 30 days prior to the last day of the then existing Certificate Purchase Period of the following:

(i) *Intentionally omitted*; and

(ii) confirmation from each Rating Agency that such extension will not adversely affect the rating on the Series 202[4][5] [__] Bonds assigned by such Rating Agency.

The Department shall provide written notice to the Servicer at least thirty (30) days prior to the last day of the then existing Certificate Purchase Period of any such proposed extension of the Certificate Purchase Period.

Section 5.3. Application of Amounts in 202[4][5] [__] Revenue Account.

1. Unless otherwise directed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate and a confirmation from each Rating Agency of the then current ratings on the Series 202[4][5] [__] Bonds, all Revenues received with respect to the 202[4][5] [__] Mortgage Certificates shall be deposited in the 202[4][5] [__] Revenue Account.

2. [Pursuant to subsection 3 of Section 505 of the Indenture, the Trustee shall set aside monthly in the [_____] Revenue Account, all Mortgage Loan Principal Payments relating to the [_____]Transferred Mortgage Certificates to be used to redeem Series [_____]Bonds in accordance with Section 2.7.1 hereof unless otherwise

directed by a Letter of Instructions accompanied by a Cashflow Statement giving effect to the actions directed in such Letter of Instructions.]

3. [Pursuant to subsection 3 of Section 505 of the Indenture, the Trustee shall transfer from the Revenue Fund amounts on deposit therein in the following order of priority:

(i) First, on each Interest Payment Date or any other date for the redemption of the Series 202[4][5] [__] Bonds, to the 202[4][5] [__] Interest Account, to the extent required so that the balance in said account equals the amount of interest which will be due and payable on the Series 202[4][5] [__] Bonds on such Interest Payment Date or redemption date;

(ii) Second, monthly, upon receipt of Mortgage Loan Principal Payments, to the 202[4][5] [__] Principal Account, one-sixth of the amount required to pay maturing principal and the unsatisfied balance of any Sinking Fund Installment on any Series 202[4][5] [__] Bonds on the next Interest Payment Date; and

(iii) Third, monthly, upon receipt of Mortgage Loan Principal Payments, to the 202[4][5] [__] Special Redemption Account, any remaining Mortgage Loan Principal Payments to be applied monthly to the redemption of Series 202[4][5] [__] Bonds pursuant to **Error! Reference source not found.** hereof.]

Section 5.4. Application of Residual Revenues. The Trustee shall transfer any amounts set forth or described in a Letter of Instructions from the 202[4][5] [__] Residual Revenues Account to the 202[4][5] [__] Special Redemption Account to redeem Series 202[4][5] [__] Bonds in accordance with **Error! Reference source not found.** hereof.

Section 5.5. Limitations on Mortgage Loans. The Department covenants and agrees that each Mortgage Loan contained in a mortgage pool represented by a 202[4][5] [__] Mortgage Certificate shall satisfy the following requirements:

(i) each 202[4][5] [__] Mortgage Loan shall bear interest (which interest shall be payable in arrears) at the applicable rate in accordance with the Program Agreement;

(ii) each 202[4][5] [__] Mortgage Loan shall have a term of 30 years and shall provide for level monthly payments and full amortization over the term thereof;

(iii) each 202[4][5] [__] Mortgage Loan shall be secured by a Mortgage creating a first lien on the residence being financed with the proceeds of such 202[4][5] [__] Mortgage Loan;

(iv) each 202[4][5] [__] Mortgage Loan shall be (A) insured by the FHA pursuant to Section 203, 221(d)(2) or 234(c) of the National Housing Act of 1934, as amended, in accordance with the applicable standards of the FHA, (B) guaranteed by the VA under the Servicemen's Readjustment Act of 1945, as amended, in accordance with applicable standards of the VA, or (C) guaranteed by RHS under the Cranston-Gonzales National Affordable Housing Act of 1990;

(v) each 202[4][5] [__] Mortgage Loan shall be further secured by Supplemental Mortgage Security in the form of the guaranty provided by Ginnie Mae pursuant to a Ginnie Mae Certificate;

(vi) each residence financed with a 202[4][5] [__] Mortgage Loan shall be a single family attached or detached house, a single unit in a condominium development or a planned unit development or a qualifying duplex (but not a triplex or fourplex or manufactured housing that is not permanently affixed to real property owned by the Borrower);

(vii) each 202[4][5] [__] Mortgage Certificate shall be acquired by the Department with moneys disbursed from the 202[4][5] [__] Mortgage Loan Account during the Certificate Purchase Period; and

(viii) such other requirements as may be set forth in the Program Agreement.

The Department covenants and agrees that each DPA Loan meets the requirements set forth in the Program Guidelines.

Section 5.6. Covenant Relating to the Program Agreement. The Department represents and covenants that the Program Agreement incorporates the requirements set forth in Article IV and Section 5.5 of this 202[4][5] [__] Series Supplement. The Department further covenants and agrees to obtain, prior to or upon any amendment thereof, a Counsel's Opinion that: (i) the form and substance of such amendment are consistent with the requirements of the Indenture and this 202[4][5] [__] Series Supplement; and (ii) *intentionally omitted*.

Section 5.7. Depository. In accordance with Section 914 of the Indenture, the Department hereby appoints the Texas Treasury Safekeeping Trust Company as Depository for the purpose of holding, administering and investing the moneys and securities required to be credited to all Accounts, all as more fully provided in the Depository Agreement.

Section 5.8. Certain Requirements Applicable to Cashflow Statements. The Department covenants and agrees, with respect to each Cashflow Statement filed with the Trustee, that such Cashflow Statement shall demonstrate the sufficiency of the anticipated Revenues (as more fully set forth in Section 711 of the Indenture).

Section 5.9. Certain Conditions of Issuance of the Series 202[4][5] [__] Bonds. The Series 202[4][5] [__] Bonds shall be executed by the Department and, except for the Initial Bond, shall be delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered by it to the Department or upon its order, but only upon receipt by the Trustee of the following (in addition to the documents required under the Indenture):

(i) an executed counterpart of this 202[4][5] [__] Series Supplement;

(ii) *intentionally omitted*;

(iii) an executed counterpart of the Depository Agreement in satisfaction of the requirements of subsection 1 of Section 914 of the Indenture, together with an opinion of counsel to the Depository regarding the enforceability thereof; and

(iv) the amounts specified in this 202[4][5] [__] Series Supplement to be deposited in the Accounts and Subaccounts as required therein.

Section 5.10. Sale of Series 202[4][5] [__] Bonds. The Series 202[4][5] [__] Bonds shall be sold to the Underwriters at an aggregate purchase price $[_____] (representing the par amount of the Series 202[4][5] [__] Bonds plus a premium in the amount of $[_____]), subject to the terms and conditions set forth in the Purchase Agreement, and upon the basis of the representations therein set forth.

Section 5.11. Execution in Several Counterparts. This 202[4][5] [__] Series Supplement may be simultaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

Section 5.12. Certain Duties of the Department. The Department covenants and agrees that, in addition to such other duties as may be required under the Indenture and this 202[4][5] [__] Series Supplement, the Department will not voluntarily take any action or fail to take any action that will impair the ability of the Department to satisfy the asset test set forth in subsection 2 of Section 512 of the Indenture during any period in which the Series 202[4][5] [__] Bonds remain Outstanding.

Section 5.13. No Recourse on Series 202[4][5] [__] Bonds. No recourse shall be had for payment of the principal or Redemption Price of or interest on the Series 202[4][5] [__] Bonds or for any claim based thereon or on this 202[4][5] [__] Series Supplement against any Board member, officer or employee of the Department or the Trustee or any person executing or authenticating the Series 202[4][5] [__] Bonds, and neither the Board members, officers or employees of the Department or the Trustee, nor any person executing or authenticating the Series 202[4][5] [__] Bonds shall be liable personally on the Series 202[4][5] [__] Bonds by reason of the issuance thereof.

Section 5.14. Protection of Trust Estate.

1. At the request of the Trustee, the Department will from time to time execute and deliver all such supplements and amendments hereto and all such financing statements, continuation statements, instruments of further assurance and other instruments, and will take such other action as may be necessary or advisable to:

(i) grant more effectively all or any portion of the Trust Estate;

(ii) maintain or preserve the lien of the Indenture and this 202[4][5] [__] Series Supplement or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by the Indenture or this 202[4][5] [__] Series Supplement;

(iv) enforce any of the documents executed in connection with this 202[4][5] [__] Series Supplement;

(v) preserve and defend title to the Trust Estate and the rights of Trustee and of owners of the Series 202[4][5] [__] Bonds in the other property held as part of the Trust Estate against the claims of all Persons and parties; or

(vi) pay all taxes or assessments levied or assessed upon the Trust Estate when due.

2. The Department hereby designates the Trustee as its agent and attorney-in-fact to execute any financing statement, continuation statement or other instrument required pursuant to this Section 5.14; provided, however, that such designation shall not be deemed to create a duty on the Trustee to monitor the compliance of the Department with the foregoing covenants and provided further, that the duty of the Trustee to execute any instrument required pursuant to this Section 5.14 shall arise only if the Trustee has actual knowledge or has been notified in writing of any failure of the Department to comply with the provisions of this Section 5.14. Such power- of-attorney is coupled with an interest and is irrevocable, and the Department hereby ratifies and confirms all that the Trustee may do by virtue thereof. The Department shall be responsible for all reasonable costs incurred by the Trustee in the preparation and filing of all such continuation statements hereunder. Notwithstanding anything to the contrary contained herein or in the Indenture, the Trustee shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interest, the accuracy or sufficiency of any description of collateral in such initial filings or the filing of any modifications or amendments to the initial filings required by any amendments to Chapter 9 of the Texas Business and Commerce Code. Unless the Trustee shall have been notified in writing by the Department that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in relying on such initial filing and the information contained therein when filing any continuation statements or modifications thereto pursuant to this Section 5.14 or Section 1205 of the Indenture and when filing any continuation statements in the same filing offices as the initial filings were made.

Section 5.15. Continuing Disclosure Relating to Other Obligated Persons. The Board hereby determines that an Other Obligated Person would be an "obligated person" (as defined in Rule 15c2-12 (the "Rule")), for whom financial information and operating data would be presented in any final official statement relating to the Series 202[4][5] [__] Bonds had such Person been known at the time of the offering thereof. Based upon the objective criteria specified in the definition of Other Obligated Person, the Board concludes that no Borrower eligible to participate in the Program would be an Other Obligated Person.

Section 5.16. Agreement Regarding Assumption of Certain Home Loans. The Board agrees not to permit the assumption of any Mortgage Loan that would cause any Person to become an Other Obligated Person.

Section 5.17. Responsibilities of Trustee. Notwithstanding anything to the contrary in the Indenture: (a) subject to the provisions of subsection 2 of Section 902 of the Indenture, the Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct; and (b) the Trustee

may act through agents or attorneys and shall not be responsible for the misconduct or negligence of such agents or attorneys appointed with due care. Subject to the provisions of Section 902 of the Indenture, the Department further agrees, to the extent permitted by law, to indemnify and save the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to the Trustee's negligence or willful misconduct. If the Trustee renders any service hereunder not provided for in the Indenture or this 202[4][5] [__] Series Supplement or related financing documents or institutes interpleader proceedings relative hereto, the Trustee shall be compensated reasonably by the Department for such extraordinary services and reimbursed for any and all claims, liabilities, losses, damages, fines, penalties, and expenses, including out of pocket and incidental expenses and legal fees and expenses occasioned thereby. The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds. The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty.

Section 5.18. Compliance with Texas Government Code.

1. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this 202[4][5] [__] Series Supplement, the Depository Agreement and the Continuing Disclosure Agreement dated as of [DOC DATE], between the Department and the Trustee (the "Disclosure Agreement," and together with this 202[4][5] [__] Series Supplement and the Depository Agreement, the "Representation Documents"), and such representation is hereby incorporated by reference into each of the Representation Documents. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

2. The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

https://comptroller.texas.gov/purchasing/docs/sudan-list.xlsx,
https://comptroller.texas.gov/purchasing/docs/iran-list.xlsx, or
https://comptroller.texas.gov/purchasing/docs/fto-list.xlsx.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

3. To the extent any of the Representation Documents constitutes a contract for goods or services for which a written verification is required under Section 2276.002, Texas Government Code, as amended, the Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and, will not boycott energy companies during the term of such Representation Document. The foregoing verification is made solely to comply with Section 2276.002, Texas Government Code, as amended, to the extent Section 2276.002, Texas Government Code does not contravene applicable Texas or Federal law. As used in the foregoing verification, "boycott energy companies" shall have the meaning assigned to the term "boycott energy company" in Section 809.001, Texas Government Code.

4. To the extent any of the Representation Documents constitutes a contract for the purchase of goods or services for which a written verification is required under Section 2274.002, Texas Government Code, as amended, the Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any,

(1) do not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association; and

(2) will not discriminate during the term of the applicable Representation Document against a firearm entity or firearm trade association.

The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or Federal law. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" shall have the meaning assigned to such term in Section 2274.001(3), Texas Government Code.

5. As used in this Section 5.18, the Trustee understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

Section 5.19. Instructions via Electronic Means. The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions"), given pursuant to the Indenture and delivered using Electronic Means; provided, however, that the Department shall provide to the Trustee an incumbency certificate listing Authorized Representatives of the Department with the authority to provide such Instructions and containing specimen signatures of such Authorized Representative of the Department, which incumbency certificate shall be amended by the Department whenever a person is to be added or deleted from the listing. "Electronic Means" as used herein shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder. If the Department elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Department understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by or on behalf of an Authorized Representative listed on the incumbency certificate provided to the Trustee have been sent by or on behalf of such Authorized Representative. The Department shall be responsible for ensuring that only Authorized Representatives of the Department transmit or authorize the transmission of such Instructions to the Trustee and that the Department and all Authorized Representatives of the Department are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Department. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Department agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception or misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by Department; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 5.20. Letter of Instruction; Written Instructions. The Trustee may conclusively rely on any Letter of Instructions or written instructions delivered to the Trustee and shall not be responsible for any loss or liability resulting from the investment of funds or otherwise, but only so long as the Trustee follows such Letter of Instructions or written instructions in all material respects.

[signature pages follow]

IN WITNESS WHEREOF, the Department and the Trustee have caused this 202[4][5] [__] Series Supplement to be signed, sealed, and attested on their behalf by their duly authorized representatives, all as of the date first hereinabove written.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

By: _____
Director of Bond Finance

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF BOND

UNITED STATES OF AMERICA

STATE OF TEXAS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
RESIDENTIAL MORTGAGE REVENUE [REFUNDING] BOND
TAXABLE SERIES 202[4][5] [__]

THE ORIGINAL PRINCIPAL AMOUNT OF THIS BOND IS SUBJECT TO REDUCTION UPON PAYMENT OF AMOUNTS CAUSING A PARTIAL REDEMPTION OF THIS BOND AS PROVIDED HEREIN; THE OUTSTANDING PRINCIPAL AMOUNT OF THIS BOND WILL BE AS SHOWN ON THE REGISTRY BOOKS KEPT BY THE WITHIN-NAMED TRUSTEE

[THE STATED PRINCIPAL AMOUNT OF THIS BOND WHILE REGISTERED IN THE NAME OF THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK, OR ITS NOMINEE MAY BE REDUCED BY THE AMOUNT OF REDEMPTIONS OF ANY BONDS OR PORTIONS THEREOF][1]

No. _____ $_____

Interest Rate:	Dated Date:	CUSIP:	Maturity Date:
_____	_____	_____	_____

Registered Owner: _____

Principal Amount: _____ DOLLARS

The TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (herein called the "Department"), a public and official agency of the State of Texas, acknowledges itself indebted to, and FOR VALUE RECEIVED, hereby promises to pay to the registered owner named above or registered assigns, but solely from the sources and in the manner hereinafter provided, on the maturity date specified above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such principal amount in like coin or currency from the Dated Date (as defined below) of this Bond or from the most recent date to which interest on this Bond (or any Bond in exchange for, or in lieu of, which this Bond was issued), has been paid at the interest rate per annum set forth above, calculated on the basis of a 360-day year composed of twelve 30-day months, payable on [INITIAL INTEREST DATE], and each January 1 and July 1 thereafter, and on any other date on which this Bond is subject to redemption (each, an "Interest Payment Date") to the date of maturity or earlier redemption, until the Department's obligation with respect to the payment of such principal amount shall be discharged. The principal amount or Redemption Price of this Bond shall be payable upon presentation and surrender of this Bond, at the applicable office of The Bank of New York Mellon Trust Company, N.A. (such bank and any successor in such capacity being referred to as the "Trustee"). The interest on each Series 202[4][5] [__] Bond shall be paid by check mailed on the Interest Payment Date to the Person in whose name such Series 202[4][5] [__] Bond is registered at the close of business on the 15th day of the month (whether or not a Business Day) immediately preceding the applicable Interest Payment Date, at the address of such Person as shown on the Bond registration books

[1] To be deleted from the Initial Bond, and be included only in Series 202[3][4] [__] Bonds registered in the name of DTC or its nominee.

kept by the Trustee. Notwithstanding the foregoing, in no event shall the cumulative amount of interest paid or payable on any Bond (including interest calculated as provided in the Indentures (as defined below), together with all other amounts that constitute interest on the Bonds under the laws of the State of Texas that are contracted for, charged, reserved, taken or received pursuant to the Indentures) through any Interest Payment Date or through the date of payment of such Bond (whether at maturity, by acceleration or upon earlier redemption) exceed the "net interest cost" that will produce a "net effective interest rate" of greater than 15% per annum or, to the extent allowed by law, such greater "net effective interest rate" as may be allowed from time to time. The terms "net interest cost" and "net effective interest rate," as used herein, shall have the respective meanings ascribed to them in Chapter 1204, Texas Government Code, as amended. This Bond shall be dated as of the date six months preceding the Interest Payment Date next following the date of authentication hereof by the Trustee, unless such date of authentication shall be an Interest Payment Date, in which case this Bond shall be dated as of such Interest Payment Date, or unless such date of authentication shall be prior to [INITIAL INTEREST DATE], in which case this Bond shall be dated as of the Issuance Date; provided that if interest on this Bond shall be in default, Bonds issued in lieu of this Bond upon surrender for transfer or exchange may be dated as of the date to which interest has been paid in full on the Bonds surrendered (herein, the "Dated Date").

This Bond is a limited obligation of the Department and is one of the Bonds of the Department designated "Residential Mortgage Revenue [Refunding] Bonds" (herein called the "Bonds"), issued and to be issued in various series under and pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as such may be amended from time to time (together with the laws of the State of Texas applicable to the Department, collectively, the "Act"), [Chapter 1207, Texas Government Code, as amended,] and Chapter 1371, Texas Government Code, as amended, and under and pursuant to an indenture of the Department entitled "Amended and Restated Residential Mortgage Revenue Bond Trust Indenture", dated as of July 1, 2019, as amended and supplemented (herein called the "Indenture"), and a supplemental indenture of the Department entitled "[NUMBER] Supplemental Residential Mortgage Revenue Bond Trust Indenture", dated as of [DOC DATE], authorizing the series of Bonds of which this Bond is a part (herein called the "Series Supplement" and together with the Indenture called the "Indentures"). All defined terms used herein, but not otherwise defined, shall have the same definitions ascribed to them in the Indentures. As provided in the Indenture, Bonds may be issued from time to time pursuant to supplemental indentures in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and subject to the provisions thereof, may otherwise vary. All Bonds issued and to be issued under the Indenture are and will be equally secured by the pledges, assignments in trust and covenants made therein, except as otherwise expressly provided or permitted in the Indenture.

THE PRINCIPAL OF AND INTEREST AND PREMIUM, IF ANY, ON THIS BOND ARE LIMITED OBLIGATIONS OF THE DEPARTMENT AND ARE PAYABLE ONLY FROM REVENUES OR FUNDS OF THE DEPARTMENT PLEDGED UNDER THE INDENTURES. THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH OR CREDIT OR TAXING POWER OF THE STATE OF TEXAS. THE DEPARTMENT HAS NO TAXING POWER.

This Bond is one of a series of Bonds designated "Residential Mortgage Revenue [Refunding] Bonds, Taxable Series 202[4][5] [__]" (herein sometimes called the "Series 202[4][5] [__] Bonds") issued in the aggregate initial principal amount of $[PRINCIPAL] under the Indentures [to provide funds to refund the Refunded Bonds][for the purpose of providing funds to finance the acquisition of mortgage loans through the purchase of Mortgage Certificates backed by qualified mortgage loans]. Copies of the Indentures are on file at the office of the Department and at the applicable office of the Trustee and reference to the Indentures and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges, assignments in trust, and covenants securing the Bonds; the nature, extent, and manner of enforcement of such pledges, assignments in trust, and covenants; the rights and remedies of the registered owners of the Bonds with respect thereto; the terms and conditions upon which the Bonds are issued and may be issued thereunder; and other matters, to all of which the owner of this Bond assents by the acceptance of this Bond. To the extent of any conflict between the terms and provisions of the Indentures and the terms and provisions of this Bond, the Indentures shall govern and control.

The owner of this Bond shall have no right to enforce the provisions of the Indentures, or to institute any action with respect to any Event of Default (as defined in the Indenture), or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in the Indentures.

This Bond is transferable, as provided in the Indentures, only upon the books of the Department kept for that purpose at the above-mentioned office of the Trustee, by the registered owner hereof in person, or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon, a new Bond or Bonds in the same aggregate principal amount and maturity shall be issued to the transferee in exchange herefor as provided in the Indentures, and upon payment of the charges therein prescribed. The Department and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal, Redemption Price or purchase price hereof and interest due hereon and for all other purposes.

[EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURES, THIS BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF DTC OR TO A SUCCESSOR BOND DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR BOND DEPOSITORY.][2]

The Series 202[4][5] [__] Bonds are issuable only in the form of fully registered Bonds without coupons in the denomination of $[5,000] principal amount or any integral multiple thereof.

To the extent and in the manner permitted by the terms of the Indentures, the provisions of the Indentures, or any indenture amendatory thereof or supplemental thereto, may be modified or amended by the Department, with the written consent of the holders of at least 2/3 in principal amount of the Bonds of each series so affected then outstanding under the Indentures; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain outstanding under the Indentures, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of the calculation of outstanding Bonds. No such modification or amendment shall permit any of the following, without the consent of each Bondholder whose rights are affected thereby: a change in the terms of maturity or redemption of any Bond or of any installment of interest thereon; a reduction in the principal amount or Redemption Price of any Bond or in the rate of interest thereon; the creation of a lien on or a pledge of the revenues pledged under the Indenture or any portion thereof that is superior to or on a parity with the lien of the Indenture; the granting of a preference or priority of any Bond or Bonds over any other Bond or Bonds; or a reduction in the aggregate principal amount or classes of Bonds, of which the consent of the registered owners is required to effect any such modification or amendment.

The Series 202[4][5] [__] Bonds are subject to redemption prior to stated maturity as set forth in the Series Supplement.

In lieu of redeeming Series 202[4][5] [__] Bonds, the Department has reserved the right in the Indenture to purchase such Bonds.

Written notice of redemption shall be provided to the registered owner of each Series 202[4][5] [__] Bond to be redeemed, as shown on the Bond registration books kept by the Trustee, at least 30 days prior to the redemption date, in the manner and upon the terms and conditions set forth in the Indentures. If notice of redemption shall have been given as aforesaid, the Series 202[4][5] [__] Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, moneys for the redemption of all the Series 202[4][5] [__] Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Series 202[4][5] [__] Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

The Department reserves the right to regulate or restrict the yield or return on the investment of the moneys in any fund, account, or subaccount created under the Indentures or any supplemental indenture, if in the opinion of counsel, such regulation or restriction is necessary in order for the interest on the Bonds (other than any series of taxable Bonds issued under the Indenture) of any series issued or to be issued under the Indenture to be exempt from federal income taxation.

[2] To be deleted from the initially issued Bonds.

The Act provides that neither the officers or directors of the Department nor any person executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof.

It is hereby certified and recited that all conditions, acts, and things required by law and the Indentures to exist, to have happened, and to have been performed precedent to and in the issuance of this Bond, exist, have happened, and have been performed and that the issuance of this Bond and the series of Bonds of which it is a part are duly authorized by the laws of the State of Texas.

This Bond shall not be entitled to any benefit under the Indentures or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate or the execution by the Comptroller of Public Accounts of the State of Texas of the Comptroller's Registration Certificate hereon.

IN WITNESS WHEREOF, the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its duly authorized representative, and its corporate seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved, or otherwise reproduced and attested by the manual or facsimile signature of its Secretary.

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: _____
[Vice] Chair

Attest:

_____
Secretary

(SEAL)

[FORM OF COMPTROLLER'S REGISTRATION
CERTIFICATE ON INITIAL BOND]

STATE COMPTROLLER'S REGISTRATION CERTIFICATE

OFFICE OF COMPTROLLER Register No. _____

STATE OF TEXAS

I HEREBY CERTIFY that there is on file and of record in my office a certificate of the Attorney General of the State of Texas approving this Bond and certifying that this Bond and the proceedings for the issuance thereof have been examined by him as required by law, and that he finds that this Bond has been issued in accordance with law and that it is a valid and binding limited obligation of the Texas Department of Housing and Community Affairs, payable from the revenues and other funds pledged to its payment by and in the proceedings authorizing the same, and I do further certify that this Bond has this day been registered by me as Comptroller.

WITNESS MY HAND AND SEAL OF OFFICE this _____.

_____
Comptroller of Public Accounts
of the State of Texas

(SEAL)

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION
ON EACH BOND OTHER THAN THE INITIAL BOND]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is to certify that the initial Bonds of this Series were approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this Bond is one of the Bonds delivered pursuant to the within-mentioned Indenture.

Date of Authentication:

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., Trustee

By: _____
Authorized Officer

[FORM OF ASSIGNMENT]

ASSIGNMENT

For value received, the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated:_____

_____

NOTICE: The signature(s) on this assignment must correspond in every particular with the name(s) of the registered owner(s) appearing on the face of the within Bond.

Signature guaranteed by:

_____

NOTICE: Signature must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements will include membership or participation in STAMP or such other signature guaranty program as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT B

[[_____] TRANSFERRED MORTGAGE CERTIFICATES]

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED APRIL __, 2025

NEW ISSUE - BOOK-ENTRY ONLY

RATINGS
Moody's: "___"
S&P: "___"
(See "RATINGS" herein)

*Bracewell LLP, Bond Counsel, is of the opinion that, subject to certain conditions described herein and under existing law, interest on the Series 2025B Bonds (i) is excludable from gross income for federal income tax purposes and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals. See "TAX MATTERS RELATING TO THE SERIES 2025B BONDS" herein, including information regarding potential alternative minimum tax consequences for corporations. Interest on the Series 2025C Bonds is **not** excludable from gross income for federal tax purposes under existing law. See "TAX MATTERS RELATING TO THE SERIES 2025C BONDS" herein.*

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

$187,500,000*	**$62,500,000***
Residential Mortgage Revenue Bonds, Series 2025B (Tax-Exempt) (Non-AMT) ("Series 2025B Bonds")	**Residential Mortgage Revenue Bonds, Series 2025C (Taxable) ("Series 2025C Bonds")**

Dated Date/Delivery Date:	_____, 2025*
Due:	_____ 1 and _____ 1, as shown on the inside cover.
Interest Payment Dates:	Interest accrued on the Series 2025B Bonds and Series 2025C Bonds (collectively, the "Series 2025 Bonds") will be payable on each _____ 1 and _____ 1, commencing _____1, 2025 as described herein.
Interest Rates:	Payable at the rates as shown on the inside cover.
Redemption:	The Series 2025 Bonds are subject to redemption on the dates and at the Redemption Prices more fully described herein. See "THE SERIES 2025 BONDS – Redemption Provisions."
Denominations:	The Series 2025 Bonds will be available to purchasers in book-entry form only in denominations of $5,000 or any integral multiple thereof as described herein.
Tax Matters:	Bracewell LLP, Bond Counsel, is of the opinion that, subject to certain conditions described herein and under existing law, (i) interest on the Series 2025B Bonds is excludable from gross income for federal income tax purposes and (ii) interest on the Series 2025B Bonds is not an item of tax preference for purposes of the alternative minimum tax on individuals. See "TAX MATTERS RELATING TO THE SERIES 2025B BONDS" herein. Interest on the Series 2025C Bonds is **not** excludable from gross income for federal tax purposes under existing law. See "TAX MATTERS RELATING TO THE SERIES 2025C BONDS" herein.
Purpose:	The Series 2025 Bonds are being issued for the primary purpose of (i) providing funds for the purchase of mortgage-backed, pass-through certificates (the "Mortgage Certificates"), (ii) funding loans for down payment and closing cost assistance, (iii) paying lender compensation related to the Mortgage Loans (as defined herein) and (iv) repaying and/or currently refunding the Repaid FHLB Advances (as defined herein), thereby providing funds for purposes (i)-(iii). The Mortgage Certificates purchased with the proceeds of the Series 2025 Bonds will be guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("Ginnie Mae") ("Ginnie Mae Certificates" or "GNMA Certificates"). See "APPENDIX B-1 – GNMA AND THE GNMA CERTIFICATES."
Security:	The Series 2025 Bonds, the Prior Bonds (as defined herein), and, unless subordinated, all Bonds subsequently issued under the Trust Indenture (as defined herein) are equally and ratably secured by the Trust Estate (as defined herein) held by the Trustee under the Trust Indenture. The Series 2025 Bonds are limited obligations of the Texas Department of Housing and Community Affairs (the "Department") and are payable solely from the revenues and funds pledged for the payment thereof as more fully described herein. Neither the State of Texas (the "State") nor any agency of the State, other than the Department, nor the United States of America or any agency, department or other instrumentality thereof, including Ginnie Mae, is obligated to pay the principal or Redemption Price of or interest on the Series 2025 Bonds. Neither the faith and credit nor the taxing power of the State or the United States of America is pledged, given or loaned to such payment. The Department has no taxing power. Ginnie Mae guarantees only the payment of the principal of and interest on the Ginnie Mae Certificates when due and does not guarantee the payment of the Series 2025 Bonds or any other obligations issued by the Department. See "SECURITY FOR THE BONDS" and "THE TRUST INDENTURE."
Book-Entry Only System:	The Series 2025 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). See "APPENDIX H – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – DTC and Book-Entry."
Trustee:	The Bank of New York Mellon Trust Company, N.A.
Bond Counsel:	Bracewell LLP
Disclosure Counsel:	McCall, Parkhurst & Horton L.L.P.
Underwriters' Counsel:	Chapman and Cutler LLP
Financial Advisor:	CSG Advisors

RBC Capital Markets

Jefferies **Morgan Stanley**

J.P. Morgan **Loop Capital Markets**

Piper Sandler & Co. **Ramirez & Co., Inc.** **Wells Fargo Securities**

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* *Preliminary, subject to change.*

MATURITY SCHEDULE*

$_____ Series 2025B Serial Bonds

Maturity Date	Principal Amount ($)	Interest Rate	Price	CUSIP[1]

$_____ _____% Series 2025B Term Bond due _____ 1, 20__ Price _____% CUSIP[1] _____
$_____ _____% Series 2025B Term Bond due _____ 1, 20__ Price _____% CUSIP[1] _____
$_____ _____% Series 2025B Premium PAC Term Bond due _____ 1, 20__ Price _____% CUSIP[1] _____

(Interest Accrues from Date of Delivery)

* *Preliminary, subject to change.*

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MATURITY SCHEDULE*

$_____ Series 2025C Serial Bonds

Maturity Date	Principal Amount ($)	Interest Rate	Price	CUSIP(1)

$_____ _____% Series 2025C Term Bond due _____, 20__ Price _____% CUSIP(1)
$_____ _____% Series 2025C Term Bond due _____, 20__ Price _____% CUSIP(1)
$_____ _____% Series 2025C Term Bond due _____, 20__ Price _____% CUSIP(1)
$_____ _____% Series 2025C Taxable Premium PAC Term Bond due _____, 20__ Price _____% CUSIP(1)

(Interest Accrues from Date of Delivery)

* *Preliminary, subject to change.*

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For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), this document constitutes a Preliminary Official Statement of the Department with respect to the Series 2025 Bonds that has been "deemed final" by the Department as of its date except for the omission of no more than the information permitted by the Rule.

This Official Statement, which includes the cover page and inside front cover hereof, and the appendices attached hereto, does not constitute, and is not to be used in connection with, an offer to sell or the solicitation of an offer to buy the Series 2025 Bonds in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth in this Official Statement has been obtained from the Department and other sources which are believed to be reliable. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions or matters of opinion, or as to the likelihood that they will be realized. Any information and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made under such document shall, under any circumstances, create any implications that there has been no change in the affairs of the Department or other matters described herein since the date hereof.

Neither the Department nor the Underwriters make any representation as to the accuracy, completeness, or adequacy of the information supplied by The Depository Trust Company for use in this Official Statement.

The Trustee assumes no responsibility for this Official Statement and has not reviewed or undertaken to verify any information contained herein.

Many statements contained in this Official Statement, including the appendices and the documents included by specific cross-reference, that are not historical facts are forward-looking statements, which are based on the Department's beliefs, as well as assumptions made by, and information currently available to, the management and staff of the Department. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. The words "anticipate," "assume," "estimate," "expect," "objective," "projection," "plan," "forecast," "goal," "budget" or similar words are intended to identify forward-looking statements. The words or phrases "to date," "now," "currently," and the like are intended to mean as of the date of this Official Statement.

The Department's projections set forth in this Official Statement were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of the Department's management, were prepared on a reasonable basis, reflect the best currently available estimates and judgments, and present, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of the Department. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this Official Statement are cautioned not to place undue reliance on the prospective financial information. Neither the Department's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2025 BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH ARE INTENDED TO STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2025 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING EFFORTS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2025 BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENTS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED HEREIN, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

The Series 2025 Bonds have not been registered under the Securities Act of 1933, as amended, nor has the Trust Indenture or any other document been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. Any registration or qualification of the Series 2025 Bonds in accordance with applicable provisions of the securities laws or the states in which the Series 2025 Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, nor any agency or department thereof, has passed upon the merits of the Series 2025 Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

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OFFICIAL STATEMENT

Relating to

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

$187,500,000*	**$62,500,000***
Residential Mortgage Revenue Bonds, Series 2025B (Tax-Exempt) (Non-AMT) ("Series 2025B Bonds")	**Residential Mortgage Revenue Bonds, Series 2025C (Taxable) ("Series 2025C Bonds")**

INTRODUCTION

This Official Statement provides certain information concerning the Texas Department of Housing and Community Affairs (the "Department") in connection with the issuance of its Residential Mortgage Revenue Bonds, Series 2025B (the "Series 2025B Bonds") and Residential Mortgage Revenue Bonds, Taxable Series 2025C (the "Series 2025C Bonds" and, together with the Series 2025B Bonds, the "Series 2025 Bonds"). Capitalized terms used but not otherwise defined herein shall have the respective meanings for such terms as set forth in "APPENDIX A – GLOSSARY."

The Department, a public and official agency of the State of Texas (the "State"), was created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended (together with other laws of the State applicable to the Department, collectively, the "Act") for the purpose of, among other things, financing sanitary, decent and safe housing for individuals and families of low and very low income and families of moderate income. The Department is the successor agency to the Texas Housing Agency (the "Agency") and the Texas Department of Community Affairs (the "TDCA"), both of which were abolished by the Act and all functions and obligations of which were transferred to the Department pursuant to the Act. Under the Act, the Department may issue bonds, notes and other obligations to finance or refinance residential housing and multi-family developments located in the State and to refund bonds previously issued by the Agency, the Department or certain other quasi-governmental issuers. See "THE DEPARTMENT."

The Series 2025 Bonds are authorized to be issued pursuant to the Act, a resolution adopted by the Governing Board of the Department (the "Board") on March 6, 2025, (the "Resolution"), the Pricing Certificates (as hereafter defined), an Amended and Restated Residential Mortgage Revenue Bond Trust Indenture, dated as of July 1, 2019 (the "Master Indenture" and as amended and supplemented from time to time, collectively, the "Trust Indenture") between the Department and The Bank of New York Mellon Trust Company, N.A., Houston, Texas, as trustee (the "Trustee"), a Forty-Sixth Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of June 1, 2025 (the "Forty-Sixth Supplemental Indenture") with respect to the Series 2025B Bonds and a Forty-Seventh Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of June 1, 2025 (the "Forty-Seventh Supplemental Indenture" with respect to the Series 2025C Bonds together with the Forty-Sixth Supplemental Indenture, the "2025 Supplemental Indentures"). As permitted by Chapter 1371, Texas Government Code, as amended ("Chapter 1371"), the Board in the Resolution delegated the authority to certain authorized representatives (each, an "Authorized Representative") to execute a pricing certificate (each a "Pricing Certificate" and collectively "Pricing Certificates") specifying final pricing terms with respect to the Series 2025 Bonds. The Trust Indenture authorizes the Department to issue bonds to provide funds to, among various things, (i) acquire or refinance single family mortgage loans or participations therein ("Mortgage Loans") that are made to Eligible Borrowers, as determined from time to time by the Department, (ii) purchase mortgage-backed securities (the "Mortgage Certificates") that are backed by Mortgage Loans

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* *Preliminary, subject to change.*

and guaranteed by the Government National Mortgage Association ("GNMA" or "Ginnie Mae"), (iii) refund Outstanding Bonds issued under the Trust Indenture, and (iv) to pay costs associated therewith.

The Department has previously issued multiple series of single family mortgage revenue bonds (the "Prior Bonds") under the Trust Indenture of which $_____ in aggregate principal amount was Outstanding as of _____, 202_. See "APPENDIX H – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – The Prior Bonds."

The Series 2025 Bonds, the Prior Bonds and, unless subordinated, all bonds subsequently issued pursuant to the Trust Indenture (collectively, the "Bonds") are equally and ratably secured by the Trust Estate held by the Trustee pursuant to the Trust Indenture. See "THE TRUST INDENTURE" and "SECURITY FOR THE BONDS – Additional Bonds."

Proceeds of the Series 2025 Bonds in the amount of $_____ are being issued for the primary purpose of (i) providing funds for the purchase of Mortgage Certificates guaranteed as to timely payment of principal and interest by Ginnie Mae (such Mortgage Certificates purchased with proceeds of the Series 2025B Bonds referred to herein as the "2025B Mortgage Certificates" and such Mortgage Certificates purchased with proceeds of the 2025C Bonds referred to herein as the "2025C Mortgage Certificates," collectively, referred to as the "2025 Mortgage Certificates") which represent beneficial ownership of pools of Mortgage Loans, (ii) funding loans for down payment and closing cost assistance (as hereinafter defined, the "DPA Loans"), and (iii) paying lender compensation related to the 2025 Mortgage Loans. See "PLAN OF FINANCE."

[Proceeds of the Series 2025 bonds in the amount of $_____ are being used as part of the Department's volume cap recycling program to repay amounts owed under the Advances and Securities Agreement, dated November 1, 2016, by and between the Federal Home Loan Bank of Dallas and the Department, as amended, and the side letters executed pursuant thereto (the "FHLB Agreement"), representing recycled mortgage loan repayments, thereby (i) providing funds for the purchase of 2025 Mortgage Certificates, (ii) funding DPA Loans, and (iii) paying lender compensation related to the 2025 Mortgage Loans. See "PLAN OF FINANCE."]

The Series 2025 Bonds are on a parity in all respects with all Outstanding Prior Bonds and, unless subordinated, any Bonds subsequently issued. The Prior Bonds are payable solely from and are secured by a pledge of and lien on the Revenues, Mortgages, Mortgage Loans (including Mortgage Certificates), Investment Securities, moneys held in the Funds (excluding the Rebate Fund) and other property pledged under the Trust Indenture (collectively, the "Trust Estate"). The Trust Estate currently includes, among other things, Mortgage Certificates which were purchased with the proceeds of the Prior Bonds. These Mortgage Certificates are guaranteed by GNMA or Fannie Mae. See "APPENDIX H – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – The Prior Bonds – Mortgage Loans and Mortgage Certificates." There is no requirement that proceeds of subsequent issues of Bonds be used to purchase Mortgage Certificates. All payments with respect to principal of and interest on Mortgage Loans (net of servicing fees) and on Mortgage Certificates (net of servicing and guaranty fees) received by the Department and the earnings on investments of Funds and accounts held pursuant to the Trust Indenture constitute Revenues. The pledge of and lien on the Trust Estate is subject to discharge if moneys or qualified securities sufficient to provide for the payment of all Outstanding Bonds are deposited and held in trust for such payment. See "SECURITY FOR THE BONDS."

THE SERIES 2025 BONDS ARE LIMITED OBLIGATIONS OF THE DEPARTMENT AND ARE PAYABLE SOLELY FROM THE REVENUES AND FUNDS PLEDGED FOR THE PAYMENT THEREOF AS MORE FULLY DESCRIBED HEREIN. NEITHER THE STATE NOR ANY AGENCY OF THE STATE, OTHER THAN THE DEPARTMENT, NOR THE UNITED

STATES OF AMERICA OR ANY AGENCY, DEPARTMENT OR OTHER INSTRUMENTALITY THEREOF, INCLUDING GNMA AND FANNIE MAE, IS OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2025 BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR THE UNITED STATES OF AMERICA IS PLEDGED, GIVEN OR LOANED TO SUCH PAYMENT. THE DEPARTMENT HAS NO TAXING POWER. GNMA AND FANNIE MAE GUARANTEE ONLY THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE GNMA CERTIFICATES AND FANNIE MAE CERTIFICATES, RESPECTIVELY, WHEN DUE AND DO NOT GUARANTEE THE PAYMENT OF THE SERIES 2025 BONDS OR ANY OTHER OBLIGATIONS ISSUED BY THE DEPARTMENT.

There follows in this Official Statement a brief description of the plan of finance, the Department and its bond programs, together with summaries of certain terms of the Series 2025 Bonds, the Trust Indenture, and certain provisions of the Act, as well as other matters. All references herein to the Act, the Trust Indenture, and other agreements are qualified in their entirety by reference to each such document, copies of which are available from the Department, and all references to the Series 2025 Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the Trust Indenture.

For information concerning the Prior Bonds and the Mortgage Loans and Mortgage Certificates acquired with proceeds of the Prior Bonds, see "APPENDIX H – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – The Prior Bonds" and "APPENDIX D-1 – ADDITIONAL INFORMATION CONCERNING MORTGAGE CERTIFICATES." For information concerning other single family and multi-family programs of the Department, see "APPENDIX D-2 – BOND SUMMARY OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS."

PLAN OF FINANCE

Proceeds of the Series 2025B Bonds and the Series 2025C Bonds will be deposited to the 2025B Mortgage Loan Account of the Mortgage Loan Fund and to the 2025C Mortgage Loan Account of the Mortgage Loan Fund, respectively, and used to (a) purchase 2025 Mortgage Certificates and pay related costs, (b) fund all or a portion of the DPA Loans originated in conjunction with Assisted Mortgage Loans, and [(c) repay and/or refund the Repaid FHLB Advances]. A portion of the proceeds of the Series 2025B Bonds and the Series 2025C Bonds will also be used to pay a portion of the costs of issuance of the Series 2025B Bonds and Series 2025C Bonds, respectively. See "SOURCES AND USES OF FUNDS" herein.

SOURCES AND USES OF FUNDS

The sources of funds and the uses thereof in connection with the Series 2025 Bonds are expected to be approximately as set forth below.

	Series 2025B Bonds	Series 2025C Bonds	Total
Sources of Funds			
Bond Proceeds			
Issuer Contribution[(1)]			
TOTAL SOURCES			
Uses of Funds			
Mortgage Loan Accounts[(2)]			
Underwriter Compensation			
Costs of Issuance			
TOTAL USES			

(1) An additional amount not to exceed $10,000,000***** may be used for capitalized interest.

(2) Includes the purchase of 2025 Mortgage Certificates and funds attributed to down payment assistance, lender compensation, and servicing fees for second mortgage loans.

THE SERIES 2025 BONDS

General

The Series 2025 Bonds will be dated the date of delivery. The Series 2025 Bonds are issuable only as fully registered bonds, without coupons, and will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as the Bond Depository for the Series 2025 Bonds. The Series 2025 Bonds will be available to purchasers in book-entry form only in denominations of $5,000 or any integral multiple thereof, as more fully described herein. The principal or Redemption Price of, and interest on, the Series 2025 Bonds will be payable by the Trustee to DTC, which will be responsible for making such payments to DTC Participants (hereinafter defined) for subsequent remittance to the owners of beneficial interests in the Series 2025 Bonds or their nominees. See "APPENDIX H – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – DTC and Book-Entry."

The Series 2025 Bonds mature on the dates and in the amounts set forth on the inside cover hereof.

Interest Rates

The Series 2025 Bonds will accrue interest from the date of delivery, until maturity or prior redemption at the respective per annum rates of interest set forth on the inside cover page hereof. Interest accrued on the Series 2025 Bonds will be payable on _____, 2025*, and semiannually on each January 1 and July 1 thereafter until maturity or prior redemption. Interest on the Series 2025 Bonds will be calculated on the basis of a 360-day year composed of twelve 30-day months.

Redemption Provisions*

Series 2025B Bonds [Cross-Call?]

The Series 2025B Bonds are subject to optional redemption, special redemption, and mandatory sinking fund redemption at various times prior to their scheduled maturities at various Redemption Prices as described below. **The Department anticipates that a significant portion of the Series 2025B Bonds will be redeemed prior to their scheduled maturities as the result of the receipt by the Department of amounts representing Mortgage Loan Principal Payments (consisting of all amounts representing scheduled payments of principal and any Mortgage Loan Principal Prepayments) and from Excess**

* *Preliminary, subject to change.*

Revenues (including residual Trust Indenture revenues whether or not derived in connection with the Series 2025B Bonds).

Special Redemption from Unexpended Proceeds of Series 2025B Bonds

The Series 2025B Bonds are subject to special redemption from unexpended proceeds of the Series 2025B Bonds, at any time, prior to their stated maturities, in whole or in part. The Redemption Price of the Series 2025B Bonds to be so redeemed shall be equal to (a) for all Series 2025B Bonds other than the Premium PAC Term Bond, 100% of the principal amount thereof; and (b) for the Premium PAC Term Bond, the applicable Redemption Price as set forth in "APPENDIX G – UNEXPENDED PROCEEDS REDEMPTION PRICE FOR PREMIUM PAC TERM BOND," that maintains the original yield to the Projected Weighted Average Life (in Years) from 100% through 400%, inclusive (Optional Call not Exercised), of the SIFMA Prepayment Model of such Premium PAC Term Bond as set forth under "Average Life and Prepayment Speeds." Notwithstanding the foregoing, a De Minimis Special Redemption shall be treated as a Special Redemption from Mortgage Loan Principal Payments relating to the 2025B Mortgage Certificates and Series 2025B Bonds shall be redeemed as described under "Special Redemption from 2025B Mortgage Loan Principal Payments" below.

Such Special Redemption from Unexpended Proceeds shall occur on the first day of any month on or after _____, 20__, unless the Certificate Purchase Period is extended in accordance with the Trust Indenture. In no event will the redemption occur later than _____, 20__.

As described in "INVESTMENT CONSIDERATIONS – Non-Origination of Mortgage Loans," in calendar year 2024, the Department has averaged approximately $____ million per month in GNMA mortgage-backed securities issued that are backed by tax-exempt bond eligible mortgage loans, exclusive of loans for which a mortgage credit certificate was issued. The Department has not had an unexpended proceeds call since November 1, 2010.

Except as described herein, the Series 2025B Bonds redeemed pursuant to this provision shall be redeemed on a reasonably proportionate basis from among all then existing maturities then eligible for redemption. The redemption Price for the 2025B Bonds redeemed pursuant to this provision shall be 100% of the principal amount of the Series 2025B Bonds being redeemed, plus accrued interest to the date of redemption; provided that, except for a De Minimis Special Redemption in an amount less than $_____ at par, any redemption of the Series 2025B Premium PAC Bonds pursuant to this provision shall be a t the applicable Redemption Price that maintains the original yield to average life of such 2025B Premium PAC Bonds, plus, in each case, accrued interest to the date of redemption.

Special Redemption from 2025B Mortgage Loan Principal Payments

The Series 2025B Bonds are subject to redemption prior to maturity and shall be redeemed, in whole or in part, from time to time on the first day of any month on or after _____, 20__, after giving notice as provided in the Trust Indenture, at a Redemption Price equal to 100% of the principal amount of the Series 2025B Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date, from certain amounts relating to Mortgage Loan Principal Payments from the 2025B Mortgage Certificates transferred to the 2025B Special Redemption Account in accordance with the Trust Indenture.

In the event of a redemption from Mortgage Loan Principal Payments, the Trustee shall select the particular Series 2025B Bonds to be redeemed as follows:

(a) the Trustee shall redeem the Premium PAC Term Bond, but only to the extent that the Outstanding principal amount of such Premium PAC Term Bond following any such redemption is not less than the Premium PAC Term Bond Outstanding Applicable Amount as of such date;

The Premium PAC Term Bond Outstanding Applicable Amount is as follows:

Date	Premium PAC Term Bond Outstanding Applicable Amount ($)	Date	Premium PAC Term Bond Outstanding Applicable Amount ($)

(b) amounts remaining following the redemptions described in clause (a) above shall be applied, unless otherwise directed by a Letter of Instructions accompanied by a Cashflow Certificate, (i) first to redeem the Series 2025B Bonds maturing _____, 20__, and (ii) thereafter, to redeem all other Series 2025B Bonds (other than the Premium PAC Term Bond), on a proportionate basis until the Outstanding principal amount of all Series 2025B Bonds has been reduced to the Series 2025B Cumulative Applicable Amount as of such date;

The Series 2025B Cumulative Applicable Amount is as follows:

Date	Series 2025B Cumulative Applicable Amount ($)	Date	Series 2025B Cumulative Applicable Amount ($)

(c) amounts remaining following the redemptions described in clauses (a) and (b) above shall be applied monthly, unless otherwise directed by a Letter of Instructions accompanied by a Cashflow Certificate, to redeem all Series 2025B Bonds (including the Premium PAC Term Bond), on a proportionate basis after taking into account the amounts applied to redeem the Series 2025B Bonds pursuant to the above-described redemptions.

If any Series 2025B Bonds are redeemed as described in "Special Redemption from Unexpended Proceeds of Series 2025B Bonds" herein (other than a De Minimis Special Redemption), the Premium PAC

Term Bond Outstanding Applicable Amount and the Series 2025B Cumulative Applicable Amount described for the current and each future period will be reduced on a proportionate basis.

Special Redemption From Excess Revenues

The Series 2025B Bonds are subject to redemption prior to maturity and may be redeemed, in whole or in part from time to time, on the first day of any month on or after _____, 20__, after giving notice as provided in the Trust Indenture and in accordance with a Letter of Instructions, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Series 2025B Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date from amounts transferred to the 2025B Special Redemption Account from the Residual Revenues Fund in accordance with the Forty-Sixth Supplemental Indenture (whether or not derived in connection with the Series 2025B Bonds).

In the event of a redemption from Excess Revenues, the Trustee shall apply amounts transferred to the 2025B Special Redemption Account from the Residual Revenues Fund in accordance with the Trust Indenture to redeem the Series 2025B Bonds Outstanding in the same manner described in clauses (a) and (b) under "Special Redemption from 2025B Mortgage Loan Principal Payments" above, unless otherwise instructed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate.

Prior to the payment in full of the Series 2025C Bonds, the Trustee may transfer any amounts as set forth or described in a Letter of Instructions from the 2025B Residual Revenues Account either to (x) the 2025B Special Redemption Account to be used to redeem Series 2025B Bonds in accordance with the Forty-Sixth Supplemental Indenture, or (y) the 2025C Revenue Account to be used to pay Series 2025C Bonds in accordance with the Forty-Seventh Supplemental Indenture.

Optional Redemption

The Series 2025B Bonds (except for the Premium PAC Term Bond) maturing on or after _____, 20__, are subject to redemption prior to maturity, in whole or in part, at any time and from time to time, on and after _____, 20__, at the option of the Department after giving notice as provided in the Trust Indenture, at a Redemption Price equal to 100% of the principal amount of such Series 2025B Bonds or portions thereof to be redeemed, plus accrued interest, if any, to, but not including, the redemption date.

The Premium PAC Term Bond is subject to redemption prior to maturity, in whole or in part at any time and from time to time, on and after _____, 20__, at the option of the Department after giving notice as provided in the Trust Indenture, at the Redemption Prices set forth below (expressed as a percentage of the principal amount to be redeemed), in each case together with interest accrued thereon to, but not including, the redemption date:

Redemption Date	Redemption Price

If the Premium PAC Term Bond is redeemed on a date other than a redemption date listed above, the Redemption Price, as of such redemption date, will be determined by the Department using straight-line interpolation between the Redemption Prices for the redemption dates listed above immediately preceding and succeeding such redemption date.

Mandatory Sinking Fund Redemption

The Series 2025B Bonds maturing on the respective dates specified below are subject to scheduled mandatory redemption prior to maturity and shall be redeemed after giving notice as provided in the Trust Indenture, in the aggregate principal amounts and on the dates set forth in the following tables, at a Redemption Price equal to 100% of the principal amount of such Series 2025B Bonds or portions thereof to be redeemed, plus accrued interest if any, to, but not including, the redemption date:

Term Bond Maturing _____, 20__

Redemption Date	Principal Amount ($)	Redemption Date	Principal Amount ($)
		*	

_____
*Final Maturity

Term Bond Maturing _____, 20__

Redemption Date	Principal Amount ($)	Redemption Date	Principal Amount ($)
		*	

_____
*Final Maturity

Premium PAC Term Bond Maturing _____, 20__

Redemption Date	Principal Amount ($)	Redemption Date	Principal Amount ($)

_____
*Final Maturity

The principal amount of the Series 2025B Bonds to be redeemed on each such redemption date pursuant to mandatory sinking fund redemption shall be reduced by the principal amount of any Series 2025B Bonds having the same stated maturity and interest rate, which (A) at least 45 days prior to such mandatory sinking fund redemption date, (1) shall have been acquired by the Department and delivered to the Trustee for cancellation, or (2) shall have been acquired and canceled by the Trustee at the direction of the Department, or (3) shall have been redeemed other than pursuant to scheduled mandatory redemption, and (B) shall have not been previously credited against a scheduled mandatory sinking fund redemption.

Series 2025C Bonds [Cross-Call]

The Series 2025C Bonds are subject to optional redemption, special redemption, and mandatory sinking fund redemption at various times prior to their scheduled maturities at various Redemption Prices as described below. **The Department anticipates that a significant portion of the Series 2025C Bonds will be redeemed prior to their scheduled maturities as the result of the receipt by the Department of amounts representing Mortgage Loan Principal Payments (consisting of all amounts representing scheduled payments of principal and any Mortgage Loan Principal Prepayments) and from Excess Revenues (including residual Trust Indenture revenues whether or not derived in connection with the Series 2025C Bonds).**

Special Redemption from Unexpended Proceeds of Series 2025C Bonds

The Series 2025C Bonds are subject to special redemption from unexpended proceeds of the Series 2025C Bonds, prior to their stated maturities, in whole or in part. The Redemption Price of the Series 2025C Bond to be so redeemed shall be equal to (i) for Series 2025C Bonds other than the Taxable PAC Term Bond, 100% of the principal amount thereof, and (ii) for the Taxable PAC Term Bond, the applicable Redemption Price as set forth in "APPENDIX G – UNEXPENDED PROCEEDS REDEMPTION PRICE FOR PREMIUM SERIAL BONDS, PREMIUM PAC TERM BOND AND TAXABLE PAC TERM BOND," that maintains the original yield to the Projected Weighted Average Life (in Years) from 100% through 400%, inclusive (Optional Call not Exercised), of the SIFMA Prepayment Model of such Taxable PAC Term Bond as set forth under "Average Life and Prepayment Speeds"; plus, in each case, accrued interest thereon to, but not including, the date of redemption; except that a De Minimis Special Redemption shall be treated as Special Redemption from Mortgage Loan Principal Payments relating to the 2025C Mortgage Certificates and such portion of the Series 2025C Bonds shall be redeemed as described below under "Special Redemption from 2025C Mortgage Loan Principal Payments."

Such Special Redemption from Unexpended Proceeds shall occur on the first day of any month on or after _____, 20__, unless the Certificate Purchase Period is extended in accordance with the Trust Indenture.

As described in "INVESTMENT CONSIDERATIONS – Non-Origination of Mortgage Loans," over the past year, the Department has averaged approximately $___ million per month in GNMA mortgage-backed securities issued that are backed by tax-exempt bond eligible mortgage loans, exclusive of loans for which a mortgage credit certificate was issued. The Department has not had an unexpended proceeds call since November 1, 2010.

Except as described herein, the Series 2025C Bonds redeemed pursuant to this provision shall be redeemed on a reasonably proportionate basis from among all then existing maturities then eligible for redemption. The redemption Price for the 2025C Bonds redeemed pursuant to this provision shall be 100% of the principal amount of the Series 2025C Bonds being redeemed, plus accrued interest to the date of redemption; provided that, except for a De Minimis Special Redemption in an amount less than $_____ at par, any redemption of the Series 2025C Premium PAC Bonds pursuant to this provision shall be a t the

applicable Redemption Price that maintains the original yield to average life of such 2025C Premium PAC Bonds, plus, in each case, accrued interest to the date of redemption.

Special Redemption from 2025C Mortgage Loan Principal Payments

The Series 2025C Bonds, are subject to redemption prior to maturity and shall be redeemed, in whole or in part, from time to time on the first day of any month on or after _____, 20__, after giving notice as provided in the Trust Indenture, at a Redemption Price equal to 100% of the principal amount of the Series 2025C Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date, from certain amounts relating to Mortgage Loan Principal Payments from the 2025C Mortgage Certificates transferred to the 2025C Special Redemption Account in accordance with the Trust Indenture.

In the event of a redemption from Mortgage Loan Principal Payments, the Trustee shall select the particular Series 2025C Bonds to be redeemed as follows:

(a) the Trustee shall redeem the Taxable PAC Term Bond, but only to the extent that the Outstanding principal amount of such Taxable PAC Term Bond following such redemption is not less than the Taxable PAC Term Bond Outstanding Applicable Amount as of such date;

The Taxable PAC Term Bond Outstanding Applicable Amount is as follows:

Date	Taxable PAC Term Bond Outstanding Applicable Amount ($)	Date	Taxable PAC Term Bond Outstanding Applicable Amount ($)

Date	Taxable PAC Term Bond Outstanding Applicable Amount ($)	Date	Taxable PAC Term Bond Outstanding Applicable Amount ($)

(b) amounts remaining following the redemptions described in clause (a) above shall be applied, unless otherwise directed by a Letter of Instructions accompanied by a Cashflow Certificate, to redeem all other Series 2025C Bonds (other than the Taxable PAC Term Bond) on a proportionate basis until the Outstanding principal amount of all Series 2025C Bonds has been reduced to the Series 2025C Cumulative Applicable Amount as of such date;

The Series 2025C Cumulative Applicable Amount is as follows:

Date	Series 2025C Cumulative Applicable Amount ($)	Date	Series 2025C Cumulative Applicable Amount ($)

Date	Series 2025C Cumulative Applicable Amount ($)	Date	Series 2025C Cumulative Applicable Amount ($)

(c) amounts remaining following the redemptions described in clauses (a) and (b) above shall be applied monthly, unless otherwise directed by a Letter of Instructions accompanied by a Cashflow Certificate, to redeem all Series 2025C Bonds (including Taxable PAC Term Bond), on a proportionate basis after taking into account the amounts applied to redeem the Series 2025C Bonds pursuant to the above-described redemptions.

If any Series 2025C Bonds are redeemed as described in "Special Redemption from Unexpended Proceeds of Series 2025C Bonds" herein (other than a De Minimis Special Redemption), the Taxable PAC Term Bond Outstanding Applicable Amount and the Series 2025C Cumulative Applicable Amount described for the current and each future period will be reduced on a proportionate basis.

Special Redemption From Excess Revenues

The Series 2025C Bonds are subject to redemption prior to maturity and may be redeemed, in whole or in part from time to time, on the first day of any month on or after _____, 20__, after giving notice as provided in the Trust Indenture and in accordance with a Letter of Instructions, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Series 2025C Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date from amounts transferred to the 2025C Special Redemption Account from the Residual Revenues Fund in accordance with the Forty-Seventh Supplemental Indenture (including Excess Revenues from the Series 2025B Bonds transferred to the 2025C Revenue Account pursuant to the Forty-Sixth Supplemental Indenture and other revenues whether or not derived in connection with the Series 2025C Bonds).

In the event of a redemption from Excess Revenues, the Trustee shall apply amounts transferred to the 2025C Special Redemption Account in accordance with the Trust Indenture to redeem the Series 2025C Bonds Outstanding in the same manner described in clauses (a) and (b) under "Special Redemption from 2025C Mortgage Loan Principal Payments" above, unless otherwise instructed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate.

Optional Redemption

The Series 2025C Bonds, except for the Taxable PAC Term Bond, maturing on or after _____, 20__, are subject to redemption prior to maturity, in whole or in part, at any time and from time to time on and after _____, 20__, at the option of the Department, after giving notice as provided in the Trust Indenture, at a Redemption Price equal to 100% of the principal amount of the Series 2025C Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date.

The Taxable PAC Term Bond is subject to redemption prior to maturity, in whole or in part at any time and from time to time, on and after _____, 20__, at the option of the Department after giving notice as provided in the Trust Indenture, at the Redemption Prices set forth below (expressed as a percentage of

the principal amount to be redeemed), in each case together with interest accrued thereon to, but not including, the redemption date:

Redemption Date	Redemption Price

If the Taxable PAC Term Bond is redeemed on a date other than a redemption date listed above, the Redemption Price, as of such redemption date, will be determined by the Department using straight-line interpolation between the Redemption Prices for the redemption dates listed above immediately preceding and succeeding such redemption date.

Mandatory Sinking Fund Redemption

The Series 2025C Bonds maturing on the respective dates specified below is subject to scheduled mandatory redemption prior to maturity and shall be redeemed, after giving notice as provided in the Trust Indenture, in the aggregate principal amounts and on the dates set forth in the following tables, at a Redemption Price equal to 100% of the principal amount of Series 2025C Bonds or portions thereof to be redeemed, plus accrued interest if any, to, but not including, the redemption date:

Term Bond Maturing _____, 20__

Redemption Date	Principal Amount ($)	Redemption Date	Principal Amount ($)

Taxable PAC Term Bond Maturing _____, 20__

Redemption Date	Principal Amount ($)	Redemption Date	Principal Amount ($)

*

*Final Maturity

Partial Redemption

Except as described in "THE SERIES 2025 BONDS – Redemption Provisions – Series 2025B -- Special Redemption from Unexpended Proceeds of Series 2025B Bonds," "THE SERIES 2025 BONDS – Redemption Provisions – Series 2025B – Special Redemption from 2025B Mortgage Loan Principal Payments" "THE SERIES 2025 BONDS – Redemption Provisions – Series 2025B – Special Redemption from Excess Revenues," "THE SERIES 2025 BONDS – Redemption Provisions - Series 2025C - Special Redemption from Unexpended Proceeds of Series 2025C Bonds," "THE SERIES 2025 BONDS – Redemption Provisions – Series 2025C – Special Redemption from 2025C Mortgage Loan Principal Payments" and "THE SERIES 2025 BONDS – Redemption Provisions – Series 2025C – Special Redemption from Excess Revenues," if less than all of the Series 2025 Bonds of the same maturity and interest rate shall be called for prior redemption, the particular Series 2025 Bonds or portions of Series 2025 Bonds to be redeemed in part shall be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate; provided, however, that any Series 2025 Bond redeemed in part shall be redeemed in an amount such that the unredeemed portion thereof shall equal an Authorized Denomination, and provided further that, in selecting Series 2025 Bonds for redemption, the Trustee shall treat each Series 2025 Bond in a denomination greater than the minimum Authorized Denomination as representing that number of Series 2025 Bonds of the minimum Authorized Denomination which is obtained by dividing the Principal Amount at maturity of such Series 2025 Bond by the minimum Authorized Denomination. See "APPENDIX H – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – DTC and Book-Entry."

Notice of Redemption

Except as provided below, the Trustee shall give notice, in the name of the Department, of the redemption of Series 2025 Bonds to the holders thereof, which notice shall specify the maturity and interest rates of the Series 2025 Bonds to be redeemed, the redemption date and the method and place or places of payment of the Redemption Price of such Series 2025 Bonds, the conditions, if any, to such redemption and, if less than all of the Series 2025 Bonds are to be redeemed, the letters and numbers or other distinguishing marks of such Series 2025 Bonds so to be redeemed, and, in the case of Series 2025 Bonds to be redeemed in part only, such notices shall also specify the respective portions of the principal amounts thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Series 2025 Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal amount thereof, in the case of Series 2025 Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. If applicable, such notice shall provide that the redemption of the Series 2025 Bonds is conditioned upon moneys being available for such purpose on the redemption date or such other conditions as may be set forth in such notice. See "THE SERIES 2025 BONDS – Conditional Notices of Redemption."

The Trustee shall mail a copy of such notice by first class mail, postage prepaid, not less than 30 days, nor more than 60 days prior to the redemption date to the holders of any Series 2025 Bonds or portions thereof which are to be redeemed, at the address shown on the registration books maintained by the Trustee.

Conditional Notices of Redemption

The Department reserves the right to give notice of its election or direction to redeem Series 2025 Bonds conditioned upon the occurrence of subsequent events.

Payment of Redeemed Bonds

Notice having been given as provided in the Trust Indenture, the Series 2025 Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date. If there shall be called for redemption less than all of a Series 2025 Bond, the Department shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Series 2025 Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Series 2025 Bond so surrendered, Series 2025 Bonds of like maturity, interest rate and aggregate principal amount in any Authorized Denomination. If, on the redemption date, moneys for the redemption of all the Series 2025 Bonds or portions thereof of any like maturity to be redeemed, together with interest to the redemption date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as specified in the Trust Indenture, then, from and after the redemption date, interest on the Series 2025 Bonds or portions thereof of like maturity so called for redemption shall cease to accrue and become payable. If such moneys shall not be available on the redemption date, such Series 2025 Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Purchase in Lieu of Redemption

The Trust Indenture permits the purchase of Bonds, including the Series 2025 Bonds, in the open market in lieu of redemption of such Series 2025 Bonds. Any such purchase may be at a price not exceeding the then applicable Redemption Price for such Series 2025 Bonds.

Average Life and Prepayment Speeds

Prepayments on mortgage loans are commonly measured relative to a prepayment standard or model. The SIFMA Prepayment Model represents an assumed monthly rate of prepayment of the then outstanding principal balance of a pool of new mortgage loans. The SIFMA Prepayment Model does not purport to be either an historical description of the prepayment of any pool of mortgage loans or a prediction of the anticipated rate of prepayment of any pool of mortgage loans, including the 2025B Mortgage Certificates and the 2025C Mortgage Certificates. One hundred percent (100%) of the SIFMA Prepayment Model assumes prepayment rates of 0.2 percent per year of the then unpaid principal balance of such mortgage loans in the first month of the life of the mortgage loans and an additional 0.2 percent per year in each month thereafter (for example, 0.4 percent per year in the second month) until the 30th month. Beginning in the 30th month and in each month thereafter during the life of the mortgage loans, 100 percent of the SIFMA Prepayment Model assumes a constant prepayment rate of six percent per year. Multiples will be calculated from this prepayment rate speed e.g., 200 percent of the SIFMA Prepayment Model assumes prepayment rates will be 0.4 percent per year on month one, 0.8 percent per year in month two, reaching 12 percent per year in month 30 and remaining constant at 12 percent per year thereafter. The amounts shown in the tables under "THE SERIES 2025 BONDS—Redemption Provisions—Series 2025B Bonds—Special Redemption from 2025B Mortgage Loan Principal Payments" above for Premium PAC Term Bond Outstanding Applicable Amount and for Series 2025B Cumulative Applicable Amount and the amounts shown in the tables under "THE SERIES 2025 BONDS—Redemption Provisions—Series 2025C

Bonds—Special Redemption from 2025C Mortgage Loan Principal Payments" above for Taxable PAC Term Bond Outstanding Applicable Amount and for Series 2025C Cumulative Applicable Amount are based on many assumptions, including (i) receipt of prepayments on the 2025B Mortgage Loans equal to 100 percent of SIFMA's standard prepayment model (as further described below) (the "SIFMA Prepayment Model") in the case of Premium PAC Term Bond Outstanding Applicable Amount and 400 percent of the SIFMA Prepayment Model in the case of the Series 2025B Cumulative Outstanding Applicable Amount; (ii) receipt of prepayments on the 2025C Mortgage Loans equal to 100 percent of SIFMA's standard prepayment model (as further described below) (the "SIFMA Prepayment Model") in the case of Taxable PAC Term Bond Outstanding Applicable Amount and 400 percent of the SIFMA Prepayment Model in the case of the Series 2025C Cumulative Outstanding Applicable Amount; and (iii) that 100 percent of the moneys on deposit in the 2025B Mortgage Loan Account and 2025C Mortgage Loan Account attributable to the proceeds of the Series 2025B Bonds and Series 2025C Bonds will be used to purchase 2025B Mortgage Certificates and 2025C Mortgage Certificates, respectively.

The following table assumes, among other things, that:

(i) all amounts in the 2025B Mortgage Loan Account and in the 2025C Mortgage Loan Account will be used to purchase 2025 Mortgage Certificates and DPA Loans;

(ii) 2025 Mortgage Loans will be purchased on average on _____, 2025;

(iii) $_____ of 2025 Mortgage Loans (Non-Targeted Areas) will have an original term of 30 years with three (3) points of repayable DPA Loans and have an average interest rate of _____% per annum;

(iv) $_____ of 2025 Mortgage Loans (Targeted Areas) will have an original term of 30 years with three (3) points of repayable DPA Loans and have an average interest rate of _____% per annum;

(v) $_____ of 2025 Mortgage Loans (Non-Targeted Areas) will have an original term of 30 years with four (4) points of repayable DPA Loans and have an average interest rate of _____% per annum;

(vi) $_____ of 2025 Mortgage Loans (Targeted Areas) will have an original term of 30 years with four (4) points of repayable DPA Loans and have an average interest rate of _____% per annum;

(vii) $_____ of 2025 Mortgage Loans (Non-Targeted Areas) will be "Low Rate Option Loans" with an original term of 30 years with no DPA Loans and have an average interest rate of _____% per annum;

(viii) $_____ of 2025 Mortgage Loans (Targeted Areas) will be "Low Rate Option Loans" with an original term of 30 years with no DPA Loans and have an average interest rate of _____% per annum;

(ix) Trustee's fees will be .02% per annum of Series 2025B Bonds and Series 2025C Bonds outstanding with an annual minimum of $3,500 payable monthly;

(x) 2025 Mortgage Loans prepay at the indicated percentage of the SIFMA Prepayment Model;

(xi) all 2025 Mortgage Loans are pooled and assigned to GNMA upon the issuance to the Trustee of GNMA Certificates and payments on such Mortgage Certificates are timely made and used on a timely basis to redeem the Series 2025B Bonds and the Series 2025C Bonds, as described in (xiii) and (xiv) below;

(xii) the Series 2025B Bonds and the Series 2025C Bonds, respectively are not redeemed pursuant to unexpended proceeds redemption;

(xiii) the Series 2025 Bonds, other than the Premium PAC Term Bond and the Taxable PAC Term Bond where noted, are not redeemed pursuant to optional redemption;

(xiv) no amounts allocable to any other series of Bonds are used to cross-call the Series 2025 Bonds and no amounts allocable to the Series 2025 Bonds are used to cross-call any other series of Bonds;

(xv) the Investment Securities held in each of the 2025B Mortgage Loan Account and the 2025C Mortgage Loan Account will pay interest at the rate of 0% per annum and the Investment Securities held in the 2025B Revenue Fund and the 2025C Revenue Fund, respectively, will pay interest at the rate of 0% per annum for the first three years and 0.05% per annum thereafter;

(xvi) Series 2025 Bonds will be redeemed monthly as described under "THE SERIES 2025 BONDS – Redemption Provisions – Series 2025B Bonds – Special Redemption from 2025B Mortgage Loan Principal Payments" for the respective Series 2025B and "THE SERIES 2025 BONDS – Redemption Provisions – Series 2025C Bonds – Special Redemption from 2025C Mortgage Loan Principal Payments"; and

(xvii) Series 2025 Bonds will be redeemed semi-annually as described under "THE SERIES 2025 BONDS – Redemption Provisions – Series 2025B Bonds – Special Redemption from Excess Revenues" for the respective Series 2025B Bonds and "THE SERIES 2025 BONDS – Redemption Provisions – Series 2025C Bonds – Special Redemption from Excess Revenues" for the respective Series 2025C Bonds.

Based on the foregoing and other assumptions, some or all of which may not reflect actual experience, the tables below indicate the projected weighted average lives of the following Term Bonds.

Projected Weighted Average Life (in Years)[(1)]

Series 2025B Bonds (Non-AMT)						
					Premium PAC Term Bond Due __/__/__	
SIFMA Prepayment Model	Term Bond due __/__/__	Term Bond due __/__/__	Premium Term Bond due __/__/__	Premium Term Bond due __/__/__	Optional Call not Exercised	Optional Call Exercised
0%						
50%						
75%						
100%						
125%						
150%						
175%						
200%						
300%						
400%						
500%						

[(1)] The weighted average life of a bond is determined by (i) multiplying the amount of each principal payment by the number of years from the date of issuance of the bonds to the related principal payment date, (ii) adding the results and (iii) dividing the sum by the total principal paid on the bond.

Projected Weighted Average Life (in Years)[(1)]

Series 2025C Bonds (Non-AMT)						
					Premium PAC Term Bond Due __/__/__	
SIFMA Prepayment Model	Term Bond due __/__/__	Term Bond due __/__/__	Premium Term Bond due __/__/__	Premium Term Bond due __/__/__	Optional Call not Exercised	Optional Call Exercised
0%						
50%						
75%						
100%						
125%						
150%						
175%						
200%						
300%						
400%						
500%						

[(1)] The weighted average life of a bond is determined by (i) multiplying the amount of each principal payment by the number of years from the date of issuance of the bonds to the related principal payment date, (ii) adding the results and (iii) dividing the sum by the total principal paid on the bond.

In addition to the table above, "APPENDIX F – TABLE OF PROJECTED WEIGHTED AVERAGE LIFE DATA AT VARIOUS PREPAYMENT SPEEDS" sets forth a table of additional average life-related data at various prepayment speeds.

The holder of less than all of the Outstanding principal amount of a Premium PAC Term Bond, Taxable PAC Term Bond, or a Term Bond may not achieve the results indicated above. The Department does not undertake to update this table or any other projections contained in this Official Statement based on the Department's actual experience with respect to repayment and prepayment of the Series 2025 Bonds. See "INVESTMENT CONSIDERATIONS" herein for a discussion of certain factors that may affect the rate of prepayments of the Mortgage Loans.

The SIFMA Prepayment Benchmark does not purport to be a prediction of the anticipated rate of Prepayments of the Mortgage Loans, and there is no assurance that the prepayments of the Mortgage Loans will conform to any of the assumed prepayment rates. See "INVESTMENT CONSIDERATIONS" herein for a discussion of certain factors that may affect the rate of Prepayments of the Mortgage Loans. The Department makes no representation as to the percentage of the principal balance of the Mortgage Loans that will be paid as of any date or as to the overall rate of prepayment. Investors may view the Department's website for information regarding the Trust Estate, including information regarding Mortgage Loans and Mortgage Certificates. Investors should be aware of the disclaimers before viewing, particularly the Department's representation that it has no obligation to update its website.

The information set forth above with respect to the prepayment experience (as a percentage of the SIFMA Prepayment Model) has been obtained from sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation of the Department, the Financial Advisor or the Underwriters.

The achievement of certain results or other expectations contained in this section involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied in this section. The Department does not expect or intend to issue any updates or revisions to this section if or when its expectations, or events, conditions or circumstances on which such statements are based, occur or fail to occur.

SECURITY FOR THE BONDS

Pledge of Trust Indenture

The Bonds, including the Series 2025 Bonds, the Prior Bonds and, unless subordinated, all bonds subsequently issued pursuant to the Trust Indenture are equally and ratably secured by the Trust Indenture for the equal benefit, protection and security of the owners of the Bonds, each of which, regardless of time of issuance or maturity, is to be of equal rank without preference, priority or distinction, except as otherwise provided in the Trust Indenture.

Principal or Redemption Price of and interest on all Bonds are payable solely from and are secured by a pledge of and lien on the Trust Estate, which consists generally of the Revenues, Mortgages, Mortgage Loans (including Mortgage Certificates), money, and Investment Securities held in the Funds (excluding the Rebate Fund), and other property pledged under the Trust Indenture and any Supplemental Indenture. Revenues include all payments with respect to the Mortgage Loans (net of servicing, accounting and collection fees) which include Mortgage Certificates (net of servicing and guaranty fees) and the earnings on investments of amounts held under the Trust Indenture and any Supplemental Indenture. Revenues do not include payments made in order to obtain or maintain mortgage insurance and fire and other hazard insurance with respect to Mortgage Loans (including Mortgage Certificates), and any payments required to be made with respect to Mortgage Loans (including Mortgage Certificates) for taxes, other governmental charges, and other similar charges customarily required to be escrowed on mortgage loans or commitment fees or other financing charges paid by a Mortgage Lender or the Master Servicer to the Department in connection with a commitment to sell and deliver Mortgage Loans (including Mortgage Certificates) to the Department.

The structure of Program 111 allows Eligible Borrowers to choose between Mortgage Loans offered either at various levels of down payment assistance ("Assisted Option") or without an accompanying DPA Loan ("Low Rate Option"). Mortgage Loans will bear interest at annual rates announced from time to time by the Department. All Assisted Option Loans are accompanied by a DPA Loan that provides funds for down payment and closing cost assistance in the form of a second lien loan with no stated interest in an amount equal to a percentage of the original principal amount of the related first lien Assisted Loan. DPA Loans are due on sale, refinance, or repayment of the first mortgage, and have a thirty year term. Borrowers choosing the Low Rate Option do not receive down payment or closing cost assistance. The Department reserves the right to modify the down payment assistance options available through Program 111 at any time.

The Series 2025 Bonds are limited obligations of the Department and are payable solely from the Revenues and funds pledged for the payment thereof as more fully described herein. Neither the State nor any agency of the State, other than the Department, nor the United States of America nor any agency, department or other instrumentality thereof, including GNMA, and Fannie Mae, is obligated to pay the principal or Redemption Price of, or interest on, the Series 2025 Bonds. Neither the faith and credit nor the taxing power of the State or the United States of America is pledged, given or loaned to such payment. The Department has no taxing power. GNMA and Fannie Mae guarantee only the payment of the principal of and interest on the GNMA Certificates and Fannie Mae Certificates, respectively, when due and do not guarantee the payment of the Series 2025 Bonds or any other obligations issued by the Department.

Supplemental Mortgage Security

The Trust Indenture requires that each Mortgage Loan be further secured by Supplemental Mortgage Security, if any, as provided in the Supplemental Indenture authorizing the Series of Bonds used to purchase such Mortgage Loan. Pursuant to the 2025 Supplemental Indentures, the Department has

determined that the Supplemental Mortgage Security for the 2025 Mortgage Loans shall be the guaranty of timely payment of principal and interest provided by Ginnie Mae pursuant to the Ginnie Mae Certificates.

Cashflow Statement and Asset Test

The Department is required to deliver periodically a "Cashflow Statement" prepared or verified by a nationally-recognized firm experienced in preparing mortgage revenue bond cashflows, comparing estimates of Revenues with the debt service requirements and Department Expenses with respect to Outstanding Bonds, which Cashflow Statement must demonstrate the sufficiency of such Revenues to pay scheduled debt service on the Bonds and Department Expenses at their respective requirements under each of the scenarios required by the Rating Agencies. Under the terms of the Trust Indenture, such Cashflow Statements must incorporate certain assumptions concerning Mortgage Loan Principal Prepayments, reinvestment rates, expenses and certain other assumptions as required by the Rating Agencies. The Cashflow Statement is required to be prepared (i) upon the issuance of a Series of Bonds; (ii) upon the adjustment of the interest rate or rates on a Series of Bonds, unless otherwise required by the applicable Series Supplement; (iii) upon the purchase or redemption of Bonds other than as assumed in the Cashflow Statement most recently filed with the Trustee; (iv) upon the application of Mortgage Loan Principal Payments other than as assumed in the Cashflow Statement most recently filed with the Trustee; (v) upon the application of amounts in the Residual Revenues Fund other than as assumed in the Cashflow Statement most recently filed with the Trustee; (vi) at such times, if any, as may be required by a Supplemental Indenture; and (vii) not later than two and one-half years after the date of filing of the most recent Cashflow Statement. The Department, at its option, may file a revised or amended Cashflow Statement with the Trustee at any time.

The Department has covenanted in the Trust Indenture that it will not make, acquire, refinance or sell Mortgage Loans or Mortgage Certificates or purchase or redeem Bonds, including the Series 2025 Bonds, or take certain other actions permitted under the Trust Indenture, unless such actions are consistent with the assumptions set forth in its most recent Cashflow Statement.

Moneys held under the Trust Indenture in excess of the amounts required by the Asset Test (hereinafter described) may, at the written direction of the Department accompanied by a Cashflow Certificate, be transferred to the Department to be used for any purpose authorized or permitted by the Act, free and clear of the pledge and lien of the Trust Indenture. In general, the Asset Test is deemed satisfied if the outstanding principal balance of the Mortgage Loans and Mortgage Certificates and money and Investment Securities held in all Funds (other than the Cost of Issuance Fund, Expense Fund, Rebate Fund and any mortgage pool self-insurance reserve established by the Department with respect to Mortgage Loans) is at least equal to 102% of the principal amount of Bonds Outstanding. See "THE TRUST INDENTURE – Residual Revenues Fund."

Additional Bonds

Various series of Bonds, including refunding Bonds, may be issued as provided in the Trust Indenture on a parity with the Bonds of all other Series, secured by a pledge of and lien on the Trust Estate. As a condition to the issuance of additional Bonds, including refunding Bonds, the Department must deliver various items to the Trustee including the opinions of Bond Counsel to the effect that, among other things, the series of Bonds is validly issued in accordance with the Trust Indenture and the Act. The Department must also deliver to the Trustee a Cashflow Statement which gives effect to the issuance of such additional Bonds as described above under "Cashflow Statement and Asset Test" and a written confirmation from each Rating Agency that the issuance of Bonds of each Series will not adversely affect the rating then in effect on any Outstanding Bonds (determined without regard to any Credit Agreement). The Department has reserved the right to adopt one or more other bond indentures and to issue other obligations payable from sources other than the Trust Estate or, payable from the Trust Estate, including the Revenues, if the

pledge of and lien on the Trust Estate and the Revenues is junior to or subordinate to the pledge of and lien on the Trust Estate and the Revenues.

Outstanding Subordinate Lien Obligation

The Department entered into a Loan Agreement dated September 28, 2016 (the "Subordinate Loan Agreement"), with Woodforest National Bank ("Woodforest") for a secured draw down credit facility in an aggregate principal amount not to exceed $10,000,000 as evidenced by the Department's Series 2016 Issuer Note (the "Subordinate Note"). The Department has drawn the full $10,000,000 authorized amount under the Subordinate Loan Agreement, all of which currently is outstanding. The Subordinate Note bears interest at 1.0% per annum and no scheduled interest or principal payments are payable until the stated maturity date of September 28, 2026. The Subordinate Note is secured by and payable solely from a lien on and pledge of the Trust Estate established by the Trust Indenture, which lien and pledge expressly is subordinate to the lien and pledge of the Trust Estate securing the Series 2025 Bonds and the Outstanding Prior Bonds. Proceeds from the Subordinate Note were used to make down payment assistance loans to qualified borrowers. Upon the occurrence of an event of default under the terms of the Subordinate Loan Agreement (which includes whenever the amount determined pursuant to the Asset Test is less than 102% plus the then outstanding amount of the Subordinate Note), the Subordinate Note will bear interest at a per annum rate of 6.0% and the outstanding principal amount thereof may be declared to be immediately due and payable. Upon the Trustee's receipt of written notice from Woodforest that the Department has failed to pay the Subordinate Note in full when due, the Trustee will transfer the unpaid amount from the Residual Revenues Fund to Woodforest to the extent permitted by the provisions of the Trust Indenture described in the last paragraph under "THE TRUST INDENTURE – Residual Revenues Fund."

Sale of Mortgage Certificates and Mortgage Loans

The Department may, at its election, sell, assign, transfer or otherwise dispose of any Mortgage Loan or Mortgage Certificate, in whole or in part, or any of the rights of the Department with respect to any Mortgage Loan or Mortgage Certificate, in whole or in part, free and clear of the lien of the Trust Indenture, but only if a Cashflow Statement establishes that such sale, assignment, transfer or other disposition will not adversely affect the ability of the Department to pay when due the principal or Redemption Price of and interest on the Bonds and the Rating Agency shall have confirmed that such sale, assignment, transfer or other disposition will not have an adverse effect on the rating then in effect on the Bonds. The Department may also sell any Mortgage Loan, Mortgage Certificate or other obligation evidencing or securing a Mortgage Loan if it is necessary for the Department to take such action in order to maintain the excludability of interest on any of the Bonds from gross income for federal income tax purposes. If proceeds from the sale of the Mortgage Certificates are to be applied to the redemption of Series 2025 Bonds, such Series 2025 Bonds must be redeemed under the applicable redemption provision of the Trust Indenture. See "THE SERIES 2025 BONDS – Redemption Provisions."

Certain Information as to Revenues, Investments, Debt Service and Department Expenses

On the basis of the Cashflow Statement prepared in connection with the issuance of the Series 2025 Bonds, the Department expects that the scheduled payments, together with Mortgage Loan Principal Prepayments received, if any, of the principal of and interest on the Mortgage Loans and the Mortgage Certificates and amounts held under the Trust Indenture and the earnings thereon, will be sufficient to pay the principal or Redemption Price of and interest on the Series 2025 Bonds and all other Prior Bonds Outstanding when due. In arriving at the foregoing conclusions, the Department has included all Series 2025 Bonds and Prior Bonds but has not considered the issuance of additional Bonds or the application or investment of the proceeds thereof. Since obligations issued under the Trust Indenture, unless subordinated, will rank equally and ratably with the Series 2025 Bonds and the Prior Bonds with respect to the security afforded by the Trust Indenture, the availability of money for repayment thereof could be significantly affected by the issuance, application and investment of proceeds of additional Bonds.

The maturity of and mandatory sinking fund installments of the Series 2025 Bonds have been established on the basis of the consolidated scheduled payments of the Mortgage Loans (including Mortgage Certificates) under the Trust Indenture. The interest rates on the Mortgage Loans acquired with moneys made available from the issuance of the Series 2025 Bonds will be established so that, together with payments of principal of and interest on the Mortgage Loans and the Mortgage Certificates outstanding under the Trust Indenture and moneys on deposit in the various funds and accounts under the Trust Indenture (as well as income derived from investments thereof), sufficient Revenues will be expected to be available to pay on a timely basis the principal of and interest on all Bonds outstanding under the Trust Indenture, including the Series 2025 Bonds and certain other amounts required to be paid under the Trust Indenture. Such expectation is based on, among others, the following assumptions:

(a) moneys held in the Mortgage Loan Fund, the Revenue Fund and the Residual Revenues Fund will be invested at the rates per annum applicable to each (a portion of the earnings from which may be subject to rebate to the United States Department of Treasury), and timely payments will be made to the Trustee of amounts due under such investments;

(b) the payments on the Mortgage Loans (including the Mortgage Certificates) will be made in full and received by or on behalf of the Department on the 30th day following their scheduled payment dates;

(c) the Mortgage Lenders, the servicers, and the Master Servicers will perform their duties in a timely manner;

(d) all future expenses with respect to the Bonds and administering and servicing the Mortgage Loans, including the Trustee's fees and payment of Department Expenses, will be paid in full on a timely basis from interest paid on the Mortgage Loans and the Mortgage Certificates and investment income on funds held by the Trustee;

(e) all of the lendable proceeds of the Series 2025 Bonds will be used to purchase Mortgage Certificates representing Mortgage Loans with terms of thirty (30) years that will provide for payment of principal and interest in approximately equal monthly installments; and

(f) the proceeds of the Series 2025 Bonds will be used to provide for the purchase of Mortgage Certificates, all of which are projected to be GNMA Certificates.

The Department makes no assurances that the foregoing assumptions can be realized, particularly in times of market turmoil. In particular, the Department establishes the interest rates on the Mortgage Loans (including Mortgage Certificates) on an ongoing basis as the Department deems necessary and appropriate, subject to the requirements of the Trust Indenture, including the Cashflow Statement. Interest rates are determined by reference to conventional mortgage rates, availability of mortgage funding alternatives, historical interest rate patterns and the Department's cost of funds.

INVESTMENT CONSIDERATIONS

COVID-19

The outbreak of a new strain of coronavirus ("COVID-19"), an upper respiratory tract illness first identified in Wuhan, China, spread to numerous countries across the globe, including the United States, in 2020. The World Health Organization characterized COVID-19 as a pandemic. The worldwide outbreak of COVID-19, including variants, particularly Delta and Omicron, caused significant disruptions to the world and United States economies.

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") became law in 2020 and addressed the crisis created by the COVID-19 pandemic. Separately, Ginnie Mae announced a program to assist Ginnie Mae seller/servicers which experience financial hardships in meeting their obligations to advance funds and/or repurchase loans due to the forbearance provisions of the CARES Act.

The Department complies with the CARES Act and grants requests for COVID-19 related forbearances it receives, along with subsequent extensions as required. The number of additional forbearance requests, the principal amount of impacted Mortgage Loans and percentage of Mortgage Loans for which forbearance may be granted in the future may increase. The industry experienced unprecedented loan modifications due to Hurricane Harvey and the pandemic. Among other things, delays in reporting and the purchase and re-pooling of Mortgage Loans resulted in financial exposure to the Department. While the Department and the Master Servicer continue to assess such exposure and refine procedures, the Department, at this time, does not believe such exposure will materially impact its operations and financial strength.

The pandemic was and is an ongoing situation. At this time, the Department cannot determine the overall impact the pandemic, including the federal and State responses thereto, will have on its programs, the Trust Estate or the operations of the Department.

