



December Board Meeting

To be held at the offices of
Texas State Affordable Housing Corporation
6701 Shirley Avenue
Austin, TX 78752

Tuesday, December 6, 2022
10:30 a.m.

**TEXAS STATE AFFORDABLE HOUSING CORPORATION
BOARD MEETING
AGENDA**

**To be held at the offices of
Texas State Affordable Housing Corporation
6701 Shirley Avenue
Austin, Texas 78752**

**December 6, 2022
10:30 A.M.**

CALL TO ORDER

ROLL CALL

Bill Dietz, Chair

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.**

The Board of Directors of Texas State Affordable Housing Corporation will meet to consider and possibly act on the following:

PUBLIC COMMENT

PRESIDENT’S REPORT

David Long

Tab A: Homeownership Finance Report
Tab B: Development Finance Report
Tab C: Quarterly Compliance and Resident Services Reports
Tab D: Quarterly Fundraising Report
Tab E: Monthly Financial Reports

ACTION ITEMS IN OPEN MEETING:

- | | |
|-------|--|
| Tab 1 | Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on October 18, 2022. |
| Tab 2 | Presentation, Discussion and Possible Approval of the Fiscal Year 2022 Annual Independent Financial and Single Audit Reports. |
| Tab 3 | Presentation, Discussion and Possible Approval of a Resolution Regarding the Submission of One or More Applications for Allocation of Private Activity Bonds to the Texas Bond Review Board for Qualified Mortgage Revenue Bonds. |
| Tab 4 | Presentation, Discussion and Possible Approval of a Resolution Authorizing the Issuance, Sale and Delivery of Single Family Mortgage Revenue Bonds, Series 2023A (Non-AMT); Authorizing a Trust Indenture, Official Statement, Bond Purchase Agreement and Continuing Disclosure Agreement Relating to Such Bonds, Making Certain Findings and Determinations; Authorizing the Execution of Documents and Instruments Necessary or Convenient to Carry Out the Texas State Affordable Housing Corporation Single Family Home Loan Program Relating to Such Bonds; and Containing Other Matters Incident and Related Thereto. |
| Tab 5 | Presentation, Discussion and Possible Approval of a Resolution Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond |

Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for Juniper Creek Apartments.

- Tab 6 Presentation, Discussion and Possible Approval of a Resolution Authorizing the Texas State Affordable Housing Corporation to take preliminary action to carry out the financing of Juniper Creek located in Austin, Texas, including creating entities, negotiating finance documents, and filing applications to obtain debt and grant financing for the Project.
- Tab 7 Presentation, Discussion and Possible Approval of a Resolution Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for Norman Commons Apartments.
- Tab 8 Presentation, Discussion and Possible Approval of a Resolution approving a Texas Housing Impact Fund Loan to June West, LLC in an amount not to exceed \$3,000,000 for the June West Apartments project.
- Tab 9 Presentation, Discussion and Possible Approval for Publication and Public Comment of the Draft of the Texas State Affordable Housing Corporation's 2023 Annual Action Plan.
- Tab 10 Presentation, Discussion and Possible Approval of the Texas Foundations Fund: Disaster Recovery Guidelines.

CLOSED MEETING:

Consultation with legal counsel on legal matters – Texas Government Code § 551.071

Deliberation regarding purchase, exchange, lease, or value of real property – Texas Government Code § 551.072

Deliberation regarding prospective gift or donation to the state or Texas State Affordable Housing Corporation – Texas Government Code § 551.073

Personnel Matters – Texas Government Code § 551.074

Implementation of security personnel or devices – Texas Government Code § 551.076

Other matters authorized under the Texas Government Code

ACTION ITEMS IN OPEN MEETING:

Action in Open Meeting on Items Discussed in Closed Executive Session

ANNOUNCEMENTS AND CLOSING COMMENTS

ADJOURN

A Board member of the Corporation may participate in a Board meeting by video conference pursuant to Section 551.127 of the Texas Government Code. A quorum of the Board will meet at the Texas State Affordable Housing Corporation's headquarters located at 6701 Shirley Avenue., Austin Texas, 78752.

Individuals who require auxiliary aids or services for this meeting should contact Rebecca DeLeon, ADA Responsible Employee, at 512-220-1174 or Relay Texas at 1-800-735-2989 at least two days before the meeting so that the appropriate arrangements can be made.

Section 46.035 of the Texas Penal Code prohibits handgun licensees from carrying their handguns at government meetings such as this one. This prohibition applies to both concealed carry and open carry by handgun licensees. Handgun licensees are required by law to refrain from carrying their handguns at this meeting.

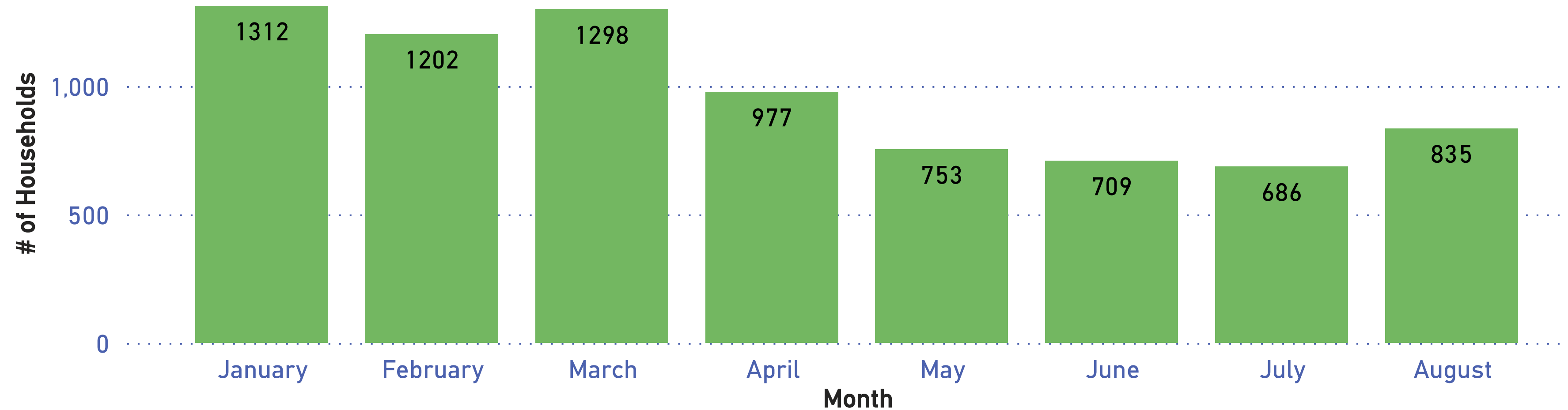
Texas State Affordable Housing Corporation reserves the right to recess this meeting (without adjourning) and convene at a later stated time, if and to the extent allowed by law. If Texas State Affordable Housing Corporation adjourns this meeting and reconvenes at a later time, the later meeting will be held in the same location as this meeting. Texas State Affordable Housing Corporation also reserves the right to proceed into a closed meeting during the meeting in accordance with the Open Meetings Act, Chapter 551 of the Texas Government Code. If permitted by the Open Meetings Act, Chapter 551 of the Texas Government Code, any item on this Agenda to be discussed in open meeting may also be discussed by the Board (and any other authorized persons) in closed meeting.

President's Report

Tab A

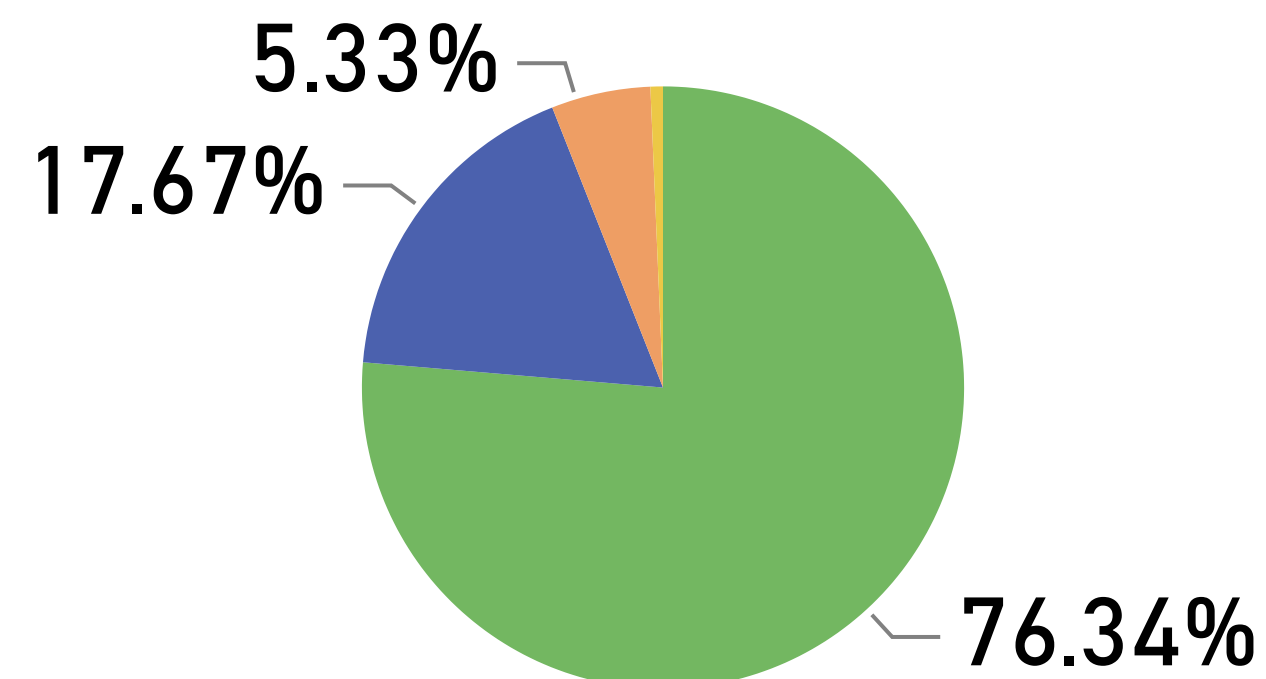
Homeownership Finance Report

of Households by Month



Loan Type

- FHA - Purchase
- Conv. - Purch.
- VA - Purchase
- USDA-RHS Purch.



68.90K

Average Annual Income

235K

Average of Loan Amount

5.32%

Average Interest Rate

690

Average Credit Score

7772

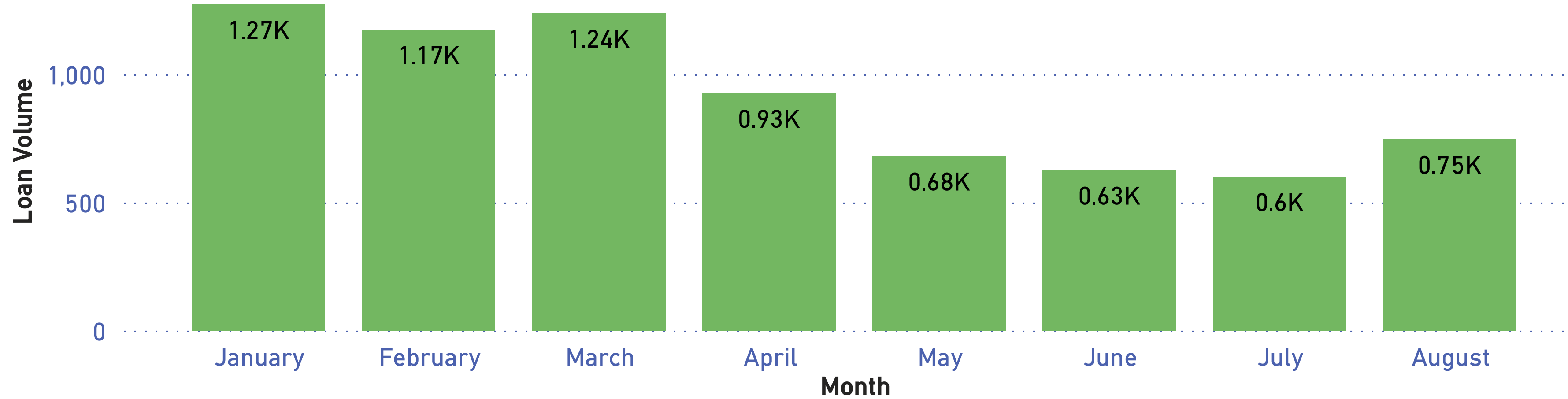
Households Served

2

Average Household Size

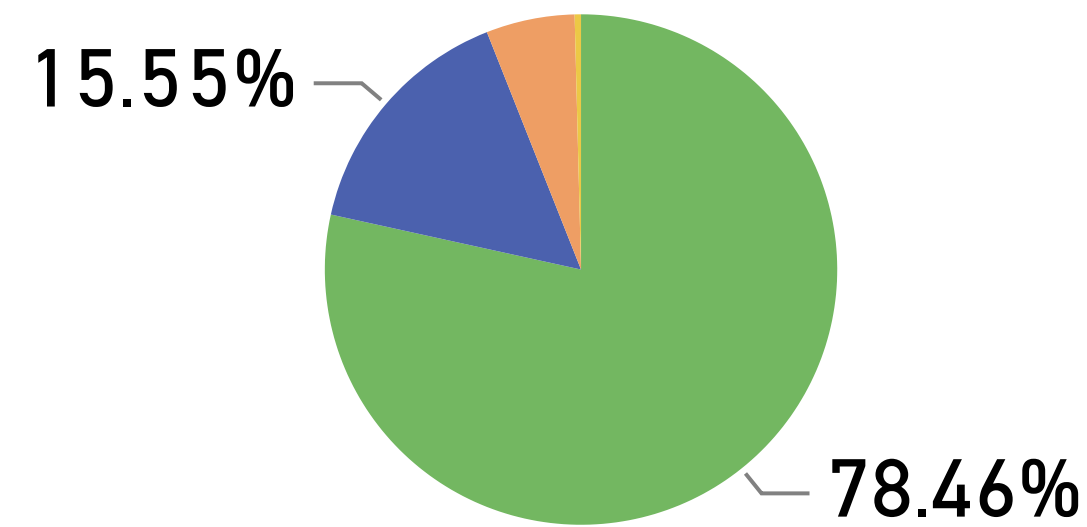
Homeownership DPA Snapshot

Loan Volume by Month



Loan Type

- FHA - Purch...
- Conv. - Purch.
- VA - Purchase
- USDA-RHS ...



\$8,231

Average DPA Awarded

\$59,799,987

Total DPA Awarded

69.60K

Average Annual Income

235K

Average Loan Amount

1709M

Total Loan Volume

7265

Households Served

5.35%

Average Interest Rate

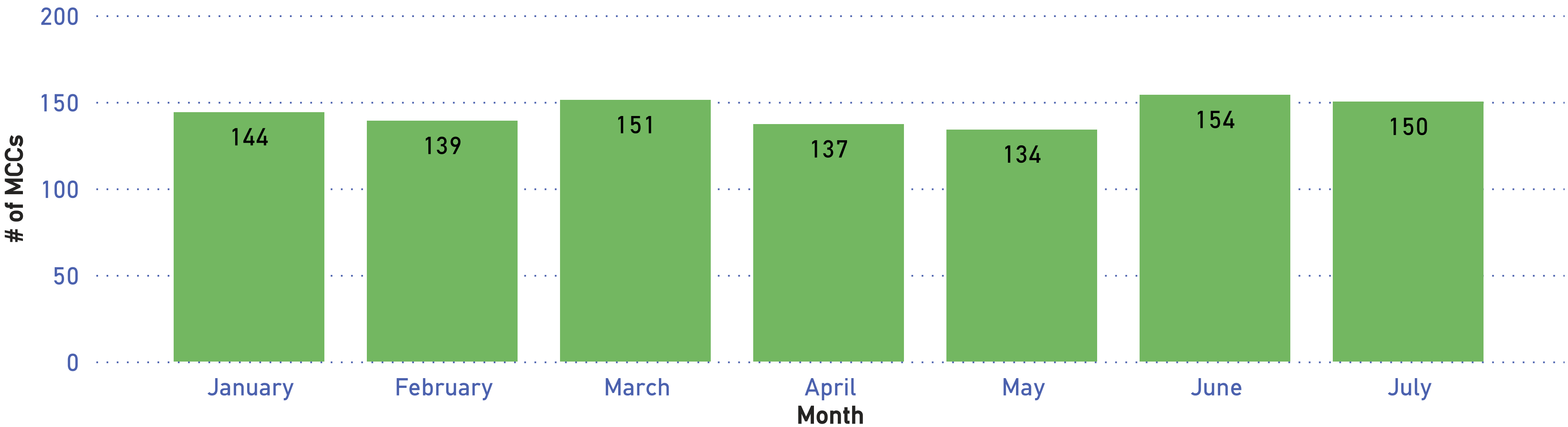
689

Average Credit Score

2

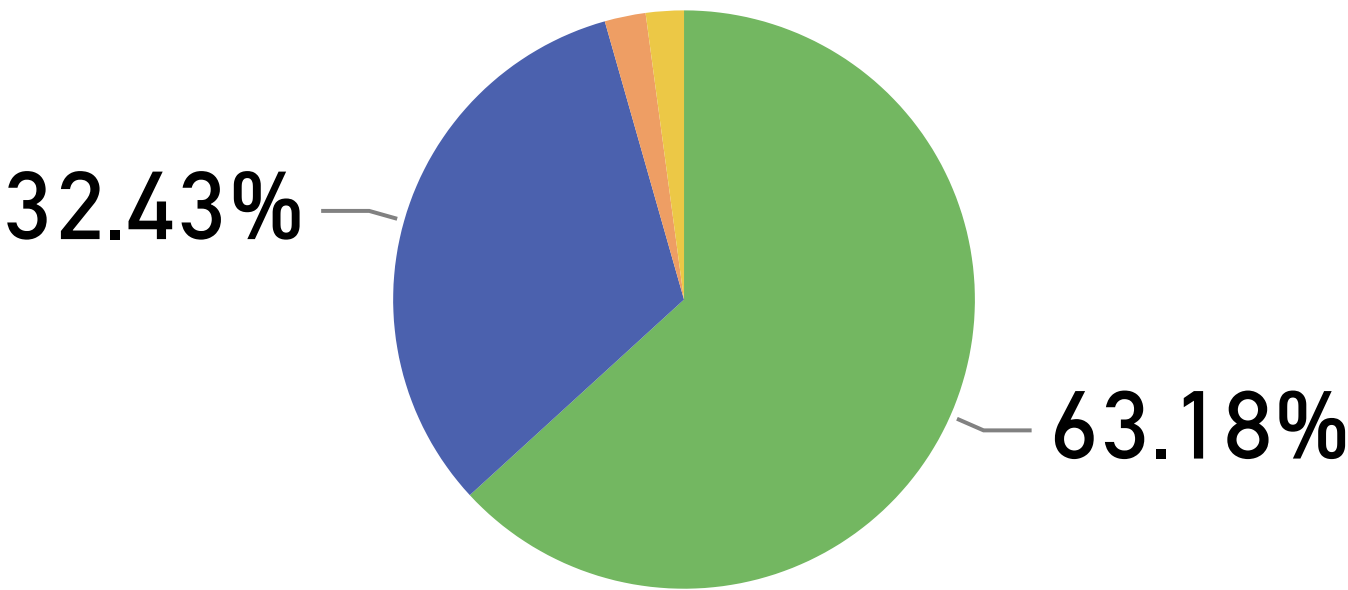
Average Household Size

of MCCs by Month



Loan Type

- FHA - Purchase
- Conv. - Purch.
- VA - Purchase
- USDA-RHS Purch.



61.61K

Average Annual Income

233K

Average of Loan Amount

5.15%

Average Interest Rate

700

Average Credit Score

1184

Issued MCCs

2

Average Household Size

Professions

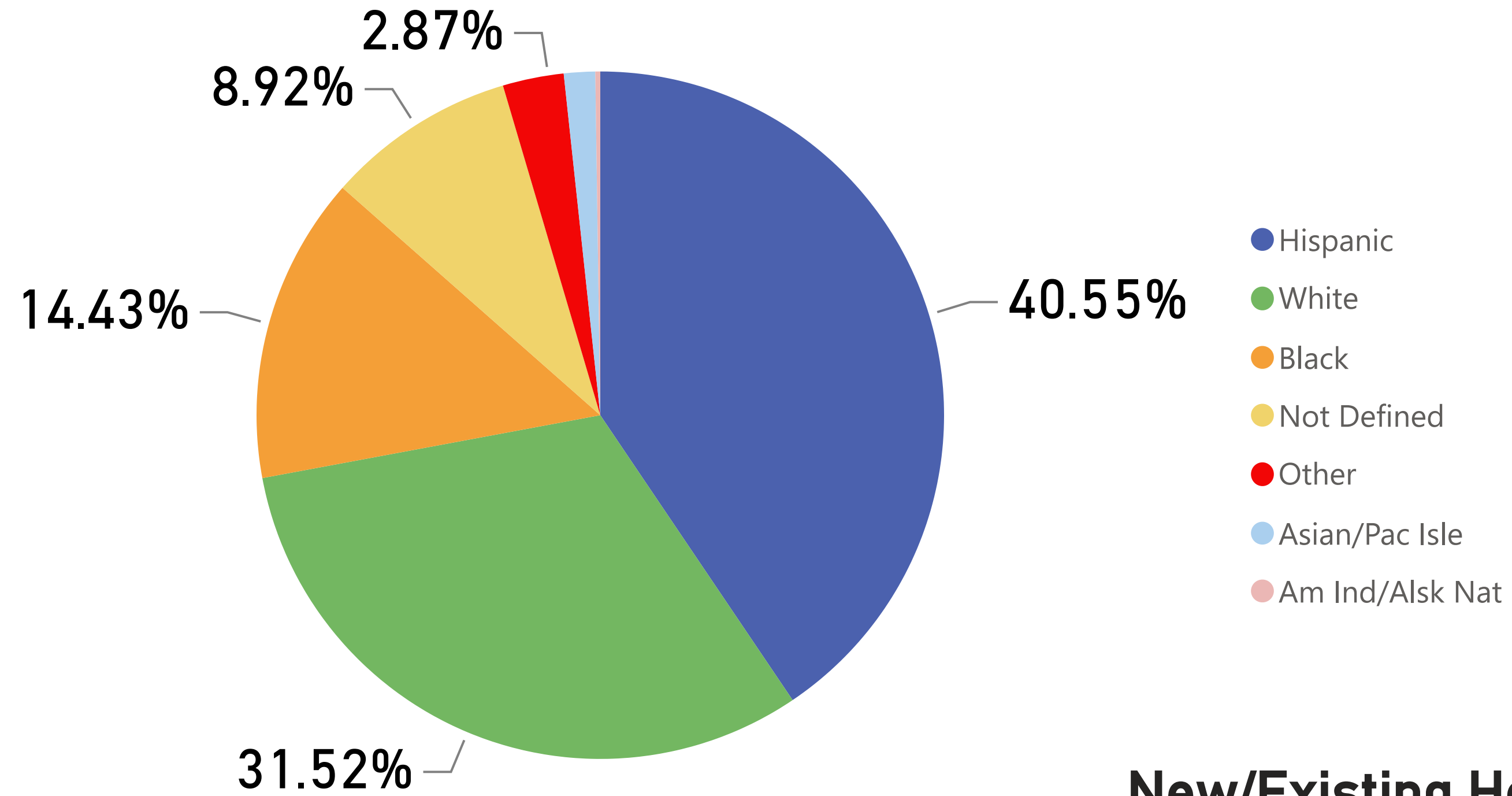
Occupation % of Total



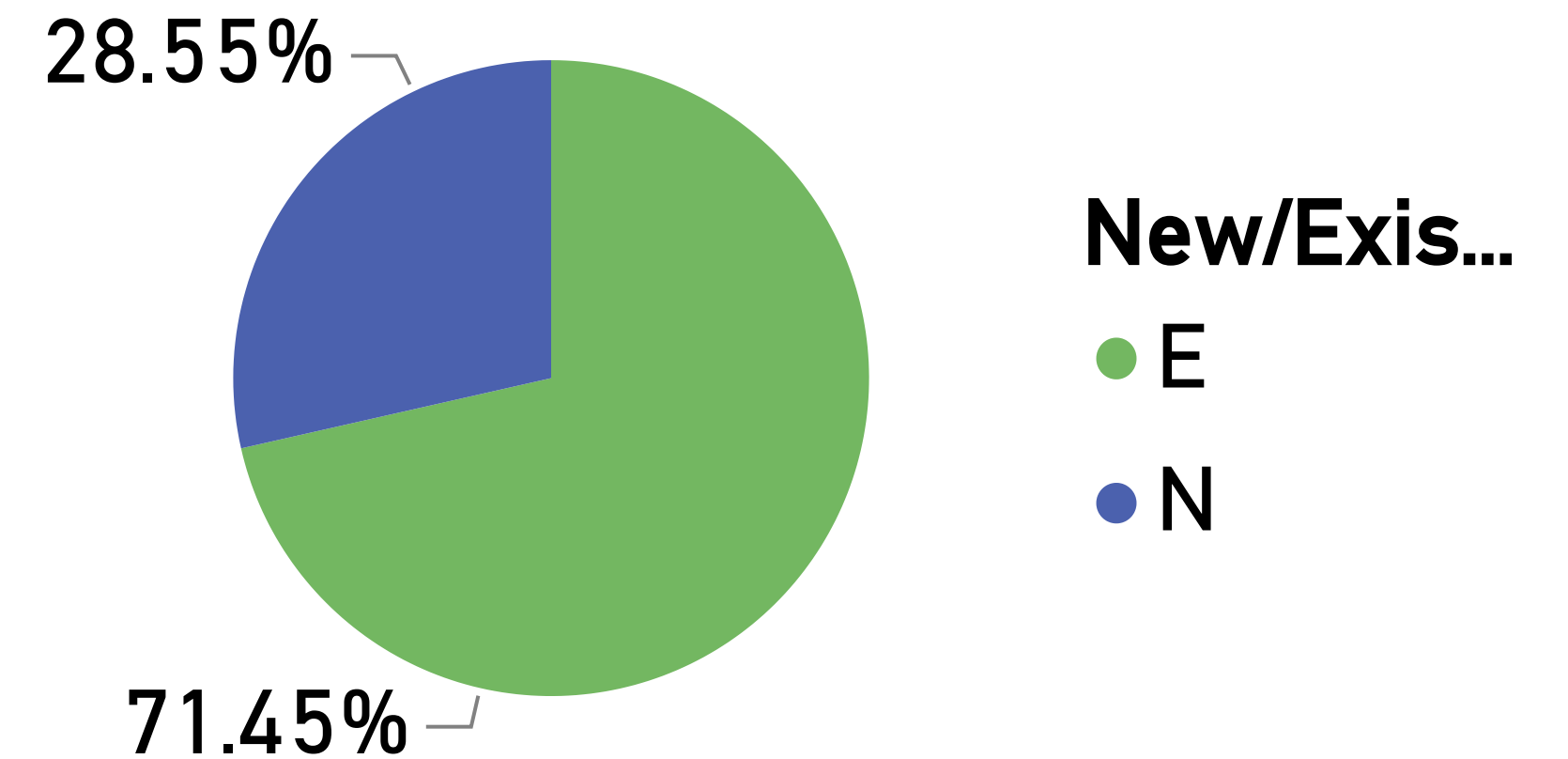
Other	85.58%
Teacher	5.71%
Veteran	2.68%
Active Military	1.21%
Peace Officer	0.99%
Prof Nurse Fac	0.83%
Fire Fighter	0.75%
Corrections Off	0.66%
Public Sec Off	0.29%
Allied Hlth Fac	0.28%
Sch Counselor	0.27%
Teacher Aide	0.27%
EMS Personnel	0.27%
County Jailer	0.13%
School Nurse	0.06%
Sch Librarian	0.02%

Total **100.00%**

Household Ethnicity



New/Existing Home



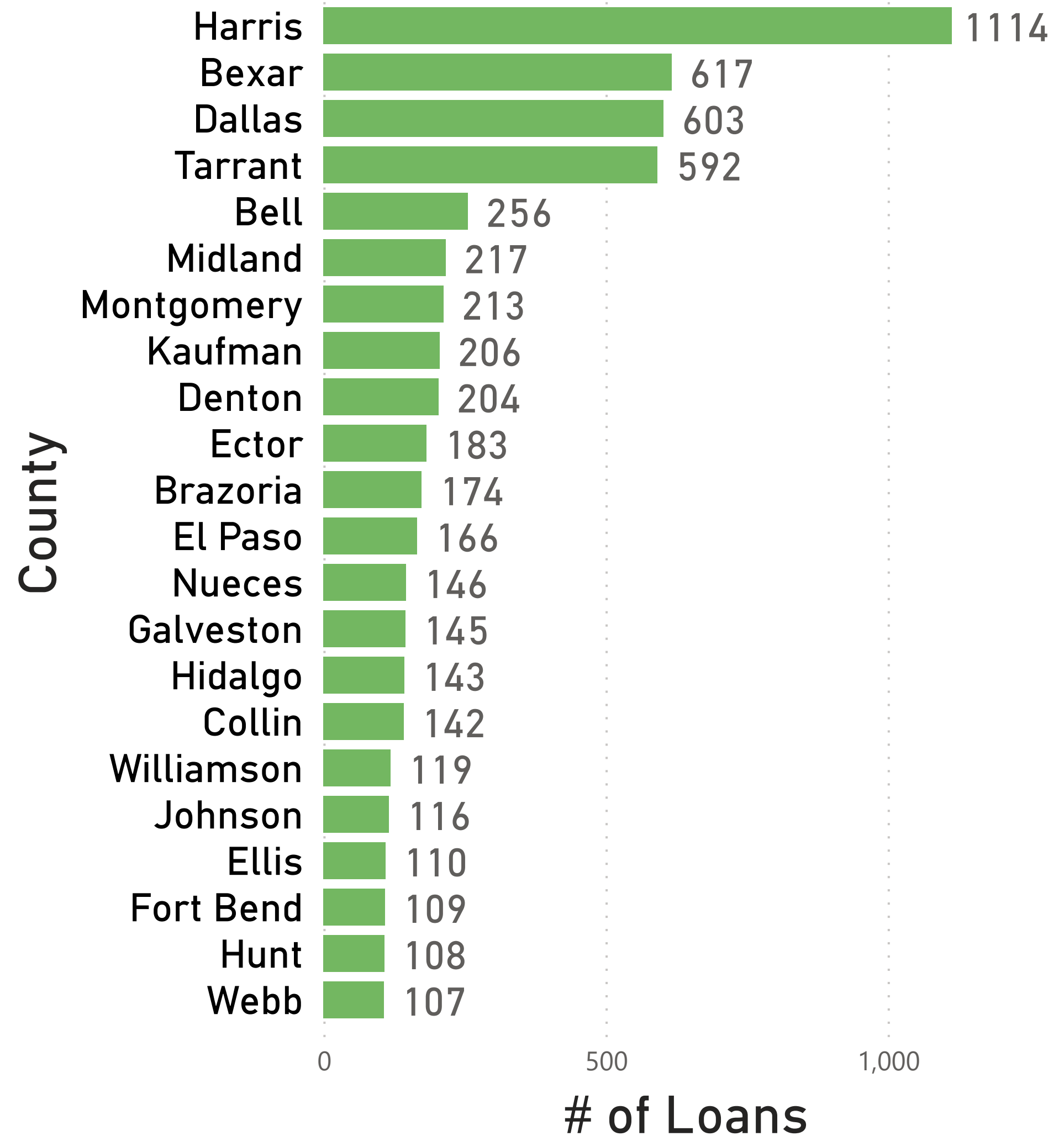
Top Lenders

Top Lenders

of Loans
▼

Top Lenders	# of Loans
Fairway Independent Mortgage Corporation	624
Everett Financial, dba Supreme Lending	574
Gateway Mortgage, a division of Gateway	466
Amcap Mortgage, LTD	308
PrimeLending	264
DHI Mortgage Company, Ltd.	261
SFMC, LP dba Service First Mortgage Comp	236
Cardinal Financial Company	234
loanDepot.com LLC	217
Guild Mortgage Corporation	193
Guaranteed Rate	179
CMG Mortgage, Inc. dba CMG Financial	177
American Pacific Mortgage Corporation	159
Security National Mortgage Company	146
KBHS Home Loan, LLC	136
T2 Financial dba Revolution Mortgage	123
Academy Mortgage Corporation	122
Thrive Mortgage, LLC	113
Ark-La-Tex Financial (Benchmark Mtg.)	106
Movement Mortgage, LLC	94
Lennar Mortgage, LLC	89
Crosscountry Mortgage, LLC	85
Total	5321

Top Originating Counties



Tab B

Development Finance Report

Affordable Communities of Texas Program (ACT)

This past month, TSAHC acquired a single-family home in Groves, Texas through the National Community Stabilization Trust (NCST). Longtime local partner, Legacy Community Development Corporation, will finance the purchase and rehabilitation with their existing revolving line of credit.

1418 N Navidad, in San Antonio, is under contract with an income eligible buyer. Staff is hopeful to complete the home sale by the end of the year.

Regarding our three ACT properties in Greenville, certificates of occupancy are anticipated by the end of the month. All three homes are being marketed to low- and moderate-income households and we have received one homebuyer application to date.

Here is a summary of the past months' portfolio activity:

Program	Portfolio as of October 1, 2022	Transferred	Sold	Portfolio as of November 17, 2022	Current Portfolio Value
ACT Land Bank	17			18	\$709,742.68
ACT Land Trust	1			1	\$650,000.00
Totals	18			19	\$1,359,742.68

Our current pipeline report:

- 2 properties listed for sale
- 7 homes under construction
- 3 properties leased to Local Partner
- 4 properties in predevelopment
- 3 properties searching for a Local Partner

Texas Housing Impact Fund

In November, TSAHC received full repayment of its short-term loan for the Saison North Apartments in Austin. Construction is now underway. The project's construction financing includes TSAHC's \$375,000 Affordable Housing Partnership (AHP) loan that requires the property to reserve five-units for persons with disabilities.

A closing for the Manor Town Phase II \$225,000 AHP loan also occurred mid-November. The project will have 20 total units with three units reserved for persons with disabilities.

This month, staff will present a proposed loan for the June West Apartments in Austin. The loan request is for \$3,000,000 in construction financing. Additional materials and a resolution are included in the board book.

Multifamily Bond Program

The La Vista de Lopez Project received approval from the Texas Bond Review Board on November 17, by unanimous vote. The 27-units senior housing project in Austin is expecting to close on all financing by mid-January 2023. La Vista de Lopez also includes a \$375,000 AHP loan that will close at the same time, and reserve five units for persons with disabilities.

Staff will present a new bond application for approval of an inducement bond resolution. Norman Crossing is a 156-unit apartment project located in Austin. The total bond amount requested is \$38 million, with a planned closing by August 2023. Additional details are included in the staff write-up for the agenda item.

Finally, staff is returning to the Board with two agenda items for the Juniper Creek project. The Board originally approved an inducement resolution for the project in January 2022. The first action requested of the Board is to increase the maximum bond amount for the project, while the second action will authorize TSAHC to join the ownership entity of the project. Full details are provided in the write-ups included in the board book.

Tab C

Quarterly Compliance and
Resident Services Reports

Quarterly Compliance Status for TSAHC

As of the 3rd Quarter Ending September 31, 2022

Set-Aside Requirements	DALCOR		
	Pine Club (Beaumont)	Ridgewood (Huntsville)	Saddlewood Club (Bryan)
40% of units at 60% AMI	100.0%	100.0%	100.0%
Remaining units at 80% AMI	100.0%	100.0%	100.0%
Total Affordable Units (40% Required)	100.0%	100.0%	100.0%
	Tealwood Club (Wichita Falls)	Willowgreen (Houston)	Woodglen Park (Dallas)
40% of units at 60% AMI	100.0%	99.7%	100.0%
Remaining units at 80% AMI	100.0%	100.0%	100.0%
Total Affordable Units (40% Required)	100.0%	100.0%	100.0%
	Commonwealth	Cesar Chavez Foundation	
	White Rock (San Antonio)	Villa Rodriguez (San Antonio)	
20% of units at 50% AMI	21.1%	22.0%	
75% of units at 80% AMI	77.1%	75.4%	
Total Affordable Units (75% Required)	77.1%	75.4%	
	Odyssey Properties	DHI Woodside	Midland Leased Housing
	Marshall Meadows (San Antonio)	Woodside Village (Palestine)	Ventura at Tradewinds
40% of units at 60% AMI	55.2%	98.9%	100.0%
Total Affordable Units (40% Required)	55.2%	98.9%	100.0%
	GESC	Mary Lee Foundation	
	Rita Blanca (Dalhart)	The Willows (Austin)	
20% of units at 50% AMI	21.4%	92.2%	
100% of units at 80% AMI	100%	100.0%	
Total Affordable Units (100% Required)	100%	100.0%	
	Palladium Glenn Heights LD	Texas Housing Foundation	EC Marshall, LLC
	Palladium Glenn Heights (Glenn Heights Gateway Northwest (Georgetown)	Marshall Apartments	
40% of units at 60% AMI	92.2%	97.7%	100%
Total Affordable Units (40% Required)	92.2%	97.7%	100%
	THF Palladium Midland		
	Palladium Midland (Midland)		
40% of units at 60% AMI	78.0%		
78% of units at 80% AMI	78.3%		
Total Affordable Units (78% Required)	78.3%		
	Steele		
	Peoples El Shaddai (Dallas)	St James Manor (Dallas)	Brooks Manor (West Columbia)
5% of units at 30% AMI	21.0%	18.0%	8%
40% of units at 60% AMI	100.0%	100.0%	100%
Total Affordable Units (40% Required)	100.0%	100.0%	100%
	Steele		
	Pythian Manor (Dallas)		
5% of units at 30% AMI	11.8%		
40% of units at 60% AMI	100.0%		
Total Affordable Units (40% Required)	100.0%		
	LRC Shady Oaks Manor	Gardens at Balch Springs, LP	W Daniels Towners I, LP
	Shady Oaks Manor (Ft. Worth)	Garden at Balch Springs (Balch Sprin	W. Leo Daniels (Houston)
20% of units at 50% AMI	100.0%		
20% of units at 50% AMI	100.0%		
Total Affordable Units (40% Required)	100.0%	N/A - New Construction	N/A - Acq / Rehab

Rainbow			
	Chaparral Village (Odessa)	Cove Village (Copperas Cove)	El Nido (El Paso)
100% of units at 60% AMI	100.0%	100.0%	100.0%
Total Affordable Units (100% Required)	100.0%	100.0%	100.0%
	Garden (Lubbock)	High Plains (Lubbock)	Jose Antonio Escajeda (El Paso)
100% of units at 60% AMI	100.0%	100.0%	100.0%
Total Affordable Units (100% Required)	100.0%	100.0%	100.0%
	Los Ebanos (Brownsville)	River Park (Lampasas)	Peppertree (Fort Worth)
100% of units at 60% AMI	100.0%	100.0%	100.0%
Total Affordable Units (100% Required)	100.0%	100.0%	100.0%
	Salem Village (Victoria)	Sierra Vista (El Paso)	Spring Terrace (Amarillo)
100% of units at 60% AMI	100.0%	100.0%	100%
Total Affordable Units (100% Required)	100.0%	100.0%	100.0%
	Win-Lin Village (Amarillo)		
100% of units at 60% AMI	100.0%		
Total Affordable Units (100% Required)	100.0%		
	LIH Walnut Creek Austin LP	AHA!	Apartments of Las Palmas
	Walnut Creek (Austin)	AHA! At Briarcliff (Austin)	Las Palmas Villa
40% of units at 60% AMI	100.0%	100.0%	100.0%
Total Affordable Units (40% Required)	100.0%	100.0%	100.0%
	Envolve Community Mgmt	Green Development Company	Dallas Leased Housing
	Fawn Ridge	Pine Terrace	Riverstation
40% of units at 60% AMI	88.3%	46.1%	92.4%
Total Affordable Units (40% Required)	88.3%	46.1%	92.4%
	THF Midland Leased Housing	Galveston 3916 Winnie St LP	Market TC II, LP
	Scharbauer Flats (Midland)	Sandpiper (Galveston)	Marketplace at Liberty Crossing (Wilmer)
40% of units at 60% AMI	8.0%		
Total Affordable Units (40% Required)	N/A - New construction	N/A - Acq / Rehab	N/A - New construction
Notes: The Hamilton Valley portfolio consisting of 21 properties was removed from this report as they are no longer required to report quarterly. Scharbauer Flats is in the lease-up phase and was 8.3% occupied with eligible households during this reporting period. The following properties have closed and are currently under construction or rehab activities: W. Leo Daniels, Sandpiper, Gardens at Balch Springs, and Marketplace at Liberty Crossings.			

TSAHC - Quarterly Resident Services Summary				
As of the 3rd Quarter Ending September 31, 2022				
DALCOR				
	Pine Club (Beaumont)	Ridgewood (Huntsville)	Saddlewood Club (Bryan)	
Number of Services Required	6	6	6	
Number of Services Provided	11	11	14	
	Tealwood Club (Wichita Falls)	Willowgreen (Houston)	Woodglen Park I & II (Dallas)	
Number of Services Required	6	6	6	
Number of Services Provided	14	16	13	
	AHA!	Cesar Chavez Foundation	GESC	Texas Housing Foundation
	AHA! At Briarcliff Apartments (Austin)	Aguila Oaks (San Antonio)	Rita Blanca (Dalhart)	Palladium Midland (Midland)
Number of Services Required	5 consistently throughout year	6	5	6
Number of Services Provided	5	10	7	16
	Odyssey Properties	Mary Lee Foundation	Texas Housing Foundation	Texas Housing Foundation
	Marshall Meadows (San Antonio)	The Willows (Austin)	Gateway Northwest (Georgetown)	Palladium Glenn Heights (Dallas)
Number of Services Required	6	5	6	6
Number of Services Provided	6	19	6	13
	Steele St. James Peoples	Steele St. James Peoples	Steele Brooks Manor	Steele Pythian Manor
	Peoples El Shaddai (Dallas)	St James Manor (Dallas)	Brook Manor (West Columbia)	Pythian Manor (Dallas)
Number of Services Required	12	12	6	12
Number of Services Provided	4	6	14	6
	LIH Walnut Creek Austin LP	DHI Woodside Associates, LLC	THF Midland Leased Housing	THF Midland Leased Housing
	Walnut Creek (Austin)	Woodside Village (Palestine)	Scharbauer Flats	Ventura at Tradewinds (Midland)
Number of Services Required	12	6	12	12
Number of Services Provided	20	6	N/A - New Construction	20
	White Rock	EC Fawn Ridge	Apartment Las Palmas	EC Marshall LLC
	White Rock Apts	Fawn Ridge Apartments	Las Palmas Villas	Marshall Apartments
Number of Services Required	0	6	6	6
Number of Services Provided	19	8	N/A- Acquisition/Rehab	10
	LPM Pine Terrace LP	Dallas Leased Housing Associates XI, LLP	LRC Shady Oaks Manor, LLC	
	Pine Terrace Apartments	Riverstation	Shady Oaks Manor	
Number of Services Required	12	6	6	
Number of Services Provided	N/A- Acquisition/Rehab	19	5	
	W Daniels Towners I, LP	Galveston 3916 Winnie St LP	Gardens at Balch Springs, LP	Market TC II, LP
	W. Leo Daniels	Sandpiper Cove	Garden at Balch Springs	Marketplace at Liberty Crossing
Number of Services Required	12	12	12	12
Number of Services Provided	3	N/A- Acquisition/Rehab	N/A - New Construction	N/A - New Construction
Rainbow Housing				
	Chaparral Village (Odessa)	Cove Village (Copperas Cove)	El Nido (El Paso)	Garden Apartments (Lubbock)
Number of Services Required	5	5	5	5
Number of Services Provided	24	16	17	19
	High Plains (Lubbock)	Jose Antonio Escajeda (El Paso)	Los Ebanos (Brownsville)	Peppertree (Fort Worth)
Number of Services Required	5	5	5	5
Number of Services Provided	16	21	13	22
	River Park (Lampasas)	Salem Village (Victoria)	Sierra Vista (El Paso)	Spring Terrace (Amarillo)
Number of Services Required	5	5	5	5
Number of Services Provided	15	20	16	16
	Win-Lin Village (Amarillo)			
Number of Services Required	5			
Number of Services Provided	15			
Notes: The Hamilton Valley portfolio consisting of 21 properties was removed from this report as they are no longer required to report quarterly. The following properties did not meet their resident service requirements and were issued a Notice of Non-Compliance: Peoples El Shaddai, Saint James Manor, Pythian Manor and Shady Oaks Manor. These properties are being closely monitored. The following properties recently started offering services or are currently under construction or rehab activities: Las Palmas Villas, Scharbauer Flats, Pine Terrace, W. Leo Daniels, Sandpiper, Gardens at Balch Springs, and Marketplace at Liberty Crossings.				