Termination of Mortgage Loans and Mortgage Certificates

The maturity and sinking fund redemption installments of the Series 2025 Bonds were determined on the basis of the assumption that there will be no early terminations of the Mortgage Loans or the Mortgage Certificates relating to the Series 2025 Bonds. The Department expects Mortgage Loans and Mortgage Certificates relating to the Series 2025 Bonds will be terminated prior to final maturity as a result of Mortgage Loan Principal Prepayments. All Mortgage Loan Principal Prepayments relating to the Series 2025 Bonds will be deposited in the applicable subaccount of the Revenue Fund and transferred to the 2025 Special Redemption Account for use to redeem the applicable series of the Series 2025 Bonds or other Bonds in accordance with the Trust Indenture or used to acquire new Mortgage Loans or participations therein. **Accordingly, the Department anticipates that a significant portion of the Series 2025 Bonds will be redeemed prior to their scheduled maturity.**

Mortgage Loan Principal Prepayments

The Department anticipates that the Trustee will receive Mortgage Loan Principal Prepayments on the Mortgage Certificates. Mortgage Loan Principal Prepayments are usually the result of the resale of the premises securing a Mortgage Loan or the refinancing of a Mortgage Loan due to changes in mortgage interest rates. Therefore, economic and financial market conditions may have a significant short-term effect on the rate of prepayments. The Department is not aware of any means which would allow it to accurately predict the actual level of prepayments it will receive from the Mortgage Certificates. Mortgage Loan Principal Prepayments on the Mortgage Certificates may be applied to the prepayment of the respective series of the Series 2025 Bonds or used to acquire new Mortgage Loans or participations therein. See "THE SERIES 2025 BONDS – Redemption Provisions – Series 2025B Bonds – Special Redemption from 2025B Mortgage Loan Principal Payments" and "THE SERIES 2025 BONDS – Redemption Provisions – Series 2025C Bonds – Special Redemption from 2025C Mortgage Loan Principal Payments."

Non-Origination of Mortgage Loans

One of the principal factors in originating Mortgage Loans is the availability of funds to make such loans at interest rates and on other terms that prospective borrowers can afford and will find attractive. The Department has determined that there is a shortage of funds in the State to make such loans at interest rates and on terms that a substantial number of potential borrowers within the State can afford. Should mortgage interest rate levels decline, or should one or more alternative governmental programs become available at below market rates, mortgage loans could become available at rates competitive with or lower than the rate

specified for the Mortgage Loans, and the total amount of Mortgage Loans anticipated to be originated under the Program may not be so originated.

Non-origination may also be effected by other programs of the Department as described in "APPENDIX H – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – Other Department Programs."

The failure to originate Mortgage Loans, or the inability to deliver Mortgage Certificates to the Trustee in the amounts contemplated from proceeds of the Series 2025 Bonds, will result in redemption of Series 2025 Bonds prior to their stated maturities. See "THE SERIES 2025 BONDS — Redemption Provisions - Series 2025B Bonds – Special Redemption from Unexpended Proceeds of Series 2025B Bonds" and "THE SERIES 2025 BONDS – Redemption Provisions – Series 2025C Bonds – Special Redemption from Unexpended Proceeds of Series 2025C Bonds."

Over the past year, the Department has averaged approximately $_____ million per month in GNMA mortgage-backed securities issued that are backed by tax-exempt bond eligible mortgage loans, exclusive of loans for which a mortgage credit certificate was issued. The Department has not had an unexpended proceeds call since November 1, 2010.

Availability of Remedies

The remedies available to the owners of the Series 2025 Bonds upon an Event of Default under the Trust Indenture or other documents described herein are in certain respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code, the remedies specified by the federal bankruptcy laws, the Trust Indenture and the various Program documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2025 Bonds will, therefore, be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency, or other similar laws affecting the rights of creditors generally and by general principles of equity which permit the exercise of judicial discretion, and by principles of sovereign immunity.

Disclaimer Regarding Cyber Risks

The Department, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the Department may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the Department's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. No assurance can be given that the Department's current efforts to manage cyber threats and security will, in all cases, be successful. The Department cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances.

The Department relies on other entities and service providers in the course of operating the Department's programs, as well as other trustees, custodians, fiscal agents and dissemination agents. No assurance can be given that future cyber threats and attacks against other third party entities or service providers will not impact the Department and the owners of the Series 2025 Bonds, including the possibility of impacting the timely payments of debt service of the Series 2025 Bonds or timely filings pursuant to the Disclosure Agreement.

THE DEPARTMENT

General

The Department, a public and official agency of the State of Texas (the "State") was created pursuant to and in accordance with Chapter 2306, Texas Government Code, as amended from time to time (together with other laws of the State applicable to the Department, the "Act"). The Department is the successor agency to the Texas Housing Agency (the "Agency") and the Texas Department of Community Affairs (the "TDCA"), both of which were abolished by the Act and their functions and obligations transferred to the Department. One of the purposes of the Department is to provide for the housing needs of individuals and families of low, very low and extremely low income and families of moderate income in the State. Pursuant to the Act, the Department may issue bonds, notes or other obligations to finance or refinance residential housing and to refund bonds previously issued by the Agency, the Department or certain other quasi-governmental issuers. The Act specifically provides that the revenue bonds of the Agency become revenue bonds of the Department.

The Department is subject to the Texas Sunset Act (Chapter 325, Texas Government Code, as amended, hereinafter referred to as the "Sunset Act") and its continued existence is subject to a review process that resulted in passage of legislation in the Seventy-Eighth Legislative Session in 2003 which continued the Department in existence until September 1, 2011. House Bill 3361 extended the existence of the Department until September 2025, at which time it will be subject to review. The Sunset Act, however, recognizes the continuing obligation of the State to provide for the payment of bonded indebtedness incurred by a State agency abolished under the provisions thereof and provides that the Governor of the State shall designate an appropriate State agency to continue to carry out all covenants with respect to any bonds outstanding, including the payment of any bonds from the sources provided in the proceedings authorizing such bonds.

In the Act, the State also pledges and agrees with the holders of any bonds issued under the Act that the State will not limit or alter the rights vested in the Department to fulfill the terms of any agreements made with the holders thereof that would in any way impair the rights and remedies of such holders until such bonds, together with the interest thereon, interest on any unpaid installments of interest and all costs and expenses incurred in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged.

Purpose and Impact

The Department is the state agency responsible for affordable housing, community and energy assistance programs, colonia activities, and regulation of the state's manufactured housing industry. The Department currently administers $2 billion through for-profit, nonprofit, and local government partnerships to deliver local housing and community based opportunities and assistance to Texans in need. The overwhelming majority of the Department's resources are derived from mortgage revenue bond financing and refinancing, federal grants, and federal tax credits.

The mission of the Department is to administer its assigned programs efficiently, transparently, and lawfully and to invest its resources strategically and develop high quality affordable housing which allows Texas communities to thrive.

Aligning with the Department's mission, proceeds of the Series 2025 Bonds will be primarily used to purchase Mortgage Certificates secured by qualified Mortgage Loans and will fund down payment and closing cost assistance. Mortgage Loans will primarily include loans originated under the My First Texas Home Program to qualified individuals and families whose gross annual household income does not exceed 115% AMFI (100% for households of 2 persons or less), based on IRS adjusted income limits, or 140% AMFI (120% for households of 2 persons or less) if in a targeted area. Eligible Borrowers must

generally be first-time homebuyers, qualified veterans, or purchasing in a targeted area. See also "APPENDIX H – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS, AND OTHER MATTERS – The Program and the Mortgage Loans."

For the period _____ through _____, the Department financed $____ billion of first lien loans with bond proceeds and assisted _____ households. Approximately __% of the Mortgage Loans were made to families with incomes less than __% AMFI. The distribution of income bands for the borrowers of Mortgage Loans purchased with Series 2025 Bonds is expected to be similar to previously financed loans in the Department's Single Family Mortgage Revenue Bond Program. [UPDATE]

Loans financed through the Single Family and Residential Mortgage Revenue Bond Program
September 1, 2022 through August 31, 2024

AMFI Band	$ Amt of 1st Liens	Percent	# of 1st Lien Loans	$ Amt of 2nd Liens	Percent	# of 2nd Lien Loans	Percent of 2nd Lien Loans
<50.0%	427,632,158	26.24%	2,003	11,698,996	26.44%	1,681	29.05%
50.00%-59.999%	237,635,910	14.58%	1,084	6,382,116	14.42%	900	15.55%
60.0%-69.999%	269,322,109	16.53%	1,179	7,168,832	16.20%	957	16.54%
70.0%-79.999%	278,694,372	17.10%	1,132	7,625,975	17.24%	945	16.33%
80.0%-89.999%	234,348,536	14.38%	902	6,441,109	14.56%	755	13.05%
90.00%-100%	180,320,091	11.07%	669	4,877,563	11.02%	544	9.40%
>100%	1,484,303	0.09%	5	50,215	0.11%	5	0.09%
Total	1,629,437,479	100.00%	6,974	44,244,806	100.00%	5,787	100.00%

In conjunction with the Mortgage Loans, the Department financed $____ million in down payment assistance and closing costs assistance loans.

Down Payment Assistance Statistics and Closing Cost Assistance
September 1, 2022 through August 31, 2024

Total DPA Provided ($)	$44,244,806
Total DPA Provided (# of Loans)	5,787
Percent of Borrowers Receiving DPA	82.98%
Average DPA Provided per Borrower	$7,646
Average DPA Provided (% of Loan Amount)	2.72%

The Department intends to prepare a voluntary report after proceeds of the Series 2025 Bonds have been fully disbursed to purchase Mortgage Certificates, and post this report to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system. The voluntary report is expected to take the form presented in "APPENDIX I - USE OF PROCEEDS REPORT" of this Official Statement, and is expected to include information regarding the Mortgage Loans financed with the proceeds of the Series 2025 Bonds and how such proceeds were spent.

Governing Board

The Department is governed by a governing board (the "Board") consisting of seven public members, appointed by the Governor, with the advice and consent of the State Senate. Board members hold office for six year staggered terms. Each member serves until his or her successor is appointed and qualified. Each member is eligible for reappointment. Members serve without compensation but are

entitled to reimbursement for actual expenses incurred in performing their duties of office. The Act requires the Governor to make appointments so that the places on the Board are occupied by persons who have a demonstrated interest in issues related to housing and support services and who broadly reflect the geographic, economic, cultural, and social diversity of the State, including ethnic minorities, persons with disabilities, and women.

The Governor of the State designates a member of the Board to serve as the presiding officer (the "Chair") of the Board at the pleasure of the Governor. The Chair presides at all meetings and performs such other duties as may be prescribed from time to time by the Board and by the Act. In addition, the members of the Board elect one of its members as assistant presiding officer (the "Vice Chair") to perform the duties of the Chair when the Chair is not present or is incapable of performing such duties. The Board also elects a Secretary and a Treasurer (which offices may be held by one individual and neither office holder must be a Board member) to perform the duties prescribed by the Board.

One seat on the Board is currently vacant. The remaining members of the Board, their occupations and their terms of office are as follows:

LEO VASQUEZ, Chair and Board Member. Corporate Finance and Business Management Consultant, Houston, Texas. His term expires January 31, 2029.

KENNY MARCHANT, Vice Chair and Board Member. Retired U.S. Representative for the 24th Congressional District of Texas, Coppell, Texas. His term expires January 31, 2025.

CINDY CONROY, Board Member. Director of community outreach and aide to the chairman of WestStar bank, El Paso, Texas. Her term expires January 31, 2027.

ANNA MARIA FARIAS, Board Member. Retired Assistant Secretary, Office of Fair Housing and Equal Opportunity at the U.S. Department of Housing and Urban Development, a U.S. Senate-confirmed position, San Antonio, Texas. Her term expires January 31, 2027.

AJAY THOMAS, Board Member. Executive Vice President and U.S. Head of Public Finance for FHN Financial, a division of First Horizon Bank, Austin, Texas. His term expires January 31, 2025.

HOLLAND HARPER, Board Member. Chief Development Officer of Harrison, Walker and Harper, LLC, Paris, Texas. His term expires January 31, 2029.

All of the above Board members have been appointed by the Governor and confirmed by the State Senate. Under Article 16 §17 of the Texas Constitution, all state officers continue to perform the duties of their offices until their successors are duly qualified. This ensures that, until the Governor appoints a replacement, the requirements of office are satisfied.

Administrative Personnel

The Act provides that the Department is to be administered by an Executive Director to be employed by the Board with the approval of the Governor. The Executive Director serves at the pleasure of the Board, but may also be removed by a newly elected Governor who did not approve the Executive Director's appointment by action taken within 90 days after such Governor takes office. The Executive Director is responsible for administering the Department and its personnel. The Executive Director may, within the limitations established by the General Appropriations Act, employ other employees necessary for the discharge of the duties of the Department, subject to the annual budget and the provisions of any resolution authorizing the issuance of the Department's bonds.

Currently, the Department has approximately 356 employees. The following is a biographical summary of certain of the Department's senior staff members who have responsibility with respect to single family housing matters.

ROBERT WILKINSON, Executive Director. Mr. Wilkinson was hired by the Governing Board to serve as the Executive Director at the Board meeting of July 25, 2019, and he began his tenure on August 15, 2019. Most recently, Mr. Wilkinson served as the Deputy Budget Director to Texas Governor Greg Abbott. Mr. Wilkinson served in the Budget and Policy Division within the Office of the Governor for the first three legislative sessions of Governor Abbott's administration; 2015, 2017, and 2019. His duties included the development of the Governor's proposed budgets, the analysis and tracking hundreds of filed bills including the General Appropriations Act, the development of policy, and the coordination of governance with executive state agencies. Housing and the Department were important elements of Mr. Wilkinson's portfolio of responsibility from 2014 (under former Governor Rick Perry) through 2019. Before 2014, Mr. Wilkinson held other positions within the Office of the Governor and worked in the private sector in various capacities including a stint as a project manager at a large commercial electrical contractor. Mr. Wilkinson received his Bachelor of Arts from the University of Texas at Austin.

SCOTT FLETCHER, Director of Bond Finance. Mr. Fletcher joined the Department in July of 2022, where he is responsible for management, strategic planning and oversight of the Department's Bond Finance Division. He oversees the issuance of single family bonds and notes as well as the day to day management of mortgage banking activities. Mr. Fletcher has over 30 years of experience in municipal fixed income and public finance leadership. He received a BSBA from The University of Nebraska in Lincoln and an MBA from The University of Missouri in Kansas City.

LISA JOHNSON, Director of the Texas Homeownership Division, joined the Department in the Housing Trust Fund Department in 2017 administering State and Federal Down payment assistance programs for the Texas Bootstrap Program, Bond Finance and NSP Neighborhood Stabilization Programs and transitioned to the Texas Homeownership Team learning all facets of the division in 2019, working to promote and expand the Department's Down Payment Assistance, MCC Programs and Homebuyer Education throughout the State of Texas. Down payment assistance, credit counseling and overall buyer and seller education are an integral part of the important work of the Texas Homebuyer Team. Prior to joining the Department, Ms. Johnson worked diligently to help borrowers, investors and builders to reach their real estate goals as a licensed Texas Loan Officer and remains a licensed Texas Real Estate Agent.

JAMES “BEAU” ECCLES, General Counsel. J. Beau Eccles joined the Department in June 2015 as its General Counsel and is responsible for coordination of all internal and external legal counsel for the Department. Before joining the Department, Mr. Eccles served as an Assistant Texas Attorney General for thirteen years, including five years as Deputy Chief, then two years as Chief, of the General Litigation Division. Mr. Eccles is a graduate of the Texas Tech School of Law, and received his B.A. from the University of Texas at Austin.

THE TRUST INDENTURE

General

The Trust Indenture, which includes the Master Indenture and each of the Series Supplements and amendments thereto relating to the Bonds, contains various covenants and security provisions, certain of which are summarized below. In addition, the Trust Indenture contains requirements for the purchase of Mortgage Loans and certain covenants with respect to applicable provisions of federal income tax law. See “TAX MATTERS.” Reference should be made to the Trust Indenture, a copy of which may be obtained from the Department, for a full and complete statement of its provisions.

Funds and Accounts

The following Funds have been established under the Master Indenture: Mortgage Loan Fund; Cost of Issuance Fund; Revenue Fund; Interest Fund; Principal Fund; Special Redemption Fund; Residual Revenues Fund; and Expense Fund and the 1998/1999A Special Mortgage Loan Fund established under the Tenth Series Supplement. The Series Supplements create within each Fund separate accounts for each Series or related Series of Bonds. The Forty-Sixth and Forty-Seventh Supplemental Indenture creates accounts for the Series 2025 Bonds within each listed Fund. The accounts so created do not grant a priority of one Series of Bonds over that of any other Series of Bonds, but are for accounting purposes only. In addition, the Forty-Fifth Supplemental Indenture establishes a 2025 Rebate Fund.

Mortgage Loan Fund

The Trustee is required to apply amounts in the Mortgage Loan Fund to pay the costs of making, acquiring, or refinancing Mortgage Loans (including the acquisition of Mortgage Certificates), and accrued interest thereon, if so directed in a Letter of Instructions from the Department. Any such disbursements are required to be within the certificate purchase period relating to the particular Series of Bonds. The Trustee is required to transfer amounts in the Mortgage Loan Fund relating to an account established for each Series of the Bonds to the Special Redemption Fund at the end of each Mortgage Loan origination period for such Series to pay the Redemption Price of Bonds of each Series to be redeemed or the purchase price of Bonds to be purchased. To the extent required by the provisions of the Master Indenture summarized below under the subheading "Withdrawals from Funds to Pay Debt Service", amounts in the Mortgage Loan Fund may be applied to the payment of principal or Redemption Price of and interest on the Bonds. See "SECURITY FOR THE BONDS –Sale of Mortgage Certificates and Mortgage Loans" and "APPENDIX H – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – The Program and the Mortgage Loans – Mortgage Loans."

Cost of Issuance Fund

Amounts credited to the Cost of Issuance Fund may be applied to pay Costs of Issuance. If at any time amounts on deposit in the Cost of Issuance Fund are in excess of the amounts reasonably required to pay Costs of Issuance (and do not represent proceeds of the Series 2025 Bonds), the Department may transfer such excess to the Department.

Revenue Fund

All Revenues are required to be deposited into the Revenue Fund promptly upon receipt by the Department. Prior to the transfer of any other amount from the Revenue Fund, the Department may transfer from the Revenue Fund an amount equal to any rebatable arbitrage to the Rebate Fund. On or before each interest payment date on the Bonds, the Trustee will transfer from the Revenue Fund to the Interest Fund an amount which, when added to any amounts already on deposit therein, will equal the amount of interest to become due and payable on the Bonds on such interest payment date.

On or before each maturity date and each date fixed for the redemption of Bonds, the Trustee is required to transfer amounts on deposit in the Revenue Fund representing Mortgage Loan Principal Payments to the Principal Fund, the Mortgage Loan Fund or to the Special Redemption Fund at the Department's direction by a Letter of Instructions accompanied by a Cashflow Certificate or, in the absence of such instructions, as required by the Series Supplements.

On or before each maturity date and each date fixed for redemption of Bonds, the Trustee also must transfer from the Revenue Fund the other amounts on deposit therein in the following order of priority:

(a) first, to the Interest Fund, an amount, if any, which, when added to any amounts already on deposit therein, will equal the amount of interest to become due and payable on the Bonds on such maturity date or redemption date;

(b) second, to the Principal Fund, an amount which, when added to any amounts already on deposit therein, will equal the principal amount of all Bonds maturing on such date and the Redemption Price of all Bonds becoming subject to scheduled mandatory redemption on such redemption date;

(c) third, to the Expense Fund, the amount or amounts specified in the Series Supplements applicable to the Bonds then Outstanding as being necessary to pay Department Expenses consisting of amounts, if any, to be paid to obtain or maintain Supplemental Mortgage Security;

(d) fourth, to the Expense Fund, the amount then required for the payment of Department Expenses (other than as described in clause (c) above), but not in excess of the maximum amount specified in the applicable Series Supplements applicable to the Bonds then Outstanding;

(e) fifth, to the Special Mortgage Loan Fund, the amount, if any, specified in the most recent Cashflow Statement as required by the Series Supplement to maintain the tax-exempt status of the Bonds; and

(f) finally, to the Residual Revenues Fund, the portion, if any, of the amount remaining in the Revenue Fund on such maturity date or redemption date after the foregoing transfers, which the Department directs to be so transferred. Any such amounts transferred to the Residual Revenues Fund constitute "Excess Revenues." See "THE TRUST INDENTURE – Residual Revenues Fund."

Interest Fund and Principal Fund

The Trustee is required to pay out of the Interest Fund by each interest payment date or date fixed for redemption of Bonds, the amount required for the interest payment due on such date. The Trustee is required to pay out of the Principal Fund by each date on which Bonds mature or become subject to scheduled mandatory redemption, the amount required for the payment of the principal amount of Bonds maturing and the Redemption Price of the Bonds subject to scheduled mandatory redemption on such date.

The Trustee, at any time at the direction of the Department in a Letter of Instructions accompanied by a Cashflow Certificate, is required to apply amounts available in the Principal Fund to pay the purchase price of Bonds.

Special Redemption Fund

Amounts in the Special Redemption Fund are required to be applied by the Trustee to pay the Redemption Price of the Bonds becoming subject to redemption (other than by scheduled mandatory redemption) or, at the direction of the Department, may be transferred to the Revenue Fund if notice of redemption has not been given or such amounts have not been committed to the purchase of Bonds. The Trustee, at any time at the direction of the Department in a Letter of Instructions accompanied by a Cashflow Certificate, is required to apply amounts available in the Special Redemption Fund to pay the purchase price of Bonds.

Expense Fund

Amounts in the Expense Fund may be paid out from time to time by the Department for Department Expenses, taxes, insurance, foreclosure fees, including appraisal and legal fees, security, repairs and other expenses incurred by the Department in connection with the protection and enforcement of its rights in any

Mortgage Loan and the preservation of the mortgaged property securing such Mortgage Loans. Excess amounts in the Expense Fund may be transferred to the Revenue Fund at the direction of the Department.

Residual Revenues Fund

During such time as the Department is not meeting the asset test described in the next paragraph (the "Asset Test"), amounts in the Residual Revenues Fund are required to be retained in the Residual Revenues Fund or transferred to the Mortgage Loan Fund or the Special Redemption Fund, as directed by a Letter of Instructions from the Department accompanied by a Cashflow Certificate or, in the absence of such instructions, as may be required by the applicable Series Supplements.

The Department will be deemed to have met the Asset Test if: (i) the Department has on file with the Trustee a Cashflow Statement giving effect to a transfer and release proposed as described in the next paragraph; and (ii) as of the date of such Cashflow Statement, the sum of the outstanding principal balance of the Mortgage Loans and the Mortgage Certificates, and the money and Investment Securities (valued at their amortized values as required by the Trust Indenture) held in all Funds (other than the Cost of Issuance Fund, the Expense Fund and any mortgage pool self-insurance reserve established by the Department with respect to the Mortgage Loans) is at least equal to 102% of the aggregate principal amount of Bonds then Outstanding.

If at any time the Department meets the Asset Test, the Trustee is required to apply amounts in the Residual Revenues Fund (in excess of those required to be maintained under the Trust Indenture in order to permit the Department to continue to meet the Asset Test) as follows: (i) the Trustee is required to transfer such amounts to the Mortgage Loan Fund or the Special Redemption Fund or remit such amounts to the Department to be used for any purpose authorized or permitted by the Act, free and clear of the pledge and lien of the Trust Indenture, if so directed by a Letter of Instructions from the Department; or (ii) in the absence of such instructions, the Trustee is required to retain such amounts in the Residual Revenues Fund.

Rebate Fund

Funds on deposit in the Rebate Fund are required to be withdrawn periodically by the Department and set aside to pay any amounts required to be rebated to the United States under applicable provisions of federal income tax law.

Withdrawals from Funds to Pay Debt Service

If on any interest payment date on the Bonds, after giving effect to the transfers from the Revenue Fund described above, the amount in the Interest Fund or the Principal Fund is less than the amount required to make interest and principal payments then due, the Trustee shall transfer from the following Funds in the following order of priority the amount of such deficit and apply such amount to pay interest and principal as necessary: (i) Residual Revenues Fund; (ii) Special Redemption Fund; and (iii) Mortgage Loan Fund.

None of the following are deemed available under the Trust Indenture for the payment of debt service on the Bonds: (i) the moneys in the Special Redemption Fund which are to be used to redeem Bonds as to which notice of redemption has been given or committed to the purchase of Bonds; (ii) moneys in the Mortgage Loan Fund which are to be used to make, acquire, or refinance Mortgage Loans with respect to which the Department has entered into commitments with borrowers, Mortgage Lenders or others; or (iii) Mortgage Loans credited to the Mortgage Loan Fund.

Investments

Moneys held in the Mortgage Loan Fund, the Revenue Fund, the Interest Fund, the Principal Fund, the Special Redemption Fund, and the Residual Revenues Fund are required to be invested and reinvested

by the Trustee or by any Depository holding all or a portion of the moneys in such Funds, in accordance with instructions from the Department and moneys held in the Cost of Issuance Fund and the Expense Fund are required to be invested and reinvested by the Department or by any Depository holding all or a portion of the moneys in such Funds, in accordance with instructions from the Department, to the fullest extent practicable and if permitted by the Act, in Investment Securities the principal of which the Department estimates will be received not later than such times as will be necessary to provide moneys when needed for payments to be made from each such Fund. See "SECURITY FOR THE BONDS – Investment of Funds" and "APPENDIX H – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – Texas Treasury Safekeeping Trust Company."

Interest earned from investing any moneys in any Fund or profits realized from any investments in any Fund are required to be retained in such Fund until it contains the amount required by the Trust Indenture to be deposited therein; thereafter such earnings and profits, net of any losses (except that which represents a return of accrued interest paid in connection with the purchase by the Department, the Trustee or any Depository of any investment), are required to be transferred to the Revenue Fund.

Other Department Covenants

The Department is required to keep proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries must be made of its transactions in accordance with generally accepted accounting principles. The Department is required to file annually, within 180 days after the close of each Bond Year, with the Trustee, and otherwise as provided by law, a copy of an annual report for such year, accompanied by an accountant's certificate, including the following statements in reasonable detail: a statement of financial position as of the end of such Bond Year; and a statement of Revenues and Department Expenses for such Bond Year. The Department at all times is required to appoint, retain and employ competent personnel for the purpose of carrying out its programs and must establish and enforce reasonable rules, regulations, tests and standards governing the employment of such personnel at reasonable compensation, salaries, fees and charges, and all persons employed by the Department must be qualified for their respective positions.

Events of Default

Each of the following events is an "Event of Default" under the Trust Indenture: (i) default in the due and punctual payment of the principal or Redemption Price of any Bond when due; (ii) default in the due and punctual payment of any installment of interest on any Bond when due; (iii) default by the Department in the performance or observance of any other of its covenants, agreements, or conditions in the Trust Indenture or in the Bonds, and the continuance of such default for a period of 60 days after written notice thereof to the Department by the Trustee or to the Department and to the Trustee by the owners of not less than 10% in principal amount of the Bonds then Outstanding; or (iv) the commencement of various proceedings involving the Department in bankruptcy or seeking reorganization, arrangement, readjustment or composition of its debts or for any other relief under the federal bankruptcy laws or under any other insolvency act or law, state or federal, now or hereafter existing, or seeking the involuntary appointment of a receiver or trustee of the Department or for all or a substantial part of its property, and unless commenced by or consented to by the Department, their continuation for 90 days undismissed or undischarged.

Bondholders' Rights in the Event of Default

If an Event of Default occurs and is continuing, then the Trustee may and, upon the written request of the owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, must, by written notice delivered to the Department, declare the principal of the Bonds then Outstanding and the interest accrued thereon immediately due and payable; subject, however, to the right of the owners of more than 50% in aggregate principal amount of the Bonds then Outstanding, by written notice to the Department and to the Trustee, to annul such declaration and destroy its effect at any time if all Events of Default, other

than those arising from nonpayment of principal or interest due solely as a result of such acceleration, have been cured. Such annulment will not extend to nor affect any subsequent Event of Default nor impair or exhaust any right or power consequent thereon.

If any Event of Default occurs and is continuing, then the Trustee may and, upon the written request of the owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, must: (i) by mandamus or other suit, action or proceeding at law or in equity require the Department to perform its covenants, representations and duties under the Trust Indenture; (ii) bring suit upon the Bonds; (iii) by action or suit in equity require the Department to account as if it were the trustee of a trust for the owners of the Bonds; (iv) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the owners of the Bonds; or (v) take such other steps to protect and enforce its rights and the rights of the owners of the Bonds, whether by action, suit or proceeding in aid of the execution of any power granted in the Trust Indenture or for the enforcement of any other appropriate legal or equitable remedy.

If any Event of Default occurs and is continuing, then the Trustee may, and upon written request by the owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction, must, proceed by suit or suits, at law or in equity or by any other appropriate legal or equitable remedy, to enforce payment of the principal of and interest on the Bonds under a judgment or decree of a court or courts of competent jurisdiction or by the enforcement of any other appropriate legal or equitable remedy, as the Trustee deems most effectual to protect and enforce any of its rights or the rights of the Bondholders under the Trust Indenture.

Application of Proceeds

The proceeds received by the Trustee in case of an Event of Default, together with all securities and other moneys which may then be held by the Trustee as a part of the Trust Estate, are required to be applied in order, as follows:

(a) to the payment of the reasonable and proper charges, expenses and liabilities of the Trustee;

(b) to the payment of the interest and principal then due on the Bonds, as follows:

(i) unless the principal of all the Bonds has become or has been declared due and payable, to the payment to the persons entitled thereto of: first, all installments of interest then due, in order of maturity, and, if the amount available is not sufficient to pay in full any installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, without any discrimination or preference; and second, the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available is not sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the principal amount or Redemption Price due on such date, without any discrimination or preference; and

(ii) if the principal of all the Bonds has become or has been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference; and

(c) to the payment of the amounts required for reasonable and necessary Department Expenses.

Trustee

The Bank of New York Mellon Trust Company, N.A., is currently the Trustee for all Series of Bonds issued under the Trust Indenture.

The Department is required to pay reasonable compensation to the Trustee, any Depositories and any paying agent (other than the GNMA Paying Agent) for all services rendered under the Trust Indenture, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and for the performance of their powers and duties under the Trust Indenture.

The Trustee may be removed, with or without cause, if so requested by the holders of at least a majority in aggregate principal amount of the Bonds then Outstanding. In addition, the Trustee may be removed, with or without cause, at any time (unless an Event of Default has occurred and is continuing) by resolution of the Governing Board of the Department; provided, that all holders of Bonds be given notice of such action and the Department shall not have received, within 60 days after such notice, written objections to such action by the holders of at least a majority in aggregate principal amount of the Bonds then Outstanding. The Trustee may also resign, upon appropriate notice. In either event, a successor is required to be appointed. Any successor Trustee must be a bank or trust company organized under the laws of the United States of America or any state thereof or a national banking association doing business, and having capital stock and surplus aggregating at least $75,000,000, which is willing and able to accept the office on reasonable and customary terms and which is authorized by law to perform all the duties imposed on it by the Trust Indenture.

Depositories

The Department may appoint one or more depositories to hold all or a designated portion of the moneys and investments subject to the lien and pledge of the Trust Indenture (other than moneys and securities required to be held in the Interest Fund, the Principal Fund and the Special Redemption Fund). Any depository appointed by the Department must be: (i) the State Comptroller, acting by and through the Texas Treasury Safekeeping Trust Company, a special-purpose corporate trust company organized under the laws of the State of Texas; or (ii) a bank or trust company organized under the laws of the United States or any state thereof and having capital stock and surplus of at least $50,000,000 which the Department determines to be capable of properly discharging its duties in such capacity and which is acceptable to the Trustee. See "APPENDIX H – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – Texas Treasury Safekeeping Trust Company."

All moneys and securities deposited with any Depository under the provisions of the Trust Indenture are required to be held in trust for the Trustee or the Department, as applicable, and the Bondholders, and may not be applied in any manner that is inconsistent with the provisions of the Trust Indenture.

Any Depository may at any time resign and be discharged of its duties and obligations under the Trust Indenture by giving at least 60 days' written notice to the Department and the Trustee. Any Depository may be removed at any time by the Department by resolution of the Governing Board of the Department.

Supplemental Indentures without Consent of Bondholders

For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture may be executed and delivered by the Department and the Trustee, without the consent of any

Bondholders: (i) to authorize Bonds of a Series and to specify the matters relative to such Bonds which are not contrary to or inconsistent with the Trust Indenture; (ii) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Trust Indenture; (iii) to insert such provisions clarifying matters or questions arising under the Trust Indenture as are necessary or desirable and are not contrary to or inconsistent with the Trust Indenture as theretofore in effect; (iv) to grant to or confer upon the Trustee for the benefit of the Bondholder any additional rights, remedies, powers, authority or security that may be lawfully granted to or conferred upon the Trustee; (v) to close the Trust Indenture against, or provide limitations on, the delivery of Bonds; (vi) to add to the covenants of the Department in the Trust Indenture other covenants which are not inconsistent with the Trust Indenture; (vii) to add to the restrictions in the Trust Indenture other restrictions to be observed by the Department which are not inconsistent with the Trust Indenture; (viii) to surrender any right, power or privilege reserved to or conferred upon the Department by the terms of the Trust Indenture that is not inconsistent with the Trust Indenture; (ix) to confirm the subjection to any lien or pledge created by the Trust Indenture of the Trust Estate or any other moneys; (x) to modify any of the provisions of the Trust Indenture in any other respect, effective only after all Bonds of any Series Outstanding at the date of adoption of such Supplemental Indentures shall cease to be outstanding; (xi) to amend the Trust Indenture to permit its qualification under the Trust Indenture Act of 1939 or any state blue sky law; (xii) to add to the definition of Investment Securities in accordance with the provisions of such definition; or (xiii) to make any other change in the Trust Indenture which does not, in the opinion of the Trustee, materially and adversely affect the rights of the holders of the Bonds.

Amendment of Trust Indenture with Consent of Bondholders

The Department and the Trustee, at any time and from time to time, may execute and deliver a Supplemental Indenture for the purpose of making any modification or amendment to the Trust Indenture, but only with the prior written consent of the holders of at least 2/3 in aggregate principal amount of the Bonds then Outstanding at the time such consent is given, and in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the holders of at least 2/3 in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular Series and maturity remain Outstanding, the consent of the holders of such Bonds will not be required and such Bonds will not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under the Trust Indenture. Notwithstanding the foregoing, no modification or amendment contained in any such Supplemental Indenture may permit any of the following, without the consent of each Bondholder whose rights are affected thereby: (i) a change in the terms of maturity or redemption of any Bond or of any installment of interest thereon; (ii) a reduction in the principal amount or Redemption Price of any Bond or in the rate of interest thereon; (iii) the creation of a lien on or a pledge of the Revenues or any part thereof, other than the lien and pledge of the Trust Indenture or as permitted by the Trust Indenture: (iv) the granting of a preference or priority of any Bond or Bonds over any other Bond or Bonds; or (v) a reduction in the aggregate principal amount or classes of Bonds of which the consent of the holders is required to effect any such modification or amendment. For the purposes of the Trust Indenture, a Series is deemed to be affected by a modification or amendment of the Trust Indenture if the same adversely affects or diminishes the rights of the owners of Bonds of such Series. The Trustee is required to determine whether or not in accordance with the foregoing powers of amendment Bonds of any particular Series would be affected by any modification or amendment of the Trust Indenture and any such determination will be binding and conclusive on the Department and all holders of Bonds.

Defeasance

If the Department pays irrevocably or causes to be paid irrevocably, or there otherwise is paid, to the owners of all Bonds the principal amount or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Trust Indenture, then the pledge of the Trust Estate under the Trust Indenture and all covenants, agreements and other obligations of the Department to the Bondholders, will thereupon terminate. Bonds or interest installments for the

payment or redemption of which moneys are held in trust by the Trustee or any paying agent at the maturity or redemption date thereof will be deemed to have been paid within the meaning of the Trust Indenture. In addition, all Outstanding Bonds of any Series will be deemed to have been paid within the meaning of the Trust Indenture if: (i) in case any of the Bonds are to be redeemed on any date prior to their maturity, the Department has given to the Trustee irrevocable instructions to give notice of redemption of such Bonds on said date; (ii) there has been deposited with the Trustee or any paying agent either moneys in an amount which are sufficient, or Government Obligations not subject to redemption prior to the maturity thereof, the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee or any paying agent at the same time, are sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be; and (iii) in the event said Bonds are not to be redeemed within the next succeeding 60 days, the Department has given the Trustee irrevocable instructions to give a notice to the owners of such Bonds that the deposit required by (ii) above has been made with the Trustee or paying agent and that said Bonds are deemed to have been paid in accordance with the Trust Indenture and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds.

Any moneys held for the payment of any of the Bonds which remain unclaimed for three years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption must, at the written request of the Department, be repaid to the Department, free from trust, and the Bondholders thereafter may look only to the Department for the payment of such Bonds.

TAX MATTERS RELATING TO THE SERIES 2025B BONDS

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Series 2025B Bonds should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Series 2025B Bonds.

Tax Exemption

In the opinion of Bracewell LLP, Bond Counsel, subject to certain conditions set forth in the opinion and under existing law, interest on the Series 2025B Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) is not an item of tax preference subject to the alternative minimum tax on individuals. A copy of the proposed form of opinion of Bond Counsel is attached hereto as APPENDIX C.

The Code imposes a number of requirements that must be satisfied in order for interest on state or local obligations, such as the Series 2025B Bonds, to be excludable from gross income for federal income tax purposes. These requirements include the various mortgage eligibility, arbitrage, targeted area, recapture, use of proceeds and information reporting requirements discussed more fully below under the caption "Federal Income Tax Requirements." The Department has covenanted in the Trust Indenture that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the procedures, safeguards and covenants of the Master Servicer and Mortgage Lenders in the Program Agreements and the covenants of the Department in the Trust Indenture and the Program Agreements pertaining to those sections of the Code that affect the excludability of the interest on the Series 2025B Bonds from gross income for federal income tax purposes, and in addition, will rely on representations by parties involved with the issuance of the Series 2025B Bonds and the Mortgage Loans with respect to matters solely within the knowledge of such parties, which representations Bond Counsel has not independently verified. If the Department, a Mortgage Lender, or the Master Servicer fails to comply with such procedures, safeguards

and covenants or if such representations should be determined to be inaccurate or incomplete, interest on the Series 2025B Bonds could become includable in gross income from the date of original delivery thereof, regardless of the date on which the event causing such inclusion occurs.

Bond Counsel will express no opinion as to the amount or timing of interest on the Series 2025B Bonds or, except as stated above, any federal, state or local tax consequences resulting from the receipt or accrual of interest on, acquisition, ownership or disposition of the Series 2025B Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Trust Indenture upon the advice or with the approving opinion of Bond Counsel. Bond Counsel will express no opinion with respect to Bond Counsel's ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Series 2025B Bonds from gross income for federal income tax purposes.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to its attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service" or "IRS"); rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Series 2025B Bonds. If an audit is commenced, in accordance with its current published procedures, the Service is likely to treat the Department as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Series 2025B Bonds could adversely affect the value and liquidity of the Series 2025B Bonds, regardless of the ultimate outcome of the audit.

Collateral Tax Consequences

Prospective purchasers of the Series 2025B Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences, including but not limited those noted below. Therefore, prospective purchasers of the Series 2025B Bonds should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the Series 2025B Bonds.

An "applicable corporation" (as defined in section 59(k) of the Code) may be subject to a 15% alternative minimum tax imposed under section 55 of the Code on its "adjusted financial statement income" (as defined in section 56A of the Code) for such taxable year. Because interest on tax-exempt obligations, such as the Series 2025B Bonds, is included in a corporation's "adjusted financial statement income," ownership of the Series 2025B Bonds could subject certain corporations to alternative minimum tax consequences.

Ownership of tax-exempt obligations also may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit, and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Series 2025B Bonds.

Prospective purchasers of the Series 2025B Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Series 2025B Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium

If issue price of any maturity of the Series 2025B Bonds exceeds the stated Redemption Price payable at maturity of such Series 2025B Bonds, such Series 2025B Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Tax Accounting Treatment of Original Issue Discount

If issue price of any maturity of the Series 2025B Bonds is less than the stated redemption price payable at maturity of such Series 2025B Bonds (the "OID Bonds"), the difference between (i) the amount payable at the maturity of each OID Bond, and (ii) the initial offering price to the public of such OID Bond constitutes original issue discount with respect to such OID Bond in the hands of any owner who has purchased such OID Bond in the initial public offering of the Series 2025B Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such OID Bond equal to that portion of the amount of such original issue discount allocable to the period that such OID Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Series 2025B Bonds under the captions "TAX MATTERS RELATING TO THE SERIES 2025B BONDS – Tax Exemption," "– Collateral Tax Consequences" and "– Tax Legislative Changes" generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

In the event of the redemption, sale or other taxable disposition of such OID Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such OID Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such OID Bond was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the Underwriters have purchased the Series 2025B Bonds for contemporaneous sale to the public and (ii) all of the Series 2025B Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Official Statement. Neither the Department nor Bond

Counsel has made any investigation or offers any comfort that the OID Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each OID Bond accrues daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Series 2025B Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such OID Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (i) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (ii) the amounts payable as current interest during such accrual period on such Series 2025B Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of OID Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of OID Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of interest accrued upon redemption, sale or other disposition of such OID Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such OID Bonds.

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Series 2025B Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Series 2025B Bonds. Prospective purchasers of the Series 2025B Bonds should consult with their own tax advisors with respect to any recently-enacted, proposed, pending or future legislation.

Federal Income Tax Requirements

General

Sections 103 and 143 of the Code and applicable regulations thereunder provide that the interest on bonds the proceeds of which are used directly or indirectly to finance owner-occupied residences, will not be excludable from gross income for federal income tax purposes unless such bonds are part of a "qualified mortgage issue." A "qualified mortgage issue" must meet the following requirements: (i) all proceeds of the issue (exclusive of issuance costs and a reasonably required reserve fund) are to be used to finance owner-occupied residences, (ii) the mortgages financed by the issue satisfy certain mortgage eligibility requirements, as set forth more fully below under the subheading "Mortgage Eligibility Requirements," (iii) certain arbitrage limitations described more fully below under the subheading "Requirements Related to Arbitrage" must be satisfied, (iv) a specified portion of the lendable proceeds of such issue must be made available for a minimum period of time for owner financing of residences located within certain targeted areas, as described more fully below under the subheading "Targeted Area Requirement," (iv) mortgagors must be informed regarding the recapture of a portion of the proceeds from the disposition of certain residences, as described more fully below under the subheading "Recapture Requirements," (v) the issue must not meet the private business tests, as described more fully below under the subheading "Private Business Use Limitations," (vi) amounts received as repayment of principal on the Mortgage Loans ten years after the date of issuance of the bonds must be used to redeem bonds that are part of the issue, as described more fully under the subheading "Redemption Requirements" below and (vii) the issue must meet certain reporting requirements, as set forth more fully below under the subheading "Reporting Requirements."

In addition, to be "qualified mortgage bonds," the bonds must have been approved by (i) the Governing Board of the Department and (ii) an "applicable elected representative" of the State after a public hearing following reasonable public notice. Further, the costs of issuance financed by an issue of bonds cannot exceed two percent of the proceeds of such issue. Additionally, the amount of such an issue of bonds, other than certain refunding bonds, when added to the amount of all other private activity bonds issued within the State during calendar year of issuance must not exceed the unified volume cap for private activity bonds imposed by the Code and applicable regulations.

Mortgage Eligibility Requirements

The Code contains six basic mortgage eligibility requirements that must be met at the time a mortgage is executed or assumed.

Residence Requirement. The Code requires that each home financed by a mortgage loan is a single-family residence (i) that can reasonably be expected to become the principal residence of the mortgagor within a reasonable time after financing is provided and (ii) located in the jurisdiction of the Department.

First-time Homebuyer Requirement. The Code requires that at least 95% of the net proceeds of an issue be used to finance residences of mortgagors who have not had a present ownership interest in their principal residences at any time during the three-year period prior to execution of the mortgage loan; provided, however, that the three-year requirement does not apply (i) to financings with respect to Targeted Area Residences, (ii) in the case of land possessed under a "contract for deed" by a mortgagor whose principal residence is located on such land and whose family income is not more than 50% of the area median family income (the "Contract for Deed Exception"), or (iii) financing of any residence of a qualified veteran, if such veteran has not previously qualified for and received such financed by reason of this exception. For purposes of the Contract for Deed Exception, the term "contract for deed" means a seller-financed contract for the conveyance of land under which legal title does not pass to the purchaser until the consideration under the contract is fully paid to the seller, and the seller's remedy for nonpayment is forfeiture rather than judicial or nonjudicial foreclosure.

Purchase Price Limitations. The Code requires that the acquisition cost of the residence may not exceed 90% of the "average area purchase price" applicable to such residence, or, in the case of Targeted Area Residences, 110% of the applicable "average area purchase price." The Service has published "safe harbor rules" identifying purchase price limitations in the State that are considered to be in compliance with the requirements of the Code. The Department has determined to rely on the safe harbor figures for purposes of the Series 2025B Bonds.

Income Requirements. The Code requires that all the mortgage loans financed with the proceeds of an issue be provided to borrowers whose family income does not exceed 115% (100% in the case of individuals or families of two) of the greater of the statewide median income or the median income of the area in which the residence is located, subject to an upward adjustment in certain high housing cost areas. For Targeted Area Residences, the percentages in the foregoing sentence are 140% and 120%, respectively, and one-third of the financings may be provided without regard to such limits.

Requirements as to Assumptions of Mortgages. The Code provides that a mortgage loan may be assumed only if the assuming mortgagor complies with the residence requirement, first-time homebuyer requirement, purchase price limitations and income requirements, as if the loan were being made to the assuming mortgagor for the first time.

New Mortgage Requirement. The Code requires that no part of the proceeds of an issue of qualified mortgage bonds may be used to acquire or replace an existing mortgage (whether or not paid off) on the residence at any time prior to the execution of the new mortgage. An exception from the new mortgage requirement is provided for (i) the replacement of construction period loans, bridge loans or other similar

temporary initial financing having a term not exceeding 24 months, and (ii) certain residences described within the Contract for Deed Exception.

Requirements Related to Arbitrage and Rebate

Sections 143 and 148 of the Code provide that: (i) the effective interest rate on the mortgage loans financed with the proceeds of an issue of qualified mortgage bonds may not exceed the yield on such bonds by more than 1.125 percentage points; provided that, the Department may meet this requirement by the payment of yield reduction payments as set forth in the regulations promulgated under the Code; (ii) no more than 10% of the proceeds of an issue of bonds may be invested in any reserve or replacement fund; (iii) no more than the lesser of 5% of the proceeds of an issue of bonds or $100,000 (other than amounts invested for certain temporary periods or in a "reasonably required reserve fund") may be invested at a yield materially higher than the yield on such bonds; and (iv) the amount of funds held in certain accounts (other than amounts held for certain temporary periods) for an issue of bonds invested at a yield greater than the yield on such bonds may not exceed 150% of the current year's debt service on such bonds appropriately reduced as mortgage loans are prepaid. In calculating the effective interest rate on the mortgages, all amounts borne by the mortgagor either directly or indirectly must be taken into account.

The Code also requires the issuer to make rebate payments to the federal government in connection with certain investment earnings on non- mortgage investments, to the extent that such investment earnings exceed the amount that would have been earned on such investments if the investments were earning a return equal to the yield on the tax-exempt bonds to which such non-mortgage investments relate.

Targeted Area Requirement

The Code requires that either an amount equal to (a) at least 20% of the lendable proceeds of an issue of qualified mortgage bonds or (b) 40% of the average annual aggregate principal amount of mortgages executed during the immediately preceding three calendar years for single family, owner-occupied residences in targeted areas within the Department's jurisdiction, if such amount is less, must be reserved, for at least one year from the date on which owner-financing is first made available with respect to residences located within one or more targeted areas ("Targeted Area Residences"). Targeted Areas consist of (i) census tracts identified by the United States Treasury Department as having a substantial concentration of lower-income persons or (ii) areas of chronic economic distress designated by the State and approved by HUD. The State, at the request of the Department, has designated and HUD and the Secretary of the Treasury have approved, certain "areas of chronic economic distress" within the State. In addition, the Department has determined that there are "qualified census tracts" within the State.

Recapture Requirements

The Code subjects to a tax any mortgagor who disposes of an interest in a residence with respect to which there is or was any federally-subsidized indebtedness (i.e., a mortgage loan), the payment for which the mortgagor was liable in whole or in part. Specifically, such a mortgagor is subject to the payment of an additional tax reflecting the "recapture amount" with respect to such indebtedness. This recapture amount is determined pursuant to a formula established in the Code based on the "federally-subsidized amount," the time of disposition and certain family income limits applicable to the mortgagor. This recapture provision does not apply to any disposition of an interest in a residence by reason of death or any such disposition that is more than nine years after the date the mortgage loan is made.

In order to facilitate the collection of the recapture amount from mortgagors, the Code requires that the issuer of any issue of qualified mortgage bonds, at the time of settlement of a mortgage loan, provide a written statement informing the mortgagor of the potential recapture under the Code. Furthermore, the Code requires that the issuer, not later than 90 days after the date each such mortgage is closed, provide a written

statement to the mortgagor specifying the federally-subsidized amount with respect to such mortgage loan and the applicable income limits.

Private Business Use Limitations

The Code provides that an issue of qualified mortgage bonds must not meet the private business use test and the private security or payment tests set out in sections 141(b)(1) and (2) of the Code. The private business use test limits, subject to certain exceptions, the amounts of proceeds that can be used, directly or indirectly, in a trade or business carried on by any person (other than a natural person) that is not a state or local governmental unit to no more than 10% of the proceeds of the issue. The private security or payment test provides that, subject to certain exceptions, the payment of principal of, or the interest on, more than 10% of the proceeds of an issue be, directly or indirectly, (i) secured by any interest in property used or to be used for a private business use or payments in respect of such property or (ii) be derived from payments in respected of such property.

Redemption Requirements

The Code contains two redemption requirements that must be satisfied in order for an issue of bonds to be treated as "qualified mortgage bonds." The Code requires that all proceeds of an issue of qualified mortgage bonds in an amount of $250,000 or more that are not expended to finance residences within 42 months of the date of issuance of such bonds must be used within such 42-month period to redeem bonds that are part of such issue of bonds. The Code also requires that all amounts of $250,000 or more that are received by the issuer and representing complete repayments of mortgage loans or prepayments of principal of mortgage loans must be used to redeem bonds of the same issue not later than the close of the first semiannual period beginning after the date the prepayment or complete repayment is received; provided that, such requirement does not apply to amounts received within 10 years after the date of issuance of the original bonds.

Reporting Requirements

An issuer of qualified mortgage bonds is required to file with the Secretary of the Treasury an informational report containing various data regarding such bonds and the mortgages financed with the proceeds thereof.

Compliance with Tax Requirements

With respect to the mortgage eligibility requirements described above, the Code provides that such requirements will be treated as having been met if: (i) the issuer attempts in good faith to meet such requirements before the mortgage loans are executed; (ii) 95% or more of the lendable proceeds were used for mortgage loans that met all the mortgage eligibility requirements at the time of execution or assumption; and (iii) any failure to meet such requirements is corrected within a reasonable period of time after such failure is discovered. In determining whether or not 95% of the mortgage loans satisfy the mortgage eligibility requirements, the issuer is entitled to rely upon affidavits of the mortgagors and sellers of residences financed with the mortgage loans and upon federal income tax returns of the mortgagors, even if the relevant information in such affidavits and returns ultimately proves to be false, unless the issuer knows or has reason to know that such information is false.

The Code provides that the requirements related to arbitrage, Targeted Area Residences and recapture will be treated as having been met if: (i) the issuer attempts in good faith to meet such requirements and (ii) any failure to meet such requirements is due to inadvertent error after having taken reasonable steps to comply with such requirements.

The Department has covenanted in the Trust Indenture and the Mortgage Lenders and the Master Servicer have covenanted in the Program Agreements to (i) comply with the above-described requirements of the Code with respect to the proceeds of the Series 2025B Bonds and (ii) establish and follow procedures and safeguards sufficient to ensure compliance with such requirements. Nevertheless, if the Department, a Mortgage Lender, or the Master Servicer should fail to comply with such covenants, interest on the Series 2025B Bonds could become includable in gross income for federal income tax purposes from the date of issuance thereof, regardless of the date on which the event causing such inclusion occurs.

TAX MATTERS RELATING TO THE SERIES 2025C BONDS

This discussion of material U.S. federal income tax considerations is provided for general information only and is not intended as tax advice to any particular investor. Persons considering the purchase of Series 2025C Bonds are urged to consult their tax advisors with regard to the application of U.S. federal income or other tax laws (including estate and gift tax laws) to their particular situations as well as any tax consequences arising under the laws of any state, local, or foreign taxing jurisdiction or under any applicable tax treaty.

The following discussion is a summary of the material U.S. federal income tax considerations relevant to the purchase, ownership and disposition of the Series 2025C Bonds offered in this offering. This summary is based upon current provisions of the Code, existing and proposed Treasury Regulations promulgated thereunder, IRS rulings and pronouncements, and judicial decisions, all as in effect on the date hereof, and all of which are subject to change, possibly on a retroactive basis, at any time by legislative, judicial or administrative action. The Department cannot assure you that the IRS will not challenge the conclusions stated below, and no ruling from the IRS or an opinion of counsel has been or will be sought on any of the matters discussed below.

This discussion is limited to holders who are the initial purchasers of the Series 2025C Bonds for cash at their original purchase price, which will equal the first price to the public (not including bondhouses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of the Series 2025C Bonds is sold for cash (the "Issue Price") and who hold the Series 2025C Bonds as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment). This summary does not address all U.S. federal income tax consequences relative to a holder's particular circumstances, including the impact of the Medicare contribution tax on net investment income. In addition, it does not address consequences relevant to holders subject to special rules, including, without limitation: U.S. expatriates and former citizens or long-term residents of the United States; persons subject to the alternative minimum tax; U.S. Holders (as defined below) whose functional currency is not the U.S. dollar; persons holding the Series 2025C Bonds as part of a hedge, straddle, or other risk reduction strategy or as part of a conversion transaction, or other integrated investment; banks, insurance companies or other financial institutions; real estate investment trusts or regulated investment companies; brokers, dealers or traders in securities or currencies; "controlled foreign corporations," "passive foreign investment companies" and corporations that accumulate earnings to avoid U.S. federal income tax; S corporations, partnerships and other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein); persons subject to special accounting rules as a result of any items of gross income with respect to the Series 2025C Bonds being taken into account in an applicable financial statement; tax-exempt organizations or governmental organizations; persons who elect to use a mark-to-market method of accounting for security holdings; and individual retirement accounts or qualified pension plans. This summary does not address all U.S. federal income tax consequences relevant to a holder's particular circumstances and does not discuss the effect of any U.S. state, local income or other tax laws, any U.S. federal estate and gift tax laws, or any non-U.S. tax laws.

If a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds the Series 2025C Bonds, the tax treatment of such partnership or a partner of such partnership generally will depend upon the tax status of the partner and the tax treatment of the partnership. Partnerships acquiring Series 2025C Bonds and partners of partnerships acquiring the Series 2025C Bonds should consult their own tax advisors about the U.S. federal income tax consequences to them of the purchase, ownership and disposing of the Series 2025C Bonds.

Consequences to U.S. Holders

The following discussion summarizes certain material U.S. federal income tax consequences to U.S. holders of the purchase, ownership, and disposition of the Series 2025C Bonds. As used herein "U.S. Holder" means a beneficial owner of a Series 2025C Bond who or that is for U.S. federal income tax purposes: (i) an individual who is a citizen of the United States or resident alien of the United States; (ii) a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof including the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust, or if a valid election is in effect under U.S. Treasury Regulations to be treated as a United States person.

Interest on the Series 2025C Bonds -- A U.S. Holder will be required to recognize as ordinary income all interest paid or accrued on the Series 2025C Bonds in accordance with such U.S. Holder's method of accounting for U.S. federal income tax purposes.

Original Issue Discount -- If the Issue Price of the Series 2025C Bonds of any stated maturity is less than their face amount by more than one quarter of one percent times the number of complete years to maturity, the Series 2025C Bonds of such maturity will be treated as being issued with "original issue discount." The amount of the original issue discount will equal the excess of the principal amount payable on such Series 2025C Bonds at maturity over the Issue Price, and such amount will be amortized over the life of the Series 2025C Bonds using the "constant yield method" provided in the U.S. Treasury Regulations. The original issue discount accrues under the constant yield method and the beneficial owners of the Series 2025C Bonds, regardless of their regular method of accounting, must include such accrued amount in their gross income as interest. This can result in taxable income to the beneficial owners of such Series 2025C Bonds that exceeds actual cash interest payments to the beneficial owners in a taxable year.

The amount of the original issue discount that accrues on such Series 2025C Bonds each taxable year will be reported annually to the IRS and to the beneficial owners. The portion of the original issue discount included in each beneficial owner's gross income while the beneficial owner holds such Series 2025C Bonds will increase such beneficial owner's adjusted tax basis of such Series 2025C Bonds.

Premium -- If the Issue Price of the Series 2025C Bonds of any stated maturity is greater than its stated redemption price at maturity, such beneficial owner will be considered to have purchased such Series 2025C Bond with "amortizable bond premium" equal in amount to such excess. A beneficial owner may elect to amortize such premium using a constant yield method over the remaining term of such Series 2025C Bond and may offset interest otherwise required to be included in respect of such Series 2025C Bond during any taxable year by the amortized amount of such excess for the taxable year. Series 2025C Bond premium on such Series 2025C Bond held by a beneficial owner that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of such Series 2025C Bond. However, if such Series 2025C Bond may be optionally redeemed after the beneficial owner acquires it at a price in excess of its stated redemption price at maturity, special rules would apply under the U.S. Treasury Regulations which could result in a deferral of the amortization of some Series 2025C Bond premium until later in the term of such Series 2025C Bond. Any election to amortize Series 2025C Bond premium applies to all taxable debt instruments held by the beneficial owner

on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of a Series 2025C Bond -- A U.S. Holder generally will recognize gain or loss on the sale, exchange, redemption, retirement or other taxable disposition of a Series 2025C Bond measured by the difference, if any, between (i) the amount of cash and the fair market value of any property received (except to the extent that the cash or other property received in respect of a Series 2025C Bond is attributable to accrued and unpaid interest on the Series 2025C Bond, which amount will be taxable as ordinary interest income to the extent not previously included in gross income) and (ii) the U.S. Holder's adjusted tax basis in the Series 2025C Bond.

A U.S. Holder's adjusted tax basis in the Series 2025C Bonds generally will equal the amount the U.S. Holder paid for the Series 2025C Bonds, increased by any original issue discount previously included in the holder's income and decreased by the amount of the Series 2025C Bond premium that has been previously amortized. Any gain or loss will be capital gain or loss and will be treated as long-term capital gain or loss if, at the time of the sale, exchange, redemption, retirement or other taxable disposition, the Series 2025C Bonds have been held by the U.S. Holder for more than one year. Long-term capital gains recognized by non-corporate U.S. Holders, including individuals, generally will be subject to a reduced rate of tax. The deductibility of capital losses is subject to certain limitations. U.S. Holders of the Series 2025C Bonds should consult their tax advisors regarding the treatment of capital gains and losses.

Information Reporting and Backup Withholding -- Information reporting generally will apply to payments of interest on, and the proceeds of the sale, exchange, redemption, retirement or other disposition of, the Series 2025C Bonds held by U.S. Holders, and backup withholding may apply unless the U.S. Holder provides the applicable withholding agent with a taxpayer identification number, certified under penalties of perjury, as well as certain other information or otherwise establishes an exemption from backup withholding. Any amount withheld under the backup withholding rules is allowable as a credit against the U.S. Holder's U.S. federal income tax liability, if any, and a refund may be obtained if the amounts withheld exceed the U.S. Holder's actual U.S. federal income tax liability and the U.S. Holder timely provides the required information or appropriate claim to the IRS.

Tax Consequences to Non-U.S. Holders

The following discussion summarizes certain material U.S. federal income tax consequences to non-U.S. Holders of the purchase, ownership and disposition of the Series 2025C Bonds. For purposes of this discussion, a “non-U.S. Holder” is a beneficial owner of Series 2025C Bonds that is neither classified for U.S. federal income tax purposes as a partnership nor is a U.S. Holder (as defined above).

Interest on the Series 2025C Bonds -- Subject to the discussions below regarding backup withholding and FATCA withholding, payments of interest on a Series 2025C Bond to a non-U.S. Holder that are not effectively connected with such non-U.S. Holder's U.S. trade or business generally will not be subject to U.S. federal income tax and will be exempt from U.S. federal withholding tax under the portfolio interest exemption provided that:

- the non-U.S. Holder is not an actual or constructive owner of 10% or more of the total combined voting power of all classes of our voting stock;

- the non-U.S. Holder is not a controlled foreign corporation for U.S. federal income tax purposes that is related, directly or indirectly, to us through stock ownership);

- the non-U.S. Holder is not a bank that acquired the Series 2025C Bonds in consideration for the extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; and

- the non-U.S. Holder provides its name and address and certifies, under penalties of perjury, that it is not a United States person as defined under the Code (which certification may be made on an IRS Form W-8BEN or W-8BEN-E (or other applicable form)); (ii) the non-U.S. Holder holds its Series 2025C Bonds through certain foreign intermediaries and it satisfies the certification requirements of applicable Treasury Regulations; or (iii) a securities clearing organization, bank, or other financial institution that holds customers' securities in the ordinary course of its trade or business holds the Series 2025C Bonds on behalf of the non-U.S. Holder and such securities clearing organization, bank, or other financial institution satisfies the certification requirements of applicable Treasury Regulations.

If the payments of interest on a Series 2025C Bond are effectively connected with the conduct by a non-U.S. Holder of a trade or business in the United States (and, in the event that an income tax treaty is applicable, if the payments of interest are attributable to a U.S. permanent establishment maintained by the non-U.S. Holder), such payments will not be subject to withholding of U.S. federal income tax so long as the non-U.S. Holder provides the applicable withholding agent with a properly completed IRS Form W-8ECI (or other applicable form), signed under penalties of perjury. However, such payments will be subject to U.S. federal income tax on a net income basis at regular graduated income tax rates generally in the same manner as if it were a U.S. Holder (as defined above), subject to any modifications provided under an applicable income tax treaty. In addition, if the non-U.S. Holder is a foreign corporation for federal income tax purposes, such payments of interest may also be subject to a branch profits tax at the rate of 30% (or lower applicable treaty rate) of such holder's earnings and profits for the taxable year, subject to certain adjustments, including earnings and profits from an investment in the Series 2025C Bonds, that are effectively connected with its conduct of a trade or business in the United States.

A non-U.S. Holder that does not qualify for the exemption from U.S. federal withholding tax under the preceding paragraphs generally will be subject to U.S. federal withholding tax at the rate of 30% on payments of interest on the Series 2025C Bonds, unless such non-U.S. Holder provides the applicable withholding agent with a properly executed IRS Form W-8BEN or W-8BEN-E (or other applicable form) claiming exemption from or a reduction of withholding under the benefit of an applicable tax treaty. Income tax treaties may provide for a lower rate of withholding tax, exemption from or reduction of branch profits tax, or other rules different from those described above. Non-U.S. Holders should consult with their advisors regarding any applicable income tax treaties.

Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of a Taxable Bond -- Subject to the discussions below on backup withholding and FATCA withholding, any gain realized by a non-U.S. Holder on the sale, exchange, redemption, retirement or other taxable disposition of a Series 2025C Bond generally will not be subject to U.S. federal income tax or withholding tax, unless:

- Such gain is effectively connected with the conduct by such non-U.S. Holder of a U.S. trade or business in the United States (and, in the event that an income tax treaty is applicable, such gain is attributable to a permanent establishment maintained by the non-U.S. Holder in the United States),

- the non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition and certain other conditions are satisfied.

If a non-U.S. Holder is engaged in a trade or business in the United States and gain on a Series 2025C Bond is effectively connected with the conduct of such trade or business (and, if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by the non-U.S. Holder within the United States), the non-U.S. Holder will be subject to U.S. federal income tax at regular graduated income tax rates in the same manner as if it were a U.S. Holder, subject to any modification provided under an applicable income tax treaty. If the non-U.S. Holder is a foreign corporation for U.S. federal income tax purposes, such gain may also be subject to a branch profits tax at the rate of 30%, or lower applicable treaty rate, of its earnings and profits for the taxable year, subject to adjustments, that are effectively connected with its conduct of a trade or business in the United States.

If a non-U.S. Holder is an individual who is present or deemed to be present in the United States for 183 days or more during the taxable year of the disposition of a Series 2025C Bond and certain other requirements are met, such non-U.S. Holder generally will be subject to U.S. federal income tax at a flat rate of 30% (unless a lower applicable income tax treaty rate applies), on any such gain.

Information Reporting and Backup Withholding -- Payments to non-U.S. Holders of interest on a Series 2025C Bond, and amounts withheld from such payments, if any, generally will be required to be reported to the IRS and to the non-U.S. Holder. Copies of these information returns also may be made available to the tax authorities of the country in which the non-U.S. Holder resides or is established under the provisions of a specific treaty or agreement. These reporting requirements apply regardless of whether withholding was reduced or eliminated by an applicable income tax treaty. Backup withholding generally will not apply to payments of principal and interest on Series 2025C Bonds if the non-U.S. Holder furnishes a certification as to its non-U.S. status or the non-U.S. Holder otherwise establishes an exemption, provided that the applicable withholding agent does not have actual knowledge or reason to know that the non-U.S. Holder is a United States person.

Payment of the proceeds of a disposition of a Series 2025C Bond effected by the U.S. office of a United States or foreign broker will be subject to information reporting and backup withholding unless the non-U.S. Holder properly certifies under penalties of perjury as to its foreign status and certain other conditions are met or the non-U.S. Holder otherwise establishes an exemption. Information reporting requirements and backup withholding generally will not apply to any payment of the proceeds of the disposition of a Series 2025C Bond effected outside the United States by a foreign office of a broker. However, unless such a broker has documentary evidence in its records of the non-U.S. Holder's foreign status and certain other conditions are met, or the non-U.S. Holder otherwise establishes an exemption, information reporting will apply to a payment of the proceeds of the sale of a Series 2025C Bond effected outside the United States by such a broker if it has certain relationships with the United States.

U.S. backup withholding tax is not an additional tax. Any amount withheld under the backup withholding rules is allowable as a credit against the U.S. Holder's U.S. federal income tax liability, if any, and a refund may be obtained if the amounts withheld exceed the U.S. Holder's actual U.S. federal income tax liability and the U.S. Holder timely provides the required information or appropriate claim to the IRS.

FATCA Withholding

The Foreign Account Tax Compliance Act, or "FATCA," imposes a 30% withholding tax on certain types of payments made to foreign financial institutions, or "FFIs," and certain other non-U.S. entities, unless certain due diligence, reporting, withholding, and certification requirements are satisfied. As a general matter, FATCA imposes a 30% withholding tax on interest payments on a Series 2025C Bond, and (subject to the proposed United States Treasury regulations discussed below) payments of gross proceeds from the sale or other disposition of a Series 2025C Bond, that are made to an FFI or non-financial foreign entity unless (i) the foreign entity is an FFI that undertakes certain due diligence, reporting, withholding, and certification obligations, or in the case of an FFI that is a resident in a jurisdiction that has entered into an intergovernmental agreement to implement FATCA, the entity complies with the diligence, reporting, and other requirements of such an agreement, (ii) the foreign entity is not an FFI and either certifies that it does not have any "substantial" U.S. owners or furnishes identifying information regarding each substantial U.S. owner, or (iii) the foreign entity qualifies for an exemption from these rules. In certain cases, a "substantial" U.S. owner can mean an owner of any interest in the foreign entity.

As noted above, withholding under FATCA can apply to payments of gross proceeds from the sale or other disposition of a Series 2025C Bond, in addition to interest payments. However, United States Treasury regulations have been proposed that would entirely eliminate FATCA withholding on payments of gross proceeds. Taxpayers generally may rely on these proposed United States Treasury regulations until the promulgation of final United States Treasury regulations.

Prospective investors are encouraged to consult with their tax advisors regarding the possible implications of FATCA on their investment in the Series 2025C Bonds.

CONTINUING DISCLOSURE OF INFORMATION

In the Continuing Disclosure Agreement, dated as of June 1, 2025 (the "Disclosure Agreement"), between the Trustee and the Department, the Department has made the following agreement for the benefit of the holders and beneficial owners of the Series 2025 Bonds. The Department is required to observe the Disclosure Agreement for so long as it remains obligated to advance funds to pay the Series 2025 Bonds. Under the Disclosure Agreement, the Department will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB").

No Eligible Borrower is an "obligated person" (as defined in the Rule) of the United States Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended for whom financial information or operating data would be presented in this Official Statement had such Eligible Borrower been known at the time of the offering of the Series 2025 Bonds.

The Department's Bond Finance Division has policies and procedures in place to assist the Department in complying with continuing disclosure undertakings such as the Disclosure Agreement. The Department's policies and procedures and the Disclosure Agreement were amended in response to the two notice events added, effective February 27, 2019, to the list of events for which notice is required by the Rule. See "—Event Notices" below.

Annual Reports

The Department will provide certain updated financial information and operating data to the MSRB annually within six months after the end of its Fiscal Year. The information to be updated includes all quantitative financial information and operating data with respect to the Department of the general type included in this Official Statement in "APPENDIX D-1 – ADDITIONAL INFORMATION CONCERNING MORTGAGE CERTIFICATES" and "APPENDIX D-2 – BOND SUMMARY OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS" and the annual financial statements of the Texas Department of Housing and Community Affairs – Revenue Bond Enterprise Fund for the Fiscal Year ended August 31, 2024 and for each subsequent Fiscal Year (financial statements for the last completed Fiscal Year will be unaudited, unless an audit is performed in which event the audited financial statements will be made available). The Department will update and provide this information within six months after the end of each Fiscal Year ending on or after August 31. The Department will provide the updated information to the MSRB.

The Department may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by the Rule. The updated information will include audited financial statements, if the Department commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Department will provide unaudited financial statements within the required time and audited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with the accounting principles described herein under "FINANCIAL STATEMENTS" or such other accounting principles as the Department may be required to employ from time to time pursuant to state law or regulation.

The Department's current Fiscal Year ends on August 31, 2025. Accordingly, it will provide updated information to the MSRB in the electronic format prescribed by the MSRB, if any, by the last day of February in the year 2026 and will be required to provide updated information to the MSRB by the last

day of February in each year thereafter, unless the Department changes its Fiscal Year. If the Department changes its Fiscal Year, it will notify the MSRB of the change.

The Department determined in 2017 that the annual disclosure of information regarding the Residential Mortgage Revenue Bond Program ("RMRB Program") would no longer include certain annual information since the RMRB Program has no whole mortgage loans and over 99% of the mortgage-backed certificates are Ginnie Mae Certificates. As such, information related to: (i) whole mortgage loans and (ii) mortgage-backed certificate type and delinquency data are immaterial to the current RMRB Program and were and will be omitted in its annual disclosure. Based on the changing make-up of the pledged assets under the Department's various indentures, the Department will determine materiality of disclosure items and may modify its disclosure accordingly in the future.

Event Notices

The Department will provide notice to the MSRB of any of the following events with respect to the Series 2025 Bonds, if such event is material within the meaning of the federal securities laws: (1) non-payment related defaults; (2) modifications to rights of securities holders; (3) Series 2025 Bond calls, if material, and tender offers; (4) release, substitution, or sale of property securing repayment of the Series 2025 Bonds; (5) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; (6) appointment of a successor or additional trustee or the change of name of a trustee; and (7) incurrence of a financial obligation of the Department, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Department, any of which affect security holders.

The Department will also provide notice to the MSRB of any of the following events with respect to the Series 2025 Bonds without regard to whether such event is considered material within the meaning of the federal securities laws: (1) principal and interest payment delinquencies; (2) unscheduled draws on debt service reserves reflecting financial difficulties; (3) unscheduled draws on credit enhancements reflecting financial difficulties; (4) substitution of credit or liquidity providers, or their failure to perform; (5) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Series 2025B Bonds, or other events affecting the tax-exempt status of the Series 2025B Bonds; (6) defeasances; (7) rating changes; and (8) bankruptcy, insolvency, receivership or similar event of an obligated person; and (9) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Department, any of which reflect financial difficulties.

For the purposes of the above described event notices, the term "financial obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii); provided however, that a "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule. The Department has expressed its intent in the Disclosure Agreement that the words used in (7) in the first paragraph of this subcaption and item (9) immediately above and the definition of "financial obligation" to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

The Department will provide notice of the aforementioned events to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event). The Department will also provide timely notice of any failure by the Department to provide annual financial information in accordance with their agreement described above under "Annual Reports."

Availability of Information from MSRB

The Department has agreed to provide the foregoing information only to the MSRB. The information will be available to holders of Series 2025 Bonds only if the holders comply with the procedures and pay any charges that may be established by the MSRB such information vendors or obtain the information through securities brokers who do so. Such information is available at no charge at www.emma.msrb.org.

Limitations and Amendments

The Department has agreed to update information and to provide notices of material events only as described above. The Department has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The Department makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Series 2025 Bonds at any future date. The Department disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its Disclosure Agreement or from any statement made pursuant to its Disclosure Agreement, although holders of Series 2025 Bonds may seek a writ of mandamus to compel the Department to comply with its Disclosure Agreement.

The Disclosure Agreement may be amended by the Department and the Trustee from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Department, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell any Series 2025 Bonds in the primary offering of the Series 2025 Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Disclosure Agreement that authorizes such an amendment) of the Outstanding Series 2025 Bonds consent to such amendment or (b) a person that is unaffiliated with the Department (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Series 2025 Bonds. If the Department so amends the Disclosure Agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of any change in the type of financial information and operating data so provided. The Department may also amend or repeal the provisions of the Disclosure Agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling any Series 2025 Bonds in the primary offering of such Series 2025 Bonds.

Notwithstanding the foregoing, under current state law, the Department is required to have an audit performed annually by independent accountants, which audit is available to any person who makes a request to the Department and upon payment of the cost of copying thereof.

Duties, Immunities, and Liabilities of Trustee

The Trust Indenture is made applicable to the Disclosure Agreement as if the Disclosure Agreement were (solely for this purpose) contained in the Trust Indenture. The Trustee shall have only such duties as are specifically set forth in the Disclosure Agreement, and no implied covenants shall be read into the Disclosure Agreement against the Trustee.

RATINGS

Moody's Ratings ("Moody's") and S&P Global Ratings, a division of S&P Global, Inc. ("S&P"), have assigned ratings to the Series 2025 Bonds of "___" and "___," respectively. An explanation of the significance of such ratings may be obtained from the companies furnishing the ratings. The ratings do not represent recommendations to buy, sell, or hold the Series 2025 Bonds. The ratings reflect only the respective views of such organizations at the time such ratings were assigned and the Department makes no representation as to the appropriateness of the ratings.

There is no assurance that any ratings assigned to the Series 2025 Bonds will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2025 Bonds.

UNDERWRITING

The Series 2025 Bonds are being purchased from the Department by the Underwriters listed on the cover page of this Official Statement. Pursuant to the bond purchase agreement for the Series 2025B Bonds and the Series 2025C Bonds (the "Bond Purchase Agreement"), the Underwriters have agreed to purchase the Series 2025B Bonds at a total purchase price of $_____ (including $_____ of premium) and the Series 2025C Bonds at a total purchase price of $_____ (including $_____ of premium). The Underwriters will receive a fee of $_____ in connection with the purchase of the Series 2025B Bonds and a fee of $_____ in connection with the Series 2025C Bonds. The Bond Purchase Agreement provides, among other things, that the Underwriters' obligations to make their respective purchases are subject to certain terms and conditions set forth in such Bond Purchase Agreement, including the approval of certain legal matters by their counsel and certain other conditions. The initial public offering prices of the Series 2025 Bonds may be changed, from time to time, by the Underwriters. The Underwriters may offer and sell the Series 2025 Bonds to certain dealers (including dealers depositing the Series 2025 Bonds into unit investment trusts, certain of which may be sponsored or managed by one or more of the Underwriters) and others at prices other than the public offering prices stated on the inside front cover hereof.

[UPDATE]

[Morgan Stanley & Co. LLC, one of the Underwriters of the Series 2025B Bonds, has entered into a retail distribution agreement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution agreement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2025B Bonds.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series 2025 Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Series 2025B Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2025 Bonds that such firm sells.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells

Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group ("WFBNA"), one of the underwriters of the Series 2025 Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2025 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2025 Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2025 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.]

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the Department and to persons and entities with relationships with the Department, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps, and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Department (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Department.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

FINANCIAL ADVISOR

[TO COME].

The Financial Advisor does not assume any responsibility for the covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Series 2025 Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

FINANCIAL STATEMENTS

The financial statements of the Texas Department of Housing and Community Affairs-Revenue Bond Enterprise Fund as of and for the fiscal year ended August 31, 2024, have been audited by the Texas State Auditor's Office, independent auditors, as stated in their report rendered in connection therewith and are incorporated by reference in this Official Statement.

The financial data as of and for the second month ended _____, 202_ which is incorporated by reference in this Official Statement, has been derived from the unaudited internal records of the Department. The Department's independent auditors have not reviewed, examined, or performed any procedures with respect to the unaudited financial information, nor have they expressed an opinion or any other form of assurance on such information, and assume no responsibility for, and disclaim any association with the unaudited information. The unaudited information is preliminary and is subject to change as a result of the audit and may materially differ from the audited financial statements when they are released.

The Department's FY2024 Audited Financial Statements (Revenue Bond Enterprise Fund) as of August 31, 2024 are available for inspection at the Department's offices, upon request, or at:

https://www.tdhca.texas.gov/programs/financial-administration-division

The Department's Interim Financial Statements as of _____, 202_ are available for inspection at the Department's offices, upon request, or at:

https://www.tdhca.texas.gov/programs/bond-finance

THE SERIES 2025 BONDS ARE SECURED ONLY BY THE ASSETS AND REVENUES DESCRIBED UNDER THE CAPTION "SECURITY FOR THE BONDS" AND NOT BY ANY OTHER SOURCE.

LITIGATION MATTERS

The Department is expected to deliver a certificate upon the delivery of the Series 2025 Bonds stating that there is no controversy or litigation of any nature pending or, to its knowledge, threatened to restrain or enjoin the delivery of the Series 2025 Bonds, or in any way contesting or affecting the validity of the Series 2025 Bonds, the Trust Indenture, or any proceedings of the Department taken with respect to the delivery of the Series 2025 Bonds, or the existence or powers of the Department insofar as they relate to the delivery of the Series 2025 Bonds or such pledge or application of moneys and security.

APPROVAL OF LEGALITY

Legal matters incident to the delivery of the Series 2025B Bonds are subject to the approving opinion of Bracewell LLP, Bond Counsel. Certain legal matters will be passed upon for the Department by its General Counsel, James "Beau" Eccles, Esq., and by its Disclosure Counsel, McCall, Parkhurst & Horton L.L.P. Certain legal matters will be passed upon for the Underwriters by their counsel Chapman and Cutler LLP.

In its capacity as Bond Counsel, Bracewell LLP has reviewed the information appearing in this Official Statement describing the Series 2025B Bonds, the security therefor and the federal income tax status thereof, appearing under "THE SERIES 2025 BONDS" (but excluding the (i) phrases regarding maintaining the original yield under "– Redemption Provisions," (ii) third paragraph under "– Redemption Provisions – Series 2025B Bonds – Special Redemption from Unexpended Proceeds of Series 2025B Bonds," (iii) third paragraph under "– Redemption Provisions – Series 2025C Bonds – Special Redemption from Unexpended Proceeds of Series 2025C Bonds," and (iv) information contained therein under the

subheading "—Average Life and Prepayment Speeds"), "SECURITY FOR THE BONDS" (but excluding the information contained therein under the subheading "—Certain Information as to Revenues, Investments, Debt Service and Department Expenses"), "THE TRUST INDENTURE," "TAX MATTERS RELATING TO THE SERIES 2025B BONDS," "TAX MATTERS RELATING TO THE SERIES 2025C BONDS," "APPROVAL OF LEGALITY," APPENDIX A, APPENDIX C and APPENDIX H — "Texas Treasury Safekeeping Trust Company," APPENDIX H — "Legality for Investment" and APPENDIX H — "The Program and the Mortgage Loans" (but excluding the information under the subheadings "—Servicing," "—The Master Servicers" and "—Investment of Funds"), to this Official Statement solely to determine whether such information fairly and accurately describes or summarizes the provisions of the Act, the laws of the State, the Trust Indenture, the 2025 Supplemental Indentures, the Depository Agreement, the Series 2025 Bonds and certain aspects of its opinion relating to the federal tax implications with respect to the Series 2025 Bonds. Bond Counsel was not requested to participate and did not take part in the preparation of any other information contained herein and did not assume responsibility with respect thereto or undertake independently to verify the accuracy of any of such information. Except as set forth above, Bond Counsel does not pass upon the fairness, accuracy or completeness of this Official Statement, and no person is entitled to rely upon such firm's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of the information contained herein.

ADDITIONAL INFORMATION

Certain provisions of the Act and the Trust Indenture are summarized in this Official Statement. Such summaries do not purport to be comprehensive or definitive and reference is made to such documents for a full and complete statement of their respective provisions. The information contained above is subject to change without notice and no implication is to be derived therefrom or from the sale of the Series 2025 Bonds that there has been no change in the affairs of the Department from the date hereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Department and the purchasers or owners of any of the Series 2025 Bonds.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

By: */s/*
Chair and Member
Governing Board

By: */s/*
Executive Director

APPENDIX A

GLOSSARY

Unless otherwise provided in the text of this Official Statement, capitalized terms used in this Official Statement shall have the following definitions:

"Act" shall mean Chapter 2306, Government Code, as amended from time to time (together with other laws of the State applicable to the Department).

"Advances" means advances made to the Department by the Federal Home Loan Bank pursuant to the FHLB Agreement.

"Assisted Loan" shall mean a Mortgage Loan that includes a DPA Loan.

"Authorized Denominations" shall mean $5,000 principal amount or any integral multiples thereof.

"Authorized Representative of the Department" shall mean the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, Director of Financial Administration of the Department, the Director of Bond Finance of the Department and the Secretary or any Assistant Secretary to the Board or any other employee or officer or member of the Department authorized to perform specific acts or duties by resolution duly adopted by the Board and as evidenced by a written certificate delivered to the Trustee containing the specimen signature of such person.

"Board" shall mean the Governing Board of the Department.

"Bond Counsel" shall mean a firm or firms of attorneys selected by the Department and acceptable to the Trustee, experienced in the field of housing revenue bonds the interest on which is excludable from gross income for federal income tax purposes, and whose legal opinion on such bonds is acceptable in national bond markets.

"Bond Year" shall mean each twelve-month period that ends on December 31.

"Bonds" shall mean, unless subordinated, any bond or bonds, as the case may be, authenticated and delivered pursuant to the Trust Indenture.

"Business Day" shall mean any day other than a (i) Saturday or Sunday, (ii) day on which banking institutions in New York, New York, the State, or the city in which the payment office of the Paying Agent is located are authorized or obligated by law or executive order to be closed for business, or (iii) day on which the New York Stock Exchange is closed.

"Cashflow Certificate" shall mean a written certificate signed by an Authorized Representative of the Department stating that the action described in the Letter of Instructions to which such certificate pertains is consistent with the assumptions used in the Cashflow Statement most recently filed with the Trustee.

"Cashflow Statement" shall mean a cashflow statement conforming to the requirements of the Trust Indenture.

"Certificate Purchase Period" shall mean the period from the date of initial delivery of the Series 2025 Bonds to and including _____, 2025*, but which may be extended to a date no later than _____, 20__, in accordance with the 2025 Supplemental Indentures.

"Chapter 1371" means Chapter 1371, Texas Government Code, as amended.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section,
(b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in clauses (b) and (c).

"Costs of Issuance" shall mean the items of expense payable or reimbursable directly or indirectly by the Department and related to the authorization, sale, issuance and remarketing of Bonds, which items of expense shall include without limiting the generality of the foregoing: travel expenses; printing costs; costs of reproducing documents; computer fees and expenses; filing and recording fees; initial fees and charges of the Fiduciaries; bond discounts; underwriting fees and remarketing fees; legal fees and charges; consulting fees and charges; auditing fees and expenses; financial advisory fees; credit rating fees; initial amounts paid to obtain Supplemental Mortgage Security or a Credit Agreement; fees and charges for execution, transportation and safekeeping of Bonds; and other administrative or other costs of issuing, carrying, repaying, and remarketing Bonds and investing the Bond proceeds and costs incurred in marketing or advertising the Program.

"Credit Agreement" shall mean (i) any agreement of the Department entered into in connection with and for the purpose of (A) enhancing or supporting the creditworthiness of a Series of Bonds or (B) providing liquidity with respect to Bonds which by their terms are subject to tender for purchase, and (ii) a Swap Agreement. A determination by the Department that an agreement constitutes a Credit Agreement under this definition shall be conclusive.

"Credit Agreement Obligations" shall mean any amounts payable by the Department under and pursuant to a Credit Agreement other than amounts payable as a Termination Payment.

"Department" shall mean the Texas Department of Housing and Community Affairs and its successors and assigns.

"Department Expenses" shall mean the Department's expenses of carrying out and administering its powers, duties and functions in connection with mortgage loans and shall include without limiting the generality of the foregoing: salaries, supplies, utilities, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus; expenses for data processing, insurance premiums, legal, accounting, management, consulting and banking services and expenses; the fees and expenses of the Fiduciaries; mortgage loan servicing fees; Costs of Issuance not paid from proceeds of Bonds; payments to pension, retirement, health and hospitalization funds; amounts paid to obtain and maintain Supplemental Mortgage Security; Credit Agreement Obligations; and any other expenses required or permitted to be paid by the Department under the provisions of the Act, the Master Indenture and any Supplemental Indenture.

"Depository" shall mean the Texas Treasury Safekeeping Trust Company, acting in accordance with the Depository Agreement, and any bank or trust company appointed pursuant to the Trust Indenture to act as depository of certain moneys and investments.

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* *Preliminary, subject to change.*

"DPA Loan" means a subordinated, no stated interest loan for down payment and closing costs made to a mortgagor under the Program in an amount as identified in the commitment lot notice applicable to the 2025 Mortgage Loan, subject to adjustment from time to time at the direction of the Department. DPA Loans are due on sale, refinance, or repayment of the first mortgage and have a thirty year term.

"Eligible Borrower" shall mean eligible borrowers who meet the criteria described under "APPENDIX H – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – The Program and the Mortgage Loans – Eligible Borrowers."

"Excess Revenues" shall mean any moneys remaining in the Revenue Fund and transferred to the Residual Revenues Fund after all other transfers required by the Trust Indenture on any maturity date or redemption date for the Bonds.

"Fannie Mae" shall mean the Federal National Mortgage Association, a federally-chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. §1716 et seq.

"Fannie Mae Certificate" shall mean a guaranteed mortgage pass-through Fannie Mae Mortgage-Backed Security bearing interest at the applicable Pass-Through Rate, issued by Fannie Mae in book-entry form, transferred to the account of the Trustee or its nominee (or any successor or transferee), guaranteed as to timely payment of principal and interest by Fannie Mae and backed by conventional Mortgage Loans in the related Fannie Mae pool.

"FDIC" shall mean the Federal Deposit Insurance Corporation or any successor agency or instrumentality of the United States of America.

"FHA" shall mean the Federal Housing Administration or its successors.

"FHLB Agreement" means the Advances and Security Agreement, dated November 1, 2016, by and between the Department and the Federal Home Loan Bank of Dallas, as amended, and the side letters executed pursuant thereto.

"Fiduciaries" shall mean the Trustee, the Depository, and any bond depository and any paying agent.

"Forty-Sixth Supplemental Indenture" shall mean the Forty-Sixth Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of June 1, 2025, by and between the Department and the Trustee, together with any amendments.

"Forty-Seventh Supplemental Indenture" shall mean the Forty-Seventh Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of June 1, 2025, by and between the Department and the Trustee, together with any amendments.

"Freddie Mac" shall mean the Federal Home Loan Mortgage Corporation, a corporation organized and existing under the laws of the United States of America, or its successor.

"Fund" shall mean the Mortgage Loan Fund, the Cost of Issuance Fund, the Revenue Fund, the Interest Fund, the Principal Fund, the Special Redemption Fund, the Rebate Fund, the Expense Fund, the Residual Revenues Fund and the Special Mortgage Loan Fund established under the Trust Indenture.

"Ginnie Mae" or "GNMA" shall mean the Government National Mortgage Association, a government sponsored enterprise organized and existing under the laws of the United States.

"Ginnie Mae Certificate" or "GNMA Certificate" shall mean a fully-modified, mortgage-backed, pass-through security (a GNMA I Mortgage Pass-Through Certificate or a GNMA II Mortgage Pass-Through Certificate) issued by the Master Servicer in accordance with the applicable GNMA Guide bearing interest at the applicable Pass-Through Rate and representing the beneficial ownership interest in a GNMA pool, registered in the name of the Trustee and guaranteed as to timely payment of principal and interest by GNMA pursuant to Section 306(g) of Title III of the National Housing Act of 1934 and regulations promulgated thereunder backed by Mortgage Loans originated by Mortgage Lenders under the Program and packaged by the Master Servicer into a GNMA pool.

"Government Obligations" shall mean direct obligations of, or obligations the principal of and interest on which are guaranteed by the full faith and credit of, the United States of America.

"Investment Securities" shall mean and include any one or more of the following securities, if and to the extent the same are at the time legal for investment of Department funds:

(a) Government Obligations;

(b) FHA debentures;

(c) Obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any agency or instrumentality of the United States of America acting pursuant to authority granted by the Congress of the United States, including, without limitation the following: Fannie Mae (excluding mortgage-backed securities valued at greater than par on the portion of unpaid principal and mortgage-backed securities representing payment of principal only or interest only with respect to the underlying loans); Freddie Mac, GNMA, Student Loan Marketing Association, or other successor agencies;

(d) Obligations issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(e) Debt obligations (excluding obligations that do not have a fixed par value and/or the terms of which do not provide for payment of a fixed dollar amount at maturity or redemption) of any person, but only if such debt obligations are rated by each Rating Agency in a category at least as high as the rating then assigned to the Bonds by each such Rating Agency;

(f) Federal funds, unsecured certificates of deposit, time deposits and banker's acceptances (in each case, having maturities not in excess of one year) of any bank the short-term unsecured debt obligations of which are rated by each Rating Agency in the highest category for short-term obligations.

(g) Certificates of deposit and time deposits which are fully insured as to principal and interest by the FDIC;

(h) Commercial paper having maturities not in excess of one year rated by each Rating Agency in the highest category for short-term obligations;

(i) Money market funds rated by each Rating Agency in the highest category for money market funds;

(j) Repurchase agreements the subject of which are obligations described in clauses (a), (b), (c) or (d) above, with: (i) any Person whose long-term unsecured general indebtedness is rated by each Rating Agency in a category at least as high as the rating then assigned to the Bonds by each such Rating Agency, or if the term of such repurchase agreement does not exceed one year, whose short-term unsecured general indebtedness is rated by each Rating Agency in the highest category for short-term obligations; and (ii) with any member of the Association of Primary Dealers;

(k) Investment agreements secured or unsecured as required by the Department, with any Person whose long-term unsecured general indebtedness is rated by each Rating Agency in a category at least as high as the rating then assigned to the Bonds by each such Rating Agency or, if the term of such investment agreement does not exceed one year, whose short-term unsecured general indebtedness is rated by each Rating Agency in the highest category for short-term obligations[(1)]; and

(l) Investment securities described in any Supplemental Indenture the inclusion of which in the definition of Investment Securities for purposes of the Trust Indenture will not adversely affect, in and of itself, any rating then assigned to the Bonds by a Rating Agency, as evidenced by a letter from each such Rating Agency.

"Letter of Instructions" shall mean, with respect to the Series 2025 Bonds, a written directive and authorization to the Trustee or any Depository specifying the period of time for which such directive and authorization shall remain in effect, executed by two Authorized Representatives of the Department.

"Master Servicer" shall mean, with respect to Program 111, initially, the Idaho Housing and Finance Association, and then The Money Source, Inc. (TMS), or any successor thereto as a servicer for such program, including any designee to act on its behalf. Otherwise, the term refers the servicer for the respective Mortgage Loans.

"Master Indenture" shall mean the Amended and Restated Residential Mortgage Revenue Bond Trust Indenture, dated as of July 1, 2019, between the Department and the Trustee, which amended and restated the Residential Mortgage Revenue Bond Trust Indenture, dated as of November 1, 1987, as previously amended and supplemented, pursuant to which the Bonds of each Series are authorized to be issued.

"Mortgage" shall mean any mortgage or deed of trust securing a Mortgage Loan.

"Mortgage Certificate" shall mean a mortgage-backed security that evidences beneficial ownership of a mortgage pool, that satisfies the requirements of the applicable Series Supplement and that is purchased from amounts identified in the applicable Series Supplement and pledged by the Department to the Trustee pursuant to the Trust Indenture.

"Mortgage Lender" shall mean any bank or trust company, mortgage banker approved by Fannie Mae or Freddie Mac, national banking association, savings bank, savings and loan association, non-profit corporation, mortgage company, the Department, any financial institution or governmental agency and any

[(1)] The Department may enter into other investment agreements if the requirements of paragraph (1) of this definition of "Investment Securities" are satisfied.

other entity approved by the Department; provided such mortgage lender is authorized to make mortgage loans satisfying the requirements of the Trust Indenture.

"Mortgage Loan" shall mean (i) any loan evidenced by a Mortgage Note and secured by a Mortgage which satisfies the requirements of the Trust Indenture, which is made, acquired or refinanced, directly or indirectly, from amounts in the Mortgage Loan Fund or other moneys of the Department (including amounts derived from temporary indebtedness incurred in anticipation of the issuance of Bonds), and which is pledged by the Department to the Trustee pursuant to the Trust Indenture; and (ii) any evidence of a participation in a loan described above. In the proper context, Mortgage Loan may mean and include a Mortgage Certificate.

"Mortgage Loan Principal Payment" shall mean, with respect to any Mortgage Loan, all amounts representing (i) scheduled payments of principal thereof and (ii) Mortgage Loan Principal Prepayments other than portions, if any, of Mortgage Loan Principal Prepayments representing any penalty, fee, premium or other additional charge for the prepayment of principal which may be paid pursuant to the terms of a Mortgage Loan.

"Mortgage Loan Principal Prepayment" shall mean any moneys received or recovered by the Department from any payment of or with respect to principal (including any penalty, fee, premium or other additional charge for prepayment of principal which may be provided by the terms of a Mortgage Loan) on any Mortgage Loan other than the scheduled payments of principal called for by such Mortgage Loan, whether (i) by voluntary prepayment made by the borrower, (ii) as a consequence of the damage, destruction or condemnation of the mortgaged premises or any part thereof (other than insurance moneys received or recovered and used in accordance with the provisions of the Trust Indenture to repair or reconstruct the mortgaged premises which were the subject of insurance proceeds), (iii) by the sale, assignment, endorsement or other disposition of such Mortgage Loan by the Department, (iv) in the event of a default thereon by the borrower, by the acceleration, sale, assignment, endorsement or other disposition of such Mortgage Loan by the Department or by any other proceedings taken by the Department, (v) from any special hazard insurance policy or standard hazard insurance policy covering mortgaged premises, (vi) from any Supplemental Mortgage Security, or (vii) from any proceeds received from any private mortgage insurer, the FHA, the VA, the RDA or any other agency or instrumentality of the United States of America in respect of any primary mortgage insurance or guaranty of a Mortgage Loan.

"Mortgage Note" shall mean any note, bond or other instrument evidencing a borrower's obligation to repay a Mortgage Loan.

"Mortgage Pool" shall mean, with respect to a Mortgage Certificate, the pool of Mortgage Loans the beneficial ownership of which is represented by such Mortgage Certificate, as described in the schedule of pooled Mortgage Loans pertaining to such Mortgage Certificate.

"New Money Proceeds" means all of the proceeds of the Series 2025 Bonds that are not Transferred Proceeds.

"Outstanding" shall mean, when used with reference to Bonds, as of any date, Bonds theretofore or thereupon being authenticated and delivered under the Trust Indenture except:

(a) Bonds canceled by the Trustee or delivered to the Trustee for cancellation at or prior to such date;

(b) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Trust Indenture; and

(c) Bonds deemed to have been paid as provided in the Trust Indenture.

"Pass-Through Rate" shall mean the interest rate accruing each month on a 2025 Mortgage Certificate, which will equal the mortgage rate of the 2025 Mortgage Loans backing the 2025 Mortgage Certificate less servicing and guaranty fees, which fees are retained by the Master Servicer.

"Person" shall mean an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organization, including a governmental or political subdivision or an agency or instrumentality thereof.

"Premium PAC Term Bond" shall mean the Series 2025B Bond maturing on _____, 20__*, which was sold at a premium as shown on the inside cover page.

"Program 111" shall mean the program established by the Department pursuant to which the Department makes, acquires or refinances, directly or indirectly, Mortgage Loans or Mortgage Certificates related to the Series 2025 Bonds.

"Rating Agency" shall mean: (i) S&P Global Ratings, and any successor thereto; and (ii) Moody's Ratings, and any successor thereto to the extent either agency then has a rating on the Bonds in effect at the request of the Department.

"RDA" shall mean the Rural Development Agency of the United States Department of Agriculture or its successors.

"Rebate Fund" shall mean, collectively, the Rebate Funds established pursuant to the Series Supplements into which amounts to be paid to the United States of America will be deposited until disbursed.

"Redemption Price" shall mean, with respect to any Series 2025 Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such Series 2025 Bond or the Trust Indenture.

"Regulations" shall mean 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.

"Repaid FHLB Advances" means the particular Advances specified in the Pricing Certificate.

"RHS" shall mean the United States Department of Agriculture, Rural Housing Service, formerly known as Farmers Home Administration, and any successor thereto.

"Serial Bonds" shall mean, collectively, the Series 2025B Bonds or Series 2025C Bonds titled as such on the inside cover page of this Official Statement.

"Series" shall mean all Bonds designated as a Series in a Series Supplement and which are authenticated and delivered on original issuance in a simultaneous transaction, and all Bonds delivered in exchange for or in lieu of such Bonds.

"Series Supplement" shall mean the Supplemental Indenture providing for the issuance of a Series of Bonds, as the same may be amended from time to time.

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* *Preliminary, subject to change.*

"Series 2025 Bonds" shall mean, collectively, the Series 2025B Bonds and Series 2025C Bonds.

"Series 2025B Bonds" shall mean the Department's Residential Mortgage Revenue and Refunding Bonds, Series 2025B (Non-AMT) issued under the Master Indenture and the Forty-Sixth Supplemental Indenture.

"Series 2025C Bonds" shall mean the Department's Residential Mortgage Revenue and Refunding Bonds, Taxable Series 2025C (Non-AMT) issued under the Master Indenture and the Forty-Seventh Supplemental Indenture.

"State" shall mean the State of Texas.

"Supplemental Indenture" shall mean any trust indenture supplemental to or amendatory of the Trust Indenture, executed and delivered by the Agency or the Department and the Trustee in accordance with the Master Indenture.

"Swap Agreement" shall mean an agreement with respect to a Series of Bonds providing for an interest rate exchange or other interest rate hedge for the purpose of converting in whole or in part the Department's fixed or variable interest rate liability on all or a portion of such Bonds to a fixed or variable rate liability, including converting a variable rate liability to a different variable rate liability.

"Taxable PAC Term Bond" shall mean the Series 2025C Bonds maturing _____, 20__* as shown on the inside cover page.

"Tenth Series Supplement" shall mean the Tenth Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of November 1, 1988 between the Department and the Trustee.

"Term Bonds" shall mean, collectively, the Series 2025B Term Bonds and the Series 2025C Term Bonds titled as such on the inside cover page of this Official Statement.

"Termination Payment" shall mean an amount owed by the Department to a counterparty pursuant to a Swap Agreement incurred in connection with the termination of the Swap Agreement and which, on the date of execution of the Swap Agreement, is not an amount representing a regularly-scheduled payment under the Swap Agreement.

"Transferred Proceeds" means the amount on deposit in the 2025 Mortgage Loan Account previously attributable to bonds refunded using the Repaid FHLB Advances.

"Trust Indenture" shall mean the Master Indenture, as supplemented and amended from time to time.

"2025B Mortgage Certificates" shall mean the Ginnie Mae Certificates that evidence beneficial ownership of and a participation in a Mortgage Pool, that satisfy the requirements of the Forty-Sixth Supplemental Indenture which are purchased by the Trustee from amounts available in the 2025B Mortgage Loan Account and pledged by the Department to the Trustee pursuant to the Trust Indenture.

"2025B Mortgage Loan Account" shall mean the 2025B Mortgage Loan Account of the Mortgage Loan Fund.

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* *Preliminary, subject to change.*

"2025B Mortgage Loans" shall mean the Mortgage Loans included in each Mortgage Pool represented by a 2025B Mortgage Certificate.

"2025B Principal Account" shall mean the 2025B Principal Account of the Principal Fund.

"2025B Revenue Account" shall mean the 2025B Revenue Account of the Revenue Fund.

"2025B Special Redemption Account" shall mean the 2025B Special Redemption Account of the Special Redemption Fund.

"2025B Term Bonds" shall mean the Series 2025B Term Bonds titled as such on the inside cover page of this Official Statement.

"2025 Mortgage Certificates" shall mean, collectively, the 2025B Mortgage Certificates and 2025C Mortgage Certificates.

"2025 Mortgage Loans" shall mean, collectively, the 2025B Mortgage Loans and 2025C Mortgage Loans.

"2025C Mortgage Certificates" shall mean the Ginnie Mae Certificates that evidence beneficial ownership of and a participation in a Mortgage Pool, that satisfy the requirements of the Forty-Seventh Supplemental Indenture which are purchased by the Trustee from amounts available in the 2025C Mortgage Loan Account and pledged by the Department to the Trustee pursuant to the Trust Indenture.

"2025C Mortgage Loan Account" shall mean the 2025C Mortgage Loan Account of the Mortgage Loan Fund.

"2025C Mortgage Loans" shall mean the Mortgage Loans included in each Mortgage Pool represented by a 2025C Mortgage Certificate.

"2025C Principal Account" shall mean the 2025C Principal Account of the Principal Fund.

"2025C Revenue Account" shall mean the 2025C Revenue Account of the Revenue Fund.

"2025C Special Redemption Account" shall mean the 2025C Special Redemption Account of the Special Redemption Fund.

"2025C Term Bonds" shall mean the Series 2025C Term Bonds titled as such on the inside cover page of this Official Statement.

"Treasury" shall mean the United States Department of the Treasury.

"Underwriters" shall mean the underwriters named on a schedule to the Bond Purchase Agreement.

"VA" shall mean the United States Department of Veterans Affairs or its successors.

APPENDIX B-1

GNMA AND THE GNMA CERTIFICATES

This summary of the GNMA Mortgage Backed Securities Program, the GNMA Certificates and the documents referred to herein does not purport to be comprehensive and is qualified in its entirety by reference to the GNMA Mortgage Backed Securities Guide published by GNMA and to said documents for full and complete statement of their provisions. The following summary is of the GNMA I Program and the GNMA II Program, as amended.

Government National Mortgage Association ("GNMA") is a wholly-owned corporate instrumentality of the United States within the Department of Housing and Urban Development ("HUD") with its principal office in Washington, D.C.

To issue GNMA Certificates, the Master Servicer must first apply to and receive from GNMA the Commitment to Guarantee Mortgage Backed Securities (the "MBS Agreement"). The MBS Agreement authorizes the Master Servicer to apply to GNMA for the issuance of Mortgage-Backed Securities to be eligible for guaranty by GNMA up to a stated date and issue GNMA Certificates up to a stated amount during a one-year period following the date of the MBS Agreement. Each MBS Agreement is valid for a 12-month period from the date of commitment.

Each GNMA Certificate is to be backed by a mortgage pool consisting of Mortgage Loans in a minimum aggregate amount of $250,000 (or such lesser amount as may be approved by GNMA). Each GNMA I Certificate will be a "mortgage loan pass-through" certificate which will require the Master Servicer to pass through to the paying and transfer agent therefor (the "GNMA Paying Agent") by the fifteenth day of each month (or the sixteenth day, if such day is not a business day, provided that, if neither the fifteenth nor the sixteenth day is a business day, the first business day prior to the fifteenth day of the month), the regular monthly payments on the Mortgage Loans (less the GNMA Guaranty Fee and the Master Servicer's servicing fee, more fully described herein), whether or not the Master Servicer receives such payments, plus any prepayments of principal of the Mortgage Loans received by the Master Servicer in the previous month. Each GNMA II Certificate will require the Master Servicer to pass through to the GNMA Paying Agent for the GNMA II Program, by the nineteenth day of each month (or the twentieth day, if such day is not a business day; provided that, if neither the nineteenth nor the twentieth day is a business day, then the first business day prior to the nineteenth day of the month), the regular monthly payments on the Mortgage Loans (less the GNMA Guaranty Fee and the Master Servicer's servicing fee, more fully described herein), whether or not the Master Servicer received such payments, plus any prepayments on the Mortgage Loan received by the Master Servicer in the previous month. The GNMA Paying Agent is then required to pass through to the Trustee on or before the third business day following the nineteenth day of each month the scheduled payments received from the Master Servicer. GNMA guarantees timely payment of principal of and interest with respect to the GNMA Certificate.

GNMA is authorized by Section 306(g) of Title III of the National Housing Act of 1934, as amended (the "Housing Act"), to guarantee the timely payment of the principal of, and interest on, securities that are based on and backed by a pool of mortgage loans insured by FHA under the Housing Act, or guaranteed by RDA under Title V of the Housing Act of 1949, or guaranteed by VA under the Servicemen's Readjustment Act of 1944, as amended, or Chapter 37 of Title 38, United States Code. Section 306(g) further provides that "the full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection." An opinion, dated October 12, 1969, of an Assistant Attorney General of the United States, states that such guarantees under Section 306(g) of mortgage backed certificates of the type being delivered to the Trustee

on behalf of the Department are authorized to be made by GNMA and "would constitute general obligations of the United States backed by its full faith and credit."

GNMA, upon execution of the GNMA Guaranty appended to the GNMA Certificate and upon delivery of the GNMA Certificate to the Master Servicer, will have guaranteed to the Trustee as holder of the GNMA Certificate the timely payment of principal of and interest on the GNMA Certificate. In order to meet its obligations under such guaranty, GNMA, in its corporate capacity under Section 306(g) of Title III of the Housing Act, may issue its general obligations to the United States Treasury Department in an amount outstanding at any one time sufficient to enable GNMA, with no limitations as to amount, to perform its obligations under its guaranty of the timely payment of the principal of and interest on the GNMA Certificate. The Treasury is authorized to purchase any obligation so issued by GNMA and has indicated in a letter dated February 13, 1970, from the Secretary of the Treasury to the Secretary of HUD that the Treasury will make loans to GNMA, if needed, to implement the aforementioned guaranty.

GNMA is required to warrant to the Trustee as the holder of the GNMA Certificate, that, in the event it is called upon at any time to make payment on its guaranty of the principal of and interest on the GNMA Certificate, it will, if necessary, in accordance with Section 306(d) of Title III of the Housing Act, apply to the Treasury Department of the United States for a loan or loans in amounts sufficient to make payments of principal and interest.

The Master Servicer will be responsible for servicing and otherwise administering the Mortgage Loans in accordance with generally accepted practices of the mortgage banking industry and the GNMA Mortgage Backed Securities Guide (the "Guide").

It is expected that interest and principal payments on the Mortgage Loans received by the Master Servicer will be the source of payments on the GNMA Certificates. If such payments are less than what is due the Master Servicer is obligated to advance its own funds to ensure timely payment of all amounts coming due on the GNMA Certificates. GNMA guarantees such timely payment in the event of the failure of the Master Servicer to pay an amount equal to the scheduled payments (whether or not made).

The Master Servicer is required to advise GNMA in advance of any impending default on scheduled payments so that GNMA as guarantor will be able to continue such payments as scheduled on the third business day following the twentieth day of each month. If, however, such payments are not received as scheduled, the Trustee has recourse directly to GNMA.

The GNMA Guaranty Agreement to be entered into by GNMA and the Master Servicer upon issuance of the GNMA Certificates (the "GNMA Guaranty Agreement") will provide that, in the event of a default by the Master Servicer, GNMA will have the right, by letter to the Master Servicer, to effect and complete the extinguishment of the Master Servicer's interest in the Mortgage Loans, and the Mortgage Loans are to thereupon become the absolute property of GNMA, subject only to the unsatisfied rights of the holder of the GNMA Certificate. In such event, the GNMA Guaranty Agreement will provide that GNMA will be the successor in all respects to the Master Servicer in its capacity under the GNMA Guaranty Agreement and the transaction and arrangements set forth or arranged for therein. At any time, GNMA may enter into an agreement with an institution approved by GNMA under which such institution undertakes and agrees to assume any part or all of such duties, and no such agreement will detract from or diminish the responsibilities, duties or liabilities of GNMA in its capacity as guarantor.

Payment of principal and interest on the GNMA Certificate is required to be made in monthly installments on or before the third business day following the twentieth of each month commencing the month following the date of issue of the GNMA Certificate.

Each installment on the GNMA Certificate is required to be applied first to interest and then in reduction of the principal balance then outstanding on the GNMA Certificate. Interest is to be paid at the specified rate on the unpaid portion of the principal of the GNMA Certificate. The amount of principal due on the GNMA Certificate is to be in an amount at least equal to the scheduled principal amortization currently due on the Mortgage Loans subject to adjustment by reason of unscheduled recoveries of principal on the Mortgage Loans. In any event, the Master Servicer is required to pay to the Trustee, as holder of the GNMA Certificate, monthly installments of not less than the interest due on the GNMA Certificate at the rate specified in the GNMA Certificate, together with any scheduled installments of principal, whether or not such interest or principal is collected from the Mortgagor, and any prepayments or early recovery of principal. Final payment is to be made upon surrender of the outstanding GNMA Certificate.

The Office of Inspector General (OIG) is required to conduct an annual audit of GNMA under the provisions of the Chief Financial Officers (CFO) Act of 1990 ("CFO Act"). The complete OIG report is included in the separate management report of GNMA prepared pursuant to the CFO Act which is available upon request from GNMA at Government National Mortgage Association, 451 Seventh Street, SW, Washington, D.C. 20410-9000.

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APPENDIX B-2

FANNIE MAE AND THE FANNIE MAE CERTIFICATES

General

Fannie Mae is a federally chartered and stockholder owned corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. 1716 et seq. Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market and became a stockholder owned and privately managed corporation by legislation enacted in 1968.

Fannie Mae purchases, sells, and otherwise deals in mortgages in the secondary market rather than as a primary lender. It does not make direct mortgage loans but acquires mortgage loans originated by others. In addition, Fannie Mae issues mortgage backed securities ("MBS"), primarily in exchange for pools of mortgage loans from lenders. Fannie Mae receives guaranty fees for its guarantee of timely payment of principal of and interest on MBS certificates.

The securities of Fannie Mae are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any agency or instrumentality thereof other than Fannie Mae.

Information on Fannie Mae and its financial condition is contained in periodic reports that are filed with the Securities and Exchange Commission (the "SEC"). The SEC filings are available at the SEC's website at http://www.sec.gov. The periodic reports filed by Fannie Mae with the SEC are also available on Fannie Mae's website at http://www.fanniemae.com/portal/about-fm/investor-relations/quarterly-annual-results.html or from Fannie Mae at the Office of Investor Relations at 202-752-7115.

Fannie Mae is incorporating by reference in this Official Statement the documents listed below that Fannie Mae publishes from time to time. This means that Fannie Mae is disclosing information to you by referring you to those documents. Those documents are considered part of this Reoffering Circular, so you should read this Reoffering Circular, and any applicable supplements or amendments, together with those documents before making an investment decision.

You should rely only on the information provided or incorporated by reference in this Official Statement and any applicable supplement, and you should rely only on the most current information.

Fannie Mae makes no representation as to the contents of this Official Statement, the suitability of the Bonds for any investor, the feasibility of performance of any program, or compliance with any securities, tax or other laws or regulations.

Fannie Mae currently is required to file periodic financial disclosures with the U.S. Securities and Exchange Commission (the "SEC"), including Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, together with any required exhibits. These reports and other information can be read and copied at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. The SEC currently maintains a website (http://www.sec.gov) that contains reports, proxy statements and other information that Fannie Mae has filed with the SEC. The Senior Preferred Stock Purchase Agreement between the Treasury and Freddie Mac requires Freddie Mac to provide the Treasury with annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K. The Department makes no representation regarding the content, accuracy or availability of any such reports or information filed by Fannie Mae or Freddie Mac with the SEC, or any information provided at such website. The SEC's website is not part of this Official Statement.

Mortgage-backed Securities Program

Fannie Mae is a federally chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act (12 U.S.C. Section 1716 et seq.). Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market, and was transferred into a stockholder-owned and privately managed corporation by legislation enacted in 1968. The Secretary of Housing and Urban Development exercises general regulatory power over Fannie Mae. Fannie Mae provides funds to the mortgage market by purchasing mortgage loans from lenders, thereby replenishing their funds for additional lending. Fannie Mae acquires funds to purchase mortgage loans from many capital market investors that may not ordinarily invest in mortgage loans, thereby expanding the total amount of funds available for housing. In addition, Fannie Mae issues mortgage-backed securities primarily in exchange for pools of mortgage loans from lenders.

Although the Secretary of the Treasury of the United States has certain discretionary authority to purchase obligations of Fannie Mae, neither the United States nor any agency or instrumentality thereof is obligated to finance Fannie Mae's obligations or assist Fannie Mae in any manner.

Fannie Mae has implemented a mortgage-backed securities program pursuant to which Fannie Mae issues securities (the "Fannie Mae Certificates") backed by pools of mortgage loans (the "MBS Program"). The obligations of Fannie Mae, including its obligations under the Fannie Mae Certificates, are obligations solely of Fannie Mae and are not backed by, or entitled to, the full faith and credit of the United States.

The terms of the MBS Program are governed by the Fannie Mae Selling and Servicing Guides (the "Fannie Mae Guides") published by Fannie Mae, as modified by the Pool Purchase Contract (as hereinafter described), and, in the case of mortgage loans such as the Mortgage Loans, a Trust Indenture dated as of November 1, 1981, as amended (the "Fannie Mae Trust Indenture"), and a supplement thereto to be issued by Fannie Mae in connection with each pool.

The summary of the MBS Program set forth herein does not purport to be comprehensive and is qualified in its entirety by reference to the Fannie Mae Guides, the Fannie Mae prospectus and the other documents referred to herein.

Pool Purchase Contract

It is expected that Fannie Mae and the Master Servicer will enter into a Pool Purchase Contract, pursuant to which the Master Servicer will be permitted to deliver, and Fannie Mae will agree to purchase mortgage loans in exchange for Fannie Mae Certificates. The purpose of the Pool Purchase Contract is to provide for certain additions, deletions and changes to the Fannie Mae Guides relating to the purchase of mortgage loans. In the event of a conflict between the Pool Purchase Contract and the Fannie Mae Guides, the Pool Purchase Contract will control. The description set forth below assumes that the Pool Purchase Contract will be executed substantially in the form presented by Fannie Mae to the Master Servicer as of the date hereof.

The Pool Purchase Contract obligates the Master Servicer to service the mortgage loans in accordance with the requirements of the Fannie Mae Guides and the Pool Purchase Contract.

Fannie Mae Certificates

Each Fannie Mae Certificate will represent the entire interest in a specified pool of Mortgage Loans purchased by Fannie Mae from the Master Servicer and identified in records maintained by Fannie Mae.

Fannie Mae will guarantee to the registered holder of the Fannie Mae Certificates that it will distribute amounts representing scheduled principal and interest at the applicable pass-through rate on the Mortgage Loans in the pools represented by such Fannie Mae Certificates, whether or not received, and the full balance of any foreclosed or other finally liquidated Mortgage Loan, whether or not such principal balance is actually received. The obligations of Fannie Mae under such guarantees are obligations solely of Fannie Mae and are not backed by, nor entitled to, the faith and credit of the United States. If Fannie Mae were unable to satisfy such obligations, distributions to the Trustee, as the registered holder of Fannie Mae Certificates, would consist solely of payments and other recoveries on the underlying Mortgage Loans and, accordingly, monthly distributions to the Trustee, as the holder of Fannie Mae Certificates, would be affected by delinquent payments and defaults on such Mortgage Loans.

Payments on Mortgage Loans; Distributions on Fannie Mae Certificates

Payments on a Fannie Mae Certificate will be made on the 25th day of each month (beginning with the month following the month such Fannie Mae Certificate is issued), or, if such 25th day is not a business day, on the first business day next succeeding such 25th day. With respect to each Fannie Mae Certificate, Fannie Mae will distribute to the Trustee an amount equal to the total of (i) the principal due on the Mortgage Loans in the related mortgage pool underlying such Fannie Mae Certificate during the period beginning on the second day of the month prior to the month of such distribution and ending on the first day of such month of distribution, (ii) the stated principal balance of any Mortgage Loan that was prepaid in full during the second month next preceding the month of such distribution (including as prepaid for this purpose at Fannie Mae's election any Mortgage Loan after it is delinquent, in whole or in part, with respect to four consecutive installments of principal and interest), (iii) the amount of any partial prepayment of a Mortgage Loan received in the second month next preceding the month of distribution, and (iv) one month's interest at the pass-through rate on the principal balance of the Fannie Mae Certificate as reported to the Trustee (assuming the Trustee is the registered holder) in connection with the previous distribution (or, respecting the first distribution, the principal balance of the Fannie Mae Certificate on its issue date).

For purposes of distributions, a Mortgage Loan will be considered to have been prepaid in full if, in Fannie Mae's reasonable judgment, the full amount finally recoverable on account of such Mortgage Loan has been received, whether or not such full amount is equal to the stated principal balance of the Mortgage Loan. Fannie Mae may, in its discretion, include with any distribution principal prepayments, both full and partial, received during the month prior to the month of distribution but is under no obligation to do so.

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APPENDIX C

FORM OF PROPOSED OPINION OF BOND COUNSEL

APPENDIX D-1 [UPDATE]

ADDITIONAL INFORMATION CONCERNING MORTGAGE CERTIFICATES

Additional Information Concerning Mortgage Certificates

The Texas Department of Housing and Community Affairs (the "Department") owns an extensive portfolio of GNMA/FNMA/ Freddie Mac Certificates (Mortgage Certificates) acquired with the proceeds of the Department's Single Family Mortgage Revenue Bonds, Single Family Mortgage Revenue Bonds (Collateralized Home Mortgage Revenue Bonds), Residential Mortgage Revenue Bonds, GNMA Collateralized Home Mortgage Revenue Bonds and Collateralized Home Mortgage Revenue Bonds. The following tables summarize certain information regarding the Residential Mortgage Revenue Bond Trust Indenture as of _____, 202_.

Residential Mortgage Revenue Bond (RMRB) Trust Indenture

Series	Original Issue Amount	Bonds Outstanding	Average Weighted Mortgage Rates for Outstanding Mortgage Certificates (%)	Mortgage Certificates Outstanding	Down Payment Assistance
Surplus	$ -	$ -	3.79	$10,065,399	$169,061,410
2019 A	166,350,000	94,290,000	4.91	92,864,305	
2021 A/B	161,369,927	123,773,053	3.83	121,943,531	
2022 A	190,000,000	180,655,000	3.92	178,676,948	
2022 B	150,000,000	143,360,000	6.03	141,981,230	
2023 A	230,000,000	226,330,000	6.01	224,603,994	
2023 B/C	250,000,000	247,645,000	6.22	246,042,706	
2024 A/B	250,000,000	249,795,000	6.23	183,998,170	
2024 C/D	250,000,000	250,000,000	6.40	105,346,412	
TOTAL	$1,647,719,927	$1,515,848,053		$1,305,522,694	$ 169,061,410

Note 1: In addition to the RMRB Bonds Outstanding shown above, the Department has issued one subordinate Note payable with an outstanding balance of $10,000,000.

Note 2: RMRB 2024AB with $250 million in proceeds closed on April 10, 2024. All proceeds are fully reserved and are expected to be expended by February 2025.

Note 3: RMRB 2024CD with $250 million in proceeds closed on July 18, 2024. All proceeds were fully reserved in December 2024 and are expected to be expended by June 2025.

Note 4: Down Payment Assistance Loans not included for cashflow purposes.

RMRB Mortgage Certificate Loan Type

Loan Type	Number of Outstanding Mortgage Loans	Outstanding Principal Amount ($)	Percent of Mortgage Certificates Outstanding
GNMA Certificates	6,376	1,301,327,182	99.68%
FNMA Certificates	31	4,195,512	0.32%
TOTAL	6,407	1,305,522,694	100.00%

RMRB Mortgage Certificates Servicers

Servicers	Number of Outstanding Mortgage Loans	Percent of Mortgage Certificates Outstanding
Idaho	5,872	91.65%
Bank of America	414	6.46%
US Bank	121	1.89%
TOTAL	6,407	100.00%

Other Information

Mortgage Loan Information Management System

All Mortgage Loans made with proceeds of the Department's mortgage revenue bonds permit partial or complete prepayment without penalty. Mortgage Loans, in general, may also be terminated prior to their respective maturities as a result of events such as default, sale, condemnation or casualty loss. A number of factors, including general economic conditions, homeowner mobility and mortgage market interest rates, will affect the rate of actual prepayments for a particular portfolio of mortgage loans.

The Department does not service the Mortgage Loans backing Mortgage Certificates; however, the Department monitors the origination and payment of such Mortgage Loans.

DISCLAIMER

"All information contained herein is obtained from sources believed to be accurate and reliable. Refer to the Official Statement and operative documents of each series for complete information on that issue. Because of the possibility of human and mechanical error as well as other factors, such information is provided "as is" without warranty of any kind and, in particular, no representation or warranty, expressed or implied, is made nor to be inferred as to the accuracy, timeliness or completeness, of any such information. Under no circumstances shall the Texas Department of Housing and Community Affairs have any liability to any person or entity for (a) any loss or damage in whole or part caused by, resulting from, or relating to any error (negligent or otherwise) or other circumstances involved in procuring, collecting, compiling, interpreting, analyzing, editing, transcribing, transmitting, communicating or delivering any such information, or (b) any direct, indirect, special, consequential or incidental damages whatsoever, even if the Texas Department of Housing and Community Affairs is advised in advance of the possibility of such damages, resulting from the use of, or inability to use, any such information."

APPENDIX D-2 [UPDATE]

BOND SUMMARY OF THE
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

General - Single Family Since 1979, the year of creation of the Texas Housing Agency (the Agency), a predecessor to the Department, through _____, 202_, there have been issued by the Agency or the Department, seventy-one series of Single Family Mortgage Revenue Bonds, five series of Junior Lien Single Family Mortgage Revenue Refunding Bonds, forty-_____ series of Residential Mortgage Revenue Bonds, eleven series of Collateralized Home Mortgage Revenue Bonds, ten series of GNMA/FNMA Collateralized Home Mortgage Revenue Bonds, and two series of Government National Mortgage Association Collateralized Home Mortgage Revenue Bonds. As of _____, 202_, the aggregate outstanding principal amount of bonded indebtedness of the Department for single family housing purposes was $_____. In addition, the Department has issued four subordinate Notes. As of _____, 202_, the aggregate outstanding principal balance of the subordinate Notes was $_____.

Single Family Mortgage Revenue Bonds (SFMRBs) The Department has issued seventy-one series of Single Family Mortgage Revenue Bonds under a Single Family Mortgage Revenue Bond Trust Indenture, dated as of October 1, 1980, which was amended and restated on June 1, 2017. These bonds are secured on an equal and ratable basis by the trust estate established by the SFMRB Indenture. As of _____, 202_, twenty-one series were outstanding with an aggregate outstanding principal amount of $_____. On September 16, 2020, all outstanding Loan Agreements were paid in full and are no longer outstanding.

Junior Lien Bonds The Department has issued five series of its Junior Lien Single Family Mortgage Revenue Refunding Bonds (the Junior Lien Bonds) pursuant to a Junior Lien Trust Indenture, dated as of May 1, 1994. The Junior Lien Bonds are secured on an equal and ratable basis with each other and on a subordinated basis to the Single Family Mortgage Revenue Bonds by the trust estate held under the SFMRB Indenture. As of _____, 202_, one series was outstanding with an aggregate outstanding principal amount of $_____.

Residential Mortgage Revenue Bonds (RMRBs) The Department has issued forty-eight series of Residential Mortgage Revenue and Refunding Bonds pursuant to the Residential Mortgage Revenue Bond Trust Indenture. These bonds are secured on an equal and ratable basis by the trust estate established by the RMRB Indenture. As of _____, 202_, twelve series were outstanding with an aggregate outstanding principal amount of $_____. In addition, the Department has issued one subordinate Note under the RMRB Indenture. As of _____, 202_, the aggregate outstanding principal balance of the subordinate Note was $_____.

General - Multifamily The Department is a conduit issuer for the State of Texas with authority to issue tax-exempt and taxable Multifamily Mortgage Revenue Bonds statewide. The Department and the Agency have issued Multifamily Mortgage Revenue Bonds which have been issued pursuant to separate trust indentures and are secured by individual trust estates which are separate and distinct from each other. As of _____, 202_, an aggregate principal amount of $_____ was outstanding. In addition, the Department has issued twenty-one Multifamily Notes. As of _____, 202_, the aggregate outstanding principal balance of the Multifamily Notes was $_____.

APPENDIX E

APPLICABLE MEDIAN FAMILY INCOMES AND MAXIMUM ACQUISITION COST LIMITATIONS

APPENDIX F

2025B TABLE OF PROJECTED WEIGHTED AVERAGE LIFE DATA AT VARIOUS PREPAYMENT SPEEDS

APPENDIX G

UNEXPENDED PROCEEDS REDEMPTION PRICE FOR PREMIUM PAC TERM BONDS

APPENDIX H

SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS

DTC AND BOOK-ENTRY

DTC will act as securities depository for the Series 2025 Bonds. the Series 2025 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Series 2025 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2025 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' Records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2025 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2025 Bonds, except in the event that use of the book-entry system for the Series 2025 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2025 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial

Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2025 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Series 2025 Bonds may wish to ascertain that the nominee holding the Series 2025 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2025 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2025 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Department as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments on the Series 2025 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Department or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the Department, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Department or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2025 Bonds at any time by giving reasonable notice to the Department or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Department may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Department, or the Trustee.

The Department, the Underwriters and the Trustee cannot and do not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Series 2025 Bonds (i) payments of principal of or interest and premium, if any, on the Series 2025 Bonds, (ii) certificates representing an ownership interest or other confirmation of beneficial ownership interest in Series 2025 Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2025 Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement.

The current "Rules" applicable to DTC are on file with the Securities Exchange Commission, and the current "Procedures" of DTC to be followed in dealing with Direct Participants are on file with DTC.

NEITHER THE DEPARTMENT, THE UNDERWRITERS NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON WITH RESPECT TO: (1) THE SERIES 2025 BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2025 BONDS; (4) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE TRUST INDENTURE TO BE GIVEN TO OWNERS OF SERIES 2025 BONDS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF SERIES 2025 BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS A BONDHOLDER.

Discontinuation of Book-Entry-Only System

In the event that the book-entry-only system is discontinued by DTC or the Department, the following provisions will be applicable to the Series 2025 Bonds. Series 2025 Bonds may be exchanged for an equal aggregate principal amount of Series 2025 Bonds in other Authorized Denominations of the same Series and maturity upon surrender thereof at the applicable corporate trust office of the Trustee with a duly executed assignment in form satisfactory to the Trustee. The transfer of any Series 2025 Bond may be registered on the books maintained by the Trustee for such purpose only upon the surrender of such Series 2025 Bond to the Trustee with a duly executed assignment in form satisfactory to the Trustee. For every exchange or transfer of registration of Series 2025 Bonds, the Department or the Trustee may make a charge sufficient to reimburse it or them for any tax, fee, or other governmental charge required to be paid with respect to such exchange or registration of transfer, as well as the administrative expenses, if any, charged by the Trustee for the transfer or exchange. The Trustee will not be required to transfer or exchange any Series 2025 Bond for a period of 20 days next preceding an interest payment date on such Series 2025 Bonds or next preceding any selection of Series 2025 Bonds to be redeemed or thereafter until after mailing of any notice of redemption on any Series 2025 Bonds called for redemption, or transfer or exchange any Series 2025 Bonds called for redemption. The Department and the Trustee may treat the Person in whose name a Series 2025 Bond is registered as the absolute owner thereof for all purposes, whether such Series 2025 Bond is overdue or not, for the purpose of receiving payment of, or on account of the principal of, interest on, such Series 2025 Bond. If any Series 2025 Bond is not presented for payment when the principal or the Redemption Price therefor becomes due, and if moneys sufficient to pay such Series 2025 Bond (or the portion thereof called for redemption) or such interest, as is applicable, have been deposited under the Trust Indenture, all liability of the Department to the owner thereof for the payment of such Series 2025 Bonds (or portion thereof) or such interest, as applicable, will be discharged, and thereupon it shall be the duty of the Trustee to hold such money for the benefit of the owner of the applicable Series 2025 Bond, who will thereafter be restricted exclusively to such money, for any claim on his part under the Trust Indenture or on or with respect to, such principal, Redemption Price and/or interest. Money not claimed within three years will be turned over to the Comptroller of Public Accounts of the State of Texas (the "Comptroller"), in accordance with Title 6, Texas Property Code.

THE PRIOR BONDS [UPDATE]

In addition to the Series 2025B Bonds and 2025C Bonds to be issued, forty-_____ series of Prior Bonds have been issued pursuant to the Master Indenture. As of _____, 2025, $_____ in aggregate principal amount of such Prior Bonds were Outstanding in the following principal amounts:

Series	Original Issue Amount	Bonds Outstanding
2019A	$ 166,350,000	$ 94,290,000
2021A/B	161,369,927	123,773,053
2022A	190,000,000	180,655,000
2022B	150,000,000	143,360,000
2023A	230,000,000	226,330,000
2023BC	250,000,000	247,645,000
2024AB	250,000,000	249,795,000
2024CD	250,000,000	250,000,000
TOTAL	**$1,647,719,927**	**$1,515,848,053**

Note: RMRB Series 2024AB in the amount of $250 million in proceeds closed on April 10, 2024. All proceeds are fully reserved and expected to be fully expended by February 2025. RMRB Series 2024CD in the amount of $250 million in proceeds closed on July 18, 2024. All proceeds were fully reserved in December 2024 and are expected to be fully expended by June 2025.

For a more detailed description of the Prior Bonds, please refer to "APPENDIX D-1 – ADDITIONAL INFORMATION CONCERNING MORTGAGE CERTIFICATES."

Mortgage Loans and Mortgage Certificates

Mortgage Loans and Mortgage Certificates held under the Residential Mortgage Revenue Bond Program as of _____, 202_ were as follows:

Prior Mortgage Certificates	Outstanding Principal Amount
Ginnie Mae	$1,301,327,182
Fannie Mae	4,195,512
TOTAL	**$1,305,522,694**

For a detailed examination of the Mortgage Loans and Mortgage Certificates acquired with proceeds of the Prior Bonds, please refer to "APPENDIX D-1 – ADDITIONAL INFORMATION CONCERNING MORTGAGE CERTIFICATES." Unless otherwise specified, all information is as of _____, 202_.

TEXAS TREASURY SAFEKEEPING TRUST COMPANY

The Department has entered into a Depository Agreement relating to the Bonds (as amended and supplemented, the "Depository Agreement"), by and among the Department, the Trustee, and the Texas Treasury Safekeeping Trust Company, a special-purpose trust company organized under the laws of the State of Texas (the "Trust Company"). Pursuant to the Depository Agreement, the Trust Company will hold all moneys and securities required to be credited to all Funds (other than the Special Mortgage Loan Fund). All money and securities required by the Trust Indenture to be credited to such Funds and Accounts are required to be remitted to the Trust Company from time to time by the Department and the Trustee. The Trust Company is required to remit amounts from the appropriate accounts held by it to the Trustee at such times as are necessary to pay the principal or Redemption Price of and interest on the Bonds when

due. Moneys held in the accounts held by the Trust Company are required to be invested by the Trust Company pursuant to instruction from the Department as described herein under "THE TRUST INDENTURE – Investments." The Trust Company is required to hold all moneys and securities delivered to it under the Depository Agreement in trust for the benefit of the Department, the Trustee and the owners of the Bonds.

The Department has agreed to pay the Trust Company a fee for performing its duties under the Depository Agreement. The Department has the right to remove the Trust Company as Depository under the Depository Agreement at any time by filing a written notice with the Trustee and the Trust Company to that effect. The Trust Company may resign as Depository under the Depository Agreement by giving at least 60 days' written notice to the Department and the Trustee of its determination to resign. Upon any such removal or resignation, the Trust Company is required to deliver all moneys and securities held by it under the Depository Agreement to its successor thereunder, or, if there is no successor, to the Trustee.

LEGALITY FOR INVESTMENT

The Act provides that all obligations issued by the Department are legal and authorized investments for banks, savings banks, trust companies, savings and loan associations, insurance companies, fiduciaries, trustees, guardians, and the sinking and other public funds of the State, municipalities, counties, school districts, and other political subdivisions and public agencies of the State.

The Act also provides that all obligations issued by the Department are eligible and lawful security for all deposits of public funds of the State and all public agencies to the extent of the par or market value thereof, whichever is greater.

To the extent that the Series 2025 Bonds constitute "collateralized mortgage obligations that have a stated final maturity of greater than 10 years" within the meaning of the Texas Public Funds Investment Act, the Series 2025 Bonds are not an "authorized investment" for a state agency, a local government, or other investing entity subject to the provisions of the Public Funds Investment Act.

No representation is made that the Series 2025 Bonds will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes. The Department has made no investigation of other laws, rules, regulations or investment criteria which might apply to any such persons or entities or which might otherwise limit the suitability of the Series 2025 Bonds for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Series 2025 Bonds for such purposes.

THE PROGRAM AND THE MORTGAGE LOANS

The Program

The Department has established a single family mortgage purchase program ("Program") pursuant to the Act for the purpose of assisting in financing the costs of acquisition of residences within the State of Texas by Eligible Borrowers (as described below). The component of the Program relating to the Series 2025 Bonds has been designated as the Department's Bond Program No. 111 ("Program 111"). In connection with the issuance of the Series 2025 Bonds and the Prior Bonds and any additional Bonds, the Department purchased or shall purchase certain qualified Mortgage Loans (or participations therein) or Mortgage Certificates backed by Mortgage Loans originated by commercial banks, savings and loan associations, mortgage companies, non-profit corporations, and other qualified financial institutions (the "Mortgage Lenders"). As a result of the issuance of the Series 2025 Bonds, the Trustee, on behalf of the Department, has agreed to purchase 2025 Mortgage Certificates.

Mortgage Loans evidenced by the 2025 Mortgage Certificates will bear interest at rates established from time to time by the Department pursuant to the provisions of the Trust Indenture. 2025 Mortgage Certificates are expected to be comprised of GNMA Certificates. The purchase price for such GNMA Certificates will be 100% of par (plus accrued interest).

The guidelines adopted by the Department from time to time in connection with the Program establish the eligibility of lenders to participate in the Program, time limitations with respect to commitments for and originations of Mortgage Loans, the types of Mortgage Loans eligible for purchase by the Master Servicer, the eligibility of mortgagors, the requirements for dwellings which secure Mortgage Loans, the fees which a Mortgage Lender may charge to originate a Mortgage Loan, the fees which a lending institution may charge for servicing a Mortgage Loan, as well as other aspects of the Program. In connection with each phase of the Program, the Department executed or will execute origination, sale and servicing agreements or mortgage origination agreements and program supplements (collectively, the "Agreement") with the respective Mortgage Lenders. The Agreement obligated or will obligate the Mortgage Lenders to use their best efforts to originate and sell to the Department Mortgage Loans in conformity with the guidelines. Each Mortgage Loan was or will be reviewed prior to acquisition by the Compliance Agent designated by the Department for compliance with applicable provisions of the Program as set forth in the guidelines and with applicable provisions of federal income tax laws. The procedures set forth in the Agreement are established by the Department after consideration of standards and requirements customary in the secondary mortgage market. The Department anticipates that it may revise its procedures from time to time to conform with changes in the procedures followed by Fannie Mae, RHS, Ginnie Mae, VA or other major secondary mortgage market institutions.

Mortgage Lender Reservations – First-Come, First-Served

No funds made available through Program 111 will be allocated to any specific Mortgage Lenders. All funds will be made available to Mortgage Lenders on a controlled first-come, first-served basis.

Low Income Reservation

For the first one-year period of Program 111, the Department is requiring that 30% of the funds made available through the issuance of the Series 2025 Bonds be reserved for Mortgage Loans for individuals and families of low income (not exceeding 80% of applicable median family income ("AMFI")).

Since September 1, 2022, approximately 77% of Mortgage Loans originated by the Department that were eligible for inclusion in a tax-exempt bond issue and securitized into GNMA Certificates were made to borrowers at or below 80% of AMFI.

Low and Moderate Income Reservation

The remaining lendable funds will be made available for Mortgage Loans to Eligible Borrowers of low and moderate incomes whose family income does not exceed, for families of three persons or more, one hundred fifteen percent (115%) (one hundred forty percent (140%) in targeted areas) of AMFI, and, for individuals and families of two persons, one hundred percent (100%) (one hundred twenty percent (120%) in targeted areas) of AMFI.

Eligible Borrowers

Each Mortgage Loan is required to be made to a person whose family income does not exceed certain income limits. In addition, to be eligible for a Mortgage Loan an applicant must be a person: (i) who intends to occupy the residence to be financed with such Mortgage Loan as his or her principal

residence within a reasonable period after financing is provided; (ii) who, except in the case of certain targeted area loans, certain qualified veterans, certain exception loans hereinafter described, and certain homes falling into the Contract for Deed Exception, has not had a present ownership interest in a principal residence at any time during the three-year period preceding the date of execution of the Mortgage; and (iii) who has not had an existing mortgage on the residence (other than a mortgage falling into the Contract for Deed Exception) to be financed with such Mortgage Loan at any time prior to the execution of the Mortgage, other than certain permitted temporary financing mortgages. The Department, subject to the requirements of applicable provisions of federal income tax law and applicable regulations, may approve a limited number of exception loans that do not satisfy the requirement described in clause (ii) in the immediately preceding sentence. The maximum income for Eligible Borrowers varies according to family size and location.

Eligible Property

Each residence financed with a Mortgage Loan must consist of real property and improvements permanently affixed thereon which is located within the State of Texas. Each residence must be a single-family, owner-occupied attached or detached structure, a single-family condominium unit or a single unit in a planned unit development or a qualifying duplex, triplex, or four-plex. Each residence financed with a Mortgage Loan must have an acquisition cost (the "Maximum Acquisition Cost") not exceeding certain acquisition cost limits established by the Department from time to time. The Maximum Acquisition Cost varies according to location.

Mortgage Loans

The Department may, at its election, sell, assign, transfer or otherwise dispose of any Mortgage Loan or Mortgage Certificate in accordance with the terms and provisions of the Trust Indenture, as more particularly described in "SECURITY FOR THE BONDS – Sale of Mortgage Certificates and Mortgage Loans." The Department shall not consent or agree to or permit any amendment or modification of any Mortgage Loan which will in any manner materially impair or materially adversely affect the rights or security of the Bondholders under the Trust Indenture in such Mortgage Loan except for amendments and modifications made in connection with settling any default on any Mortgage Loan which are consistent with the Cashflow Statement most recently filed with the Trustee, or in connection with a refinancing of a Mortgage Loan. See "SECURITY FOR THE BONDS – Cashflow Statement and Asset Test."

Compliance with Tax Law and Program Guidelines

Each Mortgage Lender was required or will be required to follow certain procedures in the origination of Mortgage Loans to insure compliance with the mortgage eligibility requirements of applicable federal income tax laws and other requirements applicable to the Mortgage Loans. These procedures will include, but may not be limited to, the following: (i) obtaining affidavits of the borrower and seller and certificates of the real estate agent, if any, providing and certifying certain information regarding borrower income, home acquisition cost, and other loan information; (ii) reviewing the contents of the affidavits and certificates with the persons executing them prior to the execution thereof; (iii) except in the case of certain targeted area loans or certain other exception loans, obtaining signed or certified copies of the borrower's federal income tax returns for the preceding three years to verify that the borrower did not claim deductions for taxes or interest on indebtedness with respect to real property constituting his or her principal residence or a borrower's affidavit that he or she was not required to file such a return during one or more of the preceding three years; (iv) performing such additional investigations as may be appropriate under the circumstances to verify that the requirements of applicable federal income tax laws are satisfied as of the date of the execution of the Mortgage; (v) reviewing the draft settlement statement to assure that all fees and charges and settlement and financing costs comply with the applicable requirements; (vi) preparing, executing, and delivering a certificate relating to compliance with the requirements set forth

immediately above; and (vii) carrying out such additional verification procedures as may be reasonably requested by the Department, its designated compliance agent, or the Trustee. If any Mortgage Loan fails to meet the guidelines established by the Department, the originating Mortgage Lender will be required to correct such failure within a reasonable time after such failure is discovered by either repurchasing the non-qualifying Mortgage Loan in full or by replacing the non-qualifying Mortgage Loan with a Mortgage Loan which meets the applicable requirements.

Servicing

The Master Servicer may deduct its servicing fees directly from amounts received on such Mortgage Loans. As compensation for its duties as servicer of Mortgage Loans, the Master Servicer will be entitled to receive a monthly servicing fee.

Servicing of the Mortgage Loans is required to be carried out in accordance with generally accepted practices in the mortgage lending industry and in accordance with the servicing standards set forth in the GNMA Guide or the Fannie Mae Guides, as applicable. In particular, the Master Servicer will be required to pursue collection on the applicable Mortgage Loans with prudence and diligence, manage foreclosure or assignment procedures, and file, process and receive the proceeds from FHA mortgage insurance, VA or RHS guaranty claims, or private mortgage insurance.

The Master Servicer, as servicer of the Mortgage Loans, must, if applicable, provide to the Department and such other person specified in a Supplemental Indenture, audited financial statements on an annual basis and monthly reports relating to Mortgage Loan originations and purchases. The Master Servicer may not resign from its servicing duties unless it is determined that its duties are no longer permissible under applicable laws and then only upon the assumption of the servicing duties by a successor servicer acceptable to FHA, VA, Ginnie Mae, Fannie Mae and the Department. In the event the Master Servicer is in material breach of its servicing obligations imposed by Ginnie Mae, Fannie Mae or the Department or a material adverse change has occurred in the financial condition of the Master Servicer, the Department, with the approval, if applicable, of Ginnie Mae and Fannie Mae, may terminate the Master Servicer's servicing rights and transfer and assign those rights to another Fannie Mae and Ginnie Mae approved servicer.

The Master Servicers [UPDATE]

Idaho Housing and Finance Association ("Idaho HFA") will initially serve as Master Servicer for Mortgage Loans related to the Series 2025 Bonds. The Department has engaged The Money Source Inc. ("TMS") to serve as Master Servicer of Mortgage Loans related to the Series 2025 Bonds beginning early February 2025. The transition to TMS does not represent a termination of Idaho HFA servicing agreement ("IHFA Agreement"), nor does it alter any term therein.

Under the terms of the IHFA Agreement. relating to the Series 2025 Bonds, the Department may terminate the IHFA Agreement without cause upon 120 days advance written notice to the Idaho HFA. The Department may terminate the IHFA Agreement (subject to any applicable cure period) upon the occurrence of certain events. The IHFA Agreement has an approximately one-year initial term with up to three one-year extensions as mutually agreed. If the Department terminates the IHFA Agreement for cause, then all power of the Idaho HFA under such agreement shall be vested in the substitute Master Servicer.

If the Department terminates the IHFA Agreement for cause pursuant to its terms, the Idaho HFA shall, consistent with GNMA and Fannie Mae standards, make a full accounting and transfer and deliver to the Department, or its designee, all documents and moneys relating to the eligible mortgage loans which are

then in the Idaho HFA's possession or under its custody or control, and thereupon all rights and duties of the Idaho HFA and its rights to further compensation shall cease.

Per the IHFA Agreement, the Department may be required to reimburse Idaho HFA for principal and interest payments advanced, related to delinquent Mortgage Loans, in accordance with GNMA guidelines. The Department continues to experience above average delinquencies, primarily related to COVID-19, and as such, reimbursed the Idaho HFA for advances made in November 2022, December 2022, November 2023 and January 2024 totaling over $15 million. The amount, timing, or need for future advances cannot be determined in advance. Reimbursements are made from surplus revenues from the Department's Single Family Mortgage Revenue Bond Trust Indenture and the Master Indenture. The Department anticipates the return of such reimbursements as delinquencies normalize.

Under the terms of the TMS servicing agreement ("TMS Agreement") relating to the Series 2025 Bonds, the Department may terminate the TMS Agreement for cause or without cause upon 120 days advance written notice to TMS. The TMS Agreement has an approximately two-year initial term with up to three one-year extensions as mutually agreed.

Idaho HFA is the Master Servicer for various Mortgage Loans financed pursuant to the Trust Indenture. As of _____, Idaho HFA services approximately _____ Mortgage Loans financed with the proceeds of certain Prior Bonds, which Mortgage Loans had an outstanding principal balance of $_____.

Bank of America, N.A. ("Bank of America") is the Master Servicer for various Mortgage Loans financed pursuant to the Trust Indenture. As of _____, Bank of America participates as Master Servicer for the Department for approximately ___ Mortgage Loans financed with the proceeds of certain Prior Bonds, which Mortgage Loans had an outstanding principal balance of $_____.

US Bank National Association ("US Bank") is the Master Servicer for various Mortgage Loans financed pursuant to the Trust Indenture. As of _____, US Bank participates as Master Servicer for the Department for approximately ___ Mortgage Loans financed with the proceeds of certain Prior Bonds, which Mortgage Loans had an outstanding principal balance of $_____.

Investment of Funds

Moneys in all Funds established pursuant to the Trust Indenture will be invested in Investment Securities pursuant to the Depository Agreement with the Texas Treasury Safekeeping Trust Company. See "APPENDIX H – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – Texas Treasury Safekeeping Trust Company." Moneys held or invested in all Funds and accounts (except for the Rebate Fund) under the Trust Indenture are for the equal and ratable benefit of all owners of the Bonds.

The following table summarizes certain information as of _____, regarding yields (calculated on the basis of stated maturity) on existing investments (valued at par) within particular Trust Indenture funds relating to Prior Bonds: [UPDATE]

Fund or Account	Approximate Amount Invested (Par Value)	Rate	Date	Provider
RMRB 1998A/B	$ 20,390,364	4.81%	Short Term	Natwest
RMRB 1999B/C/D	2,629,270	4.81%	Short Term	Natwest
RMRB 2009C3	91,686	4.81%	Short Term	Natwest
RMRB 2019A	4,451,359	4.81%	Short Term	Natwest
RMRB 2021A/B	8,447,774	4.81%	Short Term	Natwest
RMRB 2022A	5,783,026	4.81%	Short Term	Natwest
RMRB 2022B	4,863,440	4.81%	Short Term	Natwest
RMRB 2023A	6,659,132	4.81%	Short Term	Natwest
RMRB 2023BC	6,383,977	4.81%	Short Term	Natwest
RMRB 2024AB	73,831,173	4.81%	Short Term	Natwest
RMRB 2024CD	154,766,686	4.81%	Short Term	Natwest
	$288,297,887			

Proceeds of the Series 2025B Bonds and the Series 2025C Bonds deposited into the 2025B Mortgage Loan Account and the 2025C Mortgage Loan Account will be invested in Investment Securities.

The ability of the Department to make timely payments of principal of and interest on the Series 2025 Bonds and the Prior Bonds could be affected if the parties to the various investment agreements for the Series 2025 Bonds or the Prior Bonds do not honor their obligations thereunder to repay such moneys and the interest thereon at the times and rates set forth in the respective investment agreements.

The Department has adopted an investment policy (the "Investment Policy") which applies to all financial assets of the Department. The Investment Policy's objectives, in the order of priority, are as follows: (1) safety of principal, (2) sufficient liquidity to meet Department cashflow needs, (3) achievement of a market rate of return on investments, and (4) conformance with all applicable State statutes, particularly the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended. With respect to bond proceeds, the Investment Policy provides that such proceeds should be invested as permitted by the applicable trust indenture.

OTHER DEPARTMENT PROGRAMS

The Department administers a variety of programs, in addition to its single family mortgage revenue bond program, that also fulfill its goals of providing safe and affordable housing throughout the State. Some of these programs may overlap or compete with the Program.

Taxable Mortgage Program

In addition to the Program, the Department offers mortgage loan financing options through its Taxable Mortgage Program (the "TBA Program"). Currently, all mortgage loans originated through the TBA Program are accompanied by a DPA Loan through which the mortgagor receives funds for down payment and closing cost assistance in the form of a 0%, non-amortizing, three year forgivable or 30-year second loan that is due on sale or refinance. Mortgage loans originated through the TBA Program are pooled into mortgage-backed securities that are sold to third-party investors. ***Neither the mortgage loans nor the mortgage-backed securities originated through the TBA Program are pledged to the Indenture.*** Below is a description of current loan options available through the TBA Program.

Bond Eligible Loans. Provided through the Department's My First Texas Home program, these loans typically offer the lowest mortgage rates available through the TBA Program. Borrowers must be Eligible Borrowers (including meeting the first-time homebuyer requirement). Income qualification is performed in accordance with IRS requirements for tax exempt mortgage revenue bonds, and loan documents include standard tax exempt loan documentation (such as tax exempt riders and recapture disclosure). Typically, mortgage loans may be originated as Bond Eligible Loans when the Department has no bond proceeds available. When bond proceeds are available, mortgage loans are typically reserved and originated through the Single Family Mortgage Revenue Bond Program.

Combo Loans. Offered through the Department's My First Texas Home program, these loans include a Mortgage Credit Certificate (MCC) issued by the Department to the borrower. Borrowers must be Eligible Borrowers and must meet the first-time homebuyer requirement; income qualification is performed in accordance with IRS requirements for tax exempt mortgage revenue bonds. Combo Loans are not eligible for inclusion in a tax-exempt bond program.

Taxable Loans. Offered through the Department's My Choice Texas Home program, these loans provide the most qualification flexibility. Borrowers must meet the requirements for an Eligible Borrower except that there is no first-time homebuyer requirement and income qualification is performed using standard 1003 credit qualifying income. Taxable Loans are not eligible for inclusion in a tax-exempt bond program.

Single Family Mortgage Revenue Bond Program

The Department administers a single family mortgage revenue bond program that finances mortgage loans to certain qualified first-time homebuyers, which is similar to the Program. For information regarding this program see "APPENDIX D-2 – BOND SUMMARY OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS."

APPENDIX I

USE OF PROCEEDS REPORT*

RMRB Series 2025BC Bond Proceeds Summary		
Total Proceeds Deposited In Mortgage Loan Account	Proceeds Spent to Acquire 2025BC Mortgage Loans	Proceeds Remaining
$_____	$_____	$_____

	RMRB Series 2025BC First Mortgage Loans Originated By Borrower Income as a % of Area Median Income ("AMI")†			
% of AMI:	**$ of Loans**	**# of Loans**	**% of Proceeds**	**% in Targeted Area**
<50%				
50% - 59%				
60% - 69%				
70% - 79%				
80% - 89%				
90% - 99%				
100%+				

Down Payment Assistance ("DPA") Provided In Conjunction with 2025BC First Mortgage Loans	
	$ / # / %
Total DPA Provided ($)	
Total DPA Provided (#)	
% of Borrowers Receiving DPA (%)	
Average DPA Provided per Borrower ($)	
Average DPA Provided (% of Purchase Price)	

* As of the date hereof, the Department has not yet pooled any Mortgage Loans which are expected to be a portion of the RMRB Series 2025BC Mortgage Loans.

† Reported income is based on borrower income at time of loan origination.

USE OF PROCEEDS REPORT

RMRB SERIES 2025BC GEOGRAPHIC DATA

Texas County	$ of Loans	% of Total Loans
Anderson		
Andrews		
Angelina		
Aransas		
Archer		
Armstrong		
Atascosa		
Austin		
Bailey		
Bandera		
Bastrop		
Baylor		
Bee		
Bell		
Bexar		
Blanco		
Borden		
Bosque		
Bowie		
Brazoria		
Brazos		
Brewster		
Briscoe		
Brooks		
Brown		
Burleson		
Burnet		
Caldwell		
Calhoun		
Callahan		
Cameron		
Camp		
Carson		
Cass		
Castro		
Chambers		
Cherokee		
Childress		
Clay		
Cochran		
Coke		

USE OF PROCEEDS REPORT

RMRB SERIES 2025BC GEOGRAPHIC DATA

Texas County	$ of Loans	% of Total Loans
Coleman		
Collin		
Collingsworth		
Colorado		
Comal		
Comanche		
Concho		
Cooke		
Coryell		
Cottle		
Crane		
Crockett		
Crosby		
Culberson		
Dallam		
Dallas		
Dawson		
Deaf Smith		
Delta		
Denton		
DeWitt		
Dickens		
Dimmit		
Donley		
Duval		
Eastland		
Ector		
Edwards		
Ellis		
El Paso		
Erath		
Falls		
Fannin		
Fayette		
Fisher		
Floyd		
Foard		
Fort Bend		
Franklin		
Freestone		
Frio		

USE OF PROCEEDS REPORT

RMRB SERIES 2025BC GEOGRAPHIC DATA

Texas County	$ of Loans	% of Total Loans
Gaines		
Galveston		
Garza		
Gillespie		
Glasscock		
Goliad		
Gonzales		
Gray		
Grayson		
Gregg		
Grimes		
Guadalupe		
Hale		
Hall		
Hamilton		
Hansford		
Hardeman		
Hardin		
Harris		
Harrison		
Hartley		
Haskell		
Hays		
Hemphill		
Henderson		
Hidalgo		
Hill		
Hockley		
Hood		
Hopkins		
Houston		
Howard		
Hudspeth		
Hunt		
Hutchinson		
Irion		
Jack		
Jackson		
Jasper		
Jeff Davis		
Jefferson		

USE OF PROCEEDS REPORT

RMRB SERIES 2025BC GEOGRAPHIC DATA

Texas County	$ of Loans	% of Total Loans
Jim Hogg		
Jim Wells		
Johnson		
Jones		
Karnes		
Kaufman		
Kendall		
Kenedy		
Kent		
Kerr		
Kimble		
King		
Kinney		
Kleberg		
Knox		
Lamar		
Lamb		
Lampasas		
La Salle		
Lavaca		
Lee		
Leon		
Liberty		
Limestone		
Lipscomb		
Live Oak		
Llano		
Loving		
Lubbock		
Lynn		
McCulloch		
McLennan		
McMullen		
Madison		
Marion		
Martin		
Mason		
Matagorda		
Maverick		
Medina		
Menard		

USE OF PROCEEDS REPORT

RMRB SERIES 2025BC GEOGRAPHIC DATA

Texas County	$ of Loans	% of Total Loans
Midland		
Milam		
Mills		
Mitchell		
Montague		
Montgomery		
Moore		
Morris		
Motley		
Nacogdoches		
Navarro		
Newton		
Nolan		
Nueces		
Ochiltree		
Oldham		
Orange		
Palo Pinto		
Panola		
Parker		
Parmer		
Pecos		
Polk		
Potter		
Presidio		
Rains		
Randall		
Reagan		
Real		
Red River		
Reeves		
Refugio		
Roberts		
Robertson		
Rockwall		
Runnels		
Rusk		
Sabine		
San Augustine		
San Jacinto		
San Patricio		

USE OF PROCEEDS REPORT

RMRB SERIES 2025BC GEOGRAPHIC DATA

Texas County	$ of Loans	% of Total Loans
San Saba		
Schleicher		
Scurry		
Shackelford		
Shelby		
Sherman		
Smith		
Somervell		
Starr		
Stephens		
Sterling		
Stonewall		
Sutton		
Swisher		
Tarrant		
Taylor		
Terrell		
Terry		
Throckmorton		
Titus		
Tom Green		
Travis		
Trinity		
Tyler		
Upshur		
Upton		
Uvalde		
Val Verde		
Van Zandt		
Victoria		
Walker		
Waller		
Ward		
Washington		
Webb		
Wharton		
Wheeler		
Wichita		
Wilbarger		
Willacy		
Williamson		

USE OF PROCEEDS REPORT

RMRB SERIES 2025BC GEOGRAPHIC DATA

Texas County	$ of Loans	% of Total Loans
Wilson		
Winkler		
Wise		
Wood		
Yoakum		
Young		
Zapata		
Zavala		
TOTALS		

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

FORTY-SIXTH SUPPLEMENTAL RESIDENTIAL MORTGAGE
REVENUE BOND TRUST INDENTURE

BETWEEN

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

AND

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., AS TRUSTEE

AUTHORIZING

$[187,500,000]
RESIDENTIAL MORTGAGE REVENUE AND REFUNDING BONDS,
SERIES 2025B

Dated as of [June] 1, 2025

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FORTY-SIXTH SUPPLEMENTAL RESIDENTIAL MORTGAGE REVENUE BOND TRUST INDENTURE

THIS FORTY-SIXTH SUPPLEMENTAL RESIDENTIAL MORTGAGE REVENUE BOND TRUST INDENTURE, dated as of [June] 1, 2025 (together with any amendments hereto, this "2025B Series Supplement"), is made by and between the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas (together with any successor to its rights, duties, and obligations hereunder, the "Department"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as trustee (as successor trustee to MTrust Corp, and together with any successor trustee hereunder, the "Trustee").

RECITALS

WHEREAS, the Department and the Trustee have heretofore executed and delivered that certain Amended and Restated Residential Mortgage Revenue Bond Trust Indenture dated as of July 1, 2019, as amended and supplemented from time to time (the "Indenture"), providing for the issuance from time to time by the Department of one or more series of its Residential Mortgage Revenue Bonds (collectively, the "Bonds"); and

WHEREAS, the Department has been created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as such may be amended from time to time (together with other laws of the State of Texas (the "State") applicable to the Department, the "Act"), for the purpose, among others, of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide safe and sanitary housing for persons and families of low and very low income and families of moderate income (as described in the Act and as determined by the Governing Board of the Department from time to time) at prices they can afford; and

WHEREAS, the Act authorizes the Department: (i) to make and acquire, and to enter into advance commitments to make and acquire, mortgage loans (including participations therein) secured by mortgages on residential housing in the State; (ii) to issue its bonds for the purpose of obtaining funds to make and acquire such mortgage loans or participations therein, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (iii) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such mortgage loans or participations therein, and to mortgage, pledge or grant security interests in such mortgages, mortgage loans or participations therein or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, Section 1002 of the Indenture authorizes the Department and the Trustee to execute and deliver a supplemental indenture, authorizing Bonds of a Series to include any other matters and things relative to such Bonds which are not inconsistent with or contrary to the Indenture, to add to the covenants of the Department, and to pledge other moneys, securities or funds as part of the Trust Estate; and

WHEREAS, pursuant to the Act and Chapter 1371, Texas Government Code, as amended ("Chapter 1371"), the Department has determined to issue its Residential Mortgage Revenue and Refunding Bonds, Series 2025B in an aggregate principal amount of $[187,500,000] (the "Series 2025B Bonds") pursuant to the Indenture and this 2025B Series Supplement to obtain funds to acquire Mortgage Certificates backed by Mortgage Loans secured by mortgages on residential housing in the State owned and occupied by persons and families of low and very low income and families of moderate income, to provide down payment and closing cost assistance with respect to Assisted Mortgage Loans (as hereinafter defined), to pay lender compensation related to the 2025BC Mortgage Loans, to repay and/or refund the Repaid FHLB Advances (as hereinafter defined) and to pay a portion of the Costs of Issuance (as hereinafter defined) of the Series 2025B Bonds, all under and in accordance with the Constitution and the laws of the State; and

WHEREAS, concurrently with the execution of this 2025B Series Supplement, the Department and the Trustee are also entering into that certain Forty-Seventh Supplemental Residential Mortgage Revenue Bond Trust Indenture of even date herewith (together with any amendments thereto, the "2025C Series Supplement") by and between the Department and the Trustee, pursuant to which the Department intends to issue its Residential Mortgage Revenue Bonds, Taxable Series 2025C (the "Series 2025C Bonds", and together with the Series 2025B Bonds, the "Series 2025BC Bonds") for the purposes described in the 2025C Series Supplement; and

WHEREAS, the execution and delivery of this 2025B Series Supplement and the issuance of the Series 2025B Bonds have been in all respects duly and validly authorized by a written resolution of the Governing Board of the Department; and

WHEREAS, the Trustee has accepted the trusts created by the Indenture and this 2025B Series Supplement and in evidence thereof has joined in the execution and delivery hereof; and

WHEREAS, except as provided herein, all acts and conditions and things required by the Constitution and laws of the State to happen, exist and be performed precedent to execution and delivery of this 2025B Series Supplement have happened, exist and have been performed as so required in order to make the Indenture, as supplemented by this 2025B Series Supplement, a valid, binding and legal instrument for the security of the Series 2025B Bonds and a valid and binding agreement in accordance with its terms;

NOW, THEREFORE, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Series 2025B Bonds by the holders thereof from time to time, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the further purpose of fixing and declaring the terms and conditions upon which the Series 2025B Bonds are to be issued, authenticated, delivered and accepted by the holders thereof from time to time, the Department and the Trustee do hereby mutually covenant and agree, for the equal and proportionate benefit of the respective holders from time to time of the Bonds, including the Series 2025B Bonds, as follows:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND PLEDGE OF SECURITY

Section 1.1. Supplemental Indenture. This 2025B Series Supplement is supplemental to, and is adopted in accordance with, Article III and Article X of the Indenture.

Section 1.2. Definitions.

1. Unless defined in subsection (2) of this Section 1.2 or unless the context shall require otherwise, all defined terms contained in the Indenture shall have the same meanings in this 2025B Series Supplement (other than in the form of Series 2025B Bond set forth in Exhibit A hereto) as such defined terms are given in Section 101 of the Indenture and in Section 1.2 of the 2025C Series Supplement.

2. As used in this 2025B Series Supplement (other than in the form of Series 2025B Bond set forth in Exhibit A hereto), unless the context shall otherwise require, the following terms shall have the following respective meanings:

"Account" or "Accounts" shall mean any one or more, as the case may be, of the separate special trust accounts pertaining to the Series 2025B Bonds created and established in Section 2.9 of this 2025B Series Supplement.

"Advances" means advances made to the Department by the Federal Home Loan Bank pursuant to the FHLB Agreement.

"Assisted Mortgage Loans" shall mean 2025BC Mortgage Loans that include a related DPA Loan to provide down payment and closing cost assistance.

"Authorized Denominations" shall mean $5,000 principal amount or any integral multiples thereof.

"Authorized Representative of the Department" shall mean the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance of the Department and the Secretary or any Assistant Secretary to the Board or any other employee or officer or member of the Department authorized to perform specific acts or duties by resolution duly adopted by the Board and as evidenced by a written certificate delivered to the Trustee containing the specimen signature of such person.

"Board" shall mean the Governing Board of the Department.

"Bond Counsel" shall mean a firm or firms of attorneys selected by the Department, and acceptable to the Trustee, experienced in the field of housing revenue bonds the interest on which is excludable from gross income for federal income tax purposes, and whose legal opinion on such bonds is acceptable in national bond markets.

"Bond Depository" shall mean The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, and any successor Bond Depository appointed pursuant to Section 913 of the Indenture and Section 2.6 hereof.

"Business Day" shall mean any day other than a (i) Saturday or Sunday, (ii) day on which banking institutions in New York, New York, the State, or the city in which the payment office of the Paying Agent is located are authorized or obligated by law or executive order to be closed for business, or (iii) day on which the New York Stock Exchange is closed.

"Certificate Accrued Interest" shall mean the amount of interest received in the month following the month of the purchase of a 2025BC Mortgage Certificate by the Trustee which represents the number of days of interest on such 2025BC Mortgage Certificate at the applicable Pass-Through Rate from the first day of the month of purchase to, but not including, the Certificate Purchase Date.

"Certificate Purchase Date" shall mean, with respect to a 2025BC Mortgage Certificate, the date of purchase thereof by the Trustee on behalf of the Department in accordance with the Servicing Agreement.

"Certificate Purchase Period" shall mean the period from the Issuance Date to and including [_____], but which may be extended to a date no later than November 1, 2028, in accordance with Section 5.2 of this 2025B Series Supplement.

"Chapter 1371" has the meaning given to such term in the recitals hereto.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in clauses (b) and (c).

"Compliance Agent" shall mean Hilltop Securities Inc., and its successors and assigns.

"Compliance Agreement" shall mean the Program Administration Agreement dated as of May 24, 2023, by and between the Department and the Compliance Agent, together with any amendments thereto.

"Comptroller" means the Comptroller of Public Accounts of the State of Texas.

"Computation Date" shall mean each Installment Computation Date and the Final Computation Date.

"Contract for Deed Exception" shall mean the exception from certain Mortgage Loan eligibility requirements available with respect to a Borrower possessing land under a contract for deed, as provided in Section 143(i)(l)(C) of the Code.

"Costs of Issuance" shall mean costs to the extent incurred in connection with, and allocable to, the issuance of an issuance of obligations within the meaning of Section 147(g) of the Code. For example, Costs of Issuance include the following costs, but only to the extent incurred in connection with, and allocable to, the borrowing: underwriters' spread; counsel fees; financial advisory fees; fees paid to an organization to evaluate the credit quality of an issue; trustee fees; paying agent fees; bond registrar, certification and authentication fees; accounting fees; printing costs for bonds and offering documents; public approval process costs; engineering and feasibility study costs; guarantee fees, other than qualified guarantees; and similar costs.

"Counsel's Opinion" shall mean a written opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds (who may also be counsel to the Department) selected by the Department and satisfactory to the Trustee.

"Depository" shall mean the Texas Treasury Safekeeping Trust Company, acting in accordance with the Depository Agreement, and any bank or trust company appointed pursuant to Section 914 of the Indenture and Section 5.7 hereof to act as depository of certain moneys and investments.

"Depository Agreement" shall mean that certain Twentieth Supplement to Amended and Restated Depository Agreement dated as of the date hereof, by and among the Department, the Trustee and the Depository relating to the Series 2025BC Bonds, together with any amendments or supplements thereto.

"Depository Participant" shall mean a broker, dealer, bank, other financial institution or any other Person for whom from time to time a Bond Depository effects book-entry transfers and pledges of securities deposited with such Bond Depository.

"De Minimis Special Redemption" shall mean a one-time redemption of Series 2025B Bonds from unexpended Proceeds in an amount less than $500,000 that is treated as a Special Redemption from Mortgage Loan Principal Payments in accordance with Section 2.7.2 hereof.

"DPA Loan" means a subordinated, no stated interest loan for down payment and closing costs made to a mortgagor under the Program in an amount as identified in the commitment lot notice applicable to a 2025BC Mortgage Loan, subject to adjustment from time to time at the direction of the Department. DPA Loans are due on sale, refinance, or repayment of the first mortgage and have a thirty year term. DPA Loans are not considered Mortgage Loans.

"Favorable Opinion of Bond Counsel" shall mean, with respect to any action, or omission of an action, the taking or omission of which requires such an opinion, an unqualified written opinion of Bond Counsel to the effect that, under existing law, such action or omission does not adversely affect the excludability of interest payable on the Series 2025B Bonds from gross income for federal income tax purposes (subject to the inclusion of any exceptions contained in the opinion of Bond Counsel delivered upon original issuance of the Series 2025B Bonds or other customary exceptions acceptable to the recipient thereof).

"FHLB Agreement" means the Advances and Security Agreement, dated November 1, 2016, by and between the Department and the Federal Home Loan Bank of Dallas, as amended, and the side letters executed pursuant thereto.

"Final Computation Date" shall mean the date on which final payment in full of the Series 2025B Bonds is made.

"Ginnie Mae" shall mean the Government National Mortgage Association, a wholly-owned corporate instrumentality of the United States of America within the Department of Housing and Urban Development, whose powers are prescribed generally by Title III of the National Housing Act of 1934, as amended (12 U.S.C. § 1716 et seq.), and any successor thereto.

"Ginnie Mae Certificate" shall mean a fully-modified, mortgage-backed, pass-through security issued by the Servicer in accordance with the applicable Ginnie Mae Guide bearing interest at the applicable Pass-Through Rate and representing the beneficial ownership interest in a Ginnie Mae pool, registered in the name of the Trustee and guaranteed as to timely payment of principal and interest by Ginnie Mae pursuant to Section 306(g) of Title III of the National Housing Act of 1934 and regulations promulgated thereunder backed by Mortgage Loans originated by Mortgage Lenders under the Program and packaged by the Servicer into a Ginnie Mae pool.

"Ginnie Mae Certificate Purchase Price" shall mean, with respect to the Program and the purchase of any Ginnie Mae Certificate thereunder by the Trustee on any Certificate Purchase Date, the total of 100% of the principal balance of the 2025BC Mortgage Loans in the applicable Mortgage Pool on record with Ginnie Mae (subject to adjustment upon written notice from the Department) on the first day of the month in which the subject Certificate Purchase Date occurs, but shall not include any Certificate Accrued Interest thereon.

"Ginnie Mae Guaranty Agreement" shall mean, with respect to the Program, the Commitment to Guarantee Mortgage-Backed Securities (Form HUD-11704) (whether one or more) issued by Ginnie Mae to the Servicer, together with any amendments or supplements thereto or extensions thereof.

"Gross Proceeds" shall mean any Proceeds and any Replacement Proceeds.

"Indenture" shall mean the Amended and Restated Residential Mortgage Revenue Bond Trust Indenture dated as of July 1, 2019, between the Department and the Trustee, as supplemented and amended from time to time.

"Initial Bond" means the Series 2025B Bond approved by the Attorney General of the State of Texas and registered by the Comptroller.

"Installment Computation Date" shall mean the last day of the fifth Tax Bond Year and each succeeding fifth Tax Bond Year.

"Interest Payment Date" shall mean, with respect to the Series 2025B Bonds, each January 1 and July 1, commencing [January 1, 2026], and any other date on which the Series 2025B Bonds are subject to redemption.

"Investment Proceeds" has the meaning set forth in Section 1.148-1(b) of the Regulations and, generally, consist of any amounts actually or constructively received from investing Proceeds.

"Issuance Date" shall mean [CLOSING DATE], the date of initial issuance and delivery of the Series 2025B Bonds to the Underwriters, as initial purchasers thereof, in exchange for payment of the purchase price of the Series 2025B Bonds.

"Letter of Instructions" shall mean, with respect to the Series 2025B Bonds, a written directive and authorization to the Trustee or any Depository specifying the period of time for which such directive and authorization shall remain in effect, executed by two Authorized Representatives of the Department.

"Letter of Representations" shall mean that certain DTC Blanket Issuer Letter of Representations executed by the Department and the Bond Depository.

"Mortgage Loan Principal Payment" shall mean, with respect to any 2025BC Mortgage Loan, all amounts representing (i) scheduled payments of principal thereof and (ii) Mortgage Loan Principal Prepayments other than portions, if any, of Mortgage Loan Principal Prepayments representing any penalty, fee, premium or other additional charge for the prepayment of principal which may be paid pursuant to the terms of such 2025BC Mortgage Loan.

"Mortgage Origination Agreement" shall mean the Master Mortgage Origination Agreement by and between the Department and a Mortgage Lender, together with any amendments thereto.

"Mortgage Pool" shall have the meaning assigned to the term "Pool" in the Servicing Agreement.

"Net Proceeds" means Sale Proceeds, less the portion of any Sale Proceeds invested in a reasonably required reserve or replacement fund.

"Nonpurpose Investment" shall mean any "investment property," as defined in Section 148(b) of the Code, that is not a purpose investment acquired to carry out the governmental purpose of the Series 2025B Bonds.

"Optional Redemption Date" shall mean [_____].

"Other Obligated Person" shall mean a Person that is a mortgagor with respect to at least 20% in aggregate principal amount of the Mortgage Loans held under the Indenture.

"Pass-Through Rate" shall mean the interest rate accruing each month on a 2025BC Mortgage Certificate, which will equal the mortgage rate of the 2025BC Mortgage Loans backing the 2025BC Mortgage Certificate less servicing and guaranty fees, which fees are retained by the Servicer.

"Paying Agent" shall mean the Trustee.

"Premium PAC Term Bond" shall mean the Series 2025B Bond maturing on [_____].

"Premium PAC Term Bond Outstanding Applicable Amount" shall mean the amounts identified as such in Exhibit B hereto (subject to adjustments as described below). Any special

redemption of the Series 2025B Bonds from unexpended Proceeds pursuant to Section 2.7.1 hereof, other than a De Minimis Special Redemption, will reduce the Premium PAC Term Bond Outstanding Applicable Amount for the Series 2025B Bonds for the current and each future monthly period on a proportionate basis. Thereafter, the Premium PAC Term Bond Outstanding Applicable Amount shall be the remaining balance, if any, of the Premium PAC Term Bond Outstanding Applicable Amount as adjusted from prior periods.

"Pricing Certificate" means the certificate dated [PRICING DATE], setting forth the final terms for the Series 2025B Bonds, executed by an Authorized Representative in accordance with the Resolution.

"Proceeds" shall mean any Sale Proceeds, Investment Proceeds and Transferred Proceeds.

"Program" shall mean the Department's Single Family Mortgage Purchase Program as set forth and implemented through the Program Agreement.

"Program Agreement" shall mean, collectively, the Mortgage Origination Agreement, the Servicing Agreement, the Compliance Agreement and the Program Guidelines.

"Program Guidelines" shall mean the Program Guidelines for Texas Department of Housing and Community Affairs effective July 24, 2023, relating to specific provisions of the Program, as amended from time to time.

"Purchase Agreement" shall mean the Bond Purchase Agreement dated [PRICING DATE], between the Department and the Underwriters providing for the purchase of the Series 2025BC Bonds by the Underwriters, as amended or supplemented from time to time.

"Rating Agency" shall mean: (i) S&P Global Ratings, a division of S&P Global Inc., and any successor thereto; and (ii) Moody's Ratings and any successor thereto to the extent either agency then has a rating on the Bonds in effect at the request of the Department.

"Rebate Amount" has the meaning set forth in Section 1.148-3(b) of the Regulations and generally means the excess, as of any date, of the future value of all receipts on Nonpurpose Investments over the future value of all payments on Nonpurpose Investments, all as determined in accordance with Section 1.148-3 of the Regulations.

"Rebate Analyst" shall mean a person that is (a) qualified and experienced in the calculation of rebate payments under Section 148 of the Code, (b) chosen by the Department, and (c) engaged for the purpose of determining the Rebate Amount and the amount of required deposits, if any, to the Rebate Fund.

"Record Date" shall mean the close of business on the 15th day of the month (whether or not a Business Day) immediately preceding an Interest Payment Date.

"Redemption Price" shall mean, with respect to any Series 2025B Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Series 2025B Bond or the Indentures.

"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.

"Repaid FHLB Advances" means the particular Advances specified in the Pricing Certificate.

"Replacement Proceeds" has the meaning set forth in Section 1.148-1(c) of the Regulations and, generally, consist of amounts that have a sufficiently direct nexus to an issue of obligations or the governmental purpose of an issue of obligations to conclude that the amounts would have been used for that governmental purpose if the Proceeds were not used or to be used for that governmental purpose.

"Representative" shall mean RBC Capital Markets, LLC.

"Resolution" means Resolution No. 25-004 authorizing the Bonds, as the same may be amended from time to time in accordance with the terms thereof.

"Revenues" shall mean in addition to those items defined as such in the Indenture, all amounts paid or required to be paid from time to time on the 2025BC Mortgage Certificates, including any payments received from Ginnie Mae pursuant to the Ginnie Mae Certificates, all Mortgage Loan Principal Payments representing the same, all prepayment premiums or penalties received by or on behalf of the Department in respect of the 2025BC Mortgage Certificates and all other net proceeds of such 2025BC Mortgage Certificates.

"RHS" shall mean the United States Department of Agriculture, Rural Housing Service, formerly known as Farmers Home Administration, or any successor thereto.

"Sale Proceeds" has the meaning set forth in Section 1.148-1(b) of the Regulations and, generally, consist of any amounts actually or constructively received from the sale (or other disposition) of any obligation, including amounts used to pay underwriters' discount or compensation and accrued interest other than pre-issuance accrued interest. Sale Proceeds also include amounts derived from the sale of a right that is associated with any obligation and that is described in Section 1.148-4(b)(4) of the Regulations.

"Series 2025B Bonds" has the meaning given to such term in the recitals hereto.

"Series 2025C Bonds" has the meaning given to such term in the recitals hereto.

"Servicer" shall mean (i) TMS, or any successor thereto as servicer for the Program, including any designee to act as subservicer on its behalf; and (ii) any additional servicer for the Program as selected by the Department.

"Servicing Agreement" shall mean (i) with respect to TMS, the Servicing Agreement dated as of December 30, 2024, by and between the Department and TMS; and (ii) with respect to any additional servicer, the servicing agreement executed by the Department and such servicer, in any case together with any amendments thereto.

"Sinking Fund Installment" means the principal amount of the Series 2025B Bonds subject to scheduled mandatory redemption on the respective redemption dates set forth in Section 2.7.4 hereof.

"State" shall mean the State of Texas.

"Subaccount" or "Subaccounts" shall mean any one or more, as the case may be, of the special subaccounts pertaining to the Series 2025B Bonds created in certain Accounts pursuant to Section 2.9 hereof.

"Tax Bond Year" shall mean each one-year period that ends at the close of business on September 1 of each year, beginning September 1, 2025. The first and last Tax Bond Years may be short periods. Tax Bond Years end on each anniversary of the Issuance Date and on the date the last Series 2025B Bond is discharged.

"TMS" shall mean The Money Source, Inc., a licensed lender and loan servicer.

"Transferred Proceeds" shall mean the amounts described in Section 1.148-9 of the Regulations.

"2025B Administrative Subaccount" shall mean the 2025B Administrative Subaccount established within the 2025B Mortgage Loan Account pursuant to Section 2.9.1(iii)(B) hereof.

"2025B Bond Proceeds Fund" shall mean the 2025B Bond Proceeds Fund established pursuant to Section 2.9.1(i) hereof.

"2025B Capitalized Interest Subaccount" shall mean the 2025B Capitalized Interest Subaccount established within the 2025B Revenue Account pursuant to Section 2.9.1(iv) hereof.

"2025B Cost of Issuance Account" shall mean the 2025B Costs of Issuance Account established within the Cost of Issuance Fund pursuant to Section 2.9 hereof.

"2025B Cumulative Applicable Amount" shall mean the amounts expressed on a cumulative basis in each of the monthly periods ending on the dates set forth in the table of 2025B Cumulative Applicable Amounts set forth in Exhibit C hereto (subject to adjustments as described below). Any special redemption of the Series 2025B Bonds from unexpended Proceeds pursuant to Section 2.7.1 hereof, other than a De Minimis Special Redemption, will reduce the 2025B Cumulative Applicable Amount for the Series 2025B Bonds for the current and each future monthly period on a proportionate basis. Thereafter, the 2025B Cumulative Applicable Amount shall be the remaining balance, if any, of the 2025B Cumulative Applicable Amount as adjusted from prior periods.

"2025B Down Payment Assistance Subaccount" shall mean the 2025B Down Payment Assistance Subaccount established within the 2025B Mortgage Loan Account pursuant to Section 2.9.1(iii)(A) hereof.

"2025B Expense Account" shall mean the 2025B Expense Account established within the Expense Fund pursuant to Section 2.9 hereof.

"2025B Interest Account" shall mean the 2025B Interest Account established within the Interest Fund pursuant to Section 2.9 hereof.

"2025B Mortgage Certificates" shall mean the proportionate interests in the 2025BC Mortgage Certificates purchased by the Trustee on the Issuance Date and on any future date from amounts on deposit in the 2025B Mortgage Loan Account.

"2025B Mortgage Loan Account" shall mean the 2025B Mortgage Loan Account established within the Mortgage Loan Fund pursuant to Section 2.9 hereof.

"2025B Mortgage Loans" shall mean the Mortgage Loans included in each Mortgage Pool represented by a 2025B Mortgage Certificate.

"2025B Principal Account" shall mean the 2025B Principal Account established within the Principal Fund pursuant to Section 2.9 hereof.

"2025B Rebate Fund" shall mean the 2025B Rebate Fund established pursuant to Section 2.9.1(ii) hereof.

"2025B Residual Revenues Account" shall mean the 2025B Residual Revenues Account established within the Residual Revenues Fund pursuant to Section 2.9 hereof.

"2025B Revenue Account" shall mean the 2025B Revenue Account established within the Revenue Fund pursuant to Section 2.9 hereof.

"2025B Series Supplement" has the meaning given to such term in the recitals hereto.

"2025B Special Redemption Account" shall mean the 2025B Special Redemption Account established within the Special Redemption Fund pursuant to Section 2.9 hereof.

"2025BC Bonds" has the meaning given to such term in the recitals hereto.

"2025BC Mortgage Certificates" shall mean Ginnie Mae Certificates that evidence beneficial ownership of and a participation in a Mortgage Pool, that satisfy the requirements of Section 2.15 hereof and the 2025C Series Supplement and are pledged by the Department to the Trustee pursuant to the Indenture, this 2025B Series Supplement and the 2025C Series Supplement, as described in any Letter of Instructions to the Trustee described in Section 2.15.2 hereof and the 2025C Series Supplement.

"2025BC Mortgage Loans" shall mean, collectively, the 2025B Mortgage Loans and the 2025C Mortgage Loans.

"2025C Mortgage Certificates" shall mean the proportionate interests in the 2025BC Mortgage Certificates purchased by the Trustee on the Issuance Date and on any future date from amounts on deposit in the 2025C Mortgage Loan Account.

"2025C Mortgage Loans" shall mean the Mortgage Loans allocated to Proceeds of the 2025C Bonds.

"2025C Mortgage Loan Account" has the meaning given to such term in the 2025C Series Supplement.

"2025C Series Supplement" has the meaning given to such term in the recitals hereto.

"Underwriters" shall mean the Representative and the other underwriters named on the schedule attached to the Purchase Agreement.