July Resident Services						
Property	Type of Service	Description	Provider	Number of Attendees	Date Provided	Points Assigned
Aguila Oaks Apartments	On-Site Library Use	The library services were available to residents. Residents were able to	Cesar Chavez Foundation	8	7/1/2022	1
AHA! At Briarcliff Apartments	Information Session	Myles Wallace from Peak Performers came to discuss job placement c	Peak Performers	3	7/6/2022	1
Brooks Manor	Resident Service	Notary	Community Manager	0	7/31/2022	1
	Social Service	Social Networking	Community Manager	1	7/11/2022	1
	Resident Service	Community Garden	Community Manager	3	7/19/2022	1
	Resident Service	Library Club	Community Manager	0	7/31/2022	1
Chaparral Village	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	80	7/5/2022	1
	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	80	7/7/2022	1
	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	80	7/11/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	80	7/12/2022	1
Cove Village	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	50	7/5/2022	1
	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	50	7/7/2022	1
	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	50	7/11/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	50	7/12/2022	1
El Nido Apartments	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	104	7/5/2022	1
	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	104	7/7/2022	1
	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	104	7/11/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	104	7/12/2022	1
Fawn Ridge Apartments	Owning own Business	Woodforest Bank did a class to teach about if owning a business is a g	Woodforest Bank - Elizabeth	3	7/20/2022	1
	Social Activity	Puppet Show on how to treat each other with kindness and respect, b	Woodlands Community Church	30	7/23/2022	1
Garden Apartments	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	62	7/5/2022	1
	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	62	7/7/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	62	7/11/2022	1
	Career Services	Housing Learning Module: Ace Your Job Interview	RHAC	62	7/12/2022	1
Gateway Northwest	Personal Development	Book Club	self	4	7/14/2022	1
	Financial Skills	Financial Planning	Self	0	7/21/2022	1
High Plains Apartments	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	50	7/5/2022	1
	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	50	7/7/2022	1
	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	50	7/11/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	50	7/12/2022	1
Jose Antonio Escajeda Apartm	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	94	7/5/2022	1
	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	94	7/7/2022	1
	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	94	7/11/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	94	7/12/2022	1
Los Ebanos Apartments	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	65	7/5/2022	1
	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	65	7/7/2022	1
	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	65	7/11/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	65	7/12/2022	1
Marshall Apartments	Family Services	Family Services & Parenting Services	We Can Now	3	7/5/2022	1
	WBIN	Black Women in Business - The COVID-19 Community Food Relief Prog	Briana De'Seaniae	16	7/25/2022	1
Marshall Meadows	Resident Services	July 13, 2022 4pm-5pm Paletas by the Pool Community Event, Free M	Vesta	72	7/10/2022	2
Palladium Glenn Heights	Business Center	Computer Room for Resident use	Cares Team / Office	2	7/1/2022	1
	Exercise Room	Fitness Center for Resident use	Cares Team/Office	11	7/1/2022	1
	Food Pantry	Available to Residents in need every Friday	Cares Team/Office	3	7/1/2022	1
	Notary	Notarize Legal Documents	Cares Team/Office	0	7/1/2022	1
Palladium Midland	Book Club/ Counseling Serv	We meet and watch a short video, journal and have a short discussion	Dr. Lavonda Johnson Lee	8	7/1/2022	1
	Weekend Safety/ Trash Cla	Teaching about how and what you can recycle. The benefits of recycl	Office Staff	6	7/7/2022	1
	Food Pantry	Residents can come in during office hours if they are in need of food,	Office Staff	5	7/11/2022	1
	Crime Watch Meeting	Discuss what has been going on in the property with the residents. all	Office Staff	5	7/14/2022	1
Peoples El Shaddai	Children's services	Free weekday Meals July 4-8	City Square	138	7/8/2022	1
Peppertree Acres Apartments	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	148	7/5/2022	1
	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	148	7/7/2022	1
	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	148	7/11/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	148	7/21/2022	1

July Resident Services						
Property	Type of Service	Description	Provider	Number of Attendees	Date Provided	Points Assigned
Pine Club	Fax/Copy	Provide free fax and copy service to all applicants and residents	Pine Club Staff	2	7/1/2022	1
	Notary	Provide free notary service to all applicants and residents	Tia Ayala	0	7/1/2022	1
	Food Pantry	Provide free open pantry to all residents	Pine Club Staff	1	7/1/2022	1
Pythian Manor	Resident Service	Food bank distribution	North TX food bank	44	7/12/2022	1
	Resident Service	Government phone program event	Elite Bertha Cloud	9	7/29/2022	1
Ridgewood	Fax/Copy	Provide free fax and copy service to all applicants and residents	Ridgewood Staff	0	7/1/2022	1
	Notary	Provide free notary service to all applicants and residents	Ridiya Wright	0	7/1/2022	1
	Food Pantry	Provide free open food pantry to all residents	Ridgewood Staff	6	7/1/2022	1
	Job Training	Virtual Resume Workshop	Ridgewood Staff	0	7/14/2022	1
Rita Blanca	Library	Library - 2/3 residents are allowed into office at a time to select a don	Marti Harris	3	7/1/2022	1
	Lunch Program	Lunch Program - Manager picks up lunch bags from Elementary school	Marti Harris	19	7/4/2022	1
River Park Village	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	50	7/5/2022	1
	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	50	7/7/2022	1
	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	50	7/11/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	50	7/12/2022	1
Riverstation Apartments	Fitness & Exercise Class	Everyday Exercise Activities 1st & 25th & 29th	GNP	0	7/1/2022	1
	Household Budgeting Work	Make a Budget	GNP	0	7/6/2022	1
	After School Program	After School Program - done 7 days of the month. 6th, 11th, 13th, 18	GNP	74	7/6/2022	1
	Adult Development	Buying a Home on 8th, Career in Real Estate on 11th&22nd, Affordabl	GNP	0	7/8/2022	1
Saddlewood Club	Fax/Copy	Provide free fax and copy service to all applicants and residents	Saddlewood Staff	2	7/1/2022	1
	Notary	Provide free notary service to all applicants and residents	Lee Ann Rodgers	2	7/1/2022	1
	Food Pantry	Provide free food pantry to all residents	Saddlewood Staff	11	7/1/2022	1
	Education	Project Unity Parenting Classes	BV Project Unity	2	7/21/2022	1
Salem Village	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	105	7/5/2022	1
	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	105	7/7/2022	1
	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	105	7/11/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	105	7/12/2022	1
Saint James Manor	Children's services	Free weekday meals July 4-8	City Square	69	7/8/2022	1
Shady Oaks	Adult Services	Free Tablet or Phone for Seniors	Tamika	0	7/8/2022	1
Sierra Vista	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	106	7/5/2022	1
	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	106	7/7/2022	1
	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	106	7/11/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	106	7/12/2022	1
Spring Terrace	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	50	7/5/2022	1
	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	50	7/7/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	50	7/11/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	50	7/12/2022	1
Tealwood Club	Notary	Provide free notary service to all applicants and residents	Carly M	0	7/1/2022	1
	Fax/Copy	Provide free fax and copy service to all applicants and residents	Tealwood Staff	1	7/1/2022	1
	Book Club	Book this month: Percy Jackson and the Olympians	Tealwood Staff	2	7/8/2022	1
The Willows	Community Safety	Case Manager Provided Community Safety	MLF	2	7/6/2022	1
	Direct Support Other	Case Manager Provided Direct Support	MLF	8	7/6/2022	1
	Employment Services/ Reso	Case Manager provided Employment Services / Resources	MLF	1	7/12/2022	1
	Medicare / Medicaid	Case Manager Provided Medicare/Medicaid Services	MLF	4	7/15/2022	1
	Senior Services	Case Manager Provided Senior Services	MLF	1	7/29/2022	1
	Utilities Services	Case Manager Provided Utilities Services	MLF	3	7/14/2022	1
Ventura at Tradewinds	Neighborhood Development	Mobile Library	GNP	0	7/5/2022	1
	Neighborhood Development	Community Outreach Back to School	GNP	0	7/6/2022	1
	Parenting Class	Stress: Risk and Resilience	GNP	2	7/8/2022	1
	Health & Nutrition Course	Eating Healthy on a budget	GNP	2	7/21/2022	1
Walnut Creek Apartments	Drug Awareness Workshop	Emotional Jumbling Towers	Portfolio Resident Service	5	7/5/2022	1
	Financial Planning/Credit	Credit Counseling Workshop	Portfolio Resident Service	20	7/7/2022	1
	Recreational Activity	Social/Recreational Activity	Portfolio Resident Service	19	7/7/2022	1
	Arts and Crafts	Arts and Crafts	Portfolio Resident Service	8	7/12/2022	1
White Rock Apartments	Education/Tutoring	Education scholastic tutoring	365 Learn TV	18	7/31/2022	1
	Library Assistant	Provide books and magazines and adult coloring books to help relieve	White Rock Library Assistant	18	7/31/2022	1

July Resident Services						
Property	Type of Service	Description	Provider	Number of Attendees	Date Provided	Points Assigned
	Parenting	Parenting	365 Learn TV	9	7/31/2022	1
	Business Center	Business center available to residents during business hours	White Rock Business Center	7	7/31/2022	1
Willow Green	Fax/Copy	Provide free fax and copy service to all applicants and residents	WillowGreen Staff	8	7/1/2022	1
	Notary	Provide free notary service to all applicants and residents	Jackie Rodas	3	7/1/2022	1
	Food Pantry	Provide free food pantry to all residents	WillowGreen	0	7/1/2022	1
	Fitness	Walk every Tuesday in July + Zumba in July	WillowGreen Staff	2	7/25/2022	1
Win-Lin Village Apartments	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	50	7/5/2022	1
	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	50	7/7/2022	1
	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	50	7/11/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow	RHAC	50	7/12/2022	1
Woodglen Park I & II	Fax/Copy	Provide free fax and copy service to all applicants and residents	Woodglen Staff	10	7/1/2022	1
	Notary	Provide free notary service to all applicants and residents	Primera Sanchez	0	7/1/2022	1
	Food Pantry	Provide free food pantry to all residents	Woodglen Staff	2	7/1/2022	1
Woodside Village	Food Hygiene	Discussed the four C's of food safety	Woodside Village	8	7/14/2022	1
	First Aide Kits	Discussed making first aid kits	Woodside Village	18	7/21/2022	1

August Resident Services						
Property	Type of Service	Description	Provider	Number of Attendees	Date Provided	Points Assigned
Aguila Oaks Apartments	After School Program	The Fall program has started as of August 29, 2022. So far 4 children have been enrolled.		4	8/29/2022	2
	On-Site Library Use	The library services were available to residents. Residents were able to access the library to check out books. The		14	8/1/2022	1
	Parenting Classes	The property is currently promoting Virtual Parenting Classes. No, enrollments as of yet.		0	8/1/2022	1
	Backpack Distribution	The property held a Backpack event on August 6, 2022, from 1-3 pm. A total of 35 backpacks were given to stude		35	8/6/2022	1
AHA! At Briarcliff Apartments	Notary	Kristen Davis is available to notarize documents during regular business hours	AHA!	0	8/1/2022	1
	Gratitude Ceremony	We had a gratitude ceremony and meditation with our tenants and the comm	AHA!	11	8/12/2022	1
Brooks Manor	Resident Service	Food box delivery (Food Pantry)	Place of Grace	24	8/21/2022	1
	Notary Service	Notary Services	Community Manager	0	8/31/2022	1
	Resident Service	Community Garden Club	Community Manager	1	8/5/2022	1
	Health Service	Walking Club	Community Manager	0	8/31/2022	1
	Resident Service	Library Book Club	Community Manager	0	8/31/2022	1
Chaparral Village	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	80	8/1/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	80	8/2/2022	1
	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	80	8/4/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	80	8/8/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	80	8/15/2022	1
	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	80	8/18/2022	1
	Direct Support	Furniture Assistance	Door of Hope Mission, Permian Basin	1	8/22/2022	1
	Direct Support	Food Assistance	Catholic Charities, Permian Basin M	1	8/22/2022	1
	Direct Support	Rent Assistance	Renters Advantage, Texas Departm	3	8/5/2022	1
	Direct Support	Utility Assistance	Renters Advangtage, Reliant Energy	2	8/22/2022	1
	Direct Support	GED	RHAC	1	8/31/2022	1
Cove Village	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	50	8/1/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	50	8/2/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	50	8/8/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	50	8/15/2022	1
	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	50	8/22/2022	1
	Transportation Services	Bus Passes	RHAC	1	8/2/2022	1
	Direct Support	Rent Assistance	First Baptist Church, Salvation Army	1	8/16/2022	1
	Direct Support	Furniture Assistance	This and That Thrift Store by The Re	1	8/2/2022	1
El Nido	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	104	8/1/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	104	8/2/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	104	8/8/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	104	8/15/2022	1
	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	104	8/18/2022	1
	Direct Support	Internet Assistance	Spectrum, Affordable Connectivity f	1	8/9/2022	1
	Direct Support	Voting Registration Assistance	El Paso County Votes	2	8/9/2022	1
Fawn Ridge Apartments	Health, Nutrition & fitness	Better Health, Better Life Health Care Insurance	Obama Care - Haris Jalal	3	8/9/2022	1
	Arts and Crafts	Crafts, tutoring, after school	First Baptist Church	13	8/9/2022	1
	Children Meals	Local Agency bringing hot meals for the children	Driven Force	100	8/30/2022	1
Garden Apartments	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	62	8/1/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	62	8/2/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	62	8/8/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	62	8/15/2022	1
	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	62	8/18/2022	1
	Direct Support	Utility Assistance	Renters Advantage, Neighborhood	2	8/22/2022	1
	Direct Support	Medical Transportation Assistance	South Plains Association of Governr	1	8/22/2022	1
	Community Awareness	Community Event- Popcorn Friday	RHAC	7	8/26/2022	1
Gateway Northwest	Personal Development	Book Club	self	4	8/14/2022	1
	Financial Skills	Financial Planning	Self	0	8/21/2022	1
High Plains	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	50	8/1/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	50	8/2/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	50	8/8/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	50	8/15/2022	1
	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	50	8/18/2022	1
	Direct Support	Utility Assistance	Renters Advantage, Neighborhood	3	8/22/2022	1
	Direct Support	Food Assistance	Lubbock Dream Center, Lubbock Im	3	8/22/2022	1
	Community Awareness	Community Event- Pizza Party	RHAC	8	8/12/2022	1
Jose Antonio Escajeda	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	94	8/1/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	94	8/2/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	94	8/8/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	94	8/15/2022	1

August Resident Services						
Property	Type of Service	Description	Provider	Number of Attendees	Date Provided	Points Assigned
	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	94	8/18/2022	1
	Direct Support	Food Assistance	Borderland Rainbow Center, Kelly N	1	8/15/2022	1
	Direct Support	Internet Assistance	Spectrum, Affordable Connectivity A	1	8/15/2022	1
	Direct Support	Utility Assistance	Renters Advantage, Hill Country Co	1	8/22/2022	1
	Direct Support	Citizenship Preparation Program	RHAC	1	8/15/2022	1
Las Palmas Villas	N/A	Las Palmas is still under rehab and the clubhouse/social services room is not	N/A	0	8/1/2022	0
Los Ebanos	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	65	8/1/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	65	8/2/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	65	8/8/2022	1
	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	65	8/18/2022	1
	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	65	8/29/2022	1
Marshall Apartments	Family Services	Parenting Classes	Antony Jackson	7	8/2/2022	1
	Family Service	GED	Antony Jackson	1	8/16/2022	1
	Family Services	Counseling	Anthony Jackson	1	8/30/2022	1
	Community Food Program	Food Service	Briana De'Seaniae Murphy	14	8/22/2022	1
Marshall Meadows	Resident Services	Back to school celebration for all residents 08/06/2022 1pm-3pm food, drinks	Vesta	83	8/10/2022	1
Palladium Midland	Book Club	We meet and watch a short video, journal, and have a short discussion on pe	Dr. Lavonda Johnson Lee	5	8/5/2022	1
	Food Pantry	Residents can come during office hours if they are in need of food, toiletries,	Office Staff	3	8/1/2022	1
	Vehicle Maintenance	Residents are shown how to change a tire and how to properly place jumper	Accey Tate	5	8/9/2022	1
	Microsoft Word Training	Held in the business center with an instructor and handouts.	Ana Caraballo	3	8/17/2022	1
	Crime Watch	Discuss what has been going on in the property with resident to offer suggest	Officer Malcom	3	8/23/2022	1
	Fitness Center	How to properly use the fitness equipment and demonstration.	Leydis Rico	6	8/29/2022	1
Peoples El Shaddai	Children's services	School supply and back pack give away	Peoples	150	8/13/2022	1
Peppertree Acres	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	148	8/1/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	148	8/2/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	148	8/8/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	148	8/15/2022	1
	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	148	8/18/2022	1
	Direct Support	Utility Assistance	Renters Advantage, Texas Utility He	1	8/22/2022	1
	Direct Support	Baby Items Assistance	Gill Children's Services, NEXTSTEP V	1	8/22/2022	1
	Direct Support	Food Assistance	Funky Town Fridge, Meadowridge C	3	8/22/2022	1
	Direct Support	GED	RHAC	1	8/15/2022	1
	Community Awareness	Community Event- Back to School Event	RHAC	11	8/1/2022	1
Pine Club	Valet Trash	Provide valet trash service to all residents	Pine Club Staff	232	8/1/2022	1
	Fax/Copy	Provide free fax and copy service to all residents and applicants	Pine Club Staff	0	8/1/2022	1
	Notary	Provide free notary service to all residents and applicants	Tia Ayala	0	8/1/2022	1
	Resident Social	Back to School supplies - given to all children K-12	Pine Club Staff	100	8/5/2022	1
	Education	Renters Insurance seminar	Mrs. Steward	8	8/18/2022	1
Pine Terrance Apartments	N/A	Residence were given flyers because property is currently under rehab	N/A	0		0
Pythian Manor	Resident Service	Food Box Delievery	North TX food bank	31	8/9/2022	1
	Health Service	Benefit Managment	Well Care	2	8/29/2022	1
Ridgewood	Valet Trash Service	Provide valet trash to all residents	Ridgewood Staff	232	8/1/2022	1
	Fax/ Copy	Provide free fax and copy services to all residents and applicants	Ridgewood Staff	0	8/1/2022	1
	Notary	Provide free notary services to all residents and applicants	Ridiya Wright	0	8/1/2022	1
Rita Blanca	Library	Library - 2/3 residents allowed into office at a time to select a donated book.	Marti Harris	2	8/3/2022	1
	Diaper Pantry	Diaper Pantry - Delivery of Diapers.	Marti Harris	5	8/23/2022	1
River Park Village	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	50	8/1/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	50	8/2/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	50	8/8/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	50	8/15/2022	1
	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	50	8/18/2022	1
	Direct Support	Utility Assistance	Texas Utility Help, St. Mary's Cathol	3	8/22/2022	1

August Resident Services						
Property	Type of Service	Description	Provider	Number of Attendees	Date Provided	Points Assigned
Riverstation Apartments	After School Program	After School Program 3rd, 8th, 10th, 15th, 17th, 22nd, 24th, 29th, and 31st.	GNP	37	8/3/2022	2
	Diabetes/Heart Disease Co	Diabetes & Prediabetes Fact Sheet 17th,	GNP	17	8/17/2022	1
	Health Screening/Mobile	Blood Pressure Checks	GNP	0	8/24/2022	1
	Neighborhood Developme	Back to school meet and greet	GNP	60	8/20/2022	1
Saddlewood Club	Valet Trash Service	Provide residents with valet trash service one day week	Saddlewood Staff	232	8/1/2022	1
	Fax/ Copy	Provide free fax and copy services to all residents	Saddlewood Staff	0	8/1/2022	1
	Notary	Provide free notary services to all residents	Lee Ann Rodgers	3	8/1/2022	1
	Food Pantry	Provide free open food pantry to all residents	Saddlewood Staff	8	8/1/2022	1
	Transportation	Provide free bus tickets to all residents	Saddlewood Staff	2	8/1/2022	1
Saint James Manor	Children's services	Peaches and Pears afterschool program feeding 20-35 children per weekday.	Peaches and Pears	3	8/19/2022	1
	Resident Service	Free cell phone and tablets	Marrero Group	3	8/23/2022	1
	Resident Service	Group Meeting Ways to prevent violence.	Property	1	8/4/2022	1
Salem Village	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	105	8/1/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	105	8/2/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	105	8/8/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	105	8/15/2022	1
	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	105	8/18/2022	1
	Direct Support	Rent Assistance	Renters Advantage, St. Vincent de P	1	8/31/2022	1
	Direct Support	Dental Assistance	Community Health Centers of South	1	8/31/2022	1
	Direct Support	Food Assistance	St. Vincent de Paul, Community Act	1	8/31/2022	1
	Direct Support	Medical Assistance	Texas Medical & Wellness Clinic, Cr	1	8/31/2022	1
	Community Awareness	Community Event- Back to School Event	RHAC	30	8/8/2022	1
Shady Oaks Manor	English Class	English Class	Cristina Rodriquez	6	8/10/2022	1
	Health	Free cancer screening	Connie Stevens - Moncrief Cancer In	11	8/18/2022	1
Sierra Vista	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	106	8/1/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	106	8/2/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	106	8/8/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	106	8/15/2022	1
	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	106	8/18/2022	1
	Direct Support	Food Assistance	Montwood Church of Christ, The Sa	1	8/9/2022	1
	Direct Support	Utility Assistance	Renters Advantage, Project Bravo, L	1	8/31/2022	1
	Direct Support	Rent Assistance	Renters Advantage, Texas Health ar	1	8/31/2022	1
Spring Terrace	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	50	8/1/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	50	8/2/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	50	8/8/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	50	8/15/2022	1
	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	50	8/18/2022	1
Tealwood Club	Fax/Copy	Provide free fax & copy services to all residents & applicants	Tealwood Staff	4	8/1/2022	1
	Notary	Provide free notary services to all residents & applicants	Carlotta Midred	2	8/1/2022	1
	Transportation	Provide free bus tickets to all residents	Tealwood Staff	2	8/1/2022	1
	Education	Arts & Crafts	Tealwood Staff	13	8/19/2022	1
	Health	Chronic Disease Self Management	Wichita Falls Public Health Departm	9	8/11/2022	1
The Willows	Community Safety	Case Manager Reported elevator inoperable - it was in process of being work	MLF	1	8/5/2022	1
	Direct Support Other	Filed an elder abuse case with CPS against her sister; gave me details in case	MLF	7	8/1/2022	1
	Employment Services / Res	Completed UI benefit over the phone and submitted	MLF	1	8/1/2022	1
	Medical/Health Services	Completed app for TX Benefits long-term car	MLF	1	8/2/2022	1
	Senior Programs	Inquiry about Meals on Wheels program for son Carlton	MLF	1	8/4/2022	1
	Direct Support Other	Discussed details of tenants in 105 cleaning for her and the paperwork	MLF	3	8/18/2022	1
	Senior Programs		MLF	15	8/26/2022	1
Ventura at Tradewinds	Operation Back to School	Back to School Bash	GNP	11	8/5/2022	1
	Tax Prep Course	Taxable and Nontaxable Income	GNP	3	8/8/2022	1
	Heath & Nutrition Course	Making Healthy Eating Part of your lifestyle and Eating Healthy on a budget	GNP	8	8/10/2022	1
	Character Building	Internet/Social Media Dangers: Digital Awareness	GNP	14	8/17/2022	1
	Health Fair	Mini Health Fair	GNP	2	8/22/2022	1
	Social Services & Referrals	SNAP Resources and Assistance	GNP	0	8/29/2022	1
	Fire Safety Class	Microwave Safety	GNP	14	8/29/2022	1

August Resident Services						
Property	Type of Service	Description	Provider	Number of Attendees	Date Provided	Points Assigned
Walnut Creek Apts	Art and Craft	Arts and Craft	Portfolio Resident Service	8	8/2/2022	1
	Health and Nutritional Counseling	Annual health fair	Portfolio Resident Service	6	8/2/2022	1
	Health & Nutritional	Eating Healthy on a budget	Portfolio Resident Service	21	8/4/2022	1
	Drug Awareness Workshop	Drug Awareness Presentation	Portfolio Resident Service	22	8/4/2022	1
	Operation Back to School	School Supply Distribution	Portfolio Resident Service	22	8/6/2022	1
	Job skills/Training	Finding Your Career Fit	Portfolio Resident Service	8	8/9/2022	1
	Character Building	Drug Prevention: Drugs and your life	Portfolio Resident Service	8	8/18/2022	1
	Youth Program	Youth Program	Portfolio Resident Service	20	8/18/2022	1
White Rock Apts	Budgeting	Money Matters	365 Learn TV	18	8/31/2022	1
	Environmental Education	Green living	365 Learn TV	6	8/31/2022	1
	Education/Tutoring	Education Scholastic Tutoring	365 Learn TV	12	8/31/2022	1
	Health	Health and Fitness	365 Learn TV	22	8/31/2022	1
	Library Assistant	Provide books and magazines and adult coloring books to help relieve stress.	White Rock Library Assistant	9	8/31/2022	1
	Parenting	Parenting	365 Learn TV	12	8/31/2022	1
	Business Center	Business center available for residents during office hours	White Rock Business Center	14	8/31/2022	1
Willow Green	Valet Trash	Provide valet trash service to all residents	WillowGreen Staff	336	8/1/2022	1
	Fax/Copy	Provide free fax & copy services to all residents & applicants	WillowGreen Staff	13	8/1/2022	1
	Notary	Provide free notary services to all residents & applicants	Jackie Rodas	2	8/1/2022	1
	Resident Social	Back to School Breakfast	WillowGreen Staff	4	8/26/2022	1
	Education/Work	Setting up for Job interviews	WillowGreen Staff	1	8/10/2022	1
	Education	After School Tutoring	Cy-Fair ISD	20	8/1/2022	2
Win-Lin Village Apartments	Medical and Health Services	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	50	8/1/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	50	8/2/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	50	8/8/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	50	8/15/2022	1
	Medical and Health Services	Outreach - Online Resident Training - Webinar presented by Rainbow Housing	RHAC	50	9/29/2022	1
	Community Awareness	Community Event- Backpack Drive	Southwest Church of Christ	3	8/1/2022	1
Woodglen Park I & II	Valet Trash Service	Provide valet trash service to all residents	Woodglen Staff	232	8/1/2022	1
	Fax/ Copy	Provide free fax and copy service to all applicants and residents	Woodglen Staff	11	8/1/2022	1
	Notary	Provide free notary service to all applicants and residents	Primera Sanchez	3	8/1/2022	1
	Transportation	Free bus passes available to all residents	Woodglen Staff	1	8/1/2022	1
	Nutrition	Summer Lunch Program - everyday M-F	Woodglen Staff	17	8/1/2022	1
Woodside Village	Recommended Vaccination	We had a Back to School Bash with lunch served and presentation for recommended	Woodside Village	17	8/5/2022	1
	Addiction and Treatment Counseling	We did arts and crafts and did a presentation of Addiction and Treatment Options	Woodside Village	3	8/19/2022	1

September Resident Services						
Property	Type of Service	Description	Provider	Number of Attendees	Date Provided	Points Assigned
Aguila Oaks Apartments	After School Program	The Fall program is in session Monday through Thursday, 4 children have en	Aguila Oaks	4	9/30/2022	2
	On-Site Library Use	The library services were available to residents. Residents were able to acce	Aguila Oaks	16	9/1/2022	1
	Health and Nutrition Class	Virtual health and nutrition classes are being offered and shared with reside	Aguila Oaks	0	9/30/2022	1
AHA! At Briarcliff Apartments	Notary	Kristen Davis is available to notarize documents	AHA	1	9/1/2022	1
	Library	Community Room - there is a library and will be computers available for clie	AHA	3	9/1/2022	1
Brooks Manor	Resident Service	Notary	Community Manager	0	9/1/2022	1
	Resident Service	Place of Grace Food Pantry Box Delivery	Place of Grace	22	9/15/2022	1
	Resident Service	Community Garden	Community Manager	0	8/31/2022	1
	Resident Service	Library Book Club	Community Manager	0	8/31/2022	1
	Resident Service	Walking Club	Community Manager	0	8/31/2022	1
Chaparral Village	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	80	9/1/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	80	9/6/2022	1
	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	80	9/8/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	80	9/12/2022	1
	Direct Support	Furniture Assistance	Door of Hope Mission, Pemian Basin	1	9/8/2022	1
	Direct Support	Childcare Assistance	Family Promise of Odessa, Inc., Great	1	9/2/2022	1
	Direct Support	Clothing Assistance	Permian Basin Mission, Salvation Arm	1	9/8/2022	1
	Direct Support	Utility Assistance	Renters Advantage, Reliant Energy, Pe	1	9/8/2022	1
	Direct Support	GED Program	RHAC	1	9/7/2022	1
Cove Village	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	50	9/1/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	50	9/6/2022	1
	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	50	9/8/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	50	9/12/2022	1
	Direct Support	Utility Assistance	Renters Advantage, Reliant Energy, Ba	1	9/9/2022	1
El Nido Apartments	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	104	9/1/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	104	9/6/2022	1
	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	104	9/8/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	104	9/12/2022	1
	Direct Support	Food Assistance	Borderland Rainbow Center, Kelly Me	2	9/21/2022	1
	Direct Support	Medical Assistance	Revive Healthcare, Centro De Salud Fa	1	9/21/2022	1
Fawn Ridge Apartments	Food Drive	Hot meals for families with Kids	Driven Force with Purpose	100	9/6/2022	1
	Home Buyers Education	Financial Education class - buying a home	Woodforest Bank - Derek	4	9/20/2022	1
	Fire Prevention	NNO- National Night Out with Fire Department Education on Fire Prevention	The Woodlands Township - Susan	50	9/27/2022	1
Garden Apartments	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	62	9/1/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	62	9/6/2022	1
	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	62	9/8/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	62	9/12/2022	1
	Direct Support	Rent Assistance	Renters Advantage, Neighborhood Hd	1	9/9/2022	1
	Direct Support	Utility Assistance	Renters Advantage, Neighborhood Hd	2	9/9/2022	1
	Direct Support	Job Search Assistance	Rainbow, Workforce Solutions, Goodv	1	9/9/2022	1
Gateway Northwest	Personal Development	Book Club	Self	2	9/13/2022	1
	Personal Development	Counseling	Self	0	9/20/2022	1
High Plains Apartments	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	50	9/1/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	50	9/6/2022	1
	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	50	9/8/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	50	9/12/2022	1
Jose Antonio Escajeda Apartm	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	65	9/1/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	65	9/6/2022	1
	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	65	9/8/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	65	9/12/2022	1
Las Palmas Villas	N/A	Resident Services start 10.2022		0	9/1/2022	0
Los Ebanos Apartments	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	94	9/1/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	94	9/6/2022	1
	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	94	9/8/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	94	9/12/2022	1
	Direct Support	Medical Assistance	Centro De Salud Familiar La Fe, Inc., N	1	9/30/2022	1
	Direct Support	Food Assistance	Borderland Rainbow Center, Kelly Me	1	9/30/2022	1
	Direct Support	Internet Assistance	Spectrum, Affordable Connectivity Pr	1	9/22/2022	1
	Direct Support	Utility Assistance	Renters Advantage, Hill Country Com	2	9/30/2022	1
Marshall Apartments	Family Services	GED	Anthony Jackson	4	9/13/2022	1
	Food Services	Covid-19 Community Food Program	Briana De'Seaniae Murphy	10	9/19/2022	1
	Tutoring	Tutoring	Jessica Post	7	9/26/2022	1
	Mentoring	Big Fish Club	Jessica Post	18	9/29/2022	1
Marshall Meadows	Resident Services	Back to School 2nd give away 9/7/22 4pm-5:30pm, Meet & Greet new	Vesta	42	10/7/2022	3

September Resident Services						
Property	Type of Service	Description	Provider	Number of Attendees	Date Provided	Points Assigned
Palladium Glenn Heights	Food Pantry	Available to Residents in Need, every Friday	Cares Team/Office	2	9/1/2022	1
	Notary Service	Notarize Legal Documents	Cares Team/Office	0	9/1/2022	1
	Homework Hour	Assist Children with Homework as needed	Cares Team	0	9/1/2022	1
	Tutoring	Tutor Child 10N1 in Specific Topic	Cares Team	0	9/1/2022	1
	Crime Watch Meeting	Provide Residents with Local Crime Stats in the Area	Courtesy Officer/Manager/Cares Team	20	9/1/2022	1
Palladium Midland	Book Club	We meet and watch a short video, journal, and have a short discussion on p	Dr. Lavonda Johnson Lee	5	9/2/2022	1
	Food Pantry	Residents can come during office hours if they are in need of food, toiletries	Office Staff	3	9/5/2022	1
	Time Management Class	Making a to do list (copies of A To do List) then different monthly calendar	Ana Faith Caraballo	4	9/6/2022	1
	Crime Watch	S.S.S.S Information (See Something Say Something)	Officer Malcom Mcpherson	6	9/14/2022	1
	Microsoft Word Training	Held in the business center with an instructor and handouts.	Mr. Scurlark	4	9/22/2022	1
	Health Eating and Exercise	Instructor giving out recipes on healthy meal options and hand out on chair	Leydis Rico	5	9/28/2022	1
Peoples El Shaddai	Youth Services	After School Meal Program. Serves 20-30 children Daily Monday - Friday all	Peaches and Pears	30	9/1/2022	2
Peppertree Acres Apartments	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	148	9/1/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	148	9/6/2022	1
	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	148	9/8/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	148	9/12/2022	1
	Direct Support	Utility Assistance	Renters Advantage, Texas Utility Help	4	9/14/2022	1
	Direct Support	Internet Assistance	Spectrum, Stand up Wireless, TruCom	1	9/14/2022	1
	Direct Support	Food Assistance	Funky Town Fridge, Meadow ridge Co	1	9/14/2022	1
	Direct Support	GED	RHAC	1	9/14/2022	1
Pine Club	Valet Trash Service	Provide valet trash service to all residents	Pine Club Staff	232	9/1/2022	1
	Fax/ Copy	Provide free fax and copy service to all residents and applicants	Pine Club Staff	0	9/1/2022	1
	Notary	Provide free notary service to all residents and applicants	Tia Ayala	4	9/1/2022	1
Pine Terrance Apartments	N/A	Community Room under construction	Pine Terrace	0	9/1/2022	0
Pythian Manor	Resident Service	Free cell phones	Wright Care Benefits & Marreo Group	6	9/29/2022	1
	Resident Service	Food Bank Delivery	North Texas Bank	0	9/30/2022	1
Ridgewood	Valet Trash Service	Provide valet trash service to all residents	Ridgewood Staff	232	9/1/2022	1
	Fax/ Copy	Provide free fax and copy service to all residents and applicants	Ridgewood Staff	0	9/1/2022	1
	Notary	Provide free notary service to all residents and applicants	Ridya Wright	0	9/1/2022	1
	Food Pantry	Provide free open food pantry to all residents	Ridgewood Staff	4	9/1/2022	1
Rita Blanca	Library	Library- 2/3 residents are allowed into office at a time to select a donated bo	Marti Harris	3	9/1/2022	1
	Hygiene Pantry	Hygiene Pantry- no contact delivery of hygiene products.	Marti Harris	28	9/6/2022	1
	Diaper Pantry	Diaper Pantry- No contact delivery of diapers.	Marti Harris	5	9/19/2022	1
River Park Village	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	50	9/1/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	50	9/6/2022	1
	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	50	9/8/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	50	9/12/2022	1
	Direct Support	Utility Assistance	Texas Utility Help, St. Mary's Catholic	1	9/15/2022	1
Riverstation Apartments	English as a Second Language	Clothes worksheet x2 7th and 12th	GNP	0	9/7/2022	1
	Household Budgeting Workshop	Make a Budget	GNP	0	9/7/2022	1
	After school Program	After School Program 7th, 12th, 14th, 19th, 21st, 23rd, 26th, 28th	GNP	86	9/7/2022	1
	Adult Development	Buying a Home	GNP	0	9/9/2022	1
	Adult Development	Senior Chair Fitness	GNP	0	9/10/2022	1
	Adult Development	Career in Real Estate	GNP	0	9/12/2022	1
	Parenting & Nutrition	Health Meals with less sugars	GNP	0	9/14/2022	1
	Social Service Agencies	Health & Human Services x2 16th & 30th	GNP	0	9/16/2022	1
	Family Development	Smart Money Moves x2 17th & 24th	GNP	0	9/17/2022	1
	Computer Lab/Training	Copying and Moving a File	GNP	0	9/26/2022	1
	Job Training	Finding a Career Fit	GNP	0	9/26/2022	1
	Crisis/Family Counseling	Self Care Wheel	GNP	0	9/28/2022	1
	Fire Safety Class	Home Hazards	GNP	0	9/28/2022	1
Saddlewood Club	Valet Trash Service	Provide free valet trash service to all residents	Saddlewood Staff	232	9/1/2022	1
	Fax/ Copy	Provide free fax and copy service to all residents and applicants	Saddlewood Staff	2	9/1/2022	1
	Notary	Provide free notary service to all residents and applicants	Lee Ann Rodgers	0	9/1/2022	1
	Food Pantry	Provide free open food pantry to all residents	Saddlewood Staff	13	9/1/2022	1
	Transportation	Provide free bus tickets to all residents	Saddlewood Staff	2	9/1/2022	1
Salem Village	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	105	9/1/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	105	9/6/2022	1
	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	105	9/8/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	105	9/12/2022	1
	Direct Services	Medical Assistance	Texas Medical & Wellness Clinic, Cros	1	9/30/2022	1
	Children Services	Tutoring	Mid-Coast Family Services	10	9/12/2022	1

September Resident Services						
Property	Type of Service	Description	Provider	Number of Attendees	Date Provided	Points Assigned
Saint James Manor	Youth Services	Afterschool Meal Program. Feeding 25-30 children a day Monday - Friday all	Peaches and Pears	25	9/1/2022	2
Shady Oaks Manor	Fitness	Fitness with David	David Thompson	0	9/8/2022	1
	Renters Insurance	Amax Insurance Company - How to save on renters insurance	Lucy Diaz	4	9/20/2022	1
Sierra Vista	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	106	9/1/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	106	9/6/2022	1
	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	106	9/8/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	106	9/12/2022	1
Spring Terrace	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	50	9/1/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	50	9/6/2022	1
	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	50	9/8/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	50	9/12/2022	1
	Direct Support	Credit Counseling	Renters Advantage, Money Managem	1	9/23/2022	1
	Direct Support	Food Assistance	Washington Ave Christian Church, Ac	1	9/30/2022	1
	Direct Support	Utility Assistance	Renters Advantage, Amarillo Westley	1	9/30/2022	1
Tealwood Club	Resident Social	Resident Bingo	Tealwood Staff	10	9/2/2022	1
	Fax/ Copy	Provide free fax and copy service to all residents and applicants	Tealwood Staff	5	9/1/2022	1
	Notary	Provide free notary service to all residents and applicants	Renatta Graham	4	9/1/2022	1
	Food Pantry	Provide free and open food pantry to all residents	Tealwood	0	9/1/2022	1
	Book Club	Monthly Book club meeting	Tealwood Staff	4	9/23/2022	1
	Transportation	Free bus tickets to all residents	Tealwood Staff	2	9/1/2022	1
The Village Apartments	Transportation	Free bus tickets to all residents	Tealwood Staff	2	9/1/2022	1
	Book Club	Offered weekly to residents to discuss the book they are reading	Hamilton Valley Management	7	6/7/2022	1
	Exercise Class	Offered weekly to residents	Texercise	15	6/8/2022	1
	On site Library	Free and available to all residents during business hours.	Hamilton Valley Management	3	6/1/2022	1
	Health Screening	Dr. Conley (the Foot Doctor) comes and does health screenings on the reside	Foot Doctor	14	6/1/2022	1
The Willows	Direct Support	Case Worker Provided Direct Support:	MLF	6	9/1/2022	1
	Direct Support	Case Manager Provided Direct Support:	MLF	13	9/2/2022	1
	Direct Support	Case Manager Provided Direct Support:	MLF	11	9/6/2022	1
	Employment Services/Resources	Case Manager Provided Employment Services/Resources:	MLF	1	9/22/2022	1
	Employment Services/Resources	Case Manger Provided Employment Services/Resources:	MLF	1	9/23/2022	1
	Employment Services/Resources	Case Manager Provided Employment Services/Resources:	MLF	1	9/30/2022	1
Ventura at Tradewinds	Health & Nutrition Course	To your Health - Food Safety for Seniors	GNP	2	9/12/2022	1
	Fitness & Exercise Class	Endurance Exercises	GNP	2	9/16/2022	1
	Parenting Class	Stress: Risk and Resilience	GNP	1	9/19/2022	1
	Tax Prep Course	Income Tax Preparation	GNP	0	9/19/2022	1
	Fire Safety Class	Calling 911	GNP	1	9/19/2022	1
	Social Services Referrals	Food Boxes	GNP	6	9/22/2022	1
	Health Fair	Health Information Seminar	GNP	1	9/23/2022	1
	Youth Program	Self Esteem Journal	GNP	0	9/26/2022	1
	Character Building	Drug Prevention: Drugs & Your Life It isn't pretty	GNP	0	9/26/2022	1
W Leo Daniels	Phone Service	Phone Services for the Elderly	Caption Call	16	9/20/2022	1
	Chip	Congregate Service Program- Monday Through Friday	W Leo Daniels	10	9/26/2022	1
	Case Management	Assist tenants with needs	Kathy/ W Leo Daniels	8	9/30/2022	1
Walnut Creek Apartments	Health Fair	Mini Health Fair	Portfolio Resident Service	6	9/6/2022	1
	Financial Planning	The Cost of College-Financing Your Education	Portfolio Resident Service	6	9/6/2022	1
	Health & Nutritional	Making Healthy Eating : Part of your lifestyle	Portfolio Resident Service	7	9/8/2022	1
	Drug Awareness Workshop	Meena's Mistake	Portfolio Resident Service	18	9/8/2022	1
	Job Skills/Training	Interview Follow Up	Portfolio Resident Service	5	9/13/2022	1
	Parenting Class	Motivation	Portfolio Resident Service	5	9/13/2022	1
	Fitness & Exercise Class	Walking Exercise Plan	Portfolio Resident Service	13	9/15/2022	1
	Character Building	Antibullying: Say Not to Bullying	Portfolio Resident Service	4	9/22/2022	1
White Rock Apartments	Budgeting	Money matters	365 Learn TV	9	9/30/2022	1
	Education/Tutoring	Education scholastic tutoring	365 Learn TV	17	9/30/2022	1
	Health	Health and fitness	365 Learn TV	17	9/30/2022	1
	Technology	Technology	365 Learn TV	7	9/30/2022	1
	Travel	Travel	365 Learn TV	9	9/30/2022	1
	Library Assistant	Provide books and magazines and adult coloring books to help relieve stress	White Rock Library Assistant	11	9/30/2022	1
	Parenting	Parenting	365 Learn TV	9	9/30/2022	1
	Business Center	Business center available during business hours	White Rock Business Center	14	9/30/2022	1
Willow Green	Valet Trash Service	Provide free valet trash service to all residents	WillowGreen Staff	336	9/1/2022	1
	Fax/ Copy	Provide free fax and copy service to all residents and applicants	WillowGreen Staff	11	9/1/2022	1
	Notary	Provide free fax and copy service to all residents and applicants	Jackie Rodas	0	9/1/2022	1
	Food Pantry	Provide free fax and copy service to all residents	WillowGreen Staff	3	9/1/2022	1
	Fitness	Fitness Wal	WillowGreen Staff	1	9/13/2022	1
	Education	After School Tutoring	CyFair ISD	25	9/1/2022	1
Win-Lin Village Apartments	Community Awareness	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	50	9/1/2022	1
	Financial Skills	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	50	9/6/2022	1
	Medical and Health Service	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	50	9/8/2022	1
	Career Services	Outreach - Online Resident Training - Webinar presented by Rainbow Housin	RHAC	50	9/12/2022	1
	Direct Services	Rent Assistance	Renters Advantage, Salvation Army, C	1	9/7/2022	1