"Yield" shall mean (i) with respect to the Series 2025B Bonds, yield as determined in accordance with Section 143(g)(2)(C) of the Code and (ii) with respect to the 2025B Mortgage Loans, the effective rate of mortgage interest as determined in accordance with Section 143(g)(2)(B) of the Code.

Section 1.3. Authority for this 2025B Series Supplement. This 2025B Series Supplement is adopted pursuant to the provisions of the Act, Chapter 1371 and the Indenture, particularly Section 1002(1) thereof.

Section 1.4. Rules of Construction.

1. For all purposes of this 2025B Series Supplement unless the context requires otherwise, all references to designated Articles, Sections and other subdivisions are to the articles, sections and other subdivisions of this 2025B Series Supplement.

2. Except where the context otherwise requires, terms defined in this 2025B Series Supplement to impart the singular number shall be considered to include the plural number and vice versa.

3. Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa.

4. This 2025B Series Supplement and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this 2025B Series Supplement and the Indenture which it supplements.

Section 1.5. Interpretation. The Table of Contents, titles and headings of the Articles and Sections of this 2025B Series Supplement have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms of provisions hereof.

Section 1.6. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.7. Indenture to Remain in Force. Except as amended by this 2025B Series Supplement, the Indenture shall remain in full force and effect as to the matters covered therein.

Section 1.8. Successors and Assigns. All covenants and agreements in this 2025B Series Supplement by the Department and the Trustee shall bind their respective successors and assigns, whether so expressed or not.

Section 1.9. Separability Clause. In case any provision in this 2025B Series Supplement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 1.10. Benefits of this 2025B Series Supplement. Nothing in this 2025B Series Supplement or in the Bonds, express or implied, shall give to any Person, other than the parties hereto, their successors hereunder, and the Holders of Bonds any benefit or any legal or equitable right, remedy or claim under this 2025B Series Supplement.

Section 1.11. Governing Law. This 2025B Series Supplement shall be construed in accordance with and governed by the laws of the State.

Section 1.12. Miscellaneous. Every "request," "order," "demand," "application," "notice," "statement," "certificate," "consent," "instruction," or similar action hereunder shall, unless the form thereof is specifically provided herein, be in writing, and in the case of the Department signed by an Authorized Representative of the Department or in the case of any other Person signed by its President or Vice President, or other officer serving in similar capacities specifically authorized to execute such writing on behalf of any other Person, as the case may be.

Section 1.13. Granting Clause. In order to secure the payment of the principal of, premium, if any, and interest on the Bonds as the same become due and payable, whether at maturity or by prior redemption, and the performance and observance of all of the covenants and conditions herein contained, and in consideration of the premises, the acceptance by the Trustee of the trust hereby created, the purchase and acceptance of the Bonds by the holders thereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Department does hereby GRANT, BARGAIN, CONVEY, ASSIGN, MORTGAGE, and PLEDGE to the Trustee and its successors in trust hereunder all rights, title and interest of the Department now owned or hereafter acquired in and to the DPA Loans and the 2025BC Mortgage Certificates, all amounts that may be received with respect to the DPA Loans and the 2025BC Mortgage Certificates and the Ginnie Mae Guaranty Agreement, any right of the Department under any Ginnie Mae Guaranty Agreement with respect to the 2025BC Mortgage Certificates held under the Indenture, including any amendments, extensions, or renewals of the terms thereof, including, without limitation, all present and future rights of the Department to make claim for, collect and receive any income, revenues, issues, profits, insurance proceeds and other sums of money payable to the account of or receivable by the Department under the DPA Loans and the 2025BC Mortgage Certificates, to bring actions and proceedings under the DPA Loans and the 2025BC Mortgage Certificates, or for the enforcement thereof, and to do any and all things which the Department is or may become entitled to do under the 2025BC Mortgage Certificates, and the holders of the Bonds are by such pledge and assignment afforded a beneficial interest in such DPA Loans and the 2025BC Mortgage Certificates.

ARTICLE II

AUTHORIZATION AND TERMS OF SERIES 2025B BONDS

Section 2.1. Authorization, Original Principal Amount, Designation, and Series. In accordance with and subject to the terms, conditions, and limitations established in the Indenture and this 2025B Series Supplement, a Series of Bonds is hereby authorized to be issued in the original aggregate principal amount of $[187,500,000]. Each Bond of this Series of Bonds shall be entitled "Texas Department of Housing and Community Affairs Residential Mortgage Revenue Bond, Series 2025B." The terms of the Series 2025B Bonds shall be as set forth in Article III of the Indenture and this Article II.

Section 2.2. Purposes. The Series 2025B Bonds are issued in accordance with subsection 1(3)(b) of Section 302 of the Indenture for the purpose of (i) acquiring Mortgage Loans, or participations therein, through the purchase of the 2025BC Mortgage Certificates, including providing down payment and closing cost assistance with respect to Assisted Mortgage Loans, (ii) paying lender compensation related to the 2025BC Mortgage Loans, (iii) repaying and/or refunding the Repaid FHLB Advances, thereby making funds available to acquire Mortgage Loans, or participations therein, through the purchase of the 2025BC Mortgage Certificates and (iv) paying Costs of Issuance.

Section 2.3. Registered Bonds Only, Dates, Denominations, Numbers, and Letters.

1. The Series 2025B Bonds shall be issuable only in the form of fully registered bonds without coupons and may not be exchanged into coupon bonds. The Initial Bond shall be registered to the Representative.

2. The Series 2025B Bonds shall be dated as of the date of authentication thereof by the Trustee, unless such date of authentication shall be an Interest Payment Date, in which case they shall be dated as of such Interest Payment Date; provided, however, that if the date of authentication shall be prior to the first Interest Payment Date or in the case of the Initial Bond, the Series 2025B Bonds shall be dated as of the Issuance Date.

3. The Series 2025B Bonds shall be issued in the Authorized Denominations.

4. Unless the Department shall direct otherwise, each Series 2025B Bond within a maturity of the Series 2025B Bonds shall be lettered and numbered separately from 00001 upward prefixed by the letters RB, the letters Ja or Ju depending on whether the maturity is January or July, and the last two digits of the year of maturity, provided that the Initial Bond shall be numbered TRB-1.

Section 2.4. Interest Payment Dates, Interest Rates and Maturities of the Series 2025B Bonds. The Series 2025B Bonds shall bear interest from the date thereof until maturity or prior redemption at the respective rates per annum set forth below. Interest on the Series 2025B Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months, payable on each Interest Payment Date until maturity or prior redemption. The Series 2025B Bonds shall mature and become payable on the dates and in the respective principal amounts set forth below, subject to prior redemption in accordance with Section 2.7 hereof and Article IV of the Indenture:

Maturity Date	Principal Amount ($)	Interest Rate

Section 2.5. Paying Agent; Method and Place of Payment.

1. The Trustee is hereby appointed as Paying Agent for the Series 2025B Bonds and the Trustee hereby accepts such appointment. The principal amount or Redemption Price of the Series 2025B Bonds shall be payable upon the presentation and surrender thereof, as the same respectively become due and payable, at the applicable office of the Trustee. For purposes of this Section, "applicable office" shall mean the Trustee's office presently located in Houston, Texas (or such other office designated by the Trustee) which will be utilized to perform payments and transfers with respect to the Bonds. The interest on each Series 2025B Bond shall be payable by check mailed on the Interest Payment Date to the Person in whose name such Series 2025B Bond is registered at the close of business on the Record Date immediately preceding the applicable Interest Payment Date, at the address of such Person as shown on the Bond registration books kept by the Trustee. The principal amount or Redemption Price of, and interest on, the Series 2025B Bonds shall also be payable at any other place that may be provided for such payment by the appointment of any other Paying Agent for the Series 2025B Bonds as permitted by the Indenture.

2. Notwithstanding the foregoing, for so long as the Bond Depository is the exclusive Holder of the Series 2025B Bonds and for Holders of not less than $1,000,000 in aggregate principal amount of the Series 2025B Bonds, and except for the final payment of principal of the Series 2025B Bonds at maturity, the principal amount, Redemption Price thereof and the interest thereon shall be payable by wire transfer in immediately available federal funds to the Bond Depository or such Holders to an account in the continental United States without the necessity of any immediate presentation and surrender of Series 2025B Bonds pursuant to written instructions from the Holder, or the Letter of Representations, as the case may be.

Section 2.6. Bond Depository; Book-Entry System.

1. Pursuant to Section 913 of the Indenture, the Department hereby appoints The Depository Trust Company, New York, New York, as Bond Depository for the Series 2025B Bonds. In accordance with the Letter of Representations, the Department shall cause the Series 2025B Bonds (other than the Initial Bond) to be registered in the name of Cede & Co., as nominee for the Bond Depository, and to be delivered on the Issuance Date to the Trustee to be held on behalf of the Bond Depository.

2. With respect to Series 2025B Bonds registered in the Bond registration books of the Department required to be maintained by the Trustee pursuant to Section 310 of the Indenture in the name of Cede & Co. or any successor Bond Depository, or a nominee therefor, the Department and the Trustee shall have no responsibility or obligation to any Depository Participant or to any Person on behalf of whom such Depository Participant holds an interest in Series 2025B Bonds. The Department and the Trustee may treat and consider the registered owner of any Series 2025B Bond as the holder and absolute owner of such Series 2025B Bond for the purpose of

payment of the principal and Redemption Price of and interest with respect to such Series 2025B Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2025B Bond, for the purpose of registering transfers and exchanges with respect to such Series 2025B Bond, and for all other purposes whatsoever. The Trustee shall pay all the principal amount and Redemption Price of and interest on the Series 2025B Bonds only to or upon the order of the respective registered owners of the Series 2025B Bonds and all such payments shall be valid and effective with respect to such payments to the extent of the sum or sums so paid. The Department and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of The Depository Trust Company, any successor Bond Depository or any Depository Participant with respect to any ownership interest in Series 2025B Bonds, (ii) the delivery to any Depository Participant or any other Person, other than a registered owner of a Series 2025B Bond as shown in the Bond registration books required to be kept and maintained pursuant to Section 310 of the Indenture, of any notice with respect to the Series 2025B Bonds, including any notice of redemption, or (iii) the payment to any Depository Participant or any other Person, other than a registered owner of a Series 2025B Bond, of any amount with respect to any Series 2025B Bond. The rights of Depository Participants and Persons on behalf of whom any Depository Participant holds a beneficial interest in Series 2025B Bonds shall be limited to those established by law and agreements between such Depository Participants and other Persons and the applicable Bond Depository.

3. In the event that either (i) the Bond Depository that is, directly or through a nominee, the registered owner of all of the Outstanding Series 2025B Bonds notifies the Trustee and the Department that it is no longer willing or able to discharge its responsibilities as a Bond Depository or (ii) the Department determines that continuance of the existing book-entry system for ownership of interests in the Series 2025B Bonds is not in the best interest of such owners of beneficial interests in the Series 2025B Bonds, then the Department shall direct the Bond Depository to terminate the existing book-entry system for ownership of interests in the Series 2025B Bonds. Upon such termination, the Department shall promptly select a substitute Bond Depository (and shall notify the Trustee in writing of such selection) to provide a system of book-entry ownership of beneficial interests in the Series 2025B Bonds, if one is available satisfactory to the Department, and the ownership of all Series 2025B Bonds shall be transferred on the Bond registration books required to be kept and maintained pursuant to Section 310 of the Indenture to such successor Bond Depository, or its nominee. In the alternative, the Department may direct the Trustee to, and if the Department fails to promptly designate a successor Bond Depository the Trustee, without further direction, shall, notify the Depository Participants, through the Bond Depository for the Series 2025B Bonds, of the availability of Series 2025B Bonds registered in the names of such Persons as are owners of beneficial interests in the Series 2025B Bonds and, upon surrender to the Trustee of the Outstanding Series 2025B Bonds held by the Bond Depository, accompanied by registration instructions from the Bond Depository, the Trustee shall, at the expense of the transferees, cause to be printed and authenticated Series 2025B Bonds, in Authorized Denominations, to the owners of beneficial interests in the Series 2025B Bonds as of the date of the termination of the existing book-entry ownership system for the Series 2025B Bonds. Neither the Department nor the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying upon, such instructions. So long as the Department has designated a Bond Depository to provide a system of book-entry ownership of the Series 2025B Bonds, all of the Series 2025B Bonds must be held under such book-entry system. Prior to any transfer of the Series 2025B Bonds outside the book-entry system

(including, but not limited to, any initial transfer outside the book-entry system) the Department, Bond Depository, or the transferor of a Series 2025B Bond shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

4. Notwithstanding any other provisions in Article II of this 2025B Series Supplement, the Department and the Trustee may, but shall not be required to, enter into separate agreements with one or more Bond Depositories which may provide for alternative or additional provisions with respect to the delivery of notices, payment of interest and/or principal, or any other matters.

Section 2.7. Redemption Prices and Terms. The Series 2025B Bonds shall not be subject to redemption prior to maturity except as follows:

1. Special Redemption from Unexpended Proceeds. The Series 2025B Bonds are subject to special redemption from amounts transferred to the 2025B Special Redemption Account in accordance with Section 5.2 hereof, at any time, prior to their stated maturities, in whole or in part. The Redemption Price of the Series 2025B Bonds to be so redeemed pursuant to this Section 2.7.1 shall be equal to (a) for all Series 2025B Bonds, other than the Premium PAC Term Bond, 100% of the principal amount thereof; and (b) for the Premium PAC Term Bond, the applicable Redemption Price, as set forth in Exhibit D hereto; plus in any case accrued interest thereon to, but not including, the date of redemption; except that a De Minimis Special Redemption shall be treated as a Special Redemption from Mortgage Loan Principal Payments and such portion of the Series 2025B Bonds shall be redeemed in accordance with Section 2.7.2 hereof. In the event of a redemption of the Premium PAC Term Bond under this Section 2.7.1 on a date other than a redemption date listed on Exhibit D hereto, the Redemption Price, as of such redemption date, will be determined by the Department using straight-line interpolation between the Redemption Prices for the redemption dates listed on Exhibit D hereto immediately preceding and succeeding such redemption date.

Such redemption shall occur on the first day of any month on or after [_____], unless the Certificate Purchase Period is extended in accordance with this 2025B Series Supplement. In no event will the redemption occur later than December 1, 2028.

Except for the De Minimis Special Redemption, the Series 2025B Bonds to be redeemed in accordance with this subsection shall be selected by the Trustee on a pro rata basis among all maturities unless otherwise directed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate.

2. Special Redemption from Mortgage Loan Principal Payments. The Series 2025B Bonds are subject to redemption prior to maturity and shall be redeemed, in whole or in part, from time to time on the first day of any month on or after [_____], after giving notice as provided in Section 2.8 hereof, at a Redemption Price equal to 100% of the principal amount of the Series 2025B Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the

redemption date, from certain amounts relating to Mortgage Loan Principal Payments from the 2025BC Mortgage Certificates transferred to the 2025B Special Redemption Account in accordance with clauses (iii) and (iv) of Section 5.3.2 hereof.

In the event of a redemption pursuant to this Section 2.7.2 from Mortgage Loan Principal Payments relating to the 2025BC Mortgage Certificates, the Trustee shall select the particular Series 2025B Bonds to be redeemed as follows:

(i) the Trustee shall redeem the Premium PAC Term Bond, but only to the extent that the Outstanding principal amount of such Premium PAC Term Bond following any such redemption is not less than the Premium PAC Term Bond Outstanding Applicable Amount as of such date;

(ii) amounts remaining following the redemptions described in clause (i) above shall be applied, unless otherwise directed by a Letter of Instructions accompanied by a Cashflow Certificate to redeem all other Series 2025B Bonds (other than the Premium PAC Term Bond), on a proportionate basis until the Outstanding principal amount of all Series 2025B Bonds has been reduced to the 2025B Cumulative Applicable Amount as of such date;

(iii) amounts remaining following the redemptions described in clauses (i) and (ii) above shall be applied monthly, unless otherwise directed by a Letter of Instructions accompanied by a Cashflow Certificate, to redeem all Series 2025B Bonds, including the Premium PAC Term Bond, on a proportionate basis after taking into account the amounts applied to redeem the Series 2025B Bonds pursuant to the above-described redemptions.

Any special redemption of the Series 2025B Bonds pursuant to Section 2.7.1 hereof (other than a De Minimis Special Redemption), will reduce the Premium PAC Term Bond Outstanding Applicable Amount and the 2025B Cumulative Applicable Amount for the current and each future monthly period on a proportionate basis.

3. Special Redemption from Excess Revenues. The Series 2025B Bonds are subject to redemption prior to maturity and may be redeemed, in whole or in part, from time to time on the first day of any month on or after [_____], after giving notice as provided in Section 2.8 hereof and in accordance with a Letter of Instructions, at a Redemption Price equal to 100% of the principal amount of such Series 2025B Bonds or portions thereof to be redeemed, plus accrued interest to but not including the redemption date, from amounts transferred to the 2025B Special Redemption Account from the Residual Revenues Fund in accordance with Section 5.4 hereof (including revenues whether or not derived in connection with the Series 2025B Bonds).

In the event of a redemption pursuant to this Section 2.7.3 from excess Revenues, the Trustee shall apply amounts transferred to the 2025B Special Redemption Account from the Residual Revenues Fund in accordance with Section 5.4 to redeem the Series 2025B Bonds Outstanding in the same manner provided in clauses (i) and (ii) under Section 2.7.2, unless otherwise instructed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate.

4. Scheduled Mandatory Redemption. The Series 2025B Bonds maturing on the respective dates specified below are subject to scheduled mandatory redemption prior to maturity and shall be redeemed, after giving notice as provided in Article IV of the Indenture, in the aggregate principal amounts and on the dates set forth in the following tables, at a Redemption Price equal to 100% of the principal amount of such Series 2025B Bonds or portions thereof to be redeemed, plus accrued interest, if any, to, but not including, the redemption date, from amounts that have been transferred to the 2025B Principal Account from the 2025B Revenue Account.

$[_____] Term Bond maturing [____] 1, 20[__]

Redemption Date	Principal Amount ($)	Redemption Date	Principal Amount ($)

* Stated Maturity

$[_____] Term Bond maturing [____] 1, 20[__]

Redemption Date	Principal Amount ($)	Redemption Date	Principal Amount ($)

* Stated Maturity

$[_____] Term Bond maturing [____] 1, 20[__]

Redemption Date	Principal Amount ($)	Redemption Date	Principal Amount ($)

* Stated Maturity

$[_____] Term Bond maturing [____] 1, 20[__]

Redemption Date	Principal Amount ($)	Redemption Date	Principal Amount ($)

* Stated Maturity

$[_____] Premium PAC Term Bond maturing [____] 1, 20[__]

Redemption Date	Principal Amount ($)	Redemption Date	Principal Amount ($)

* Stated Maturity

The principal amount of the Series 2025B Bonds to be redeemed on each such redemption date pursuant to mandatory sinking fund redemption shall be reduced by the principal amount of any Series 2025B Bonds having the same stated maturity and interest rate, which (A) at least 45 days prior to such mandatory sinking fund redemption date, (1) shall have been acquired by the Department and delivered to the Trustee for cancellation, or (2) shall have been acquired and canceled by the Trustee at the direction of the Department, or (3) shall have been redeemed other than pursuant to mandatory sinking fund redemption, and (B) shall have not been previously credited against a scheduled mandatory sinking fund redemption.

5. Optional Redemption. The Series 2025B Bonds (except for the Premium PAC Term Bond) maturing on or after [____], are subject to redemption prior to maturity, in whole or in part at any time and from time to time, on and after the Optional Redemption Date at the option of the Department after giving notice as provided in Section 2.8 hereof, at a Redemption Price equal to 100% of the principal amount of such Series 2025B Bonds or portions thereof to be redeemed, plus accrued interest, if any, to, but not including, the redemption date.

The Premium PAC Term Bond is subject to redemption prior to maturity, in whole or in part at any time and from time to time, on and after the Optional Redemption Date, at the option of the Department after giving notice as provided in Section 2.8 hereof, at the Redemption Prices

set forth below (expressed as a percentage of the principal amount to be redeemed), in each case together with interest accrued thereon to, but not including, the redemption date:

Redemption Date	Redemption Price
	100.000%
and thereafter	

If the Premium PAC Term Bond is redeemed on a date other than a redemption date listed above, the Redemption Price, as of such redemption date, will be determined by the Department using straight-line interpolation between the Redemption Prices for the redemption dates listed above immediately preceding and succeeding such redemption date.

At least 45 days prior to any redemption date described in this Section 2.7, or such later date as the Trustee will accept, the Department shall give a Letter of Instructions to the Trustee accompanied by a Cashflow Certificate specifying the principal amount of Series 2025B Bonds to be redeemed and the date of such redemption and identifying the Series 2025B Bonds by the maturity date and interest rate of such Series 2025B Bonds and the source of funds to be utilized to redeem such Series 2025B Bonds.

Section 2.8. Notice of Redemption; Selection of Series 2025B Bonds to Be Redeemed.

1. Subject to Section 2.6 hereof, notice of the call for any redemption other than pursuant to Section 2.7.1 hereof, identifying the Series 2025B Bonds or portions thereof to be redeemed, shall be given by the Trustee as provided in Section 405 of the Indenture. If applicable, such notice shall provide that redemption of the Series 2025B Bonds is conditioned upon moneys being available for such purpose on the redemption date.

2. Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the registered owner of such Series 2025B Bonds receives the notice.

3. Except as specified in Section 2.7.2 and Section 2.7.3 hereof, the Series 2025B Bonds to be redeemed in part shall be selected as provided in Section 404 of the Indenture. While the Series 2025B Bonds are held by the Bond Depository, Series 2025B Bonds shall be selected for redemption as described in Section 2.6 hereof.

Section 2.9. Creation of Additional Funds, Accounts and Subaccounts and Application Thereof.

1. Pursuant to the provisions of subsection 3 of Section 502 of the Indenture, there is established by this Section 2.9 for the Series 2025B Bonds an Account in each Fund, except for

the Debt Service Reserve Fund and the Mortgage Reserve Fund, established by subsection 1 of Section 502 of the Indenture. Each such Account shall be known and designated as the "2025B _____ Account", with the blank containing an appropriate reference to the Fund to which such Account relates. In addition, there are hereby established for the Series 2025B Bonds the following additional Funds, Accounts and Subaccounts:

(i) a temporary Fund to be known and designated as the 2025B Bond Proceeds Fund;

(ii) a Fund to be known and designated as the 2025B Rebate Fund;

(iii) within the 2025B Mortgage Loan Account, a (A) 2025B Down Payment Assistance Subaccount; and (B) 2025B Administrative Subaccount; and

(iv) within the 2025B Revenue Account, a 2025B Capitalized Interest Subaccount.

2. Unless an Event of Default shall have occurred and be continuing, Revenues from the 2025BC Mortgage Certificates or from the investment or reinvestment of moneys on deposit in each Account for the Series 2025B Bonds shall be kept separate and apart from the Revenues attributable to other Mortgage Certificates or attributable to the investment and reinvestment of the moneys on deposit under the Indenture with respect to any other Series. The Accounts shall be for the equal benefit of the Holders of all of the Bonds. The segregation of the Accounts as required by this Section 2.9 is for the purpose of making the calculations required by Sections 143(g) and 148 of the Code, and is not for the purpose of giving a priority or preference to the Bonds of one Series over that of another Series. Except as provided in this Section, the Revenues and proceeds of a Series shall continue to be used as provided in Article V of the Indenture.

Section 2.10. Initial Deposits and Transfers into Funds, Accounts and Subaccounts. On the Issuance Date, as shall be more fully set forth in a Letter of Instructions, the Trustee shall deposit the proceeds of the Series 2025B Bonds into the 2025B Bond Proceeds Fund. There shall be transferred from the 2025B Bond Proceeds Fund the amounts specified in a Letter of Instructions authorizing the authentication and delivery of the Series 2025B Bonds, for deposit to the Funds, Accounts and Subaccounts specified therein. After completion of such transfers, the 2025B Bond Proceeds Fund shall be closed. After payment of all costs, any funds remaining in the 2025B Cost of Issuance Account shall be transferred to the Residual Revenues Fund pursuant to a Letter of Instructions from the Department.

Section 2.11. Form of Series 2025B Bonds. 1. Each Series 2025B Bond shall be in substantially the form and tenor of Exhibit A attached hereto, which Exhibit A is incorporated herein as if fully set forth in this 2025B Series Supplement, with such omissions, insertions, and variations as permitted or required by the Indenture. The registration certificate of the Comptroller of Public Accounts of the State of Texas and the certificate of authentication of the Trustee shall be in the form set forth in Exhibit A. The Department is hereby authorized, in its discretion, to provide for the assignment of CUSIP numbers for the Series 2025B Bonds and to have such CUSIP numbers printed thereon, and the Department may direct the Trustee to use such CUSIP numbers in notices of redemption, provided that any such notice may state that no representation is made by the Trustee or the Department as to the correctness of such CUSIP number either as printed on the Series 2025B Bonds or as contained in any notice of redemption. There may be printed on or

attached to each Series 2025B Bond registered in the name of the Bond Depository a schedule for the purpose of notation by the Bond Depository of the portion of the principal amount thereof which shall have been paid and the portion of the principal amount thereof which remains Outstanding and unpaid.

2. Notwithstanding the foregoing, the Initial Bond shall be in the form set forth in Exhibit A, with the following modifications:

(i) Immediately under the name of the bond issue and the legends, the existing headings shall be omitted and replaced with the following headings:

"No. TRB-1 Dated Date: [CLOSING DATE] $[187,500,000]

Registered Owner: RBC CAPITAL MARKETS, LLC

Principal Amount: [ONE HUNDRED EIGHTY-SEVEN MILLION FIVE HUNDRED THOUSAND] DOLLARS"

(ii) The first paragraph shall be replaced with the following:

The TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (herein called the "Department"), a public and official agency of the State of Texas, acknowledges itself indebted to, and FOR VALUE RECEIVED, hereby promises to pay to the registered owner named above or registered assigns, but solely from the sources and in the manner hereinafter provided, on the maturity date specified below, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such principal sum to the registered owner hereof in like coin or currency from the Issuance Date of this Bond or from the most recent date to which interest on this Bond (or any Bond in exchange for, or in lieu of, which this Bond was issued), has been paid at the interest rates per annum set forth below, calculated on the basis of a 360-day year composed of twelve 30-day months, payable on [January 1, 2026], and each July 1 and January 1 thereafter (each, an "Interest Payment Date") to the date of maturity or earlier redemption, until the Department's obligation with respect to the payment of such principal amount shall be discharged, in accordance with the following schedule:

Maturity Date	Principal Amount ($)	Interest Rate

The principal amount or Redemption Price of this Bond shall be payable upon presentation and surrender of this Bond, at the applicable office of The Bank of New York Mellon Trust Company, N.A. (such bank and any successor in such capacity being referred to as the "Trustee"). Notwithstanding the foregoing, in no event shall the cumulative amount of interest paid or payable

on any Bond (including interest calculated as provided in the Indentures (as defined below), together with all other amounts that constitute interest on the Bonds under the laws of the State of Texas that are contracted for, charged, reserved, taken or received pursuant to the Indentures) through any Interest Payment Date or through the date of payment of such Bond (whether at maturity, by acceleration or upon earlier redemption) exceed the "net interest cost" that will produce a "net effective interest rate" of greater than 15% per annum or, to the extent allowed by law, such greater "net effective interest rate" as may be allowed from time to time. The terms "net interest cost" and "net effective interest rate," as used herein, shall have the respective meanings ascribed to them in Chapter 1204, Texas Government Code, as amended.

Section 2.12. 2025B Rebate Fund.

1. At the beginning of each Tax Bond Year, the Department shall calculate the estimated Rebate Amount that will be payable on the next occurring Computation Date, as set forth in Section 4.6.1(ii). In calculating the Rebate Amount, the Department may rely upon a Counsel's Opinion or an opinion of a Rebate Analyst that the method of calculation utilized by the Department complies with the requirements of Section 148 of the Code and Section 1.148-3 of the Regulations. If, in making such calculations, the Department determines that there is an insufficient amount currently on deposit in the 2025B Rebate Fund to make the payment required by Section 4.6.1(ii) hereof, then the Department shall (i) immediately transfer the amount of such deficiency from any other account in the Expense Fund or (ii) instruct the Trustee to transfer such amount to the 2025B Rebate Fund from the Revenue Fund and the Trustee shall transfer from the 2025B Revenue Account to the 2025B Rebate Fund the amounts so specified, all in accordance with Section 505 of the Indenture. If, in making such calculations, the Department determines that there is a negative Rebate Amount, then the Department may direct the Trustee in writing to transfer from the 2025B Rebate Fund to the 2025B Revenue Account the amount then on deposit in the 2025B Rebate Fund.

2. All earnings resulting from the investment of amounts on deposit in the 2025B Rebate Fund shall be credited to the 2025B Rebate Fund.

3. No later than 55 day after each Computation Date for the Series 2025B Bonds, the Department shall deliver the items set forth in Section 4.6.1 to the Trustee. Not later than 60 days after each Computation Date for the Series 2025B Bonds, the Trustee shall withdraw from the 2025B Rebate Fund the amounts described in Section 4.6.1(ii) hereof and remit to the United States of America the amounts required to be paid to the United States of America in accordance with written instructions from the Department, which shall be in compliance with Sections 1.148-1 through 1.148-8 of the Regulations or any successor Regulation.

4. If the Department discovers or is notified that any amount due to the United States of America in an amount described in Section 4.6.1(ii) has not been paid to the United States of America pursuant hereto as required or that any payment paid to the United States of America pursuant hereto has failed to satisfy any requirement of Section 148(f) of the Code or Section 1.148-3 of the Regulations (whether or not such failure shall be due to any default by the Department or the Trustee), the Department, shall immediate transfer any amounts due as set forth in Section 4.6.2 and shall deliver to the Trustee any documents required pursuant to Section 4.6.2. Upon receipt of such amount and documentation relating thereto, the Trustee shall withdraw from

the 2025B Rebate Fund the amounts described in Section 4.6.2 and remit to the United States of America the amounts required to be paid in accordance with written instructions from the Department, which shall be in compliance with Sections 1.148-1 through 1.148-8 of the Regulations or any successor Regulation.

5. Each payment required to be made to the United States of America pursuant to this Section shall be submitted to the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255 or such other address as provided by law or regulation and shall be accompanied by Internal Revenue Service Form 8038-T properly completed by the Department with respect to the Series 2025B Bonds.

Section 2.13. Transfers from 2025B Residual Revenues Account. Unless otherwise directed pursuant to a Letter of Instructions accompanied by a Cashflow Certificate, on each Interest Payment Date and each date fixed for the redemption of the Series 2025B Bonds, to the extent funds are not available in the 2025B Revenue Account to pay interest or principal due on the Series 2025B Bonds, the Trustee shall transfer from the 2025B Residual Revenues Account to the 2025B Interest Account or the 2025B Principal Account an amount which, when added to any amounts already on deposit therein, will equal the amount of interest and principal to become due and payable on the Series 2025B Bonds on such date.

Section 2.14. 2025B Mortgage Loan Account. The 2025B Mortgage Loan Account established pursuant to Section 2.9 hereof shall be credited with all amounts deposited therein from whatever source. The amounts in such Account shall be used to purchase, on each Certificate Purchase Date within the Certificate Purchase Period, the 2025B Mortgage Certificate. On [_____], unless the Certificate Purchase Period is extended in accordance with Section 5.2 hereof, unexpended proceeds of the Series 2025B Bonds shall be transferred from 2025B Mortgage Loan Account to the 2025B Special Redemption Account in accordance with Section 2.7.1 hereof.

Section 2.15. 2025BC Mortgage Certificate Acquisition.

1. The Department has determined that the Supplemental Mortgage Security for the 2025BC Mortgage Loans shall be the guaranty of timely payment of principal and interest provided by Ginnie Mae pursuant to the Ginnie Mae Certificates. Accordingly, the purchase of the 2025BC Mortgage Loans shall be accomplished through the purchase of Ginnie Mae Certificates in accordance with the Program Agreement, and no 2025BC Mortgage Loan shall be eligible for purchase unless it has been included in a Mortgage Pool and the beneficial ownership thereof is represented by a 2025BC Mortgage Certificate.

2. On each applicable Certificate Purchase Date and pursuant to a Letter of Instructions, the Trustee shall purchase Ginnie Mae Certificates at the Ginnie Mae Certificate Purchase Price from amounts available in the 2025B Mortgage Loan Account. The Department shall specify the allocation of the 2025BC Mortgage Certificates to the Series 2025B Bonds and the Series 2025C Bonds in such Letter of Instructions. The Department shall deliver a copy of each such Letter of Instructions to the Compliance Agent.

3. Each 2025BC Mortgage Certificate purchased shall bear interest at the applicable Pass-Through Rate. Ginnie Mae Certificates shall be accepted by the Trustee only if:

(i) The Ginnie Mae Certificates acquired by the Trustee on behalf of the Department shall be held at all times by the Trustee in trust for the benefit of the Bondholders and shall be registered in the name of the Trustee or its nominee or credited to the account of the Trustee at a clearing corporation as defined under and pursuant to the Uniform Commercial Code applicable to such corporation, which corporation shall be registered as a "Clearing Agency" pursuant to Section 17A of the Securities Exchange Act of 1934, as amended. For a Ginnie Mae Certificate that is in the form of a book-entry maintained on the records of the Participants Trust Corporation, or any successor depository institution ("PTC") ("Book Entry Security"), the Trustee shall receive confirmation from PTC that PTC has made an appropriate entry in its records of the transfer of such Book Entry Security to a limited purpose account of the PTC Participant (defined below), and identifying such Book Entry Security as belonging to the Trustee, so that the Trustee at all times has a first priority perfected security interest in such Ginnie Mae Certificates. The "PTC Participant" (if not the Trustee) shall be a "financial intermediary" (as defined in Section 8-313 of the Uniform Commercial Code as in effect in the state in which the Book Entry Security is deposited) which is a participant in PTC and which has a custody agreement with the Trustee with respect to the Ginnie Mae Certificate to be transferred as Book Entry Securities through PTC. In the custody agreement, the PTC Participant must agree (w) to act as agent of the Trustee for purposes of causing, upon instructions of the Trustee, the transfer of Book Entry Securities to the PTC account of the PTC Participant, (x) to issue to the Trustee confirmation of the transfer of each Book Entry Security to the PTC Participant, (y) to identify each such Book Entry Security in its records as belonging to the Trustee, and (z) to accept instructions only from the Trustee with respect to the transfer of such Book Entry Securities. The Ginnie Mae Certificate shall be identified on the records of the PTC Participant as being held by such PTC Participant solely and exclusively for the benefit of the Trustee. The PTC Participant shall send a confirmation to the Trustee of such transfer of the Ginnie Mae Certificate to the PTC Participant. The PTC Participant shall cause each Book Entry Security to be transferred to and held in a Limited Purpose Account (or such other account as may be created or identified in the PTC Rules (the "Rules") in which PTC does not have any lien on any Book Entry Security held therein). The Trustee shall have evidence that (xx) the receiving PTC Participant has delivered to PTC an irrevocable instruction to the effect that all fees arising in connection with the specified Limited Purpose Account are to be charged to another account maintained by PTC for the receiving PTC Participant, and (yy) PTC has delivered a certificate to the receiving PTC Participant to the effect that, based on the instruction regarding payment of PTC fees, PTC will not charge the specified Limited Purpose Account for so long as the instruction remains in effect. If the Trustee does not receive a payment or advice of payment on a Ginnie Mae Certificate when due (if the Ginnie Mae Certificates are held by the Trustee, on the fifteenth day of each month with regard to Ginnie Mae I Certificates, and twentieth day of each month with regard to Ginnie Mae II Certificates and if the Ginnie Mae Certificates are held by PTC, on the seventeenth day of each month with regard to Ginnie Mae I Certificates and twenty-second day of each month with regard to Ginnie Mae II Certificates), the Trustee shall promptly telephonically notify, and demand payment from Ginnie Mae, in the case of Ginnie Mae I Certificates, or Chemical Bank as paying agent for Ginnie Mae in the

case of Ginnie Mae II Certificates. To the extent the Ginnie Mae Certificates are subject to book-entry transfer, the Trustee shall so notify PTC. Notwithstanding the foregoing, the Trustee shall comply with such procedures as are prescribed by Ginnie Mae from time to time; and

(ii) Sufficient amounts are available in the appropriate Accounts to pay the applicable Ginnie Mae Certificate Purchase Price.

ARTICLE III

RESERVED

ARTICLE IV

FEDERAL INCOME TAX MATTERS

Section 4.1. General Tax Covenant. The Department covenants not to take any action, or knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the interest on the Series 2025B Bonds to be includable in gross income for federal income tax purposes. In furtherance thereof, the Department covenants to comply with section 103 and 141, 143, and 146 through 150 of the Code and the provisions set forth in the Federal Tax Certificate executed by the Department in connection with the Series 2025B Bonds. The Department and the Trustee may amend this 2025B Series Supplement to reflect the deletion or substitution of any such requirement specified in this Article IV in the manner provided in Section 1002 of the Indenture. The Department will not be required to comply with any of the federal tax covenants set forth in this Article IV if the Department has received a Favorable Opinion of Bond Counsel regarding such noncompliance.

Section 4.2. Use of Proceeds. The Department covenants that:

1. all of the Proceeds of the Series 2025B Bonds (other than amounts used to pay Costs of Issuance of the Series 2025B Bonds) will be used to (i) finance owner-occupied residences or (ii) repay the Advances within 90 days of the Issue Date of the Series 2025B Bonds;

2. the Proceeds of the Series 2025B Bonds will not be used in a way that would cause the Series 2025B Bonds to meet the private business use tests set forth in Section 141(b) of the Code;

3. all Sale Proceeds of the Series 2025B Bonds and any Investment Proceeds thereon that are to be used to finance owner-occupied residences (i) will be used for such purpose within the 42-month period beginning on the Issuance Date of the Series 2025B Bonds or (ii) to the extent not so used, will be used to redeem Series 2025B Bonds within such period, and no portion of such Proceeds of the Series 2025B Bonds will be used to finance any 2025BC Mortgage Loan or DPA Loan or to acquire any Mortgage Certificate after the close of such period; and

4. all Transferred Proceeds of the Series 2025B Bonds resulting from the repayment of Advances and any Investment Proceeds thereon that are to be used to finance owner-occupied residences (i) will be used for such purpose within the 42-month period beginning on the Issuance

Date of the earliest Advance or (ii) to the extent not so used, will be used to redeem Series 2025B Bonds within such period, and no portion of such Proceeds of the Series 2025B Bonds will be used to finance any 2025BC Mortgage Loan or DPA Loan or to acquire any Mortgage Certificate after the close of such period.

Section 4.3. Mortgage Eligibility Requirements.

1. The Department covenants: (i) to attempt in good faith to meet, with respect to each 2025B Mortgage Loan, before the execution thereof, the mortgage eligibility requirements of Section 143(c), (d), (e), (f) and (i) of the Code (as more fully described in subsections 2, 3, 4, 5 and 6, respectively, of this Section 4.3), by placing restrictions in the Program Agreement or other similar agreements that permit the origination and purchase of 2025B Mortgage Loans only in accordance with such requirements and by establishing reasonable procedures to ensure compliance with such requirements, including investigation by the Mortgage Lenders and the Servicer or the Department (or its agent) to determine that each 2025B Mortgage Loan meets such requirements; (ii) to use all due diligence to assure that all of the Proceeds of the Series 2025B Bonds that are applied to the financing of 2025B Mortgage Loans are applied to finance 2025B Mortgage Loans that, as of the date of execution thereof, meet all such requirements; and (iii) to correct any failure to meet such requirements within a reasonable period after such failure is first discovered by causing the non-qualifying 2025B Mortgage Loan to be accelerated or to be replaced with a 2025B Mortgage Loan that meets such requirements if the non-qualifying 2025B Mortgage Loan defect cannot be cured within such reasonable period. The Department covenants that each Mortgage Lender selected for participation in the Program that services Mortgage Loans under the Program shall be required to enter into an agreement or agreements containing, in addition to servicing requirements relating to the Mortgage Loans set forth in Section 710 of the Indenture, that each Mortgage Lender shall represent and warranty that it: (i) maintains an Office of Foreign Assets Control ("OFAC") compliance program, and (ii) is responsible for and best positioned to conduct OFAC scanning of all relevant data with respect to the serviced portfolio (including borrower names/addresses) in accordance with its OFAC compliance program. As used herein, "OFAC compliance program" shall refer to those programs, policies, procedures and measures designed to ensure compliance with, and prevent violations of, all economic sanctions, laws, rules, regulations, executive orders and requirements administered by OFAC, or any other applicable authority with jurisdiction over such Mortgage Lender. Each Mortgage Lender shall agree to, among other things: (i) perform effective and timely OFAC scanning in accordance with such Mortgage Lender's OFAC compliance program of all relevant data with respect to the portfolio of assets serviced pursuant to the Indenture; (ii) if a Borrower at any time becomes or is otherwise determined to be an OFAC sanctions target that requires blocking or rejection of a portfolio asset held by the Trustee under or in connection with the Indenture, take all actions required by OFAC regulations, including, without limitation (a) conducting all necessary investigations and communications with OFAC (including reporting) concerning the portfolio assets that such Mortgages Lender determines are subject to OFAC restrictions, (b) blocking the assets of any OFAC sanctions target in such portfolio serviced by such Mortgages Lender (including any related payments from the same), and (c) obtain any licenses from OFAC necessary for such Mortgage Lender and the Trustee to perform their respective services under the Indenture with respect to sanctioned assets and/or borrowers; and (iii) promptly provide notice in writing to the Trustee of any portfolio assets that such Mortgages Lender determines are subject to OFAC restrictions and consult with the Trustee on the action plan to handle those assets.

2. The Department covenants to require, and the Program Agreement requires, with respect to each 2025B Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(c) of the Code, the residence being financed with the proceeds of such 2025B Mortgage Loan is a single-family residence located within the State that the Borrower reasonably expects to occupy as his or her principal residence within a reasonable time (e.g., 60 days) after the financing is provided.

3. The Department covenants to require, and the Program Agreement requires, with respect to each 2025B Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(d) of the Code, the Borrower has not had, within the three-year period ending on the date of execution of the applicable 2025B Mortgage Loan, a present ownership interest in a principal residence; provided, however, that (i) the Department may purchase 2025B Mortgage Loans that do not satisfy the foregoing requirement, so long as such purchase does not cause less than 95% of the Net Proceeds of the Series 2025B Bonds to have been used to finance such non-conforming loans; (ii) financings with respect to targeted area residences will be treated as meeting such requirement; (iii) financings described in the Contract For Deed Exception will be treated as meeting such requirement; and (iv) financings of any residence for any veteran (as defined in Section 101 of Title 38, United States Code), if such veteran has not previously qualified for and received financing pursuant to the exception, will be treated as meeting such requirement.

4. The Department covenants to require and the Program Agreement requires, with respect to each 2025B Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(e) of the Code, the acquisition cost of the residence being financed with the proceeds of such 2025B Mortgage Loan does not exceed 90% of the average area purchase price applicable to such residence (110% in the case of a targeted area residence).

5. The Department covenants to require and the Program Agreement requires, with respect to each 2025B Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(f) of the Code, the Borrower's family income does not exceed: (i) for an individual or a family of two persons, 100% of the applicable median family income (120% in the case of a Borrower acquiring a targeted area residence); or (ii) for a family of three or more persons, 115% of the applicable median family income (140% in the case of a Borrower acquiring a targeted area residence).

6. The Department covenants to require and the Program Agreement requires, with respect to each 2025B Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(i) of the Code, the 2025B Mortgage Loan is not made for the purpose of acquiring or replacing an existing mortgage (i.e., that the Borrower does not have an existing mortgage (whether or not paid off) on the residence securing the 2025B Mortgage Loan at any time prior to the execution of the 2025B Mortgage Loan), except for a mortgage falling within the Contract for Deed Exception or a mortgage securing a construction period loan, a bridge loan or other similar temporary initial financing having a term of 24 months or less. The Department further covenants and agrees not to permit the assumption of any 2025B Mortgage Loan unless the requirements described in subsection 2, 3, 4 and 5,

respectively, of this Section 4.3 are met with respect to such assumption. Borrowers described in the Contract for Deed Exception shall be treated as meeting the requirements of this subsection (6).

7. The Department covenants to require and the Program Agreement requires, that each 2025B Mortgage Loan include provisions for acceleration in the event that the Department discovers that any of such mortgage eligibility requirements have not been met with respect to such 2025B Mortgage Loan.

8. The following terms used in this Section 4.3 shall have the respective meanings set forth in Section 143 of the Code and the Regulations promulgated thereunder: acquisition cost, applicable median family income, average area purchase price, family income, mortgage, present ownership interest, principal residence, residence, single family residence, and targeted area residence.

Section 4.4. Targeted Area Residences. The Department covenants that an amount equal to at least 20% of the Sale Proceeds of the Series 2025B Bonds and Investment Proceeds thereon that are made available for the purchase of 2025BC Mortgage Loans has been or will be made available for at least one year after the date on which owner-financing was first made available with respect to targeted area residences (within the meaning of Section 143(j) of the Code). The Department will attempt with reasonable diligence to use such proceeds to purchase mortgage loans pertaining to such targeted area residences by conducting an advertising campaign reasonably designed to inform the general public of the availability of such proceeds, and will take such other and further actions to assure that, to the maximum extent practicable, such proceeds are used for such purpose.

Section 4.5. Mortgage Rate. The Department will take all actions necessary to ensure that the blended Yield on the 2025B Mortgage Loans properly allocable under Sections 1.148-1 through 1.148-10 of the Regulations to the Series 2025B Bonds will not exceed the Yield on the Series 2025B Bonds (all as computed by or on behalf of the Department in accordance with Section 143(g) of the Code and Sections 1.148-1 and 1.148-10 of the Regulations) by more than 1.125%. To the extent that the Yield on the 2025B Mortgage Loans exceeds the Yield on the Series 2025B Bonds by more than 1.125%, the Department will make yield reduction payments ("Yield Reduction Payments") to the federal government as set forth in Section 1.148-5(c) of the Regulations and as set forth below.

Section 4.6. Rebate Requirement. The Department covenants to comply with the requirement that "rebatable arbitrage earnings" on the investment of the Gross Proceeds of the Series 2025B Bonds, within the meaning of Section 148(f) of the Code, be rebated to the federal government.

1. Delivery of Documents and Money on Computation Dates. The Department shall deliver to the Trustee, within 55 days after each Computation Date for the Series 2025B Bonds,

(i) a statement, signed by an Authorized Representative of the Department, stating the Rebate Amount for the Series 2025B Bonds as of such Computation Date and the amount of any Yield Reduction Payment due;

(ii) (A) if such Computation Date is an Installment Computation Date, an amount which, together with any amount then held in the 2025B Rebate Fund, is equal to at least 90% of the Rebate Amount as of such Installment Computation Date, less any "previous rebate payments" (determined in accordance with Section 1.148-3(f)(1) of the Regulations), made to the United States of America with respect to the Series 2025B Bonds and Yield Reduction Payments, or (B) if such Computation Date is a Final Computation Date, an amount which, together with any amount then held for the credit of the 2025B Rebate Fund is equal to the Rebate Amount as of such Final Computation Date, less any "previous rebate payments" (determined in accordance with Section 1.148-3(f)(1) of the Regulations), made to the United States of America with respect to the Series 2025B Bonds and Yield Reduction Payments; and

(iii) an Internal Revenue Service Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate ("Form 8038-T") properly signed and completed as of such Computation Date.

2. Correction of Underpayments. If the Department discovers or is notified that any amount due to the United States of America in an amount described in Section 4.6.1(ii) above has not been paid as required pursuant to Section 2.12 hereof or that any payment paid to the United States of America pursuant hereto has failed to satisfy any requirement of Section 148(f) of the Code or Section 1.148-3 of the Regulations (whether or not such failure shall be due to any default by the Department or the Trustee), the Department will (i) deliver to the Trustee (for deposit to the 2025B Rebate Fund) and cause the Trustee to pay to the United States of America from the 2025B Rebate Fund (A) the Rebate Amount or Yield Reduction Payments that the Department failed to pay, plus any interest specified in Section 1.148-3(h)(2) of the Regulations, if such correction payment is delivered to and received by the Trustee within 175 days after such discovery or notice, or (B) if such correction payment is not delivered to and received by the Trustee within 175 days after such discovery or notice, the amount determined in accordance with clause (A) of this subparagraph plus the 50 percent penalty required by Section 1.148-3(h)(1) of the Regulations, and (ii) deliver to the Trustee and the Department a Form 8038-T completed as of such date. If such Rebate Amount or Yield Reduction Payments, together with any penalty and/or interest due, is not paid to the United States of America in the amount and manner and by the time specified in the Regulations, the Department will take such steps as are necessary to prevent the Series 2025B Bonds from becoming an "arbitrage bond" within the meaning of Section 148 of the Code. The Trustee shall not be liable for any penalties incurred with respect to the calculation and payment of the Rebate Amount or Yield Reduction Payments.

3. Records. The Department will retain all of its accounting records relating to the Funds, Accounts and Subaccounts and all calculations made in preparing the statements described in this Section 4.6 for at least three years after the later of (i) the final maturity of the Series 2025B Bonds or (ii) the first date on which no Series 2025B Bonds is Outstanding.

4. Fees and Expenses. The Department agrees to pay all of the fees and expenses of a nationally recognized bond counsel, a certified public accountant and any Rebate Analyst or other necessary consultant employed by the Department or the Trustee in connection with computing the Yield Reduction Payments and Rebate Amount.

5. No Diversion of Rebatable Arbitrage. The Department will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the Gross Proceeds of the Series 2025B Bonds that is not purchased at fair market value (as defined in Section 1.148-5(d)(6)(iii) of the Regulations) or includes terms that the Department would not have included if the Series 2025B Bonds were not subject to Section 148(f) of the Code.

6. Rebate Not Required in Certain Circumstances.

(i) Notwithstanding the foregoing, the Department will not be required to perform the obligations set forth in this Section 4.6, except for the obligation to retain accounting records and the payment of expenses as described herein, if (A) the Yield on the Mortgage Loans does not exceed the Yield on the Bonds by more than 1.125% or (B) the Department has not earned any "rebatable arbitrage earnings" and, therefore, is not subject to the rebate obligation set forth in Section 148(f) of the Code. To the extent that the Department will not be required to perform such obligations, the Department will send written notice to the Trustee within 55 days after the applicable Computation Date.

(ii) Notwithstanding anything to the contrary in this 2025B Series Supplement requiring a payment to be made based on the Rebate Analyst's calculations showing a rebate being due, no payment will be made by the Trustee to the United States of America if the Department furnishes to the Trustee a Favorable Opinion of Bond Counsel.

Section 4.7. No-Arbitrage Covenant. The Department covenants that it will make such use of the Gross Proceeds of the Series 2025B Bonds and related Revenues, regulate investments of proceeds of the Series 2025B Bonds and related Revenues, and take such other and further action as may be required so that the Series 2025B Bonds will not be "arbitrage bonds" within the meaning of Section 148(a) of the Code. The Department hereby expressly reserves the right to direct the Trustee or any Depository to make specific investments to ensure compliance with this Section 4.7 and Section 4.8.

Section 4.8. Limitations on Investment of Reserve Amounts. The Department covenants that at no time will the aggregate amount of money held in any reasonably required reserve for the Series 2025B Bonds that is invested in Nonpurpose Investments and at a yield higher than the yield on such Series 2025B Bonds, exceed the least of (i) 10% of the Sale Proceeds of the Series 2025B Bonds; (ii) the maximum annual principal and interest requirements on the issue, or (iii) 125 percent of the average annual principal and interest requirements on the issue.

Section 4.9. Limitations on Costs of Issuance. The Department covenants and agrees that the Costs of Issuance financed with the Proceeds of the Series 2025B Bonds will not exceed two percent of the Sale Proceeds of the Series 2025B Bonds.

Section 4.10. No Federal Guaranty. The Department covenants not to take any action, or knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause any of the Series 2025B Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code, except as permitted by Section 149(b) of the Code.

Section 4.11. Information Reporting. The Department covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Series 2025B Bonds are issued, an information statement concerning the Series 2025B Bonds, all under and in accordance with Section 149(e) of the Code, and that it will file or cause to be filed such additional information reports as may be required by Section 149(e) of the Code.

Section 4.12. Changes in Use of Mortgaged Property. The Department acknowledges that the provisions of Section 150(b) of the Code (relating to changes in use of property financed with the proceeds of private activity bonds) apply to the 2025B Mortgage Loans (including Mortgage Loans represented by Mortgage Certificates), and covenants to advise each Borrower with respect to a Mortgage Loan of such provisions.

Section 4.13. Use of Repayments to Redeem Series 2025B Bonds. So long as any of the Series 2025B Bonds are Outstanding, the Department covenants that each Mortgage Loan Principal Payment with respect to a 2025B Mortgage Loan received on or after the ten year anniversary of the Issuance Date will be used to redeem Series 2025B Bonds not later than the close of the first semiannual period beginning after the date such Mortgage Loan Principal Payment is received, unless the Department has received a Favorable Opinion of Bond Counsel and the Department has fulfilled the other requirements of Section 2.7 hereof with respect to the use of such payments to redeem other Bonds.

Section 4.14. Recapture. The Department covenants and agrees to comply with the provisions of Section 143(m) of the Code (regarding the recapture of a portion of the federal subsidy from the use of qualified mortgage bonds) with respect to each 2025B Mortgage Loan.

Section 4.15. Bonds are not Hedge Bonds. The Department covenants and agrees that not more than 50% of the Sale Proceeds of the Series 2025B Bonds will be invested in Nonpurpose Investments having a substantially guaranteed yield for four years or more within the meaning of Section 149(g)(3)(A)(ii) of the Code, and the Department reasonably expects that at least 85% of the spendable proceeds of the Series 2025B Bonds will be used to carry out the governmental purposes of the Series 2025B Bonds within the three-year period beginning on the Issuance Date.

Section 4.16. Sale of 2025BC Mortgage Certificates. Notwithstanding any other provision of the Indenture, the Department may sell the 2025BC Mortgage Certificates in whole or in part only upon delivery by the Department of (i) a Counsel's Opinion that such sale will not cause all or any portion of the 2025B Mortgage Certificates, or the Series 2025B Bonds to be classified as a "taxable mortgage pool" within the meaning of Section 7701(i) of the Code; and (ii) written confirmation from each Rating Agency that such sale will not adversely affect the then current ratings on the Bonds (determined without regard to any bond insurance or similar credit enhancement).

Section 4.17. Record Retention. The Department will retain all pertinent and material records relating to the use and expenditure of the proceeds of the Series 2025B Bonds until three years after the last Series 2025B Bond is redeemed or paid at maturity, or such other period as authorized by subsequent guidance issued by the Department of Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For

this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the Department to retrieve and reproduce such books and records in the event of an examination of the Series 2025B Bonds by the Internal Revenue Service.

Section 4.18. Continuing Obligation. Notwithstanding any other provision of this 2025B Series Supplement, the Department's obligations under the covenants and provisions of this Article IV will survive the defeasance and discharge of the Series 2025B Bonds for as long as such matters are relevant to the excludability of interest on the Series 2025B Bonds from gross income for federal income tax purposes.

ARTICLE V

OTHER MATTERS

Section 5.1. *Reserved*.

Section 5.2. Transfer of Unexpended Proceeds. On the last day of the Certificate Purchase Period (or such earlier date as directed in writing by the Department), unless the Certificate Purchase Period is extended in accordance with this Section 5.2, the Trustee shall transfer the amounts in the 2025B Mortgage Loan Account remaining unexpended for acquisition of 2025BC Mortgage Certificates in such amounts as provided in a Letter of Instructions from the 2025B Mortgage Loan Account to the 2025B Special Redemption Account to be applied to the redemption of Series 2025B Bonds pursuant to Section 2.7.1 hereof. The Certificate Purchase Period for amounts in the 2025B Mortgage Loan Account may be extended to a date certain as set out in a Letter of Instructions to the Trustee, but not later than November 1, 2028, upon delivery to the Trustee no later than 30 days prior to the last day of the then existing Certificate Purchase Period of the following:

1. a Favorable Opinion of Bond Counsel; and

2. confirmation from each Rating Agency that such extension will not adversely affect the rating on the Series 2025B Bonds assigned by such Rating Agency.

The Department shall provide written notice to the Servicer at least thirty (30) days prior to the last day of the then existing Certificate Purchase Period of any such proposed extension of the Certificate Purchase Period.

Section 5.3. Application of Amounts in 2025B Revenue Account.

1. Unless otherwise directed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate and a confirmation from each Rating Agency of the then current ratings on the Series 2025B Bonds, all Revenues received with respect to the 2025BC Mortgage Certificates shall be deposited in the 2025B Revenue Account.

2. Pursuant to subsection 3 of Section 505 of the Indenture, the Trustee shall transfer from the 2025B Revenue Fund amounts on deposit therein in accordance with a Letter of Instructions and in the following order of priority:

(i) First, on each Interest Payment Date or any other date for the redemption of the Series 2025B Bonds, to the 2025B Interest Account, to the extent required so that the balance in said account equals the amount of interest which will be due and payable on the Series 2025B Bonds on such Interest Payment Date or redemption date;

(ii) Second, monthly, upon receipt of Mortgage Loan Principal Payments, to the 2025B Principal Account, one-sixth of the aggregate amount required to pay maturing principal and the unsatisfied balance of any Sinking Fund Installment on any Series 2025B Bonds on the next Interest Payment Date;

(iii) Third, monthly, upon receipt of Mortgage Loan Principal Payments, to the 2025B Special Redemption Account, the amount required to reduce the Outstanding principal amount of the Premium PAC Term Bond to the Premium PAC Term Bond Outstanding Applicable Amount for such monthly period, and the Trustee shall use such funds either on the next Interest Payment Date, or if the Outstanding Series 2025B Bonds as of such Interest Payment Date are less than the 2025B Cumulative Applicable Amount, on the first day of the next month for which notice can be given following such Interest Payment Date to redeem Series 2025B Bonds pursuant to Section 2.7.2 hereof; and

(iv) Fourth, monthly, upon receipt of Mortgage Loan Principal Payments, to the 2025B Special Redemption Account, any remaining Mortgage Loan Principal Payments to be applied monthly to the redemption of Series 2025B Bonds pursuant to Section 2.7.2 hereof.

Section 5.4. Application of Residual Revenues.

1. Prior to the date the Series 2025C Bonds are no longer Outstanding, the Trustee shall transfer any amounts as set forth or described in a Letter of Instructions from the 2025B Residual Revenues Account either to (x) the 2025B Special Redemption Account to redeem Series 2025B Bonds in accordance with Section 2.7.3 hereof, or (y) the 2025C Revenue Account to pay Series 2025C Bonds in accordance with Section 5.3.2 of the 2025C Series Supplement.

2. If no Series 2025C Bonds are Outstanding, the Trustee shall transfer any amounts as set forth or described in a Letter of Instructions from the 2025B Residual Revenues Account to the 2025B Special Redemption Account to redeem Series 2025B Bonds in accordance with Section 2.7.3 hereof.

Section 5.5. Limitations on Mortgage Loans. The Department covenants and agrees that each Mortgage Loan contained in a mortgage pool represented by a 2025BC Mortgage Certificate shall satisfy the following requirements:

1. each 2025BC Mortgage Loan shall bear interest (which interest shall be payable in arrears) at the applicable rate in accordance with the Program Agreement;

2. each 2025BC Mortgage Loan shall have a term of 30 years and shall provide for level monthly payments and full amortization over the term thereof;

3. each 2025BC Mortgage Loan shall be secured by a Mortgage creating a first lien on the residence being financed with the proceeds of such 2025BC Mortgage Loan;

4. each 2025BC Mortgage Loan shall be (A) insured by the FHA pursuant to Section 203, 221(d)(2) or 234(c) of the National Housing Act of 1934, as amended, in accordance with the applicable standards of the FHA, (B) guaranteed by the VA under the Servicemen's Readjustment Act of 1945, as amended, in accordance with applicable standards of the VA, or (C) guaranteed by RHS under the Cranston-Gonzales National Affordable Housing Act of 1990;

5. each 2025BC Mortgage Loan shall be further secured by Supplemental Mortgage Security in the form of the guaranty provided by Ginnie Mae pursuant to a Ginnie Mae Certificate;

6. each residence financed with a 2025BC Mortgage Loan shall be a single family attached or detached house, a single unit in a condominium development or a planned unit development or a qualifying duplex (but not a triplex or fourplex or manufactured housing that is not permanently affixed to real property owned by the Borrower);

7. each 2025BC Mortgage Certificate shall be acquired by the Department with moneys disbursed from the 2025B Mortgage Loan Account and/or 2025C Mortgage Loan Account during the Certificate Purchase Period; and

8. such other requirements as may be set forth in the Program Agreement.

The Department covenants and agrees that each DPA Loan meets the requirements set forth in the Program Guidelines.

Section 5.6. Covenant Relating to the Program Agreement. The Department represents and covenants that the Program Agreement incorporates the requirements set forth in Article IV and Section 5.5 of this 2025B Series Supplement. The Department further covenants and agrees to obtain, prior to or upon any amendment thereof, a Counsel's Opinion that: (i) the form and substance of such amendment are consistent with the requirements of the Indenture and this 2025B Series Supplement; and (ii) that the execution and delivery of such amendment by the Department, the Trustee and one or more Mortgage Lenders, and the consummation of the transactions contemplated thereby, will not adversely affect the exclusion of the interest on the Series 2025B Bonds from the gross income of the Holders thereof for purposes of federal income taxation.

Section 5.7. Depository. In accordance with Section 914 of the Indenture, the Department hereby appoints the Texas Treasury Safekeeping Trust Company as Depository for the purpose of holding, administering and investing the moneys and securities required to be credited to all Accounts, all as more fully provided in the Depository Agreement.

Section 5.8. Certain Requirements Applicable to Cashflow Statements. The Department covenants and agrees, with respect to each Cashflow Statement filed with the Trustee, that such Cashflow Statement shall demonstrate the sufficiency of the anticipated Revenues (as more fully set forth in Section 711 of the Indenture).

Section 5.9. Certain Conditions of Issuance of the Series 2025B Bonds. The Series 2025B Bonds shall be executed by the Department and, except for the Initial Bond, shall be delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered by it to the Department or upon its order, but only upon receipt by the Trustee of the following (in addition to the documents required under the Indenture):

1. an executed counterpart of this 2025B Series Supplement;

2. a certificate of an Authorized Representative of the Department to the effect that, on the basis of all facts and estimates and circumstances (including covenants of the Department contained in the Indenture) reasonably expected to be in existence on the Issuance Date, it is not expected that the proceeds of the Series 2025B Bonds will be used in a manner that would cause the Series 2025B Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code and applicable Regulations thereunder, and such certificate shall set forth such facts, estimates, and circumstances (including covenants of the Department contained in the Indenture), which may be in brief and summary terms, and shall state that to the best of the knowledge and belief of such Authorized Representative of the Department there are no other facts, estimates, or circumstances that would materially change such expectation;

3. an executed counterpart of the Depository Agreement in satisfaction of the requirements of subsection 1 of Section 914 of the Indenture, together with an opinion of counsel to the Depository regarding the enforceability thereof; and

4. the amounts specified in this 2025B Series Supplement to be deposited in the Accounts and Subaccounts as required therein.

Section 5.10. Sale of Series 2025B Bonds. The Series 2025B Bonds shall be sold to the Underwriters at an aggregate purchase price $[PURCHASE PRICE] (representing the par amount of the Series 2025B Bonds, plus a premium in the amount of $[PREMIUM]), subject to the terms and conditions set forth in the Purchase Agreement, and upon the basis of the representations therein set forth.

Section 5.11. Execution in Several Counterparts. This 2025B Series Supplement may be simultaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

Section 5.12. Certain Duties of the Department. The Department covenants and agrees that, in addition to such other duties as may be required under the Indenture and this 2025B Series Supplement, the Department will not voluntarily take any action or fail to take any action that will impair the ability of the Department to satisfy the asset test set forth in subsection 2 of Section 512 of the Indenture during any period in which the Series 2025B Bonds remain Outstanding.

Section 5.13. No Recourse on Series 2025B Bonds. No recourse shall be had for payment of the principal or Redemption Price of or interest on the Series 2025B Bonds or for any claim based thereon or on this 2025B Series Supplement against any Board member, officer or employee of the Department or the Trustee or any person executing or authenticating the Series 2025B Bonds, and neither the Board members, officers or employees of the Department or the Trustee,

nor any person executing or authenticating the Series 2025B Bonds shall be liable personally on the Series 2025B Bonds by reason of the issuance thereof.

Section 5.14. Protection of Trust Estate.

1. At the request of the Trustee, the Department will from time to time execute and deliver all such supplements and amendments hereto and all such financing statements, continuation statements, instruments of further assurance and other instruments, and will take such other action as may be necessary or advisable to:

(i) grant more effectively all or any portion of the Trust Estate;

(ii) maintain or preserve the lien of the Indenture and this 2025B Series Supplement or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by the Indenture or this 2025B Series Supplement;

(iv) enforce any of the documents executed in connection with this 2025B Series Supplement;

(v) preserve and defend title to the Trust Estate and the rights of Trustee and of owners of the Series 2025B Bonds in the other property held as part of the Trust Estate against the claims of all Persons and parties; or

(vi) pay all taxes or assessments levied or assessed upon the Trust Estate when due.

2. The Department hereby designates the Trustee as its agent and attorney-in-fact to execute any financing statement, continuation statement or other instrument required pursuant to this Section 5.14; provided, however, that such designation shall not be deemed to create a duty on the Trustee to monitor the compliance of the Department with the foregoing covenants and provided further, that the duty of the Trustee to execute any instrument required pursuant to this Section 5.14 shall arise only if the Trustee has actual knowledge or has been notified in writing of any failure of the Department to comply with the provisions of this Section 5.14. Such power- of-attorney is coupled with an interest and is irrevocable, and the Department hereby ratifies and confirms all that the Trustee may do by virtue thereof. The Department shall be responsible for all reasonable costs incurred by the Trustee in the preparation and filing of all such continuation statements hereunder. Notwithstanding anything to the contrary contained herein or in the Indenture, the Trustee shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interest, the accuracy or sufficiency of any description of collateral in such initial filings or the filing of any modifications or amendments to the initial filings required by any amendments to Chapter 9 of the Texas Business and Commerce Code. Unless the Trustee shall have been notified in writing by the Department that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in relying on such initial filing and the information contained therein when filing any continuation statements or modifications thereto pursuant to this Section 5.14 or Section 1205 of the Indenture and when filing any continuation statements in the same filing offices as the initial filings were made.

Section 5.15. Continuing Disclosure Relating to Other Obligated Persons. The Board hereby determines that an Other Obligated Person would be an "obligated person" (as defined in Rule 15c2-12 (the "Rule")), for whom financial information and operating data would be presented in any final official statement relating to the Series 2025B Bonds had such Person been known at the time of the offering thereof. Based upon the objective criteria specified in the definition of Other Obligated Person, the Board concludes that no Borrower eligible to participate in the Program would be an Other Obligated Person.

Section 5.16. Agreement Regarding Assumption of Certain Home Loans. The Board agrees not to permit the assumption of any Mortgage Loan that would cause any Person to become an Other Obligated Person.

Section 5.17. Responsibilities of Trustee. Notwithstanding anything to the contrary in the Indenture: (a) subject to the provisions of subsection 2 of Section 902 of the Indenture, the Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct; and (b) the Trustee may act through agents or attorneys and shall not be responsible for the misconduct or negligence of such agents or attorneys appointed with due care. Subject to the provisions of Section 902 of the Indenture, the Department further agrees, to the extent permitted by law, to indemnify and save the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to the Trustee's negligence or willful misconduct. If the Trustee renders any service hereunder not provided for in the Indenture or this 2025B Series Supplement or related financing documents or institutes interpleader proceedings relative hereto, the Trustee shall be compensated reasonably by the Department for such extraordinary services and reimbursed for any and all claims, liabilities, losses, damages, fines, penalties, and expenses, including out of pocket and incidental expenses and legal fees and expenses occasioned thereby. The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds. The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty.

Section 5.18. Verifications of Statutory Representations and Covenants. The Trustee makes the following verifications, representation and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code (the "Government Code"), each as heretofore amended, in entering into this 2025B Series Supplement, the 2025C Series Supplement, Depository Agreement and the Continuing Disclosure Agreement dated as of [June] 1, 2025, between the Department and the Trustee (the "Disclosure Agreement", and together with the 2025B Series Supplement, the 2025C Series Supplement and the Depository Agreement, each a "Representation Document"). As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of the respective Representation Document shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of such Representation Document, notwithstanding anything in the applicable Representation Document to the contrary. [***NTD: SUBJECT TO UPDATE AS A RESULT OF STATE LEGISLATIVE SESSION***.]

1. *Not a Sanctioned Company*. The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153, Government Code, or Section 2270.0201, Government Code. The foregoing representation excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

2. *No Boycott of Israel*. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of each Representation Document. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

3. *No Discrimination Against Firearm Entities*. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of each Representation Document. 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.

4. *No Boycott of Energy Companies*. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of each Representation Document. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

The Trustee represents and verifies that it is aware of the Office of the Texas Attorney General's ("Texas Attorney General") All Bond Counsel Letter, dated November 1, 2023, that is available on the website of the Texas Attorney General using the following link: (https://www.texasattorneygeneral.gov/sites/default/files/files/divisions/public-finance/ABCLetter-11-01-2023.pdf) and the Texas Attorney General's supplemental All Bond Counsel Letter, dated November 16, 2023, that is available on the website of the Texas Attorney General using the following link: (https://texasattorneygeneral.gov/sites/default/files/files/divisions/public-finance/ABCLetter-11-06-2023.pdf). The Trustee represents and verifies that the Trustee has on file a standing letter ("Standing Letter"), in the form set forth as Exhibit A to the Updated Recommendations for Compliance with Texas BPA Verification and Representation Requirements issued by the Municipal Advisory Council of Texas, dated December 1, 2023 (available at https://www.mactexas.com/Document/HB89Letter/), addressing the representations and verifications in this Section 5.18.1 through 5.18.4.

The Trustee further represents and verifies that its Standing Letter remains in effect as of the Issuance Date and that the Texas Attorney General has not notified the Trustee that a determination has been made that the Trustee boycotts energy companies or has a policy that

discriminates against firearm entities or firearm trade associations under the laws of the State of Texas.

Section 5.19. Instructions via Electronic Means. The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions"), given pursuant to the Indenture and delivered using Electronic Means; provided, however, that the Department shall provide to the Trustee an incumbency certificate listing Authorized Representatives of the Department with the authority to provide such Instructions and containing specimen signatures of such Authorized Representative of the Department, which incumbency certificate shall be amended by the Department whenever a person is to be added or deleted from the listing. "Electronic Means" as used herein shall mean the following communications methods: e-mail, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder. If the Department elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Department understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by or on behalf of an Authorized Representative listed on the incumbency certificate provided to the Trustee have been sent by or on behalf of such Authorized Representative. The Department shall be responsible for ensuring that only Authorized Representatives of the Department transmit or authorize the transmission of such Instructions to the Trustee and that the Department and all Authorized Representatives of the Department are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Department. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Department agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception or misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by Department; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 5.20. Letter of Instruction; Written Instructions. The Trustee may conclusively rely on any Letter of Instructions or written instructions delivered to the Trustee and shall not be responsible for any loss or liability resulting from the investment of funds or otherwise, but only so long as the Trustee follows such Letter of Instructions or written instructions in all material respects.

[signature pages follow]

IN WITNESS WHEREOF, the Department and the Trustee have caused this 2025B Series Supplement to be signed, sealed, and attested on their behalf by their duly authorized representatives, all as of the date first hereinabove written.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

By: _____
Director of Bond Finance

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF BOND

UNITED STATES OF AMERICA

STATE OF TEXAS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
RESIDENTIAL MORTGAGE REVENUE AND REFUNDING BOND
SERIES 2025B

THE ORIGINAL PRINCIPAL AMOUNT OF THIS BOND IS SUBJECT TO REDUCTION UPON PAYMENT OF AMOUNTS CAUSING A PARTIAL REDEMPTION OF THIS BOND AS PROVIDED HEREIN; THE OUTSTANDING PRINCIPAL AMOUNT OF THIS BOND WILL BE AS SHOWN ON THE REGISTRY BOOKS KEPT BY THE WITHIN-NAMED TRUSTEE

[THE STATED PRINCIPAL AMOUNT OF THIS BOND WHILE REGISTERED IN THE NAME OF THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK, OR ITS NOMINEE MAY BE REDUCED BY THE AMOUNT OF REDEMPTIONS OF ANY BONDS OR PORTIONS THEREOF][1]

No. _____ $_____

Interest Rate:	Dated Date:	CUSIP:	Maturity Date:
_____	_____	_____	_____

Registered Owner: _____

Principal Amount: _____ DOLLARS

The TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (herein called the "Department"), a public and official agency of the State of Texas, acknowledges itself indebted to, and FOR VALUE RECEIVED, hereby promises to pay to the registered owner named above or registered assigns, but solely from the sources and in the manner hereinafter provided, on the maturity date specified above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such principal amount in like coin or currency from the Dated Date (as defined below) of this Bond or from the most recent date to which interest on this Bond (or any Bond in exchange for, or

[1] To be deleted from the Initial Bond, and be included only in Series 2025B Bonds registered in the name of DTC or its nominee.

in lieu of, which this Bond was issued), has been paid at the interest rate per annum set forth above, calculated on the basis of a 360-day year composed of twelve 30-day months, payable on [January 1, 2026], and each July 1 and January 1 thereafter, and on any other date on which this Bond is subject to redemption (each, an "Interest Payment Date") to the date of maturity or earlier redemption, until the Department's obligation with respect to the payment of such principal amount shall be discharged. The principal amount or Redemption Price of this Bond shall be payable upon presentation and surrender of this Bond, at the applicable office of The Bank of New York Mellon Trust Company, N.A. (such bank and any successor in such capacity being referred to as the "Trustee"). The interest on each Series 2025B Bond shall be paid by check mailed on the Interest Payment Date to the Person in whose name such Series 2025B Bond is registered at the close of business on the 15th day of the month (whether or not a Business Day) immediately preceding the applicable Interest Payment Date, at the address of such Person as shown on the Bond registration books kept by the Trustee. Notwithstanding the foregoing, in no event shall the cumulative amount of interest paid or payable on any Bond (including interest calculated as provided in the Indentures (as defined below), together with all other amounts that constitute interest on the Bonds under the laws of the State of Texas that are contracted for, charged, reserved, taken or received pursuant to the Indentures) through any Interest Payment Date or through the date of payment of such Bond (whether at maturity, by acceleration or upon earlier redemption) exceed the "net interest cost" that will produce a "net effective interest rate" of greater than 15% per annum or, to the extent allowed by law, such greater "net effective interest rate" as may be allowed from time to time. The terms "net interest cost" and "net effective interest rate," as used herein, shall have the respective meanings ascribed to them in Chapter 1204, Texas Government Code, as amended. This Bond shall be dated as of the date six months preceding the Interest Payment Date next following the date of authentication hereof by the Trustee, unless such date of authentication shall be an Interest Payment Date, in which case this Bond shall be dated as of such Interest Payment Date, or unless such date of authentication shall be prior to [January 1, 2026], in which case this Bond shall be dated as of the Issuance Date; provided that if interest on this Bond shall be in default, Bonds issued in lieu of this Bond upon surrender for transfer or exchange may be dated as of the date to which interest has been paid in full on the Bonds surrendered (herein, the "Dated Date").

This Bond is a limited obligation of the Department and is one of the Bonds of the Department designated "Residential Mortgage Revenue Bonds" (herein called the "Bonds"), issued and to be issued in various series under and pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as such may be amended from time to time (together with the laws of the State of Texas applicable to the Department, collectively, the "Act"), and Chapter 1371, Texas Government Code, as amended, and under and pursuant to an indenture of the Department entitled "Amended and Restated Residential Mortgage Revenue Bond Trust Indenture", dated as of July 1, 2019, as amended and supplemented (herein called the "Indenture"), and a supplemental indenture of the Department entitled "Forty-Sixth Supplemental Residential Mortgage Revenue Bond Trust Indenture", dated as of [June] 1, 2025, authorizing the series of Bonds of which this Bond is a part (herein called the "2025B Series Supplement" and together with the Indenture called the "Indentures"). All defined terms used herein, but not otherwise defined, shall have the same definitions ascribed to them in the Indentures. As provided in the Indenture, Bonds may be issued from time to time pursuant to supplemental indentures in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and subject to the provisions thereof, may otherwise vary. All Bonds issued and to

be issued under the Indenture are and will be equally secured by the pledges, assignments in trust and covenants made therein, except as otherwise expressly provided or permitted in the Indenture.

THE PRINCIPAL OF AND INTEREST AND PREMIUM, IF ANY, ON THIS BOND ARE LIMITED OBLIGATIONS OF THE DEPARTMENT AND ARE PAYABLE ONLY FROM REVENUES OR FUNDS OF THE DEPARTMENT PLEDGED UNDER THE INDENTURES. THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH OR CREDIT OR TAXING POWER OF THE STATE OF TEXAS. THE DEPARTMENT HAS NO TAXING POWER.

This Bond is one of a series of Bonds designated "Residential Mortgage Revenue and Refunding Bonds, Series 2025B" (herein sometimes called the "Series 2025B Bonds") issued in the aggregate initial principal amount of $[187,500,000] under the Indentures for the purpose of (i) acquiring Mortgage Loans, or participations therein, through the purchase of the 2025BC Mortgage Certificates, including providing down payment and closing cost assistance with respect to Assisted Mortgage Loans, (ii) paying lender compensation related to the 2025BC Mortgage Loans, (iii) repaying and/or currently refunding the Repaid FHLB Advances, thereby making funds available to acquire Mortgage Loans, or participations therein, through the purchase of the 2025BC Mortgage Certificates and (iv) paying Costs of Issuance. Copies of the Indentures are on file at the office of the Department and at the applicable office of the Trustee and reference to the Indentures and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges, assignments in trust, and covenants securing the Bonds; the nature, extent, and manner of enforcement of such pledges, assignments in trust, and covenants; the rights and remedies of the registered owners of the Bonds with respect thereto; the terms and conditions upon which the Bonds are issued and may be issued thereunder; and other matters, to all of which the owner of this Bond assents by the acceptance of this Bond. To the extent of any conflict between the terms and provisions of the Indentures and the terms and provisions of this Bond, the Indentures shall govern and control.

The owner of this Bond shall have no right to enforce the provisions of the Indentures, or to institute any action with respect to any Event of Default (as defined in the Indenture), or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in the Indentures.

This Bond is transferable, as provided in the Indentures, only upon the books of the Department kept for that purpose at the above-mentioned office of the Trustee, by the registered owner hereof in person, or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon, a new Bond or Bonds in the same aggregate principal amount and maturity shall be issued to the transferee in exchange herefor as provided in the Indentures, and upon payment of the charges therein prescribed. The Department and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal, Redemption Price or purchase price hereof and interest due hereon and for all other purposes.

[EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURES, THIS BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF DTC OR TO A SUCCESSOR BOND DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR BOND DEPOSITORY.][2]

The Series 2025B Bonds are issuable only in the form of fully registered Bonds without coupons in the denomination of $5,000 principal amount or any integral multiple thereof.

To the extent and in the manner permitted by the terms of the Indentures, the provisions of the Indentures, or any indenture amendatory thereof or supplemental thereto, may be modified or amended by the Department, with the written consent of the holders of at least 2/3 in principal amount of the Bonds of each series so affected then outstanding under the Indentures; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain outstanding under the Indentures, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of the calculation of outstanding Bonds. No such modification or amendment shall permit any of the following, without the consent of each Bondholder whose rights are affected thereby: a change in the terms of maturity or redemption of any Bond or of any installment of interest thereon; a reduction in the principal amount or Redemption Price of any Bond or in the rate of interest thereon; the creation of a lien on or a pledge of the revenues pledged under the Indenture or any portion thereof that is superior to or on a parity with the lien of the Indenture; the granting of a preference or priority of any Bond or Bonds over any other Bond or Bonds; or a reduction in the aggregate principal amount or classes of Bonds, of which the consent of the registered owners is required to effect any such modification or amendment.

The Series 2025B Bonds are subject to redemption prior to stated maturity as set forth in the 2025B Series Supplement.

In lieu of redeeming Series 2025B Bonds, the Department has reserved the right in the Indenture to purchase such Bonds.

Written notice of redemption shall be provided to the registered owner of each Series 2025B Bond to be redeemed, as shown on the Bond registration books kept by the Trustee, at least 30 days prior to the redemption date, in the manner and upon the terms and conditions set forth in the Indentures. If notice of redemption shall have been given as aforesaid, the Series 2025B Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, moneys for the redemption of all the Series 2025B Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Series 2025B Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

The Department reserves the right to regulate or restrict the yield or return on the investment of the moneys in any fund, account, or subaccount created under the Indentures or any supplemental indenture, if in the opinion of counsel, such regulation or restriction is necessary in

[2] To be deleted from the initially issued Bonds.

order for the interest on the Bonds (other than any series of taxable Bonds issued under the Indenture) of any series issued or to be issued under the Indenture to be exempt from federal income taxation.

The Act provides that neither the officers or directors of the Department nor any person executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof.

It is hereby certified and recited that all conditions, acts, and things required by law and the Indentures to exist, to have happened, and to have been performed precedent to and in the issuance of this Bond, exist, have happened, and have been performed and that the issuance of this Bond and the series of Bonds of which it is a part are duly authorized by the laws of the State of Texas.

This Bond shall not be entitled to any benefit under the Indentures or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate or the execution by the Comptroller of Public Accounts of the State of Texas of the Comptroller's Registration Certificate hereon.

IN WITNESS WHEREOF, the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its duly authorized representative, and its corporate seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved, or otherwise reproduced and attested by the manual or facsimile signature of its Secretary.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

By: _____
[Vice] Chair

Attest:

_____
Secretary

(SEAL)

[FORM OF COMPTROLLER'S REGISTRATION
CERTIFICATE ON INITIAL BOND]

STATE COMPTROLLER'S REGISTRATION CERTIFICATE

OFFICE OF COMPTROLLER Register No. _____

STATE OF TEXAS

I HEREBY CERTIFY that there is on file and of record in my office an opinion of the Attorney General of the State of Texas approving this Bond and certifying that this Bond and the proceedings for the issuance thereof have been examined by him as required by law, and that he finds that this Bond has been issued in accordance with law and that it is a valid and binding limited obligation of the Texas Department of Housing and Community Affairs, payable from the revenues and other funds pledged to its payment by and in the proceedings authorizing the same, and I do further certify that this Bond has this day been registered by me as Comptroller.

WITNESS MY HAND AND SEAL OF OFFICE this _____.

_____
Comptroller of Public Accounts
of the State of Texas

(SEAL)

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION
ON EACH BOND OTHER THAN THE INITIAL BOND]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is to certify that the initial Bonds of this Series were approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this Bond is one of the Bonds delivered pursuant to the within-mentioned Indenture.

Date of Authentication:

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., Trustee

By:_____
Authorized Officer

[FORM OF ASSIGNMENT]

ASSIGNMENT

For value received, the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated:_____

_____

NOTICE: The signature(s) on this assignment must correspond in every particular with the name(s) of the registered owner(s) appearing on the face of the within Bond.

Signature guaranteed by:

_____

NOTICE: Signature must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements will include membership or participation in STAMP or such other signature guaranty program as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT B

PREMIUM PAC TERM BOND OUTSTANDING APPLICABLE AMOUNT

Date	Premium PAC Term Bond Outstanding Applicable Amount ($)	Date	Premium PAC Term Bond Outstanding Applicable Amount ($)
[CLOSING DATE]	$[_____]		
		[___] and thereafter	-

EXHIBIT C

2025B CUMULATIVE APPLICABLE AMOUNT

Date	2025B Cumulative Applicable Amount ($)	Date	2025B Cumulative Applicable Amount ($)
[CLOSING DATE]	$[187,500,000]		
		[___] and thereafter	-

EXHIBIT D

UNEXPENDED PROCEEDS REDEMPTION PRICE FOR PREMIUM PAC TERM BOND

[TO COME]

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

FORTY-SEVENTH SUPPLEMENTAL RESIDENTIAL MORTGAGE
REVENUE BOND TRUST INDENTURE

BETWEEN

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

AND

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., AS TRUSTEE

AUTHORIZING

$[62,500,000]
RESIDENTIAL MORTGAGE REVENUE BONDS,
TAXABLE SERIES 2025C

Dated as of [June] 1, 2025

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FORTY-SEVENTH SUPPLEMENTAL RESIDENTIAL MORTGAGE REVENUE BOND TRUST INDENTURE

THIS FORTY-SEVENTH SUPPLEMENTAL RESIDENTIAL MORTGAGE REVENUE BOND TRUST INDENTURE, dated as of [June] 1, 2025 (together with any amendments hereto, this "2025C Series Supplement"), is made by and between the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas (together with any successor to its rights, duties, and obligations hereunder, the "Department"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as trustee (as successor trustee to MTrust Corp, and together with any successor trustee hereunder, the "Trustee").

RECITALS

WHEREAS, the Department and the Trustee have heretofore executed and delivered that certain Amended and Restated Residential Mortgage Revenue Bond Trust Indenture dated as of July 1, 2019, as amended and supplemented from time to time (the "Indenture"), providing for the issuance from time to time by the Department of one or more series of its Residential Mortgage Revenue Bonds (collectively, the "Bonds"); and

WHEREAS, the Department has been created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as such may be amended from time to time (together with other laws of the State of Texas (the "State") applicable to the Department, the "Act"), for the purpose, among others, of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide safe and sanitary housing for persons and families of low and very low income and families of moderate income (as described in the Act and as determined by the Governing Board of the Department from time to time) at prices they can afford; and

WHEREAS, the Act authorizes the Department: (i) to make and acquire, and to enter into advance commitments to make and acquire, mortgage loans (including participations therein) secured by mortgages on residential housing in the State; (ii) to issue its bonds for the purpose of obtaining funds to make and acquire such mortgage loans or participations therein, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (iii) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such mortgage loans or participations therein, and to mortgage, pledge or grant security interests in such mortgages, mortgage loans or participations therein or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, Section 1002 of the Indenture authorizes the Department and the Trustee to execute and deliver a supplemental indenture, authorizing Bonds of a Series to include any other matters and things relative to such Bonds which are not inconsistent with or contrary to the Indenture, to add to the covenants of the Department, and to pledge other moneys, securities or funds as part of the Trust Estate; and

WHEREAS, pursuant to the Act and Chapter 1371, Texas Government Code, as amended ("Chapter 1371"), the Department has determined to issue its Residential Mortgage Revenue Bonds, Taxable Series 2025C in an aggregate principal amount of $[62,500,000] (the "Series 2025C Bonds") pursuant to the Indenture and this 2025C Series Supplement to obtain funds to acquire Mortgage Certificates backed by Mortgage Loans secured by mortgages on residential housing in the State owned and occupied by persons and families of low and very low income and families of moderate income, to provide down payment and closing cost assistance with respect to Assisted Mortgage Loans (as hereinafter defined), to pay lender compensation related to the 2025BC Mortgage Loans and to pay a portion of the Costs of Issuance (as hereinafter defined) of the Series 2025C Bonds, all under and in accordance with the Constitution and the laws of the State; and

WHEREAS, concurrently with the execution of this 2025C Series Supplement, the Department and the Trustee are also entering into that certain Forty-Sixth Supplemental Residential Mortgage Revenue Bond Trust Indenture of even date herewith (together with any amendments thereto, the "2025B Series Supplement") by and between the Department and the Trustee, pursuant to which the Department intends to issue its Residential Mortgage Revenue Bonds, Series 2025B (the "Series 2025B Bonds", and together with the Series 2025C Bonds, the "Series 2025BC Bonds") for the purposes described in the 2025B Series Supplement; and

WHEREAS, the execution and delivery of this 2025C Series Supplement and the issuance of the Series 2025C Bonds have been in all respects duly and validly authorized by a written resolution of the Governing Board of the Department; and

WHEREAS, the Trustee has accepted the trusts created by the Indenture and this 2025C Series Supplement and in evidence thereof has joined in the execution and delivery hereof; and

WHEREAS, except as provided herein, all acts and conditions and things required by the Constitution and laws of the State to happen, exist and be performed precedent to execution and delivery of this 2025C Series Supplement have happened, exist and have been performed as so required in order to make the Indenture, as supplemented by this 2025C Series Supplement, a valid, binding and legal instrument for the security of the Series 2025C Bonds and a valid and binding agreement in accordance with its terms;

NOW, THEREFORE, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Series 2025C Bonds by the holders thereof from time to time, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the further purpose of fixing and declaring the terms and conditions upon which the Series 2025C Bonds are to be issued, authenticated, delivered and accepted by the holders thereof from time to time, the Department and the Trustee do hereby mutually covenant and agree, for the equal and proportionate benefit of the respective holders from time to time of the Bonds, including the Series 2025C Bonds, as follows:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND PLEDGE OF SECURITY

Section 1.1. Supplemental Indenture. This 2025C Series Supplement is supplemental to, and is adopted in accordance with, Article III and Article X of the Indenture.

Section 1.2. Definitions.

1. Unless defined in subsection (2) of this Section 1.2 or unless the context shall require otherwise, all defined terms contained in the Indenture shall have the same meanings in this 2025C Series Supplement (other than in the form of Series 2025C Bond set forth in Exhibit A hereto) as such defined terms are given in Section 101 of the Indenture and in Section 1.2 of the 2025B Series Supplement.

2. As used in this 2025C Series Supplement (other than in the form of Series 2025C Bond set forth in Exhibit A hereto), unless the context shall otherwise require, the following terms shall have the following respective meanings:

"Account" or "Accounts" shall mean any one or more, as the case may be, of the separate special trust accounts pertaining to the Series 2025C Bonds created and established in Section 2.9 of this 2025C Series Supplement.

"Assisted Mortgage Loans" has the meaning given to such term in the 2025B Series Supplement.

"Authorized Denominations" shall mean $5,000 principal amount or any integral multiples thereof.

"Authorized Representative of the Department" shall mean the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance of the Department and the Secretary or any Assistant Secretary to the Board or any other employee or officer or member of the Department authorized to perform specific acts or duties by resolution duly adopted by the Board and as evidenced by a written certificate delivered to the Trustee containing the specimen signature of such person.

"Board" shall mean the Governing Board of the Department.

"Bond Counsel" shall mean a firm or firms of attorneys selected by the Department, and acceptable to the Trustee, experienced in the field of housing revenue bonds the interest on which is excludable from gross income for federal income tax purposes, and whose legal opinion on such bonds is acceptable in national bond markets.

"Bond Depository" shall mean The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, and any successor Bond Depository appointed pursuant to Section 913 of the Indenture and Section 2.6 hereof.

"Business Day" shall mean any day other than a (i) Saturday or Sunday, (ii) day on which banking institutions in New York, New York, the State, or the city in which the payment office of the Paying Agent is located are authorized or obligated by law or executive order to be closed for business, or (iii) day on which the New York Stock Exchange is closed.

"Certificate Accrued Interest" shall mean the amount of interest received in the month following the month of the purchase of a 2025BC Mortgage Certificate by the Trustee which represents the number of days of interest on such 2025BC Mortgage Certificate at the applicable Pass-Through Rate from the first day of the month of purchase to, but not including, the Certificate Purchase Date.

"Certificate Purchase Date" shall mean, with respect to a 2025BC Mortgage Certificate, the date of purchase thereof by the Trustee on behalf of the Department in accordance with the Servicing Agreement.

"Certificate Purchase Period" shall mean the period from the Issuance Date to and including [_____], but which may be extended in accordance with Section 5.2 of this 2025C Series Supplement.

"Chapter 1371" has the meaning given to such term in the recitals hereto.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in clauses (b) and (c).

"Compliance Agent" shall mean Hilltop Securities Inc., and its successors and assigns.

"Compliance Agreement" shall mean the Program Administration Agreement dated as of May 24, 2023, by and between the Department and the Compliance Agent, together with any amendments thereto.

"Comptroller" means the Comptroller of Public Accounts of the State of Texas.

"Contract for Deed Exception" shall mean the exception from certain Mortgage Loan eligibility requirements available with respect to a Borrower possessing land under a contract for deed, as provided in Section 143(i)(l)(C) of the Code.

"Costs of Issuance" shall mean costs to the extent incurred in connection with, and allocable to, the issuance of an issuance of obligations within the meaning of Section 147(g) of the Code. For example, Costs of Issuance include the following costs, but only to the extent incurred in connection with, and allocable to, the borrowing: underwriters' spread; counsel fees; financial advisory fees; fees paid to an organization to evaluate the credit quality of an issue; trustee fees; paying agent fees; bond registrar, certification and authentication fees; accounting fees; printing costs for bonds and offering documents; public approval process costs; engineering and feasibility study costs; guarantee fees, other than qualified guarantees; and similar costs.

"Counsel's Opinion" shall mean a written opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds (who may also be counsel to the Department) selected by the Department and satisfactory to the Trustee.

"Depository" shall mean the Texas Treasury Safekeeping Trust Company, acting in accordance with the Depository Agreement, and any bank or trust company appointed pursuant to Section 914 of the Indenture and Section 5.7 hereof to act as depository of certain moneys and investments.

"Depository Agreement" shall mean that certain Twentieth Supplement to Amended and Restated Depository Agreement dated as of the date hereof, by and among the Department, the Trustee and the Depository relating to the Series 2025BC Bonds, together with any amendments or supplements thereto.

"Depository Participant" shall mean a broker, dealer, bank, other financial institution or any other Person for whom from time to time a Bond Depository effects book-entry transfers and pledges of securities deposited with such Bond Depository.

"De Minimis Special Redemption" shall mean a one-time redemption of Series 2025C Bonds from unexpended Proceeds in an amount less than $500,000 that is treated as a Special Redemption from Mortgage Loan Principal Payments in accordance with Section 2.7.2 hereof.

"DPA Loan" has the meaning given to such term in the 2025B Series Supplement.

"Ginnie Mae" shall mean the Government National Mortgage Association, a wholly-owned corporate instrumentality of the United States of America within the Department of Housing and Urban Development, whose powers are prescribed generally by Title III of the National Housing Act of 1934, as amended (12 U.S.C. § 1716 et seq.), and any successor thereto.

"Ginnie Mae Certificate" shall mean a fully-modified, mortgage-backed, pass-through security issued by the Servicer in accordance with the applicable Ginnie Mae Guide bearing interest at the applicable Pass-Through Rate and representing the beneficial ownership interest in a Ginnie Mae pool, registered in the name of the Trustee and guaranteed as to timely payment of principal and interest by Ginnie Mae pursuant to Section 306(g) of Title III of the National Housing Act of 1934 and regulations promulgated thereunder backed by Mortgage Loans originated by Mortgage Lenders under the Program and packaged by the Servicer into a Ginnie Mae pool.

"Ginnie Mae Certificate Purchase Price" shall mean, with respect to the Program and the purchase of any Ginnie Mae Certificate thereunder by the Trustee on any Certificate Purchase Date, the total of 100% of the principal balance of the 2025BC Mortgage Loans in the applicable Mortgage Pool on record with Ginnie Mae (subject to adjustment upon written notice from the Department) on the first day of the month in which the subject Certificate Purchase Date occurs, but shall not include any Certificate Accrued Interest thereon.

"Ginnie Mae Guaranty Agreement" shall mean, with respect to the Program, the Commitment to Guarantee Mortgage-Backed Securities (Form HUD-11704) (whether one or more) issued by Ginnie Mae to the Servicer, together with any amendments or supplements thereto or extensions thereof.

"Indenture" shall mean the Amended and Restated Residential Mortgage Revenue Bond Trust Indenture dated as of July 1, 2019, between the Department and the Trustee, as supplemented and amended from time to time.

"Initial Bond" means the Series 2025C Bond approved by the Attorney General of the State of Texas and registered by the Comptroller.

"Interest Payment Date" shall mean, with respect to the Series 2025C Bonds, each January 1 and July 1, commencing [January 1, 2026], and any other date on which the Series 2025C Bonds are subject to redemption.

"Issuance Date" shall mean [CLOSING DATE], the date of initial issuance and delivery of the Series 2025C Bonds to the Underwriters, as initial purchasers thereof, in exchange for payment of the purchase price of the Series 2025C Bonds.

"Letter of Instructions" shall mean, with respect to the Series 2025C Bonds, a written directive and authorization to the Trustee or any Depository specifying the period of time for which such directive and authorization shall remain in effect, executed by two Authorized Representatives of the Department.

"Letter of Representations" shall mean that certain DTC Blanket Issuer Letter of Representations executed by the Department and the Bond Depository.

"Mortgage Loan Principal Payment" shall mean, with respect to any 2025BC Mortgage Loan, all amounts representing (i) scheduled payments of principal thereof and (ii) Mortgage Loan Principal Prepayments other than portions, if any, of Mortgage Loan Principal Prepayments representing any penalty, fee, premium or other additional charge for the prepayment of principal which may be paid pursuant to the terms of such 2025BC Mortgage Loan.

"Mortgage Origination Agreement" shall mean the Master Mortgage Origination Agreement by and between the Department and a Mortgage Lender, together with any amendments thereto.

"Mortgage Pool" shall have the meaning assigned to the term "Pool" in the Servicing Agreement.

"Optional Redemption Date" shall mean [____].

"Other Obligated Person" shall mean a Person that is a mortgagor with respect to at least 20% in aggregate principal amount of the Mortgage Loans held under the Indenture.

"Pass-Through Rate" shall mean the interest rate accruing each month on a 2025BC Mortgage Certificate, which will equal the mortgage rate of the 2025BC Mortgage Loans backing the 2025BC Mortgage Certificate less servicing and guaranty fees, which fees are retained by the Servicer.

"Paying Agent" shall mean the Trustee.

"Pricing Certificate" means the certificate dated [PRICING DATE], setting forth the final terms for the Series 2025C Bonds, executed by an Authorized Representative in accordance with the Resolution.

"Program" shall mean the Department's Single Family Mortgage Purchase Program as set forth and implemented through the Program Agreement.

"Program Agreement" shall mean, collectively, the Mortgage Origination Agreement, the Servicing Agreement, the Compliance Agreement and the Program Guidelines.

"Program Guidelines" shall mean the Program Guidelines for Texas Department of Housing and Community Affairs effective July 24, 2023, relating to specific provisions of the Program, as amended from time to time.

"Purchase Agreement" shall mean the Bond Purchase Agreement dated [PRICING DATE], between the Department and the Underwriters providing for the purchase of the Series 2025BC Bonds by the Underwriters, as amended or supplemented from time to time.

"Rating Agency" shall mean: (i) S&P Global Ratings, a division of S&P Global Inc., and any successor thereto; and (ii) Moody's Ratings and any successor thereto to the extent either agency then has a rating on the Bonds in effect at the request of the Department.

"Record Date" shall mean the close of business on the 15th day of the month (whether or not a Business Day) immediately preceding an Interest Payment Date.

"Redemption Price" shall mean, with respect to any Series 2025C Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Series 2025C Bond or the Indentures.

"Regulations" means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

"Representative" shall mean RBC Capital Markets, LLC.

"Resolution" means Resolution No. 25-004 authorizing the Bonds, as the same may be amended from time to time in accordance with the terms thereof.

"Revenues" shall mean in addition to those items defined as such in the Indenture, all amounts paid or required to be paid from time to time on the 2025BC Mortgage Certificates, including any payments received from Ginnie Mae pursuant to the Ginnie Mae Certificates, all Mortgage Loan Principal Payments representing the same, all prepayment premiums or penalties received by or on behalf of the Department in respect of the 2025BC Mortgage Certificates and all other net proceeds of such 2025BC Mortgage Certificates.

"RHS" shall mean the United States Department of Agriculture, Rural Housing Service, formerly known as Farmers Home Administration, or any successor thereto.

"Series 2025B Bonds" has the meaning given to such term in the recitals hereto.

"Series 2025C Bonds" has the meaning given to such term in the recitals hereto.

"Servicer" shall mean (i) TMS, or any successor thereto as servicer for the Program, including any designee to act as subservicer on its behalf; and (ii) any additional servicer for the Program as selected by the Department.

"Servicing Agreement" shall mean (i) with respect to TMS, the Servicing Agreement dated as of December 30, 2024, by and between the Department and TMS; and (ii) with respect to any additional servicer, the servicing agreement executed by the Department and such servicer, in any case together with any amendments thereto.

"Sinking Fund Installment" means the principal amount of the Series 2025C Bonds subject to scheduled mandatory redemption on the respective redemption dates set forth in Section 2.7.4 hereof.

"State" shall mean the State of Texas.

"Subaccount" or "Subaccounts" shall mean any one or more, as the case may be, of the special subaccounts pertaining to the Series 2025C Bonds created in certain Accounts pursuant to Section 2.9 hereof.

"Taxable PAC Term Bond" shall mean the Series 2025C Bond maturing on [____].

"Taxable PAC Term Bond Outstanding Applicable Amount" shall mean the amounts identified as such in Exhibit B hereto (subject to adjustments as described below). Any special redemption of the Series 2025C Bonds from unexpended Proceeds pursuant to Section 2.7.1 hereof, other than a De Minimis Special Redemption, will reduce the Taxable PAC Term Bond Outstanding Applicable Amount for the Series 2025C Bonds for the current and each future monthly period on a proportionate basis. Thereafter, the Taxable PAC Term Bond Outstanding Applicable Amount shall be the remaining balance, if any, of the Taxable PAC Term Bond Outstanding Applicable Amount as adjusted from prior periods.

"TMS" shall mean The Money Source, Inc., a licensed lender and loan servicer.

"2025B Mortgage Certificates" shall mean the proportionate interests in the 2025BC Mortgage Certificates purchased by the Trustee on the Issuance Date and on any future date from amounts on deposit in the 2025B Mortgage Loan Account.

"2025B Mortgage Loans" shall mean the Mortgage Loans allocated to Proceeds of the 2025B Bonds.

"2025B Mortgage Loan Account" has the meaning given to such term in the 2025B Series Supplement.

"2025B Revenue Account" shall have the meaning given to such term in the 2025B Series Supplement.

"2025B Series Supplement" has the meaning given to such term in the recitals hereto.

"2025B Transferred Excess Revenues" shall mean excess revenues of the Series 2025B Bonds transferred from the 2025B Revenue Account to the 2025C Revenue Account pursuant to Section 5.4.1 of the 2025B Series Supplement.

"2025BC Bonds" has the meaning given to such term in the recitals hereto.

"2025BC Mortgage Certificates" shall mean Ginnie Mae Certificates that evidence beneficial ownership of and a participation in a Mortgage Pool, that satisfy the requirements of Section 2.15 hereof and the 2025B Series Supplement and are pledged by the Department to the Trustee pursuant to the Indenture, this 2025C Series Supplement and the 2025B Series Supplement, as described in any Letter of Instructions to the Trustee described in Section 2.15.2 hereof and the 2025B Series Supplement.

"2025BC Mortgage Loans" shall mean, collectively, the 2025B Mortgage Loans and the 2025C Mortgage Loans.

"2025C Administrative Subaccount" shall mean the 2025C Administrative Subaccount established within the 2025C Mortgage Loan Account pursuant to Section 2.9.1(iii)(B) hereof.

"2025C Bond Proceeds Fund" shall mean the 2025C Bond Proceeds Fund established pursuant to Section 2.9.1(i) hereof.

"2025C Capitalized Interest Subaccount" shall mean the 2025C Capitalized Interest Subaccount established within the 2025C Revenue Account pursuant to Section 2.9.1(iv) hereof.

"2025C Cost of Issuance Account" shall mean the 2025C Costs of Issuance Account established within the Cost of Issuance Fund pursuant to Section 2.9 hereof.

"2025C Cumulative Applicable Amount" shall mean the amounts expressed on a cumulative basis in each of the monthly periods ending on the dates set forth in the table of 2025C Cumulative Applicable Amounts set forth in Exhibit C hereto (subject to adjustments as described below). Any special redemption of the Series 2025C Bonds from unexpended proceeds pursuant to Section 2.7.1 hereof, other than a De Minimis Special Redemption, will reduce the 2025C Cumulative Applicable Amount for the Series 2025C Bonds for the current and each future monthly period on a proportionate basis. Thereafter, the 2025C Cumulative Applicable Amount shall be the remaining balance, if any, of the 2025C Cumulative Applicable Amount as adjusted from prior periods.

"2025C Down Payment Assistance Subaccount" shall mean the 2025C Down Payment Assistance Subaccount established within the 2025C Mortgage Loan Account pursuant to Section 2.9.1(iii)(A) hereof.

"2025C Expense Account" shall mean the 2025C Expense Account established within the Expense Fund pursuant to Section 2.9 hereof.

"2025C Interest Account" shall mean the 2025C Interest Account established within the Interest Fund pursuant to Section 2.9 hereof.

"2025C Mortgage Certificates" shall mean the proportionate interests in the 2025BC Mortgage Certificates purchased by the Trustee on the Issuance Date and on any future date from amounts on deposit in the 2025C Mortgage Loan Account.

"2025C Mortgage Loan Account" shall mean the 2025C Mortgage Loan Account established within the Mortgage Loan Fund pursuant to Section 2.9 hereof.

"2025C Mortgage Loans" shall mean the Mortgage Loans included in each Mortgage Pool represented by a 2025C Mortgage Certificate.

"2025C Principal Account" shall mean the 2025C Principal Account established within the Principal Fund pursuant to Section 2.9 hereof.

"2025C Residual Revenues Account" shall mean the 2025C Residual Revenues Account established within the Residual Revenues Fund pursuant to Section 2.9 hereof.

"2025C Revenue Account" shall mean the 2025C Revenue Account established within the Revenue Fund pursuant to Section 2.9 hereof.

"2025C Series Supplement" has the meaning given to such term in the recitals hereto.

"2025C Special Redemption Account" shall mean the 2025C Special Redemption Account established within the Special Redemption Fund pursuant to Section 2.9 hereof.

"Underwriters" shall mean the Representative and the other underwriters named on the schedule attached to the Purchase Agreement.

Section 1.3. Authority for this 2025C Series Supplement. This 2025C Series Supplement is adopted pursuant to the provisions of the Act, Chapter 1371 and the Indenture, particularly Section 1002(1) thereof.

Section 1.4. Rules of Construction.

1. For all purposes of this 2025C Series Supplement unless the context requires otherwise, all references to designated Articles, Sections and other subdivisions are to the articles, sections and other subdivisions of this 2025C Series Supplement.

2. Except where the context otherwise requires, terms defined in this 2025C Series Supplement to impart the singular number shall be considered to include the plural number and vice versa.

3. Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa.

4. This 2025C Series Supplement and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this 2025C Series Supplement and the Indenture which it supplements.

Section 1.5. Interpretation. The Table of Contents, titles and headings of the Articles and Sections of this 2025C Series Supplement have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms of provisions hereof.

Section 1.6. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.7. Indenture to Remain in Force. Except as amended by this 2025C Series Supplement, the Indenture shall remain in full force and effect as to the matters covered therein.

Section 1.8. Successors and Assigns. All covenants and agreements in this 2025C Series Supplement by the Department and the Trustee shall bind their respective successors and assigns, whether so expressed or not.

Section 1.9. Separability Clause. In case any provision in this 2025C Series Supplement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 1.10. Benefits of this 2025C Series Supplement. Nothing in this 2025C Series Supplement or in the Bonds, express or implied, shall give to any Person, other than the parties hereto, their successors hereunder, and the Holders of Bonds any benefit or any legal or equitable right, remedy or claim under this 2025C Series Supplement.

Section 1.11. Governing Law. This 2025C Series Supplement shall be construed in accordance with and governed by the laws of the State.

Section 1.12. Miscellaneous. Every "request," "order," "demand," "application," "notice," "statement," "certificate," "consent," "instruction," or similar action hereunder shall, unless the form thereof is specifically provided herein, be in writing, and in the case of the Department signed by an Authorized Representative of the Department or in the case of any other Person signed by its President or Vice President, or other officer serving in similar capacities specifically authorized to execute such writing on behalf of any other Person, as the case may be.

Section 1.13. Granting Clause. In order to secure the payment of the principal of, premium, if any, and interest on the Bonds as the same become due and payable, whether at maturity or by prior redemption, and the performance and observance of all of the covenants and conditions herein contained, and in consideration of the premises, the acceptance by the Trustee of the trust hereby created, the purchase and acceptance of the Bonds by the holders thereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Department does hereby GRANT, BARGAIN, CONVEY, ASSIGN, MORTGAGE, and PLEDGE to the Trustee and its successors in trust hereunder all rights, title and interest of the Department now owned or hereafter acquired in and to the DPA Loans and the

2025BC Mortgage Certificates, all amounts that may be received with respect to the DPA Loans and the 2025BC Mortgage Certificates and the Ginnie Mae Guaranty Agreement, any right of the Department under any Ginnie Mae Guaranty Agreement with respect to the 2025BC Mortgage Certificates held under the Indenture, including any amendments, extensions, or renewals of the terms thereof, including, without limitation, all present and future rights of the Department to make claim for, collect and receive any income, revenues, issues, profits, insurance proceeds and other sums of money payable to the account of or receivable by the Department under the DPA Loans and the 2025BC Mortgage Certificates, to bring actions and proceedings under the DPA Loans and the 2025BC Mortgage Certificates, or for the enforcement thereof, and to do any and all things which the Department is or may become entitled to do under the 2025BC Mortgage Certificates, and the holders of the Bonds are by such pledge and assignment afforded a beneficial interest in such DPA Loans and the 2025BC Mortgage Certificates.

ARTICLE II

AUTHORIZATION AND TERMS OF SERIES 2025C BONDS

Section 2.1. Authorization, Original Principal Amount, Designation, and Series. In accordance with and subject to the terms, conditions, and limitations established in the Indenture and this 2025C Series Supplement, a Series of Bonds is hereby authorized to be issued in the original aggregate principal amount of $[62,500,000]. Each Bond of this Series of Bonds shall be entitled "Texas Department of Housing and Community Affairs Residential Mortgage Revenue Bond, Taxable Series 2025C." The terms of the Series 2025C Bonds shall be as set forth in Article III of the Indenture and this Article II.

Section 2.2. Purposes. The Series 2025C Bonds are issued in accordance with subsection 1(3)(b) of Section 302 of the Indenture for the purpose of (i) acquiring Mortgage Loans, or participations therein, through the purchase of the 2025BC Mortgage Certificates, including providing down payment and closing cost assistance with respect to Assisted Mortgage Loans, (ii) paying lender compensation related to the 2025BC Mortgage Loans and (iii) paying Costs of Issuance.

Section 2.3. Registered Bonds Only, Dates, Denominations, Numbers, and Letters.

1. The Series 2025C Bonds shall be issuable only in the form of fully registered bonds without coupons and may not be exchanged into coupon bonds. The Initial Bond shall be registered to the Representative.

2. The Series 2025C Bonds shall be dated as of the date of authentication thereof by the Trustee, unless such date of authentication shall be an Interest Payment Date, in which case they shall be dated as of such Interest Payment Date; provided, however, that if the date of authentication shall be prior to the first Interest Payment Date or in the case of the Initial Bond, the Series 2025C Bonds shall be dated as of the Issuance Date.

3. The Series 2025C Bonds shall be issued in the Authorized Denominations.

4. Unless the Department shall direct otherwise, each Series 2025C Bond within a maturity of the Series 2025C Bonds shall be lettered and numbered separately from 00001 upward

prefixed by the letters RC, the letters Ja or Ju depending on whether the maturity is January or July, and the last two digits of the year of maturity, provided that the Initial Bond shall be numbered TRC-1.

Section 2.4. Interest Payment Dates, Interest Rates and Maturities of the Series 2025C Bonds. The Series 2025C Bonds shall bear interest from the date thereof until maturity or prior redemption at the respective rates per annum set forth below. Interest on the Series 2025C Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months, payable on each Interest Payment Date until maturity or prior redemption. The Series 2025C Bonds shall mature and become payable on the dates and in the respective principal amounts set forth below, subject to prior redemption in accordance with Section 2.7 hereof and Article IV of the Indenture:

Maturity Date	Principal Amount ($)	Interest Rate

Section 2.5. Paying Agent; Method and Place of Payment.

1. The Trustee is hereby appointed as Paying Agent for the Series 2025C Bonds and the Trustee hereby accepts such appointment. The principal amount or Redemption Price of the Series 2025C Bonds shall be payable upon the presentation and surrender thereof, as the same respectively become due and payable, at the applicable office of the Trustee. For purposes of this Section, "applicable office" shall mean the Trustee's office presently located in Houston, Texas (or such other office designated by the Trustee) which will be utilized to perform payments and transfers with respect to the Bonds. The interest on each Series 2025C Bond shall be payable by check mailed on the Interest Payment Date to the Person in whose name such Series 2025C Bond is registered at the close of business on the Record Date immediately preceding the applicable Interest Payment Date, at the address of such Person as shown on the Bond registration books kept by the Trustee. The principal amount or Redemption Price of, and interest on, the Series 2025C Bonds shall also be payable at any other place that may be provided for such payment by the appointment of any other Paying Agent for the Series 2025C Bonds as permitted by the Indenture.

2. Notwithstanding the foregoing, for so long as the Bond Depository is the exclusive Holder of the Series 2025C Bonds and for Holders of not less than $1,000,000 in aggregate principal amount of the Series 2025C Bonds, and except for the final payment of principal of the Series 2025C Bonds at maturity, the principal amount, Redemption Price thereof and the interest thereon shall be payable by wire transfer in immediately available federal funds to the Bond Depository or such Holders to an account in the continental United States without the necessity of any immediate presentation and surrender of Series 2025C Bonds pursuant to written instructions from the Holder, or the Letter of Representations, as the case may be.

Section 2.6. Bond Depository; Book-Entry System.

1. Pursuant to Section 913 of the Indenture, the Department hereby appoints The Depository Trust Company, New York, New York, as Bond Depository for the Series 2025C

Bonds. In accordance with the Letter of Representations, the Department shall cause the Series 2025C Bonds (other than the Initial Bond) to be registered in the name of Cede & Co., as nominee for the Bond Depository, and to be delivered on the Issuance Date to the Trustee to be held on behalf of the Bond Depository.

2. With respect to Series 2025C Bonds registered in the Bond registration books of the Department required to be maintained by the Trustee pursuant to Section 310 of the Indenture in the name of Cede & Co. or any successor Bond Depository, or a nominee therefor, the Department and the Trustee shall have no responsibility or obligation to any Depository Participant or to any Person on behalf of whom such Depository Participant holds an interest in Series 2025C Bonds. The Department and the Trustee may treat and consider the registered owner of any Series 2025C Bond as the holder and absolute owner of such Series 2025C Bond for the purpose of payment of the principal and Redemption Price of and interest with respect to such Series 2025C Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2025C Bond, for the purpose of registering transfers and exchanges with respect to such Series 2025C Bond, and for all other purposes whatsoever. The Trustee shall pay all the principal amount and Redemption Price of and interest on the Series 2025C Bonds only to or upon the order of the respective registered owners of the Series 2025C Bonds and all such payments shall be valid and effective with respect to such payments to the extent of the sum or sums so paid. The Department and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of The Depository Trust Company, any successor Bond Depository or any Depository Participant with respect to any ownership interest in Series 2025C Bonds, (ii) the delivery to any Depository Participant or any other Person, other than a registered owner of a Series 2025C Bond as shown in the Bond registration books required to be kept and maintained pursuant to Section 310 of the Indenture, of any notice with respect to the Series 2025C Bonds, including any notice of redemption, or (iii) the payment to any Depository Participant or any other Person, other than a registered owner of a Series 2025C Bond, of any amount with respect to any Series 2025C Bond. The rights of Depository Participants and Persons on behalf of whom any Depository Participant holds a beneficial interest in Series 2025C Bonds shall be limited to those established by law and agreements between such Depository Participants and other Persons and the applicable Bond Depository.

3. In the event that either (i) the Bond Depository that is, directly or through a nominee, the registered owner of all of the Outstanding Series 2025C Bonds notifies the Trustee and the Department that it is no longer willing or able to discharge its responsibilities as a Bond Depository or (ii) the Department determines that continuance of the existing book-entry system for ownership of interests in the Series 2025C Bonds is not in the best interest of such owners of beneficial interests in the Series 2025C Bonds, then the Department shall direct the Bond Depository to terminate the existing book-entry system for ownership of interests in the Series 2025C Bonds. Upon such termination, the Department shall promptly select a substitute Bond Depository (and shall notify the Trustee in writing of such selection) to provide a system of book-entry ownership of beneficial interests in the Series 2025C Bonds, if one is available satisfactory to the Department, and the ownership of all Series 2025C Bonds shall be transferred on the Bond registration books required to be kept and maintained pursuant to Section 310 of the Indenture to such successor Bond Depository, or its nominee. In the alternative, the Department may direct the Trustee to, and if the Department fails to promptly designate a successor Bond Depository the Trustee, without further direction, shall, notify the Depository Participants, through the Bond

Depository for the Series 2025C Bonds, of the availability of Series 2025C Bonds registered in the names of such Persons as are owners of beneficial interests in the Series 2025C Bonds and, upon surrender to the Trustee of the Outstanding Series 2025C Bonds held by the Bond Depository, accompanied by registration instructions from the Bond Depository, the Trustee shall, at the expense of the transferees, cause to be printed and authenticated Series 2025C Bonds, in Authorized Denominations, to the owners of beneficial interests in the Series 2025C Bonds as of the date of the termination of the existing book-entry ownership system for the Series 2025C Bonds. Neither the Department nor the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying upon, such instructions. So long as the Department has designated a Bond Depository to provide a system of book-entry ownership of the Series 2025C Bonds, all of the Series 2025C Bonds must be held under such book-entry system. Prior to any transfer of the Series 2025C Bonds outside the book-entry system (including, but not limited to, any initial transfer outside the book-entry system) the Department, Bond Depository, or the transferor of a Series 2025C Bond shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

4. Notwithstanding any other provisions in Article II of this 2025C Series Supplement, the Department and the Trustee may, but shall not be required to, enter into separate agreements with one or more Bond Depositories which may provide for alternative or additional provisions with respect to the delivery of notices, payment of interest and/or principal, or any other matters.

Section 2.7. Redemption Prices and Terms. The Series 2025C Bonds shall not be subject to redemption prior to maturity except as follows:

1. Special Redemption from Unexpended Proceeds. The Series 2025C Bonds are subject to special redemption from amounts transferred to the 2025C Special Redemption Account in accordance with Section 5.2 hereof, at any time, prior to their stated maturities, in whole or in part. The Redemption Price of the Series 2025C Bonds to be so redeemed pursuant to this Section 2.7.1 shall be equal to (a) for all Series 2025C Bonds, other than the Taxable PAC Term Bond, 100% of the principal amount thereof; and (b) for the Taxable PAC Term Bond, the applicable Redemption Price, as set forth in Exhibit D hereto; plus in any case accrued interest thereon to, but not including, the date of redemption; except that a De Minimis Special Redemption shall be treated as a Special Redemption from Mortgage Loan Principal Payments and such portion of the Series 2025C Bonds shall be redeemed in accordance with Section 2.7.2 hereof. In the event of a redemption of the Taxable PAC Term Bond under this Section 2.7.1 on a date other than a redemption date listed on Exhibit D hereto, the Redemption Price, as of such redemption date, will be determined by the Department using straight-line interpolation between the Redemption Prices for the redemption dates listed on Exhibit D hereto immediately preceding and succeeding such redemption date.

Such redemption shall occur on the first day of any month on or after [____], unless the Certificate Purchase Period is extended in accordance with this 2025C Series Supplement.

Except for the De Minimis Special Redemption, the Series 2025C Bonds to be redeemed in accordance with this subsection shall be selected by the Trustee on a pro rata basis among all maturities unless otherwise directed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate.

2. Special Redemption from Mortgage Loan Principal Payments. The Series 2025C Bonds are subject to redemption prior to maturity and shall be redeemed, in whole or in part, from time to time on the first day of any month on or after [____], after giving notice as provided in Section 2.8 hereof, at a Redemption Price equal to 100% of the principal amount of the Series 2025C Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date, from certain amounts relating to Mortgage Loan Principal Payments from the 2025BC Mortgage Certificates transferred to the 2025C Special Redemption Account in accordance with clauses (iii) and (iv) of Section 5.3.2 hereof.

In the event of a redemption pursuant to this Section 2.7.2 from Mortgage Loan Principal Payments relating to the 2025BC Mortgage Certificates, the Trustee shall select the particular Series 2025C Bonds to be redeemed as follows:

(i) the Trustee shall redeem the Taxable PAC Term Bond, but only to the extent that the Outstanding principal amount of such Taxable PAC Term Bond following any such redemption is not less than the Taxable PAC Term Bond Outstanding Applicable Amount as of such date;

(ii) amounts remaining following the redemptions described in clause (i) above shall be applied, unless otherwise directed by a Letter of Instructions accompanied by a Cashflow Certificate, to redeem all other Series 2025C Bonds (other than the Taxable PAC Term Bond) on a proportionate basis until the Outstanding principal amount of all Series 2025C Bonds has been reduced to the 2025C Cumulative Applicable Amount as of such date;

(iii) amounts remaining following the redemptions described in clauses (i) and (ii) above shall be applied monthly, unless otherwise directed by a Letter of Instructions accompanied by a Cashflow Certificate, to redeem all Series 2025C Bonds, including the Taxable PAC Term Bond, on a proportionate basis after taking into account the amounts applied to redeem the Series 2025C Bonds pursuant to the above-described redemptions.

Any special redemption of the Series 2025C Bonds pursuant to Section 2.7.1 hereof (other than a De Minimis Special Redemption), will reduce the Taxable PAC Term Bond Outstanding Applicable Amount and the 2025C Cumulative Applicable Amount for the current and each future monthly period on a proportionate basis.

3. Special Redemption from Excess Revenues. The Series 2025C Bonds are subject to redemption prior to maturity and may be redeemed, in whole or in part, from time to time on the first day of any month on or after [_____], after giving notice as provided in Section 2.8 hereof and in accordance with a Letter of Instructions, at a Redemption Price equal to 100% of the principal amount of such Series 2025C Bonds or portions thereof to be redeemed, plus accrued

interest to but not including the redemption date, from amounts transferred to the 2025C Special Redemption Account from the Residual Revenues Fund in accordance with Section 5.4 hereof (including 2025B Transferred Excess Revenues and other revenues whether or not derived in connection with the Series 2025C Bonds).

In the event of a redemption pursuant to this Section 2.7.3 from excess Revenues, the Trustee shall apply amounts transferred to the 2025C Special Redemption Account from the Residual Revenues Fund in accordance with Section 5.4 to redeem the Series 2025C Bonds Outstanding in the same manner provided in clauses (i) and (ii) under Section 2.7.2, unless otherwise instructed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate.

4. Scheduled Mandatory Redemption. The Series 2025C Bonds maturing on the respective dates specified below are subject to scheduled mandatory redemption prior to maturity and shall be redeemed, after giving notice as provided in Article IV of the Indenture, in the aggregate principal amounts and on the dates set forth in the following tables, at a Redemption Price equal to 100% of the principal amount of such Series 2025C Bonds or portions thereof to be redeemed, plus accrued interest, if any, to, but not including, the redemption date, from amounts that have been transferred to the 2025C Principal Account from the 2025C Revenue Account.

$[_____] Term Bond maturing [____] 1, 20[__]

Redemption Date	Principal Amount ($)	Redemption Date	Principal Amount ($)

* Stated Maturity

$[_____] Term Bond maturing [____] 1, 20[__]

Redemption Date	Principal Amount ($)	Redemption Date	Principal Amount ($)

* Stated Maturity

$[_____] Term Bond maturing [____] 1, 20[__]

Redemption Date	Principal Amount ($)	Redemption Date	Principal Amount ($)

* Stated Maturity

$[_____] Taxable PAC Term Bond maturing [____] 1, 20[__]

Redemption Date	Principal Amount ($)	Redemption Date	Principal Amount ($)

* Stated Maturity

The principal amount of the Series 2025C Bonds to be redeemed on each such redemption date pursuant to mandatory sinking fund redemption shall be reduced by the principal amount of any Series 2025C Bonds having the same stated maturity and interest rate, which (A) at least 45 days prior to such mandatory sinking fund redemption date, (1) shall have been acquired by the Department and delivered to the Trustee for cancellation, or (2) shall have been acquired and canceled by the Trustee at the direction of the Department, or (3) shall have been redeemed other than pursuant to mandatory sinking fund redemption, and (B) shall have not been previously credited against a scheduled mandatory sinking fund redemption.

5. Optional Redemption. The Series 2025C Bonds (except for the Taxable PAC Term Bond) maturing on or after [____], are subject to redemption prior to maturity, in whole or in part at any time and from time to time, on and after the Optional Redemption Date at the option of the Department after giving notice as provided in Section 2.8 hereof, at a Redemption Price equal to 100% of the principal amount of such Series 2025C Bonds or portions thereof to be redeemed, plus accrued interest, if any, to, but not including, the redemption date.

The Taxable PAC Term Bond is subject to redemption prior to maturity, in whole or in part at any time and from time to time, on and after the Optional Redemption Date, at the option of the Department after giving notice as provided in Section 2.8 hereof, at the Redemption Prices

set forth below (expressed as a percentage of the principal amount to be redeemed), in each case together with interest accrued thereon to, but not including, the redemption date:

Redemption Date	Redemption Price
and thereafter	100.000%

If the Taxable PAC Term Bond is redeemed on a date other than a redemption date listed above, the Redemption Price, as of such redemption date, will be determined by the Department using straight-line interpolation between the Redemption Prices for the redemption dates listed above immediately preceding and succeeding such redemption date.

At least 45 days prior to any redemption date described in this Section 2.7, or such later date as the Trustee will accept, the Department shall give a Letter of Instructions to the Trustee accompanied by a Cashflow Certificate specifying the principal amount of Series 2025C Bonds to be redeemed and the date of such redemption and identifying the Series 2025C Bonds by the maturity date and interest rate of such Series 2025C Bonds and the source of funds to be utilized to redeem such Series 2025C Bonds.

Section 2.8. Notice of Redemption; Selection of Series 2025C Bonds to Be Redeemed.

1. Subject to Section 2.6 hereof, notice of the call for any redemption other than pursuant to Section 2.7.1 hereof, identifying the Series 2025C Bonds or portions thereof to be redeemed, shall be given by the Trustee as provided in Section 405 of the Indenture. If applicable, such notice shall provide that redemption of the Series 2025C Bonds is conditioned upon moneys being available for such purpose on the redemption date.

2. Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the registered owner of such Series 2025C Bonds receives the notice.

3. Except as specified in Section 2.7.2 and Section 2.7.3 hereof, the Series 2025C Bonds to be redeemed in part shall be selected as provided in Section 404 of the Indenture. While the Series 2025C Bonds are held by the Bond Depository, Series 2025C Bonds shall be selected for redemption as described in Section 2.6 hereof.

Section 2.9. Creation of Additional Funds, Accounts and Subaccounts and Application Thereof.

1. Pursuant to the provisions of subsection 3 of Section 502 of the Indenture, there is established by this Section 2.9 for the Series 2025C Bonds an Account in each Fund, except for the Debt Service Reserve Fund and the Mortgage Reserve Fund, established by subsection 1 of Section 502 of the Indenture. Each such Account shall be known and designated as the "2025C _____ Account", with the blank containing an appropriate reference to the Fund to which such Account relates. In addition, there are hereby established for the Series 2025C Bonds the following additional Funds, Accounts and Subaccounts:

(i) a temporary Fund to be known and designated as the 2025C Bond Proceeds Fund;

(ii) *Intentionally omitted*;

(iii) within the 2025C Mortgage Loan Account, a (A) 2025C Down Payment Assistance Subaccount; and (B) 2025C Administrative Subaccount; and

(iv) within the 2025C Revenue Account, a 2025C Capitalized Interest Subaccount.

2. Unless an Event of Default shall have occurred and be continuing, Revenues from the 2025BC Mortgage Certificates or from the investment or reinvestment of moneys on deposit in each Account for the Series 2025C Bonds shall be kept separate and apart from the Revenues attributable to other Mortgage Certificates or attributable to the investment and reinvestment of the moneys on deposit under the Indenture with respect to any other Series. The Accounts shall be for the equal benefit of the Holders of all of the Bonds. The segregation of the Accounts as required by this Section 2.9 is not for the purpose of giving a priority or preference to the Bonds of one Series over that of another Series. Except as provided in this Section, the Revenues and proceeds of a Series shall continue to be used as provided in Article V of the Indenture.

Section 2.10. Initial Deposits and Transfers into Funds, Accounts and Subaccounts. On the Issuance Date, as shall be more fully set forth in a Letter of Instructions, the Trustee shall deposit the proceeds of the Series 2025C Bonds into the 2025C Bond Proceeds Fund. There shall be transferred from the 2025C Bond Proceeds Fund the amounts specified in a Letter of Instructions authorizing the authentication and delivery of the Series 2025C Bonds, for deposit to the Funds, Accounts and Subaccounts specified therein. After completion of such transfers, the 2025C Bond Proceeds Fund shall be closed. After payment of all costs, any funds remaining in the 2025C Cost of Issuance Account shall be transferred to the Residual Revenues Fund pursuant to a Letter of Instructions from the Department.

Section 2.11. Form of Series 2025C Bonds. 1. Each Series 2025C Bond shall be in substantially the form and tenor of Exhibit A attached hereto, which Exhibit A is incorporated herein as if fully set forth in this 2025C Series Supplement, with such omissions, insertions, and variations as permitted or required by the Indenture. The registration certificate of the Comptroller of Public Accounts of the State of Texas and the certificate of authentication of the Trustee shall be in the form set forth in Exhibit A. The Department is hereby authorized, in its discretion, to provide for the assignment of CUSIP numbers for the Series 2025C Bonds and to have such CUSIP numbers printed thereon, and the Department may direct the Trustee to use such CUSIP numbers in notices of redemption, provided that any such notice may state that no representation is made by the Trustee or the Department as to the correctness of such CUSIP number either as printed on the Series 2025C Bonds or as contained in any notice of redemption. There may be printed on or attached to each Series 2025C Bond registered in the name of the Bond Depository a schedule for the purpose of notation by the Bond Depository of the portion of the principal amount thereof which shall have been paid and the portion of the principal amount thereof which remains Outstanding and unpaid.

2. Notwithstanding the foregoing, the Initial Bond shall be in the form set forth in Exhibit A, with the following modifications:

(i) Immediately under the name of the bond issue and the legends, the existing headings shall be omitted and replaced with the following headings:

"No. TRC-1 Dated Date: [CLOSING DATE] $[62,500,000]

Registered Owner: RBC CAPITAL MARKETS, LLC

Principal Amount: [SIXTY-TWO MILLION FIVE HUNDRED THOUSAND] DOLLARS"

(ii) The first paragraph shall be replaced with the following:

The TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (herein called the "Department"), a public and official agency of the State of Texas, acknowledges itself indebted to, and FOR VALUE RECEIVED, hereby promises to pay to the registered owner named above or registered assigns, but solely from the sources and in the manner hereinafter provided, on the maturity date specified below, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such principal sum to the registered owner hereof in like coin or currency from the Issuance Date of this Bond or from the most recent date to which interest on this Bond (or any Bond in exchange for, or in lieu of, which this Bond was issued), has been paid at the interest rates per annum set forth below, calculated on the basis of a 360-day year composed of twelve 30-day months, payable on [January 1, 2026], and each July 1 and January 1 thereafter (each, an "Interest Payment Date") to the date of maturity or earlier redemption, until the Department's obligation with respect to the payment of such principal amount shall be discharged, in accordance with the following schedule:

Maturity Date	Principal Amount ($)	Interest Rate

The principal amount or Redemption Price of this Bond shall be payable upon presentation and surrender of this Bond, at the applicable office of The Bank of New York Mellon Trust Company, N.A. (such bank and any successor in such capacity being referred to as the "Trustee"). Notwithstanding the foregoing, in no event shall the cumulative amount of interest paid or payable on any Bond (including interest calculated as provided in the Indentures (as defined below), together with all other amounts that constitute interest on the Bonds under the laws of the State of Texas that are contracted for, charged, reserved, taken or received pursuant to the Indentures) through any Interest Payment Date or through the date of payment of such Bond (whether at maturity, by acceleration or upon earlier redemption) exceed the "net interest cost" that will produce a "net effective interest rate" of greater than 15% per annum or, to the extent allowed by law, such greater "net effective interest rate" as may be allowed from time to time. The terms "net interest cost" and "net effective interest rate," as used herein, shall have the respective meanings ascribed to them in Chapter 1204, Texas Government Code, as amended.

Section 2.12. *Intentionally Omitted*.

Section 2.13. Transfers from 2025C Residual Revenues Account. Unless otherwise directed pursuant to a Letter of Instructions accompanied by a Cashflow Certificate, on each Interest Payment Date and each date fixed for the redemption of the Series 2025C Bonds, to the extent funds are not available in the 2025C Revenue Account to pay interest or principal due on the Series 2025C Bonds, the Trustee shall transfer from the 2025C Residual Revenues Account to the 2025C Interest Account or the 2025C Principal Account an amount which, when added to any amounts already on deposit therein, will equal the amount of interest and principal to become due and payable on the Series 2025C Bonds on such date.

Section 2.14. 2025C Mortgage Loan Account. The 2025C Mortgage Loan Account established pursuant to Section 2.9 hereof shall be credited with all amounts deposited therein from whatever source. The amounts in such Account shall be used to purchase, on each Certificate Purchase Date within the Certificate Purchase Period, the 2025C Mortgage Certificate. On [_____], unless the Certificate Purchase Period is extended in accordance with Section 5.2 hereof, unexpended proceeds of the Series 2025C Bonds shall be transferred from 2025C Mortgage Loan Account to the 2025C Special Redemption Account in accordance with Section 2.7.1 hereof.

Section 2.15. 2025BC Mortgage Certificate Acquisition.

1. The Department has determined that the Supplemental Mortgage Security for the 2025BC Mortgage Loans shall be the guaranty of timely payment of principal and interest provided by Ginnie Mae pursuant to the Ginnie Mae Certificates. Accordingly, the purchase of the 2025BC Mortgage Loans shall be accomplished through the purchase of Ginnie Mae Certificates in accordance with the Program Agreement, and no 2025BC Mortgage Loan shall be eligible for purchase unless it has been included in a Mortgage Pool and the beneficial ownership thereof is represented by a 2025BC Mortgage Certificate.

2. On each applicable Certificate Purchase Date and pursuant to a Letter of Instructions, the Trustee shall purchase Ginnie Mae Certificates at the Ginnie Mae Certificate Purchase Price from amounts available in the 2025C Mortgage Loan Account. The Department shall specify the allocation of the 2025BC Mortgage Certificates to the Series 2025B Bonds and the Series 2025C Bonds in such Letter of Instructions. The Department shall deliver a copy of each such Letter of Instructions to the Compliance Agent.

3. Each 2025BC Mortgage Certificate purchased shall bear interest at the applicable Pass-Through Rate. Ginnie Mae Certificates shall be accepted by the Trustee only if:

(i) The Ginnie Mae Certificates acquired by the Trustee on behalf of the Department shall be held at all times by the Trustee in trust for the benefit of the Bondholders and shall be registered in the name of the Trustee or its nominee or credited to the account of the Trustee at a clearing corporation as defined under and pursuant to the Uniform Commercial Code applicable to such corporation, which corporation shall be registered as a "Clearing Agency" pursuant to Section 17A of the Securities Exchange Act of 1934, as amended. For a Ginnie Mae Certificate that is in the form of a book-entry maintained on the records of the Participants Trust Corporation, or any successor

depository institution ("PTC") ("Book Entry Security"), the Trustee shall receive confirmation from PTC that PTC has made an appropriate entry in its records of the transfer of such Book Entry Security to a limited purpose account of the PTC Participant (defined below), and identifying such Book Entry Security as belonging to the Trustee, so that the Trustee at all times has a first priority perfected security interest in such Ginnie Mae Certificates. The "PTC Participant" (if not the Trustee) shall be a "financial intermediary" (as defined in Section 8-313 of the Uniform Commercial Code as in effect in the state in which the Book Entry Security is deposited) which is a participant in PTC and which has a custody agreement with the Trustee with respect to the Ginnie Mae Certificate to be transferred as Book Entry Securities through PTC. In the custody agreement, the PTC Participant must agree (w) to act as agent of the Trustee for purposes of causing, upon instructions of the Trustee, the transfer of Book Entry Securities to the PTC account of the PTC Participant, (x) to issue to the Trustee confirmation of the transfer of each Book Entry Security to the PTC Participant, (y) to identify each such Book Entry Security in its records as belonging to the Trustee, and (z) to accept instructions only from the Trustee with respect to the transfer of such Book Entry Securities. The Ginnie Mae Certificate shall be identified on the records of the PTC Participant as being held by such PTC Participant solely and exclusively for the benefit of the Trustee. The PTC Participant shall send a confirmation to the Trustee of such transfer of the Ginnie Mae Certificate to the PTC Participant. The PTC Participant shall cause each Book Entry Security to be transferred to and held in a Limited Purpose Account (or such other account as may be created or identified in the PTC Rules (the "Rules") in which PTC does not have any lien on any Book Entry Security held therein). The Trustee shall have evidence that (xx) the receiving PTC Participant has delivered to PTC an irrevocable instruction to the effect that all fees arising in connection with the specified Limited Purpose Account are to be charged to another account maintained by PTC for the receiving PTC Participant, and (yy) PTC has delivered a certificate to the receiving PTC Participant to the effect that, based on the instruction regarding payment of PTC fees, PTC will not charge the specified Limited Purpose Account for so long as the instruction remains in effect. If the Trustee does not receive a payment or advice of payment on a Ginnie Mae Certificate when due (if the Ginnie Mae Certificates are held by the Trustee, on the fifteenth day of each month with regard to Ginnie Mae I Certificates, and twentieth day of each month with regard to Ginnie Mae II Certificates and if the Ginnie Mae Certificates are held by PTC, on the seventeenth day of each month with regard to Ginnie Mae I Certificates and twenty-second day of each month with regard to Ginnie Mae II Certificates), the Trustee shall promptly telephonically notify, and demand payment from Ginnie Mae, in the case of Ginnie Mae I Certificates, or Chemical Bank as paying agent for Ginnie Mae in the case of Ginnie Mae II Certificates. To the extent the Ginnie Mae Certificates are subject to book-entry transfer, the Trustee shall so notify PTC. Notwithstanding the foregoing, the Trustee shall comply with such procedures as are prescribed by Ginnie Mae from time to time; and

(ii) Sufficient amounts are available in the appropriate Accounts to pay the applicable Ginnie Mae Certificate Purchase Price.

ARTICLE III

RESERVED

ARTICLE IV

RESERVED

ARTICLE V

OTHER MATTERS

Section 5.1. *Reserved*.

Section 5.2. Transfer of Unexpended Proceeds. On the last day of the Certificate Purchase Period (or such earlier date as directed in writing by the Department), unless the Certificate Purchase Period is extended in accordance with this Section 5.2, the Trustee shall transfer the amounts in the 2025C Mortgage Loan Account remaining unexpended for acquisition of 2025BC Mortgage Certificates in such amounts as provided in a Letter of Instructions from the 2025C Mortgage Loan Account to the 2025C Special Redemption Account to be applied to the redemption of Series 2025C Bonds pursuant to Section 2.7.1 hereof. The Certificate Purchase Period for amounts in the 2025C Mortgage Loan Account may be extended to a date certain as set out in a Letter of Instructions to the Trustee upon delivery to the Trustee no later than 30 days prior to the last day of the then existing Certificate Purchase Period of the following:

1. *Intentionally omitted*; and

2. confirmation from each Rating Agency that such extension will not adversely affect the rating on the Series 2025C Bonds assigned by such Rating Agency.

The Department shall provide written notice to the Servicer at least thirty (30) days prior to the last day of the then existing Certificate Purchase Period of any such proposed extension of the Certificate Purchase Period.

Section 5.3. Application of Amounts in 2025C Revenue Account.

1. Unless otherwise directed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate and a confirmation from each Rating Agency of the then current ratings on the Series 2025C Bonds, all Revenues received with respect to the 2025BC Mortgage Certificates shall be deposited in the 2025C Revenue Account. 2025B Transferred Excess Revenues shall also be deposited in the 2025C Revenue Account.

2. Pursuant to subsection 3 of Section 505 of the Indenture, the Trustee shall transfer from the Revenue Fund amounts on deposit therein in accordance with a Letter of Instructions and in the following order of priority:

(i) First, on each Interest Payment Date or any other date for the redemption of the Series 2025C Bonds, to the 2025C Interest Account, to the extent required so that the

balance in said account equals the amount of interest which will be due and payable on the Series 2025C Bonds on such Interest Payment Date or redemption date;

(ii) Second, monthly, upon receipt of Mortgage Loan Principal Payments and/or 2025B Transferred Excess Revenues, to the 2025C Principal Account, one-sixth of the aggregate amount required to pay maturing principal and the unsatisfied balance of any Sinking Fund Installment on any Series 2025C Bonds on the next Interest Payment Date;

(iii) Third, monthly, upon receipt of Mortgage Loan Principal Payments and/or 2025B Transferred Excess Revenues, to the 2025C Special Redemption Account, the amount required to reduce the Outstanding principal amount of the Taxable PAC Term Bond to the Taxable PAC Term Bond Outstanding Applicable Amount for such monthly period, and the Trustee shall use such funds either on the next Interest Payment Date, or if the Outstanding Series 2025C Bonds as of such Interest Payment Date are less than the 2025C Cumulative Applicable Amount, on the first day of the next month for which notice can be given following such Interest Payment Date to redeem Series 2025C Bonds pursuant to Section 2.7.2 hereof; and

(iv) Fourth, monthly, upon receipt of Mortgage Loan Principal Payments and/or 2025B Transferred Excess Revenues, to the 2025C Special Redemption Account, any remaining Mortgage Loan Principal Payments to be applied monthly to the redemption of Series 2025C Bonds pursuant to Section 2.7.2 hereof.

Section 5.4. Application of Residual Revenues. The Trustee shall transfer any amounts as set forth or described in a Letter of Instructions from the 2025C Residual Revenues Account to the 2025C Special Redemption Account to redeem Series 2025C Bonds in accordance with Section 2.7.3 hereof.

Section 5.5. Limitations on Mortgage Loans. The Department covenants and agrees that each Mortgage Loan contained in a mortgage pool represented by a 2025BC Mortgage Certificate shall satisfy the following requirements:

1. each 2025BC Mortgage Loan shall bear interest (which interest shall be payable in arrears) at the applicable rate in accordance with the Program Agreement;

2. each 2025BC Mortgage Loan shall have a term of 30 years and shall provide for level monthly payments and full amortization over the term thereof;

3. each 2025BC Mortgage Loan shall be secured by a Mortgage creating a first lien on the residence being financed with the proceeds of such 2025BC Mortgage Loan;

4. each 2025BC Mortgage Loan shall be (A) insured by the FHA pursuant to Section 203, 221(d)(2) or 234(c) of the National Housing Act of 1934, as amended, in accordance with the applicable standards of the FHA, (B) guaranteed by the VA under the Servicemen's Readjustment Act of 1945, as amended, in accordance with applicable standards of the VA, or (C) guaranteed by RHS under the Cranston-Gonzales National Affordable Housing Act of 1990;

5. each 2025BC Mortgage Loan shall be further secured by Supplemental Mortgage Security in the form of the guaranty provided by Ginnie Mae pursuant to a Ginnie Mae Certificate;

6. each residence financed with a 2025BC Mortgage Loan shall be a single family attached or detached house, a single unit in a condominium development or a planned unit development or a qualifying duplex (but not a triplex or fourplex or manufactured housing that is not permanently affixed to real property owned by the Borrower);

7. each 2025BC Mortgage Certificate shall be acquired by the Department with moneys disbursed from the 2025B Mortgage Loan Account and/or 2025C Mortgage Loan Account during the Certificate Purchase Period; and

8. such other requirements as may be set forth in the Program Agreement.

The Department covenants and agrees that each DPA Loan meets the requirements set forth in the Program Guidelines.

Section 5.6. Covenant Relating to the Program Agreement. The Department represents and covenants that the Program Agreement incorporates the requirements set forth in Article IV and Section 5.5 of this 2025C Series Supplement. The Department further covenants and agrees to obtain, prior to or upon any amendment thereof, a Counsel's Opinion that the form and substance of such amendment are consistent with the requirements of the Indenture and this 2025C Series Supplement.

Section 5.7. Depository. In accordance with Section 914 of the Indenture, the Department hereby appoints the Texas Treasury Safekeeping Trust Company as Depository for the purpose of holding, administering and investing the moneys and securities required to be credited to all Accounts, all as more fully provided in the Depository Agreement.

Section 5.8. Certain Requirements Applicable to Cashflow Statements. The Department covenants and agrees, with respect to each Cashflow Statement filed with the Trustee, that such Cashflow Statement shall demonstrate the sufficiency of the anticipated Revenues (as more fully set forth in Section 711 of the Indenture).

Section 5.9. Certain Conditions of Issuance of the Series 2025C Bonds. The Series 2025C Bonds shall be executed by the Department and, except for the Initial Bond, shall be delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered by it to the Department or upon its order, but only upon receipt by the Trustee of the following (in addition to the documents required under the Indenture):

1. an executed counterpart of this 2025C Series Supplement;

2. *intentionally omitted*;

3. an executed counterpart of the Depository Agreement in satisfaction of the requirements of subsection 1 of Section 914 of the Indenture, together with an opinion of counsel to the Depository regarding the enforceability thereof; and

4. the amounts specified in this 2025C Series Supplement to be deposited in the Accounts and Subaccounts as required therein.

Section 5.10. Sale of Series 2025C Bonds. The Series 2025C Bonds shall be sold to the Underwriters at an aggregate purchase price $[PURCHASE PRICE] (representing the par amount of the Series 2025C Bonds[, plus a premium in the amount of $[PREMIUM]]), subject to the terms and conditions set forth in the Purchase Agreement, and upon the basis of the representations therein set forth.

Section 5.11. Execution in Several Counterparts. This 2025C Series Supplement may be simultaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

Section 5.12. Certain Duties of the Department. The Department covenants and agrees that, in addition to such other duties as may be required under the Indenture and this 2025C Series Supplement, the Department will not voluntarily take any action or fail to take any action that will impair the ability of the Department to satisfy the asset test set forth in subsection 2 of Section 512 of the Indenture during any period in which the Series 2025C Bonds remain Outstanding.

Section 5.13. No Recourse on Series 2025C Bonds. No recourse shall be had for payment of the principal or Redemption Price of or interest on the Series 2025C Bonds or for any claim based thereon or on this 2025C Series Supplement against any Board member, officer or employee of the Department or the Trustee or any person executing or authenticating the Series 2025C Bonds, and neither the Board members, officers or employees of the Department or the Trustee, nor any person executing or authenticating the Series 2025C Bonds shall be liable personally on the Series 2025C Bonds by reason of the issuance thereof.

Section 5.14. Protection of Trust Estate.

1. At the request of the Trustee, the Department will from time to time execute and deliver all such supplements and amendments hereto and all such financing statements, continuation statements, instruments of further assurance and other instruments, and will take such other action as may be necessary or advisable to:

(i) grant more effectively all or any portion of the Trust Estate;

(ii) maintain or preserve the lien of the Indenture and this 2025C Series Supplement or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by the Indenture or this 2025C Series Supplement;

(iv) enforce any of the documents executed in connection with this 2025C Series Supplement;

(v) preserve and defend title to the Trust Estate and the rights of Trustee and of owners of the Series 2025C Bonds in the other property held as part of the Trust Estate against the claims of all Persons and parties; or

(vi) pay all taxes or assessments levied or assessed upon the Trust Estate when due.

2. The Department hereby designates the Trustee as its agent and attorney-in-fact to execute any financing statement, continuation statement or other instrument required pursuant to this Section 5.14; provided, however, that such designation shall not be deemed to create a duty on the Trustee to monitor the compliance of the Department with the foregoing covenants and provided further, that the duty of the Trustee to execute any instrument required pursuant to this Section 5.14 shall arise only if the Trustee has actual knowledge or has been notified in writing of any failure of the Department to comply with the provisions of this Section 5.14. Such power- of-attorney is coupled with an interest and is irrevocable, and the Department hereby ratifies and confirms all that the Trustee may do by virtue thereof. The Department shall be responsible for all reasonable costs incurred by the Trustee in the preparation and filing of all such continuation statements hereunder. Notwithstanding anything to the contrary contained herein or in the Indenture, the Trustee shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interest, the accuracy or sufficiency of any description of collateral in such initial filings or the filing of any modifications or amendments to the initial filings required by any amendments to Chapter 9 of the Texas Business and Commerce Code. Unless the Trustee shall have been notified in writing by the Department that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in relying on such initial filing and the information contained therein when filing any continuation statements or modifications thereto pursuant to this Section 5.14 or Section 1205 of the Indenture and when filing any continuation statements in the same filing offices as the initial filings were made.

Section 5.15. Continuing Disclosure Relating to Other Obligated Persons. The Board hereby determines that an Other Obligated Person would be an "obligated person" (as defined in Rule 15c2-12 (the "Rule")), for whom financial information and operating data would be presented in any final official statement relating to the Series 2025C Bonds had such Person been known at the time of the offering thereof. Based upon the objective criteria specified in the definition of Other Obligated Person, the Board concludes that no Borrower eligible to participate in the Program would be an Other Obligated Person.

Section 5.16. Agreement Regarding Assumption of Certain Home Loans. The Board agrees not to permit the assumption of any Mortgage Loan that would cause any Person to become an Other Obligated Person.

Section 5.17. Responsibilities of Trustee. Notwithstanding anything to the contrary in the Indenture: (a) subject to the provisions of subsection 2 of Section 902 of the Indenture, the Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct; and (b) the Trustee may act through agents or attorneys and shall not be responsible for the misconduct or negligence of such agents or attorneys appointed with due care. Subject to the provisions of Section 902 of the Indenture, the Department further agrees, to the extent permitted by law, to indemnify and save the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to the Trustee's negligence or willful misconduct. If the Trustee renders any service hereunder not provided for in the Indenture or this 2025C Series Supplement or related financing documents or institutes interpleader proceedings relative hereto, the Trustee shall be compensated

reasonably by the Department for such extraordinary services and reimbursed for any and all claims, liabilities, losses, damages, fines, penalties, and expenses, including out of pocket and incidental expenses and legal fees and expenses occasioned thereby. The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds. The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty.

Section 5.18. Verifications of Statutory Representations and Covenants. The verifications, representation and covenants of the Trustee in Section 5.18 of the 2025B Series Supplement expressly incorporated by reference into this 2025C Series Supplement.

Section 5.19. Instructions via Electronic Means. The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions"), given pursuant to the Indenture and delivered using Electronic Means; provided, however, that the Department shall provide to the Trustee an incumbency certificate listing Authorized Representatives of the Department with the authority to provide such Instructions and containing specimen signatures of such Authorized Representative of the Department, which incumbency certificate shall be amended by the Department whenever a person is to be added or deleted from the listing. "Electronic Means" as used herein shall mean the following communications methods: e-mail, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder. If the Department elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Department understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by or on behalf of an Authorized Representative listed on the incumbency certificate provided to the Trustee have been sent by or on behalf of such Authorized Representative. The Department shall be responsible for ensuring that only Authorized Representatives of the Department transmit or authorize the transmission of such Instructions to the Trustee and that the Department and all Authorized Representatives of the Department are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Department. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Department agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception or misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by Department; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 5.20. Letter of Instruction; Written Instructions. The Trustee may conclusively rely on any Letter of Instructions or written instructions delivered to the Trustee and shall not be responsible for any loss or liability resulting from the investment of funds or otherwise, but only so long as the Trustee follows such Letter of Instructions or written instructions in all material respects.

[signature pages follow]

IN WITNESS WHEREOF, the Department and the Trustee have caused this 2025C Series Supplement to be signed, sealed, and attested on their behalf by their duly authorized representatives, all as of the date first hereinabove written.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

By: _____
Director of Bond Finance

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF BOND

UNITED STATES OF AMERICA

STATE OF TEXAS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
RESIDENTIAL MORTGAGE REVENUE BOND
TAXABLE SERIES 2025C

THE ORIGINAL PRINCIPAL AMOUNT OF THIS BOND IS SUBJECT TO REDUCTION UPON PAYMENT OF AMOUNTS CAUSING A PARTIAL REDEMPTION OF THIS BOND AS PROVIDED HEREIN; THE OUTSTANDING PRINCIPAL AMOUNT OF THIS BOND WILL BE AS SHOWN ON THE REGISTRY BOOKS KEPT BY THE WITHIN-NAMED TRUSTEE

[THE STATED PRINCIPAL AMOUNT OF THIS BOND WHILE REGISTERED IN THE NAME OF THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK, OR ITS NOMINEE MAY BE REDUCED BY THE AMOUNT OF REDEMPTIONS OF ANY BONDS OR PORTIONS THEREOF][1]

No. _____ $_____

Interest Rate:	Dated Date:	CUSIP:	Maturity Date:
_____	_____	_____	_____

Registered Owner: _____

Principal Amount: _____ DOLLARS

The TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (herein called the "Department"), a public and official agency of the State of Texas, acknowledges itself indebted to, and FOR VALUE RECEIVED, hereby promises to pay to the registered owner named above or registered assigns, but solely from the sources and in the manner hereinafter provided, on the maturity date specified above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such principal amount in like coin or currency from the Dated Date (as defined below) of this Bond or from the most recent date to which interest on this Bond (or any Bond in exchange for, or

[1] To be deleted from the Initial Bond, and be included only in Series 2025C Bonds registered in the name of DTC or its nominee.

in lieu of, which this Bond was issued), has been paid at the interest rate per annum set forth above, calculated on the basis of a 360-day year composed of twelve 30-day months, payable on [January 1, 2026], and each July 1 and January 1 thereafter, and on any other date on which this Bond is subject to redemption (each, an "Interest Payment Date") to the date of maturity or earlier redemption, until the Department's obligation with respect to the payment of such principal amount shall be discharged. The principal amount or Redemption Price of this Bond shall be payable upon presentation and surrender of this Bond, at the applicable office of The Bank of New York Mellon Trust Company, N.A. (such bank and any successor in such capacity being referred to as the "Trustee"). The interest on each Series 2025C Bond shall be paid by check mailed on the Interest Payment Date to the Person in whose name such Series 2025C Bond is registered at the close of business on the 15th day of the month (whether or not a Business Day) immediately preceding the applicable Interest Payment Date, at the address of such Person as shown on the Bond registration books kept by the Trustee. Notwithstanding the foregoing, in no event shall the cumulative amount of interest paid or payable on any Bond (including interest calculated as provided in the Indentures (as defined below), together with all other amounts that constitute interest on the Bonds under the laws of the State of Texas that are contracted for, charged, reserved, taken or received pursuant to the Indentures) through any Interest Payment Date or through the date of payment of such Bond (whether at maturity, by acceleration or upon earlier redemption) exceed the "net interest cost" that will produce a "net effective interest rate" of greater than 15% per annum or, to the extent allowed by law, such greater "net effective interest rate" as may be allowed from time to time. The terms "net interest cost" and "net effective interest rate," as used herein, shall have the respective meanings ascribed to them in Chapter 1204, Texas Government Code, as amended. This Bond shall be dated as of the date six months preceding the Interest Payment Date next following the date of authentication hereof by the Trustee, unless such date of authentication shall be an Interest Payment Date, in which case this Bond shall be dated as of such Interest Payment Date, or unless such date of authentication shall be prior to [January 1, 2026], in which case this Bond shall be dated as of the Issuance Date; provided that if interest on this Bond shall be in default, Bonds issued in lieu of this Bond upon surrender for transfer or exchange may be dated as of the date to which interest has been paid in full on the Bonds surrendered (herein, the "Dated Date").

This Bond is a limited obligation of the Department and is one of the Bonds of the Department designated "Residential Mortgage Revenue Bonds" (herein called the "Bonds"), issued and to be issued in various series under and pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as such may be amended from time to time (together with the laws of the State of Texas applicable to the Department, collectively, the "Act"), and Chapter 1371, Texas Government Code, as amended, and under and pursuant to an indenture of the Department entitled "Amended and Restated Residential Mortgage Revenue Bond Trust Indenture", dated as of July 1, 2019, as amended and supplemented (herein called the "Indenture"), and a supplemental indenture of the Department entitled "Forty-Seventh Supplemental Residential Mortgage Revenue Bond Trust Indenture", dated as of [June] 1, 2025, authorizing the series of Bonds of which this Bond is a part (herein called the "2025C Series Supplement" and together with the Indenture called the "Indentures"). All defined terms used herein, but not otherwise defined, shall have the same definitions ascribed to them in the Indentures. As provided in the Indenture, Bonds may be issued from time to time pursuant to supplemental indentures in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and subject to the provisions thereof, may otherwise vary. All Bonds issued and to

be issued under the Indenture are and will be equally secured by the pledges, assignments in trust and covenants made therein, except as otherwise expressly provided or permitted in the Indenture.

THE PRINCIPAL OF AND INTEREST AND PREMIUM, IF ANY, ON THIS BOND ARE LIMITED OBLIGATIONS OF THE DEPARTMENT AND ARE PAYABLE ONLY FROM REVENUES OR FUNDS OF THE DEPARTMENT PLEDGED UNDER THE INDENTURES. THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH OR CREDIT OR TAXING POWER OF THE STATE OF TEXAS. THE DEPARTMENT HAS NO TAXING POWER.

This Bond is one of a series of Bonds designated "Residential Mortgage Revenue Bonds, Taxable Series 2025C" (herein sometimes called the "Series 2025C Bonds") issued in the aggregate initial principal amount of $[62,500,000] under the Indentures for the purpose of (i) acquiring Mortgage Loans, or participations therein, through the purchase of the 2025BC Mortgage Certificates, including providing down payment and closing cost assistance with respect to Assisted Mortgage Loans, (ii) paying lender compensation related to the 2025BC Mortgage Loans and (iii) paying Costs of Issuance. Copies of the Indentures are on file at the office of the Department and at the applicable office of the Trustee and reference to the Indentures and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges, assignments in trust, and covenants securing the Bonds; the nature, extent, and manner of enforcement of such pledges, assignments in trust, and covenants; the rights and remedies of the registered owners of the Bonds with respect thereto; the terms and conditions upon which the Bonds are issued and may be issued thereunder; and other matters, to all of which the owner of this Bond assents by the acceptance of this Bond. To the extent of any conflict between the terms and provisions of the Indentures and the terms and provisions of this Bond, the Indentures shall govern and control.

The owner of this Bond shall have no right to enforce the provisions of the Indentures, or to institute any action with respect to any Event of Default (as defined in the Indenture), or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in the Indentures.

This Bond is transferable, as provided in the Indentures, only upon the books of the Department kept for that purpose at the above-mentioned office of the Trustee, by the registered owner hereof in person, or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon, a new Bond or Bonds in the same aggregate principal amount and maturity shall be issued to the transferee in exchange herefor as provided in the Indentures, and upon payment of the charges therein prescribed. The Department and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal, Redemption Price or purchase price hereof and interest due hereon and for all other purposes.

[EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURES, THIS BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF

DTC OR TO A SUCCESSOR BOND DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR BOND DEPOSITORY.][2]

The Series 2025C Bonds are issuable only in the form of fully registered Bonds without coupons in the denomination of $5,000 principal amount or any integral multiple thereof.

To the extent and in the manner permitted by the terms of the Indentures, the provisions of the Indentures, or any indenture amendatory thereof or supplemental thereto, may be modified or amended by the Department, with the written consent of the holders of at least 2/3 in principal amount of the Bonds of each series so affected then outstanding under the Indentures; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain outstanding under the Indentures, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of the calculation of outstanding Bonds. No such modification or amendment shall permit any of the following, without the consent of each Bondholder whose rights are affected thereby: a change in the terms of maturity or redemption of any Bond or of any installment of interest thereon; a reduction in the principal amount or Redemption Price of any Bond or in the rate of interest thereon; the creation of a lien on or a pledge of the revenues pledged under the Indenture or any portion thereof that is superior to or on a parity with the lien of the Indenture; the granting of a preference or priority of any Bond or Bonds over any other Bond or Bonds; or a reduction in the aggregate principal amount or classes of Bonds, of which the consent of the registered owners is required to effect any such modification or amendment.

The Series 2025C Bonds are subject to redemption prior to stated maturity as set forth in the Series Supplement.

In lieu of redeeming Series 2025C Bonds, the Department has reserved the right in the Indenture to purchase such Bonds.

Written notice of redemption shall be provided to the registered owner of each Series 2025C Bond to be redeemed, as shown on the Bond registration books kept by the Trustee, at least 30 days prior to the redemption date, in the manner and upon the terms and conditions set forth in the Indentures. If notice of redemption shall have been given as aforesaid, the Series 2025C Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, moneys for the redemption of all the Series 2025C Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Series 2025C Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

The Department reserves the right to regulate or restrict the yield or return on the investment of the moneys in any fund, account, or subaccount created under the Indentures or any supplemental indenture, if in the opinion of counsel, such regulation or restriction is necessary in order for the interest on the Bonds (other than any series of taxable Bonds issued under the

[2] To be deleted from the initially issued Bonds.

Indenture) of any series issued or to be issued under the Indenture to be exempt from federal income taxation.

The Act provides that neither the officers or directors of the Department nor any person executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof.

It is hereby certified and recited that all conditions, acts, and things required by law and the Indentures to exist, to have happened, and to have been performed precedent to and in the issuance of this Bond, exist, have happened, and have been performed and that the issuance of this Bond and the series of Bonds of which it is a part are duly authorized by the laws of the State of Texas.

This Bond shall not be entitled to any benefit under the Indentures or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate or the execution by the Comptroller of Public Accounts of the State of Texas of the Comptroller's Registration Certificate hereon.

IN WITNESS WHEREOF, the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its duly authorized representative, and its corporate seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved, or otherwise reproduced and attested by the manual or facsimile signature of its Secretary.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

By: _____
[Vice] Chair

Attest:

_____
Secretary

(SEAL)

[FORM OF COMPTROLLER'S REGISTRATION
CERTIFICATE ON INITIAL BOND]

STATE COMPTROLLER'S REGISTRATION CERTIFICATE

OFFICE OF COMPTROLLER Register No. _____

STATE OF TEXAS

I HEREBY CERTIFY that there is on file and of record in my office an opinion of the Attorney General of the State of Texas approving this Bond and certifying that this Bond and the proceedings for the issuance thereof have been examined by him as required by law, and that he finds that this Bond has been issued in accordance with law and that it is a valid and binding limited obligation of the Texas Department of Housing and Community Affairs, payable from the revenues and other funds pledged to its payment by and in the proceedings authorizing the same, and I do further certify that this Bond has this day been registered by me as Comptroller.

WITNESS MY HAND AND SEAL OF OFFICE this _____.

_____
Comptroller of Public Accounts
of the State of Texas

(SEAL)

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION
ON EACH BOND OTHER THAN THE INITIAL BOND]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is to certify that the initial Bonds of this Series were approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this Bond is one of the Bonds delivered pursuant to the within-mentioned Indenture.

Date of Authentication:

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., Trustee

By: _____
Authorized Officer

[FORM OF ASSIGNMENT]

ASSIGNMENT

For value received, the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated:_____

_____

NOTICE: The signature(s) on this assignment must correspond in every particular with the name(s) of the registered owner(s) appearing on the face of the within Bond.

Signature guaranteed by:

_____

NOTICE: Signature must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements will include membership or participation in STAMP or such other signature guaranty program as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT B

TAXABLE PAC TERM BOND OUTSTANDING APPLICABLE AMOUNT

Date	Taxable PAC Term Bond Outstanding Applicable Amount ($)	Date	Taxable PAC Term Bond Outstanding Applicable Amount ($)
[CLOSING DATE]	$[_____]		
		[___] and thereafter	-

EXHIBIT C

2025C CUMULATIVE APPLICABLE AMOUNT

Date	2025C Cumulative Applicable Amount ($)	Date	2025C Cumulative Applicable Amount ($)
[CLOSING DATE]	$[62,500,000]		
		[___] and thereafter	-

EXHIBIT D

UNEXPENDED PROCEEDS REDEMPTION PRICE FOR TAXABLE PAC TERM BOND

[TO COME]

TWENTIETH SUPPLEMENT TO AMENDED AND RESTATED DEPOSITORY AGREEMENT

Relating to

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

$[187,500,000]	$[62,500,000]
Residential Mortgage Revenue and Refunding Bonds Series 2025B	Residential Mortgage Revenue Bonds Taxable Series 2025C

This agreement is the Twentieth Supplement (the "Twentieth Supplement") to the Amended and Restated Depository Agreement dated as of [June] 1, 2025, among the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas (as successor to the Texas Housing Agency and together with its successors and assigns, the "Department"); THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association (as successor trustee to MTrust Corp, National Association and together with its successors in trust under the Indenture referred to below, the "Trustee"); and the COMPTROLLER OF PUBLIC ACCOUNTS OF THE STATE OF TEXAS (the "State Comptroller"), acting by and through the Texas Treasury Safekeeping Trust Company, a special-purpose trust company organized under the laws of the State of Texas (together with its successors in such capacity, the "Trust Company").

Preamble

The Department, the Trustee and the Trust Company entered into the Second Amended and Restated Depository Agreement, dated as of November 1, 1998 (as amended and supplemented from time to time, the "Amended and Restated Depository Agreement"), relating to the Department's Residential Mortgage Revenue Bonds issued pursuant to that certain Residential Mortgage Revenue Bond Trust Indenture, dated as of November 1, 1987 (as amended and supplemented from time to time, the "Indenture"), between the Department and the Trustee.

The Department and the Trustee entered into that certain Amended and Restated Residential Mortgage Revenue Bond Trust Indenture, dated as of July 1, 2019 (as amended and supplemented from time to time, the "Amended and Restated RMRB Indenture"), amending and restating the Indenture for the purpose of consolidating amendments previously made to the Indenture and making certain other changes to the Indenture.

Section 8.02 of the Amended and Restated Depository Agreement provides that it may be amended in any respect by an instrument in writing executed by the Department, the Trustee and the Trust Company and, in particular, that it may be amended in connection with the issuance of one or more additional Series of Bonds; provided that the Trustee shall have received with respect to such amendment, a Counsel's Opinion that such amendment is not inconsistent with the provisions of the Indenture and the Texas Government Code, as amended, Chapters 404 and 2306, and does not materially and adversely affect the rights of the holders of the Series 2025BC Bonds (as hereinafter defined).

The Department is in the process of issuing its (i) Residential Mortgage Revenue and Refunding Bonds, Series 2025B (the "Series 2025B Bonds"), pursuant to the Forty-Sixth Supplemental Residential Mortgage Revenue Bond Trust Indenture, dated as of [June] 1, 2025 (the "2025B Supplemental Indenture"), between the Department and the Trustee, and (ii) Residential Mortgage Revenue Bonds, Taxable Series 2025C (the "Series 2025C Bonds," and together with the Series 2025B Bonds, collectively referred to herein as the "Series 2025BC Bonds") pursuant to a Forty-Seventh Supplemental Residential

Mortgage Revenue Bond Trust Indenture dated as of [June] 1, 2025, between the Department and the Trustee (the "2025C Supplemental Indenture," and together with the Series 2025B Supplemental Indenture, collectively referred to in this Twentieth Supplement as the "Series 2025BC Supplemental Indentures," and together with the Amended and Restated RMRB Indenture, collectively referred to herein as the "Trust Indenture").

The Department desires and has requested the Trustee and the Trust Company to enter into this Twentieth Supplement to supplement the Amended and Restated Depository Agreement to create Accounts and Subaccounts under the Amended and Restated Depository Agreement corresponding to the Accounts and Subaccounts being created under the Trust Indenture in connection with the issuance of the Series 2025BC Bonds.

Agreement

In consideration of the mutual agreements contained in this Twentieth Supplement, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Department, the Trustee and the Trust Company agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.01. Definitions. Unless the context requires otherwise, all defined terms contained in the Amended and Restated RMRB Indenture, the Series 2025BC Supplemental Indentures and the Amended and Restated Depository Agreement have the same meanings in this Twentieth Supplement as such defined terms are given in each of the foregoing documents.

Section 1.02. Interpretation. This Twentieth Supplement and all of the terms and provisions in it shall be liberally construed to effectuate the purposes hereof and to achieve the purpose of providing additional security for the Series 2025BC Bonds.

Section 1.03. Titles and Headings. The titles and headings of the Articles and Sections of this Twentieth Supplement have been inserted for convenience and reference only. They are not to be considered hereof and will not in any way modify or restrict the terms of this Twentieth Supplement.

Section 1.04. Amended and Restated Depository Agreement to Remain in Force. Except as supplemented by this Twentieth Supplement, the Amended and Restated Depository Agreement remains in full force and effect as to the matters covered by it.

Section 1.05. Continuing Binding Effect. The terms and provisions of the Amended and Restated Depository Agreement are in all respects binding upon and applicable to the parties to this Twentieth Supplement. Further, deposits, withdrawals and transfers to, from and among the Accounts and Subaccounts described in Exhibit "A" of moneys and securities pertaining to the Series 2025BC Bonds, and the investment of the moneys and securities in all respects, including the maintaining of records and the providing of reports, shall be governed by the terms and provisions of the Amended and Restated Depository Agreement, a copy of which is attached as Exhibit "B" hereto.

Section 1.06. Authority. This Twentieth Supplement is executed and delivered pursuant to the Act and the Amended and Restated Depository Agreement.

Section 1.07. Successors and Assigns. All covenants and agreements in this Twentieth Supplement among the Department, the Trustee and the Trust Company shall bind their respective successors and assigns, whether so expressed or not.

Section 1.08. Severability Clause. In case any provision in this Twentieth Supplement is found by a court to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired by such finding.

Section 1.09. Benefits of Twentieth Supplement. Nothing in this Twentieth Supplement, the Trust Indenture, or the Series 2025BC Bonds, express or implied, gives to any Person, other than the parties to this Twentieth Supplement, their successors under it, and the owners of Bonds, any benefit or any legal or equitable right, remedy or claim under this Twentieth Supplement.

Section 1.10. Governing Law. This Twentieth Supplement is governed by the laws of the State of Texas.

Section 1.11. Execution in Several Counterparts. This Twentieth Supplement may be simultaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

Section 1.12. Compliance with Texas Government Code. The representations of the Trustee in Section 5.18 of each of the 2025B Supplemental Indenture and 2025C Supplemental Indenture are expressly incorporated by reference into this Twentieth Supplement.

ARTICLE II

CREATION AND OPERATION OF ACCOUNTS AND SUBACCOUNTS

Section 2.01. Creation of Accounts and Subaccounts. In accordance with Section 8.02 of the Amended and Restated Depository Agreement, the Department hereby creates and establishes with the Trust Company, but not within the Treasury of the State of Texas, the additional Accounts and Subaccounts described in Exhibit "A" attached hereto. Each Account and Subaccount shall correspond to the Trust Indenture Account or Subaccount of the same name.

Section 2.02. Investment of Certain Funds. The Department instructs the Trustee and the Trust Company to invest funds relating to the Series 2025BC Bonds in accordance with the Department's written instructions to the Trustee and the Trust Company.

(SIGNATURE PAGES FOLLOW)

EXECUTED as of the date first above written.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

By:_____
Director of Bond Finance

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By:_____
Authorized Signatory

TEXAS TREASURY SAFEKEEPING TRUST COMPANY

By:_____
Mike Reissig, Chief Executive Officer

EXHIBIT "A"

Accounts

1. 2025B Mortgage Loan Account of the Mortgage Loan Fund (Section 2.9.1 of the 2025B Supplemental Indenture)

2. 2025B Cost of Issuance Account of the Cost of Issuance Fund (Section 2.9.1 of the 2025B Supplemental Indenture)

3. 2025B Revenue Account of the Revenue Fund (Section 2.9.1 of the 2025B Supplemental Indenture)

4. 2025B Interest Account of the Interest Fund (Section 2.9.1 of the 2025B Supplemental Indenture)

5. 2025B Principal Account of the Principal Fund (Section 2.9.1 of the 2025B Supplemental Indenture)

6. 2025B Special Redemption Account of the Special Redemption Fund (Section 2.9.1 of the 2025B Supplemental Indenture)

7. 2025B Expense Account of the Expense Fund (Section 2.9.1 of the 2025B Supplemental Indenture)

8. 2025B Residual Revenues Account of the Residual Revenues Fund (Section 2.9.1 of the 2025B Supplemental Indenture)

9. 2025B Bond Proceeds Fund (Section 2.9.1(i) of the 2025B Supplemental Indenture)

10. 2025B Rebate Fund (Section 2.9.1(ii) of the 2025B Supplemental Indenture)

11. 2025B Down Payment Assistance Subaccount of the 2025B Mortgage Loan Account (Section 2.9.1(iii)(A) of the 2025B Supplemental Indenture)

12. 2025B Administrative Subaccount of the 2025B Mortgage Loan Account (Section 2.9.1(iii)(B) of the 2025B Supplemental Indenture)

13. 2025B Capitalized Interest Subaccount of the 2025B Revenue Account (Section 2.9.1(iv) of the 2025B Supplemental Indenture)

14. 2025C Mortgage Loan Account of the Mortgage Loan Fund (Section 2.9.1 of the 2025C Supplemental Indenture)

15. 2025C Cost of Issuance Account of the Cost of Issuance Fund (Section 2.9.1 of the 2025C Supplemental Indenture)

16. 2025C Revenue Account of the Revenue Fund (Section 2.9.1 of the 2025C Supplemental Indenture)

17. 2025C Interest Account of the Interest Fund (Section 2.9.1 of the 2025C Supplemental Indenture)

18. 2025C Principal Account of the Principal Fund (Section 2.9.1 of the 2025C Supplemental Indenture)

19. 2025C Special Redemption Account of the Special Redemption Fund (Section 2.9.1 of the 2025C Supplemental Indenture)

20. 2025C Expense Account of the Expense Fund (Section 2.9.1 of the 2025C Supplemental Indenture)

21. 2025C Residual Revenues Account of the Residual Revenues Fund (Section 2.9.1 of the 2025C Supplemental Indenture)

22. 2025C Bond Proceeds Fund (Section 2.9.1(i) of the 2025C Supplemental Indenture)

23. 2025C Down Payment Assistance Subaccount of the 2025C Mortgage Loan Account (Section 2.9.1(iii)(A) of the 2025C Supplemental Indenture)

24. 2025C Administrative Subaccount, within the 2025C Mortgage Loan Account (Section 2.9.1(iii)(B) of the 2025C Supplemental Indenture)

25. 2025C Capitalized Interest Subaccount of the 2025C Revenue Account (Section 2.9.1(iv) of the 2025C Supplemental Indenture)

EXHIBIT “B”

Amended and Restated Depository Agreement

[continues next page]

PRICING CERTIFICATE

Re: Texas Department of Housing and Community Affairs Residential Mortgage Revenue and Refunding Bonds, Series 2025B (the "Series 2025B Bonds")

Pursuant to Resolution No. 25-004 adopted by the Texas Department of Housing and Community Affairs (the "Department") on October 10, 2024 (the "Resolution"), authorizing the issuance, sale and delivery of single family mortgage revenue bonds in one or more series or subseries in an aggregate principal amount not to exceed $1,100,000,000, the undersigned Authorized Representative of the Board does hereby make and execute this Pricing Certificate.

Capitalized terms used in this Pricing Certificate and not otherwise defined shall have the meanings ascribed to such terms in the Resolution or in that certain Amended and Restated Residential Mortgage Revenue Bond Trust Indenture dated as of July 1, 2019 (as amended and supplemented from time to time, the "Indenture"), between the Department and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee").

As authorized by Section 2.4 of the Resolution, I have acted on behalf of the Department in the issuance of the Series 2025B Bonds to the Underwriters pursuant to the terms of the Bond Purchase Agreement dated as of the date hereof (the "Purchase Agreement"), between the Department and RBC Capital Markets, LLC, as representative of the Underwriters (the "Representative"), the terms and provisions of which are hereby approved.

The Series 2025B Bonds shall have the following terms, conditions and provisions, all as authorized pursuant to the Resolution; provided, the provisions hereof and the exhibits hereto may be modified or revised in the Series Supplement executed in connection with the Series 2025B Bonds (hereinafter referred to as the "2025B Series Supplement"):

1. The Series 2025B Bonds shall be dated as of the date of authentication thereof by the Trustee, unless such date of authentication shall be an Interest Payment Date, in which case they shall be dated as of such Interest Payment Date; provided, however, that if, as shown by the records of the Trustee, interest on the Series 2025B Bonds shall be in default, the registered Series 2025B Bonds issued in lieu of Series 2025B Bonds surrendered for the transfer or exchange may be dated as of the date to which interest has been paid in full on the Series 2025B Bonds surrendered; provided, further, that if the date of authentication shall be prior to the first Interest Payment Date, the Series 2025B Bonds shall be dated as of the Issuance Date.

2. The Issuance Date of the Series 2025B Bonds shall be [CLOSING DATE].

3. The Series 2025B Bonds shall be issued in the aggregate principal amount of $[187,500,000], for the purpose of (i) acquiring Mortgage Loans, or participations therein, through the purchase of the 2025BC Mortgage Certificates, including providing down payment and closing cost assistance with respect to Assisted Mortgage Loans, (ii) paying lender compensation related to the 2025BC Mortgage Loans, (iii) repaying and/or refunding the Repaid FHLB Advances, thereby making funds available to acquire Mortgage Loans, or participations therein, through the purchase of the 2025BC Mortgage Certificates and (iv) paying Costs of Issuance.

4. The Series 2025B Bonds shall be issued as Tax-Exempt Bonds.

5. The Series 2025B Bonds shall be designated as the "Residential Mortgage Revenue and Refunding Bonds, Series 2025B."

6. The Series 2025B Bonds shall be issued in Authorized Denominations of $5,000 principal amount or any integral multiples thereof.

7. The Series 2025B Bonds shall be sold to the Underwriters at an aggregate purchase price $[PURCHASE PRICE] (representing the par amount of the Series 2025B Bonds, plus a premium in the amount of $[PREMIUM]), on the terms and conditions set forth in the Purchase Agreement, and upon the basis of the representations therein set forth.

8. The Series 2025B Bonds shall bear interest from the Issuance Date or the most recent Interest Payment Date to which interest has been paid or provided for, payable on each January 1 and July 1 (each an "Interest Payment Date"), commencing [January 1, 2026], until stated maturity or the prior redemption thereof. The Series 2025B Bonds shall mature on the dates and in the principal amounts and shall bear interest at the per annum rates set forth in the following schedule:

Maturity Date	Principal Amount ($)	Interest Rate

9. The Series 2025B Bonds shall not be subject to redemption prior to maturity except as follows:

Special Redemption.

Special Redemption from Unexpended Proceeds. The Series 2025B Bonds are subject to special redemption from amounts transferred to the 2025B Special Redemption Account in accordance with the Indenture, at any time, prior to their stated maturities, in whole or in part. The Redemption Price of the Series 2025B Bonds to be so redeemed pursuant to this Section shall be equal to (i) for all Series 2025B Bonds, other than the Premium PAC Term Bond, 100% of the principal amount thereof; and (ii) for the Premium PAC Term Bond, the applicable Redemption Price, as set forth in Exhibit D to the 2025B Series Supplement; plus in any case accrued interest thereon to, but not including, the date of redemption; except that a De Minimis Special Redemption shall be treated as a Special Redemption from Mortgage Loan Principal Payments and such portion of the Series 2025B Bonds shall be redeemed in accordance with Section B below. In the event the Series 2025B Bonds are redeemed on a date other than a redemption date listed on Exhibit D to the 2025B Series Supplement, the Redemption Price, as of such redemption date, will be determined by the Department using straight-line interpolation between the Redemption Prices for the redemption dates listed on Exhibit D to the 2025B Series Supplement immediately preceding and succeeding such redemption date.

Such redemption shall occur on the first day of any month on or after [____], unless the Certificate Purchase Period is extended in accordance with the Indenture. In no event will the redemption occur later than December 1, 2028.

Except for the De Minimis Special Redemption, the Series 2025B Bonds to be redeemed in accordance with this subsection shall be selected by the Trustee on a pro rata basis among all maturities unless otherwise directed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate.

A. Special Redemption from Mortgage Loan Principal Payments. The Series 2025B Bonds are subject to redemption prior to maturity and shall be redeemed, in whole or in part, from time to time on the first day of any month on or after [January 1, 2026], after giving notice as provided in the Indenture, at a Redemption Price equal to 100% of the principal amount of the Series 2025B Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date, from certain amounts relating to Mortgage Loan Principal Payments from the 2025B Mortgage Certificates transferred to the 2025B Special Redemption Account in accordance with the Indenture.

In the event of a redemption pursuant to this Section from Mortgage Loan Principal Payments relating to the 2025B Mortgage Certificates, the Trustee shall select the particular Series 2025B Bonds to be redeemed as follows:

(i) the Trustee shall redeem the Premium PAC Term Bond, but only to the extent that the Outstanding principal amount of such Premium PAC Term Bond following any such redemption is not less than the Premium PAC Term Bond Outstanding Applicable Amount as set forth in Exhibit B to the 2025B Series Supplement (the "Premium PAC Term Bond Outstanding Applicable Amount") as of such date;

(ii) amounts remaining following the redemptions described in clause (i) above shall be applied, unless otherwise directed by a Letter of Instructions accompanied by a Cashflow Certificate, to redeem all other Series 2025B Bonds (other than the Premium PAC Term Bond), on a proportionate basis until the Outstanding principal amount of all Series 2025B Bonds has been reduced to the 2025B Cumulative Applicable Amount as set forth in Exhibit C to the 2025B Series Supplement (the "2025B Cumulative Applicable Amount") as of such date;

(iii) amounts remaining following the redemptions described in clauses (i) and (ii) above shall be applied monthly, unless otherwise directed by a Letter of Instructions accompanied by a Cashflow Certificate, to redeem all Series 2025B Bonds, including the Premium PAC Term Bond, on a proportionate basis after taking into account the amounts applied to redeem the Series 2025B Bonds pursuant to the above-described redemptions.