September Resident Services						
Property	Type of Service	Description	Provider	Number of Attendees	Date Provided	Points Assigned
Woodglen Park I & II	Valet Trash Service	Provide free valet trash service to all residents	Woodglen Staff	232	9/1/2022	1
	Fax/ Copy	Provide free fax and copy service to all residents and applicants	Woodglen Staff	0	9/1/2022	1
	Notary	Provide free fax and copy service to all residents and applicants	Primera Sanchez	1	9/1/2022	1
	Food Pantry	Provide free fax and copy service to all residents	Woodglen	0	9/1/2022	1
	Transportation	Free bus passes for all residents	Woodglen Staff	4	9/1/2022	1
Woodside Village	Suicide Prevention	We served breakfast before school and handed out information and spoke c	Woodside Village	11	9/8/2022	1
	Healthy vs Unhealthy Rela	We did arts and crafts and a presentation on healthy vs unhealthy relationsh	Woodside Village	4	9/22/2022	1

Tab D

Quarterly Fundraising Report

Texas State Affordable Housing Corporation
2022 Quarterly Fundraising Report
November 28, 2022

2022/2023 Homeownership and Home Buyer Education Initiatives			
Funder	Amount	Status	Notes
Individual Donations	\$26,034	Received	Received between July 2021 and November 2022 to support the 2022 Housing Connection workshops for housing counselors
PNC	\$20,000	Awarded	Requested in September 2022 to support the 2023 Housing Connection workshops for housing counselors
Texas Community Bank	\$10,000	Pending	Requested in November 2022 to support 2023 Housing Connection workshops
Wells Fargo/Local Initiatives Support Corporation	\$10,000	Received	Received in April 2022 to support efforts to increase homeownership among households of color in the Houston metro area
Wells Fargo/Local Initiatives Support Corporation	\$195,148	Awarded	Awarded in November 2022 to support the research of a mortgage assistance pilot program and to support collaborative efforts to increase homeownership among BIPOC households in the Houston area
Wells Fargo/Local Initiatives Support Corporation	\$1,000,000	Discussion	In discussions to support mortgage assistance program aimed at increasing homeownership among BIPOC households in the Houston area
Total Awarded/Received	\$251,182		

Total Requests Pending/Under Discussion	\$1,010,000
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2022 Permanent Supportive Housing Institute			
JPMorgan Chase	\$10,000	Received	Initially awarded for 2021 Institute, but reallocated to 2022 Institute due to fundraising surplus
Texas Capital Bank	\$50,000	Received	Received in April 2022 to support 2022 PSH Institute
Insperty	\$5,000	Received	Received in April 2022 to support 2022 PSH Institute
Frost Bank	\$5,000	Received	Received in April 2022 to support 2022 PSH Institute
JPMorgan Chase	\$30,000	Received	Received in July 2022 to support 2022 PSH Institute
Dominium	\$10,000	Received	Received in August 2022 to support 2022 PSH Institute
Regions Bank	\$5,000	Received	Received in August 2022 to support 2022 PSH Institute
Bank of America	\$22,000	Received	Received in October 2022 to support 2022 PSH Institute
City of Austin	\$55,000	Pending	Requested in July 2022 to support 2022 PSH Institute

Total Awarded/Received	\$137,000
Total Requests Pending	\$55,000

TSAHC Grant Making Programs (Texas Foundations Fund, new TxDOT Initiative)			
Funder	Amount	Status	Notes
Texas Department of Transportation	\$27,000,000	Discussion	Entered discussions in October 2020 to administer grant funding to support affordable housing initiatives in Houston neighborhoods affected by I-45 expansion project. A portion of funds may be used for Texas Housing Impact Fund and Affordable Communities of Texas (ACT) programs as well. TSAHC is currently awaiting a contract from TxDOT to move forward and was notified in March 2022 that the contract process is still on hold.

Total Requests Pending/Under Discussion	\$27,000,000
--	---------------------

Texas Housing Impact Fund			
Funder	Amount	Status	Notes
Frost Bank	\$4,000,000	Received	A community development loan initially awarded to fund down payment assistance for TSAHC's home buyer programs. In December 2018, Frost Bank granted TSAHC an extension and expanded the loan purpose to include the Texas Housing Impact Fund.
Capital Magnet Fund	\$3,750,000	Received	Awarded in February 2019 to support rental housing developments financed through the Texas Housing Impact Fund
Money Follows the Person (Texas Health and Human Services Program)	\$2,458,736	Received	Funds will support the construction or rehabilitation of rental units for individuals eligible for Medicare Long Term Services and Supports
Sisters of Charity of the Incarnate Word	\$250,000	Received	Program Related Investment received in January 2021 to support Texas Housing Impact Fund
Austin Community Foundation	\$250,000	Partially Received	Awarded in September 2021 support affordable housing projects financed by TSAHC's Texas Housing Impact Fund in Central Texas
Wells Fargo	\$45,000	Received	Awarded in September 2022 to support TSAHC's Affordable Housing Program (AHP) deferred forgivable loan to the Cady Lofts development

Total Received/Awarded	\$10,753,736
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Affordable Communities of Texas (ACT) Program			
Funder	Amount	Status	Notes
Texas Community Bank	\$500,000	Received	Texas Community Bank approved a 5 year renewal of TSAHC's EQ2 investment, extending the term from May 2020 to May 2025

Total Received	\$500,000
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Summary	
Total Received/Awarded	\$11,641,918
Total Pending/Under Discussion	\$28,065,000

Tab E

Monthly Financial Reports

Texas State Affordable Housing Corporation

Statement of Net Position (unaudited)

As of October 31, 2022

Assets

Current assets:

Cash and cash equivalents	\$ 2,475,672
Pooled investments	10,802,890
Restricted assets:	
Cash and cash equivalents	5,870,017
Accrued interest	22,744
Investments, at fair value	6,668,948
Accounts receivable and accrued revenue	252,951
Accrued interest receivable	260,249
Loans receivable, current portion	72,549
Notes receivable, current portion	26,782,157
Downpayment assistance, current portion	343,492
Prepaid expenses	351,625
	<hr/>
Total current assets	53,903,294

Noncurrent assets:

Loans receivable, Net of uncollectible amounts of \$9,395	193,957
Notes receivable, net of allowance for loss \$317,905	208,695,656
Lease Receivable	120,524
Investments, at fair market value	34,601,121
Mortgage servicing rights, net of accumulated amortization of \$2,629,706	98,355
Capital assets, net of accumulated depreciation of \$874,764	5,770,239
Owned real estate, net of amortization of \$1,900,937	13,960,484
Downpayment assistance	126,104
Restricted investments held by bond trustee, at fair market value	17,463,465
	<hr/>
Total noncurrent assets	281,029,905

Total assets	\$ 334,933,199
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(continued)

Texas State Affordable Housing Corporation

Statement of Net Position (unaudited)

As of October 31, 2022

Liabilities

Current liabilities:

Accounts payable and accrued expenses	\$ 460,701
Notes payable, current portion	64,620
Custodial reserve funds	246,306
Other current liabilities	255,181
Payable from restricted assets held by bond trustee:	
Revenue bonds payable, current portion	385,000
Accrued interest on revenue bonds	112,092

Total current liabilities	<u>1,523,900</u>
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Noncurrent liabilities:

Notes payable	2,059,589
Revenue bonds payable	17,668,802
Unearned revenue	<u>1,569,359</u>

Total noncurrent liabilities	<u>21,297,750</u>
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Total liabilities	<u>22,821,650</u>
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Deferred Inflows of Resources

Deferred revenue	<u>348,607</u>
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Total deferred inflows of resources	<u>348,607</u>
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Net Position

Invested in capital assets	5,770,239
Restricted for:	
Debt service	623,754
Other purposes	4,789,749
Unrestricted	<u>300,579,200</u>

Total net position	<u>311,762,942</u>
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Total liabilities and net position	<u><u>\$ 334,933,199</u></u>
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Texas State Affordable Housing Corporation

Statement of Revenues, Expenses and Changes in Net Position (unaudited) For the 2 Months Ending October 31, 2022

Operating Revenues:	
Interest and investment income	\$ 353,700
Net increase (decrease) in fair value of investments	(1,269,434)
Single family income	10,039,958
Asset oversight and compliance fees	59,750
Rental program income	157,400
Multifamily income	185,288
Land bank income	2,792
Public support:	
Federal & state grants	2,741
Contributions	22,535
Other operating revenue	<u>7,965</u>
Total operating revenues	\$ <u>9,562,695</u>
Operating Expenses:	
Interest expense on bonds and notes payable	\$ 103,443
Program and loan administration	13,832
Texas Foundation Fund & Misc Grants	-
Salaries, wages and payroll related costs	952,359
Professional fees and services	47,303
Depreciation and amortization	125,647
Office expense and maintenance	21,827
Travel and meals	15,109
Other operating expenses	<u>94,116</u>
Total operating expenses	<u>1,373,636</u>
Net income	8,189,059
Total net position, beginning	<u>303,573,883</u>
Total net position, ending	\$ <u><u>311,762,942</u></u>

Texas State Affordable Housing Corporation
Budget Report
October 31, 2022

	Annual Budget	Actual	Percent of Annual Budget	Reference
Revenue				
Single Family Program Revenue	8,653,000	2,151,667	25%	①
Lending Program Revenue	5,645,000	2,194,893	39%	②
Multifamily Program Revenue	1,055,000	140,930	13%	
Rental Program Revenue	918,000	153,820	17%	
Federal & State Grants	1,500,000	-	0%	
Grants, Donations & Other Awards	260,000	67,535	26%	
Land Bank Revenue	601,000	3,028	1%	
Servicing Revenue	98,000	13,334	14%	
Investment Revenue	1,580,000	347,492	22%	
Total Revenue	20,310,000	5,072,699	25%	
Expenditures				
Texas Housing Impact Fund	6,575,000	240,242	4%	
Affordable Communities of Texas	3,100,000	238,663	8%	
Other Program Expenditures	3,439,000	688,663	20%	
Salaries & Payroll Related Expenditures	4,400,000	952,359	22%	
Grants	1,115,000	14,934	1%	
Principal & Interest on Notes Payable	136,000	20,387	15%	
Professional Services	605,000	47,303	8%	
Marketing	159,000	16,883	11%	
Insurance	260,000	35,218	14%	
Travel & Meals	99,000	15,109	15%	
Furniture, Equipment, & Software	49,000	13,603	28%	③
Building Maintenance	70,000	9,131	13%	
Professional Dues, Conferences & Train	34,000	6,694	20%	
Sponsorships	24,000	2,500	10%	
Communication	27,000	4,340	16%	
Bank Fees & Charges	22,000	4,166	19%	
Publications, Subscriptions & Office Ex	26,000	4,354	17%	
Freight, Delivery, Postage	12,000	1,950	16%	
Printing & Office Supplies	5,000	603	12%	
Total Expenditures	20,157,000	2,317,102	11%	
Excess Revenues Over Expenditures	153,000	2,755,597	1801%	

Average Expected Percent Received/Expended = 16.67%

Texas State Affordable Housing Corporation
Budget Report
October 31, 2022

Explanations

- ① Second lien down payment assistance loans are paying off more rapidly than expected resulting in more Single Family Program Revenue than anticipated.
- ② Lending Program Revenue is higher than expected because two loans in the amount of \$1 million each paid off during October 2022. We anticipate that this line item will be on target by year end.
- ③ Expenditures for furniture and equipment are higher than anticipated because approximately \$4000 to upgrade the sound system in the board room was expended during the first two months of the fiscal year. These costs were anticipated and we expect this line item will be on target by year end.

Tab 1

Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on October 18, 2022.

**TEXAS STATE AFFORDABLE HOUSING CORPORATION
BOARD MEETING**

The Governing Board of the Texas State Affordable Housing Corporation (TSAHC)

**October 18, 2022
10:30 a.m.**

Summary of Minutes

**Call to Order
Roll Call
Certification of Quorum**

The Board Meeting of the Texas State Affordable Housing Corporation (the “Corporation”) was called to order by Bill Dietz, Chair, at 10:31 a.m., on October 18, 2022, at the offices of Texas State Affordable Housing Corporation, 6701 Shirley Avenue, Austin, TX 78752. Roll Call certified that a quorum was present.

Members Present:

Bill Dietz, Chair
Valerie Cardenas, Vice Chair
Courtney Johnson-Rose, member

Guests Present:

Chris Spelbring, Raymond James and Associates
Routt Thornhill, Coats Rose

President’s Report

David Long, President

Tab 1 Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on September 27, 2022.

Ms. Cardenas made a motion to approve the minutes of the Board meeting held September 27, 2022. Ms. Rose seconded the motion. Mr. Dietz asked for public comment and none was given. A vote was taken, and the motion passed unanimously.

See page 11 in the official transcript.

Tab 2 Presentation, Discussion and Possible Approval of a Resolution Authorizing the Development of a Program and the Preparation of Documents Relating to the Issuance and Sale of Single Family Mortgage Revenue Bonds and Containing Other Matters Incident and Related Thereto.

Presented by Joniel LeVecque, Senior Director of Single Family Programs and Chris Spelbring, Raymond James and Associates

Ms. Rose made a motion to approve the Resolution Authorizing the Development of a Program and the Preparation of Documents Relating to the Issuance and Sale of Single Family Mortgage Revenue Bonds and Containing Other Matters Incident and Related Thereto. Ms. Cardenas seconded the motion. Mr. Dietz asked for public comment and none was given. A vote was taken. The motion passed with two votes in favor and one abstention.

See page 12 in the official transcript.

Tab 3 Presentation, Discussion and Possible Approval of a Resolution to Approve the Corporation's Fiscal Year 2023 Investment Policy.

Presented by Melinda Smith, Chief Financial Officer

Ms. Rose made a motion to approve the Resolution to Approve the Corporation's Fiscal Year 2023 Investment Policy. Ms. Cardenas seconded the motion. Mr. Dietz asked for public comment and none was given. A vote was taken, and the motion passed unanimously.

See page 18 in the official transcript.

Tab 4 Presentation, Discussion and Possible Approval of the Corporation's Fiscal Year 2023 Broker Listing.

Presented by Melinda Smith, Chief Financial Officer

Ms. Cardenas made a motion to approve the Corporation's Fiscal Year 2023 Broker Listing. Ms. Rose seconded the motion. Mr. Dietz asked for public comment and none was given. A vote was taken. The motion passed with two votes in favor and one abstention.

See page 21 in the official transcript.

Tab 5 Presentation and Discussion of the Texas State Affordable Housing Corporation's Fiscal Year 2022 and 2023 Strategic Plans.

Presented by Janie Taylor, Executive Vice President; Sarah Ellinor, Senior Manager, Homeownership Programs; Joniel LeVecque, Senior Director of Single Family Programs; Katie Claflin, Senior Director, Communications & Development

No action taken.

See page 25 in the official transcript.

Announcements and Closing Comments

Mr. Long and Board Members tentatively scheduled the next Board Meeting for November 15, 2022, at 10:30 am.

Adjournment

Mr. Dietz adjourned the meeting at 11:26 pm.

Respectfully submitted by _____
Cynthia Gonzales, Assistant Corporate Secretary

Tab 2

Presentation, Discussion and Possible Approval of the Fiscal Year 2022
Annual Independent Financial and Single Audit Reports.

**Texas State Affordable Housing
Corporation**

**Financial Statements
and Supplemental Information
as of and for the Year Ended
August 31, 2022 and
Independent Auditors' Report**

Independent Auditors' Report

Texas State Affordable Housing Corporation

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Independent Auditors' Report

The Board of Directors of
Texas State Affordable Housing Corporation:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Texas State Affordable Housing Corporation (the "Corporation") as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Corporation, as of August 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corporation's basic financial statements. The schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of Texas Uniform Grant Management Standards is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of revenues and expenses by activity but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2022 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Corporation's internal control over financial reporting and compliance.

Austin, Texas

Management's Discussion and Analysis

Texas State Affordable Housing Corporation

Management's Discussion and Analysis

Fiscal Year Ended August 31, 2022

This discussion and analysis of Texas State Affordable Housing Corporation's (the "Corporation") financial performance provides an overview of the Corporation's financial activities for the fiscal year ended August 31, 2022. Please read it in conjunction with the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

- At August 31, 2022 the Corporation's total assets equaled \$327.9 million; of this amount \$20.6 million represents assets associated with the single-family bond program; \$52.9 million represents unrestricted cash, cash equivalents and investments; \$229.2 million consists of loans and notes receivable; and \$13.1 million represents real estate held under the Affordable Communities of Texas ("ACT") Program and the Rental Program. Total assets increased approximately \$74.8 million during 2022 primarily due to the increase in notes receivable associated with the Texas Housing Impact Fund Program.
- The Corporation's liabilities totaled \$24.0 million of which \$19.1 million relates to the single-family bond program and \$2.1 million consists of notes payable. Total liabilities decreased approximately \$23.7 million in 2022 resulting primarily from the redemption of the Corporation's single-family bond debt.
- At the close of the fiscal year ending August 31, 2022 the Corporation's assets exceeded its liabilities by \$303.6 million. Of this amount, \$292.0 million may be used to meet the Corporation's ongoing obligations to the public and creditors, \$5.8 million is restricted and \$5.8 million is invested in capital assets.
- The Corporation's operating revenues for 2022 totaled \$107.6 million and operating revenues exceeded operating expenses by approximately \$98.3 million. The major revenue sources were single family program income equaling \$106.2 million, interest and investment income totaling \$2.0 million, and grants/contributions of \$1.5 million. Revenue decreased in 2022 by approximately \$23.3 million due to a decrease in income from Single Family programs. The Corporation follows the provisions of GASB Statements No. 31 and 72, which require that certain types of investments be reported at fair value on the balance sheet.
- Operating expenditures for fiscal year 2022 consist primarily of salary expense of \$4.6 million, Texas Foundations Fund Grants of \$2.0 million, and depreciation and amortization of \$0.8 million.
- The Corporation created three separate entities in April 2022 associated with a project to be developed beginning in 2023 with the purpose of developing affordable housing. The names of these entities are Plano-DMA TSAHC Housing, LLC, TSAHC Park on 14th, LLC, and TSAHC MF-GC, LLC. There was no activity related to these new entities as of August 31, 2022.

Overview of the Financial Statements

The financial statements presented herein include all of the activities of the Corporation as prescribed by GASB Statement No. 34.

The Corporation operates as a single enterprise fund; therefore the basic financial statements presented are the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. As with all proprietary funds, the financials are presented using the economic resources measurement focus.

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the Corporation as a whole. These statements include *all* assets, liabilities and deferred inflows of resources of the Corporation using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report the Corporation's *net position* and changes in it. Net position is the difference between assets and liabilities and deferred inflows of resources, which is one way to measure the Corporation's financial health, or *financial position*. Over time, *increases or decreases* in the Corporation's net position are one indicator of whether its *financial health* is improving or deteriorating.

The Corporation's activities are accounted for as a special purpose government, or single enterprise fund.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The Financial Statements

Statement of Net Position

	2022	2021	Increase (Decrease)	
			Amount	Percentage
Assets:				
Current assets	\$ 51,620,460	\$ 33,422,824	\$ 18,197,636	54.45%
Noncurrent assets	276,310,263	219,716,460	56,593,803	25.76%
Total assets	327,930,263	253,139,284	74,791,439	29.55%
Liabilities:				
Current liabilities	1,899,693	11,374,045	(9,474,352)	(83.30%)
Noncurrent liabilities	22,106,683	36,318,314	(14,211,631)	(39.13%)
Total liabilities	\$ 24,006,376	\$ 47,692,359	\$ (23,685,983)	(49.66%)
Deferred Inflows of Resources-				
Deferred Revenue	\$ 350,464	\$ 153,790	\$ 196,674	127.88%
Net Position:				
Invested in capital assets	5,798,756	6,008,392	(209,636)	(3.49%)
Restricted for debt service	1,480,033	3,459,206	(1,979,173)	(57.21%)
Restricted for other purposes	4,285,474	3,080,575	1,204,899	39.11%
Unrestricted	292,009,620	192,744,962	99,264,658	51.50%
Total net position	\$ 303,573,883	\$ 205,293,135	\$ 98,280,748	47.87%

The Corporation's net position increased from \$205.3 million to \$303.6 million in fiscal year 2022. Of this amount, restricted assets totaled \$5.8 million, capital assets equaled \$5.8 million and the remaining balance of \$292.0 million was unrestricted and available for corporate programs, payment of obligations, and fulfillment of the Corporation's public purpose.

The Corporation's total assets increased from \$253.1 million to \$327.9 million during fiscal year 2022. The largest single factor contributing to this increase was the issuance of notes receivable in the Corporation's Texas Housing Impact Fund program.