Any special redemption of the Series 2025B Bonds pursuant to Section A above (other than a De Minimis Special Redemption), will reduce the Premium PAC Term Bond Outstanding

Applicable Amount and the 2025B Cumulative Applicable Amount for the current and each future monthly period on a proportionate basis.

B. Special Redemption from Excess Revenues. The Series 2025B Bonds are subject to redemption prior to maturity and may be redeemed, in whole or in part, from time to time on the first day of any month on or after [January 1, 2026], after giving notice as provided in the Indenture and in accordance with a Letter of Instructions, at a Redemption Price equal to 100% of the principal amount of such Series 2025B Bonds or portions thereof to be redeemed, plus accrued interest to but not including the redemption date, from amounts transferred to the 2025B Special Redemption Account from the Residual Revenues Fund in accordance with the Indenture (including revenues whether or not derived in connection with the Series 2025B Bonds).

In the event of a redemption pursuant to this Section from excess Revenues, the Trustee shall apply amounts transferred to the 2025B Special Redemption Account from the Residual Revenues Fund in accordance with the Indenture to redeem the Series 2025B Bonds Outstanding in the same manner provided in clauses (i) and (ii) under Section B above, unless otherwise instructed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate.

C. Scheduled Mandatory Redemption. The Series 2025B Bonds maturing on the respective dates specified below are subject to scheduled mandatory redemption prior to maturity and shall be redeemed, after giving notice as provided in the Indenture, in the aggregate principal amounts and on the dates set forth in the following tables, at a Redemption Price equal to 100% of the principal amount of such Series 2025B Bonds or portions thereof to be redeemed, plus accrued interest, if any, to but not including the redemption date, from amounts that have been transferred to the 2025B Principal Account from the 2025B Revenue Account.

$[_____] Term Bond maturing [____] 1, 20[__]

Redemption Date	Principal Amount ($)	Redemption Date	Principal Amount ($)

* Stated Maturity

$[_____] Term Bond maturing [____] 1, 20[__]

Redemption Date	Principal Amount ($)	Redemption Date	Principal Amount ($)

* Stated Maturity

$[_____] Term Bond maturing [____] 1, 20[__]

Redemption Date	Principal Amount ($)	Redemption Date	Principal Amount ($)

* Stated Maturity

$[_____] Term Bond maturing [____] 1, 20[__]

Redemption Date	Principal Amount ($)	Redemption Date	Principal Amount ($)

* Stated Maturity

$[_____] Premium PAC Term Bond maturing [____] 1, 20[__]

Redemption Date	Principal Amount ($)	Redemption Date	Principal Amount ($)

* Stated Maturity

The principal amount of the Series 2025B Bonds to be redeemed on each such redemption date pursuant to mandatory sinking fund redemption shall be reduced by the principal amount of any Series 2025B Bonds having the same stated maturity and interest rate, which (A) at least 45 days prior to such mandatory sinking fund redemption date, (1) shall have been acquired by the Department and delivered to the Trustee for cancellation, or (2) shall have been acquired and canceled by the Trustee at the direction of the Department, or (3) shall have been redeemed other than pursuant to mandatory sinking fund redemption, and (B) shall have not been previously credited against a scheduled mandatory sinking fund redemption.

Optional Redemption.

A. The Series 2025B Bonds (except for the Premium PAC Term Bond) maturing on or after [_____], are subject to redemption prior to maturity, in whole or in part, at any time and from time to time on and after [OPT RED DATE] (the "Optional Redemption Date"), at the option of the Department, after giving notice as provided in the Indenture, at a Redemption Price equal to 100% of the principal amount of such Series 2025B Bonds or portions thereof to be redeemed, plus accrued interest, if any, to, but not including, the redemption date.

B. The Premium PAC Term Bond is subject to redemption prior to maturity, in whole or in part at any time and from time to time, on and after the Optional Redemption Date, at the option of the Department after giving notice as provided in the Indenture, at the Redemption Prices set forth below (expressed as a percentage of the principal amount to be redeemed), in each case together with interest accrued thereon to, but not including, the redemption date:

Redemption Date	Redemption Price
	100.000%
and thereafter	

If the Premium PAC Term Bond is redeemed on a date other than a redemption date listed above, the Redemption Price, as of such redemption date, will be determined by the Department using straight-line interpolation between the Redemption Prices for the redemption dates listed above immediately preceding and succeeding such redemption date.

C. At least 45 days prior to any redemption date described in this Section, or such later date as the Trustee will accept, the Department shall give a Letter of Instructions accompanied by a Cashflow Certificate to the Trustee specifying the principal amount of Series 2025B Bonds to be redeemed and the date of such redemption and identifying the Series 2025B Bonds by the maturity date and interest rate of such Bonds and the source of funds to be utilized to redeem such Bonds.

10. In accordance with the parameters contained in Section 2.4 of the Resolution, the undersigned does hereby find, certify and represent that the foregoing terms of the Series 2025B Bonds satisfy the following requirements and parameters contained within such Section 2.4:

A. the interest rates for the Series 2025B Bonds do not exceed the Maximum Rate;

B. the sales price for the Series 2025B Bonds to the Underwriters is not less than 95 percent, and not more than 108 percent, of the par amount of the Series 2025B Bonds; and

C. the Repaid FHLB Advances to be repaid with the proceeds of the Series 2025B Bonds on or about the delivery date of the Series 2025B Bonds are identified on Schedule I hereto.

11. The Series 2025B Bonds shall be substantially in the form set forth in Exhibit A hereto with such insertions, changes and modifications as are required to conform the bond form to the terms of this Pricing Certificate or the Indenture. The Initial Series 2025B Bond shall be registered to the Representative.

12. Following issuance of the Series 2025B Bonds and the Department's Residential Mortgage Revenue Bonds, Taxable Series 2025C being issued concurrently, $[675,000,000] of bonds will remain authorized under the Resolution.

13. The Series 2025B Bonds are being sold on terms advantageous to and in the best interests of the Department.

Executed as of the ____ day of _____, 2025.

_____
Scott Fletcher, Director of Bond Finance
and Authorized Representative

SCHEDULE I

[TO COME FROM DEPARTMENT]

EXHIBIT A

FORM OF BOND

UNITED STATES OF AMERICA

STATE OF TEXAS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
RESIDENTIAL MORTGAGE REVENUE AND REFUNDING BOND
SERIES 2025B

THE ORIGINAL PRINCIPAL AMOUNT OF THIS BOND IS SUBJECT TO REDUCTION UPON PAYMENT OF AMOUNTS CAUSING A PARTIAL REDEMPTION OF THIS BOND AS PROVIDED HEREIN; THE OUTSTANDING PRINCIPAL AMOUNT OF THIS BOND WILL BE AS SHOWN ON THE REGISTRY BOOKS KEPT BY THE WITHIN-NAMED TRUSTEE

[THE STATED PRINCIPAL AMOUNT OF THIS BOND WHILE REGISTERED IN THE NAME OF THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK, OR ITS NOMINEE MAY BE REDUCED BY THE AMOUNT OF REDEMPTIONS OF ANY BONDS OR PORTIONS THEREOF][1]

No. _____ $_____

Interest Rate:	Dated Date:	CUSIP:	Maturity Date:
_____	_____	_____	_____

Registered Owner: _____

Principal Amount: _____ DOLLARS

The TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (herein called the "Department"), a public and official agency of the State of Texas, acknowledges itself indebted to, and FOR VALUE RECEIVED, hereby promises to pay to the registered owner named above or registered assigns, but solely from the sources and in the manner hereinafter provided, on the maturity date specified above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such principal amount in like coin or currency from the Dated Date (as defined below) of this Bond or from the most recent date to which interest on this Bond (or any Bond in exchange for, or

[1] To be deleted from the Initial Bond, and be included only in Series 2025B Bonds registered in the name of DTC or its nominee.

in lieu of, which this Bond was issued), has been paid at the interest rate per annum set forth above, calculated on the basis of a 360-day year composed of twelve 30-day months, payable on [January 1, 2026], and each July 1 and January 1 thereafter, and on any other date on which this Bond is subject to redemption (each, an "Interest Payment Date") to the date of maturity or earlier redemption, until the Department's obligation with respect to the payment of such principal amount shall be discharged. The principal amount or Redemption Price of this Bond shall be payable upon presentation and surrender of this Bond, at the applicable office of The Bank of New York Mellon Trust Company, N.A. (such bank and any successor in such capacity being referred to as the "Trustee"). The interest on each Series 2025B Bond shall be paid by check mailed on the Interest Payment Date to the Person in whose name such Series 2025B Bond is registered at the close of business on the 15th day of the month (whether or not a Business Day) immediately preceding the applicable Interest Payment Date, at the address of such Person as shown on the Bond registration books kept by the Trustee. Notwithstanding the foregoing, in no event shall the cumulative amount of interest paid or payable on any Bond (including interest calculated as provided in the Indentures (as defined below), together with all other amounts that constitute interest on the Bonds under the laws of the State of Texas that are contracted for, charged, reserved, taken or received pursuant to the Indentures) through any Interest Payment Date or through the date of payment of such Bond (whether at maturity, by acceleration or upon earlier redemption) exceed the "net interest cost" that will produce a "net effective interest rate" of greater than 15% per annum or, to the extent allowed by law, such greater "net effective interest rate" as may be allowed from time to time. The terms "net interest cost" and "net effective interest rate," as used herein, shall have the respective meanings ascribed to them in Chapter 1204, Texas Government Code, as amended. This Bond shall be dated as of the date six months preceding the Interest Payment Date next following the date of authentication hereof by the Trustee, unless such date of authentication shall be an Interest Payment Date, in which case this Bond shall be dated as of such Interest Payment Date, or unless such date of authentication shall be prior to [January 1, 2026], in which case this Bond shall be dated as of the Issuance Date; provided that if interest on this Bond shall be in default, Bonds issued in lieu of this Bond upon surrender for transfer or exchange may be dated as of the date to which interest has been paid in full on the Bonds surrendered (herein, the "Dated Date").

This Bond is a limited obligation of the Department and is one of the Bonds of the Department designated "Residential Mortgage Revenue Bonds" (herein called the "Bonds"), issued and to be issued in various series under and pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as such may be amended from time to time (together with the laws of the State of Texas applicable to the Department, collectively, the "Act"), and Chapter 1371, Texas Government Code, as amended, and under and pursuant to an indenture of the Department entitled "Amended and Restated Residential Mortgage Revenue Bond Trust Indenture", dated as of July 1, 2019, as amended and supplemented (herein called the "Indenture"), and a supplemental indenture of the Department entitled "Forty-Sixth Supplemental Residential Mortgage Revenue Bond Trust Indenture", dated as of [June] 1, 2025, authorizing the series of Bonds of which this Bond is a part (herein called the "2025B Series Supplement" and together with the Indenture called the "Indentures"). All defined terms used herein, but not otherwise defined, shall have the same definitions ascribed to them in the Indentures. As provided in the Indenture, Bonds may be issued from time to time pursuant to supplemental indentures in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and subject to the provisions thereof, may otherwise vary. All Bonds issued and to

be issued under the Indenture are and will be equally secured by the pledges, assignments in trust and covenants made therein, except as otherwise expressly provided or permitted in the Indenture.

THE PRINCIPAL OF AND INTEREST AND PREMIUM, IF ANY, ON THIS BOND ARE LIMITED OBLIGATIONS OF THE DEPARTMENT AND ARE PAYABLE ONLY FROM REVENUES OR FUNDS OF THE DEPARTMENT PLEDGED UNDER THE INDENTURES. THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH OR CREDIT OR TAXING POWER OF THE STATE OF TEXAS. THE DEPARTMENT HAS NO TAXING POWER.

This Bond is one of a series of Bonds designated "Residential Mortgage Revenue and Refunding Bonds, Series 2025B" (herein sometimes called the "Series 2025B Bonds") issued in the aggregate initial principal amount of $[187,500,000] under the Indentures for the purpose of (i) acquiring Mortgage Loans, or participations therein, through the purchase of the 2025BC Mortgage Certificates, including providing down payment and closing cost assistance with respect to Assisted Mortgage Loans, (ii) paying lender compensation related to the 2025BC Mortgage Loans, (iii) repaying and/or currently refunding the Repaid FHLB Advances, thereby making funds available to acquire Mortgage Loans, or participations therein, through the purchase of the 2025BC Mortgage Certificates and (iv) paying Costs of Issuance. Copies of the Indentures are on file at the office of the Department and at the applicable office of the Trustee and reference to the Indentures and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges, assignments in trust, and covenants securing the Bonds; the nature, extent, and manner of enforcement of such pledges, assignments in trust, and covenants; the rights and remedies of the registered owners of the Bonds with respect thereto; the terms and conditions upon which the Bonds are issued and may be issued thereunder; and other matters, to all of which the owner of this Bond assents by the acceptance of this Bond. To the extent of any conflict between the terms and provisions of the Indentures and the terms and provisions of this Bond, the Indentures shall govern and control.

The owner of this Bond shall have no right to enforce the provisions of the Indentures, or to institute any action with respect to any Event of Default (as defined in the Indenture), or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in the Indentures.

This Bond is transferable, as provided in the Indentures, only upon the books of the Department kept for that purpose at the above-mentioned office of the Trustee, by the registered owner hereof in person, or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon, a new Bond or Bonds in the same aggregate principal amount and maturity shall be issued to the transferee in exchange herefor as provided in the Indentures, and upon payment of the charges therein prescribed. The Department and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal, Redemption Price or purchase price hereof and interest due hereon and for all other purposes.

[EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURES, THIS BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF DTC OR TO A SUCCESSOR BOND DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR BOND DEPOSITORY.][2]

The Series 2025B Bonds are issuable only in the form of fully registered Bonds without coupons in the denomination of $5,000 principal amount or any integral multiple thereof.

To the extent and in the manner permitted by the terms of the Indentures, the provisions of the Indentures, or any indenture amendatory thereof or supplemental thereto, may be modified or amended by the Department, with the written consent of the holders of at least 2/3 in principal amount of the Bonds of each series so affected then outstanding under the Indentures; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain outstanding under the Indentures, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of the calculation of outstanding Bonds. No such modification or amendment shall permit any of the following, without the consent of each Bondholder whose rights are affected thereby: a change in the terms of maturity or redemption of any Bond or of any installment of interest thereon; a reduction in the principal amount or Redemption Price of any Bond or in the rate of interest thereon; the creation of a lien on or a pledge of the revenues pledged under the Indenture or any portion thereof that is superior to or on a parity with the lien of the Indenture; the granting of a preference or priority of any Bond or Bonds over any other Bond or Bonds; or a reduction in the aggregate principal amount or classes of Bonds, of which the consent of the registered owners is required to effect any such modification or amendment.

The Series 2025B Bonds are subject to redemption prior to stated maturity as set forth in the 2025B Series Supplement.

In lieu of redeeming Series 2025B Bonds, the Department has reserved the right in the Indenture to purchase such Bonds.

Written notice of redemption shall be provided to the registered owner of each Series 2025B Bond to be redeemed, as shown on the Bond registration books kept by the Trustee, at least 30 days prior to the redemption date, in the manner and upon the terms and conditions set forth in the Indentures. If notice of redemption shall have been given as aforesaid, the Series 2025B Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, moneys for the redemption of all the Series 2025B Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Series 2025B Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

The Department reserves the right to regulate or restrict the yield or return on the investment of the moneys in any fund, account, or subaccount created under the Indentures or any supplemental indenture, if in the opinion of counsel, such regulation or restriction is necessary in

[2] To be deleted from the initially issued Bonds.

order for the interest on the Bonds (other than any series of taxable Bonds issued under the Indenture) of any series issued or to be issued under the Indenture to be exempt from federal income taxation.

The Act provides that neither the officers or directors of the Department nor any person executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof.

It is hereby certified and recited that all conditions, acts, and things required by law and the Indentures to exist, to have happened, and to have been performed precedent to and in the issuance of this Bond, exist, have happened, and have been performed and that the issuance of this Bond and the series of Bonds of which it is a part are duly authorized by the laws of the State of Texas.

This Bond shall not be entitled to any benefit under the Indentures or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate or the execution by the Comptroller of Public Accounts of the State of Texas of the Comptroller's Registration Certificate hereon.

IN WITNESS WHEREOF, the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its duly authorized representative, and its corporate seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved, or otherwise reproduced and attested by the manual or facsimile signature of its Secretary.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

By: _____
[Vice] Chair

Attest:

_____
Secretary

(SEAL)

[FORM OF COMPTROLLER'S REGISTRATION
CERTIFICATE ON INITIAL BOND]

STATE COMPTROLLER'S REGISTRATION CERTIFICATE

OFFICE OF COMPTROLLER
STATE OF TEXAS

Register No. _____

I HEREBY CERTIFY that there is on file and of record in my office an opinion of the Attorney General of the State of Texas approving this Bond and certifying that this Bond and the proceedings for the issuance thereof have been examined by him as required by law, and that he finds that this Bond has been issued in accordance with law and that it is a valid and binding limited obligation of the Texas Department of Housing and Community Affairs, payable from the revenues and other funds pledged to its payment by and in the proceedings authorizing the same, and I do further certify that this Bond has this day been registered by me as Comptroller.

WITNESS MY HAND AND SEAL OF OFFICE this _____.

_____
Comptroller of Public Accounts
of the State of Texas

(SEAL)

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION
ON EACH BOND OTHER THAN THE INITIAL BOND]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is to certify that the initial Bonds of this Series were approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this Bond is one of the Bonds delivered pursuant to the within-mentioned Indenture.

Date of Authentication: _____

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., Trustee

By: _____
Authorized Officer

[FORM OF ASSIGNMENT]

ASSIGNMENT

For value received, the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated:_____

_____

NOTICE: The signature(s) on this assignment must correspond in every particular with the name(s) of the registered owner(s) appearing on the face of the within Bond.

Signature guaranteed by:

_____

NOTICE: Signature must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements will include membership or participation in STAMP or such other signature guaranty program as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Initial Bond Modifications

Notwithstanding the foregoing, the Initial Bond shall be in the form set forth in this Exhibit A, except that the form of the single fully-registered Initial Bond shall be modified as follows:

(i) Immediately under the name of the bond issue and the legends, the existing headings shall be omitted and replaced with the following headings:

"No. TRB-1 Dated Date: [CLOSING DATE] $[187,500,000]

Registered Owner: RBC CAPITAL MARKETS, LLC

Principal Amount: [ONE HUNDRED EIGHTY-SEVEN MILLION FIVE HUNDRED THOUSAND] DOLLARS"

(ii) The first paragraph shall be replaced with the following:

The TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (herein called the "Department"), a public and official agency of the State of Texas, acknowledges itself indebted to, and FOR VALUE RECEIVED, hereby promises to pay to the registered owner named above or registered assigns, but solely from the sources and in the manner hereinafter provided, on the maturity date specified below, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such principal sum to the registered owner hereof in like coin or currency from the Issuance Date of this Bond or from the most recent date to which interest on this Bond (or any Bond in exchange for, or in lieu of, which this Bond was issued), has been paid at the interest rates per annum set forth below, calculated on the basis of a 360-day year composed of twelve 30-day months, payable on [January 1, 2026], and each July 1 and January 1 thereafter (each, an "Interest Payment Date") to the date of maturity or earlier redemption, until the Department's obligation with respect to the payment of such principal amount shall be discharged, in accordance with the following schedule:

Maturity Date	Principal Amount ($)	Interest Rate

[INSERT TABLE FROM 2025B PRICING CERTIFICATE]

The principal amount or Redemption Price of this Bond shall be payable upon presentation and surrender of this Bond, at the applicable office of The Bank of New York Mellon Trust Company, N.A. (such bank and any successor in such capacity being referred to as the "Trustee"). Notwithstanding the foregoing, in no event shall the cumulative amount of interest paid or payable on any Bond (including interest calculated as provided in the Indentures (as defined below), together with all other amounts that constitute interest on the Bonds under the laws of the State of Texas that are contracted for, charged, reserved, taken or received pursuant to the Indentures) through any Interest Payment Date or through the date of payment of such Bond (whether at

maturity, by acceleration or upon earlier redemption) exceed the "net interest cost" that will produce a "net effective interest rate" of greater than 15% per annum or, to the extent allowed by law, such greater "net effective interest rate" as may be allowed from time to time. The terms "net interest cost" and "net effective interest rate," as used herein, shall have the respective meanings ascribed to them in Chapter 1204, Texas Government Code, as amended.

(iii) the Initial Bond shall be numbered TRB-1.

PRICING CERTIFICATE

Re: Texas Department of Housing and Community Affairs Residential Mortgage Revenue Bonds, Taxable Series 2025C (the "Series 2025C Bonds")

Pursuant to Resolution No. 25-004 adopted by the Texas Department of Housing and Community Affairs (the "Department") on October 10, 2024 (the "Resolution"), authorizing the issuance, sale and delivery of single family mortgage revenue bonds in one or more series or subseries in an aggregate principal amount not to exceed $1,100,000,000, the undersigned Authorized Representative of the Board does hereby make and execute this Pricing Certificate.

Capitalized terms used in this Pricing Certificate and not otherwise defined shall have the meanings ascribed to such terms in the Resolution or in that certain Amended and Restated Residential Mortgage Revenue Bond Trust Indenture dated as of July 1, 2019 (as amended and supplemented from time to time, the "Indenture"), between the Department and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee").

As authorized by Section 2.4 of the Resolution, I have acted on behalf of the Department in the issuance of the Series 2025C Bonds to the Underwriters pursuant to the terms of the Bond Purchase Agreement dated as of the date hereof (the "Purchase Agreement"), between the Department and RBC Capital Markets, LLC, as representative of the Underwriters (the "Representative"), the terms and provisions of which are hereby approved.

The Series 2025C Bonds shall have the following terms, conditions and provisions, all as authorized pursuant to the Resolution; provided, the provisions hereof and the exhibits hereto may be modified or revised in the Series Supplement executed in connection with the Series 2025C Bonds (hereinafter referred to as the "2025C Series Supplement"):

1. The Series 2025C Bonds shall be dated as of the date of authentication thereof by the Trustee, unless such date of authentication shall be an Interest Payment Date, in which case they shall be dated as of such Interest Payment Date; provided, however, that if, as shown by the records of the Trustee, interest on the Series 2025C Bonds shall be in default, the registered Series 2025C Bonds issued in lieu of Series 2025C Bonds surrendered for the transfer or exchange may be dated as of the date to which interest has been paid in full on the Series 2025C Bonds surrendered; provided, further, that if the date of authentication shall be prior to the first Interest Payment Date, the Series 2025C Bonds shall be dated as of the Issuance Date.

2. The Issuance Date of the Series 2025C Bonds shall be [CLOSING DATE].

3. The Series 2025C Bonds shall be issued in the aggregate principal amount of $[62,500,000], for the purpose of (i) acquiring Mortgage Loans, or participations therein, through the purchase of the 2025BC Mortgage Certificates, including providing down payment and closing cost assistance with respect to Assisted Mortgage Loans, (ii) paying lender compensation related to the 2025BC Mortgage Loans and (iii) paying Costs of Issuance.

4. The Series 2025C Bonds shall be issued as Taxable Bonds.

5. The Series 2025C Bonds shall be designated as the "Residential Mortgage Revenue Bonds, Taxable Series 2025C."

6. The Series 2025C Bonds shall be issued in Authorized Denominations of $5,000 principal amount or any integral multiples thereof.

7. The Series 2025C Bonds shall be sold to the Underwriters at an aggregate purchase price $[PURCHASE PRICE] (representing the par amount of the Series 2025C Bonds[, plus a premium in the amount of $[PREMIUM]]), on the terms and conditions set forth in the Purchase Agreement, and upon the basis of the representations therein set forth.

8. The Series 2025C Bonds shall bear interest from the Issuance Date or the most recent Interest Payment Date to which interest has been paid or provided for, payable on each January 1 and July 1 (each an "Interest Payment Date"), commencing [January 1, 2026], until stated maturity or the prior redemption thereof. The Series 2025C Bonds shall mature on the dates and in the principal amounts and shall bear interest at the per annum rates set forth in the following schedule:

Maturity Date	Principal Amount ($)	Interest Rate

9. The Series 2025C Bonds shall not be subject to redemption prior to maturity except as follows:

Special Redemption.

Special Redemption from Unexpended Proceeds. The Series 2025C Bonds are subject to special redemption from amounts transferred to the 2025C Special Redemption Account in accordance with the Indenture, at any time, prior to their stated maturities, in whole or in part. The Redemption Price of the Series 2025C Bonds to be so redeemed pursuant to this Section shall be equal to (i) for all Series 2025C Bonds, other than the Taxable PAC Term Bond, 100% of the principal amount thereof; and (ii) for the Taxable PAC Term Bond, the applicable Redemption Price, as set forth in Exhibit D to the 2025C Series Supplement; plus in any case accrued interest thereon to, but not including, the date of redemption; except that a De Minimis Special Redemption shall be treated as a Special Redemption from Mortgage Loan Principal Payments and such portion of the Series 2025C Bonds shall be redeemed in accordance with Section B below. In the event the Series 2025C Bonds are redeemed on a date other than a redemption date listed on Exhibit D to the 2025C Series Supplement, the Redemption Price, as of such redemption date, will be determined by the Department using straight-line interpolation between the Redemption Prices for the redemption dates listed on Exhibit D to the 2025C Series Supplement immediately preceding and succeeding such redemption date.

Such redemption shall occur on the first day of any month on or after [____], unless the Certificate Purchase Period is extended in accordance with the Indenture.

Except for the De Minimis Special Redemption, the Series 2025C Bonds to be redeemed in accordance with this subsection shall be selected by the Trustee on a pro rata basis among all maturities unless otherwise directed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate.

A. Special Redemption from Mortgage Loan Principal Payments. The Series 2025C Bonds are subject to redemption prior to maturity and shall be redeemed, in whole or in part, from time to time on the first day of any month on or after [January 1, 2026], after giving notice as provided in the Indenture, at a Redemption Price equal to 100% of the principal amount of the Series 2025C Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date, from certain amounts relating to Mortgage Loan Principal Payments from the 2025C Mortgage Certificates transferred to the 2025C Special Redemption Account in accordance with the Indenture.

In the event of a redemption pursuant to this Section from Mortgage Loan Principal Payments relating to the 2025C Mortgage Certificates, the Trustee shall select the particular Series 2025C Bonds to be redeemed as follows:

(i) the Trustee shall redeem the Taxable PAC Term Bond, but only to the extent that the Outstanding principal amount of such Taxable PAC Term Bond following any such redemption is not less than the Taxable PAC Term Bond Outstanding Applicable Amount as set forth in Exhibit B to the 2025C Series Supplement (the "Taxable PAC Term Bond Outstanding Applicable Amount") as of such date;

(ii) amounts remaining following the redemptions described in clause (i) above shall be applied, unless otherwise directed by a Letter of Instructions accompanied by a Cashflow Certificate, to redeem all other Series 2025C Bonds (other than the Taxable PAC Term Bond), on a proportionate basis until the Outstanding principal amount of all Series 2025C Bonds has been reduced to the 2025C Cumulative Applicable Amount as set forth in Exhibit C to the 2025C Series Supplement (the "2025C Cumulative Applicable Amount") as of such date;

(iii) amounts remaining following the redemptions described in clauses (i) and (ii) above shall be applied monthly, unless otherwise directed by a Letter of Instructions accompanied by a Cashflow Certificate, to redeem all Series 2025C Bonds, including the Taxable PAC Term Bond, on a proportionate basis after taking into account the amounts applied to redeem the Series 2025C Bonds pursuant to the above-described redemptions.

Any special redemption of the Series 2025C Bonds pursuant to Section A above (other than a De Minimis Special Redemption), will reduce the Taxable PAC Term Bond Outstanding Applicable Amount and the 2025C Cumulative Applicable Amount for the current and each future monthly period on a proportionate basis.

B. Special Redemption from Excess Revenues. The Series 2025C Bonds are subject to redemption prior to maturity and may be redeemed, in whole or in part, from time to time on the first day of any month on or after [January 1, 2026], after giving notice as provided in the Indenture and in accordance with a Letter of Instructions, at a Redemption Price equal to 100% of the principal amount of such Series 2025C Bonds or portions thereof to be redeemed, plus accrued interest to but not including the redemption date, from amounts transferred to the 2025C Special Redemption Account from the Residual Revenues Fund in accordance with the Indenture (including 2025B Transferred Excess Revenues and other revenues whether or not derived in connection with the Series 2025C Bonds).

In the event of a redemption pursuant to this Section from excess Revenues, the Trustee shall apply amounts transferred to the 2025C Special Redemption Account from the Residual Revenues Fund in accordance with the Indenture to redeem the Series 2025C Bonds Outstanding in the same manner provided in clauses (i) and (ii) under Section B above, unless otherwise instructed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate.

C. Scheduled Mandatory Redemption. The Series 2025C Bonds maturing on the respective dates specified below are subject to scheduled mandatory redemption prior to maturity and shall be redeemed, after giving notice as provided in the Indenture, in the aggregate principal amounts and on the dates set forth in the following tables, at a Redemption Price equal to 100% of the principal amount of such Series 2025C Bonds or portions thereof to be redeemed, plus accrued interest, if any, to but not including the redemption date, from amounts that have been transferred to the 2025C Principal Account from the 2025C Revenue Account.

$[_____] Term Bond maturing [____] 1, 20[__]

Redemption Date	Principal Amount ($)	Redemption Date	Principal Amount ($)

* Stated Maturity

$[_____] Term Bond maturing [____] 1, 20[__]

Redemption Date	Principal Amount ($)	Redemption Date	Principal Amount ($)

* Stated Maturity

$[_____] Term Bond maturing [____] 1, 20[__]

Redemption Date	Principal Amount ($)	Redemption Date	Principal Amount ($)

* Stated Maturity

$[_____] Taxable PAC Term Bond maturing [____] 1, 20[__]

Redemption Date	Principal Amount ($)	Redemption Date	Principal Amount ($)

* Stated Maturity

The principal amount of the Series 2025C Bonds to be redeemed on each such redemption date pursuant to mandatory sinking fund redemption shall be reduced by the principal amount of any Series 2025C Bonds having the same stated maturity and interest rate, which (A) at least 45 days prior to such mandatory sinking fund redemption date, (1) shall have been acquired by the Department and delivered to the Trustee for cancellation, or (2) shall have been acquired and canceled by the Trustee at the direction of the Department, or (3) shall have been redeemed other than pursuant to mandatory sinking fund redemption, and (B) shall have not been previously credited against a scheduled mandatory sinking fund redemption.

Optional Redemption.

A. The Series 2025C Bonds (except for the Taxable PAC Term Bond) maturing on or after [_____], are subject to redemption prior to maturity, in whole or in part, at any time and from time to time on and after [OPT RED DATE] (the "Optional Redemption Date"), at the option of the Department, after giving notice as provided in the Indenture, at a Redemption Price equal to 100% of the principal amount of such Series 2025C Bonds or portions thereof to be redeemed, plus accrued interest, if any, to, but not including, the redemption date.

B. The Taxable PAC Term Bond is subject to redemption prior to maturity, in whole or in part at any time and from time to time, on and after the Optional Redemption Date, at the

option of the Department after giving notice as provided in the Indenture, at the Redemption Prices set forth below (expressed as a percentage of the principal amount to be redeemed), in each case together with interest accrued thereon to, but not including, the redemption date:

Redemption Date	Redemption Price
	100.000%
and thereafter	

If the Taxable PAC Term Bond is redeemed on a date other than a redemption date listed above, the Redemption Price, as of such redemption date, will be determined by the Department using straight-line interpolation between the Redemption Prices for the redemption dates listed above immediately preceding and succeeding such redemption date.

C. At least 45 days prior to any redemption date described in this Section, or such later date as the Trustee will accept, the Department shall give a Letter of Instructions accompanied by a Cashflow Certificate to the Trustee specifying the principal amount of Series 2025C Bonds to be redeemed and the date of such redemption and identifying the Series 2025C Bonds by the maturity date and interest rate of such Bonds and the source of funds to be utilized to redeem such Bonds.

10. In accordance with the parameters contained in Section 2.4 of the Resolution, the undersigned does hereby find, certify and represent that the foregoing terms of the Series 2025C Bonds satisfy the following requirements and parameters contained within such Section 2.4:

A. the interest rates for the Series 2025C Bonds do not exceed the Maximum Rate; and

B. the sales price for the Series 2025C Bonds to the Underwriters is not less than 95 percent, and not more than 108 percent, of the par amount of the Series 2025C Bonds.

11. The Series 2025C Bonds shall be substantially in the form set forth in Exhibit A hereto with such insertions, changes and modifications as are required to conform the bond form to the terms of this Pricing Certificate or the Indenture. The Initial Series 2025C Bond shall be registered to the Representative.

12. Following issuance of the Series 2025C Bonds and the Department's Residential Mortgage Revenue and Refunding Bonds, Series 2025B being issued concurrently, $[675,000,000] of bonds will remain authorized under the Resolution.

13. The Series 2025C Bonds are being sold on terms advantageous to and in the best interests of the Department.

Executed as of the ____ day of _____, 2025.

_____
Scott Fletcher, Director of Bond Finance
and Authorized Representative

EXHIBIT A

FORM OF BOND

UNITED STATES OF AMERICA

STATE OF TEXAS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
RESIDENTIAL MORTGAGE REVENUE BOND
TAXABLE SERIES 2025C

THE ORIGINAL PRINCIPAL AMOUNT OF THIS BOND IS SUBJECT TO REDUCTION UPON PAYMENT OF AMOUNTS CAUSING A PARTIAL REDEMPTION OF THIS BOND AS PROVIDED HEREIN; THE OUTSTANDING PRINCIPAL AMOUNT OF THIS BOND WILL BE AS SHOWN ON THE REGISTRY BOOKS KEPT BY THE WITHIN-NAMED TRUSTEE

[THE STATED PRINCIPAL AMOUNT OF THIS BOND WHILE REGISTERED IN THE NAME OF THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK, OR ITS NOMINEE MAY BE REDUCED BY THE AMOUNT OF REDEMPTIONS OF ANY BONDS OR PORTIONS THEREOF][1]

No. _____ $_____

Interest Rate:	Dated Date:	CUSIP:	Maturity Date:
_____	_____	_____	_____

Registered Owner: _____

Principal Amount: _____ DOLLARS

The TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (herein called the "Department"), a public and official agency of the State of Texas, acknowledges itself indebted to, and FOR VALUE RECEIVED, hereby promises to pay to the registered owner named above or registered assigns, but solely from the sources and in the manner hereinafter provided, on the maturity date specified above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such principal amount in like coin or currency from the Dated Date (as defined below) of this Bond or from the most recent date to which interest on this Bond (or any Bond in exchange for, or

[1] To be deleted from the Initial Bond, and be included only in Series 2025C Bonds registered in the name of DTC or its nominee.

in lieu of, which this Bond was issued), has been paid at the interest rate per annum set forth above, calculated on the basis of a 360-day year composed of twelve 30-day months, payable on [January 1, 2026], and each July 1 and January 1 thereafter, and on any other date on which this Bond is subject to redemption (each, an "Interest Payment Date") to the date of maturity or earlier redemption, until the Department's obligation with respect to the payment of such principal amount shall be discharged. The principal amount or Redemption Price of this Bond shall be payable upon presentation and surrender of this Bond, at the applicable office of The Bank of New York Mellon Trust Company, N.A. (such bank and any successor in such capacity being referred to as the "Trustee"). The interest on each Series 2025C Bond shall be paid by check mailed on the Interest Payment Date to the Person in whose name such Series 2025C Bond is registered at the close of business on the 15th day of the month (whether or not a Business Day) immediately preceding the applicable Interest Payment Date, at the address of such Person as shown on the Bond registration books kept by the Trustee. Notwithstanding the foregoing, in no event shall the cumulative amount of interest paid or payable on any Bond (including interest calculated as provided in the Indentures (as defined below), together with all other amounts that constitute interest on the Bonds under the laws of the State of Texas that are contracted for, charged, reserved, taken or received pursuant to the Indentures) through any Interest Payment Date or through the date of payment of such Bond (whether at maturity, by acceleration or upon earlier redemption) exceed the "net interest cost" that will produce a "net effective interest rate" of greater than 15% per annum or, to the extent allowed by law, such greater "net effective interest rate" as may be allowed from time to time. The terms "net interest cost" and "net effective interest rate," as used herein, shall have the respective meanings ascribed to them in Chapter 1204, Texas Government Code, as amended. This Bond shall be dated as of the date six months preceding the Interest Payment Date next following the date of authentication hereof by the Trustee, unless such date of authentication shall be an Interest Payment Date, in which case this Bond shall be dated as of such Interest Payment Date, or unless such date of authentication shall be prior to [January 1, 2026], in which case this Bond shall be dated as of the Issuance Date; provided that if interest on this Bond shall be in default, Bonds issued in lieu of this Bond upon surrender for transfer or exchange may be dated as of the date to which interest has been paid in full on the Bonds surrendered (herein, the "Dated Date").

This Bond is a limited obligation of the Department and is one of the Bonds of the Department designated "Residential Mortgage Revenue Bonds" (herein called the "Bonds"), issued and to be issued in various series under and pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as such may be amended from time to time (together with the laws of the State of Texas applicable to the Department, collectively, the "Act"), and Chapter 1371, Texas Government Code, as amended, and under and pursuant to an indenture of the Department entitled "Amended and Restated Residential Mortgage Revenue Bond Trust Indenture", dated as of July 1, 2019, as amended and supplemented (herein called the "Indenture"), and a supplemental indenture of the Department entitled "Forty-Seventh Supplemental Residential Mortgage Revenue Bond Trust Indenture", dated as of [June] 1, 2025, authorizing the series of Bonds of which this Bond is a part (herein called the "2025C Series Supplement" and together with the Indenture called the "Indentures"). All defined terms used herein, but not otherwise defined, shall have the same definitions ascribed to them in the Indentures. As provided in the Indenture, Bonds may be issued from time to time pursuant to supplemental indentures in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and subject to the provisions thereof, may otherwise vary. All Bonds issued and to

be issued under the Indenture are and will be equally secured by the pledges, assignments in trust and covenants made therein, except as otherwise expressly provided or permitted in the Indenture.

THE PRINCIPAL OF AND INTEREST AND PREMIUM, IF ANY, ON THIS BOND ARE LIMITED OBLIGATIONS OF THE DEPARTMENT AND ARE PAYABLE ONLY FROM REVENUES OR FUNDS OF THE DEPARTMENT PLEDGED UNDER THE INDENTURES. THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH OR CREDIT OR TAXING POWER OF THE STATE OF TEXAS. THE DEPARTMENT HAS NO TAXING POWER.

This Bond is one of a series of Bonds designated "Residential Mortgage Revenue Bonds, Taxable Series 2025C" (herein sometimes called the "Series 2025C Bonds") issued in the aggregate initial principal amount of $[62,500,000] under the Indentures for the purpose of (i) acquiring Mortgage Loans, or participations therein, through the purchase of the 2025BC Mortgage Certificates, including providing down payment and closing cost assistance with respect to Assisted Mortgage Loans, (ii) paying lender compensation related to the 2025BC Mortgage Loans and (iii) paying Costs of Issuance. Copies of the Indentures are on file at the office of the Department and at the applicable office of the Trustee and reference to the Indentures and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges, assignments in trust, and covenants securing the Bonds; the nature, extent, and manner of enforcement of such pledges, assignments in trust, and covenants; the rights and remedies of the registered owners of the Bonds with respect thereto; the terms and conditions upon which the Bonds are issued and may be issued thereunder; and other matters, to all of which the owner of this Bond assents by the acceptance of this Bond. To the extent of any conflict between the terms and provisions of the Indentures and the terms and provisions of this Bond, the Indentures shall govern and control.

The owner of this Bond shall have no right to enforce the provisions of the Indentures, or to institute any action with respect to any Event of Default (as defined in the Indenture), or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in the Indentures.

This Bond is transferable, as provided in the Indentures, only upon the books of the Department kept for that purpose at the above-mentioned office of the Trustee, by the registered owner hereof in person, or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon, a new Bond or Bonds in the same aggregate principal amount and maturity shall be issued to the transferee in exchange herefor as provided in the Indentures, and upon payment of the charges therein prescribed. The Department and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal, Redemption Price or purchase price hereof and interest due hereon and for all other purposes.

[EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURES, THIS BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF

DTC OR TO A SUCCESSOR BOND DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR BOND DEPOSITORY.][2]

The Series 2025C Bonds are issuable only in the form of fully registered Bonds without coupons in the denomination of $5,000 principal amount or any integral multiple thereof.

To the extent and in the manner permitted by the terms of the Indentures, the provisions of the Indentures, or any indenture amendatory thereof or supplemental thereto, may be modified or amended by the Department, with the written consent of the holders of at least 2/3 in principal amount of the Bonds of each series so affected then outstanding under the Indentures; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain outstanding under the Indentures, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of the calculation of outstanding Bonds. No such modification or amendment shall permit any of the following, without the consent of each Bondholder whose rights are affected thereby: a change in the terms of maturity or redemption of any Bond or of any installment of interest thereon; a reduction in the principal amount or Redemption Price of any Bond or in the rate of interest thereon; the creation of a lien on or a pledge of the revenues pledged under the Indenture or any portion thereof that is superior to or on a parity with the lien of the Indenture; the granting of a preference or priority of any Bond or Bonds over any other Bond or Bonds; or a reduction in the aggregate principal amount or classes of Bonds, of which the consent of the registered owners is required to effect any such modification or amendment.

The Series 2025C Bonds are subject to redemption prior to stated maturity as set forth in the 2025C Series Supplement.

In lieu of redeeming Series 2025C Bonds, the Department has reserved the right in the Indenture to purchase such Bonds.

Written notice of redemption shall be provided to the registered owner of each Series 2025C Bond to be redeemed, as shown on the Bond registration books kept by the Trustee, at least 30 days prior to the redemption date, in the manner and upon the terms and conditions set forth in the Indentures. If notice of redemption shall have been given as aforesaid, the Series 2025C Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, moneys for the redemption of all the Series 2025C Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Series 2025C Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

The Department reserves the right to regulate or restrict the yield or return on the investment of the moneys in any fund, account, or subaccount created under the Indentures or any supplemental indenture, if in the opinion of counsel, such regulation or restriction is necessary in order for the interest on the Bonds (other than any series of taxable Bonds issued under the

[2] To be deleted from the initially issued Bonds.

Indenture) of any series issued or to be issued under the Indenture to be exempt from federal income taxation.

The Act provides that neither the officers or directors of the Department nor any person executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof.

It is hereby certified and recited that all conditions, acts, and things required by law and the Indentures to exist, to have happened, and to have been performed precedent to and in the issuance of this Bond, exist, have happened, and have been performed and that the issuance of this Bond and the series of Bonds of which it is a part are duly authorized by the laws of the State of Texas.

This Bond shall not be entitled to any benefit under the Indentures or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate or the execution by the Comptroller of Public Accounts of the State of Texas of the Comptroller's Registration Certificate hereon.

IN WITNESS WHEREOF, the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its duly authorized representative, and its corporate seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved, or otherwise reproduced and attested by the manual or facsimile signature of its Secretary.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

By: _____
[Vice] Chair

Attest:

_____
Secretary

(SEAL)

[FORM OF COMPTROLLER'S REGISTRATION
CERTIFICATE ON INITIAL BOND]

STATE COMPTROLLER'S REGISTRATION CERTIFICATE

OFFICE OF COMPTROLLER
STATE OF TEXAS

Register No. _____

I HEREBY CERTIFY that there is on file and of record in my office an opinion of the Attorney General of the State of Texas approving this Bond and certifying that this Bond and the proceedings for the issuance thereof have been examined by him as required by law, and that he finds that this Bond has been issued in accordance with law and that it is a valid and binding limited obligation of the Texas Department of Housing and Community Affairs, payable from the revenues and other funds pledged to its payment by and in the proceedings authorizing the same, and I do further certify that this Bond has this day been registered by me as Comptroller.

WITNESS MY HAND AND SEAL OF OFFICE this _____.

_____
Comptroller of Public Accounts
of the State of Texas

(SEAL)

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION
ON EACH BOND OTHER THAN THE INITIAL BOND]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is to certify that the initial Bonds of this Series were approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this Bond is one of the Bonds delivered pursuant to the within-mentioned Indenture.

Date of Authentication: _____

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., Trustee

By: _____
Authorized Officer

[FORM OF ASSIGNMENT]

ASSIGNMENT

For value received, the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated:_____

_____

NOTICE: The signature(s) on this assignment must correspond in every particular with the name(s) of the registered owner(s) appearing on the face of the within Bond.

Signature guaranteed by:

_____

NOTICE: Signature must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements will include membership or participation in STAMP or such other signature guaranty program as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Initial Bond Modifications

Notwithstanding the foregoing, the Initial Bond shall be in the form set forth in this Exhibit A, except that the form of the single fully-registered Initial Bond shall be modified as follows:

(i) Immediately under the name of the bond issue and the legends, the existing headings shall be omitted and replaced with the following headings:

"No. TRC-1 Dated Date: [CLOSING DATE] $[62,500,000]

Registered Owner: RBC CAPITAL MARKETS, LLC

Principal Amount: [SIXTY-TWO MILLION FIVE HUNDRED THOUSAND] DOLLARS"

(ii) The first paragraph shall be replaced with the following:

The TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (herein called the "Department"), a public and official agency of the State of Texas, acknowledges itself indebted to, and FOR VALUE RECEIVED, hereby promises to pay to the registered owner named above or registered assigns, but solely from the sources and in the manner hereinafter provided, on the maturity date specified below, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such principal sum to the registered owner hereof in like coin or currency from the Issuance Date of this Bond or from the most recent date to which interest on this Bond (or any Bond in exchange for, or in lieu of, which this Bond was issued), has been paid at the interest rates per annum set forth below, calculated on the basis of a 360-day year composed of twelve 30-day months, payable on [January 1, 2026], and each July 1 and January 1 thereafter (each, an "Interest Payment Date") to the date of maturity or earlier redemption, until the Department's obligation with respect to the payment of such principal amount shall be discharged, in accordance with the following schedule:

Maturity Date	Principal Amount ($)	Interest Rate

[INSERT TABLE FROM 2025C PRICING CERTIFICATE]

The principal amount or Redemption Price of this Bond shall be payable upon presentation and surrender of this Bond, at the applicable office of The Bank of New York Mellon Trust Company, N.A. (such bank and any successor in such capacity being referred to as the "Trustee"). Notwithstanding the foregoing, in no event shall the cumulative amount of interest paid or payable on any Bond (including interest calculated as provided in the Indentures (as defined below), together with all other amounts that constitute interest on the Bonds under the laws of the State of Texas that are contracted for, charged, reserved, taken or received pursuant to the Indentures) through any Interest Payment Date or through the date of payment of such Bond (whether at

maturity, by acceleration or upon earlier redemption) exceed the "net interest cost" that will produce a "net effective interest rate" of greater than 15% per annum or, to the extent allowed by law, such greater "net effective interest rate" as may be allowed from time to time. The terms "net interest cost" and "net effective interest rate," as used herein, shall have the respective meanings ascribed to them in Chapter 1204, Texas Government Code, as amended.

(iii) the Initial Bond shall be numbered TRC-1.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 982 **Agenda Date:** 4/10/2025 **Agenda #:** 21.

Presentation, discussion and possible action regarding a HOME-ARP Allocation Plan Third Amendment to adjust the criteria for nonprofit capacity building/operating cost assistance and align the 2025 Nonprofit Capacity Building and Operating Notice of Funding Availability

RECOMMENDED ACTION

WHEREAS, under Section 3205 of the American Rescue Plan (ARP) Act, the Texas Department of Housing and Community Affairs (TDHCA) was allocated $132,969,147 of HOME-ARP Program funds from the U.S. Department of Housing and Urban Development (HUD) in 2021;

WHEREAS, in 2021 HOME-ARP staff developed its Allocation Plan with funds programmed in rental development, nonprofit capacity building and operating funds, and non-congregate shelter development;

WHEREAS, in 2023 HOME-ARP first amended its allocation plan to adjust the award process for nonprofit capacity building and operating funds and non-congregate shelter development;

WHEREAS, in 2024 HOME-ARP submitted a second amendment to address the $4,317,058 in reallocated funds HUD offered to TDHCA from areas in Texas that had not submitted a plan to use their HOME-ARP funds;

WHEREAS, HOME-ARP received permission to release the 2025 Nonprofit Capacity Building and Operating (NCO) Notice of Funding Availability (NOFA) from the Board on January 16, 2025;

WHEREAS, staff suspended the 2025 NCO NOFA in March 2025 in response to more than one request from areas that did not qualify under the eligibility criteria in the HOME-ARP Allocation Plan, as amended; and

WHEREAS, staff is proposing an adjustment to the eligibility criteria for the nonprofit capacity building and operating funds that will expand the number of geographic areas in which organizations could apply for funds thereby expanding competition;

NOW, therefore, it is hereby

RESOLVED, upon Board approval of the HOME-ARP Plan Third Amendment, the Plan will be submitted to HUD for acceptance;

FURTHER RESOLVED, that should HUD accept the HOME-ARP Plan Third Amendment, the Executive Director and his designees will be authorized to adjust the 2025 NCO NOFA in accordance with the changes in the HOME-ARP Plan Third Amendment for eligibility criteria and

scoring criteria as needed to align with the Third Amendment; and

FURTHER RESOLVED, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to post on the Department's website and to publish a notification in the *Texas Register*, of the revised NOFA seeking applications for the activities within the HOME-ARP Plan Amendment.

BACKGROUND

TDHCA was allocated $132,969,147 of funds from HUD under Section 3205 of the American Rescue Plan Act, which HUD has called the HOME-ARP Program. The HOME-ARP Division programmed funds into Non-Congregate Shelter (NCS) Development, Rental Housing Development, Nonprofit Capacity Building and Operating Funds, and Administration/Planning. In April 2023, HOME-ARP submitted an Allocation Plan First amendment adjusting the method of distribution for non-congregate shelter (NCS) development and nonprofit capacity building and operating funds (NCO), which received no comments from HUD. In October 2024, HOME-ARP submitted an Allocation Plan Second amendment to address the HUD reallocation of HOME-ARP funding within Texas, and received no comments from HUD.

In January 2025, HOME-ARP announced the 2025 Nonprofit Capacity Building and Operating (NCO) Notice of Funding Availability. The NCO funds were intended to be competitively awarded to organizations that anticipate submitting an application for a HOME-ARP Non-Congregate Shelter (NCS) project within nine months. However, in March 2025 the NCO NOFA was suspended, so that staff could pursue the proposed plan and NOFA changes to the eligibility criteria considered by TDHCA.

The criteria under the original 2025 NCO NOFA (now suspended) included prioritizing applications in geographic areas in which the fair market rent by county for 1-bedroom units increased by 30% or more between 2021 and 2025; and in which the HUD-published one-bedroom fair market rents by county for FY2025 were $1,000 or more, which equates to the top 10% of rents in the state. Staff now feels that this was too restrictive and has received interest in the program from several communities that did not meet those criteria, and thus were excluded from applying. The proposed change to the Plan and NOFA would keep the first criteria relating to the increase of 30% over time, but for the second criteria would expand the geographic areas by raising the percentage of rents from only the top 10% to the top 20% of counties in the state (counties with approximately a $902 FMR for a one-bedroom). The change in eligibility would open the competition for funding from 45 counties to 64 counties, as listed in Appendix A which will be included in the 2025 NCO NOFA.

If the Third Amendment is accepted by HUD, the 2025 NCO NOFA is anticipated to be revised for eligibility criteria and may adjust scoring criteria as needed to align with the Third Amendment and promote competition. The 2025 NCO NOFA, once amended, is expected to be reinstated in mid-April 2025. It will also have a revised Application Acceptance Period expected to be from approximately May 7, 2025, to June 6, 2025, (possibly subject to change) which will partially overlap with the HUD review period and end after HUD's review period. Announcement of the reinstatement of the NOFA will be sent via the public email list and published on the TDHCA website.

The attached Plan in Appendix B reflects the original HUD-approved HOME-ARP Allocation Plan, with changes tracked reflecting the proposed language for the third amendment. Upon Board approval of the draft amendment, staff will submit the amendment to HUD. Because the change is not material, it does not require a public comment period. HUD has 45 days for review.

Appendix A – Nonprofit Capacity Building/Operating Notice of Funding Availability Eligible Texas Counties

The following chart shows the top 20% Fair Market Bedroom (FMR) rents for One Bedroom Units and FMR changes for One Bedroom Units of at least 30% between 2021-2025. Nonprofits in or serving these counties may be eligible to apply for the 2025 Nonprofit Capacity Building/Operating Notice of Funding Availability if the Third Amendment is submitted to HUD and accepted.

#	County	2025 FMR - 1 Bedroom	2021-2025 FMR - 1 Bedroom Change	HUD FMR Area Name
1	Andrews County	$1,252	49%	Andrews County, TX
2	Armstrong County	$952	35%	Amarillo, TX HUD Metro FMR Area
3	Atascosa County	$1,068	38%	Atascosa County, TX HUD Metro FMR Area
4	Bandera County	$1,231	35%	San Antonio-New Braunfels, TX HUD Metro FMR Area
5	Bastrop County	$1,650	36%	Austin-Round Rock, TX MSA
6	Bell County	$930	46%	Killeen-Temple, TX HUD Metro FMR Area
7	Bexar County	$1,231	35%	San Antonio-New Braunfels, TX HUD Metro FMR Area
8	Brazos County	$1,089	41%	College Station-Bryan, TX MSA
9	Burleson County	$1,089	41%	College Station-Bryan, TX MSA
10	Caldwell County	$1,650	36%	Austin-Round Rock, TX MSA
11	Carson County	$952	35%	Amarillo, TX HUD Metro FMR Area
12	Chambers County	$1,279	30%	Houston-The Woodlands-Sugar Land, TX HUD Metro FMR Area
13	Collin County	$1,606	42%	Dallas, TX HUD Metro FMR Area
14	Comal County	$1,231	35%	San Antonio-New Braunfels, TX HUD Metro FMR Area

#	County	2025 FMR - 1 Bedroom	2021-2025 FMR - 1 Bedroom Change	HUD FMR Area Name
15	Coryell County	$930	46%	Killeen-Temple, TX HUD Metro FMR Area
16	Crosby County	$1,007	37%	Lubbock, TX HUD Metro FMR Area
17	Dallas County	$1,606	42%	Dallas, TX HUD Metro FMR Area
18	Denton County	$1,606	42%	Dallas, TX HUD Metro FMR Area
19	Ector County	$1,295	40%	Odessa, TX MSA
20	El Paso County	$1,020	48%	El Paso, TX HUD Metro FMR Area
21	Ellis County	$1,606	42%	Dallas, TX HUD Metro FMR Area
22	Fort Bend County	$1,279	30%	Houston-The Woodlands-Sugar Land, TX HUD Metro FMR Area
23	Galveston County	$1,279	30%	Houston-The Woodlands-Sugar Land, TX HUD Metro FMR Area
24	Gillespie County	$971	32%	Gillespie County, TX
25	Goliad County	$1,099	31%	Victoria, TX MSA
26	Grayson County	$1,113	41%	Sherman-Denison, TX MSA
27	Gregg County	$995	38%	Longview, TX HUD Metro FMR Area
28	Guadalupe County	$1,231	35%	San Antonio-New Braunfels, TX HUD Metro FMR Area
29	Harris County	$1,279	30%	Houston-The Woodlands-Sugar Land, TX HUD Metro FMR Area
30	Harrison County	$912	36%	Harrison County, TX
31	Hays County	$1,650	36%	Austin-Round Rock, TX MSA
32	Hudspeth County	$902	49%	Hudspeth County, TX HUD Metro FMR Area

#	County	2025 FMR - 1 Bedroom	2021-2025 FMR - 1 Bedroom Change	HUD FMR Area Name
33	Hunt County	$1,606	42%	Dallas, TX HUD Metro FMR Area
34	Irion County	$998	31%	San Angelo, TX MSA
35	Johnson County	$1,461	43%	Fort Worth-Arlington, TX HUD Metro FMR Area
36	Kaufman County	$1,606	42%	Dallas, TX HUD Metro FMR Area
37	Kendall County	$1,408	33%	Kendall County, TX HUD Metro FMR Area
38	Liberty County	$1,279	30%	Houston-The Woodlands-Sugar Land, TX HUD Metro FMR Area
39	Lubbock County	$1,007	37%	Lubbock, TX HUD Metro FMR Area
40	Martin County	$1,589	167%	Martin County, TX HUD Metro FMR Area
41	McLennan County	$1,106	53%	Waco, TX HUD Metro FMR Area
42	Medina County	$908	38%	Medina County, TX HUD Metro FMR Area
43	Midland County	$1,591	41%	Midland, TX HUD Metro FMR Area
44	Montgomery County	$1,279	30%	Houston-The Woodlands-Sugar Land, TX HUD Metro FMR Area
45	Nueces County	$1,128	31%	Corpus Christi, TX HUD Metro FMR Area
46	Parker County	$1,461	43%	Fort Worth-Arlington, TX HUD Metro FMR Area
47	Potter County	$952	35%	Amarillo, TX HUD Metro FMR Area
48	Randall County	$952	35%	Amarillo, TX HUD Metro FMR Area
49	Real County	$911	34%	Real County, TX
50	Robertson County	$1,089	41%	College Station-Bryan, TX MSA
51	Rockwall County	$1,606	42%	Dallas, TX HUD Metro FMR Area

#	County	2025 FMR - 1 Bedroom	2021-2025 FMR - 1 Bedroom Change	HUD FMR Area Name
52	San Patricio County	$1,128	31%	Corpus Christi, TX HUD Metro FMR Area
53	Sterling County	$998	59%	Sterling County, TX
54	Tarrant County	$1,461	43%	Fort Worth-Arlington, TX HUD Metro FMR Area
55	Tom Green County	$998	31%	San Angelo, TX MSA
56	Travis County	$1,650	36%	Austin-Round Rock, TX MSA
57	Upshur County	$995	38%	Longview, TX HUD Metro FMR Area
58	Victoria County	$1,099	31%	Victoria, TX MSA
59	Waller County	$1,279	30%	Houston-The Woodlands-Sugar Land, TX HUD Metro FMR Area
60	Ward County	$961	51%	Ward County, TX
61	Webb County	$959	30%	Laredo, TX MSA
62	Williamson County	$1,650	36%	Austin-Round Rock, TX MSA
63	Wilson County	$1,231	35%	San Antonio-New Braunfels, TX HUD Metro FMR Area
64	Yoakum County	$993	52%	Yoakum County, TX

Appendix B

Texas Department of Housing and Community Affairs
HOME-ARP Allocation Plan

~~Second~~ Third Amendment for Resubmission to HUD, ~~October 2024~~ April 2025

In 2021, TDHCA was allocated $132,969,147 of funds from the U.S. Department of Housing and Urban Development (HUD) under Section 3205 of the American Rescue Plan Act, which HUD has called the HOME-ARP Program. A first amendment was approved by HUD in April 2023, which added more details around the NCO and NCS activities.

In 2023, HUD reduced TDHCA's HOME-ARP Allocation by $3,808,153 due to a federal allocation error.

In 2024, HUD reallocated $4,317,058 to TDHCA from other places in Texas.

In 2025, HOME-ARP made an adjustment to the eligibility criteria for one of its activities.

The following document is the Department's Plan, as amended, for these funds which will be submitted to HUD for approval.

Items in the Plan in *italics* are instructions from HUD for a given section or item.

Participating Jurisdiction: Texas Dept. of Housing and Community Affairs (TDHCA)
Date: *May 2022, as amended in April 2023 and further amended in October 2024*

I. CONSULTATION PROCESS AND INPUT

Consultation

Before developing its plan, a PJ must consult with the CoC(s) serving the jurisdiction's geographic area, homeless and domestic violence service providers, veterans' groups, public housing agencies (PHAs), public agencies that address the needs of the qualifying populations, and public or private organizations that address fair housing, civil rights, and the needs of persons with disabilities, at a minimum. State PJs are not required to consult with every PHA or CoC within the state's boundaries; however, local PJs must consult with all PHAs (including statewide or regional PHAs) and CoCs serving the jurisdiction.

Summarize the consultation process:

TDHCA held 9 consultations to garner initial input on the state's planning of HOME-ARP funds. The consultations were held from October 7 to October 22, 2021. In all consultations information on the program was shared with those attending and often many questions were asked and answered. In the interest of brevity, the consultation feedback summaries following the table below do not include questions posed or answers provided, but focus on summarizing input and comments made.

List the organizations consulted, and summarize the feedback received from these entities.

Agency/Org Consulted	Type of Agency/Org	Method of Consultation	Feedback
Mobile Loaves and Fishes – Community First Village	Nonprofit Homeless Provider	Video Conference (October 7)	See summary below
Haven for Hope	Nonprofit Homeless Provider	Video Conference (October 7)	See summary below
Multiple (see Appendix A)	Continuums of Care and Domestic Violence Providers	Video Conference (October 13)	See summary below
Foundation Communities and New Hope Housing	Nonprofit Perm. Supp. Housing Developers	Video Conference (October 15)	See summary below
Multiple (see Appendix A)	Public Housing Authorities	Webinar (October 15)	See summary below

Agency/Org Consulted	Type of Agency/Org	Method of Consultation	Feedback
Multiple (see Appendix A)	TX Interagency Council for Homelessness	TICH Meeting also hosted as consultation (October 19)	See summary below
Multiple (see Appendix A)	Fair Housing and Disability Advocates	Webinar (October 20)	See summary below
Multiple (see Appendix A)	Veterans Services Providers	Webinar (October 22)	See summary below
Multiple (see Appendix A)	Homelessness Services Providers	Webinar (October 22)	See summary below

Consultation with Mobile Loaves and Fishes

Mobile Loaves and Fishes (MLF) operates Community First! Village, a master planned community that provides affordable, permanent housing and a supportive community for men and women coming out of chronic homelessness in Austin.

- MLF shared that they are expanding their village of RV/park homes and micro-homes; they estimate that 80% of the population will fall into the definition of chronically homeless. They estimate it will take approximately $150 million of capital investment; some of those funds have been committed already by Travis County. MLF indicated that most of their referrals come from CoCs or other referring agencies but not all come through Coordinated Entry (CE).
- MLF has a successful model in place in which households pay a flat monthly rent for a specific unit type, and that amount is often more than 30% of their income. They indicated they would likely not find these funds attractive for their plans if households were limited to paying only 30% of their income.
- Uses of the Funds: MLF supported a focus on capital investment with the funds. They would like to see that capital investment is used for both tiny home models and associated congregate facilities (kitchens, baths). It was discussed that varied types of units have varying levels of kitchen or bathroom facilities (with robust shared facilities) such that HOME-ARP may able to be used for some unit types but perhaps not others. It was also discussed that TDHCA would need to confirm with HUD that such models would be allowable. MLF also supported some funds for capacity building as they ramp up operations.
- Populations/Preferences: MLF indicated they would like to see the most vulnerable populations assisted with these funds; they suggested that a preference should be allowed for the chronically homeless and that funds not just go to the households that could be seen as more sympathetic, such as families with children and veterans.
- Use of Coordinated Entry (CE): MLF did not want to be limited to only taking those

households that score the highest in the CE assessment. They tend to assist persons with a variety of vulnerability levels and do not prefer that all housed with HOME-ARP be referred only through CE.

Consultation with Haven for Hope

Haven for Hope (HFH) is a San Antonio nonprofit operating as a "one stop" campus for people who are experiencing homelessness, bringing together service providers in a single location.

- HFH shared that doing NCS as an activity is a challenge without operating expenses being provided to help support it, but did note that they would be interested if in fact operating funds could be assured. They indicated that HFH most needed flexible spending to use on housing for households that don't qualify for CE, particularly for older persons with disabilities, who are awaiting a voucher or other benefits, something that could be an extension of rapid rehousing.
- HFH discussed the unique role some of their shelter staff play as they are both operational staff, but also trained in client-facing assistance roles such as case work and other services identified in 24 CFR §578.53. These Life Safety Officers also have access to HMIS and HFH would hope to classify these staff as case management and service provision, although they are also serving in an operational role.
- HFH discussed that the reason for not being more interested in NCS with hotel conversions as an activity is that the maintenance and upkeep is extreme, they feel it is preferable to just do new construction. They also feel that hotel conversions are better for Permanent Supportive Housing (PSH), and that while there is a need for PSH, only a fraction of their clients go to PSH.
- HFH provided that past criminal eviction history hurts clients seeking units and suggested that any HOME-ARP funds used for rental housing should require a lower standard for entry into the housing.
- When discussing the possible idea of serving the role of a sponsor who could access a block of units through a master lease, they felt that while this would be attractive to have a guarantee, it was not ideal because it adds undue risk for the nonprofit and also does not allow the person being housed to establish a direct lease relationship with the landlord, which they find important.
- Services needed include housing specialists, intake, housing navigation and bridge psychiatric services that can provide a quick diagnosis and access to medications on an outpatient basis in close coordination with the local Mental Health Authority. HFH specifically noted that funds for these needs would not be fully addressed through the ERA2 Housing Stability Services funds, of which there is approximately $84 million being released for competition through TDHCA in the fall of 2021. They thought some of the HOME-ARP funds should be used for this purpose also to address the long term effects of the pandemic.
- Uses of the Funds: As noted in the bullets above, HFH felt for them the best use of funds would be for TBRA and supportive services with long contract terms, such as at least a 3 year contract for TBRA to serve as a bridge to households accessing a permanent

voucher.

- Populations/Preferences: HFH felt that high priority groups included older persons currently homeless or at risk of homeless, often with disabilities, who don't qualify for CE and those awaiting vouchers or benefits. Shelters are not the most appropriate place for these persons. They have about 30 people who need a nursing home in terms of the level of care required but don't qualify for Medicaid. They also felt that families are the biggest unmet need because many are newly homeless or doubled up so don't rank as high need on CE.
- Use of Coordinated Entry (CE): HFH did not support being restricted to only allowing CE and feels it is very important for these housing funds to be able to assist those not in CE, or not ranking highly in CE.

Consultation with Continuums of Care (CoCs) and Domestic Violence (DV) Providers

Representatives from the San Antonio/Bexar County CoC; Dallas City and County, Irving CoC; Fort Worth, Arlington/Tarrant County CoC; the El Paso City and County CoC; the Houston, Pasadena, Conroe/Harris, Fort Bend, Montgomery Counties CoC; the Balance of State CoC represented by the Texas Homeless Network (THN); and the Texas Council on Family Violence were in attendance.

- Significant focus has been on rapid rehousing and bridging folks to permanent housing (Houston, El Paso, Dallas) and some noted an interest in more rental assistance to support these efforts (Houston), or to support gaps in services (Houston, El Paso). Houston discussed going from homelessness to housed and not needing to use shelter facilities.
- However, other CoCs felt they had sufficient funds for the vouchers/rental assistance and services, and felt the highest need was in actual production of units (PSH) as there are challenges in finding units for voucher holders (Tarrant, Dallas, San Antonio). Some noted interest in allowing small acquisition/rehabilitation developments that they thought could be brought online more quickly and others were specific that the PSH should include units for large families and deeply affordable units (below 30%). There was discussion of use of HOME-ARP to bring units up to Uniform Physical Condition Standards.
- There was support for funds to support capacity building for homeless services providers, especially in rural areas of the state.
- Several CoCs felt that a priority/scoring preference should include that the applicant is connected to housing authority resources and other subsidies (Houston, Dallas) although the BoS noted that this would be more challenging since they have less access to other funds. There was also discussions in how to use HOME-ARP to address racial disparities.
- Commenters felt there needed to be ways to incentivize the developers to give second chances for poor rental and credit/criminal history and these funds should not allow anything more restrictive than the local housing authority. Others felt the housing authority's barriers were too high.
- There was possible interest in NCS if it could be 'flexed' for use as PSH and interest in

NCS for the domestic violence (DV) population.

- They wanted to be able to consider those At-Risk as a broader definition than that provided by HUD, also noting that often DV cases do not classify as At-Risk but need housing to leave their abuser.
- There was fairly unanimous support that having at least coordinated with the CoC should be an application requirement.

  Uses of the Funds: Because the needs of the CoCs varied there was interest in keeping the funds flexible. The most common request for the uses of HOME-ARP was development of supportive housing and NCS. There was greatest interest in NCS and development of units from the Balance of State (BoS) CoC. There were also requests to use the funds for TBRA and services and capacity building, though requests for these activities were not as common as for capital funds.
- Populations/Preferences: There was support for allowing subrecipients to establish preferences, but not limiting the funds at the state policy level to only certain populations. Preferences suggested included: persons experiencing literal homelessness, persons with disabilities, persons fleeing Domestic Violence, unsheltered homeless, and those with a history of homelessness.
- Use of Coordinated Entry (CE): CoCs from larger areas preferred CE be used and felt it ensured there is coordination and alignment. Alternatively for DV and the BoS they did not want to see the program limited to only CE.

Consultation with Developers of Permanent Supportive Rental Housing

Foundation Communities and New Hope Housing are two of the primary PSH developers in the state. The summary below also include comments received in writing from a PSH consultant, True Casa Consulting, who could not attend the session.

- Providers felt that the 70% of rental units that are required to serve qualified households would have to be underwritten as zero income so felt the biggest challenges related to operating. While they realized and appreciated that HOME-ARP allows for capitalized operating expenses they felt it would need to be for the whole affordability period. Additionally, they voiced concern for the residents of those units at the end of the 15-year HUD affordability period; as soon as the HUD operating subsidy and LURA restriction ends, for the properties to support operations on the units they would have to increase the rents on those households from 30% of their income to either market rate or the rent level of any other affordability term (likely housing tax credits).
- Two of the commenters also noted that their models of housing did not generally support having market rate units at the property to subsidize the other units (due to lack of interest by market rate tenants).
- Commenters raised concern and felt strongly that to do such transactions requires significant experience not just with supportive housing development, but also in serving the specific populations, and they felt there should be a standard or requirement relating to experience.
- Regarding leasing criteria they noted that their fair housing counsel advises that they not have different leasing criteria for some units, so whatever criteria they would have

for HOME-ARP would need to be the same as all the units and therefore acceptable to the other funders as well. They did not want to see the state dictate what the leasing criteria should be. One commenter did suggest that barriers for criminal history should be reduced.

- Regarding sizes of the developments, commenters felt that smaller size properties for PSH are not able to achieve sufficient economies of scale with the ideal size being 120-150 units. They note that because of local processes, smaller deals do not necessarily get done any faster, and that a small deal would almost certainly need a more robust subsidy.
- While not specifying that funds should be used for services, one commenter did note that gaps in services include behavioral health, transportation, health and dental, peer support, case management and housing subsidies.
- It was noted that clients should not have burdensome documentation requirements.
- Uses of the Funds: Commenters supported use of the funds for rental housing development. They provided input that the program would need to have no debt requirements. They supported the possibility of the funds being grants, or allowing the funds to be passed through to a sponsor entity to limit the tax event for the property. The one activity they proposed other than rental and capitalized operating, was to possibly allow for capitalized services as they will have to guarantee to the investor sufficient funds for service provision (capitalized service reserves).
- Populations/Preferences: Because these types of developments often have to layer financing from different funders, each with their own priorities and preferences, they felt it would be important for the funds to not limit preferences at the state level, but allows preferences at the property level. Preferences contemplated for the plan would include older adults with one or more ADL needs, adults with disabilities, chronically homeless, unstably housed and at-risk of homelessness and low income (at 200% or below federal poverty level).
- Use of Coordinated Entry (CE): They would find a preference for CE acceptable, or having it as an option, but not as a requirement as they want to see a range of tenants gaining access to their properties, not only chronically homeless.

Consultation with Public Housing Authorities

Outreach for this consultation was targeted to public housing authorities; more than 62 registered to attend the virtual session, and 34 actually logged on to the session. The summary below includes several comments received in writing from PHAs who could not attend the session.

- Across the PHAs on the call, there was support for capital development for more rental units in good condition. There was support for these funds to be used to 'buy down' 60% HTC units to 30% units or to add soft financing, as well as off-site costs. There was interest in layering with RAD conversions, allowing sponsorship structures, and for giving an award preference for those rehabilitating large properties to make them deeply affordable. Others asked if there could be point preferences for larger developments, and if HOME-ARP could be used for infrastructure to the development. For rental

development there was interest in making sure that PHAs could use these funds in conjunction with issuing 'Faircloth' vouchers on a private development or other public housing and that it was important to make funds available for rural areas.

- There was support voiced for the funds to be used as rental assistance like HOME TBRA and TDHCA's COVID TBRA Program, for services such as security deposit assistances, furnishings and appliances, youth employment programs, job searches, assistance accessing benefits, financial literacy, parenting skills and scholarships for trade schools.
- There was not support for adding any state-required leasing criteria, or making them more lenient, but rather that it be flexible so it could be layered with other funding sources. One commenter suggested allowing alternate means for lowering barriers such as the tenant attending rehab classes, or being flexible on references.
- Uses of the Funds: As noted above the primary interest was for rental development, as well as more limited support for TBRA and services.
- Populations/Preferences: Support no preferences, or if any, persons experiencing homelessness and Domestic Violence households. There was interest in prioritizing any households below 80% AMI since those are often quick to become unstable.
- Use of Coordinated Entry (CE): There was not support for CE to be a requirement; in some areas CE is not readily available, and such a requirement would harm properties and those in need.

Consultation with Texas Interagency Council for the Homeless (TICH)

The TICH is a statutorily created council supported by TDHCA with public and private membership. The TICH meets quarterly and at its quarterly meeting in October 2021, a presentation was made on the HOME-ARP funds, and the opportunity for input was extended. While questions were asked, no specific comments were received in regards to planning of the funds.

Consultation with Fair Housing and Disability Advocates

Outreach for this consultation was targeted to fair housing and disability providers and advocates. More than 185 registered to attend the virtual session, and 91 actually logged on to the session. The summary below includes several comments received in writing from disability or fair housing advocates who could not attend the session or followed up with more information in writing.

- Most of the attendees that spoke indicated a significant need for more permanent supportive rental housing, most speaking of the need specifically for those with those with Intellectual or Development Disabilities (IDD) and Mental Health disorders (MH) to be stably housed in the community. Attendees emphasized the importance of services. There was support that such housing needs to be in high opportunity areas so that it was close to transportation, jobs, stores, services, and medical supports. Several commenters mentioned the needs of adult children with IDD/MH who the parents are no longer able to care for them. It was noted that any funds used for PSH should have robust targets for accessibility and visitability and a higher percentage of units built as fully accessible for physical disabilities than is required in the Housing Tax Credit (HTC)

program. Commenters noted that housing should be for low income housing (not workforce housing). They noted that it was important that capitalized operating subsidies be provided. There was also interest that the funds be able to be used for recovery housing.

- Alternatively, one commenter noted that because the need is pressing and urgent now, that some of the funds should go to 'right now' solutions such as rental assistance for persons with disabilities.
- Several comments also supported use of the funds for NCS and a focus on best practices that would allow NCS to transition to other uses.
- One comment supported use for TBRA and several supported use for services specifically service coordinators, resident coordinators, and landlord incentives.
- One commenter felt the funds should allow shared housing (roommate arrangements) and noted successes with that model in Connecticut; there was discussion around risk, leases, and the fact that currently this has not been used in affordable housing or with voucher holders.
- This group voiced frustration at landlord's unwillingness to accept voucher holders, the challenges in landlords not accepting those with criminal/credit history, and unreasonable minimum income requirements. One commenter felt the funds should be used for providing the payments needed to meet minimum income requirements.
- They suggested that the NOFA have an award preference for those with lowest barrier policies for those with justice involvement.
- Uses of the Funds: Most support for PSH and limited support for NCS, TBRA, and services.
- Populations/Preferences: There was interest for the provider to be able to identify preferences, but that the state should not do so which would limit flexibility. Wide support among the group for preferences for those with dual diagnoses (Mental Health Disorder (MH) and Intellectual/Developmental Disabilities (IDD)) and for seniors with disabilities, as they are seeing increases in IDD and MH folks that senior centers and Medicaid are not able to assist. Also interest in young adults aging out of foster care and veterans. There was also interest in allowing properties to grant a preference on their fully accessible units for those with a physical disability, in having a preference for those getting discharged for rehabilitation centers, psychiatric hospitals or released from incarceration to prevent them from exiting into homelessness. It was requested that these funds should definitely be allowed for seniors, particularly since 811 Program does not allow older than age 62.
- Use of Coordinated Entry (CE): There was some support of using CE but not as a mandatory requirement. Several speakers gave examples of where CE is not effective and would greatly limit the ability to assist including those in state hospitals for more than 90 days are no longer considered homeless upon exit under CE, many who need housing who don't get ranked highly enough in CE. Alternatively one commenter did think CE should be required and that CE assessments address racial inequities.

Consultation with Veterans Services Providers

(Outreach for this consultation was targeted to the Texas Veterans Commission and

veteran's services providers; 21 persons registered to attend the virtual session, and 12 actually logged on to the session.)

- This session focused significantly on answering questions including eligible uses of the funds, allowable service activities, and length of assistance. One commenter was interested in uses of the funds that were not eligible.
- It was noted that the funds should not require veterans to have a DD 214 or require that the veteran must be honorably discharged. There was discussion of different military discharge statuses. There was interest in assisting vets re-entering the community from incarceration.
- It was suggested that priority in awards be given to those willing to take those perceived as higher risk tenants.
- Uses of the Funds: Interest in capital investment for rental and NCS and in making sure funds are available rurally.
- Populations/Preferences: Veterans.
- Use of Coordinated Entry (CE): They wanted to be sure funds are not limited to those in CE as many in need will get overlooked.

Consultation with Homelessness Service Providers

Outreach for this consultation was targeted to providers of homeless services; more than 158 registered to attend the virtual session, and 117 actually logged on to the session. The summary below includes several comments received in writing from providers who could not attend the session or who followed up with more detail after the session.

- There was strong interest to use funds for one time capital investments for PSH and NCS. There was input that NCS is especially helpful for families, those fleeing domestic violence and those with MH or Post Traumatic Stress Disorder (PTSD) where congregate care can be detrimental to treatment. Most speakers felt there are sufficient resources for rental assistance, and there are those in need with vouchers in hand who can't find units; there is particularly need for the deepest income units. There was emphasis that the rental housing needed to come with operating reserves and allow for sponsorship structures. Commenters encouraged the construction funds be flexible so recipients can try to fund smaller properties or respond flexibly to families in crisis. Several attendees emphasized the importance of funds being made available for rural areas and that they not have to compete against urban areas.
- Several commenters noted that it would be important to not just fund capital investment, but to focus on long term supports including operations, homelessness prevention, case management, employment services, and landlord incentives (with thoughtful consideration relating to fair housing issues).
- One commenter supported sober living beds/transitional beds and some Single Room Occupancy (SRO) design.
- Because of the urgent need now, there was also interest from several providers for TBRA since other rental funds are starting to end. They also note that accessing rental assistance should not first require having an eviction status which is what is often required from other funding sources.

- One commenter supported the funds for nonprofit development and black-led organizations.
- One commenter suggested that awarding of projects should be prioritized for long term (20-30 year) shelter assistance.
- Uses of the Funds: While varied, there was strong support for PSH and NCS, with less significant support for TBRA, services, and nonprofit operations and capacity building.
- Populations/Preferences: Chronically homeless, disabled, and homeless youth (18-24 years old).
- Use of Coordinated Entry (CE): Most attendees felt strongly that CE should not be a requirement. However two commenters did think CE should be required. Because CE prioritizes persons with the highest scores, those with the greatest needs are getting assisted, but many who could be rapidly assisted are not captured in CE and have lower scores, including those activity working with case workers and in school.

II. PUBLIC PARTICIPATION PROCESS AND INPUT

PJs must provide for and encourage citizen participation in the development of the HOME-ARP allocation plan. Before submission of the plan, PJs must provide residents with reasonable notice and an opportunity to comment on the proposed HOME-ARP allocation plan of ***no less than 15 calendar days****. The PJ must follow its adopted requirements for "reasonable notice and an opportunity to comment" for plan amendments in its current citizen participation plan. In addition, PJs must hold* ***at least one public hearing*** *during the development of the HOME-ARP allocation plan and prior to submission.*

For the purposes of HOME-ARP, PJs are required to make the following information available to the public:

- *The amount of HOME-ARP the PJ will receive,*
- *The range of activities the PJ may undertake.*

Describe the public participation process, including information about and the dates of the public comment period and public hearing(s) held during the development of the plan:

Upon approval of a draft Plan by the TDHCA Board, the draft plan was released for a 17 day public comment period from January 14, 2022 to January 31, 2022. TDHCA adhered to its citizen participation plan. Two hearings were held during the comment period.

Virtual Hearing
Friday, January 21, 2022 at 10:00 a.m. Austin Local Time. There were 51 individuals registered to attend, and 38 attendees. Seven persons commented.

In-Person Hearing
Thursday, January 27, 2022 at 2:00 pm in Austin, Texas. There were no in-person attendees.

After the Plan was presented to the Board for approval to submit to HUD on March 10, 2022, staff determined that several additional revisions were needed, based in part on further guidance from HUD. While not vastly different from the version approved by the Board initially, the Plan was returned to the Board on April 14, 2022 for its approval. Notice of the Plan being re-presented to the Board was made prior to the meeting, and the public was given the opportunity to again comment on the Plan at the meeting of Board.

For the HOME-ARP Allocation Plan First Amendment, the Draft Amended Allocation Plan showing the amended text was approved at the April 13, 2023 Board meeting to release for public comment. The public comment period was April 17, 2023 to May 2, 2023. The draft amendment was posted on TDHCA's website for viewing. Notification of the public comment period was sent via email list and published in the April 28, 2023 edition of the *Texas Register.*

For the HOME-ARP Allocation Plan Second Amendment, the Draft Amended Allocation Plan showing the amended text was presented at the October 10, 2024 Board meeting prior to release for public comment. The public comment period was October 14, 2024 to October 28, 2024. The draft amendment was posted on TDHCA's website for viewing. Notification of the public comment period was sent via email list and published in the October 25, 2024 edition of the *Texas Register.*

For the HOME-ARP Allocation Plan Third Amendment, the Draft Amended Allocation Plan showing the amended text was posted online on April 7, 2025, and presented at the April 10, 2025, Board meeting. Because the requested change is not material, no additional public comment period was required.

Describe any efforts to broaden public participation:
TDHCA held both an in-person hearing in Austin and a virtual hearing to accept comment. Notice of the hearings was published in the Texas Register and sent via TDHCA's subscription email lists to the homeless-focused topics and the multifamily topics, which reached approximately 9,700 subscribers. The notice included how individuals could request a language interpreter, auxiliary aids or services for the hearings. The information on how to request an interpreter was also included in Spanish. Comments were also accepted via mail or email. Finally, the plan was posted online for ease of access during the public comment period.

A PJ must consider any comments or views of residents received in writing, or orally at a public hearing, when preparing the HOME-ARP allocation plan.

Summarize the comments and recommendations received through the public participation process:

Fifteen persons commented on the HOME-ARP draft plan. The comments and staff changes to the plan have been summarized below, along with staff responses.

For the HOME-ARP Allocation Plan First Amendment, no comments were received.

For the HOME-ARP Allocation Plan Second Amendment, no comments were received.

1. Comment: Clarify if HOME-ARP can be used with National Housing Trust Fund (NHTF) in the same development

Summary: Jennifer Hicks *(TrueCasa Consulting, Austin)* requested clarification on whether NHTF can be layered on the same development.

Staff response: While NHTF was not named specifically in the draft HOME-ARP Plan, NHTF was included in the umbrella category of "other federal funds" able to be layered with HOME-ARP. However, this question prompted several critical discussions among HOME-ARP and Multifamily staff. There may be developments previously awarded NHTF that face increased costs, putting the developments in jeopardy of not being able to be completed. If not completed, the Department may lose access to these NHTF funds. Prioritizing the use of the HOME-ARP funds to these developments allows the NHTF funds to remain in Texas, and also will expedite early delivery of some of the HOME-ARP units more quickly than will be the case for new applications. Therefore, staff revised the Plan to designate that up to $10 million of HOME-ARP funds may be directly awarded, without competition, to certain NHTF active applications or awardees. These developments will be required to submit an abbreviated application upon approval of the Plan from HUD, but will not be required to compete for funds under the HOME-ARP Rental Development Notice of Funding Availability (NOFA). Specifically, the following provisions are now included in the HOME-ARP Plan:

"Applications for HOME-ARP that are for developments with an active application for, or that were awarded, NHTF from the Department may be submitted directly and awarded non-competitively if the applicant:

- applied for NHTF in 2020 or 2021 and the application was not terminated by staff or voluntarily withdrawn by the applicant;
- can demonstrate cost increases that necessitate the need for additional investment;
- has not started construction or has previously received a 24 CFR Part 58 review if construction has started;
- the deferred developer fee does not decrease and developer fee does not increase; and
- returns HOME-ARP application materials to the Department within the timeframe provided by the Department and before the application due

date of NOFAs for HOME-ARP rental housing.

Up to $10 million in HOME-ARP funds will be available for NHTF awardees that meet the criteria in this section. If the Department receives less than $10 million in applications by the time of the rental development NOFA application due date, the remaining funding will be used to increase the amount available for rental development awards. If the applications received for this limited pool exceed the total available, the applications will be processed based on their submission date. In the event that more than $10 million is requested per application received on the same date, the Development with the lowest HOME-ARP capital cost per unit will be awarded.

In addition, applications layered with NHTF will also be accepted during the application cycle for HOME-ARP rental development. However, there may be programmatic limitations on having HOME-ARP and NHTF in the same unit."

2. Comments: Support and clarification of TDHCA HOME-ARP availability in Participating Jurisdictions

Summary: Two comments were received regarding the ability to use HOME-ARP in Participating Jurisdictions (e.g., areas of Texas that receive HOME-ARP funds directly from HUD).

One comment was from James Wooldridge *(Habitat for Humanity, Fort Hood)* who asked for clarification on availability within Participating Jurisdictions. The second comment was from Judy Telge *(Coastal Bend Center for Independent Living, Corpus Christi)* who encouraged use of HOME-ARP in Participating Jurisdictions.

Staff response: The HOME-ARP draft Plan stated that funds will be made available statewide. Staff has added a clarification that applicants must demonstrate the unmet need among qualifying populations for the type of housing proposed in their geographical area through a market assessment or other source of data for greater conformance to HUD's requirements. The Department will conduct outreach to encourage applications from both urban and rural areas to be submitted. Distribution may be affected by State laws or limitations, such as Tex. Gov't Code §2306.111(c), if at such time existing state waivers expire.

3. Comment: Increase the maximum amount of HOME-ARP rental development awards to $15 million

Summary: Sabrina Butler *(Foundation Communities, Austin)* asked to increase the maximum amount of assistance for rental housing development from $10 million to $15 million. She stated a larger cap of $15 million would be needed to be able to scale the rental housing program, which also can include operating subsidies.

Staff response: Staff agrees with the comment, and has increased the maximum award amount for rental housing from $10 million to $15 million, although this amount may be further limited in the NOFA.

In addition, staff has increased the maximum award amount for the NCS activity to the maximum amount released in the NOFA. This will encourage applicants to request their actual need; large-scale shelter innovations may allow for more impactful changes in access to shelter.

4. Comment: Apply the per project maximum request to the capital request only for rental development

Summary: Sabrina Butler *(Foundation Communities, Austin)* suggested applying the per project maximum request to the capital request, not including any additional operating reserve request.

Staff response: The Plan had not been specific on whether the per application cap did or did not include the operating reserves. Clarification was needed, however the clarification made to the Plan was not what was requested, but rather that the maximum per project award includes operating reserves. HUD CPD Notice 21-10 allows for capitalized operating costs to be used in conjunction with acquisition, rehabilitation, or construction of affordable rental housing. Operating costs are not a separate activity and, as such, will be included in the entire application amount. Further, with the limited funds available, the Department wants to stretch the dollars to assist more developments if possible.

5. Comment: Allow HOME-ARP capital dollars to be loaned through a deferred forgivable loan at 0% interest

Summary: Sabrina Butler *(Foundation Communities, Austin)* requested that HOME-ARP loans be structured as a deferred, forgivable loan at 0% interest, as the HOME-ARP units will not be able to support debt service.

Staff response: Staff anticipates offering a range of loan types in the NOFAs with different options that developments can choose from to suit their financial structure. One of those loan products will be a deferred forgivable loan at 0% interest. Clarification on the types of loans available is included in the Plan, and the specifics on the loan terms will depend on the financial structure of the application and contract terms described in further program guidance.

6. Comment: Allow HOME-ARP units to float

Summary: Sabrina Butler *(Foundation Communities, Austin)* requested that HOME-ARP units be allowed to float, unless otherwise restricted by additional funding sources on the development.

Staff response: Generally, TDHCA supports floating units unless prohibited by other federal sources. However, because a unit's nature as being fixed or floating affects the underwriting of the development, the NOFA will outline whether units must be fixed or floating.

7. Comments: HOME-ARP rental housing should assist special needs populations

Summary: Four commenters included their perspective on serving persons experiencing homelessness, and listed specific populations that would benefit from HOME-ARP rental housing.

Dr. Flora Brewer *(Paulos Foundation, PF Residential and Paulos Properties, Fort Worth)* and R. Steve Christian *(New Leaf Community Services, Fort Worth)* commented that funds should be programmed into creating housing especially for persons with long periods of homelessness, disabilities, chronic illness, behavioral health disorders, and those who are elderly.

Deirdre P. Browne *(MHMR Tarrant County Behavioral Health Services)* commented that HOME-ARP's rental housing should serve persons with long histories of homelessness, disabilities, chronic illness, and behavioral health disorders.

Judy Telge *(Coastal Bend Center for Independent Living, Corpus Christi)* commented that HOME-ARP should not be restricted to persons with disabilities who have senior status. She stated that there is need for affordable housing for younger individuals with disabilities.

Staff response: The populations listed by the commenters are within or could be a subset within populations listed already in the HOME-ARP Plan under preferences for rental housing. It should also be noted that the draft Plan included "Persons with Disabilities" with no mention of age as a possible limiting factor. While the persons listed by commenters above were not added separately to the HOME-ARP Plan, the Plan has been revised to further describe the needs and gaps of the qualified populations, and adds three additional possible preference populations: persons who are experiencing homelessness, persons who were formerly homeless and temporarily housed, and persons prioritized through Coordinated Entry for non-congregate shelter and rental housing.

Furthermore, the wording and types of the preferences between the NCS and Rental Housing activities were made more uniform and revised in response to HUD's guidance. While several edits were made, most preferences remained, but using different wording to conform to terms used by HUD. For example, "Persons Fleeing Domestic Violence" was removed because it is included in the "Persons with Violence Against Woman Act (VAWA) Protections and Human Trafficking" preference. Likewise, "Youth Aging out of the Foster Care System" was removed because this population is included in the "Persons Exiting Institutions or Systems of Care/Reentry" preference. The Plan also clarified that Veterans and Families with Children preferences could be established if these populations were also experiencing homelessness or at-risk of

homelessness. The only preference population deleted was Public Housing Residents, which was deleted due to a statutory prohibition between the two funding sources in this regard.

In addition, staff added clarification regarding the use of the Coordinated Entry system. If a property is intending to use only Coordinated Entry and not a project-specific waitlist, the Coordinated Entry system must meet the requirements in HUD CPD notice 21-10, which requires sufficient referrals to the project and that all qualifying populations have an opportunity to participate within the project's geographic region. This may mean the addition of certain qualifying populations and ensuring the Coordinated Entry includes the primary market area of the rental development, as defined in 11.303(d)(8). Coordinated Entry may also be used with other referral methods, if the Owner establishes prioritization criteria between the Coordinated Entry and other referral methods and maintain any waitlists in chronological order. If the requirements of 21-10 are not met, then a project-specific waitlist must also be used by the development. The project-specific waitlist must take persons in chronological order, with priority given to those with preferences stated in the written agreement between the developer and the Department. In addition, if up to 30% of the HOME-ARP units are reserved for low-income household who are not qualifying populations, a project-specific waitlist must be used for these units.

8. Plan clarification: Unused non-profit capacity building and non-profit operating cost assistance will be offered as non-congregate shelter or rental housing development activity funds, and the application process for the non-profit capacity building and operating funds may be independent of the other activities.

Clarification: The Plan was updated to provide a clarification on the flow of funds under the non-profit capacity building and operating cost assistance line items. While the NP Operating and NP Capacity Building are shown as one line item in the table for the purpose of receiving requests for either category, the Department will commit these activities to each project separately in IDIS as needed. The NP Operating and NP Capacity Building Assistance applications may be included as part of the NOFAs for NCS and Rental Housing development, or as separate NOFAs released in advance to assist nonprofits to strengthen capacity and planning prior to applying under the NCS or Rental Housing NOFAs. If awards for NP Operating and NP Capacity Building for NCS or Rental Housing do not fully utilize those funds, those unused funds may be shifted into NCS or Rental Housing for those activities.

In addition, because staff is establishing the application process of the non-profit capacity building and operating funds to be more independent of the NCS or Rental Housing activities, a minimum and maximum amount was established. An award may be offered for the greater of up to 50% of an organization's operating budget or $50,000, or as further described in the NOFA.

Summarize any comments or recommendations not accepted and state the reasons why:

9. Comments: Varied comments relating to the proportional amount of funds being allocated for rental housing and non-congregate shelter.

Summary: There was one comment to support the current allocation in the draft plan, and eleven comments to move funds from non-congregate shelter to rental housing development. G. Roderick Henry *(Temple Chamber of Commerce)* wrote in support of the current allocation proposed in the draft, with the evenly allocated program funds of approximately $56 million in both non-congregate shelter and rental housing development. He describes possible risks in congregate shelters and the possible struggle to maintain employment while at a congregate shelter. He makes a connection between shelters as a steppingstone toward permanent affordable housing. A letter of support with a similar comment was also submitted by State Representative Brad Buckley, Texas House District 54, outside of the official public comment period.

Alternatively, there were eleven comments to move funds from non-congregate shelter to rental housing development. The comments varied in the amounts to move from one category to the other.

There were five comments that supported moving an unspecified amount of funding from non-congregate shelter to rental housing development. These comments were from (1) Lauren King, *(Tarrant County Homeless Coalition)*; (2) Sabrina Butler *(Foundation Communities, Austin)*; (3) Jyme Gordy *(Presbyterian Night Shelter, Fort Worth)*; (4) Toby Owen *(Presbyterian Night Shelter, Fort Worth)*; and (5) Madeline Reedy *(CitySquare, Dallas)*.

There were three comments that supported moving a moderate amount of funds from non-congregate shelter to rental housing development. Comments were received from (1) Ken Cates *(Habitat for Humanity, Fort Hood),* (2) Tara Perez *(City of Fort Worth),* and *(3)* Debbi Rabalais *(Presbyterian Night Shelter, Fort Worth)*. Ken Cates commented that rental housing development should be budgeted at approximately $60 million and non-congregate shelter would be approximately $52 million. He stated that there is an opportunity for partners to combine non-congregate shelter and affordable housing options. Tara Perez and Debbi Rabalais both requested that approximately $87 million be programmed into rental housing development and $25 million be programmed into non-congregate shelter. Tara Perez gave an example of a hotel conversion to Permanent Supportive Housing (PSH) in Fort Worth that no longer needs to be supported by emergency shelter operating funds. The project created a reduction in homelessness metrics for the City of Fort Worth. Both Debbi Rabalais and Toby Owen of the Presbyterian Night Shelter also included the example of the hotel conversion in Fort Worth, commenting that the Presbyterian Night Shelter provides supportive services for persons in the newly-converted development. They encouraged a similar program in other HOME-ARP rental developments.

There were three comments that supported moving approximately $56 million from the non-

congregate shelter funds to rental housing development. This change would result in the non-congregate shelter activity budget being essentially zero. These comments were from: (1) Dr. Flora Brewer *(Paulos Foundation, PF Residential and Paulos Properties, Fort Worth)*; (2) R. Steve Christian *(New Leaf Community Services, Fort Worth)*; (3) Deirdre P. Browne *(MHMR Tarrant County Behavioral Health Services)*. Dr. Flora Brewer and R. Steve Christian both told of their experience working to end homelessness, and were convinced that funding should be invested in housing. Deirdre P. Browne noted that rental housing and specialized wrap-around services are key to eliminating homelessness and returns to homelessness.

> Staff response: While staff agrees that more permanent housing is necessary to alleviate homelessness, emergency shelter is also necessary in certain situations. The draft HOME-ARP Plan has a provision that if applications received in either non-congregate shelter or rental housing do not fully use the allocation, the funds may be shifted between the two categories. Considering this provision, staff recommends retaining the allocation levels between rental housing and non-congregate shelter as proposed in the draft. Therefore, no changes were made to the Plan as a result of the comment.
>
> Staff agrees that successful rental housing developments may include partnerships between developers and non-profits that provide services. Staff also anticipates that there will be partnerships between non-congregate shelter providers and rental housing developments as well.

10. Comment: HOME-ARP should be used for tenant-based rental assistance and supportive services

Summary: Judy Telge *(Coastal Bend Center for Independent Living, Corpus Christi)* supported the draft Plan's programming of funds into non-congregate shelter and rental housing development, and also requested for funding to be programmed into tenant based rental assistance (TBRA) and supportive services such as case management. She advocate for TBRA and supportive services to bridge gaps until the shelters or developments are constructed.

> Staff response: While staff recognizes a range of support and housing options are needed, the overwhelming support for HOME-ARP through the consultations and public comments have been for non-congregate shelter and rental housing development. In addition, TDHCA offers other program sources for rental assistance and supportive services. The draft Plan also has a provision that if sufficient applications are not received for non-congregate shelter or rental housing, funds may be reprogrammed into supportive services or TBRA. No changes were made to the Plan as a result of this comment.

11. Comments: Allow HOME-ARP to be used with project-based vouchers, tenant-based vouchers, and other types of rental subsidies.

Summary: Jennifer Hicks *(TrueCasa Consulting, Austin)* asked for clarification regarding use of

HOME-ARP with project-based vouchers or tenant based vouchers and gave several examples (found in Attachment C). She also asked for clarification of the rental amount for a qualified population with a tenant-based voucher.

> Staff response: Both project-based vouchers and tenant-based rental assistance may be allowed in HOME-ARP projects, dependent on the overall financial structure and funding sources. A tenant who is in a qualified population would pay 30% of his/her income for rent; if that project also had a project-based subsidy or the tenant had a tenant-based rental subsidy, the payment for the tenant would still be 30% of his/her income, but the development could charge the rent permissible under the applicable rental assistance program (i.e., the tenant rental contribution plus the rental subsidy allowable under that rental assistance program). However, TDHCA will only underwrite to the project-based subsidy because that is the only subsidy that stays with the project. Other types of rental subsidies may potentially be allowed, depending on the source of funds and requirement. In addition, the use of project-based vouchers or rental subsidies may affect access to capitalized operating costs, underwriting (if known at the time of application), layering with HOME annual or NHTF, whether units are fixed versus floating, and mandatory services. Further program guidance on layering with types of rental assistance will be provided. No changes to the Plan were made as a result of this comment.

12. Comment: Allow HOME-ARP to have a tax exemption

Summary: Jennifer Hicks *(TrueCasa Consulting, Austin)* asked to pair HOME-ARP with 100% tax exemption for developments that are focused on the hardest to serve populations (she gave an example of persons experiencing chronic homelessness).

> Staff response: HOME-ARP does not have the authority to grant tax exemptions, nor does the Department want to limit applicants to only those that can attain such an exemption. Developers should pursue these exemptions from the appraisal district in which the property is located as needed. No changes to the Plan were made as a result of this comment.

13. Comments: Further guidance or clarification is needed on how to assist the qualified populations in units with operating cost assistance after the federal affordability period and operating cost assistance ends

Summary: Two commenters requested further guidance on how the development/owner would assist the qualified populations when the federal affordability period ends and the operating cost assistance ends. The qualified populations will be paying 30% of their income toward rent in units that may be supported by capitalized operating costs. Capitalized operating costs are sized to last until the end of the federal affordability period, which is 15 years. The state affordability period is a minimum of 30 years.

Sabrina Butler *(Foundation Communities, Austin)* suggested the use of HOME-ARP capitalized operating assistance to fund a reserve for after the federal affordability period ends at year

15, so that qualified populations could experience gradual rent increases up to post-HOME-ARP affordability standards. She also suggested finding an alternative funding source to pay for a portion of the higher rents until the qualified populations could pay the full rents under the state affordability period.

Jennifer Hicks *(TrueCasa Consulting, Austin)* asked for clarification if the owner would need to seek out other sources to cover the operating costs if the tenant is not able to pay more than 30% of his/her income for rent after year 15.

> Staff response: HOME-ARP affordability period for rental development is 15 years. At the end of that period the tenants will be required to pay rents at the rent level established in the LURA for years 16 to the end of the state affordability period, because Tex. Gov't. Code 2306.185(a)(c) requires that most properties have affordability for at least 30 years. Accordingly, most properties will have to show viability through underwriting for the full state affordability period of at least 30 years at the time of application for HOME-ARP funding. The financial feasibility of HOME-ARP will likely require use of many different models and types of assistance, especially after the federal affordability period ends. In addition, the HUD notice 21-10 does not list rental assistance nor creation of a reserve for rental assistance as eligible costs for operating assistance. The operating assistance reserve is sized for costs throughout the 15-year federal affordability period. Using the capitalized operating costs to fund a reserve beyond the federal affordability period would not be in line with the size of the reserve (with the possible exception of payments into the replacement reserve for major systems, which is specifically listed in the HUD Notice 21-10 as eligible). The State must use the definition of operating costs in the HUD CPD Notice when calculating the size of the assistance. No changes were made to the Plan as a result of these comments.

14. Comments: Maintain full HUD-allowed flexibility for the capitalized operating assistance

Summary: Sabrina Butler *(Foundation Communities, Austin)* had several comments regarding the flexibility of the capitalized operating assistance.

One comment was to allow underwriting to determine the maximum per-project cap of the capitalized operating assistance, instead of creating a per-project maximum.

A second comment was to allow the operating cost assistance to fund the prorated share of HOME-ARP units' contribution to the capital replacement reserve.

> Staff response: HUD notice 21-10 has no proposed maximum project capitalized operating cost. In addition, the HUD notices states that the operating cost assistance may fund the replacement reserve. However, HOME-ARP funds cannot be used to both capitalize a reserve for replacement and provide payments to the reserve for replacement from a capitalized operating reserve. The draft Plan does not create limits on the capitalized operating reserve beyond the regulations in HUD notice 21-10, other

than the total limit for a development which includes both the development and operating reserves jointly. No changes to the Plan were made as a result of these comments.

15. Comment: Allow the capitalized operating fund to be drawn based on projected deficits yearly

Summary: Sabrina Butler *(Foundation Communities, Austin)* requested to draw on the operating reserve in advance of each calendar year based on projected deficits. She suggested establishing a process to allow for funds overdrawn or underdrawn to be reconciled at the end of the year, with an option to reconcile earlier if actual rents of the year are lower than projected and impact the development's short-term liquidity. This will help ensure sufficient cash on hand to cover monthly expenses throughout the year.

Staff response: HUD CPD Notice 21-10 requires TDHCA to review each requested distribution from the operating reserve, including supporting documentation. In addition, TDHCA must review the size of the operating reserve account annually to determine the account is appropriately sized. More details on the draw frequency and the process for periodic review of the reserve and its deficits will be issued with additional program guidance. No changes to the Plan were made as a result of this comment.

16. Comment: Allow the capitalized operating fund to cover a reasonable vacancy rate

Summary: Sabrina Butler *(Foundation Communities, Austin)* requested that operating reserves cover the fixed operating costs incurred even during HOME-ARP unit vacancy periods during initial lease-up and at unit turnover. She requested TDHCA apply a reasonable vacancy rate in sizing the reserve considering the market, the potential for lengthier unit re-leasing timelines depending on the target population, and source of applicant referrals.

Staff response: HUD-Notice 21-10 states that operating cost assistance is for HOME-ARP-assisted units restricted for occupancy by qualifying populations, which would account for up to 70% of the HOME-ARP units. The HUD notice does not specify whether the qualified population units need to be currently occupied in order to receive the operating cost assistance. In addition, HOME-ARP offers an optional initial operating reserve (not to exceed 12 months) for the low-income households, which would account for up to 30% of the HOME-ARP units in the development. The Department is seeking clarification from HUD on whether the capitalized operating costs can be used for vacant units either during lease-up for the first 12 months or when temporarily vacant. It should be noted that a vacancy rate is already applied during the underwriting process to ensure the Development is viable. Further guidance will be released once clarification is received from HUD and processes are established at the Department. No changes to the Plan were made as a result of this comment.

17. Comment: Allow for underwriting to take into account capitalized operating costs.

Summary: Sabrina Butler *(Foundation Communities, Austin)* requested for a waiver category

for TDHCA underwriting infeasibility conclusions for projects that have HOME-ARP operating reserve funds, to the extent any projected deficit is mitigated by these reserve funds.

> Staff response: HUD Notice 21-10 requires that capitalized operating cost assistance reserve be included in the underwriting. The capitalized operating costs assistance should mitigate certain projected deficits. No waiver to underwriting criteria would be necessary. No changes to the Plan were made as a result of this comment.

18. Comment: Allow acquisition costs incurred prior to commitment to be an eligible cost

Summary: Sabrina Butler *(Foundation Communities, Austin)* requested that, to the extent allowable under HUD rules, allowance of acquisition costs incurred prior to commitment be considered an eligible cost in the calculation of the maximum eligible HOME-ARP capital request.

> Staff response: The draft Plan does not set any additional limitations on acquisition other than federal regulations. Note that the HOME-ARP Draft Plan specifically states that National Environmental Protection Act (NEPA) requirements apply to these funds, which is also included in HUD Notice 21-10. NEPA may affect the eligibility of acquisition costs, which is a choice limiting action and not allowed in most cases prior to commitment. Furthermore, 24 CFR §92.206(g) contains some limitations on costs incurred before the application for HOME-ARP funds is accepted. No changes to the Plan were made as a result of this comment.

19. Comment: Allow for HOME-ARP funding to be awarded to a sponsor entity and passed through to an awardee of Housing Tax Credits.

Summary: Sabrina Butler *(Foundation Communities, Austin)* requested allowing the HOME-ARP funding to be awarded to the sponsor entity and "passed through" to the tax credit ownership entity. In this way the sponsor can apply a maturity date and interest rate (if required by investor) to avoid the forgivable loan being treated as taxable income.

> Staff response: Awarding HOME-ARP funds to a sponsor to then enter into an agreement with a project owner is prohibited per HOMEFires Volume 16, Number 1. For HOME funds (including HOME-ARP), the agreement and provision of funds must be between the State and the owner. No changes to the Plan were made as a result of this comment.

20. Comment: Require Applicants for rental housing to have meaningful involvement from a nonprofit

Summary: Sabrina Butler *(Foundation Communities, Austin)* requested that applicants must demonstrate true, meaningful involvement from a nonprofit with deep experience serving the target population. She asked for a priority for nonprofit sponsorship, as developments intended to be served by this program are unlikely to generate a profit and will likely require additional fundraising to offset the cost of services.

Staff response: The Plan as drafted was designed intentionally to allow both supportive housing and general rental housing developments to apply for HOME-ARP. As such, meaningful involvement with a nonprofit that provides services may not be needed in all cases. No changes to the Plan have been made as a result of this comment.

21. Comment: Scattered site general housing and supportive housing models should both be used with HOME-ARP, without priority of one over the other

Summary: Jennifer Hicks *(TrueCasa Consulting, Austin)* stated that both scattered site general housing developments and supportive housing with wrap-around services are both needed for persons experiencing homelessness. One model should not be prioritized over the other.

Staff response: Staff agrees and the draft HOME-ARP Plan does not prioritize one type of development over another. No changes were made to the Plan as a result of this comment.

22. Comments: Clarify proportionality of HOME-ARP units and allow for Applicants to designate more units

Summary: Two comments were received regarding the minimum number of HOME-ARP units required.

One comment from Jennifer Hicks *(TrueCasa Consulting, Austin)* requested clarification on the number of HOME-ARP units required based on the proportional investment of HOME-ARP funds.

One comment from *Sabrina Butler (Foundation Communities, Austin)* suggested allowing developers to commit more units to HOME-ARP than the required minimum. By allowing a higher level of commitment, more units can reach the deeper affordability of the HOME-ARP program and qualify for the operating reserve subsidy.

Staff summary: Applicants may be permitted to commit more HOME-ARP units than the minimum amount specified by applying cost allocation per CPD Notice 16-15. It is anticipated that HOME-ARP units designated for qualifying populations will be eligible for capitalized operating reserves; however, the additional investment of HOME-ARP funds will necessitate a revised cost allocation calculation and could trigger additional requirements such as Davis-Bacon or a longer affordability period.

23. Comments: Waive specific sections of Texas Administrative Code

Summary: Two commenters included requests for waivers of existing Texas Administrative Code (TAC).

One comment from Sabrina Butler *(Foundation Communities, Austin)* asks for a waiver of the HOME max per-unit subsidy for HOME-ARP per 10 TAC §13.7(b)-(c).

One comment from Jennifer Hicks *(TrueCasa Consulting, Austin)* requested that TDHCA waive

the criminal history criteria in the Supportive Housing definitions in the Qualified Allocation Plan (10 TAC §11.1(a)(122)(B)(v). She stated that if a goal is to use the Coordinated Entry list, the screening criteria under the Supportive Housing definition may pose barriers.

> Staff response: The draft HOME-ARP Plan does not specify any rules will be waived, however staff does plan to list any sections of the rules that will be waived in program guidance or the NOFA in order to allow the program to reflect the flexibility of the HUD Notice 21-10. No changes were made to the Plan as a result of this comment.

III. NEEDS ASSESSMENT AND GAPS ANALYSIS

PJs must evaluate the size and demographic composition of qualifying populations within its boundaries and assess the unmet needs of those populations. In addition, a PJ must identify any gaps within its current shelter and housing inventory as well as the service delivery system. A PJ should use current data, including point in time count, housing inventory count, or other data available through CoCs, and consultations with service providers to quantify the individuals and families in the qualifying populations and their need for additional housing, shelter, or services. The PJ may use the optional tables provided below and/or attach additional data tables to this template.

Homeless Needs Inventory and Gap Analysis Table - 1

Homeless													
	Current Inventory					Homeless Population				Gap Analysis*			
	Family		Adults Only		Vets	Family HH (at least 1 child)	Adult HH (w/o child)	Vets	Victims of DV	Family		Adults Only	
	# of Beds	# of Units	# of Beds	# of Units	# of Beds					# of Beds	# of Units	# of Beds	# of Units
Emergency Shelter	5,385	1,463	8,285	N/A	972								
Transitional Housing	2,190	618	1,916	N/A	1,916								
Permanent Supportive Housing	4,847	1,695	9,950	N/A	5,633								
Other Permanent Housing						N/A	N/A	N/A	N/A				
Sheltered Homeless						5,783	8,234	1,117	2,242				
Unsheltered Homeless						506	12,686	831	744				
Current Gap										n/a	506	n/a	12,686

Data Sources: 1. 2020 Point in Time Count (PIT); 2. 2020 Continuum of Care Housing Inventory Count (HIC)

*There may not be a direct correlation between the types of housing offered in this chart and the number of people experiencing homelessness, as not every person experiencing homelessness would need or want to use emergency shelter, transitional housing, or permanent supportive housing.

The CoC's HIC shows the current inventory of beds, though the occupancy status of those beds is unknown. The CoC's PIT shows the current number of persons or households experiencing sheltered or unsheltered homelessness in 2020. When analyzing the data, the gap in shelter could be the number of unsheltered households, since persons in those households do not have beds or units. Because household size was not reflected in this chart, the gap of the number of beds is not reflected. In addition, many persons experiencing homelessness could move to other permanent housing, without the need of emergency shelter, transitional housing or permanent supportive housing, so the gap in units for the shelter/housing types in this chart may not be as high as the number of unsheltered households.

In August 2024, TDHCA received reallocated funds from HUD that had been originally designated for Odessa, Bryan, and Pasadena, with the understanding that the reallocated funds would have a preference in those areas. Odessa and Pasadena are located within two CoCs, so the PIT data is not specific to those areas and difficult to analyze specifically for those areas. TDHCA has identified several emergency shelters in all three areas, demonstrating a locally-identified need for emergency shelter. A number of shelters may be congregate shelters that would also benefit by being rehabilitated into non-congregate shelters. In addition, these areas also have fair market rent by county for 1-bedroom units that increased by 30% or more between 2021 and 2025; and HUD-published one-bedroom fair market rents by county for FY2025 of $1,000 or more. These factors support that there are rapidly increasing costs of living, which could necessitate the need for additional emergency shelter.

Housing Needs Inventory and Gap Analysis Table - 2

Non-Homeless			
	Current Inventory	**Level of Need**	**Gap Analysis***
	# of Units	# of Households	# of Households
Total Rental Units	3,686,845		
Rental Units Affordable to HH at 30% AMI (At-Risk of Homelessness)	340,420		161,460
Rental Units Affordable to HH at 50% AMI (Other Populations)	546,190		-278,125
0%-30% AMI Renter HH w/ 1 or more severe housing problems (At-Risk of Homelessness)		501,880	
30%-50% AMI Renter HH w/ 1 or more severe housing problems (Other Populations)		268,065	
Current Gaps			-116,665

Data Sources: 1. 2015-2019 American Community Survey (ACS); 2. 2014-2018 Comprehensive Housing Affordability Strategy (CHAS)

*There may not be a direct correlation between the affordable rental units and the households with a housing problem at that income level; this chart does not reflect the housing mismatch, which shows the difference between the households

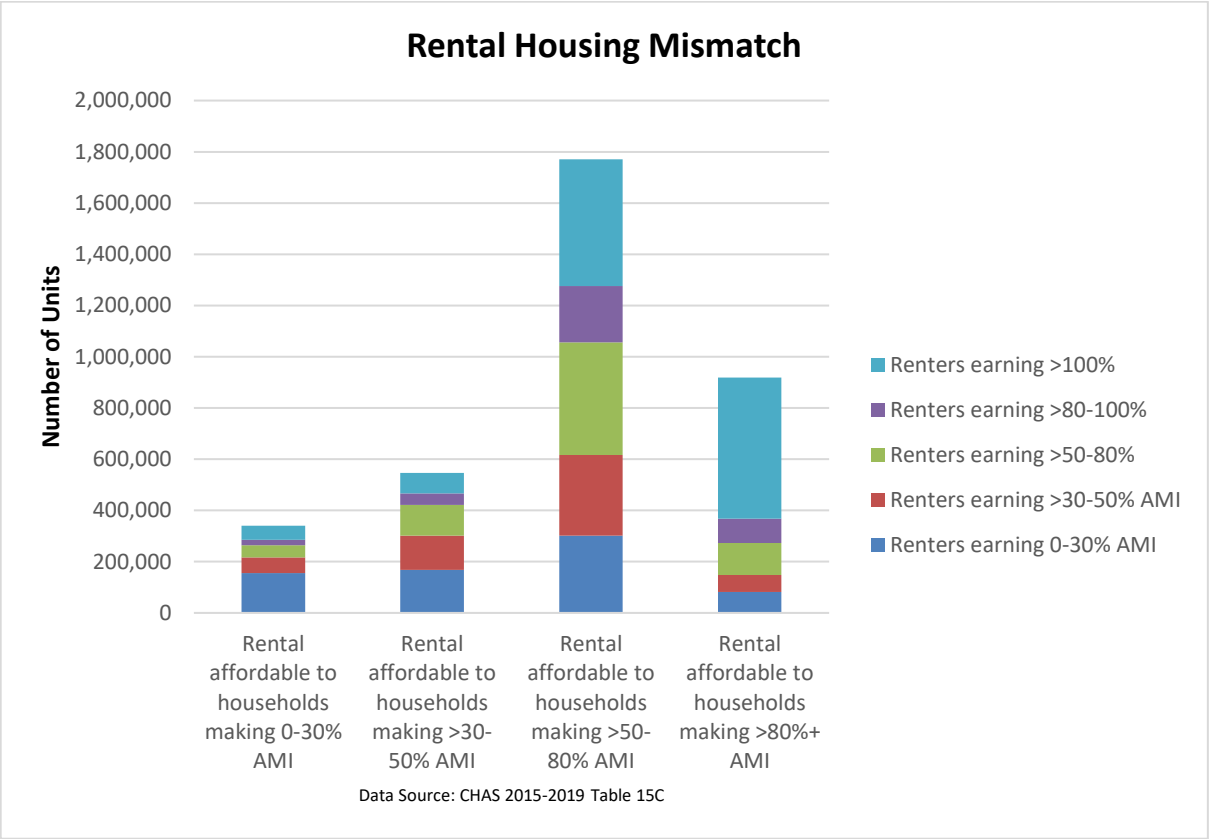
that can afford the rental units and the households living in the rental units.

There are more affordable units for households with incomes between 0-50% AMI than households in this income range with one or more severe housing problems. However, there is a housing mismatch since there are far fewer units affordable to households at 0-30% AMI with a housing problem than households in this range. If all the households at 0-30% AMI with a housing problem were in the units listed in the first column, 161,460 households would be paying more than 30% of their income on rent. Though the relationship between the columns on the chart is not a direct correlation, the comparison appears to support the need for affordable housing for households that have incomes under 30% AMI.

Rental Housing Mismatch Table – 3

Rental Housing Mismatch	Renters earning 0-30% AMI	Renters earning >30-50% AMI	Renters earning >50-80%	Renters earning >80-100%	Renters earning >100%	Total
Rental affordable to households making 0-30% AMI	155,585	61,075	47,650	21,135	54,975	340,420
Rental affordable to households making >30-50% AMI	167,530	134,250	119,555	44,755	80,100	546,190
Rental affordable to households making >50-80% AMI	301,075	315,540	439,685	219,140	495,335	1,770,775
Rental affordable to households making >80%+ AMI	81,435	66,655	124,645	95,715	550,090	918,540
Total	705,625	577,520	731,535	380,745	1,180,500	

Data Source: 2014-2018 CHAS Data



1. ***Describe the size and demographic composition of qualifying populations within the PJ's boundaries:***

Homeless

For HOME ARP, two of the qualifying populations are persons/households experiencing homelessness, and households who have previously been qualified as "homeless" as defined in 24 CFR §91.5 who are housed due to temporary or emergency assistance and need additional housing assistance or supportive services to avoid a return to homelessness. According to HUD's 2020 Point-in-Time count for Texas, there were approximately 22,544 Homeless Households comprised of 27,229 Homeless Persons. This is an increase of 5% from 2019 of Homeless Persons in the State of Texas.

In 2020, 58% of the counted homeless population in Texas identified as White, 37% identified as Black or African American, 0.75% identified as Asian, 1.3% identified as American Indian or Alaska Native, 0.32% identified as Native Hawaiian or Other Pacific Islander and 3% identified as being of multiple races.

Individuals who are identified as chronically homeless make up 14.8% of the State's homeless

population. Through consultation with stakeholders around the State of Texas it was noted that this segment of the population is often the hardest to reach and hardest to assist. It was also noted through consultation that often the chronically homeless are the most visible segment of the homeless population as they often make up a large portion of unsheltered homeless individuals.

In addition, there were 1,948 homeless Veterans making up 7.2% of the State's homeless population and 1,408 unaccompanied youth making up 5.2% of the homeless population.

The table below shows each Continuum of Care (CoC) in the State of Texas and the number of homeless individuals in the areas covered by each respective CoC based on data from the HUD 2020 Point-in-Time count.

Table 4 – Population of Homeless Individuals by CoC

Metropolitan Area	Continuum of Care	Number of Homeless Individuals	Percent of all Homeless Individuals in the State
Amarillo	Amarillo CoC	600	2.2%
Austin	Austin/Travis County	2,506	9.2%
Bryan/College Station	Bryan, College Station/Brazos Valley CoC	109	0.4%
Dallas	Dallas City & County, Irving CoC	4,471	16.4%
El Paso	El Paso City & County CoC	843	3.1%
Fort Worth	Fort Worth, Arlington/Tarrant County CoC	2,126	7.8%
Houston	Houston, Pasadena, Conroe/Harris, Fort Bend, Montgomery Counties CoC	3,974	14.6%
San Antonio	San Antonio/Bexar County CoC	2,932	10.8%
Waco	Waco/McLennan County	234	0.9%
Wichita Falls	Wichita Falls/Wise, Palo Pinto, Wichita, Archer Counties CoC	236	.09%
All other areas of Texas	Texas Balance of State CoC	9,198	33.7%
Total Homeless Individuals in the State		**27,229**	**100%**

As can be seen in Table 4 just under 60% of the State's homeless population (58.8%) is located in the five largest Metropolitan areas, Austin, Dallas, Fort Worth, Houston and San Antonio. This is expected due to the large concentration of general population in these areas, close proximity to public services, such as transportation, hospitals/clinics, other social services as well as a greater lack of affordable housing and increased cost of housing in these areas.

At-risk of Homelessness

Per 24 CFR §91.5, an individual or family is considered at-risk of homelessness if their income is below 30% area median family income, do not have sufficient resources or support networks, and have experienced housing instability. Below is an analysis of 0-30% AMI renters.

Individuals or families with extremely low incomes (30% or below area median income) are often service sector workers, including those who earn minimum wage. Individuals or families at risk of homelessness are also often straining the willingness of their social networks to provide housing supports over an extended period, such as living with family or friends over an extended period.

There are 705,625 Renter Households in the State of Texas earning between 0 and 30% of Area Median Income (AMI) according to 2014-2018 HUD Comprehensive Housing Affordability Strategy (CHAS) data. This is roughly 20% of all Texas Renter Households. Of those 705,625, roughly 501,880 Households also have one or more of the four severe housing problems identified by HUD which are: 1. Lacks complete kitchen facilities, 2. Lacks complete plumbing facilities, 3. More than 1.5 persons per room (overcrowding), and 4. Cost burden over 50%. This means that 71% of 0-30% AMI renters are living with one of these serious housing problems that impact their daily lives in addition to being low income. 28% of renters with one or more of the severe housing problems identify as White, 24% identify as Black/African American and 42% identify as Hispanic.

Other Families Requiring Services or Housing Assistance to Prevent Homelessness

One qualifying population for HOME-ARP is defined as households who have previously qualified as homeless, are currently housed due to temporary or emergency assistance, and who need additional housing assistance or supportive services to avoid a return to homelessness. Broadly, assistance to persons experiencing homelessness may be time limited depending on the program requirements and the availability of funds.

Specific to the homeless program resources in Texas, the Emergency Solutions Grants (ESG) Coronavirus Aid, Recovery, and Economic Security (CARES) Act funds infused approximately 10 times more funds than the annual amount of ESG funds and have an initial expenditure deadline of September 30, 2022. TDHCA's ESG CARES program received approximately $97 million, and other participating jurisdictions for ESG CARES in Texas received approximately $148 million directly from HUD available in 2020.

One of the four activities of ESG/ESG CARES is rapid re-housing assistance, which is for services or housing assistance for persons experiencing homelessness and often associated with entry

into housing. TDHCA's ESG CARES program served 5,821 unduplicated persons through rapid re-housing as of this writing. TDHCA anticipates that other persons who experienced homelessness received rapid re-housing through ESG CARES received by local jurisdictions. In cases where ESG CARES funding ends, there may be need for further supports or assistance that may be provided by several sources, including services through TDHCA's Housing Stability Services (funded through Treasury's Emergency Rental Relief), Emergency Housing Vouchers (authorized by ARPA), or HOME-ARP.

Another large funding source for persons exiting homelessness is Continuum of Care (CoC) rental assistance, which is funded by HUD directly to service providers. In 2020, HUD awarded over $33 million to rapid re-housing projects. While CoCs provide point in time counts and housing inventory counts annually, the data on persons exiting homelessness through rapid re-housing was not able to be found because CoC reports focus on beds, not persons or households exiting homelessness. The population that exited homelessness through CoC rapid re-housing is not currently known.

The demographics for households who have previously qualified as homeless is estimated to be extremely similar to the homeless population demographics, since the formerly homeless demographic had been a part of the homeless demographic in the past.

At Greatest Risk of Housing Instability

Two qualified populations (QPs) eligible for HOME-ARP program are those at greatest risk of housing instability: (1) households making 0-30% of AMI that are also severely cost burdened (paying 50% or more of their income in rent); and (2) households who would qualify as at-risk of homelessness per 24 CFR §91.5, except their incomes are up to 50% AMI instead of below 30% AMI.

There are 417,345 or roughly 60% of all 0-30% AMI renters paying more than 50% of their income in rent. According to 2014-2018 CHAS data 48% of all 0-50% AMI renter households in the state are paying more than 50% of their income in rent.

There are an additional 577,520 Renter Households in the State of Texas earning between 30 and 50% of AMI according to 2014-2018 CHAS data. This is roughly 16% of all renter households. 46% or roughly 268,065 households have one or more of the four severe housing problems noted above. For renters at 30-50% AMI with one or more of the severe housing problems, 33% identify as White, 20% identify as Black/African America and 42% identify as Hispanic.

According to the data, there are currently 340,420 units of rental housing affordable to households making 0 to 30% AMI in the State of Texas and an additional 546,190 units of rental housing affordable to households making 30-50% AMI.

To understand the number of households in the state that may be in need of assistance to prevent becoming homeless or to help with housing instability, the population served by the Texas Rent Relief (TRR) Program serves as a representative sample of these populations that may currently need assistance throughout Texas. The TRR Program served 309,850 households between February 2021 and May 2022. Of these households, 254,328 (82.08%) were at or below 50% AMI, with 179,926 (58.07%) of total households under 30% AMI. There were 155,129 (50.06%) households assisted that identified as Black or African American and 74,943 (24.18%) identifying as Hispanic or Latino. This data is one measurement of need for programs that create more affordable housing and other safety nets to keep households from entering into homelessness for households within incomes at or below 50% AMI. It should be noted that far more households applied than those described above as assisted, further supporting the demand.

Individual or family fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking

It is recognized that domestic violence is one of the main factors of homelessness or being at-risk of homelessness for families. Texas Council on Family Violence provided consultation on the State of Texas 2020-2024 Consolidated Plan noting, "90% of survivors accessing family violence services experienced homelessness as a result of fleeing an abusive relationship at least once".

According to the National Intimate Partner and Sexual Violence Survey 2010-2012 State Report, in the State of Texas 27% of Hispanic Women, 37% of Non-Hispanic Black women, and 44% of Non-Hispanic White Women experienced Sexual Violence.

Domestic violence contributes to homelessness. When a person decides to leave an abusive relationship, they often have nowhere to go. This is particularly true of women with few resources. Lack of affordable housing and long waiting lists for assisted housing mean that many women and their children are forced to choose between abuse at home and life on the streets. Approximately 63% of homeless women have experienced domestic violence by an intimate partner in their adult lives according to the National Network to End Domestic Violence. Statistics released in the 2020 Domestic Violence Counts Report by National Network to End Domestic Violence show that Texas emergency shelters or transitional housing provided by local domestic violence programs served 5,950 victims of domestic violence in one day. 3,712 adult and child victims of domestic violence found refuge in emergency shelters, transitional housing, or other housing provided by local domestic violence programs. On this day, 948 Texas survivor's request for services went unmet, 341 of which were for housing and emergency shelter.

For program year 2020, September 1, 2020 – August 31, 2021, TDHCA's Emergency Solutions Grants (ESG) Subrecipients across the state of Texas served 25,666 households that identified as having a history with domestic violence or fleeing domestic violence. These households were assisted through emergency shelter, rapid rehousing, and other ESG-related services.

Veterans

Veterans may qualify for HOME-ARP if they meet one of the qualifying population criteria. According to the 2019 5-year American Community Survey, there are approximately 1.4 million Veterans in Texas, which is about 5.1% of the total population. Veterans are overrepresented in homeless statistics compared to their share of the state population. According to the 2021 PIT count in Texas, there were 950 veterans in emergency shelter or transitional housing, which makes up 6.7% of the homeless population. There will likely be overlap between Veterans and the Qualifying Populations in HOME-ARP.

The State of Texas is not suggesting expanding the program eligibility beyond the populations noted above and those at greatest risk of housing instability (under 30% AMI and severely cost burdened), as provided by HUD.

2. ***Describe the unmet housing and service needs of qualifying populations, including but not limited to:***
   - ***Sheltered and unsheltered homeless populations;***
   - ***Those currently housed populations at risk of homelessness;***
   - ***Other families requiring services or housing assistance or to prevent homelessness; and,***
   - ***Those at greatest risk of housing instability or in unstable housing situations:***

Through analysis of the data presented in Tables 1, 2 and 3 above we can identify the unmet housing needs of the HOME-ARP qualifying populations.

As identified in Table 1 there are 12,686 unsheltered homeless adults without children and 506 unsheltered homeless families in the State of Texas at a point in time in January. This appears to indicate that there is a gap in housing options of at least 13,192 beds. This could be emergency shelter beds, transitional housing beds, permanent supportive housing beds, beds in private rental units, or beds in private rental units supported by rental assistance. Likewise, there are 8,234 sheltered adults without children and 5,783 sheltered families with children, which could indicate a gap in housing options for transitional housing beds, permanent supportive housing beds, beds in private rental units, or beds in private rental units supported by rental assistance in order to move the households out of emergency shelter into housing.

The need for more affordable units can be seen in the data in tables 2 and 3 above as well as in the Housing Mismatch Chart. As noted above there are 705,625 renter households in the state earing between 0-30% of the Area Median Income, of those 0-30% AMI renter households only 155,585 or 22% are living in a unit that is affordable to households making 0-30% AMI. In the state, according to 2015-2019 CHAS data there are only 340,402 units affordable to households making 0-30% AMI, this is only enough units to house 48% of all households in the state with incomes between 0-30% AMI. 54% of housing stock that is

affordable to households at 0-30% AMI is being occupied by households making between 30-100%+ of AMI, this is due to naturally occurring affordable housing that is not restricted by income being rented by households that can afford a more expensive unit. It is also due to the location of naturally occurring affordable housing, which is primarily found in areas with a lower cost of living. In Texas this equates to locations that are not near the largest metro areas in the state. Higher numbers of low-income households can be found in urban areas due to relative proximity to service jobs. This lack of affordable housing in metro areas leads to a majority of households in the 0-30% AMI range (78%) renting units that are not affordable to them with many in the state (43%) renting units that are considered affordable to households in the 50-80% AMI range, as seen in the housing mismatch chart above. This overall leads to a need of 520,790 units that are available to only renters making 0-30% of AMI.

As noted above 43% of the 0-30% AMI households are renting units affordable to households making 30-50% AMI, these lower income renters are occupying 30% of the housing stock intended for 30-50% AMI renters. This helps contribute to 66% of 30-50% AMI households renting housing that is not affordable to them. 28% of all rental housing affordable to 50%+ AMI households is occupied by households earning 0-50% of AMI. If all units affordable to 30-50% AMI households were occupied by households in the same income bracket only an additional 31,330 units would be needed for 30-50% AMI renter households.

One of the largest unmet needs of renter households in the state is the lack of efficiency or one-bedroom housing units. According to the 2015-2019 ACS, 26% of households in the state are non-family one-person households. Meaning for these persons to be housed efficiently and affordable they would only need access to efficiency and one-bedroom units. Currently, there are 1,206,627 efficiency and one-bedroom units being occupied, if all of those units were being occupied by a single person only 47% of one-person households would be living in a unit suitable to their needs. We know this is not the case and that multiple person households reside in efficiency and one-bedroom units, leading to a majority of one-person households to rent units that are larger and more expensive.

The types of rental housing, tenant-based rental assistance, shelter and service needs for each QP are listed below.

(1) Needs: Sheltered and unsheltered homeless populations

- <u>Rental Housing</u>
    - Consultations for HOME-ARP indicated a significant need for more rental housing. There was support that such housing needs to be in high opportunity areas so that it was close to transportation, jobs, stores, services, and medical supports. Several commenters mentioned the needs of adult children with IDD/MH who the parents are no longer able to care for them. It was noted that any funds used for PSH should have robust targets for accessibility and visitability and a higher percentage of units built as fully accessible for physical disabilities than is required in the Housing Tax Credit (HTC) program. Commenters

noted that funding should be for low-income housing (not workforce housing).

- Tenant Based Rental Assistance
    - TBRA could be used by homeless populations, though there would still be the challenge of finding a landlord willing to take the government assistance program, a challenge that was discussed during the consultations. In addition, persons experiencing homelessness may have greater history of housing instability, which could cause them to be high-risk tenants. The need for landlord incentives may also be needed with TBRA.
- Non-Congregate Shelter
    - HFH stated a need for new construction of NCS since hotel conversions' maintenance and upkeep is extreme. They feel it is preferable to just do new construction. NCS is not designed to be a permanent solution, given the absence of leases and occupancy agreements. However, the availability of NCS may assist persons experiencing homelessness avoid literal homelessness, and provide a safe space while building resources to secure permanent housing.
- Service Needs
    - Several commenters from the consultation with Fair Housing and Disability Advocates supported use for services specifically service coordinators, resident coordinators, and landlord incentives. Several commenters for the consultation with Homelessness Service Providers noted that it would be important to not just fund capital investment, but to focus on long-term supports including operations, homelessness prevention, case management, employment services, and landlord incentives (with thoughtful consideration relating to fair housing issues).

(2) Needs: Currently housed populations at risk of homelessness

- Rental Housing
    - Persons at-risk of homelessness demonstrate housing instability, such as living in the home of another because of economic hardship, or living in a hotel/motel paid by the household. This population also has extremely low incomes at 30% AMI and lack of resources and supports. Availability of affordable rental housing so that they will pay no more than 30% of their income toward rent may assist in decreasing housing instability for this population.
- Tenant Based Rental Assistance
    - HFH felt the best use of funds would be for TBRA and supportive services with long contract terms, such as at least a 3-year contract for TBRA to serve as a bridge to households accessing a permanent voucher. There was also support voiced from the PHAs for the funds to

be used as rental assistance like HOME TBRA and TDHCA's COVID TBRA Program, for services such as security deposit assistances, furnishings and appliances, youth employment programs, job searches, assistance accessing benefits, financial literacy, parenting skills and scholarships for trade schools. One commenter noted that because the need is pressing and urgent now, that some of the funds should go to 'right now' solutions such as rental assistance for persons with disabilities.

- Non-Congregate Shelter
    - Several comments from the consultation with Fair Housing and Disability Advocates supported use of the funds for NCS and a focus on best practices that would allow NCS to transition to other uses, such as CoC housing or permanent affordable housing.
- Service Need
    - Services needs listed in the consultations included, but are not limited to, case management, child care, education services, employment assistance, job training, outpatient health services, legal services, life skills training, mental health services, and transportation.

(3) Needs: Other families requiring services or housing assistance to prevent homelessness

- Rental Housing
    - Persons who were formerly homeless but temporarily housed with assistance may benefit from an option of rental housing that is deeply affordable as a permanent solution. If ongoing assistance to prevent homelessness continues to be needed, permanent rental housing that is affordable may offer a more sustainable option without having to continually apply for and coordinate assistance.
- Tenant Based Rental Assistance
    - There was interest from several providers for TBRA since other rental funds are starting to end. They also note that accessing rental assistance should not first require having an eviction status which is what is often required from other funding sources.
- Non-Congregate Shelter
    - In the event that the temporary assistance ends and a household re-enters homelessness, NCS may be a safe shelter to stay to prevent literal homelessness in a place not meant for human habitation.
- Service Need
    - Persons who were formerly homeless and temporarily housed may need service coordination if one type of assistance is ending and another is beginning.

(4) Needs: Those at greatest risk of housing instability or in unstable housing situations

- Rental Housing
    - Elevated levels of funding received over the previous 18 months have been focused on homelessness-prevention activities to ensure that households that have lost a job, seen a decrease in hours, lost a home, or are sick with no pay do not fall into homelessness. As can be seen from the analysis of shelter and housing inventory, more affordable rental housing is needed to help house persons with severe cost burden and provide more affordability to those at-risk of homelessness even with incomes up to 50% AMI.
- Tenant Based Rental Assistance
    - HFH indicated the most need for flexible spending to use on housing for households that don't score highly on CE, particularly for older persons with disabilities who are awaiting a voucher or other benefits, something that could be an extension of rapid rehousing.
- Non-Congregate Shelter
    - For those at-greatest risk of housing instability, NCS would be used if the housing instability resulted in homelessness.
- Service Need
    - Extremely low income severely cost burdened households or households at-risk of homelessness with incomes up to 50% AMI may need services to increase household income or the assist in reducing frequent moves or overcrowding.

(5) Needs: Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking

- Rental Housing
    - There was a significant focus during the Consultation with CoCs and DV Providers concerning rental housing, specifically on rapid rehousing and bridging folks to permanent housing (Houston, El Paso, Dallas CoCs). Some CoCs noted an interest in more rental assistance to support these efforts (Houston), or to support gaps in services (Houston, El Paso). Houston CoC discussed going from homelessness to housed and not needing to use shelter facilities. There was emphasis that the rental housing needed to come with operating reserves and allow for sponsorship structures.
- Tenant Based Rental Assistance
    - Because the needs of the CoCs and DV providers varied, there was interest in keeping the funds flexible. Most speakers felt there are sufficient resources for rental assistance, and there are those in need with vouchers in hand who can't find units; there is particularly need for the deepest-subsidized units.
- Non-Congregate Shelter

    - There was strong interest to use funds for one-time capital investments for PSH and NCS. There was input that NCS is especially helpful for families, those fleeing domestic violence and those with MH or Post Traumatic Stress Disorder (PTSD) where congregate care can be detrimental to treatment.
- <u>Service Needs</u>
    - Lastly, a service need for survivors of domestic violence may be specific case management and support focused on safety.

3. Identify and consider the current resources available to assist qualifying populations, including congregate and non-congregate shelter units, supportive services, TBRA, and affordable and permanent supportive rental housing:

Currently in the State of Texas, there is an unprecedented level of funding for Homeless related services and rental assistance. The State of Texas alone received $97,792,616 in Emergency Solutions Grants (ESG) funding from the Coronavirus Aid Relief and Economic Security (CARES) Act, in addition to the roughly $8 to 9 million annual appropriation received by the state. These amounts do not include funding provided to local Participating Jurisdictions directly from HUD. The state also received roughly $2 billion as part of both the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act to provide Emergency Rental Assistance and Housing Stability Services (HSS), which the state is currently providing through its Texas Rent Relief and Housing Stability Services Program.

This increased amount of ESG and HSS funding provides local subrecipients crucial funds to help keep individuals and families housed through rapid rehousing and rental assistance for individuals and families who would have become homeless without the assistance and street outreach which has assisted local providers in reaching more unsheltered homeless during the pandemic. Currently, the State of Texas does not primarily use its annual allocation of ESG funds for shelter rehabilitation purposes, but does allocate funds to Emergency Shelter activities that help subrecipients operate shelters and continue to provide emergency shelter services to homeless individuals and families.

In addition to ESG funds the state also receives an annual allocation of HOME funds of which the state dedicates on average between $6 and 8 million for Tenant Based Rental Assistance (TBRA), which is used to help low income individuals with rent and security deposits. During the pandemic additional funds from the state's annual allocation were added to support TBRA activities to assist households that were affected by the pandemic.

The primary method used by the state to fund Permanent Supportive Housing (PSH) is through the Low-Income Housing Tax Credit (LIHTC) program. This has helped fund 877 units of PSH in the State of Texas in the last two program cycles 2020 and 2021, and 2,385 units since 2012.

These elevated levels of funding received over the previous 18 months have been focused on prevention related activities to ensure that households that are have lost a job, seen a decrease in hours, lost a home, or are sick with no pay do not fall into homelessness. As can be seen from the analysis of shelter and housing inventory, more units are needed to help house more of the homeless and provide more affordability to those at-risk of homelessness.

4. ***Identify any gaps within the current shelter and housing inventory as well as the service delivery system:***

Existing gaps in the current shelter inventory

The Homeless Needs Inventory and Gap Analysis Table 1 shows a possible gap in the shelter and housing inventory of 506 households with children and 12,686 households consisting of adults without children. These households were reported as unsheltered in the PIT count reported by the CoCs in 2020. Through consultation with CoCs and DV providers, it was noted that some of the state's more rural communities may have a greater need for non-congregate shelter to help get people off the street and provide services so they may transition to affordable units in their community.

Existing gaps in the current housing inventory

The Housing Needs Inventory and Gap Analysis Table 2 shows there are far fewer affordable units for households with incomes under 30% AMI than there are households at that income level with a housing problem. In addition, the Rental Housing Mismatch Table 3 shows the greatest need is for units affordable to renters earning between 0-50% AMI. The data shows that 550,040 renters earning 0-30% AMI, and 382,195 renters earning >30-50% AMI are in units that result in cost burden.

A common theme through all consultations was the need for more affordable units. In each consultation, the greatest need was for rental units for persons experiencing homelessness, primarily for deeply affordable Supportive Housing units. The term Supportive Housing is defined in 10 Texas Administrative Code (TAC) §11.1(d)(126) which, among many specific criteria, is housing "intended for and targeting occupancy for households in need of specialized and specific non-medical services in order to maintain housing or transition into independent living..." The need for more Supportive Housing is of course not the need for every community, but is available for a larger populations than those eligible for PSH, and could include all QPs.

In addition, CoCs and DV providers felt they had sufficient funds for the vouchers/rental assistance and services, and the highest need was in actual production of units as there are challenges in finding units for voucher holders (Tarrant, Dallas, San Antonio CoCs). Some noted interest in allowing small acquisition/rehabilitation developments that they thought could be brought online more quickly and others were specific that the PSH should include units for large families and deeply affordable units (affordable to households making below 30% AMI).

Existing gaps in the current service delivery system

During the consultations for HOME-ARP there were a few mentions of gaps in services, but the gaps primarily had to do with lack of funds, and not one particular service type. Needed services included housing specialists, intake, housing navigation and bridge psychiatric services that can provide a quick diagnosis and access to medications on an outpatient basis in close coordination with the local Mental Health Authority. One commenter added that gaps in services were needed in behavioral health, transportation, health and dental, peer support, case management and housing subsidies.

During the consultations, there were several inquiries into the Housing Stability Services Program, which was anticipated to release a NOFA for approximately $105 million in legal services, outreach services, shelter services, community services, and services. HFH specifically noted that funds for these needs would not be fully addressed through the ERA2 Housing Stability Services funds. They thought some of the HOME-ARP funds should be used for this purpose also to address the long term effects of the pandemic. There was support for capacity building for homeless services providers, especially in rural areas of the state.

5. ***Identify the characteristics of housing associated with instability and an increased risk of homelessness if the PJ will include such conditions in its definition of "other populations" as established in the HOME-ARP Notice:***

The State of Texas is not suggesting expanding the program eligibility beyond the populations noted above and those at greatest risk of housing instability (under 30% AMI and severely cost burdened) as provided by HUD in CPD Notice 21-10.

6. ***Identify priority needs for qualifying populations:***

Based on the consultations, priority needs include:

- Deeply affordable quality housing (particularly for those with 0-30% MFI);
- Accessible units;
- Housing subsidies so that no more than 30% of income goes to housing (not housing cost burdened);
- Reduced barriers to entry to rental housing;
- Mental health and behavioral health services;
- Transportation services;
- Health and dental care; and
- Case management (geriatric case management, crisis case management, housing stability case management, financial case management, coordinating basic needs).

The priority needs above may apply to each qualified population, as the issues can affect households who are unstably housed. One additional priority need and further detail on the priority needs per qualified population is also included below.

(1) Homeless, as defined in 24 CFR 91.5

- Priority Needs:
    - One priority need not listed above is emergency shelter, which is not applicable to all QPs, but is especially applicable to persons experiencing homelessness while determining if transitional or permanent housing is available.
    - All priority needs listed above also apply to persons experiencing homelessness.
    - While already included in the priority needs listed above, the need for reduced barriers to rental housing may apply especially to the homeless population, as persons exiting incarceration have a higher rate of homelessness than the general population. According to a report released in 2018, the National Low Income Housing Coalition found that formerly incarcerated persons are almost ten times more likely to experience homelessness (https://nlihc.org/resource/formerly-incarcerated-people-are-nearly-10-times-more-likely-be-homeless). Tenant leasing criteria with shorter look-back

periods or that allows for mitigating factors for persons with criminal backgrounds may benefit this population. Per the definition of Supportive Housing in 10 TAC §11.1(d)(126)(i)(b)(II), "Mitigation [of criminal screening criteria] may include personal statements/certifications, documented drug/alcohol treatment, participation in case management, letters of recommendation from mental health professionals, employers, case managers, or others with personal knowledge of the tenant."

(2) At-risk of homelessness (McKinney Act definition at 24 CFR 91.5)

- Priority Needs:
    - All priority needs listed above.
    - While already included above, housing subsidies so that the household pays no more than 30% of their income on rent may be especially relevant to this population since this population has an extremely low-income and has demonstrated housing instability.

(3) Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking

- Priority Needs
    - All priority needs listed above.
    - While already included above, case management may be especially relevant to this population due to safety planning requirements for this population.

(4) Other Populations where assistance would:

(a) <u>Prevent the family's homelessness</u>;

- Priority Needs:
    - All priority needs listed above.
    - While already included above, case management may be especially relevant to coordinate services and resources as one funding stream ends and another begins, or in order to create a situation in which the household will no longer need assistance when assistance ends.

(b) serve those with the <u>Greatest Risk of Housing Instability (if applicable)</u>

- Priority Needs:
    - All priority needs listed above.
    - While already included above, deeply affordable housing may be especially relevant to households who are extremely low income and severely cost burdened or households at-risk of homelessness with incomes up 50% AMI since these populations demonstrated housing instability.

7. Explain how the level of need and gaps in its shelter and housing inventory and service delivery systems based on the data presented in the plan were determined:

The level of need and gaps in housing inventory and service delivery systems were determined through careful review and analysis of Census and CHAS data. In addition,

qualitative information was provided at all the consultations noted in this plan that assisted in determining the focus of the State of Texas's HOME-ARP funds.

IV. HOME-ARP ACTIVITIES

1. Describe the method for soliciting applications for funding and/or selecting developers, service providers, subrecipients and/or contractors and whether the PJ will administer eligible activities directly:

TDHCA will primarily solicit applications through several NOFAs seeking developers or subrecipients. At this time, TDHCA does not plan to administer activities directly, but would do so if directed by its Board of Directors.

Rental Housing and Supportive Housing

HOME-ARP Rental Housing and Supportive Housing (RHSH) funds will be made available as follows and as further described in a NOFA:

- Funds will be made available competitively statewide. The allocations may include a set-aside, allocation, or priority for rural applications. Consistent with the guiding HUD Notice, Applicants must demonstrate the unmet need among qualifying populations for the type of housing proposed in their geographical area through a market assessment or other source of data. The Department will conduct outreach to encourage that applications from both urban and rural areas be submitted. Distribution may be affected by State laws or limitations, such as Tex. Gov't Code §2306.111(c), which requires that 95% of the HOME-ARP funds be used in non-participating jurisdictions, if existing state waivers of this section expire.
- Applications may be for Supportive Housing or for HOME-ARP Units within Multifamily Developments, including Developments with any Target Population, as defined in 10 TAC §11.1. If Applicants apply for Rental Housing, the NOFA may include additional points for the inclusion of services.
- Applications may be able to be layered with other local, state, or federal funds, including but not limited to HTC (both 9% and 4% credits).Per 24 CFR §92.206(g), there are some limitations on costs incurred before the application for HOME-ARP funds is accepted. National Environmental Protection Act (NEPA) requirements are applicable for these funds.
- Direct Awards of HOME-ARP for National Housing Trust Fund (NHTF) Developments. To expedite delivery of some of the HOME-ARP units into rental developments more quickly than will be the case for new applications, and to preserve existing Department investments in NHTF-funded developments that may otherwise be at risk of not being completed, up to $10 million of HOME-ARP funds may be directly awarded, without competition, to certain Department awardees of NHTF. These developments will be required to submit an abbreviated application upon approval of the Plan from HUD, but will not be required to compete for funds under the HOME-ARP Rental Development Notice of Funding

Availability (NOFA).

Applications for HOME-ARP that are for developments with an active application for, or that were awarded, NHTF from the Department may be submitted directly and awarded non-competitively if the applicant:

- applied for NHTF in 2020 or 2021 and the application was not terminated by staff or voluntarily withdrawn by the applicant;
- can demonstrate cost increases that necessitate the need for additional investment;
- has not started construction or has previously received a 24 CFR Part 58 review if construction has started;
- the deferred developer fee does not decrease and developer fee does not increase; and
- returns HOME-ARP application materials to the Department within the timeframe provided by the Department and before the application due date of NOFAs for HOME-ARP rental housing.

Up to $10 million in HOME-ARP funds will be available for NHTF awardees that meet the criteria in this section. If the Department receives less than $10 million in applications by the time of the rental development NOFA application due date, the remaining funding will be used to increase the amount available for rental development awards. If the applications received for this limited pool exceed the total available, the applications will be processed based on their submission date. In the event that more than $10 million is requested per application received on the same date, the Development with the lowest HOME-ARP capital cost per unit will be awarded.

In addition, applications layered with NHTF will also be accepted during the application cycle for HOME-ARP rental development. However, there may be programmatic limitations on having HOME-ARP and NHTF in the same unit.

- Units serving Qualified Populations are only able to charge a household 30% of the tenant's income.
  - Applications may request and be awarded capitalized operating reserves. Amounts for operating reserves will be established by TDHCA and if approved, the costs may be capitalized at the time of closing or with the first draw. While the operating reserve per unit is not established based on the amount of rent 'lost' by only charging the household 30% of their income, it is estimated that roughly 80% or more of the expenses that would have been covered by those rents are eligible costs to be included in the capitalized operating reserves. Operating reserves for a unit will be for administrative expenses, property management fees, insurance, utilities, property taxes, maintenance of a unit, and other expenses described in HUD CPD Notice 21-10. Operating costs cannot cover debt service for the HOME-ARP units.
  - Applications must follow TDHCA's existing rules and policies for rental housing and/or Supportive Housing, unless otherwise described in the NOFA.
  - At the end of the HOME-ARP affordability period and depletion of the capitalized operating reserves, units will not be required to only charge 30% of tenant's

income, but will still have a state-required affordability period.

- Up to 30% of the HOME-ARP units may be for low-income households that are not Qualified Populations, as allowed by the HUD CPD Notice 21-10.
- HOME-ARP units may float or be fixed in the Developments per 24 CFR §92.252(j). However, the NOFA will outline whether units must be fixed or floating.
- TDHCA may adopt the utility allowance schedule for Developments in which awarded Applicants are using the PHA utility allowances, unless prohibited by other fund sources or any of the other allowable utility methods under TDHCA rules. TDHCA's maximum allowances for utilities and services will be updated annually. Awarded Applicants may choose to use the PHA utility allowance after notification to or approval of TDHCA during the compliance period.
- Minimum Request Amount: $500,000
- Maximum Request Amount: $15 million, up to 100% of the HOME-ARP eligible costs, and is inclusive of capitalized operating costs. However, the total maximum request may be further limited in the NOFA.
- Eligible award amounts will be capped at the proportional share of HOME eligible costs for the HOME-ARP units.
- Must designate at least the lesser of 50% of units or 10 units for HOME-ARP assistance.
- Funds may be loaned at amortizing, cash-flow, or deferred terms, and may be interest bearing or at 0% or other interest rate in order to meet underwriting requirements. Loan terms will depend on financial structure of the projects and contract terms.

<u>Non-Congregate Shelter</u>

- The initial funding for NCS was released in July 2024 as an Invitation to Apply as described below. The total Invitation to Apply was $56,511,887, with a maximum request of $50,000,000 for an NCS development. The below allocation plan amendment is divided into an "Initial funding for NCS" regarding the Invitation to Apply released in July 2024, and "reallocated/remaining funding for NCS" which pertains to the amount in the Invitation to Apply not requested from the organization sent the Invitation to Apply in July, and any funds reallocated from HUD or moved to NCS from other budget categories.
- **Initial funding for NCS --** HOME-ARP NCS funds will be reserved for nonprofit capacity building/nonprofit operating cost awardees who submit the following information within sixteen months of the initial Board award, which may be extended for up to six months by the Executive Director for good cause and as further outlined in Part II of the Invitation to Apply:
    - Site information including, but not limited to, status of site control, location, ingress/egress and easements, replatting or vacating requirement, title commitment or policy, proximity to regularly-scheduled public transportation or planned public transportation routes.
    - Development narrative including, but not limited to, target population, referral methods and preferences, and supportive services.

- Architectural drawings per 10 TAC §11.204(9) including specifications, building type configurations, accessibility requirements, common amenities, unit sizes, and parking requirements.
- Offsite costs and site work cost breakdown, and development cost schedule.
- Operating pro forma for the length of the compliance period.
  Annual operating expenses and demonstration that there is sufficient operating funds to support any NCS activity.
- Schedule of sources showing all funding in the NCS Development with loan terms, and supporting documentation.
- Organizational charts showing ownership structure and a listing of the Development team members.
- Third party reports to include Part 50 or 58 environmental clearance, as required.

- **Reallocated/Remaining funding for NCS –** The requirements for the reallocated funds for NCS will be the same as the Initial funding for NCS with the following exception:
  - The application must be submitted within nine months of the initial Board award of NCO, which may be extended for up to three months by the Executive Director for good cause and as further outlined in Part II of the Invitation to Apply.
- **Initial funding for NCS --**Minimum Request Amounts: $5,000,000
- **Reallocated/Remaining funding for NCS –** Minimum Request Amounts: $2,000,000
- **Both Initial funding for NCS and Reallocated/Remaining funding for NCS Maximum Request Amount:** Up to 100% of the NCS funds allocated in this Allocation Plan and not to exceed 100% of the HOME-ARP eligible costs as further identified in HUD's Notice and state laws and rules. If demand for NCS outweigh the demand for nonprofit capacity building and operating cost assistance, TDHCA may reprogram the nonprofit capacity building and operating cost assistance into NCS. However, the total maximum request may be further limited in the Invitation to Apply.
- **Both Initial funding for NCS and Reallocated/Remaining funding for NCS** Unit Commitment: Must designate at least the lesser of 50% of units or 10 units for HOME-ARP assistance.
- **Both Initial funding for NCS and Reallocated/Remaining funding for NCS** Terms: Funds may be provided in the form of amortizing, cash flow or deferred term loans, and may be interest bearing or at 0% or other interest rate in order to meet underwriting requirements if the shelter converts to permanent housing. Loan terms will depend on financial structure of the projects and contract terms.

<u>Nonprofit Capacity and Operations Assistance</u>

References to the "Initial Funding for NCO" below is related to NCO funds released in 2022 and 2023. The "reallocated funding for NCO" pertains to the funds reallocated from HUD or moved to NCS from other budget categories to be released in after the second amendment is approved. Nonprofit capacity and operations assistance will be made available as follows and as further described in NOFA(s) or for supporting organizations that plan to undertake NCS

Development as selected according to characteristics below:

- **Initial funding for NCO Release of Funds --** Nonprofit capacity building and operations (NCO) assistance will be selected based on need of the area in Texas, or available for competition combined in NOFAs with RHSH. If nonprofit capacity building or operations assistance is awarded prior to a RHSH, the application process will direct awards only to those organization for which it is reasonable to expect that the applicant organization will be provided RHSH funds within 24 months of award.
- **Reallocated funding for NCO Release of Funds –** Nonprofit capacity building and operations (NCO) assistance will be selected based on need of the area in Texas, or may be made available for competition combined in NOFAs or an Invitation to Apply for NCS. If nonprofit capacity building or operations assistance is awarded prior to an NCS, the application process will direct awards only to those organization for which it is reasonable to expect that the applicant organization will be provided NCS funds within 24 months of award.
- **Initial funding of NCO Need --** For NCO supporting organizations that plan to undergo NCS Development, funds will be distributed to areas that show need of a NCS according to the following characteristics:
    - Unsheltered homeless populations that are 400 persons or above as of the 2022 point in time count, published by HUD;
    - Fair market rent by county for 1-bedroom units that increased 20% or more between 2019 and 2023; and
    - HUD-published one-bedroom fair market rents by county for FY2023 of $930 or more, which is the top 15% of rents in the state.
- **Reallocated funding for NCO Need –** Funds will be available to areas that show need for an NCS according to the following characteristics:
    - Fair market rent by county for 1-bedroom units that increased 30% or more between 2021 and 2025; and
    - HUD-published one-bedroom fair market rents by county for FY2025 of $902~~1000~~ or more, which is the top ~~10~~20% of rents in the state.
- **Initial funding of NCO Organizational Requirements –** For NCO supporting organizations that plan to undergo NCS Development, funds will be awarded to one or more 501(c)(3) or 501(c)(4) nonprofits that have the following characteristics in areas per the above that are also:
    - Subject to a Previous Participation Review by the Department per 10 TAC §1.302, and recommended for an award or an award with Conditions by the Executive Award Review and Advisory Committee;
    - Be registered in the System for Award Management (SAM) by the time of Contract, but no later than 90 days after award which may be extended by the Executive Director up to six months for good cause;
    - Have a current annual operating budget of at least $500,000 and Single Audit or Audit Certification Form submitted to the Department in a satisfactory format in accordance with 10 TAC §1.403;
    - Agree to follow 2 CFR Part 200 regarding Uniform Administrative

Requirements, Cost Principles, and Audit Requirements (including procurement) as a Subrecipient;
    - Agree to become knowledgeable of HOME-ARP program guidelines, HUD CPD Notice 21-10 and Appendix, and Federal and State Rules and Regulations;
    - Agree to receive both nonprofit capacity building and nonprofit operating funds, with the minimum amount being $50,000 for each fund;
    - Have prior experience in innovative shelter programs and related service provision through coordinated efforts with other agencies, institutions, and other community service organizations;
    - Agree to be the fee simple owner, the sole general partner (with no special limited partner), or the sole managing member to develop a NCS of 50+ units;
    - The nonprofit capacity building and operating assistance must specifically expand the ability of the organization to develop a NCS -- the nonprofit must commit to provide a clear plan and strategy within six months of Board award for how the organization will prepare for and complete an NCS including, but not limited to: number of beds, potential services and partners, staffing plan for shelter; estimated financial requirements and funding needs/gaps of a future NCS;
    - Be able to expend 40% of NCO funds by month 12 of the Contract (subject to negotiation upon award), and 100% by month 24, Contract end date; and
    - Submit materials to meet the requirements of the NCS reservation within 16 months of the NCO Board award, as described under NCS activity within this Allocation Plan.
- **Reallocated funding of NCO Organizational Requirements --** For NCO supported organizations that plan to undergo NCS Development, funds will be awarded to one or more 501(c)(3) or 501(c)(4) nonprofits that:
    - Have the same requirements as the "Initial funding for NCO" above with the following changes:
        - Agree to be the fee simple owner, the sole general partner (with no special limited partner), or the sole managing member to develop or rehabilitate an NCS of appropriate size for the community;
        - Are able to expend 40% of NCO funds by month 18 of the Contract (subject to negotiation upon award), and 100% by month 36 of the Contract end date; and
        - Submit materials to meet the requirements of the NCS reservation within nine months of the NCO Board award, as described under NCS activity within this Allocation Plan.
    - Show a successful history of serving persons experiencing homelessness and demonstrate that the organization has community support and connections, and other competitive criteria as indicted in the NOFA.
    - A preference will be given for organizations that are located in or serve Bryan, Odessa and/or Pasadena. This preference would be achieved by including a point incentive in the Notice of Funding Availability or Invitation to Apply for organizations that have in-person office space located in Bryan, Odessa, or

Pasadena, or organizations that have an active grant or award for a federally funded shelter, housing, or services for the homeless population in Bryan, Odessa or Pasadena.

- **Initial funding of NCO Selection --** TDHCA's Executive Director anticipates creating a list of nonprofit organizations for Part I of the Invitation to Apply and will make award recommendations to TDHCA's governing Board for the award of NCO funds and reservation of funding for Part II of the Invitation to Apply.
- **Reallocated funding of NCO Selection --** Funds would be released competitively in a NOFA or in an Invitation to Apply. If released in an invitation to Apply, TDHCA's Executive Director anticipates creating a list of nonprofit organizations for Part I of the Invitation to Apply and will make award recommendations to TDHCA's governing Board for the award of NCO funds and reservation of funding for Part II of the Invitation to Apply. With either option, there will be a preference for projects in Bryan, Odessa, and/or Pasadena.
- **Both Initial Funding of NCO and Reallocated funding of NCO fiscal requirements --** In any fiscal year, nonprofit operating assistance or non-profit capacity building may not exceed the greater of 50% of the general operating expenses of the nonprofit organization, or $50,000. If an organization applies for both operating assistance and capacity building assistance in any fiscal year, the aggregate total amount of assistance it may receive is the greater of 50 percent of the organization's total operating expenses for that fiscal year or $75,000.
- **Initial funding of NCO Request Min --** Minimum Request Amount: $50,000
- **Initial funding of NCO Request Max --** Maximum Request Amount: $3,324,229. However, the total minimum and maximum request may be further limited in the NOFA or the Invitation to Apply.
- **Reallocated funding of NCO Request Min --** Minimum Request Amount: $50,000
- **Reallocated funding of NCO Request Max --** Maximum Request Amount: Approximately $750,000, but the total amount available in the Invitation to Apply or NOFA, or as limited therein.

If any portion of the PJ's HOME-ARP administrative funds were provided to a subrecipient or contractor prior to HUD's acceptance of the HOME-ARP allocation plan because the subrecipient or contractor is responsible for the administration of the PJ's entire HOME-ARP grant, identify the subrecipient or contractor and describe its role and responsibilities in administering all of the PJ's HOME-ARP program:
Not applicable

PJs must indicate the amount of HOME-ARP funding that is planned for each eligible HOME-ARP activity type and demonstrate that any planned funding for nonprofit organization operating assistance, nonprofit capacity building, and administrative costs is within HOME-ARP limits. The following table may be used to meet this requirement.

Use of HOME-ARP Funding

	Original Approx. Funding Amount*	Original % of the Grant	Budget* after Reduction and Reallocation	Change in $ from original	Reduction/Reallocated % of the Grant	Statutory Limit
Non-Congregate Shelters	$56,511,887	42.5%	$59,531,387	$3,019,500	45%	n/a
Affordable Rental Housing Incl. Capitalized Operating Reserves	$56,511,887	42.5%	$57,649,564	$1,137,677	43%	n/a
Non-Profit Operating/Non-Profit Capacity Building	$6,648,458	5%	$3,974,229**	($2,674,229)	3%	10%
Administration and Planning	$13,296,915	10%	$12,322,872	($974,043)	9%	15%
Total HOME ARP	$132,969,14	100%	$133,478,052	$508,905	100%	

* Based on the applications received, these amounts and percentages may fluctuate.
**$1,137,677 of NCO moved to rental development.

Additional narrative, if applicable:

While TDHCA agrees with much of the public input on the need for the variety of requested or suggested activities, unfortunately there is greater need than there are funds available. The consultation input was widely supportive of the need for development of Rental Housing with services, Supportive Housing and Non-Congregate Shelter and the data supports this need.

TDHCA feels these unique one-time funds will have the greatest long-term impact for Texans by being used for acquisition and development of Non-Congregate Shelter (NCS), development of rental housing, and development of Supportive Housing (SH) with associated capitalized operating subsidies. After excluding the funds for Administration/Planning and Non-Profit Capacity/Operating, funds will initially be made available equally proportioned between Non-Congregate Shelter and Rental Housing; if applications received do not fully utilize those funds, funds may be shifted between those two categories.

NP Operating and Capacity Building Assistance will only be awarded to those organizations that it is reasonable to expect will be successful recipients of NCS or RHSH funds within 24 months of award. While the NP Operating and NP Capacity Building is shown as one line item in the table so that funds can be used for both, the Department will commit these activities

to each project separately in IDIS as needed. The NP Operating and NP Capacity Building Assistance applications will be released within the NOFAs for NCS and Rental Housing development. If awards for NP Operating and NP Capacity Building do not fully utilize those funds related to building capacity or assisting with operating costs for nonprofits applying for NCS or RHSH, funds may be shifted into NCS or Rental Housing for those activities.

TDHCA will consider revising its rules to provide for a portion of its annual allocation of ESG to be used to support NCS shelter operations funded by HOME-ARP and such planning will be reflected in future One Year Action Plan submissions.

If all funds are not obligated for the activities reflected in the table above, TDHCA may reprogram the funds into Supportive Services and/or TBRA activities; however, it should be noted that any funds obligated later in the performance period with HUD will likely only be available in non-Participating Jurisdictions based on state law.

In October 2023, HUD informed TDHCA of a reduction of $3,808,153 due to a federal allocation error. In August 2024, HUD reallocated $4,317,058 to TDHCA will the condition that the reallocated amount will have a preference for activities in Odessa, Bryan or Pasadena. The net positive result of these two actions is $508,905.

In 2023/2024, HOME-ARP completed a rental development competition; a portion of the available funding from non-profit capacity building/operating funds that were meant to support rental development organizations were awarded for the activity of rental development, as allowed in the allocation plan. However, additional nonprofit capacity building/operating funds to support rental development remained after the end of the competition and was reduced to help offset the October 2023 reduction by HUD. In addition, a portion of administration was reduced to also offset the October HUD 2023 reduction.

The reallocated funds have been added to the non-congregate shelter, nonprofit capacity building/operating and administration line items. The administration increase was in line within the allowed percentage of the $4.3 million in reallocated funds as shown in the table above.

Describe how the characteristics of the shelter and housing inventory, service delivery system, and the needs identified in the gap analysis provided a rationale for the plan to fund eligible activities:

As noted in the Data Analysis section, Texas has significant need for both shelter and rental housing inventory to serve the eligible population for HOME-ARP. The Homeless Needs Inventory and Gap Analysis Table 1's PIT count shows a homeless population that is greater than the share of emergency shelter and transitional housing units. While PSH can help to address these gaps, the turnover in permanent supportive housing is much lower than emergency shelter and transitional housing by design, and therefore not as widely available. This demonstrates a need for more PSH along with emergency shelter, transitional housing,

or general rental housing.

In addition, the Rental Housing Mismatch Table 3 shows that about 70% of renters with incomes between 0-30% AMI and about 66% of renter with incomes >30-50% AMI are cost burdened. Cost burden is an issue that the HOME-ARP rental activity is able to address, since QPs will may only 30% of their income toward rent, eliminating the burden.

While the needs for tenant-based rental assistance and supportive services are also strong, there are other one-time recovery funding sources for rental assistance (Emergency Rental Assistance reallocations to Texas Rent Relief and Emergency Housing Vouchers) and supportive services (Housing Stability Services) that are currently in the application or contracting phases. Because HOME-ARP can be used for capital investment and because construction allows for longer-term solutions, HOME-ARP is programmed for rental and shelter activities, with capacity building/nonprofit operating assistance to support these activities. This was supported by the comments heard in the consultations.

However, if HOME-ARP funding is not fully used after offering technical assistance and capacity building/nonprofit operating costs, HOME-ARP may be reprogrammed to supportive services or tenant-based rental assistance. By the time one or more rental or NCS application cycles are completed, the other one-time recovery sources for rental assistance and services may have expired. Reprogramming HOME-ARP funds into TBRA or supportive services will allow for a more gradual ramp down of these activities in communities that were heavily assisted through the other programs. The QP of persons who were formerly homeless but temporarily housed may be the most served QP if this reprogramming should take place.

HOME-ARP Production Housing Goals

Estimate the number of affordable rental housing units for qualifying populations that the PJ will produce or support with its HOME-ARP allocation:

TDHCA estimates that with the funds programmed as reflected in the table above, 565 units of non-congregate shelter and 202 units of Rental Housing or Supportive Housing (including funded operating reserves) can be produced or supported.

Describe the specific affordable rental housing production goal that the PJ hopes to achieve and describe how it will address the PJ's priority needs:

TDHCA's goal will be to produce or support 202 units of Rental Housing or Supportive Housing, and 565 units of non-congregate shelter helping to create or support more housing across the state. For the second amendment to the HOME-ARP Allocation Plan, the new goal of non-congregate shelter units would be approximately 298 units due to the original assumption of construction costs being too low, and due to rising costs of construction.

Priority needs for each of the QP include deeply affordable housing, housing subsidies so that no more than 30% of income goes to housing, and reduced barriers to entry to rental housing,

all of which would be provided by TDHCA's rental development programs. Shelter was a priority need specifically identified for persons experiencing homelessness. Funding construction for rental housing and NCS would address several of the priority needs listed for the QPs.

Preferences

Other qualifying criteria

TDHCA does not intend to establish other qualifying criteria for persons to qualify for HOME-ARP.

Identify whether the PJ intends to give preference to one or more qualifying populations or a subpopulation within one or more qualifying populations for any eligible activity or project:

- Preferences cannot violate any applicable fair housing, civil rights, and nondiscrimination requirements, including but not limited to those requirements listed in 24 CFR §5.105(a).
- PJs are not required to describe specific projects to which the preferences will apply.

TDHCA will not require any specific set-asides or preferences that must be applied to all applicants, but may allow each NCS applicant to utilize any one or more of the following preference categories where one member of the household is from one of the categories, including combining categories if so reflected in their application and approved by TDHCA in the written agreement:

- Persons who are experiencing homelessness
- Persons who were formerly homeless but housed with temporary resources
- Persons With Disabilities (which includes Persons with Substance Use Disorders and Persons Living with HIV/AIDS)
- Persons With Violence Against Woman Act (VAWA) Protections and Human Trafficking
- Chronically Homeless
- Homeless or At-Risk of Homelessness Veterans (including Wounded Warriors as defined by the Caring for Wounded Warriors Act of 2008)
- Homeless or At-Risk of Homelessness Families with Children
- Persons At-Risk of Homelessness
- Persons Exiting Institutions or Systems of Care/Reentry
- Persons referred through Coordinated Entry

For Rental Housing and SH, TDHCA will not require any specific set-asides or preferences. Applicants may request to establish a preference to serve the households with at least one member that contains the following special needs populations that will be reflected in the written agreement:

- Persons who are experiencing homelessness

- Persons who were formerly homeless but housed with temporary resources
- Persons With Disabilities (which includes Persons with Substance Use Disorders and Persons Living with HIV/AIDS)
- Persons With Violence Against Woman Act (VAWA) Protections and Human Trafficking
- Chronically Homeless
- Homeless or At-Risk of Homelessness Veterans (including Wounded Warriors as defined by the Caring for Wounded Warriors Act of 2008)
- Homeless or At-Risk of Homelessness Families with Children
- Persons At-Risk of Homelessness
- Persons Exiting Institutions or Systems of Care/Reentry
- Persons referred through Coordinated Entry

For Rental Housing and SH, Applicants may also request to have a preference required by another federal fund source in the Development such as Veterans or a specific disability such as Persons Living with HIV/AIDS.

If a property is intending to use only Coordinated Entry and not a project-specific waitlist, the system must meet the requirements in HUD CPD Notice 21-10, which requires that Coordinated Entry provide sufficient referrals for the project and that all qualifying populations have an opportunity to participate within the project's geographic region. If any of these factors are not met, then a project-specific waitlist must also be used. This may mean before Coordinated Entry can be used as the basis for a property's waitlist, the local system may have to add:

- persons who are at-risk of homelessness with incomes up to 50% AMI (not under 30% AMI, as is common in other federal homeless programs);
- persons who have income at or below 30% AMI and are paying more than 50% of monthly household income toward housing costs; and
- households who have qualified as homeless previously, are housed with temporary/emergency assistance, and who need additional housing assistance or supportive services to avoid a return to homelessness.

These three HOME-ARP qualifying populations are unique, and may not be included in other homelessness assistance programs; therefore, they may not already be incorporated into Coordinated Entry. In addition, the geographic region for the project will include the entire primary market area of the rental development, as defined in 10 TAC §11.303(d)(8).

If Coordinated Entry is used with other referral methods, the Owner would establish prioritization criteria between the Coordinated Entry and other referral methods and maintain any waitlists in chronological order. If using Coordinated Entry alone, with other referral methods, or in coordination with a project-specific waitlist, the waitlist must take persons in chronological order, with priority given to those with preferences stated in the written agreement between the Owner and the Department. In addition, if up to 30% of the HOME-ARP units are reserved for low-income household who are not qualifying populations, a project-specific waitlist must be used for these units.

HOME-ARP may allow development of housing that meets requirements under the Housing for Older Persons Act. TDHCA may also consider permitting rental housing owners to give a preference or limitation as indicated in this section and may allow a preference or limitation that is not described in this section to encourage leveraging of federal or state funding, provided that another federal or state funding source for the rental housing requires a limitation or preference.

For NCS, and RHSH, no otherwise eligible individuals with disabilities or families including an individual with a disability who may benefit from the services provided may be excluded on the grounds that they do not have a particular disability.

If a preference was identified, explain how the use of a preference or method of prioritization will address the unmet need or gap in benefits and services received by individuals and families in the qualifying population or category of qualifying population, consistent with the PJ's needs assessment and gap analysis:

Consultations revealed that those populations listed above for a preference are often challenging to serve in a congregate shelter setting and are best able to be housed in NCS.

The ability for several of the QPs to be a preference would aid them with meeting a priority need, such as deeply affordable quality housing or housing subsidies so no more than 30% of income goes to housing. These QPs are persons who are experiencing homelessness, persons at-risk of homelessness, persons with Violence against Woman Act (VAWA) Protections and Human Trafficking, and persons who were formerly homeless but housed with temporary resources.

Several homeless subpopulations were also included as a preference. Persons who meet the definition of chronically homeless were identified through the consultation process as often being the hardest to reach and hardest to assist of the homeless population. Homeless or At-Risk of Homelessness Veterans are overrepresented among the homeless population compared to the general population. Finally, at least one consultation identified homeless families with children as having an unmet need, since many of this population were newly homeless or doubled up, and did not rank highly on CE.

Persons with disabilities were recommended to be listed as a priority by several consulted groups, including homeless service providers, developers of permanent supportive housing, and fair housing/disability advocates. Discussion topics included persons with dual diagnoses (Mental Health Disorder and Intellectual/Developmental Disabilities) and seniors with disabilities that Medicaid are not able to assist. Because fair housing laws require that eligible individuals with disabilities who may benefit from the services may not be excluded on the grounds that they do not have a particular disability, specific disabilities were not listed as a preference. As a result, Persons with Disabilities (which includes Persons with Substance Use Disorders and Persons Living with HIV/AIDS) was included as a preference.

Several CoCs commented during their consultation that there needed to be ways to incentivize the developers to give second chances for criminal history. The preference for Persons Exiting Institutions or Systems of Care/Reentry would address that need. In addition, youth exiting foster care would be addressed with this preference, which could reduce rates of unaccompanied children and youth experiencing homelessness.

Just as HOME-ARP is based on the framework of the HOME annual program, with additional flexibilities and alternative requirements, the HOME-ARP Allocation Plan is an amendment to the Fiscal Year 2021 Action Plan which is based on the needs assessment of the 2020-2024 Consolidated Plan. Regarding Colonia residents, farmworkers, or persons affected by disasters, while not a specified preference population they would be eligible for HOME-ARP if they meet the eligibility criteria.

Finally, during the consultations Coordinated Entry (CE) was seen as a tool for determining eligibility and preference, though many of the consulted agencies did not want to be limited to only CE. Allowing persons referred through CE to be a preference allows the use of a project-specific wait list in chronological order with the benefit of using the vulnerability assessment tools in the CE, and without the need to expand the CE for this funding source.

If a preference was identified, describe how the PJ will use HOME-ARP funds to address the unmet needs or gaps in benefits and services of the other qualifying populations that are not included in the preference:

The state is not establishing a statewide preference and across all providers different preferences will be utilized. The two QPs not included as optional preferences were persons at greatest risk of housing instability: extremely low-income households with severe cost burden, and households that met the definition of at-risk of homelessness with an alternative requirement of incomes up to 50% AMI. These QPs had fewer barriers to housing or needs for case management, or had higher incomes than the other QPs. Other state and local funds will assist other low-income households including, but not limited to, Housing Tax Credits, HOME, ESG, ERA2 Housing Stability Services funds, and 811 PRA.

HOME-ARP Refinancing Guidelines

If the PJ intends to use HOME-ARP funds to refinance existing debt secured by multifamily rental housing that is being rehabilitated with HOME-ARP funds, the PJ must state its HOME-ARP refinancing guidelines in accordance with 24 CFR 92.206(b). The guidelines must describe the conditions under with the PJ will refinance existing debt for a HOME-ARP rental project, including:

- ***Establish a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing to demonstrate that rehabilitation of HOME-ARP rental housing is the primary eligible activity***

  TDHCA will follow its guidelines found in 10 TAC Chapters 10, 11, and 13 for any rental

housing or SH involving refinancing, unless otherwise described in the NOFA. The 10 TAC for TDHCA can be found online at https://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=3&ti=10&pt=1 .

TDHCA may use HOME-ARP funds to refinance existing debt secured by multifamily housing that is being rehabilitated with HOME-ARP funds as described in 24 CFR §92.206(b)(2). TDHCA shall use its underwriting and evaluation standards, site and development requirements, and application and submission requirements found in 10 TAC, Chapter 10, 11 and 13, for refinanced properties in accordance with its administrative rules. TDHCA may allow for lower per-unit rehabilitation costs than those required in 10 TAC §11.101(b)(3), potentially allowing rehabilitation costs as low as $1,000 per unit provided:

(1) the minimal rehabilitation costs can be supported in a Scope and Cost Review;
(2) the request is in accordance with the HOME-ARP Allocation Plan, TDHCA's rules, and the applicable NOFA;
(3) the HOME-ARP eligible rehabilitation costs – whether funded entirely or partially by TDHCA's HOME-ARP funds – are greater than the refinancing costs (i.e. payoff amount plus closing and title costs);
(4) That a minimum funding level – minimal rehabilitation costs as described above, or the applicable per unit costs in 10 TAC §11.101(b)(3) – is set for rehabilitation on a per unit basis;
(5) that a review of management practices demonstrates disinvestments in the property has not occurred;
(6) That long-term needs of the project can be met;
(7) That the financial feasibility of the development will be maintained over an extended affordability period;
(8) That whether new investment is being made to maintain current affordable units and/or creates additional affordable units is stated;
(9) That the required period of affordability is specified;
(10) That the HOME-ARP funds may be used throughout the entire jurisdiction (except as TDHCA may be limited by the Texas Government Code) is specified; and
(11) That HOME-ARP funds cannot be used to refinance multifamily loans made or insured by any Federal program, including CDBG, is stated.

- ***Require a review of management practices to demonstrate that disinvestment in the property has not occurred; that the long-term needs of the project can be met; and that the feasibility of serving qualified populations for the minimum compliance period can be demonstrated.***

The TDHCA staff review of HOME-ARP RHSH applicants involving refinancing and rehabilitation of an existing property will include a review of management practices

and establish feasibility for the HUD-ARP affordability period.

- ***State whether the new investment is being made to maintain current affordable units, create additional affordable units, or both.***

  The TDHCA HOME-ARP RHSH program will support both creation of new affordable units, and acquisition and rehab of current affordable units.

- ***Specify the required compliance period, whether it is the minimum 15 years or longer.***

  The minimum HUD affordability periods will be used for NCS and RHSH, and HUD compliance requirements will be considered satisfied at the end of that term. For RHSH, TDHCA will require the property to remain affordable for at least a 30 year state affordability period per Texas Gov't Code §2306.185(c). The level of affordability required for the portion of the state affordability period that follows after the HOME-ARP period is over will be provided for in the NOFA.

- ***State that HOME-ARP funds cannot be used to refinance multifamily loans made or insured by any federal program, including CDBG***.

  TDHCA will not allow HOME-ARP funds to be used to refinance multifamily loans made or insured by any federal program including CDBG.

- ***Other requirements in the PJ's guidelines, if applicable:***

  RHSH Properties will be allowed to use methods other than Coordinated Entry for selecting tenants.

  Tiny homes are not prohibited in and of themselves, but must meet all requirements of either being NCS, rental housing, or SH (including not charging more than 30% of household's income).

  Units cannot receive HOME-ARP operating subsidy on units that are receiving an operating subsidy or project-based rental assistance from another source.