As of August 31, 2022, the Corporation's current assets totaled \$51.6 million and current liabilities equaled \$1.9 million resulting in available net working capital of \$49.7 million.

Noncurrent assets consisted of restricted investments held by the bond trustee of \$18.9 million; owned real estate totaling \$13.1 million; noncurrent investments of \$37.7 million; notes and loans receivable of \$200.4 million; and capital assets net of accumulated depreciation of \$5.8 million.

Noncurrent liabilities consisted of bonds payable totaling \$18.4 million; notes payable of \$2.1 million; and unearned revenue of \$1.6 million.

Statement of Revenues, Expenses and Changes in Net Position

			Increase (Decrease)	
	2022	2021	Amount	Percentage
Revenues:				
Interest and investment income	\$ 2,008,059	\$ 2,675,450	\$ (667,391)	(24.94%)
Net increase (decrease) in fair value of investments	(4,315,229)	(2,457,109)	(1,858,120)	75.62%
Single family income	106,192,067	127,920,500	(21,728,433)	(16.99%)
Rental program income	993,316	612,767	380,549	62.10%
Multifamily income	712,629	528,944	183,685	34.73%
Public support	1,476,162	1,138,971	337,191	29.60%
Other	525,940	482,251	43,689	9.06%
Total income	<u>\$ 107,592,944</u>	<u>\$ 130,901,774</u>	<u>\$ (23,308,830)</u>	<u>(17.81%)</u>
Expenses:				
Interest expense on bonds & notes payable	339,729	1,236,568	(896,839)	(72.53%)
Salaries, wages & payroll related costs	4,618,078	3,655,394	962,684	26.34%
Program and loan administration	194,507	644,424	(449,917)	(69.82%)
Texas Foundations Fund & Rebuild Texas grants	1,960,000	916,000	1,044,000	113.97%
Other	2,199,882	2,029,532	170,350	8.39%
Total expenses	<u>\$ 9,312,196</u>	<u>\$ 8,481,918</u>	<u>830,278</u>	<u>9.79%</u>
Net income	98,280,748	122,419,856	(24,139,108)	(19.72%)
Beginning net position	205,393,135	82,873,279	122,419,856	147.72%
Ending net position	<u>\$ 303,573,883</u>	<u>\$ 205,293,135</u>	<u>\$ 98,280,748</u>	<u>47.87%</u>

Interest and investment income decreased \$0.7 million from the previous year. This resulted primarily from the decrease in interest earned on general investments. The Corporation's investments consist primarily of mortgage-backed securities. The increases and decreases associated with mortgage-backed securities represent unrealized gains and losses and are required to be recorded in compliance with the provisions of GASB Statements No. 31 and 72.

The Corporation experienced a decrease in overall revenue of \$23.3 million during fiscal year 2022 resulting primarily from a \$21.7 million decrease in single family income. The decrease can be attributed to lower loan volume due to increasing mortgage rates.

Rental Program income increased approximately \$380,500 from the previous year resulting primarily from an increase in properties owned and from the recording of lease revenue. Multifamily Income increased approximately \$184,000 due to greater volume in both the multifamily lending and bond programs. Public Support increased approximately \$337,000 from the previous fiscal year. This was due an increase in support for the Permanent Supportive Housing Institute.

Interest expense on bonds and notes payable decreased approximately \$897,000 from the previous year. This is a direct result of the decrease in single family bond activity.

Other expenses are comprised of professional fees, amortization, office and equipment rental and maintenance, travel, depreciation and grant expenditures.

Business Type Activities

For the purposes of financial reporting, the Corporation is a special purpose government operating as a single enterprise fund. All activities of the Corporation are categorized as business type activities and are accounted for in the financial statements.

Budgetary Highlights

The Corporation is not required to adopt a legal budget and has not done so, therefore, no budgetary highlights or comparison are required.

Relevant Decisions and Economic Factors

Public Purpose - The Corporation is organized, operated and administered exclusively for the promotion of social welfare, and is a section 115 and 501(c)(3) nonprofit corporation under the Internal Revenue Code of 1986, as amended. The Corporation's mission is to serve the housing needs of moderate - and lower-income Texans who are not afforded housing finance options through conventional lending channels.

Legislative Reporting Requirements

The number and amount of private grants, donations, or other funds applied for and received by the Corporation during fiscal year 2022, as well as the use of these funds, were as follows:

<u>FY 2022 Grant Applications Submitted</u>	<u>Status</u>	<u>Amount Requested</u>	<u>Amount Received</u>	<u>Program/ Activity</u>
LISC	Received	\$ 10,000	\$ 10,000	Harris county Homeownership Collaborative
TFEE	Received	\$ 30,000	\$ 18,000	Housing Connection Program
Wells Fargo	Received	\$ 20,000	\$ 35,000	Permanent Supportive Housing Institute
Texas Community Bank	Received	\$ 10,000	\$ 10,000	Permanent Supportive Housing Institute
Insperty	Received	\$ 5,000	5,000	Permanent Supportive Housing Institute
Regions Bank	Received	\$ 5,000	\$ 5,000	Permanent Supportive Housing Institute
Frost Bank	Received	\$ 5,000	\$ 5,000	Permanent Supportive Housing Institute
Dominium	Received	\$ 10,000	\$ 10,000	Permanent Supportive Housing Institute
Texas Capital Bank	Received	\$ 50,000	\$ 50,000	Permanent Supportive Housing Institute
JP Morgan Chase	Received	\$ 30,000	\$ 30,000	Permanent Supportive Housing Institute
Federal Home Loan Bank	Received	\$ 262,500	\$ 262,500	Laredo Home Donation
Money Follows the Person	Received	\$ 39,398	\$ 39,398	Texas Housing Impact Fund

The number, amount, and purpose of loans provided to affordable housing developers during fiscal year 2022 were as follows:

- Loan in the amount of \$387,553 was provided to a non-profit developer for the purpose of financing interim construction on single family homes.
- Loan in the amount of \$144,808 was provided to a non-profit developer for the purpose of financing interim construction on single family homes.
- Loan in the amount of \$285,719 was provided to a non-profit developer for the purpose of financing interim construction on single family homes.
- Loan in the amount of \$1,200,000 was provided to a non-profit developer for the purpose of financing acquisition and construction costs on a multi-family project.
- Loan in the amount of \$1,000,000 was provided to a non-profit developer for the purpose of bridge financing acquisition and construction costs on a multi-family project.
- Loan in the amount of \$150,088 was provided to a non-profit developer for the purpose of bridge financing acquisition and construction costs on a multi-family project.
- Forgivable loan in the amount of \$375,000 was provided to a non-profit developer for the purpose of construction costs on a multi-family project.
- Forgivable loan in the amount of \$375,000 was provided to a non-profit developer for the purpose of construction costs on a multi-family project.
- Forgivable loan in the amount of \$375,000 was provided to a non-profit developer for the purpose of construction costs on a multi-family project.

The amount and source of funds deposited into a fund created by the Corporation for the purpose of providing grants and the number, amount and purpose of any grants provided during fiscal year 2022 were as follows:

- \$1,910,000 was set aside in the Texas Foundations Fund for the purpose of making grants to nonprofit organizations and rural government entities for the costs associated with the construction, rehabilitation, and/or critical repair of single-family homes, as well as the provision of supportive housing services within multifamily housing. During the year, ninety (90) such grants were made in the aggregate amount of \$1,910,000.

The total amount of revenue earned by the Corporation in excess of its expenditures equaled \$98,280,748 for fiscal year 2022.

Continuance Subject to Review

Under the Texas Sunset Act, the Corporation will be abolished effective September 1, 2027 unless continued in existence as provided by the Act.

Contacting the Corporation's Financial Management

This financial report is designed to provide our customers, investors, and creditors with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Texas State Affordable Housing Corporation at 6701 Shirley Avenue, Austin, Texas 78752, phone 512-477-3555.

Basic Financial Statements

Texas State Affordable Housing Corporation

Statement of Net Position

As of August 31, 2022

Assets

Current assets:

Cash and cash equivalents	\$ 6,798,715
Restricted assets:	
Cash and cash equivalents	5,677,330
Accrued interest	22,744
Investments, at fair value	8,410,790
Accounts receivable and accrued revenue	854,591
Accrued interest receivable	264,625
Loans receivable, current portion	72,549
Notes receivable, current portion	28,681,315
Lease receivable, current portion	100,618
Downpayment assistance, current portion	343,492
Prepaid expenses	393,691
	<hr/>
Total current assets	51,620,460

Noncurrent assets:

Loans receivable, net of uncollectible amounts of \$9,395	201,769
Notes receivable, net of allowance for loss \$413,326	200,220,021
Lease receivable	120,524
Investments, at fair market value	37,661,385
Mortgage servicing rights, net of accumulated amortization of \$2,625,774	102,287
Capital assets, net of accumulated depreciation of \$835,407	5,798,756
Owned real estate	13,120,950
Down payment assistance	142,422
Restricted investments held by bond trustee, at fair market value	18,942,149
	<hr/>
Total noncurrent assets	276,310,263

Total assets	<hr/> <hr/> \$ 327,930,723
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(continued)

The notes to the financial statements are an integral part of this statement.

Texas State Affordable Housing Corporation

Statement of Net Position (continued)

As of August 31, 2022

Liabilities

Current liabilities:

Accounts payable and accrued expenses	\$ 620,671
Notes payable, current portion	64,620
Custodial reserve funds	241,129
Other current liabilities	251,998
Payable from restricted assets held by bond trustee:	
Revenue bonds payable, current portion	385,000
Accrued interest on revenue bonds	336,275

Total current liabilities	<u>1,899,693</u>
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Noncurrent liabilities:

Notes payable	2,070,132
Revenue bonds payable	18,400,154
Unearned revenue	1,636,397

Total noncurrent liabilities	<u>22,106,683</u>
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Total liabilities	<u>24,006,376</u>
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Deferred Inflows of Resources

Deferred revenue	<u>350,464</u>
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Total deferred inflows of resources	<u>350,464</u>
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Net Position

Invested in capital assets	5,798,756
Restricted for:	
Debt service	1,480,033
Other purposes	4,285,474
Unrestricted	292,009,620

Total net position	<u>303,573,883</u>
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Total liabilities and net position	<u>\$ 327,930,723</u>
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The notes to the financial statements are an integral part of this statement.

Texas State Affordable Housing Corporation

Statement of Revenues, Expenses and Changes in Net Position For the Year Ended August 31, 2022

Operating Revenues:

Interest and investment income	\$ 2,008,059
Net increase (decrease) in fair value of investments	(4,315,229)
Single family income	106,192,067
Asset oversight and compliance fees	377,957
Rental program income	993,316
Multifamily income	712,629
Land bank income	55,738
Public support:	
Federal & state grants	1,268,131
Contributions	208,031
Other operating revenue	92,245

Total operating revenues	<u>\$ 107,592,944</u>
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Operating Expenses:

Interest expense on bonds and notes payable	\$ 339,729
Program and loan administration	194,507
Texas Foundations Fund and miscellaneous grants	1,960,000
Salaries, wages and payroll related costs	4,618,078
Professional fees and services	519,877
Depreciation and amortization	752,272
Office expense and maintenance	139,885
Travel and meals	82,549
Other operating expenses	705,299

Total operating expenses	<u>9,312,196</u>
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Net income	98,280,748
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Total net position, beginning	<u>205,293,135</u>
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Total net position, ending	<u><u>\$ 303,573,883</u></u>
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The notes to the financial statements are an integral part of this statement.

Texas State Affordable Housing Corporation

Statement of Cash Flows

For the Year Ended August 31, 2022

Cash Flows from Operating Activities

Receipts from customers and users	\$ 42,143,607
Payments to employees	(3,534,414)
Payments of benefits and other payroll related costs	(1,083,664)
Payments to suppliers of goods and services	<u>(19,268,532)</u>
Net cash provided by operating activities	<u>18,256,997</u>

Cash Flows from Non-Capital Financing Activities

Proceeds from notes payable	125,000
Payments of principal and interest on notes payable	(2,148,428)
Payments of principal and interest related to bond maturities and calls	<u>(20,840,268)</u>
Net cash used in non-capital financing activities	<u>(22,863,696)</u>

Cash Flows from Capital and Related Financing Activities

Payments for additions to capital assets	(30,387)
Purchase and rehabilitation of single family homes under Rental Program	(2,413,190)
Sale of single family homes under ACT Program and Rental Program	625,511
Rehabilitation of single family homes under ACT Program	(1,072,548)
Rehabilitation of multifamily apartments	(140,615)
Rehabilitation of office building	<u>(51,393)</u>
Net cash used in capital and related financing activities	<u>(3,082,622)</u>

Cash Flows from Investing Activities

Proceeds from sale and maturities of restricted investments	7,242,927
Proceeds from sale of unrestricted investments	13,783,501
Purchase of unrestricted investments	(15,968,503)
Interest earned on investments	<u>904,877</u>
Net cash provided by investing activities	<u>5,962,802</u>

Net decrease in cash and cash equivalents	(1,726,519)
Cash and cash equivalents at beginning of year	<u>14,202,564</u>
Cash and cash equivalents at end of year	<u>\$ 12,476,045</u>

(continued)

The notes to the financial statements are an integral part of this statement.

Texas State Affordable Housing Corporation

Statement of Cash Flows (continued)

For the Year Ended August 31, 2022

Reconciliation of Operating Income to Net Cash

Provided By Operating Activities

Net income	\$ 98,280,748
Adjustments to reconcile net income to net cash provided by operations:	
Depreciation and amortization expense	752,272
Unrealized loss on investments	4,315,229
Gain on sale of property	(314,485)
Provision for estimated losses and chargeoffs	209,113
In-kind grants	(25,688)
Amortization of down payment assistance	343,492
Amortization of bond premium	(566,688)
Changes in current assets and liabilities:	
Decrease in accounts receivable and accrued revenue	3,148,462
Increase in accrued interest receivable	(192,498)
Decrease in loans receivable	81,603
Increase in notes receivable	(88,333,685)
Increase in lease receivable	(221,142)
Decrease in down payment assistance loans	343,492
Increase in prepaid expenses	(133,925)
Decrease in accounts payable and accrued expenses	(35,307)
Decrease in accrued interest payable on bonds	(351,371)
Increase in deferred revenue and other liabilities	957,375
Net cash provided by operating activities	<u>\$ 18,256,997</u>

Supplemental Disclosure of Noncash Transactions :

Debt forgiven - Affordable Communities of Texas Veterans' Program	<u>\$ 132,602</u>
Debt forgiven - Affordable Housing Partnership	<u>\$ 37,500</u>

The notes to the financial statements are an integral part of this statement.

Notes to the Financial Statements

Texas State Affordable Housing Corporation

Notes to Financial Statements Year Ended August 31, 2022

1. Nature of Activities and Significant Policies

Nature of Activities

Reporting Entity - Texas State Affordable Housing Corporation (the “Corporation”) was incorporated on May 6, 1994 under the Texas Non-Profit Corporation Act, Article 1396.1.01 et seq., Vernon’s Annotated Texas Civil Statutes as amended, and is legally separate from the State of Texas and does not receive State appropriated funding. Under Government Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 61, the Corporation is a special purpose government and a component unit of the State of Texas for financial reporting purposes. In addition, there are no component units included within the reporting entity of the Corporation.

The Governing Board consists of five directors, all of which are appointed by the Governor of the State of Texas. The public purpose of the Corporation is to perform such activities and services that the Corporation’s Board of Directors determines will promote public health, safety, and welfare through the provision of adequate, safe and sanitary housing primarily for individuals and families of low, very low and extremely low income, and to perform activities and services related to this purpose and for other purposes as set forth in Chapter 2306, Subchapter Y, of the Government Code, as amended.

The Corporation is a dual-purpose Section 115 governmental entity organized, operated and administered as a non-profit organization in accordance with Section 501(c)(3) of the Internal Revenue Code.

The Corporation created three separate entities in April 2022 associated with a project to be developed beginning in 2023 with the purpose of developing affordable housing. The names of these entities are Plano-DMA TSAHC Housing, LLC, TSAHC Park on 14th, LLC, and TSAHC MF-GC, LLC. There was no activity related to these new entities as of August 31, 2022.

Dissolution of Entity - The Corporation is subject to Chapter 325 of the *Texas Government Code* (the “Texas Sunset Act”). Unless continued in existence as provided by the Texas Sunset Act, the Corporation will be abolished effective September 1, 2027.

Upon dissolution of the Corporation, title to or other interest in real or personal property or rights thereto owned by the Corporation shall be transferred pursuant to Chapter 2306, Subchapter Y of the Government Code.

Basis of Presentation - The accompanying financial statements of the Corporation have been prepared in conformity with generally accepted accounting principles as prescribed by GASB. The Corporation presents its financial statements in accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements - Management's Discussion and Analysis for State and Local Governments: Omnibus*; and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. For financial reporting purposes, the Corporation is considered a special purpose government.

Corporate Lines of Business

Servicing Operations - Servicing consists of the Corporation's activities as Master Servicer for the Texas Department of Housing and Community Affairs' (the "Department" or "TDHCA") single-family mortgage revenue bond program issues 52, 53, and 54, and servicer of the Corporation's own portfolio of single and multifamily loans. The Corporation subcontracts the servicing related to the Department's single-family mortgage revenue bond programs.

Asset Oversight and Compliance - These operations are used to account for asset oversight and compliance monitoring activities performed by the Corporation for multifamily bond properties for which the Corporation acted as conduit issuer.

Single Family Bond Program - Through the Single-Family Bond Program (SFB Program) the Corporation provides below market 30-year fixed rate mortgage loans to eligible first-time homebuyers through the issuance of tax-exempt single-family mortgage revenue bonds. The Corporation's SFB Programs provide down payment and closing cost assistance to the borrower in the form of a grant in an amount up to 5% of the loan amount.

Single Family Mortgage Credit Certificate Program - The Corporation also offers a single-family Mortgage Credit Certificate Program (the "MCC Program"). Under the MCC Program, qualified homebuyers are eligible to take a portion of the annual interest paid on their mortgage as a special tax credit, up to \$2,000, each year that they occupy the home as their principal residence.

Single Family TBA Program - Under the TBA Program, the Corporation finances first-lien mortgage loans to enable qualified borrowers to purchase single family residences in the State of Texas. The TBA program is a non-bond financing program which utilizes the conventional loan market through a third-party provider (the "TBA provider"). The TBA provider agrees to purchase mortgage loans (which have been pooled and securitized into mortgage-backed securities) from the Corporation for a period of approximately 90 to 120 days, at a specified price based on the interest rate of the mortgage loan. The TBA provider provides pricing each day based on market fluctuations in interest rates. The program is referred to as TBA (to be announced) because the specific mortgage-backed security to be delivered is not known at the time the trade is initially made but is "to be announced" at a later date before the trade is settled.

Affordable Communities of Texas - Using its statutory authority to own property tax-free, the Corporation has created the Affordable Communities of Texas Program (the “ACT Program”) which is the first statewide land bank and land trust program in Texas. The land bank provides for the acquisition and temporary holding (up to ten years) of land or buildings for the purpose of redeveloping the properties for affordable housing. The land trust provides for the acquisition and long-term holding of land or buildings for the purpose of redevelopment for affordable housing. A property held by the land trust will be owned in perpetuity by the Corporation and leased for residential housing that benefits low-income households. The ACT Program is financed by the Corporation utilizing federal and private funding along with property donations.

Texas Housing Impact Fund - The Texas Housing Impact Fund (“THIF”) provides financing for the acquisition, construction and redevelopment of single and multifamily housing units for low-income families in rural communities and high need areas. See Note 4.

Rental Program - The Corporation’s Rental Program provides affordable, below-market rental homes and apartments in high opportunity neighborhoods in various Metropolitan Statistical Areas (the “MSA”) to eligible low-income families. Additionally, the Corporation owns an office building, which it leases to other 501(c)(3) nonprofits.

Multifamily 501(c)(3) Bond Program - The Corporation acts as a conduit issuer of multifamily mortgage revenue bonds for qualified 501(c)(3) owners of multifamily housing developments. Each multifamily property owner must agree to restrict a certain number of units so that they are affordable in their marketplace. Additionally, each property must provide significant resident and/or community services with excess revenues.

Multifamily Private Activity Bond Program - Under the Multifamily Private Activity Bond Program (the “MPAB Program”), the Corporation administers 10 percent of the State’s volume cap allocation of private activity bonds for multifamily residential rental housing each year. For the 2022 program year, the amount available for issuance was approximately \$85 million. The Corporation’s MPAB Program provides financing for new construction, or acquisition and rehabilitation of existing multifamily rental properties. The Corporation is required by statute to target areas, such as cities and counties, and to issue requests for proposals to developers to provide the type of housing requested by the target area. In exchange for receiving the lower tax-exempt revenue bond interest rate, multifamily complexes financed through the MPAB Program must provide a minimum number of affordable units.

Significant Accounting Policies

Basis of Accounting - The Corporation prepares its financial statements using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the liability is incurred regardless of the timing of the related cash flows. GASB Statement No. 62, which was adopted in 2013, codifies all FASB and AICPA pronouncements issued before November 30, 1989 that do not conflict with GASB pronouncements. As a result, the Corporation no longer must consider pre-1989 FASB or AICPA pronouncements nor will it be permitted to apply “new” FASB pronouncements issued after November 30, 1989.

Cash and Cash Equivalents - For the purpose of reporting cash flows, cash and cash equivalents consist of cash and short-term investments with a maturity at the date of purchase of three months or less, which are highly liquid, and can be readily exchanged for cash at amounts equal to their stated value.

Investments - The Corporation's investment policies and types of investments are governed by Section 2256 of the Texas Government Code (the "Public Funds Investment Act"). The Corporation's management believes that it complied with the requirements of the Public Funds Investment Act and the Corporation's investment policy. The Corporation follows the provisions of GASB Statement No. 31 and 72, which requires certain types of investments to be reported at fair value on the statement of net position. The Corporation utilizes established quoted market prices for determining the fair value of its debt securities in reserve funds. The fair value of the Corporation's mortgage backed securities has been estimated by each bond issue's trustee using a pricing service.

In accordance with GASB Statement No. 31 and 72, changes in the fair value of investments are reported in the statement of revenues, expenses and changes in net position as a net increase or decrease in the fair value of investments.

Loans Receivable - Mortgage loans originated by the Corporation are carried at the unpaid principal balance outstanding, net of allowances for possible loan losses.

Mortgage loans purchased by the Corporation are carried at the amortized cost of loans acquired, net of allowances for possible loan losses.

Notes Receivable - Notes receivable is comprised of loans made under the ACT, THIF, MPAB and Single Family Second Lien Programs. Notes are carried at the unpaid principal balance outstanding.

Allowance for Possible Losses - Losses are charged to the allowance for possible loan losses when the loss occurs or when a determination is made that a loss is likely to occur. During the year, management estimates the level of future losses to determine whether the allowance is adequate to absorb anticipated losses in the existing mortgage loans. Based on these estimates, a provision for possible losses on loans is credited to the allowance in order to adjust the allowance to levels estimated to be adequate to absorb reasonably foreseeable losses.

While management uses available information to recognize losses in the loan portfolio, future adjustments may be necessary due to changes in economic conditions. However, it is the judgment of management that the allowances are currently adequate to absorb reasonably foreseeable losses in the existing portfolios.

Amortization of Bond Premium - As of August 31, 2022 the premium related to the SFB Programs totaled approximately \$555,000. Bond premium amortization during fiscal year 2022 totaled approximately \$567,000.

Deferred Outflows and Deferred Inflows of Resources - The Corporation complies with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the Corporation's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the Corporation's acquisition of net position applicable to a future reporting period.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. See Note 9 for additional information on deferred inflows of resources.

Fair Value Measurements - The Corporation complies with GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity
- Level 3 inputs are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities
- Cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost)
- Income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Purchased Mortgage Servicing Rights - Purchase Mortgage Servicing Rights are recorded at cost and are amortized in relation to the remaining value of the related mortgage balances at the end of each period so that the value of the servicing rights equals the same percentage of the outstanding mortgage balance as when originally purchased. Amortization expense for fiscal year 2022 was approximately \$32,000; accumulated amortization as of August 31, 2022 equaled approximately \$2.6 million.

Capital Assets - All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated acquisition value on the date donated. Expenses for betterments that materially extend the useful life of an asset are capitalized at cost. Land owned by the Corporation is not depreciated. Furniture and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, usually 3 to 5 years. The building is depreciated using the straight-line method over 30 years. The Corporation capitalizes assets with a cost greater than \$1,500 and a useful life of more than one year.

Compensated Absences - Employees of the Corporation earn annual leave on a monthly basis. Each employee is entitled to earned but unused annual leave as compensation upon termination of employment. The total compensated absences accrued liability as of August 31, 2022 was approximately \$394,000.

Reserve and Custodial Accounts - The Corporation holds certain cash reserves totaling approximately \$241,000 as of August 31, 2022 for the benefit of three multifamily projects that are financed by the Corporation.

Net Position - When both restricted and unrestricted resources are available for use, it is the Corporation's policy to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Donated Property Valuation - When the Corporation receives donated property, a Broker's Price Opinion (the "BPO") is obtained, which estimates the acquisition value. The BPO typically offers a range of values. The property is booked at the lowest value in the range offered in the BPO.

Operating and Nonoperating Revenues and Expenses - Operating revenues and expenses generally result from providing services in connection with the bond programs, lending programs, and federal and other grants. Operating expenses are primarily related to interest expense on bonds and general administrative expenses. The Corporation considers all its revenues and expenses to be operating revenues and expenses.

Change in Accounting Principle for Recently Adopted Accounting Pronouncement - For the year ended August 31, 2022, the Corporation implemented GASB Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the Corporation's leasing activities and establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the Corporation's financial statements for the year ended August 31, 2022 but had no effect on the beginning net position since the Corporation recognized a lease receivable and a deferred inflow of resources of \$58,507 at September 1, 2021.

Recently Issued Accounting Pronouncements - In May 2019, the GASB issued GASB Statement No. 91, *Conduit Debt Obligation*, effective for fiscal years beginning after December 15, 2021. The objective of GASB Statement No. 91 is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB Statement No. 91 will require issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. Management is evaluating the effects that the full implementation of GASB Statement No. 91 will have on its financial statements for the year ended August 31, 2023.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for fiscal years beginning after June 15, 2022. The objective of GASB Statement No. 96 is to improve accounting and financial reporting by establishing a definition for a subscription-based information technology arrangement ("SBITA") and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. GASB Statement No. 96 will require a government to report a right-to-use subscription asset as an intangible asset and a corresponding subscription liability for a SBITA, and also require certain disclosures about the SBITA. GASB Statement No. 96 also provides capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. Management is evaluating the effects that the full implementation of GASB Statement No. 96 will have on its financial statements for the year ended August 31, 2023.

2. Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents - Cash and cash equivalents at August 31, 2022 consisted of bank deposits totaling \$6,798,715.

Restricted cash and cash equivalents at August 31, 2022 totaled \$5,677,330. The bond trustee maintained \$1,150,656 in money market mutual funds. The Corporation held \$4,285,545 in a checking account, which were restricted grant funds. The Corporation also maintained three custodial accounts with a combined total of \$241,129 pledged as reserves on three multifamily projects. These funds were maintained in interest bearing demand accounts.

Investments - GASB Statement No. 72 regarding *Fair Value Measurement and Application* for financial reporting purposes categorizes financial instruments within three different levels of risk dependent upon the measure of their fair value and pricing.

Because the investments are restricted by Policy and state law to active secondary market, the market approach is being used for valuation. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities.

The *exit* or fair market prices used for these fair market valuations of the portfolio are all Level 1 and Level 2 and represent unadjusted quoted prices in active markets for identical assets and liabilities that have been accessed at the measurement date.

As of August 31, 2022, the *securities* to be priced in the portfolio are:

	Level 1	Level 2	Level 3	Total
US Agency Obligations	\$ 23,176,166	\$ -	\$ -	\$ 23,176,166
US Treasury Obligations	7,205,760	-	-	7,205,760
Municipal Obligations	5,418,461	-	-	5,418,461
US Agency MBS	-	7,279,459	-	7,279,459
Commercial Paper	-	2,992,329	-	2,992,329
Total Fair Value	\$ 35,800,387	\$ 10,271,788	\$ -	\$ 46,072,175
Investments not subject to GASB 72				-
Total Unrestricted Investments				<u>\$ 46,072,175</u>

The Corporation's unrestricted investments consisted of the following at August 31, 2022:

Description/Maturity	Interest Rate	Cost	Fair Market Value	Unrealized Gain/(Loss)
Toyota Motor Credit CP	0.503%	\$ 2,989,057	\$ 2,992,329	\$ 3,272
State of Hawaii	0.428%	1,250,000	1,247,462	(2,538)
Miami-Dade County FL	0.480%	1,994,925	1,959,320	(35,605)
Marshall ISD	1.090%	2,440,448	2,211,679	(228,769)
Total Short Term Investments		8,674,430	8,410,790	(263,640)
Pass through securities				
GNMA - 10/20/2034	5.99%	2,085	2,214	129
Pass through securities				
GNMA - 2036-2042	3.50 - 6.10%	6,460,966	6,468,606	7,640
Pass through securities				
FNMA - 2035-2037*	5.49 - 5.75%	232,453	233,519	1,066
Pass through securities				
FHLMC - 2036-2038*	5.49 - 6.10%	558,550	575,120	16,570
Treasury Note	1.656%	4,871,036	4,757,225	(113,811)
Treasury Note	2.904%	2,484,951	2,448,535	(36,416)
FHLB Call Note	2.000%	2,500,000	2,392,833	(107,167)
FFCB Call Note	0.317%	2,497,214	2,404,593	(92,621)
FFCB Call Note	0.371%	2,496,875	2,368,936	(127,939)
FHLB Call Note	0.400%	3,000,000	2,828,372	(171,628)
FHLB Call Note	0.400%	3,000,000	2,823,329	(176,671)
FHLB Call Note	1.000%	3,000,000	2,819,384	(180,616)
FHLB Call Note	0.500%	2,350,000	2,213,269	(136,731)
FHLB Call Note	0.500%	3,000,000	2,825,450	(174,550)
FHLB Call Note	0.475%	2,500,000	2,500,000	-
Total Long Term Investments		\$ 38,954,130	\$ 37,661,385	\$ (1,292,745)
Total Investments		<u>\$ 47,628,560</u>	<u>\$ 46,072,175</u>	<u>\$ (1,556,385)</u>

*Pledged as collateral against cash advances from the Federal Home Loan Bank of Dallas.
See Note 10.

Because the investments are restricted by Policy and state law to active secondary market, the market approach is being used for valuation. The *market approach* uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities.

Mortgage-backed securities are valued using Level 2 inputs that are based on market data obtained from independent sources. The investments are reported by the Corporation at fair value in accordance with GASB Statement No. 72.

As of August 31, 2022, the restricted *securities* to be priced in the portfolio were as follows:

	Level 1	Level 2	Level 3	Total
US Agency MBS	\$ -	\$ 18,942,149	\$ -	\$ 18,942,149
Total Fair Value	\$ -	\$ 18,942,149	\$ -	\$ 18,942,149
Investments not subject to GASB 72				-
Total Restricted Investments				<u>\$ 18,942,149</u>

The Corporation's restricted investments held by bond trustee consisted of the following at August 31, 2022:

Description/Maturity	Interest Rate	Cost	Fair Market Value	Unrealized Gain
GNMA/FNMA				
Investments - 2040/2042	3.5-4.75%	\$ 6,343,768	\$ 6,420,237	\$ 76,469
GNMA/FNMA				
Investments - 2049	4.3-4.8%	<u>12,252,321</u>	<u>12,521,912</u>	<u>269,591</u>
Total Investments		<u>\$ 18,596,089</u>	<u>\$ 18,942,149</u>	<u>\$ 346,060</u>

Interest income on investments held by the bond trustee includes the following amounts:

Single Family Mortgage Revenue Bonds Series 2011A,2013A	\$ 316,581
Single Family Mortgage Revenue Bonds Series 2019A	<u>686,000</u>
	<u>\$ 1,002,581</u>

Compared to the prior fiscal year, the fair value of investments held by the bond trustee as of August 31, 2022 has decreased by approximately \$14.1 million. The Corporation follows GASB Statement No. 31 and 72, whereby investments are required to be reported at fair value at the statement of net position date rather than at cost, except for money-market investments and participating interest-earning investment contracts and certain external investment pools, which may be reported at fair value or at amortized cost, provided that the fair value of these investments are not significantly affected by the impairment of the credit standing of the issuer or by other factors. In addition, GASB Statement No. 31 also affects the way in which unrealized gains and losses are recognized for financial reporting purposes.

The Corporation holds approximately \$18.9 million (valued under GASB Statement No. 72 at fair value) in mortgage-backed securities issued by Ginnie Mae (“GNMA”), Fannie Mae (“FNMA”) and Freddie Mac (“FMCC”) through the Corporation’s SFB Programs. These securities have a face value of approximately \$18.6 million and unrealized gain of approximately \$346,000 as of August 31, 2022. The Corporation is susceptible to risk that the market for such mortgage-backed securities could decline, which would eventually result in a loss of value for the investments held. Further, it is likely that the Corporation will only collect the face value of the mortgage-backed securities as the mortgages are repaid in the future.

Credit Risk - The primary stated objective of the Corporation’s adopted “Investment Policy” is the safety of principal and avoidance of principal loss. Credit risk within the Corporation's portfolio, among the authorized investments approved by the Corporation's adopted Investment Policy, is represented only in time and demand deposits, repurchase agreements, commercial paper, municipal obligations and non-rated SEC registered money market mutual funds. In 2017, the Corporation received surplus funds from a bond buy-back and established a separate portfolio (“Surplus Funds”) with the same authorized investments but a longer maximum maturity of thirty (30) years for mortgage-backed securities.

State law and the Corporation’s adopted Investment Policy restricts both time and demand deposits, including certificates of deposit (CD), to those banks doing business in the State of Texas and further requires full insurance and/or collateralization from these depositories (banks and savings banks). Certificates of deposit are limited to a stated maturity of one year. Brokered CD’s must be FDIC insured and delivered versus payment to the Corporation’s depository with a further restriction on maximum maturity to one year. The FDIC insurance must be verified before purchase. On all time and demand deposits collateral at a 102% margin is required and collateral is limited to obligations of the US Government, its agencies or instrumentalities. Independent safekeeping for collateral is required outside the pledging bank's holding company with monthly reporting. Securities are priced at market on a daily basis as a contractual responsibility of the bank.

In accordance with the adopted policy and state law, repurchase agreements are limited to those with defined termination dates and executed with a primary dealer (as defined by the Federal Reserve). The agreements require an industry standard, written master repurchase agreement and a minimum 102% margin on collateral as well as delivery versus payment settlement and independent safekeeping. Repurchase agreements may not exceed 90 days to stated maturity. Reverse repurchase agreements may not exceed 90 days after the term of the reverse and funds may be used only to acquire authorized investments matched to the reverse.

State law and the adopted Investment Policy require that municipal obligations have a maximum stated maturity of 3 years or less and be rated at least A or its equivalent by at least two nationally recognized rating agencies.

State law and the adopted Investment Policy require that commercial paper have a maximum stated maturity of 270 days or less and be rated A1/P1 or its equivalent by at least two nationally recognized rating agencies.

The adopted Investment Policy restricts money market mutual fund investment to SEC registered money market mutual funds striving to maintain a \$1 net asset value and with a WAM of 60 days as further defined by state law. Neither the state law nor the Investment Policy requires a rating on money market funds.

Local government investment pools in Texas are required to be rated AAA, or equivalent, by at least one nationally recognized rating agency. The adopted Investment Policy further restricts investments to AAA-rated, “2a-7 like” (constant dollar) local government investment pools.

As of August 31, 2022, holdings in the General Portfolio and Surplus Portfolio had total fair market values of \$50,240,572 and \$7,277,245 respectively and included:

- A1/P1 commercial paper represented 5.20% of the total portfolio,
- funds held in a Federal Home Loan Bank account represented 1.81% of the total portfolio,
- funds invested in fully insured or collateralized bank accounts represented 8.13% of the total portfolio,
- holdings in a AAA-rated local government pool represented 9.96% of the total portfolio,
- holdings in state and local debt obligations represented 9.42% of the total portfolio,
- holdings in US Treasury Notes represented 12.53% of the total portfolio,
- holdings in US Government agency securities represented 40.29% of the total portfolio, and
- holdings in US mortgage-backed securities represented 12.65% of the total portfolio

Concentration of Credit Risk - The Corporation recognizes over-concentration of assets by market sector or maturity as a risk to the portfolio. The Corporation’s adopted Investment Policy establishes diversification as a major objective of the General Funds investment program. The Investment Policy requires that no issuer or institution represent more than 50% of the total portfolio with the exception of US Treasuries. All diversification guidelines were met.

Interest Rate Risk - In order to limit interest and market rate risk from changes in interest rates, the Corporation’s adopted Investment Policy sets a maximum stated maturity for US obligations of 3 years in the General Portfolio. The Investment Policy sets a maximum weighted average maturity of two (2) years.

Surplus bond funds have a maximum maturity limitation of ten (10) years for CMOs and thirty (30) years for government obligations and mortgage-backed securities.

In the total portfolio certificates of deposit are restricted to a maturity of one (1) year and commercial paper 90 days. On 2/17/11, the Corporation received \$22,957 in a GNMA participation certificate # 586163 as payment of an obligation due from the Federal National Mortgage Association. The stated maturity is 10/20/2034. State law does not require securities obtained in this manner to be liquidated and keeping the security until maturity is permitted.

As of August 31, 2022, the general portfolio, excluding the one GNMA, held no security with a stated maturity date beyond 942 days. With the inclusion of the one GNMA the dollar weighted average maturity of the total general portfolio was 442 days.

The Surplus Funds portfolio had a dollar weighted average maturity of 6,669 days and the longest security was 6,819 days.

As of August 31, 2022, the general portfolio contained two (2) municipals and nine (9) US agency structured notes (callable) which might be affected by interest rate risk. Their total fair market value was \$26,382,948.

As of August 31, 2022, the Surplus Portfolio contained mortgage-backed securities which might be affected by interest rate risk.

Custodial Credit Risk - To control custody and safekeeping risk state law and the Corporation's adopted Investment Policy requires collateral for all time and demand deposits, as well as collateral for repurchase agreements, be transferred delivery versus payment and held by an independent party approved by the Corporation and held in the Corporation's name. The custodian is required to provide original safekeeping receipts and monthly reporting of positions with position descriptions including market value. Repurchase agreements and deposits must be collateralized to 102% and be executed under written agreements. Depository agreements are executed under the terms of Financial Institutions Reform, Recovery, and Enforcement Act. The counterparty of each type of transaction is held contractually liable for monitoring and maintaining the required collateral margins on a daily basis.

The Corporation's portfolio disclosure as of August 31, 2022:

- the portfolio contained no repurchase agreements
- all bank demand deposits were fully insured and collateralized
- all pledged bank collateral for demand deposits was held by an independent institution outside the bank's holding company.

3. Loans Receivable

Loans receivable are carried at the unpaid principal balance, net of loss allowances. A summary of loans receivable at August 31, 2022 were as follows:

Loans Receivable at September 1, 2021	\$ 355,921
Additions	-
Paydowns	<u>(72,208)</u>
Loans Receivable at August 31, 2022	283,713
Allowance for possible loan losses	<u>(9,395)</u>
Net Balance at August 31, 2022	<u><u>\$ 274,318</u></u>

The current portion of loans receivable at August 31, 2022 was \$72,549; the remaining balance of \$201,769 is classified as noncurrent loans receivable.

The activity for allowance for possible loan losses for fiscal year 2022 was as follows:

Balance at September 1, 2021	\$ (247)
Current Year Decreases	247
Loss Applied to the Allowance	<u>(9,395)</u>
Balance at August 31, 2022	<u>\$ (9,395)</u>

The Corporation considers loans receivable to be delinquent when they become more than 60 days past due.

4. Notes Receivable

Notes receivable were comprised of loans made under the THIF Program, the ACT Program and the Single Family TBA Program. Under the ACT Veterans Housing Initiative, donated properties are sold to Veterans at 75% of the appraised value and the remaining 25% is carried as notes receivable which are forgiven over 10 years. Under the Single Family TBA Program, the second-liens are forgiven after three years if the homebuyers meet the criteria. Notes are carried at the unpaid principal balance outstanding.

A summary of activity for notes receivable for the year ended August 31, 2022 was as follows:

Balance at September 1, 2021	\$141,018,769
Additions	97,275,090
Collections	(8,844,549)
Accumulated Amortization	<u>(134,648)</u>
Balance at August 31, 2022	229,314,662
Allowance for possible losses	<u>(413,326)</u>
Net balance at August 31, 2022	<u>\$228,901,336</u>

The current portion of notes receivable at August 31, 2022 is \$28,681,315; the remaining balance of \$200,220,021 is classified as non-current notes receivable. Management has established an allowance for loss equal to 5% of the Texas Housing Impact Fund loan balance.

The activity for allowance for possible note losses for fiscal year 2022 is as follows:

Balance at September 1, 2021	\$ 451,118
Current year decrease	(37,792)
Loss applied to the allowance	<u>-</u>
Balance at August 31, 2022	<u>\$ 413,326</u>

5. Capital Assets

Capital assets activity for the year ended August 31, 2022 consisted of the following:

	Cost or Basis In Property			Balance August 31, 2022
	Balance September 1, 2021	Additions	Deletions	
Land	\$ 1,248,001	\$ -	\$ -	\$ 1,248,001
Building	4,556,763	10,083	-	4,566,846
Vehicles	29,738	-	-	29,738
Furniture & Fixtures	769,389	20,189	-	789,578
Total	<u>\$ 6,603,891</u>	<u>\$ 30,273</u>	<u>\$ -</u>	<u>\$ 6,634,163</u>

	Accumulated Depreciation			Balance August 31, 2022
	Balance September 1, 2021	Additions	Deletions	
Building	\$ 99,067	\$ 149,798	\$ -	\$ 248,865
Vehicles	2,680	2,474	-	5,154
Furniture & Fixtures	493,752	87,636	-	581,388
Total	<u>\$ 595,499</u>	<u>\$ 239,908</u>	<u>\$ -</u>	<u>\$ 835,407</u>

Capital assets, less accumulated depreciation, at August 31, 2022 totaled \$5,798,756.

6. Income Tax Status

The Corporation is a governmental entity and a non-profit corporation operating under section 501(c)(3) of the Internal Revenue Code, is generally exempt from federal income taxes and, accordingly, no provision for income taxes is included in the financial statements. The Corporation is classified as a non-profit organization other than a private foundation. Tax returns for the past three years are open to examination by the Internal Revenue Service. There are no examinations currently in process. Management believes it has appropriate support for any tax position taken and as such does not have any uncertain tax positions that are required to be reported in these financial statements.

7. Leases

The Corporation, as a lessor, has entered into three agreements with tenants for the lease of office space at two properties owned by the Corporation. For the year ended August 31, 2022, the Corporation reported lease revenue of \$62,128 and interest revenue of \$4,035 related to lease payments received. These leases are summarized as follows:

1910 E Martin Luther King Jr. Blvd. - On September 1, 2020, the Corporation entered into a three-year lease agreement ending August 31, 2023 with a tenant for office space. The Corporation receives monthly payments and there are no renewal options or termination clauses within the lease agreement.

2200 E Martin Luther King Jr. Blvd. - On December 27, 2021, the Corporation entered into a three-year lease agreement ending December 31, 2024 with a tenant for office space. The Corporation receives monthly payments and there are no renewal options or termination clauses within the lease agreement. On July 1, 2022, the Corporation entered into a three-year lease agreement ending June 30, 2025 with a tenant for office space. The Corporation receives monthly payments and there are no renewal options or termination clauses within the lease agreement.