Appendix A. Organizations that Participated in the HOME-ARP Consultations

#	Organization	Consultation	First Name	Last Name	City
1	Accessible Housing Austin	Fair Housing and Disability Advocate Consultation	Jolene	Keene	Austin
2	Affordable Home of South Texas, Inc.	Veteran Service Provider Consultation	Karla	Montemayor	McAllen
3	Alliance of Community Assistance Ministries	Homeless Service Providers/Domestic Service Provider Consultation	Sarah	Malcolm	Houston
4	Alliance of Community Assistance Ministries	Homeless Service Providers/Domestic Service Provider Consultation	Sharon	Zachary	Houston
5	American GI Forum National Veterans Outreach Program Inc.	Fair Housing and Disability Advocate Consultation	Monica	Alexander	San Antonio
6	American GI Forum National Veterans Outreach Program Inc.	Fair Housing and Disability Advocate Consultation	Sergio	Dickerson	San Antonio
7	American GI Forum National Veterans Outreach Program Inc.	Fair Housing and Disability Advocate Consultation	Dixie	Maddox	San Antonio
8	ArkTex Council of Governments	Homeless Service Providers/Domestic Violence Providers Consultation	Mae	Lewis	Texarkana
9	Arlington Housing Authority	Homeless Service Providers/Domestic Service Provider Consultation	Lydia	Willingham	Arlington
10	Austin Area Urban League	Public Housing Agency Consultation/Fair Housing and Disability Advocate Consultation	Quincy	Dunlap	Austin
11	Austin Area Urban League	Fair Housing and Disability Advocate Consultation/Homeless Service Providers/Domestic Service Provider Consultation	Earl	Grant	Austin

#	Organization	Consultation	First Name	Last Name	City
12	Beat Aids	Homeless Service Providers/Domestic Service Provider Consultation	Syed	Qadri	San Antonio
13	Brazos Valley Center for Independent Living	Fair Housing and Disability Advocate Consultation	Jackie	Pacha	Bryan
14	Briones Consulting & Engineering	Fair Housing and Disability Advocate Consultation	Sophia	Briones	San Antonio
15	Career and Recovery Resources, Inc.	Homeless Service Providers/Domestic Service Provider Consultation	Nkechi	Agwuenu	Houston
16	Career and Recovery Resources, Inc.	Homeless Service Providers/Domestic Service Provider Consultation	Kelly	Young	Houston
17	Catholic Charities of the Archdiocese of Galveston-Houston	Homeless Service Providers/Domestic Service Provider Consultation	Steve	Mikelman	Houston
18	Catholic Diocese of Brownsville	Homeless Service Providers/Domestic Service Provider Consultation	Nadia	de Ramirez	Brownsville
19	Central County Services	Fair Housing and Disability Advocate Consultation	Felicia	Burden	Temple
20	Central County Services	Fair Housing and Disability Advocate Consultation	Paola	McIntosh	Temple
21	Christian Community Action	Homeless Service Providers/Domestic Service Provider Consultation	Daphne'	Adams	Lewisville
22	City House	Homeless Service Providers/Domestic Service Provider Consultation	Donna	Melton	Plano
23	City of Amarillo	Homeless Service Providers/Domestic Service Provider Consultation	Lauren	Ebben	Amarillo

#	Organization	Consultation	First Name	Last Name	City
24	City of Austin	Fair Housing and Disability Advocate Consultation	Dianna	Grey	Austin
25	City of Austin	Fair Housing and Disability Advocate Consultation	Patrick	Russell	Austin
26	City of Austin	Fair Housing and Disability Advocate Consultation	Letitia	Brown	Austin
27	City of Austin	Fair Housing and Disability Advocate Consultation	Dawn	Perkins	Austin
28	City of Denton	Homeless Service Providers/Domestic Service Provider Consultation	Alma	Espino	Denton
29	City of Fort Worth	Homeless Service Providers/Domestic Service Provider Consultation	Tara	Perez	Fort Worth
30	City of Houston	Fair Housing and Disability Advocate Consultation	Alan	Isa	Houston
31	City of Houston	Fair Housing and Disability Advocate Consultation	Kristingail	Robinson	HOUSTON
32	City of Houston	Homeless Service Providers/Domestic Service Provider Consultation	Jared	Briggs	Houston
33	City of Plano	Homeless Service Providers/Domestic Service Provider Consultation	Sarah	Carroll	Plano
34	City of San Antonio	Fair Housing and Disability Advocate Consultation	Anabel	Villa	San Antonio
35	City of Socorro	Fair Housing and Disability Advocate Consultation	Alejandra	Valadez	Socorro
36	Coalition for the Homeless of Houston	Public Housing Agency Consultation/Continuum of Care Consultation	Jessica	Preheim	Houston

#	Organization	Consultation	First Name	Last Name	City
37	Coalition for the Homeless of Houston	Fair Housing and Disability Advocate Consultation	Caybryn	Southern	Houston
38	Coalition for the Homeless of Houston	Continuum of Care Consultation	Renee	Cavazos	Houston
39	Coastal Bend Center for Independent Living	Fair Housing and Disability Advocate Consultation	Atlee	McCampbell	Corpus Christi
40	Coastal Bend Center for Independent Living	Fair Housing and Disability Advocate Consultation	Judy	Telge	Corpus Christi
41	Combined Community Action, Inc.	Homeless Service Providers/Domestic Service Provider Consultation	Kelly	Franke	Giddings
42	Combined Community Action, Inc.	Homeless Service Providers/Domestic Service Provider Consultation	Deanna	Lowrey-Green	La Grange
43	Community Action Committee in Victoria	Fair Housing and Disability Advocate Consultation	Tiffany	Ross	Victoria
44	Community Council of South Central Texas	Public Housing Agency Consultation	Belinda	Lacey	New Braunfels
45	Community Council of South Central Texas	Fair Housing and Disability Advocate Consultation	Belinda	Lacey	New Braunfels
46	Community Council of South Central Texas	Homeless Service Providers/Domestic Service Provider Consultation	Virginia	Lemeilleur	Kerrville
47	Community Council of South Central Texas	Homeless Service Providers/Domestic Service Provider Consultation/Veteran Service Provider Consultation	Belinda	Lacey	New Braunfels
48	Community for Permanent Supportive Housing	Fair Housing and Disability Advocate Consultation	Robin	LeoGrande	Plano

#	Organization	Consultation	First Name	Last Name	City
49	Community Healthcore	Homeless Service Providers/Domestic Service Provider Consultation	Marijobeth	Faries	Longview
50	Community Healthcore	Homeless Service Providers/Domestic Service Provider Consultation	Chesley	Knowles	Longview
51	Concho Valley Community Action Agency	Fair Housing and Disability Advocate Consultation	Sarah	Eckel	San Angelo
52	Concho Valley Community Action Agency	Homeless Service Providers/Domestic Service Provider Consultation	Mark	Bethune	San Angelo
53	Concho Valley Community Action Agency	Homeless Service Providers/Domestic Service Provider Consultation	Sarah	Eckel	San Angelo
54	Cornerstone Community Action Agency	Homeless Service Providers/Domestic Service Provider Consultation	Shenika	Arredodno	Coleman, TX
55	Corpus Christi Housing Authority	Public Housing Agency Consultation	Gary	Allsup	Corpus Christi
56	Covenant House	Homeless Service Providers/Domestic Service Provider Consultation	Felicia	Broussard	Houston
57	CSH	Fair Housing and Disability Advocate Consultation	Brooke	Page	Regional
58	Dallas City Homes	Fair Housing and Disability Advocate Consultation	Kristen	Williams	Dallas
59	Denton County Friends of Family	Homeless Service Providers/Domestic Service Provider Consultation	Katherine	Boswell	Denton
60	Denton County MHMR	Fair Housing and Disability Advocate Consultation	Jessica	Logar	Flower Mound
61	Denton County MHMR	Fair Housing and Disability Advocate Consultation	Jennifer	Meyer	Denton

#	Organization	Consultation	First Name	Last Name	City
62	Disability Rights Texas	Fair Housing and Disability Advocate Consultation	Stephanie	Duke	Houston
63	Disability Rights Texas	Fair Housing and Disability Advocate Consultation	Tanya	Lavelle	Austin
64	Eagle Pass Housing Authority	Public Housing Agency Consultation	Mary	Velasquez	Eagle Pass
65	ECHO	Homeless Service Providers/Domestic Service Provider Consultation	Andrew	Willard	Austin
66	Edgewood Housing Authority	Public Housing Agency Consultation	Janice	Wingo	Edgewood
67	El Paso Coalition for the Homeless	Homeless Service Providers/Domestic Service Provider Consultation/Continuum of Care Consultation	Camille	Castillo	El Paso
68	Endeavors	Homeless Service Providers/Domestic Service Provider Consultation	Alanah	Lavinier	San Antonio
69	Envolve LLC	Fair Housing and Disability Advocate Consultation	Deidra	Bugg	Memphis
70	Families in Crisis	Homeless Service Providers/Domestic Service Provider Consultation	William	Hall	Killeen
71	Families in Crisis	Veteran Service Provider Consultation	William	Hall	Killeen
72	Family Gateway	Homeless Service Providers/Domestic Service Provider Consultation	Amanda	Dycus	Dallas
73	Family Gateway	Homeless Service Providers/Domestic Service Provider Consultation	Ellen	Magnis	Dallas

#	Organization	Consultation	First Name	Last Name	City
74	Family Promise of Lubbock	Homeless Service Providers/Domestic Service Provider Consultation	Kris	Michaels	Lubbock
75	Fayette County Habitat for Humanity	Homeless Service Providers/Domestic Service Provider Consultation	Kenny	Couch	La Grange
76	Fishpond Development, LLC	Homeless Service Providers/Domestic Service Provider Consultation	Lisa	Vecchietti	Austin
77	Fishpond Development, LLC	Homeless Service Providers/Domestic Service Provider Consultation	Clint	Ivy	Austin
78	Foley Jones & Associates	Homeless Service Providers/Domestic Service Provider Consultation	MaryEllen	Forgay	Houston
79	Fort Hood Area Habitat for Humanity	Homeless Service Providers/Domestic Service Provider Consultation	Ken	Cates	Killeen
80	Fort Hood Area Habitat for Humanity	Veteran Service Provider Consultation	Kristin	Hannibal	Killeen
81	Fort Worth Housing Solutions	Public Housing Agency Consultation	Brian	Dennison	Fort Worth
82	Foundation for the Homeless	Homeless Service Providers/Domestic Service Provider Consultation	Charisse	Damiani	Austin
83	Front Steps Inc	Fair Housing and Disability Advocate Consultation	Jessica	Cochran	Austin
84	Galveston County	Homeless Service Providers/Domestic Service Provider Consultation	Francis	Aguillon	Galveston
85	Galveston County	Homeless Service Providers/Domestic Service Provider Consultation	James	Gentile	Galveston
86	Golden Crescent Aging & Disability Resource Center	Fair Housing and Disability Advocate Consultation	Angelique	Rodriguez	Victoria

#	Organization	Consultation	First Name	Last Name	City
87	Grace Like Rain	Fair Housing and Disability Advocate Consultation	Amy	Brock	Denton
88	GrantWorks, Inc.	Veteran Service Provider Consultation	Donna	Johnson	Austin
89	Gulf Coast Center	Homeless Service Providers/Domestic Service Provider Consultation	Deinisha	Tryals	Galveston
90	Gulf Coast Housing Partnership	Fair Housing and Disability Advocate Consultation	Anna	Labadie	New Orleans
91	H.O.P.E. Haven	Homeless Service Providers/Domestic Service Provider Consultation	Kristyn	Stillwell	Houston
92	Haven for Hope	Homeless Service Providers/Domestic Service Provider Consultation	Katherine	Dillard Gonzalez	San Antonio
93	Heart of Texas Behavioral Health Network	Homeless Service Providers/Domestic Service Provider Consultation	Shaun	Lee	Waco
94	Helen Farabee Center	Fair Housing and Disability Advocate Consultation	Lauren	Hargrove	Wichita Falls
95	Hope's Door New Beginning Center	Homeless Service Providers/Domestic Service Provider Consultation	Christina	Coultas	Plano
96	Housing Authority City of Arlington	Homeless Service Providers/Domestic Service Provider Consultation	Mindy	Cochran	Arlington
97	Housing Authority of Bexar County	Public Housing Agency Consultation	Terry	Trevino	San Antonio
98	Housing Authority of La Joya	Public Housing Agency Consultation	Lulu	Cardenas	La Joya
99	Housing Authority of Lubbock Texas	Public Housing Agency Consultation	Michael	Chapman	Lubbock

#	Organization	Consultation	First Name	Last Name	City
100	Housing Authority of the City of Beaumont	Public Housing Agency Consultation	Jackie	Sostand	Beaumont
101	Housing Trust Group	Fair Housing and Disability Advocate Consultation	Katelyn	Cutler	Miami
102	Housing Trust Group	Fair Housing and Disability Advocate Consultation	Quinn	Gormley	Austin
103	Housing Trust Group	Fair Housing and Disability Advocate Consultation	Taylor	Thomas	Austin
104	Houston Area Women's Center	Homeless Service Providers/Domestic Service Provider Consultation	Nike	Blue	Houston
105	Houston Area Women's Center	Homeless Service Providers/Domestic Service Provider Consultation	Lourdes	Calderon	Houston
106	Houston Area Women's Center	Homeless Service Providers/Domestic Service Provider Consultation	Lan	Nguyen	Houston
107	Houston Area Women's Center	Homeless Service Providers/Domestic Service Provider Consultation	Benita	Slater	Houston
108	Houston Area Women's Center	Homeless Service Providers/Domestic Service Provider Consultation	Selah	Tacconi	Houston
109	Houston Housing Authority	Public Housing Agency Consultation	Mark	Thiele	Houston
110	Hudson County Latino Foundation	Fair Housing and Disability Advocate Consultation	McKensie	Sprow	Hudson
111	Integral Care Austin	Fair Housing and Disability Advocate Consultation	Marlene	Buchanan	Austin
112	Integral Care Austin	Fair Housing and Disability Advocate Consultation	Kali	Holyfield	Austin

#	Organization	Consultation	First Name	Last Name	City
113	LDG Development	Fair Housing and Disability Advocate Consultation	Dru	Childre	Austin
114	Legacy Community Development Corp	Fair Housing and Disability Advocate Consultation	Marie	Nguyen	Port Arthur
115	Legacy Health	Public Housing Agency Consultation	Sherri L	King	Waco
116	Legal Aid of North West Texas	Fair Housing and Disability Advocate Consultation	K'Lisha	Rutledge	Dallas
117	LifeWorks Austin	Homeless Service Providers/Domestic Service Provider Consultation	Kate	Bennett	Austin
118	LifeWorks Austin	Homeless Service Providers/Domestic Service Provider Consultation	Darcy	Rendon	Austin
119	LifeWorks Austin	Homeless Service Providers/Domestic Service Provider Consultation	Erin	Whelan	Austin
120	McCormack Baron Salazar Developers	Public Housing Agency Consultation	Louis	Bernardy	San Antonio
121	Metro Dallas Homeless Alliance	Homeless Service Providers/Domestic Service Provider Consultation	Mackeshia	Brown	Dallas
122	Metro Dallas Homeless Alliance	Continuum of Care Consultation	Trudy	Hernandez	Dallas
123	Metro Dallas Homeless Alliance	Continuum of Care Consultation	Sarah	Kahn	Dallas
124	Metrocrest Services	Homeless Service Providers/Domestic Service Provider Consultation	Tracy	Eubanks	Farmers Branch
125	Metrocrest Services	Homeless Service Providers/Domestic Service Provider Consultation	Mike	Harris	Farmers Branch
126	Metrocrest Services	Homeless Service Providers/Domestic Service Provider Consultation	Jennifer	Lajoie	Farmers Branch

#	Organization	Consultation	First Name	Last Name	City
127	MHMR Tarrant County	Fair Housing and Disability Advocate Consultation	Brian	Wall	Fort Worth
128	Mid-Coast Family Services	Homeless Service Providers/Domestic Service Provider Consultation	Lisa	Griffin	Victoria
129	Mid-Coast Family Services	Homeless Service Providers/Domestic Service Provider Consultation	Mallory	Thurman	Victoria
130	Midwest Housing Equity Group	Fair Housing and Disability Advocate Consultation	Andrea	Frymire	OKC
131	MVAH Partners	Fair Housing and Disability Advocate Consultation	Misty	Middleton	Hillsboro
132	N/A	Public Housing Agency Consultation	Carrie	Kline	N/A
133	N/A	Public Housing Agency Consultation	Virginia	LeMeilleur	N/A
134	N/A	Public Housing Agency Consultation	Monica	Washington	Round Rock
135	N/A	Public Housing Agency Consultation	Ramonia	Williams	Highlands
136	N/A	Fair Housing and Disability Advocate Consultation	Ginger	Bennett	Austin
137	N/A	Fair Housing and Disability Advocate Consultation	Roger	Canales	Cibolo
138	N/A	Fair Housing and Disability Advocate Consultation	Robin	Freeman	Beaumont
139	N/A	Fair Housing and Disability Advocate Consultation	Jimi	Gibson	Bay City

#	Organization	Consultation	First Name	Last Name	City
140	N/A	Fair Housing and Disability Advocate Consultation	Marilyn	Hartman	Austin
141	N/A	Fair Housing and Disability Advocate Consultation	Sherri L	King	Denton
142	N/A	Fair Housing and Disability Advocate Consultation	Cecil	King	San Antonio
143	N/A	Fair Housing and Disability Advocate Consultation	Marie	Lopez	N/A
144	N/A	Fair Housing and Disability Advocate Consultation	Katherine	Owens	Longview
145	N/A	Fair Housing and Disability Advocate Consultation	Libby	Rivera	Edinburg
146	N/A	Fair Housing and Disability Advocate Consultation	Renee	Lopez	Hutto
147	N/A	Homeless Service Providers/Domestic Service Provider Consultation	Monica	Barrera	El Paso
148	N/A	Homeless Service Providers/Domestic Service Provider Consultation	Renee	Buffington	Houston
149	National Housing Advisors, LLC	Homeless Service Providers/Domestic Service Provider Consultation	Ellen	Rourke	Dallas
150	New Hope Housing	Service Providers	Shamika	Piggee	Houston
151	New Hope Housing	Homeless Service Providers/Domestic Service Provider Consultation	Tweenzette	Ross	Houston
152	Northwest Assistance Ministries	Homeless Service Providers/Domestic Service Provider Consultation	Allison	Brooks	Houston
153	Omni Properties & Investments, LLC	Homeless Service Providers/Domestic Service Provider Consultation	Geneva	Murphy	San Antonio

#	Organization	Consultation	First Name	Last Name	City
154	Palladium USA	Fair Housing and Disability Advocate Consultation	Avis	Chaisson	Dallas
155	Palladium USA	Fair Housing and Disability Advocate Consultation	Cody	Hunt	Dallas
156	Panhandle Community Services	Public Housing Agency Consultation	Audra	Rea	Amarillo
157	Panhandle Community Services	Public Housing Agency Consultation	Magi	York	Amarillo
158	Panhandle Regional Planning Commission	Fair Housing and Disability Advocate Consultation	Isabell	Villarreal	Amarillo
159	Paulos Properties, LLC	Homeless Service Providers/Domestic Service Provider Consultation	Flora	Brewer	Fort Worth
160	Pay It Forward	Homeless Service Providers/Domestic Service Provider Consultation	Genny	Slater	San Antonio
161	Presbyterian Night Shelter	Homeless Service Providers/Domestic Service Provider Consultation	Debbi	Rabalais	Fort Worth
162	Project Vida	Homeless Service Providers/Domestic Service Provider Consultation	Maribel	Miranda	El Paso
163	Promise House	Homeless Service Providers/Domestic Service Provider Consultation	Charles	Wolford	Dallas
164	Recovery Resource Council	Homeless Service Providers/Domestic Service Provider Consultation	Kelvin	Divinity	Dallas
165	Recovery Resource Council	Homeless Service Providers/Domestic Service Provider Consultation	Tamieka	McLaurin	Fort Worth
166	Rockdale Housing Authority	Public Housing Agency Consultation	Mario	Casarez	Rockdale

#	Organization	Consultation	First Name	Last Name	City
167	Roommateme Network	Fair Housing and Disability Advocate Consultation	George	Farhat	Dallas
168	Safehaven Tarrant County	Homeless Service Providers/Domestic Service Provider Consultation	Sheri	Campbell-Husband	Arlington
169	Safehaven Tarrant County	Homeless Service Providers/Domestic Service Provider Consultation	Nichole	Masters-Henry	Arlington
170	Salvation Army	Homeless Service Providers/Domestic Service Provider Consultation	Mario	Cuevas	San Antonio
171	Salvation Army	Homeless Service Providers/Domestic Service Provider Consultation	Meredith	Donovan	Woodway
172	Salvation Army	Homeless Service Providers/Domestic Service Provider Consultation	Suzanne	Kanon	Fort Worth
173	Salvation Army	Homeless Service Providers/Domestic Service Provider Consultation	Crystal	Lenz	Beaumont
174	Salvation Army	Homeless Service Providers/Domestic Service Provider Consultation	Holly	McDonald	Galveston
175	Salvation Army	Homeless Service Providers/Domestic Service Provider Consultation	Jason	Moore	Beaumont
176	Salvation Army	Homeless Service Providers/Domestic Service Provider Consultation	Elizabeth	Rodriguez	Beaumont
177	Salvation Army	Homeless Service Providers/Domestic Service Provider Consultation	Betty Kay	Schlesinger	Sherman
178	Salvation Army	Homeless Service Providers/Domestic Service Provider Consultation	Emily	Shafer	Corpus Christi
179	Salvation Army	Homeless Service Providers/Domestic Service Provider Consultation	Roxanne	Vilanova	San Antonio

#	Organization	Consultation	First Name	Last Name	City
180	Salvation Army	Homeless Service Providers/Domestic Service Provider Consultation	Samantha	Wyman	Dallas
181	Salvation Army	Veteran Service Provider Consultation	Meredith	Donovan	Waco
182	Salvation Army	Veteran Service Provider Consultation	Hilda	Hilda Moreno	EL PASO
183	SAMMinistries	Fair Housing and Disability Advocate Consultation	Rex	Brien	San Antonio
184	SAMMinistries	Fair Housing and Disability Advocate Consultation	Elizabeth	de los Santos	San Antonio
185	SAMMinistries	Homeless Service Providers/Domestic Service Provider Consultation	Nikisha	Baker	San Antonio
186	SAMMinistries	Homeless Service Providers/Domestic Service Provider Consultation	Curtis	Ruder	San Antonio
187	SAMMinistries	Homeless Service Providers/Domestic Service Provider Consultation	Gay Lynn	Schwenk	San Antonio
188	SAMMinistries	Homeless Service Providers/Domestic Service Provider Consultation	Elizabeth	de los Santos	San Antonio
189	San Angelo Housing Authority	Public Housing Agency Consultation	Rebecca	Salandy	San Angelo
190	San Antonio Housing Authority	Public Housing Agency Consultation	Tim	Alcott	San Antonio
191	San Antonio Housing Authority	Public Housing Agency Consultation	Melissa	Garza	San Antonio
192	San Antonio Housing Authority	Public Housing Agency Consultation	Nadia	Islam	San Antonio

#	Organization	Consultation	First Name	Last Name	City
193	San Antonio Housing Authority	Public Housing Agency Consultation	Lorraine	Robles	San Antonio
194	San Antonio Housing Authority	Public Housing Agency Consultation	Joel	Tabar	San Antonio
195	San Antonio Housing Authority	Public Housing Agency Consultation	Jessica	Wayneck	San Antonio
196	San Benito Housing Authority	Public Housing Agency Consultation	David	Cortez	San Benito
197	Sanchez Compliance & Consulting	Fair Housing and Disability Advocate Consultation	Juanita	Sanchez	Cedar Park
198	SEARCH Homeless Services	Homeless Service Providers/Domestic Service Provider Consultation	Alexis	Loving	Houston
199	Shared Housing Center, Inc	Homeless Service Providers/Domestic Service Provider Consultation	Kimberly	Johnson	DALLAS
200	South Alamo Regional Alliance for the Homeless	Continuum of Care Consultation	Chelsey	Viger	San Antonio
201	South Plains Associates of Governments	Fair Housing and Disability Advocate Consultation	Roxanna	Ancira	Lubbock
202	Southeast Texas Housing Finance Corporation	Fair Housing and Disability Advocate Consultation	Jonathan	Campbell	Houston
203	Superior Health Plan	Fair Housing and Disability Advocate Consultation	Jennifer	Bourquin	Austin
204	Tarrant County Homeless Coalition	Fair Housing and Disability Advocate Consultation	Kimberly	Doty	Fort Worth
205	Tarrant County Homeless Coalition	Homeless Service Providers/Domestic Service Provider Consultation	Nathan	Crites-Herren	Fort Worth

#	Organization	Consultation	First Name	Last Name	City
206	Tarrant County Homeless Coalition	Homeless Service Providers/Domestic Service Provider Consultation	Kimberly	Doty	Fort Worth
207	Tarrant County Homeless Coalition	Homeless Service Providers/Domestic Service Provider Consultation	Anthony	Hogg	Fort Worth
208	Tarrant County Homeless Coalition	Homeless Service Providers/Domestic Service Provider Consultation	Lauren	King	Fort Worth
209	Tarrant County Homeless Coalition	Homeless Service Providers/Domestic Service Provider Consultation	Kathryn	Welch	Fort Worth
210	Tarrant County Homeless Coalition	Continuum of Care Consultation	Kim	Doty	Tarrant
211	Texarkana, City of	Homeless Service Providers/Domestic Service Provider Consultation	Vashil	Fernandez	Texarkana
212	Texarkana, City of	Homeless Service Providers/Domestic Service Provider Consultation	Daphnea	Ryan	Texarkana
213	Texas Council on Family Violence	Continuum of Care Consultation	Breall	Baccus	Austin
214	Texas Department of Criminal Justice	Texas Interagency Council for the Homeless/Public Agencies that Address Needs of Qualifying Population	Sherri	Cogbill	Austin
215	Texas Department of Family and Protective Services	Texas Interagency Council for the Homeless/Public Agencies that Address Needs of Qualifying Population	Valinda	Bolton	Austin
216	Texas Department of Juvenile Justice	Texas Interagency Council for the Homeless/Public Agencies that Address Needs of Qualifying Population	Marqus	Butler	Austin

#	Organization	Consultation	First Name	Last Name	City
217	Texas Education Agency	Texas Interagency Council for the Homeless/Public Agencies that Address Needs of Qualifying Population	Cal	Lopez	Austin
218	Texas Health and Human Services	Fair Housing and Disability Advocate Consultation	LaJean	Burnett	Austin
219	Texas Health and Human Services Commission	Texas Interagency Council for the Homeless/Public Agencies that Address the Needs of Qualifying Populations	Carrissa	Dougherty	Austin
220	Texas Health and Human Services Commission	Texas Interagency Council for the Homeless/Public Agencies that Address the Needs of Qualifying Populations	Suzie	Brady	Austin
221	Texas Health and Human Services Commission	Texas Interagency Council for the Homeless/Public Agencies that Address the Needs of Qualifying Populations	Claire	Irwin	Austin
222	Texas Homeless Network	Homeless Service Providers/Domestic Service Provider Consultation	Jim	Ward	Austin
223	Texas Homeless Network	Continuum of Care Consultation	Mary	Stahlke	Austin
224	Texas Homeless Network	Continuum of Care Consultation	Eric	Samuels	Austin
225	Texas Housers	Fair Housing and Disability Advocate Consultation	Elizabeth	Roehm	Austin
226	Texas Veterans Commission	Veteran Service Provider Consultation	Blake	Harris, Ph. D.	Austin
227	Texas Veterans Commission	Veteran Service Provider Consultation	Michelle	Nall	Austin

#	Organization	Consultation	First Name	Last Name	City
228	Texas Veterans Commission	Veteran Service Provider Consultation	Chip	Osborne	Austin
229	Texas Veterans Commission	Texas Interagency Council for the Homeless/Public Agencies that Address the Needs of Qualifying Populations	Blake	Harris	Austin
230	Texas Workforce Commission	Texas Interagency Council for the Homeless/Public Agencies that Address the Needs of Qualifying Populations	Deborah	Arellano	Austin
231	The Care Group of Texas	Public Housing Agency Consultation	Tammy	Guidry	Houston
232	The Childrens Center, Inc	Homeless Service Providers/Domestic Service Provider Consultation	Marsha	Wilson Rappaport	Galveston
233	The Chosen Ones Outreach Enrichment Center	Homeless Service Providers/Domestic Service Provider Consultation	Teresa	Finch	Galveston
234	The Chosen Ones Outreach Enrichment Center	Homeless Service Providers/Domestic Service Provider Consultation	Reverend	Lawson	Galveston TX
235	The Harris Center for Mental Health and IDD	Fair Housing and Disability Advocate Consultation	Tammara	McAdory	Houston
236	The Harris Center for Mental Health and IDD	Fair Housing and Disability Advocate Consultation	Sandra	Brock	Houston
237	The Harris Center for Mental Health and IDD	Fair Housing and Disability Advocate Consultation	Lakeisha	Davis	Houston
238	The Safe Alliance	Homeless Service Providers/Domestic Service Provider Consultation	Julia	Spann	Austin

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239	The Safe Alliance	Homeless Service Providers/Domestic Service Provider Consultation	Hosie	Washington	Austin
240	The Stewpot	Homeless Service Providers/Domestic Service Provider Consultation	JR	Ratliff	Dallas
241	The Women's Home	Homeless Service Providers/Domestic Service Provider Consultation/Fair Housing and Disability Advocate Consultation	Chiamaka	Ofoma	Houston
242	Texas Interagency Council for the Homeless Chair	Texas Interagency Council for the Homeless/Public Agencies that Address the Needs of Qualifying Populations	Mike	Doyle	Fort Worth
243	Tracy Andrus Foundation	Homeless Service Providers/Domestic Service Provider Consultation	Tracy	Andrus	Marshall
244	Tri-County Fort Worth Healthcare	Fair Housing and Disability Advocate Consultation	Stephanie	Ward	Conroe
245	Tri-County Community Action, Inc.	Fair Housing and Disability Advocate Consultation	Beth	Eubanks	Gilmer
246	Tri-County Community Action, Inc.	Fair Housing and Disability Advocate Consultation	Tammy	Luster	Marshall
247	Under 1 Roof Dallas	Homeless Service Providers/Domestic Service Provider Consultation	Verna	Jones	Dallas
248	Union Gospel Mission of Tarrant County	Homeless Service Providers/Domestic Service Provider Consultation	Don	Shisler	Fort Worth
249	Valley Association for Independent Living	Fair Housing and Disability Advocate Consultation	Genesis	Garcia Lezama	MCALLEN

#	Organization	Consultation	First Name	Last Name	City
250	Valley Association for Independent Living	Fair Housing and Disability Advocate Consultation	Laurie	Gonzalez	McAllen
251	Valley Association for Independent Living	Fair Housing and Disability Advocate Consultation	Jorge	Villarreal	McAllen
252	Vivent Health	Fair Housing and Disability Advocate Consultation	Mamadou	Balde	Denver
253	Volunteers of America	Fair Housing and Disability Advocate Consultation	Deborah	Welchel	Lago Vista
254	Volunteers of America	Fair Housing and Disability Advocate Consultation	Brigitte	Ogne	DC
255	West Central Texas Council	Fair Housing and Disability Advocate Consultation	Justine	Ingra,	Abilene
256	West Central Texas Council	Fair Housing and Disability Advocate Consultation	John	Meier	Abilene
257	Woodridge Consulting LLC	Homeless Service Providers/Domestic Service Provider Consultation	Jim	Wooldridge	Killeen

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 983 **Agenda Date:** 4/10/2025 **Agenda #:** 22.

Presentation, discussion, and possible action regarding a waiver of 10 TAC §23.50(f)(1) relating to the cumulative limitation on Tenant-Based Rental Assistance

RECOMMENDED ACTION

WHEREAS, pursuant to 10 TAC §23.1(a), the Governing Board may waive rules subject to Chapter 23 for good cause to meet the purpose of the HOME Program, provided the waiver does not conflict with federal regulations governing the use of HOME funds, or impact federally imposed obligation or expenditure deadlines;

WHEREAS, proposed amendments to 10 TAC §23.50(f), Tenant-Based Rental Assistance (TBRA) General Requirements, were recommended to this board under previous action; and were approved for publication in the *Texas Register*;

WHEREAS, the proposed amendment to 10 TAC §23.50(f) is necessary in the administration of the HOME Program to clarify that Persons with Disabilities can be served for longer than 60 months if certain parameters are met;

WHEREAS, staff has been made aware of an immediate need for this relief for persons with disabilities due to limited funding in the Section 8 Housing Choice Voucher (HCV) Program administered by certain Public Housing Authorities; and

WHEREAS, due to the immediate demonstrated need, staff recommends a waiver of 10 TAC §23.50(f)(1) conforming to the proposed amendment in order to immediately implement an extended term of assistance for qualified households as outlined in the waiver;

NOW, therefore, it is hereby

RESOLVED, the Board grants the requested waiver of 10 TAC §23.50(f)(1), as detailed further in this Board Action Request.

BACKGROUND

Under a prior action of the Governing Board, the Board considered an amendment to certain provisions of 10 TAC §23.50 related to General Requirements for the HOME Tenant-Based Rental Assistance (TBRA) Program. The HOME TBRA Program provides temporary monthly rental and utility subsidy to households at or below 80% Area Median Family Income (AMFI). Participating households must participate in a self-sufficiency plan; this plan must include

identification of a permanent source of housing that is affordable to the household long-term. Due to specific circumstances, this may include utilization of a Section 8 Housing Choice Voucher (HCV) or other form of long-term assisted housing.

In addition to the rule amendment, staff is recommending a conforming waiver to be applied as of the date of this meeting, and subject to the same provisions as detailed in the proposed rule. The waiver would be effective until adoption of the rule amendment, which may be updated and amended in response to public comment. The waiver provides a necessary stopgap for vulnerable families currently impacted by the limitation who, but for the extension of the HOME TBRA assistance, would be at-risk of homelessness.

The recommended wavier to 10 TAC §23.50 would be utilized as follows:

Requirement:	Limitation of Term of Assistance for HOME TBRA
Regulatory Citation:	10 TAC §23.50(f)(1)
Applicability:	The provision of 10 TAC §23.50(f)(1) that limits provision of TBRA assistance to 60 months for the lifetime of the household may be waived under any set -aside of HOME TBRA funds if: • Funds are available and programmed for this activity; The household meets the other requirements of (f)(1) of the subchapter; All adult members of the Household are Persons with Disabilities; • Household income from employment does not exceed the current Substantial Gainful Activity Level as defined by the Social Security Administration, and more than 50% of Household Income is benefits paid to the Household from Social Security or any other benefit payment received due to a member's status as a Person with a Disability; • The Household's gross monthly income does not exceed 50% AMFI; and • The circumstances considered for an exception are not expected to change during the term of assistance.

Granting this waiver would not conflict with federal requirements, the state statute, nor would it impact obligation or expenditure deadlines. The waiver would be made available until proposed amendments to 10 TAC §23.50, as approved by the Governing Board for publication in the *Texas*

Register, are adopted by the Governing Board, or until six months from the date of this meeting, whichever is earlier.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 971 **Agenda Date:** 4/10/2025 **Agenda #:** 23.

Presentation, discussion, and possible action on an order proposing amendments to 10 TAC Chapter 23, §23.50, Tenant-Based Rental Assistance General Requirements, and directing their publication for public comment in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, pursuant to Tex. Gov't Code, §2306.053, the Texas Department of Housing and Community Affairs (the Department) is authorized to adopt rules governing the administration of the Department and its programs;

WHEREAS, the proposed amendments to 10 TAC §23.50, Tenant-Based Rental Assistance (TBRA) General Requirements, is necessary in the administration of the HOME Program to clarify that Persons with Disabilities can be served for longer than 60 months if certain parameters are met; and

WHEREAS, such proposed amendment will be published in the *Texas Register* for public comment;

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 amendments of 10 TAC §23.50 in the form presented to this meeting, to be published in the *Texas Register* and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing, including the preparation of the subchapter specific preambles.

BACKGROUND

The purpose of amending this section of 10 TAC Chapter 23 is to provide an exception to the lifetime limitation on the term of assistance for households assisted with TBRA if they are persons with disabilities.

The HOME TBRA Program is intended to be temporary in nature. Households that participate in HOME TBRA must also participate in a self-sufficiency plan, and a permanent housing solution must be part of this plan. While many HOME TBRA participants are able to move to unassisted housing as a part of their self-sufficiency plan due to increased income from training or educational program, households comprised of members who are Persons with Disabilities may be limited in their ability to increase their income during their term of assistance. Amending this provision to allow for certain households to extend the term of their participation in TBRA allows these families to have housing stability until they are able to access a permanent source of affordable housing, such as the Section 8 Program. In many areas, waitlists for these programs may exceed 60 months, which can create a gap in assistance for vulnerable Texans

with fixed incomes.

The amendment proposed to §23.50 allows an exception to the 60-month lifetime limitation for Persons with Disabilities (PWD) under any set-aside of HOME TBRA funds, so long as the exception is granted only to households who meet all characteristics outlined in the amended rule, including:

- All adult members of the Household are Persons with Disabilities;
- Household income from employment does not exceed the current Substantial Gainful Activity Level as defined by the Social Security Administration and greater than 50% of Household Income is comprised of benefits paid to the Household from Social Security or any other benefit payment received due to a member's status as a Person with a Disability;
- The Household's gross monthly income does not exceed 50% AMFI;
- The circumstances considered for an exception are not expected to change during the term of assistance; and
- Continued availability of HUD funding programmed by the Department for TBRA.

Upon Board approval, the proposed amendment will be published in the *Texas Register* and released for public comment from April 25, 2025, through May 25, 2026.

Attachment A: Preamble and proposed amendments to 10 TAC Chapter 23, §23.50 Tenant-Based Rental Assistance (TBRA) General Requirements

The Texas Department of Housing and Community Affairs (the Department) proposes amendments to 10 TAC Chapter 23, §23.50 Tenant-Based Rental Assistance (TBRA) General Requirements. The rule amendments clarifies that a 60-month limitation on assistance does not apply to persons with disabilities that meet certain criteria.

FISCAL NOTE. Mr. Bobby Wilkinson, Executive Director, has determined that, for each year of the first five years the amendment to the rule is in effect, enforcing or administering the amendment does not have any foreseeable implications related to costs or revenues of the state or local governments.

GOVERNMENT GROWTH IMPACT STATEMENT. Mr. Wilkinson also has determined that, for the first five years the amendment would be in effect:

1. The proposed amendment to the rule will not create or eliminate a government program;

2. The proposed amendment to the rule will not require a change in the number of employees of the Department;

3. The proposed amendment to the rule will not require additional future legislative appropriations;

4. The proposed amendment to the rule will result in neither an increase nor a decrease in fees paid to the Department;

5. The proposed amendment to the rule will not create a new regulation;

6. The proposed amendment to the rule will not repeal an existing regulation;

7. The proposed amendment to the rule will not increase or decrease the number of individuals subject to the rule's applicability; and

8. The proposed amendment to the rule will neither positively nor negatively affect this state's economy.

PUBLIC BENEFIT/COST NOTE. Mr. Wilkinson also has determined that, for each year of the first five years the amendment to the rule is in effect, the public benefit anticipated as a result of the action will be conformance to statutory requirements. There will not be any economic cost to any individual required to comply with the amendment.

ADVERSE IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES. The Department has determined that there will be no economic effect on small or micro-businesses or rural communities.

REQUEST FOR PUBLIC COMMENT. All comments or questions in response to this action may be submitted in writing from April 25, 2025, to May 26, 2025. Written comments may be submitted

to the Texas Department of Housing and Community Affairs, Single Family and Homeless Programs, P.O. Box 13941, Austin, Texas 78711-3941, or email HOME@tdhca.texas.gov. ALL COMMENTS MUST BE RECEIVED BY 5:00 pm Central Daylight Time, May 26, 2025.

STATUTORY AUTHORITY. The proposed amendment is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the proposed amendment affects no other code, article, or statute.

Chapter 23 SINGLE FAMILY HOME PROGRAM

Subchapter E TENANT-BASED RENTAL ASSISTANCE PROGRAM

§23.50 Tenant-Based Rental Assistance (TBRA) General Requirements

(a) Households assisted under the general set-aside must participate in a self-sufficiency program, as described in the Administrator's policies and procedures.

(b) The amount of assistance will be determined using the HUD Housing Choice Voucher method.

(c) Late fees are not an eligible HOME cost. Late fees incurred for the subsidy portion of rent must be paid by the Administrator from a non-HOME funding source.

(d) A Household certifying to zero income must also complete a questionnaire that includes a series of questions regarding how basic hygiene, dietary, transportation, and other living needs are met.

(e) The minimum Household contribution toward gross monthly rent must be ten percent of the Household's adjusted monthly income. The maximum Household contribution toward gross monthly rent at initial occupancy is limited to 40 percent of the Household's gross monthly income.

(f) Activity funds are limited to:

(1) Rental subsidy: Each rental subsidy term is limited to no more than 24 months. Total lifetime assistance to a Household may not exceed 36 months cumulatively, except that a maximum of 24 additional months of assistance, for a total of 60 months cumulatively may be approved if:

(A) the Household has applied for a Section 8 Housing Choice Voucher, HUD Section 811 Supportive Housing for Persons with Disabilities, HUD Section 811 Project Rental Assistance Demonstration, or HUD Section 202 Supportive Housing for the Elderly Program, and is placed on a waiting list during their TBRA participation tenure; and

(B) the Household has not been removed from the waiting list for the Section 8 Housing Choice Voucher, HUD Section 811 Supportive Housing for Persons with Disabilities, HUD Section 811 Project Rental Assistance Demonstration, or HUD Section 202 Supportive Housing for the Elderly Program due to failure to respond to required notices or other ineligibility factors; or

(C) the Administrator submits documentation evidencing that:

(i) no Public Housing Authority within a 50 mile radius of the Household's address during their participation in TBRA has opened their waitlist during the term of the Household's participation in TBRA, or has excluded the Household's application for placement on the waiting list for any reason other than

eligibility or failure to respond to required notices, such as a randomized drawing of applications that may be placed on the waitlist; and

(ii) no waiting list was opened during the term of the Household's participation in TBRA for any HUD Section 811 Supportive Housing for Persons with Disabilities, HUD Section 811 Project Rental Assistance Demonstration, or HUD Section 202 Supportive Housing for the Elderly Program located within a 50 mile radius of the Household's address during their participation in TBRA; or

(iii) the Household is not eligible for placement on a waiting list for any HUD Section 811 Supportive Housing for Persons with Disabilities, HUD Section 811 Project Rental Assistance Demonstration, or HUD Section 202 Supportive Housing for the Elderly Program located within a 50 mile radius of the Household's address during their participation in TBRA; and

(D) the Household has not been denied participation in the Section 8 Housing Choice Voucher, HUD Section 811 Supportive Housing for Persons with Disabilities, HUD Section 811 Project Rental Assistance Demonstration, or HUD Section 202 Supportive Housing for the Elderly Program while they were being assisted with HOME TBRA; and

(E) the Household did not refuse to participate in the Section 8 Housing Choice Voucher, HUD Section 811 Supportive Housing for Persons with Disabilities, HUD Section 811 Project Rental Assistance Demonstration, or HUD Section 202 Supportive Housing for the Elderly Program when a voucher was made available.

(2) the Executive Director or designee may grant an exception to the limitations set forth in this section related to the maximum term of assistance, if:

(A) funds are available and programmed for this activity;

(B) the Household meets the requirements of (f)(1) of this subchapter;

(C) all adult members of the Household are Persons with Disabilities;

(D) Household income from employment does not exceed the current Substantial Gainful Activity Level as defined by the Social Security Administration and greater than 50% of Household Income is composed of benefits paid to the Household from Social Security or any other benefit payment received due to a member’s status as a Person with a Disability;

(E) the Household’s gross monthly income does not exceed 50% AMFI; and

(F) the circumstances considered for an exception are not expected to change during the term of assistance.

(3~~2~~) Security deposit: no more than the amount equal to two month's rent for the unit.

(4~~3~~) Utility deposit in conjunction with a TBRA rental subsidy.

(g) The payment standard is determined at the Date of Assistance. The payment standard utilized by the Administrator must be:

(1) The U.S. Department of Housing and Urban Development (HUD) published Small Area Fair Market Rent (SAFMR) for any area in which a SAFMR is available. In areas where an SAFMR is not published by HUD, the payment standard must be the HUD-published Fair Market Rent (FMR) for the county. HUD-published

SAFMRs and FMRs will become effective for the HOME Program on January 1 of each year following publication;

(2) For a HOME-assisted unit, the current applicable HOME rent; or

(3) The Administrator may submit a written request to the Department for approval of a different payment standard. The request must be evidenced by a market study or documentation that the PHA serving the market area has adopted a different payment standard. An Administrator may request a Reasonable Accommodation as defined in §1.204 of this Title for a specific Household if the Household, because of a disability, requires the features of a specific unit, and units with such features are not available in the Service Area at the payment standard.

(h) Administrator must not approve a unit if the owner is by consanguinity, affinity, or adoption the parent, child, grandparent, grandchild, sister, or brother of any member of the assisted Household, unless the Administrator determines that approving the unit would provide Reasonable Accommodation for a Household member who is a Person with Disabilities. This restriction against Administrator approval of a unit only applies at the time the Household initially receives assistance under a Contract or Agreement, but does not apply to Administrator approval of a recertification with continued tenant-based assistance in the same unit.

(i) Administrators must maintain Written Policies and Procedures established for the HOME Program in accordance with §10.802 of this Title, except that where the terms Owner, Property, or Development are used Administrator or Program will be substituted, as applicable. Additionally, the procedures in subsection (j) of this section (relating to the Violence Against Women Act (if in conflict with the provisions in §10.802 of this Title) will govern).

(j) Administrators serving a Household under a Reservation Agreement may not issue a Certificate of Eligibility to the Household prior to reserving funds for the Activity without prior written consent of the Department.

(k) Administrators are required to comply with regulations and procedures outlined in the Violence Against Women Act (VAWA), and provide tenant protections as established in the Act.

(1) An Administrator of Tenant-Based Rental Assistance must provide all Applicants (at the time of admittance or denial) and Households (before termination from the Tenant-Based Rental Assistance program or from the dwelling assisted by the Tenant-Based Rental Assistance Coupon Contract) the Department's "Notice of Occupancy Rights under the Violence Against Women Act", (based on HUD form 5380) and also provide to Households "Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking" (HUD form 5382) prior to execution of a Rental Coupon Contract and before termination of assistance from the Tenant-Based Rental Assistance program or from the dwelling assisted by the Tenant-Based Rental Assistance coupon contract.

(2) Administrator must notify the Department within three days when tenant submits a Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and/or alternate documentation to Administrator and must submit a plan to Department for continuation or termination of assistance to affected Household members.

(3) Notwithstanding any restrictions on admission, occupancy, or terminations of occupancy or assistance, or any Federal, State or local law to the contrary, Administrator may "bifurcate" a rental coupon contract, or otherwise remove a Household member from a rental coupon contract, without regard to whether a

Household member is a signatory, in order to evict, remove, terminate occupancy rights, or terminate assistance to any individual who is a recipient of TBRA and who engages in criminal acts of physical violence against family members or others. This action may be taken without terminating assistance to, or otherwise penalizing the person subject to the violence.

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 974 **Agenda Date:** 4/10/2025 **Agenda #:** 24.

Presentation, discussion, and possible action on an order adopting the amended 10 TAC Chapter 10 Subchapter E, Post Award and Asset Management Requirements, and directing its publication for adoption in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, at its meeting of December 12, 2024, the Board approved for publication and public comment in the *Texas Register* the proposed amendments of 10 TAC Chapter 10 Subchapter E concerning the Post Award and Asset Management Requirements;

WHEREAS, the proposed amendments were published in the December 27, 2024, issue of the *Texas Register* for public comment between December 27, 2024, and January 27, 2025;

WHEREAS, public comment was received from three commenters, and staff has prepared a reasoned response to the comments; and

WHEREAS, in response to comments regarding a proposed amendment in 10 TAC §10.406, staff incorporated further revisions into the final rule for adoption;

NOW, therefore, it is hereby

RESOLVED, that the final order adopting the amendments to 10 TAC Chapter 10 Subchapter E, together with the preambles presented to the meeting, is hereby ordered and approved for publication in the *Texas Register*; and

FURTHER RESOLVED, that the Executive Director and his designees be and each them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the amended 10 TAC Chapter 10 Subchapter E concerning Post Award and Asset Management Requirements in the form presented to this meeting, to be published in the *Texas Register* for final adoption, and in connection therewith, make such non-substantive technical corrections, or preamble-related corrections, as they may deem necessary to effectuate the foregoing, including the preparation and requested revisions to the subchapter specific preambles.

BACKGROUND

Tex. Gov't Code §2306.053 provides for the Department to administer federal housing, community affairs, and community development programs, including the low-income housing tax credit program. The Asset Management Division and its Rules, as a whole, are an integral part of administering the Department's federal housing programs, assisting in reviewing and ensuring the long-term affordability and safety of multifamily rental housing Developments in the Department's portfolio as required under Tex. Gov't Code §§2306.185 and 2306.186, performing the functions of processing amendments and ownership transfers as required under §§2306.6712 and 2306.6713, and performing essential functions required under various

federal program (HOME, HOME-ARP, NSP, NHTF, Exchange, TCAP) rules and under Section 42 of the Internal Revenue Code.

While Tex. Gov't Code provides for direction and authority for certain specific activities for the Division, it does not provide the administrative specificity necessary to address all of the asset management activities that are necessary to ensure all state and federal program requirements are met. As such, these rules set Department policy to the extent necessary to provide for the administrative implementation of federal and state directives and requirements.

Staff recommends that these rules be retained and that this be accomplished through the adopted amendment of the existing rules. The amendments clarify language or processes, eliminate the requirement to provide an acknowledgment from the lenders and investor when a Development Owner requests to implement a revised election under §42(g) of the Code prior to their submission of IRS Form(s) 8609 to the IRS, and clarify that an Applicant may request to remove Principals from its ownership structure prior to the issuance of the IRS Forms(s) 8609 provided not all controlling Principals identified in the Application will be removed. The amendments also include a requirement for a resolution of support from the municipality or a letter of support from the mayor or city manager, or if the Development is not within a municipality or its Extra Territorial Jurisdiction (ETJ), a resolution of support from the commissioners court or letter of support from the county judge when an ownership transfer will result in a property tax exemption for Competitive Housing Tax Credit Developments prior to issuance of IRS Form(s) 8609.

The Board approved the publication of the proposed amendments to 10 TAC Subchapter E, concerning Post Award and Asset Management Requirements at the meeting on December 12, 2024, to be published in the *Texas Register* for public comment. The proposed amendments were published in the December 27, 2024, issue of the *Texas Register* and made available for public comment from December 27, 2024, through January 27, 2025. Staff has reviewed all comments received and provided a reasoned response to these comments in the attached preamble. In response to the public comments, the proposed amendment to 10 TAC §10.406 was revised to identify that the requirement only applies to Competitive Housing Tax Credit Developments for the addition of a public facility corporation, a housing finance corporation, or a public housing authority that will result in a property tax exemption prior to the issuance of IRS Form(s) 8609 and additional language was added to identify that a letter of support from a city manager is also acceptable. Attached is a black-line version of the amended TAC Subchapter E that reflects changes proposed by the Department after consideration of public comment.

Attachment 1: Preamble, including required analysis, for adopting the amendment of 10 TAC Chapter 10, Subchapter E, §§10.400-10.408, Post Award and Asset Management Requirements

The Texas Department of Housing and Community Affairs (the "Department") adopts the amendment, with changes, to 10 TAC Chapter 10, Subchapter E, §§10.400 - 10.408, Post Award and Asset Management Requirements to the proposed text as published in the December 27, 2024, issue of the *Texas Register*. The purpose of the amendment is to make corrections to gain consistency across other sections of rule, correct references, clarify existing language and processes that will ensure accurate processing of post award activities, and to communicate more effectively with multifamily Development Owners regarding their responsibilities after funding or award by the Department.

Tex. Gov't Code §2001.0045(b) does not apply to the amended rule because it was determined that no costs

are associated with this action, and therefore no costs warrant being offset. In general, most changes were corrective in nature and clarify language or processes to more adequately communicate the language or process. The only substantial change from the proposed amendment, located in §10.406 Ownership Transfers (§2306.6713), is that staff added a requirement that specifies that a change in the ownership structure that results in a property tax exemption will require a resolution of support from the municipality or a letter of support from the mayor, or if the Development is not within a municipality or its Extra Territorial Jurisdiction (ETJ), a resolution of support from the commissioners court or letter of support from the county judge. In response to public comment, §10.406 was further revised to specify that the requirement only pertains to Competitive Housing Tax Credit Developments for the addition of a public facility corporation, a housing finance corporation, or a public housing authority prior to issuance of IRS Form(s) 8609 and to add that a letter of support from a city manager is also acceptable.

The Department has analyzed this rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

1. Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the amended rule would be in effect, the amendment does not create or eliminate a government program, but relates to changes to an existing activity, concerning the post award activities of Low-Income Housing Tax Credit (LIHTC) and other Department-funded multifamily Developments.

2. The amendment does not require a change in work that would require the creation of new employee positions, nor are the amendments significant enough to reduce workload to a degree that any existing employee positions are eliminated.

3. The amendment does not require additional future legislative appropriations.

4. The amendment does not result in an increase in fees paid to the Department or in a substantial decrease in fees paid to the Department.

5. The amendment is not creating a new regulation, but are revisions to provide additional clarification.

6. The amendment will not repeal an existing regulation.

7. The amendment will not increase or decrease the number of individuals subject to the rule's applicability.

8. The amendment will not negatively or positively affect this state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

1. The Department has evaluated this amended rule and determined that none of the adverse effect strategies outlined in Tex. Gov't Code §2006.002(b) are applicable.

2. This amended rule relates to the procedures for the handling of post award and asset management activities of multifamily developments awarded funds through various Department programs. Other than in the case of a small or micro-business that is an owner or a party to one of the Department's properties, no small or micro-businesses are subject to the amended rule. If a small or micro-business is such an owner or participant, the amended rule provides for a more clear, transparent process for doing so and do not result in a negative impact for those small or micro-businesses. There are not likely to be any rural communities subject to the amended rule because this amended rule is applicable only to the owners or operators of properties in the Department's portfolio, not municipalities.

3. The Department has determined that because this amended rule relates only to the process in use for

the post award and asset management activities of the Department's portfolio, there will be no economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The amendment does not contemplate nor authorize a taking by the Department, therefore no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the amended rule as to its possible effects on local economies and has determined that for the first five years the amended rule will be in effect, there will be no economic effect on local employment, because the amended rule only provides for administrative processes required of properties in the Department's portfolio. No program funds are channeled through this amended rule, so no activities under this amended rule would support additional local employment opportunities. Alternatively, the amended rule would also not cause any negative impact on employment. Therefore, no local employment impact statement is required to be prepared for the amended rule.

Texas Gov't Code §2001.022(a) states that this "impact statement must describe in detail the probable effect of the rule on employment in each geographic region affected by this rule…" Considering that no impact is expected on a statewide basis, there are also no "probable" effects of the amended rule on particular geographic regions.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the amended rule is in effect, the benefit anticipated as a result of the amended sections would be increased clarity and consistency across rule sections. There will not be economic costs to individuals required to comply with the amendment.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the amended rule is in effect, enforcing or administering the amended rule does not have any foreseeable implications related to costs or revenues of the state or local governments.

SUMMARY OF PUBLIC COMMENTS AND STAFF REASONED RESPONSE. The Department accepted public comment between December 27, 2024, and January 27, 2025. Comments regarding the amended rule were accepted in writing and e-mail with comments received from: (1) Barry J. Palmer, Director, Coats Rose, (2) Kathryn Saar, QAP Chair, and Karsten Lowe, Co-Chair, Texas Affiliation of Affordable Housing Providers (TAAHP), and (3) Cynthia L. Bast, Partner, BakerHostetler. Comments were received on §10.406 Ownership Transfers (§2306.6713).

§10.406 Ownership Transfers (§2306.6713)

COMMENT SUMMARY: Commenters (1), (2), and (3) recommend that the Department delay action on implementing §10.406(h)(10) until a roundtable is conducted to allow a discussion with nonprofit organizations, housing finance corporations, and housing authorities (Public Bodies) to seek information regarding their use of property tax exemptions.

Commenter (1) expresses concerns with problematic timing issues raised by §10.406(h)(10) for Tax Exempt Bond (4% HTC) transactions and Competitive Housing Tax Credit (9% HTC) application deadlines. Commenter (1) states that the rule should clarify that the rule does not apply to an initial or re-syndication application for a 4% HTC or 9% HTC allocation. Commenter (1) further states that the rule should only apply to proposed Ownership Transfer applications not associated with a tax credit award, but that brings an ad valorem tax exemption to a previously taxable development, such as a 9% HTC development that is not able to close and is restructured with a change in ownership devised to achieve and ad valorem tax exemption.

Commenter (2) requests that §10.406(h)(10) be stricken from the rule.

Commenter (2) and Commenter (3) state there are many ad valorem tax exemptions available for affordable housing that are a matter or right under Texas law; and therefore, TDHCA should not infringe upon those rights, interfere with the Legislative action or intent, or establish criteria that the Legislature does not require. Commenter (2) and Commenter (3) further state that §10.406(h)(10) is detrimental and infringes upon the rights of Public Bodies to acquire an affordable development at the end of the 15-year compliance period by adding additional bureaucratic steps that are counter to the Right of First Refusal (ROFR) process.

Commenter (2) and Commenter (3) also state §10.406(h)(10) introduces into a by-right ad valorem tax exemption the uncertainty of a public hearing that potentially politicizes affordable housing by subjecting it for factors outside the control of Public Bodies and to the decisions of public officials. They express concerns that this could jeopardize the feasibility of a development by requiring public hearings and support from public officials who might not have a pro-affordable housing agenda.

Commenter (3) suggests that if the Department wants to ensure that an ad valorem tax exemption is necessary for financial feasibility, it could conduct an underwriting analysis to determine if a property is economically feasible (including a reasonable return for equity) without the property tax exemption, or alternatively, rely on the financial analysis of third-party lenders and investors to confirm the need for the exemption. It should be noted that Commenter (3) did not define reasonable return for equity.

STAFF RESPONSE: In response to the concerns noted by the Commenters, staff relocated the requirement in §10.406(h)(10) to §10.406(e) and specified that the requirement pertains only to Competitive HTC Developments for the addition of a public facility corporation, a housing finance corporation, or a public housing authority prior to issuance of IRS Form(s) 8609. This change is in line with what has been requested recently by the Department's Governing Board for Competitive HTC Developments when reviewing a request under Section 2306.6712 of the Tex. Gov't Code. Staff also added language to state that a letter of support from a city manager would also be acceptable.

The Board adopted the final order adopting the amendment on April 10, 2025.

STATUTORY AUTHORITY. The amendment is adopted pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein, the amended sections affect no other code, article, or statute. The amended rule, as adopted, has been reviewed by legal counsel and found to be a valid exercise of the Department's legal authority.

§10.405 Amendments and Extensions

(a) Amendments to Housing Tax Credit (HTC) Application or Award Prior to Land Use Restriction Agreement (LURA) recording or amendments that do not result in a change to the LURA (§2306.6712). The Department expects the Development Owner to construct or rehabilitate, operate, and own the Development consistent with the representations in the Application. The Department must receive notification of any amendments to the Application. Regardless of development stage, the Board shall re-evaluate a Development that undergoes a material change, as identified in paragraph (3) of this subsection at any time after the initial Board approval of the Development (§2306.6731(b)). The Board may deny an amendment request and subsequently may rescind any Commitment or Determination Notice issued for an Application, and may reallocate the credits to other Applicants on the waiting list.

(1) Requesting an amendment. The Department shall require the Applicant to file a formal, written request for an amendment to the Application. Such request must include a detailed explanation of the amendment request and other information as determined to be necessary by the Department, and the applicable fee as identified in Chapter 11, Subchapter E of this title (relating to Fee Schedule, Appeals, and other Provisions) in order to be received and processed by the Department. Department staff will evaluate the amendment request to determine if the change would affect an allocation of Housing Tax Credits by changing any item that received points, by significantly affecting the most recent underwriting analysis, or by materially altering the Development as further described in this subsection.

(2) Notification Items. The Department must be notified of the changes described in subparagraphs (A) - (F) of this paragraph. The changes identified are subject to staff agreement based on a review of the amendment request and any additional information or documentation requested. Notification items will be considered satisfied when an acknowledgment of the specific change(s) is received from the Department and include:

(A) Changes to Development Site acreage required by the City or other local governmental authority, or changes resulting from survey discrepancies, as long as such change does not also result in a modification to the residential density of more than 5%;

(B) Minor modifications to the site plan that will not significantly impact development costs, including, but not limited to, relocation or rearrangement of buildings on the site (as long as the number of residential and non-residential buildings remains the same), and movement, addition, or deletion of ingress/egress to the site;

(C) Increases or decreases in net rentable square footage or common areas that do not result in a material amendment under paragraph (4) of this subsection;

(D) Changes in amenities that do not require a change to the recorded LURA and do not negatively impact scoring, including changes to outdated amenities that could be replaced by an amenity with equal benefit to the resident community;

(E) Changes in Developers or Guarantors (notifications for changes in Guarantors that are also the General Contractor or are only providing guaranties during the construction period are not required) with no new Principals (who were not previously checked by Previous Participation review that retain the natural person(s) used to meet the experience requirement in Chapter 11 of this title (relating to Qualified Allocation Plan)); and

(F) Any other amendment not identified in paragraphs (3) and (4) of this subsection.

(3) Non-material amendments. The Executive Director or designee may administratively approve all non-material amendments, including, but not limited to:

(A) Any amendment that is determined by staff to exceed the scope of notification acknowledgement, as identified in paragraph (2) of this subsection but not to rise to a material alteration, as identified in paragraph (4) of this subsection;

(B) Changes in Developers or Guarantors (excluding changes in Guarantors that are also the General Contractor or are only providing guaranties during the construction period) not addressed in §10.405(a)(2)(E). Changes in Developers or Guarantors will be subject to Previous Participation requirements as further described in Chapter 11 of this title and the credit limitation described in §11.4(a) of this title; and

(C) For Exchange Developments only, requests to change elections made on line 8(b) of the IRS Form(s) 8609 to group buildings together into one or more multiple building projects. The request must include an attached statement identifying the buildings in the project. The change to the election may only be made once during the Compliance Period.

(4) Material amendments. Amendments considered material pursuant to this paragraph must be approved by the Board. When an amendment request requires Board approval, the Development Owner must submit the request and all required documentation necessary for staff's review of the request to the Department at least 45 calendar days prior to the Board meeting in which the amendment is anticipated to be considered. Before the 15th day preceding the date of Board action on the amendment, notice of an amendment and the recommendation of the Executive Director and Department staff regarding the amendment will be posted to the Department's website and the Applicant will be notified of the posting (§2306.6717(a)(4)). Material Amendment requests may be denied if the Board determines that the modification proposed in the amendment would materially alter the Development in a negative manner or would have adversely affected the selection of the Application in the Application Round. Material alteration of a Development includes, but is not limited to:

(A) A significant modification of the site plan;

(B) A modification of the number of Units or bedroom mix of Units;

(C) A substantive modification of the scope of tenant services;

(D) A reduction of 3% or more in the square footage of the Units or common areas;

(E) A significant modification of the architectural design of the Development;

(F) A modification of the residential density of at least 5%;

(G) A request to implement a revised election under §42(g) of the Code prior to filing of IRS Form(s) 8609;

(H) Exclusion of any requirements as identified in Chapter 11, Subchapter B of this title (relating to Site and Development Requirements and Restrictions) and Chapter 11, Subchapter C of this title (relating to Application Submission Requirements, Ineligibility Criteria, Board Decisions and Waiver of Rules); or

(I) Any other modification considered material by the staff and therefore required to be presented to the Board as such.

(5) Amendment requests will be denied if the Department finds that the request would have changed the scoring of an Application in the competitive process such that the Application would not have received a funding award or if the need for the proposed modification was reasonably foreseeable or preventable by the Applicant at the time the Application was submitted, unless good cause is found for the approval of the amendment.

(6) This section shall be administered in a manner that is consistent with §42 of the Code. If a Development has any uncorrected issues of noncompliance outside of the corrective action period (other than the provision being amended) or otherwise owes fees to the Department, such non-compliance or outstanding payment must be resolved to the satisfaction of the Department before a request for amendment will be acted upon.

(7) In the event that an Applicant or Developer seeks to be released from the commitment to serve the income level of tenants identified in the Application and Credit Underwriting Analysis Report at the time of award and as approved by the Board, the procedure described in subparagraphs (A) and (B) of this paragraph will apply to the extent such request is not prohibited based on statutory and/or regulatory provisions:

(A) For amendments that involve a reduction in the total number of Low-Income Units, or a reduction in the number of Low-Income Units at any rent or income level, as approved by the Board, evidence noted in either clause (i) or (ii) of this subparagraph must be presented to the Department to support the amendment:

(i) In the event of a request to implement (rent to a household at an income or rent level that exceeds the approved AMI limits established by the minimum election within the Development's Application or LURA) a revised election under §42(g) of the Code prior to an Owner's submission of IRS Form(s) 8609 to the IRS, Owners must submit updated information and exhibits to the Application as required by the Department; or

(ii) For all other requests for reductions in the total number of Low-Income Units or reductions in the number of Low-Income Units at any rent or income level, prior to issuance of IRS Form(s) 8609 by the Department, the lender and syndicator must submit written confirmation that the Development is infeasible without the adjustment in Units. The Board may or may not approve the amendment request; however, any affirmative recommendation to the Board is contingent upon concurrence from Department staff that the Unit adjustment is necessary for the continued financial feasibility of the Development; and

(B) If it is determined by the Department that the loss of low-income targeting points would have resulted in the Application not receiving an award in the year of allocation, and the amendment is approved by the Board, the approved amendment will carry a penalty that prohibits the Applicant and all Persons or entities with any ownership interest in the Application (excluding any tax credit purchaser/syndicator), from participation in the Housing Tax Credit Program (for both the Competitive Housing Tax Credit Developments and Tax-Exempt Bond Developments) for 24 months from the time that the amendment is approved.

(b) Amendments to LURAs. Department approval shall be required for any amendment to a LURA in accordance with this section. An amendment request shall be submitted in writing, containing a detailed explanation of the request, the reason the change is necessary, the good cause for the change, financial information related to any financial impact on the Development, information related to whether the necessity of the amendment was reasonably foreseeable at the time of application, and other information as determined to be necessary by the Department, along with any applicable fee as identified in Chapter 11, Subchapter E of this title (relating to Fee Schedule, Appeals, and other Provisions). The Department may

order or require the Development Owner to order a Market Study or appraisal at the Development Owner's expense. If a Development has any uncorrected issues of noncompliance outside of the corrective action period (other than the provision being amended) or otherwise owes fees to the Department, such non-compliance or outstanding payment must be resolved to the satisfaction of the Department, before a request for amendment will be acted upon. The Department will not approve changes that would violate state or federal laws including the requirements of §42 of the Code, 24 CFR Part 92 (HOME Final Rule), 24 CFR Part 93 (NHTF Interim Rule), Chapter 1 of this title (relating to Administrative Requirements), Chapter 11 of this title (relating to Qualified Allocation Plan), Chapter 12 of this title (relating to Multifamily Housing Revenue Bond Rules), Chapter 13 of this title (relating to Multifamily Direct Loan Rule), Tex. Gov't Code, Chapter 2306, and the Fair Housing Act. For Tax-Exempt Bond Developments, compliance with their Regulatory Agreement and corresponding bond financing documents. Prior to staff taking a recommendation to the Board for consideration, the procedures described in paragraph (3) of this subsection must be followed.

(1) Non-Material LURA Amendments. The Executive Director or designee may administratively approve all LURA amendments not defined as Material LURA Amendments pursuant to paragraph (2) of this subsection. A non-material LURA amendment may include but is not limited to:

(A) HUB participation removal. Removal of a HUB participation requirement will only be processed as a non-material LURA amendment after the issuance of IRS Form(s) 8609 and requires that the Department find that:

(i) The HUB is requesting removal of its own volition or is being removed as the result of a default under the organizational documents of the Development Owner;

(ii) the participation by the HUB has been substantive and meaningful, or would have been substantive or meaningful had the HUB not defaulted under the organizational documents of the Development Owner, enabling it to realize not only financial benefit but to acquire skills relating to the ownership and operating of affordable housing; and

(iii) where the HUB will be replaced as a general partner or special limited partner that is not a HUB and will sell its ownership interest, an ownership transfer request must be submitted as described in §10.406 of this subchapter;

(B) A change resulting from a Department work out arrangement as recommended by the Department's Asset Management Division;

(C) A change in the Right of First Refusal period as described in amended §2306.6726 of the Tex. Gov't Code;

(D) Where the Board has approved a de minimis modification of the Unit Mix or bedroom mix of Units to increase the Development's accessibility;

(E) In accordance with HOMEFires, Vol. 17 No. 1 (January 2023, as may be amended from time to time) bifurcation of the term of a HOME or NSP LURA with the Department that requires a longer affordability period than the minimum federal requirement, into a federal and state affordability period; or

(F) A correction of error.

(2) Material LURA Amendments. Development Owners seeking LURA amendment requests that require

Board approval must submit the request and all required documentation necessary for staff's review of the request to the Department at least 45 calendar days prior to the Board meeting at which the amendment is anticipated to be considered. Before the 15th day preceding the date of Board action on the amendment, notice of an amendment and the recommendation of the Executive Director and Department staff regarding the amendment will be posted to the Department's website and the Applicant will be notified of the posting (§2306.6717(a)(4)). The Board must consider the following material LURA amendments:

(A) Reductions to the number of Low-Income Units;

(B) Changes to the income or rent restrictions;

(C) Changes to the Target Population;

(D) The removal of material participation by a Nonprofit Organization as further described in §10.406 of this subchapter;

(E) The removal of material participation by a HUB prior to filing of IRS Form(s) 8609;

(F) Any amendment that affects a right enforceable by a tenant or other third party under the LURA; or

(G) Any LURA amendment deemed material by the Executive Director.

(3) Prior to staff taking a recommendation to the Board for consideration, the Development Owner must provide reasonable notice and hold a public hearing regarding the requested amendment(s) at least 20 business days prior to the scheduled Board meeting where the request will be considered. Development Owners will be required to submit a copy of the notification with the amendment request. If a LURA amendment is requested prior to issuance of IRS Form(s) 8609 by the Department, notification must be provided to the recipients described in subparagraphs (A) - (E) of this paragraph. If an amendment is requested after issuance of IRS Form(s) 8609 by the Department, notification must be provided to the recipients described in subparagraph (A) - (B) of this paragraph. Notifications include:

(A) Each tenant of the Development;

(B) The current lender(s) and investor(s);

(C) The State Senator and State Representative of the districts whose boundaries include the Development Site;

(D) The chief elected official for the municipality (if the Development Site is within a municipality or its extraterritorial jurisdiction); and

(E) The county commissioners of the county in which the Development Site is located (if the Development Site is located outside of a municipality).

(4) Contents of Notification. The notification must include, at a minimum, all of the information described in subparagraphs (A) - (D) of this paragraph:

(A) The Development Owner's name, address and an individual contact name and phone number;

(B) The Development's name, address, and city;

(C) The change(s) requested; and

(D) The date, time, and location of the public hearing where the change(s) will be discussed.

(5) Verification of public hearing. Minutes of the public hearing and attendance sheet must be submitted to the Department within three business days after the date of the public hearing.

(6) Approval. Once the LURA Amendment has been approved administratively or by the Board, as applicable, Department staff will provide the Development Owner with a LURA amendment for execution and recording in the county where the Development is located.

(c) HTC Extensions. Extensions must be requested if the original deadline associated with Carryover, the 10% Test (including submission and expenditure deadlines), construction status reports, or cost certification requirements will not be met. Extension requests submitted at least 30 calendar days in advance of the applicable original deadline will not be required to submit an extension fee as described in §11.901 of this title. Any extension request submitted fewer than 30 days in advance of the applicable original deadline or after the original deadline will not be processed unless accompanied by the applicable fee. Extension requests will be approved by the Executive Director or designee, unless, at staff's discretion it warrants Board approval due to extenuating circumstances stated in the request. The extension request must specify a requested extension date and the reason why such an extension is required. If the Development Owner is requesting an extension to the Carryover submission or 10% Test deadline(s), a point deduction evaluation will be completed in accordance with Tex. Gov't Code, §2306.6710(b)(2), and §11.9(f) of this title (relating to Factors Affecting Scoring and Eligibility in current and future Application Rounds). Therefore, the Development Owner must clearly describe in their request for an extension how the need for the extension was beyond the reasonable control of the Applicant/Development Owner and could not have been reasonably anticipated. Carryover extension requests will not be granted an extended deadline later than December 1st of the year the Commitment was issued.

§10.406 Ownership Transfers (§2306.6713)

(a) Ownership Transfer Notification. All multifamily Development Owners must provide written notice and a completed Ownership Transfer packet, if applicable, to the Department at least 45 calendar days prior to any sale, transfer, or exchange of the Development or any portion of or Controlling interest in the Development. Except as otherwise provided herein, the Executive Director's prior written approval of any such transfer is required. The Executive Director may not unreasonably withhold approval of the transfer requested in compliance with this section.

(b) Exceptions. The exceptions to the ownership transfer process in this subsection are applicable.

(1) A Development Owner shall be required to notify the Department but shall not be required to obtain Executive Director approval when the transferee is an Affiliate of the Development Owner with no new Principals, or the transferee is a Related Party who does not Control the Development and the transfer is being made for estate planning purposes.

(2) Transfers that are the result of an involuntary removal of the general partner by the investment limited partner do not require advance approval, but must be reported to the Department as soon as possible due to the sensitive timing and nature of this decision. In the event the investment limited partner has proposed a new general partner or will permanently replace the general partner, a full Ownership Transfer packet must be submitted.

(3) Changes to the investment limited partner, non-Controlling limited partner, or other non-Controlling partners affiliated with the investment limited partner do not require Executive Director approval. A General Partner's acquisition of the interest of the investment limited partner does not require Executive Director approval, unless some other change in ownership is occurring as part of the same overall transaction.

(4) Changes resulting from foreclosure do not require advance approval but acquiring parties must notify the Department as soon as possible of the revised ownership structure and ownership contact information.

(5) Changes resulting from a deed-in-lieu of foreclosure do not require Executive Director approval. However, advance notification must be provided to both the Department and to the tenants at least 30 days prior to finalizing the transfer. This notification must include information regarding the applicable rent/income requirements post deed-in-lieu of foreclosure.

(c) General Requirements.

(1) Any new Principal in the ownership of a Development must be eligible under §11.202 of Subchapter C (relating to Ineligible Applicants and Applications). In addition, Persons and Principals will be reviewed in accordance with Chapter 1, Subchapter C of this title (relating to Previous Participation and Executive Award Review and Advisory Committee).

(2) Changes in Developers or Guarantors must be addressed as non-material amendments to the application under §10.405 of this Subchapter.

(3) To the extent an investment limited partner or its Affiliate assumes a Controlling interest in a Development Owner, such acquisition shall be subject to the Ownership Transfer requirements set forth herein. Principals of the investment limited partner or Affiliate will be considered new Principals and will be reviewed as stated under paragraph (1) of this subsection.

(4) Simultaneous transfer or concurrent offering for sale of the General Partner's and Limited Partner's control and interest will be subject to the Ownership Transfer requirements set forth herein and will trigger a Right of First Refusal, if applicable.

(5) Any initial operating, capitalized operating, or replacement reserves funded with an allocation from the HOME American Rescue Plan (HOME-ARP) and Special Reserves required by the Department must remain with the Development.

(d) Transfer Actions Warranting Debarment. If the Department determines that the transfer, involuntary removal, or replacement was due to a default by the General Partner under the Limited Partnership Agreement, or other detrimental action that put the Development at risk of failure or the Department at risk for financial exposure as a result of non-compliance, staff will refer the matter to the Enforcement Committee for debarment consideration pursuant to §2.401 of this title (relating to Enforcement, Debarment from Participation in Programs Administered by the Department). In addition, a record of transfer involving Principals in new proposed awards will be reported and may be taken into consideration in accordance with Chapter 1, Subchapter C of this title (relating to Previous Participation and Executive Award Review and Advisory Committee), prior to recommending any new financing or allocation of credits.

(e) Transfers Prior to 8609 Issuance or Construction Completion. Prior to the issuance of IRS Form(s) 8609 (for Housing Tax Credits) or the completion of construction (for all Developments funded through other Department programs), an Applicant may request a change to its ownership structure to add Principals or

to remove Principals provided not all controlling Principals identified in the Application will be removed. The party(ies) reflected in the Application as having Control must remain in the ownership structure and retain Control, unless approved otherwise by the Executive Director. A development sponsor, General Partner or Development Owner may not sell the Development in whole or voluntarily end their Control prior to the issuance of 8609s. In addition, for Competitive HTC Developments, changes in the ownership structure for the addition of a public facility corporation, a housing finance corporation, or a public housing authority prior to the issuance of 8609s that will result in a 100% property tax exemption that was not previously reflected in the Application, require a resolution of support from the municipality or a letter of support from the mayor or city manager, or if the Development is not within a municipality or its Extra Territorial Jurisdiction (ETJ), a resolution of support from the commissioners court or letter of support from the county judge.

(f) Nonprofit Organizations. If the ownership transfer request is to replace a nonprofit organization within the Development ownership entity, the replacement nonprofit entity must adhere to the requirements in paragraph (1) or (2) of this subsection.

(1) If the LURA requires ownership or material participation in ownership by a Qualified Nonprofit Organization, and the Development received Tax Credits pursuant to §42(h)(5) of the Code, the transferee must be a Qualified Nonprofit Organization that meets the requirements of §42(h)(5) of the Code and Tex. Gov't Code §2306.6706, if applicable, and can demonstrate planned participation in the operation of the Development on a regular, continuous, and substantial basis.

(2) If the LURA requires ownership or material participation in ownership by a nonprofit organization or CHDO, the Development Owner must show that the transferee is a nonprofit organization or CHDO, as applicable, that complies with the LURA. If the transferee has been certified as a CHDO by TDHCA prior to 2016 or has not previously been certified as a CHDO by TDHCA, a new CHDO certification package must be submitted for review. If the transferee was certified as a CHDO by TDHCA after 2016, provided no new federal guidance or rules concerning CHDO have been released and the proposed ownership structure at the time of review meets the requirements in 24 CFR Part 92, the CHDO may instead submit a CHDO Self-Certification form with the Ownership Transfer package.

(3) Exceptions to paragraphs (1) and (2) of this subsection may be made on a case by case basis if the Development (for MFDL) is past its Federal Affordability Period or (for HTC Developments) is past its Compliance Period, was not reported to the IRS as part of the Department's Nonprofit Set Aside in any HTC Award year, and follows the procedures outlined in §10.405(b)(1) - (5) of this subchapter. The Board must find that:

(A) The selling nonprofit is acting of its own volition or is being removed as the result of a default under the organizational documents of the Development Owner;

(B) The participation by the nonprofit was substantive and meaningful during the full term of the Compliance Period but is no longer substantive or meaningful to the operations of the Development; and

(C) The proposed purchaser is an affiliate of the current Owner or otherwise meets the Department's standards for ownership transfers.

(g) Historically Underutilized Business (HUB) Organizations. If a HUB is the general partner or special limited partner of a Development Owner and it determines to sell its ownership interest, after the issuance of IRS Form(s) 8609, the purchaser of that partnership interest or the general or special limited partner is not required to be a HUB as long as the LURA does not require it or the procedure described in §10.405(b)(1) of

this chapter (relating to Non-Material LURA Amendments) has been followed and approved. The removal of a HUB requirement prior to filing of IRS Form(s) 8609 is subject to the procedure described in §10.405(b)(2) of this Chapter (relating to Material LURA Amendments).

(h) Documentation Required. A Development Owner must submit documentation requested by the Department to enable the Department to understand fully the facts and circumstances pertaining to the transfer and the effects of approval or denial. Documentation must be submitted as directed in the Post Award Activities Manual, which includes but is not limited to:

(1) A written explanation outlining the reason for the request;

(2) Ownership transfer information, including but not limited to the type of sale, terms of any new financing introduced as a result of the transfer, amount of Development reserves to transfer in the event of a property sale, and the prospective closing date;

(3) Pre- and post-transfer organizational charts with TINs of each organization down to the level of natural persons in the ownership structure as described in §11.204(12)(B) of Subchapter C of this title (relating to Required Documentation for Application Submission);

(4) A list of the names and contact information for transferees and Related Parties;

(5) Previous Participation information for any new Principal as described in §11.204(12)(C) of this title (relating to Required Documentation for Application Submission);

(6) Agreements among parties associated with the transfer;

(7) Owners Certifications with regard to materials submitted as further described in the Post Award Activities Manual;

(8) Detailed information describing the organizational structure, experience, and financial capacity of any party holding a controlling interest in any Principal or Controlling entity of the prospective Development Owner;

(9) Evidence and certification that the tenants in the Development have been notified in writing of the proposed transfer at least 30 calendar days prior to the date the transfer is approved by the Department. The ownership transfer approval letter will not be issued until this 30-day period has expired; and

~~(10) For changes in the ownership structure that will result in a property tax exemption, a resolution of support from the municipality or a letter of support from the mayor, or if the Development is not within a municipality or its Extra Territorial Jurisdiction (ETJ), a resolution of support from the commissioners court or letter of support from the county judge. The documentation for this item must explicitly confirm the continued support of the Development with the property tax exemption; and~~

(~~11~~10) Any required exhibits and the list of exhibits related to specific circumstances of transfer or Ownership as detailed in the Post Award Activities Manual.

(i) Once the Department receives all necessary information under this section and as required under the Post Award Activities Manual, staff shall initiate a qualifications review of a transferee, in accordance with Chapter 1, Subchapter C of this title (relating to Previous Participation and Executive Award Review and Advisory Committee), to determine the transferee's past compliance with all aspects of the Department's

programs, LURAs and eligibility under this chapter and §11.202 of this title (relating to Ineligible Applicants and Applications).

(j) Credit Limitation. As it relates to the Housing Tax Credit amount further described in §11.4(a) of this title (relating to Tax Credit Request and Award Limits), the credit amount will not be applied in circumstances described in paragraphs (1) and (2) of this subsection:

(1) In cases of transfers in which the syndicator, investor or limited partner is taking over ownership of the Development and not merely replacing the general partner; or

(2) In cases where the general partner is being replaced if the award of credits was made at least five years prior to the transfer request date.

(k) Penalties, Past Due Fees, and Underfunded Reserves. The Development Owner must comply with any additional documentation requirements as stated in Subchapter F of this chapter (relating to Compliance Monitoring) and Subchapter G of this chapter (relating to Affirmative Marketing Requirements and Written Policies and Procedures). The Development Owner on record with the Department will be liable for any penalties or fees imposed by the Department (even if such penalty can be attributable to the new Development Owner) unless an ownership transfer has been approved by the Department. In the event a transferring Development has a history of uncorrected UPCS or NSPIRE violations, ongoing issues related to keeping housing sanitary, safe, and decent, an account balance below the annual reserve deposit amount as specified in §10.404(a) (relating to Replacement Reserve Accounts), or that appears insufficient to meet capital expenditure needs as indicated by the number or cost of repairs included in a PNA or SCR, the prospective Development Owner may be required to establish and maintain a replacement reserve account or increase the amount of regular deposits to the replacement reserve account by entering into a Reserve Agreement with the Department. The Department may also request a plan and timeline relating to needed repairs or renovations that will be completed by the departing and/or incoming Owner as a condition to approving the Transfer. A PNA or SCR may be requested if one has not already been received under §10.404 of this section (relating to Reserve Accounts).

(l) Ownership Transfer Processing Fee. The ownership transfer request must be accompanied by the corresponding ownership transfer fee as outlined in §11.901 of this title (relating to Fee Schedule).

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #:987 **Agenda Date: 04/10/2025** **Agenda #: 25.**

Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.3(e) for Fair Park Landing (25047)

PULLED FROM THE AGENDA

Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 988 **Agenda Date:** 4/10/2025 **Agenda #:** 26.

Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.9(d)(5) for Residences at Seley Park (25188)

RECOMMENDED ACTION

WHEREAS, the Department received a Competitive (9%) Housing Tax Credit Application for Residences at Seley Park (25188) on February 28, 2025, which is located in State House District 56, represented by Representative Pat Curry;

WHEREAS, a letter of opposition was submitted to the Department on February 28, 2025, by Representative Curry, in accordance with 10 TAC §11.9(d)(5), which results in an eight-point deduction under the scoring criteria for Community Support from a State Representative;

WHEREAS, 10 TAC §11.9(d)(5)(A) expressly prohibits changes or withdrawal of a letter from a State Representative once it has been submitted to the Department, and the Representative has not expressed to the Department a desire to withdraw the opposition letter; and

WHEREAS, the Applicant has submitted a waiver request asking that the opposition letter be withdrawn;

NOW, therefore, it is hereby

RESOLVED, that the waiver of 10 TAC §11.9(d)(5)(A) for Residences at Seley Park is denied.

BACKGROUND

Residences at Seley Park is a 2025 Competitive (9%) Housing Tax Credit Application that requests $1,643,278 in housing tax credits for the New Construction and Adaptive Reuse of 49 units in Waco, McLennan County. The Development is located in State House District 56, currently represented by Rep. Curry.

In accordance with 10 TAC §11.9(d)(5), an application may receive up to eight points if a letter of support is submitted by the relevant State Representative by the Full Application Delivery Date; however, on February 28, 2025, Rep. Curry submitted a letter explicitly stating opposition to the Development. Per Department rules, this results in an eight-point deduction.

In accordance with 10 TAC §11.9(d)(5)(A), “once a letter is submitted to the Department it may not be changed or withdrawn,” and as a result, there is no opportunity under the rules for the Applicant to have this letter removed from consideration in the Application’s evaluation.

Because of this, the Applicant submitted a waiver request that asks the Department to allow the Representative to withdraw or amend the original letter and substitute a revised version that does not oppose the Development. The Representative's office has not contacted the Department to express a desire to withdraw or amend the opposition letter.

While Department Staff recognizes that the proposed Development has merits, state statute requires that negative points be awarded when an opposition letter is received from the State Representative. Tex. Gov't Code Sec. 2306.6710(f) states that:

> (f) In evaluating the level of community support for an application under Subsection (b)(1)(J), the department shall award:
>
> (1) positive points for positive written statements received;
> (2) negative points for negative written statements received; and
> (3) zero points for neutral statements received.

The Board has approved two waiver requests of this same provision of the rules within the last two years; however, there is a clear distinction between those requests and this one. For the prior requests, the relevant State Representatives both provided a revised letter prior to the Full Application Delivery Date, and both State Representative expressed a desire to withdraw their initial letter. For the subject Application, no such letter was received prior to that date. This distinction is important, because Tex. Gov't Code §2306.6708 prohibits an Applicant from changing or supplementing and Application after the filing deadline except at the Department's request.

The Applicant contends that granting the waiver would advance several statutory purposes under Tex. Gov't Code Chapter 2306, including increasing the supply of affordable housing; however, the request does not establish that this specific waiver is needed for this specific Application in order to meet those purposes, as there are other Applications in the subregion that do not require such a waiver to move forward.

In summary, the opposition letter from the State Representative was received prior to the Full Application Delivery Date, and in accordance with statute, this results in a point deduction for the Application. Department rules prohibit the letter from being withdrawn, and state statute prohibits the Application from being changed or supplemented after the filing deadline. No alternative letter was submitted by the State Representative either before or after the filing deadline, and the Representative's office has not contacted the Department to request that the opposition letter be withdrawn. Because of this, staff recommends that the waiver of 10 TAC §11.9(d)(5)(A) be denied.

Elizabeth Property Group

www.elizabethpropertygroup.com

February 28, 2025

Mr. Bobby Wilkinson

Executive Director

Texas Department of Housing and Community Affairs

221 East 11th Street Austin, TX 78701

Re: Waiver Request for Residences at Seley Park, TDHCA #25188 – Section 11.9(d)(5)(A) and (B) of the 2025 Qualified Allocation Plan, Community Support from State Representative

Dear Mr. Wilkinson,

The applicant for Residences at Seley Park, LP (the "Applicant"), respectfully requests a waiver of Section 11.9(d)(5)(A) and (B) of the 2025 Qualified Allocation Plan related to Community Support from State Representative. Specifically, the Applicant requests a waiver of the requirement that "Once a letter is submitted to the Department it may not be changed or withdrawn." Residences at Seley Park (the "Development") is within District 56 and represented by State Representative Pat Curry. On February 28, 2025, Rep. Curry submitted a letter to TDHCA expressing opposition related to the Development (the "Original Letter").

The Representative is a freshman and all prior indications had implied project support, including from local neighborhood organizations, constituents, nonprofits, City of Waco staff and City of Waco City Council, with no known public opposition. The proposed project received a resolution of support from the City of Waco on February 18, 2025.

Upon learning of the submission of the Original Letter on February 28, 2025, the Developer, Waco City Council members, local neighborhood groups and nonprofits, all reached out to the Representative's office for clarification as there was none provided in the Original Letter. We are in the process of receiving an amended letter to replace the Original Letter, demonstrating that the Representative is not in opposition to the proposed development.

We respectfully request that TDHCA allow State Representative Curry to revoke the Original Letter as requested, and that TDHCA award the Development 8 points on the basis of the Revised Letter, in accordance with Section 11.9(d)(5)(B) of the 2025 Qualified Allocation Plan.

In accordance with 10 TAC §11.207(2), a waiver must establish how granting the waiver will better serve specific sections of the TDHCA's governing statute, Chapter 2306, than not granting the waiver. The Applicant asserts that granting the subject waiver request will better serve the following policies and purposes in Chapter 2306:

- "provide for the housing needs of individuals and families of low, very low, and extremely low income and families of moderate income" (§2306.001(2));
- "rehabilitate or perform an adaptive reuse of a certified historic structure, as defined by Section 171.901(1), Tax Code, as part of the development" ((§2306.672 (6)))
- "encourage the development and preservation of appropriate types of rental housing for households that have difficulty finding suitable, affordable rental housing in the private marketplace" (§2306.6701(1)); and
- "maximize the number of suitable, affordable residential rental units added to the state's housing supply" (§2306.6701(2)); and

Approval of this waiver will facilitate the development of a multifamily property targeting low-income Texans, as well as support the adaptive reuse of an architecturally significant property in a historically important Waco neighborhood.

The waiver will allow the Applicant to provide suitable, affordable rental units on the proposed site, which is located in a significantly underserved and a highly desirable, high opportunity area of the state. The waiver will allow the applicant to add much needed affordable rental units to the state's housing supply.

Based on the information contained herein, the Applicant asserts that this request for a waiver meets all elements of the QAP's provisions governing the granting of a waiver. We respectfully request that staff and the board support a waiver of Section 11.9(d)(5)(A) and (B) of the 2025 Qualified Allocation Plan. We believe that the unique characteristics of the Residences at Seley Park development are an ideal example of the need for a waiver process. Should additional information to support this waiver request be necessary, we will make every effort to provide the information in a timely manner. Thank you for your consideration.

Sincerely,

Tisha Vaidya

Authorized Representative

STATE OF TEXAS HOUSE OF REPRESENTATIVES

PAT CURRY

District 56

Texas Department of Housing and Community Affairs
Multifamily Finance Division
Attention: Cody Campbell
221 East 11th Street
Austin, Texas 78701

RE: Statement of Opposition for The Residences at Seley Park Senior Living, 925 N. 18th Street, Waco, Texas 76707 (TDHCA# 25188).

Dear Mr. Campbell,

As the State Representative for District 56, which includes the proposed development site for The Residences at Seley Park Senior Living located at 925 N. 18th Street, Waco, Texas 76707, I am writing to confirm my opposition regarding the application submitted to the Texas Department of Housing and Community Affairs (TDHCA) for 2025 Competitive 9% Housing Tax Credits (TDHCA# 25188).

I am opposed to this application. I prefer a different application for elderly housing located elsewhere in my District that I believe is situated in a more suitable location for seniors. I anticipate that this letter will be awarded zero points under TDHCA's scoring criteria.

If you have any questions regarding this statement, please feel free to contact my office at (512) 463-0135 or pat.curry@house.texas.gov

Sincerely,

Representative Pat Curry
House District 56

P.O. Box 2910 · E1.512 · Austin, Texas 78768-2910 · (512) 463-0135
204 Woodhew Drive · Waco, Texas 76712 · (254) 754-3892
pat.curry@house.texas.gov