On September 1, 2022, the Corporation entered into a three-year lease agreement ending August 31, 2025 with a tenant for office space at 2200 E Martin Luther King Jr. Blvd. The Corporation receives monthly payments and there are no renewal options or termination clauses within the lease agreement. There was no lease receivable, deferred inflows of resources, or lease revenue recorded in the Corporation's financial statements as of and for the year ending August 31, 2022 related to this lease agreement since it was entered into subsequent to year-end.

8. Custodial Reserve Funds

The Corporation holds certain cash reserves for the benefit of three multifamily projects that were financed by the Corporation through the THIF. See Note 4.

Reserve activity for the year ended August 31, 2022 was as follows:

Balance at September 1, 2021	\$ 214,366
Deposits	36,727
Disbursements	<u>(9,964)</u>
Balance at August 31, 2022	<u>\$ 241,129</u>

9. Deferred Inflows of Resources and Unearned Revenue

In a prior year, the Corporation received \$679,800 from the Department's Housing Trust Fund for the origination of down payment and closing cost assistance loans for households who earn less than 60% of the area median family income. The Corporation established a loan receivable for each loan made with a corresponding offset to deferred revenue. Recognition of the deferred revenue occurs as loans are repaid. Revenue recognized during fiscal year 2022 totaled \$19,771. The remaining deferred revenue for this portfolio was \$134,019 at August 31, 2022.

Due to the implementation of GASB No. 87 in the current year, the Corporation recorded deferred inflows of resources related to the lease agreements discussed in Note 7. Revenue recognized during fiscal year 2022 totaled \$62,128. The remaining deferred revenue related to these lease agreements was \$216,445 at August 31, 2022.

The prepaid issuer fees from twenty-six (26) multifamily bond portfolios are recognized as income throughout the year. As of August 31, 2022, unearned revenue related to these properties totaled \$351,280.

In the fiscal year ended August 31, 2019, the Corporation received \$3.75 million from the Capital Magnet Fund in the form of a grant. The revenue will be earned as it is expended, and approximately \$102,600 was earned in the fiscal year ended August 31, 2022.

In the fiscal year ended August 31, 2020, the Corporation received \$2.31 million from the Health & Human Services Commission in the form of a grant. The revenue will be earned as it is expended, and approximately \$1.13 million was earned in the fiscal year ended August 31, 2022.

A summary of deferred inflows of resources and unearned revenue activity for fiscal year 2022 was as follows:

	Deferred Inflows of Resources	Unearned Revenue
Balance at September 1, 2021	\$ 153,790	\$ 2,811,719
Additions	278,573	1,262,148
Revenue Earned	(62,128)	(2,437,470)
Loan Payments Received	(19,771)	-
Balance at August 31, 2022	<u>\$ 350,464</u>	<u>\$ 1,636,397</u>

10. Notes Payable

As of August 31, 2022, notes payable consisted of:

Note Payable to Federal Home Loan Bank, installment note with equal payments of \$2,568.65 monthly, 6.345% interest, due November 2023, secured by mortgage backed securities.	\$ 247,413
Note Payable to Federal Home Loan Bank, installment note with equal payments of \$4,086.48 monthly, 6.345% interest, due November 2023, secured by mortgage backed securities.	393,626
Note Payable to Federal Home Loan Bank, installment note with equal payments of \$3,538.30 monthly, 2.993% interest, due October 2026, secured by note receivable.	618,713
Note Payable to Texas Community Bank, interest only at 2.00% payable quarterly, due in full May 2025, unsecured.	500,000
Note Payable to Austin Community Foundation, interest only at 1.0% payable quarterly, due in full April 10, 2024, unsecured.	125,000
Note Payable to The Congregation of the Sisters of Charity, interest only at 1.00% payable annually, due in full January 13, 2026, unsecured.	<u>250,000</u>
Total Notes Payable	\$ 2,134,752
Current Portion of Notes Payable	<u>64,620</u>
Noncurrent Notes Payable	<u>\$ 2,070,132</u>

The summary of notes payable activity for the year ended August 31, 2022 was as follows:

Balance at September 1, 2021	\$ 4,075,083
Advances	125,000
Repayments	<u>(2,065,331)</u>
Balance at August 31, 2022	<u>\$ 2,134,752</u>

The debt service requirements on notes payable for the next five years are as follows:

Year Ended August 31,	Principal	Interest	Total
2023	\$ 64,620	71,457	136,077
2024	750,702	40,196	790,898
2025	525,768	25,860	551,628
2026	276,550	16,834	293,384
2027	517,112	2,574	519,686
Total	<u>\$ 2,134,752</u>	<u>\$ 156,921</u>	<u>\$ 2,291,673</u>

11. Bonded Indebtedness

The Corporation issues tax exempt revenue bonds to assist in financing the purchase of homes by, or the construction of rental housing for, families with low to moderate incomes.

Single Family Mortgage Revenue Bonds do not constitute a general obligation of the Corporation or the State of Texas. Single family bonds are collateralized and payable solely from revenues and other assets pledged under the bond indentures and held in trust by a Bond Trustee. Assets pledged consist primarily of mortgage-backed securities and investments. Interest on bonds is payable semiannually or monthly. There are a number of limitations and restrictions contained in the various bond indentures. The Corporation is in compliance with all significant limitations and restrictions at August 31, 2022.

Description	Interest Rate	Bonds Outstanding 9/1/21	Bonds Issued	Bonds Matured/ Retired	Bonds Refunded/ Extinguished	Bonds Outstanding 8/31/22	Amounts Due Within One Year
Single Family 2019 Series 2019A	Fixed	\$ 24,060,000	\$ -	\$(11,320,000)	\$ -	\$12,740,000	\$ 220,000
Single Family 2009-2013 Series 2011A	Fixed	1,745,000	-	(535,000)	-	1,210,000	165,000
2009/2011B Series	Fixed	7,020,000	-	(7,020,000)	-	-	-
2013 Series 2013A	Fixed	5,070,000	-	(790,000)	\$ -	4,280,000	-
Total							
Principal		37,895,000	\$ -	\$(19,665,000)	\$ -	\$18,230,000	\$ 385,000
Unamortized Premium		1,121,842				555,154	
Total		<u>\$ 39,016,842</u>				<u>\$ 18,785,154</u>	

The current portion of bonds payable at August 31, 2022 was \$385,000. The remaining balance of \$18,400,154 is classified as noncurrent bonds payable.

The principal and interest expense requirements for the next five years and thereafter are summarized below:

Year Ended August 31,	Principal	Interest	Total
2023	\$ 385,000	\$ 546,844	\$ 931,844
2024	400,000	534,327	934,327
2025	420,000	520,945	940,945
2026	440,000	506,733	946,733
2027	455,000	491,673	946,673
2028 thru 2032	2,450,000	2,230,872	4,680,872
2033 thru 2037	3,080,000	1,916,023	4,996,023
2038 thru 2042	4,380,000	1,356,995	5,736,995
2043 thru 2047	3,575,000	775,488	4,350,488
2048 thru 2052	2,645,000	170,958	2,815,958
Total	<u>\$ 18,230,000</u>	<u>\$ 9,050,858</u>	<u>27,280,858</u>

The sources of pledged revenue to pay the principal and interest on the bonds is derived from the principal and interest collected from the GNMA, FHLMC and FNMA mortgage-backed securities as well as reserves set up at the bond closing. For fiscal year 2022, the debt service requirement equaled \$19,665,000 in bond principal and \$1,175,268 in bond interest expense, totaling \$20,840,268. As of August 31, 2022, pledged revenue totaled \$25,783,444.

12. ACT Veterans Housing Initiative

The ACT Veterans Housing Initiative is an initiative funded primarily through the donation of foreclosed homes from banks and other mortgage servicers. The intent of the initiative is to provide low and no-cost housing to U.S. military veterans who are disabled or low-income. The Corporation coordinates the initiative on a statewide basis within Texas using the Affordable Communities of Texas Land Banking program. The Corporation currently has a network of more than twenty locally based non-profit housing providers that manage rehabilitation of the properties and qualification of eligible homebuyers within their local communities.

Properties are made available to qualified veteran households either at a significant discount or as a fully donated home. If discounted, the property is sold for 75% of its post-rehab appraised value with the Corporation placing a deferred forgivable second lien for the remaining 25% of value. If donated, the property is provided at no cost with the Corporation placing a deferred forgivable lien for 100% of the post-rehab appraised value.

13. Mortgage Credit Certificate Program

The MCC Program was created to assist low and moderate-income first-time homebuyers. Under the MCC Program, the homebuyer is eligible to claim a portion of the annual interest paid on the mortgage as a special tax credit each year for the life of the home loan. The Corporation must convert single family bond cap each year to issue MCCs. During the fiscal year ended August 31, 2022, the MCC Program revenue totaled approximately \$1,215,000 and is included in single family income in the statement of revenues, expenses, and changes in net position.

14. Texas Foundations Fund

The Texas Foundations Fund program provides grants to non-profit organizations and rural government entities for the costs associated with the construction, rehabilitation, or repair of single-family homes, or the provision of supportive housing services within multifamily housing. During the fiscal year ended August 31, 2022, the Corporation made Foundations Fund grants totaling \$1,910,000.

15. Down Payment Assistance Program

Under various Single-Family Home Loan Programs, the Corporation provides 30-year fixed rate mortgage loans to eligible homebuyers. These programs provide down payment and closing cost assistance in the form of an interest-free loan that is paid back to the Corporation in the form of a higher interest rate. Down payment assistance is offered in amounts up to 5% of the home loan.

During the fiscal year ended August 31, 2022, the Corporation offered a second lien down payment assistance loan to borrowers participating in the Single Family TBA Program. The loan is forgiven after three years if the homebuyer does not sell or refinance the home. As of August 31, 2022, second lien notes receivable totaled \$219,165,160.

16. Employee Benefits

The Corporation offers a defined contribution 403(b) retirement plan to its employees. Under the plan, the Corporation matches dollar for dollar the first three percent (3%) and one-half percent (.5%) of the fourth and fifth percent of the employee's annual gross salary contributed to the plan. The maximum employer contribution is 4%. Total employer contributions for the fiscal year ended August 31, 2022, were \$99,034.

17. Conduit Debt

The Corporation is authorized to issue statewide 501(c)(3) tax-exempt multifamily mortgage revenue bonds under the Texas Government Code §2306.555. The 501(c)(3) bond program provides long-term variable or fixed rate financing to non-profit borrowers/developers of new or existing multifamily rental properties in order to generate and/or preserve affordable rental housing. The Corporation may finance single developments or pools of properties located throughout the State of Texas. Borrowers must agree to set aside a prescribed percentage of a property's units for rent to persons and families of low income.

Under the MPAB Program, the Corporation administers 10 percent or approximately \$85 million of the State's volume cap allocation of private activity bonds for multifamily residential rental housing.

The 501(c)(3) and private activity revenue bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Neither the Corporation, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of August 31, 2022, there were twenty-four series of multifamily housing revenue bonds outstanding with an aggregate principal amount payable of approximately \$369.6 million.

18. Risk Financing and Related Insurance Issues

The Corporation is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. For all such risks, the Corporation has purchased commercial insurance in varying amounts to mitigate the risk of loss.

19. Commitments and Contingencies

The Corporation participates in a number of federal and state financial assistance programs. Although the Corporation's grant programs have been audited in accordance with the provisions of the Uniform Guidance and the State of Texas Uniform Grant Management Standards through August 31, 2022, these programs are subject to financial and compliance audits by the grantor agencies. The amounts, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Corporation expects such amounts, if any, to be immaterial.

20. Non-Cash Contributions

During the year ended August 31, 2022, Google, Inc. made an in-kind donation of \$28,688 for advertising.

21. Segment Information

See Note 1 for a description of the Corporation's operations. Segment financial information of the Corporation's only proprietary fund type at August 31, 2022 and for the year then ended is as follows:

Summary Financial Information	Amount
Operating revenue	\$107,592,944
Depreciation and amortization	752,272
Net income	98,280,748
Net working capital*	49,720,767
Total assets	327,930,723
Total net position	303,573,883
Noncurrent notes payable	2,070,132
Noncurrent bonds payable	18,400,154
Deferred inflows of resources	350,464
Unearned revenue	1,636,397
Capital asset additions	30,273
* Net Working Capital Calculation	Amount
Unrestricted cash and cash equivalents	\$ 6,798,715
Restricted assets	5,700,074
Investments, short-term	8,410,790
Accounts receivable and accrued revenue	854,591
Accrued interest receivable	264,625
Loans receivable, current portion	72,549
Notes receivable, current portion	28,681,315
Lease receivable, current portion	100,618
Downpayment assistance, current portion	343,492
Prepaid expenses	393,691
Payables:	
Accounts payable and accrued expenses	(620,671)
Notes payable, current portion	(64,620)
Custodial reserve funds	(241,129)
Other current liabilities	(251,998)
Bonds payable and accrued interest on bonds, current portion	(721,275)
Total net working capital	<u>\$ 49,720,767</u>

Other Supplemental Information

Texas State Affordable Housing Corporation

Schedule of Revenues and Expenses by Activity For the Year Ended August 31, 2022

	Single Family	Multi Family	ACT/NSP	Asset Management	Other	Total
Revenues						
Interest and Investment Income	\$ 1,290,433	\$ 328,660	\$ -	\$ 4,035	\$ 384,931	\$ 2,008,059
Net Increase (Decrease) in Fair Value of Investments	(4,315,229)	-	-	-	-	(4,315,229)
Single Family Income	106,192,067	-	-	-	-	106,192,067
Federal and State Grants	18,000	1,250,131	-	-	-	1,268,131
Other Operating Revenue	207,434	707,235	58,964	1,418,902	47,381	2,439,916
Total Revenues	103,392,705	2,286,026	58,964	1,422,937	432,312	107,592,944
Expenses						
Interest Expense on Bonds and Notes Payable	258,126	69,103	12,500	-	-	339,729
Salaries, Wages and Payroll Related Costs	2,555,940	221,151	306,565	822,229	712,193	4,618,078
Grant Expenditures	1,212,000	748,000	-	-	-	1,960,000
Other Expenditures	964,129	92,531	128,885	797,924	410,920	2,394,389
Total Expenses	4,990,195	1,130,785	447,950	1,620,153	1,123,113	9,312,196
Net Income						\$ 98,280,748

Federal and State Awards

**Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards***

The Board of Directors of
Texas State Affordable Housing Corporation:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Texas State Affordable Housing Corporation (the "Corporation"), as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated December 6, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Austin, Texas

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance and State of Texas Uniform Grant Management Standards

The Board of Directors of
Texas State Affordable Housing Corporation:

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Texas State Affordable Housing Corporation's (the "Corporation") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and State of Texas Uniform Grant Management Standards ("UGMS") that could have a direct and material effect on each of Corporation's major federal and state programs for the year ended August 31, 2022. The Corporation's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and UGMS. Our responsibilities under those standards, the Uniform Guidance, and UGMS are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Corporation's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and UGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Corporation's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and UGMS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and UGMS, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and UGMS. Accordingly, this report is not suitable for any other purpose.

Austin, Texas

Texas State Affordable Housing Corporation

Schedule of Expenditures of Federal and State Awards Year Ended August 31, 2022

Federal or State Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Expenditures
Federal Awards			
<u>U.S. Department of Treasury</u>			
Passed through the Community Development Financial Institutions:			
Capital Magnet Fund	21.011	181CM050456	\$ 3,562,500
Capital Magnet Fund Administrative	21.011	181CM050456	35,105
Total 21.011			<u>3,597,605</u>
Total U.S. Department of Treasury			3,597,605
<u>U.S. Department of Health and Human Services</u>			
Passed through Texas Department Health and Human Services Commission-			
Money Follows the Person Rebalancing Demonstration-			
Money Follows the Person	93.791	HHS000850100001	<u>22,545</u>
Total U.S. Department of Health and Human Services			<u>22,545</u>
Total expenditures of federal awards			<u>3,620,150</u>
State Awards			
<u>Texas Health and Human Services Commission</u>			
Affordable Housing Partnership (AHP)	n/a	HHS000850100001	<u>1,124,980</u>
Total expenditures of state awards			<u>1,124,980</u>
Total expenditures of federal and state awards			<u>\$ 4,745,130</u>

The accompanying notes are an integral part of this schedule.

Texas State Affordable Housing Corporation

Notes to the Schedule of Expenditures of Federal and State Awards Fiscal Year Ended August 31, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the “Schedule”) includes the federal and state award activity of Texas State Affordable Housing Corporation (the “Corporation”) under programs of the federal and state government for the year ended August 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and the State of Texas Uniform Grant Management Standards (“UGMS”). Because the Schedule presents only a selected portion of the operations of the Corporation, it is not intended to and does not present the financial position, change in net assets, or cash flows of the Corporation.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Schedule includes the federal and state activity of the Corporation and is presented on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and UGMS, where certain types of expenditures are not allowed or are limited as to reimbursement. Therefore, some amounts presented in the Schedule may differ from amounts presented in or used in the preparation of the financial statements.

The Corporation has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Included in the Schedule are balances at August 31, 2022 of loans from the Capital Magnet Fund for the construction and remodeling of affordable low income housing projects. Uniform Guidance requires that the Schedule include the total amount of federal awards expended for loan or loan guarantee programs which include the value of new loans made or received during the year plus the beginning of the period balance of loans from previous years for which the federal government imposes continuing compliance requirements.

Texas State Affordable Housing Corporation

Schedule of Findings and Questioned Costs

Fiscal Year Ended August 31, 2022

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☐ yes ☒ no

Significant deficiency(ies) identified?

☐ yes ☒ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no

Federal and State Awards

Internal control over the major federal and state programs:

Material weakness(es) identified?

☐ yes ☒ no

Significant deficiency(ies) identified?

☐ yes ☒ none reported

Type of auditors' report issued on compliance for the major federal and state programs:

Capital Magnet Fund

Unmodified

Affordable Housing Partnership (AHP)

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or UGMS?

☐ yes ☒ no

Identification of the major federal and state programs:

Federal or State Major Program	Assistance Listing Number	Name of Federal or State Program
Federal	21.011	Capital Magnet Fund
State	N/A - State	Affordable Housing Partnership (AHP)

Dollar threshold used to distinguish between Federal type A and type B programs: \$750,000

Dollar threshold used to distinguish between State type A and type B programs: \$300,000

Auditee qualified as Federal low-risk auditee?

☒ yes ☐ no

Auditee qualified as State low-risk auditee?

☐ yes ☒ no

Texas State Affordable Housing Corporation

Schedule of Findings and Questioned Costs

Fiscal Year Ended August 31, 2022

Section II - Financial Statement Findings

No findings required to be reported in accordance with *Government Auditing Standards* for the years ended August 31, 2022 and 2021.

Section III - Federal Award Findings and Questioned Costs

No findings or questioned costs required to be reported in accordance with 2 CFR 200.516(a) for the years ended August 31, 2022 and 2021. No findings or questioned costs required to be reported in accordance with UGMS for the year ended August 31, 2022. No state single audit was required under UGMS for the year ended August 31, 2021.

Tab 3

Presentation, Discussion and Possible Approval of a Resolution Regarding the Submission of One or More Applications for Allocation of Private Activity Bonds to the Texas Bond Review Board for Qualified Mortgage Revenue Bonds.

MINUTES AND CERTIFICATION

THE STATE OF TEXAS §
 §
TEXAS STATE AFFORDABLE §
HOUSING CORPORATION §

I, the undersigned officer of the Texas State Affordable Housing Corporation, do hereby certify as follows:

1. The Board of Directors of said corporation convened on December 6, 2022, at the designated meeting place in Austin, Texas, and the roll was called of the duly constituted members of said Board, to wit:

BOARD OF DIRECTORS

<u>Name</u>	<u>Office</u>
William H. Dietz	Chairperson
Valerie Vargas Cardenas	Vice Chairperson
Courtney Johnson-Rose	Director
Lemuel Williams	Director
Andy Williams	Director

and all of said persons were present during the meeting except _____, thus constituting a quorum. Whereupon, among other business, the following was transacted, to-wit: a written resolution (the "Resolution") bearing the following caption was introduced:

RESOLUTION NO. 22-__

TEXAS STATE AFFORDABLE HOUSING CORPORATION

RESOLUTION Regarding the Submission of One or More Applications for
Allocation of Private Activity Bonds to the Texas Bond Review Board for
Qualified Mortgage Revenue Bonds

was duly introduced for the consideration of said Board. It was duly moved and seconded that said Resolution be adopted; and, after due discussion, said motion was adopted by the following vote:

____ AYES ____ NOES ____ ABSTENTIONS

2. That a true, full and correct copy of the aforesaid Resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that said Resolution has been duly recorded in said Board's minutes of said meeting; that the above and foregoing paragraph is a true, full and correct excerpt from said Board's minutes of said meeting pertaining to the adoption of said Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said Board as indicated therein; that each of the officers and members of said Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that said Resolution would be introduced and considered for adoption at said meeting, and each of said officers and members consented, in advance, to the holding of said meeting for such purpose.

SIGNED this December 6, 2022.

Secretary, Texas State Affordable Housing
Corporation

RESOLUTION NO. 22-____

TEXAS STATE AFFORDABLE HOUSING CORPORATION

RESOLUTION Regarding the Submission of One or More
Applications for Allocation of Private Activity Bonds to the Texas
Bond Review Board for Qualified Mortgage Revenue Bonds

WHEREAS, the Board of Directors of the Texas State Affordable Housing Corporation (the "Corporation") desires to submit one or more calendar year 2023 Applications for Allocation of Private Activity Bonds (collectively, the "Application") to the Texas Bond Review Board in connection with qualified mortgage revenue bonds;

WHEREAS, the Board desires to make all other appropriate filings and requests to the Texas Bond Review Board to enable the Corporation to issue qualified mortgage revenue bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS STATE AFFORDABLE HOUSING CORPORATION:

1. That the President or Executive Vice President of the Corporation or any officer of the Corporation is hereby authorized and directed to execute and deliver the Application to the Texas Bond Review Board in connection with requesting allocation for qualified mortgage revenue bonds in a maximum amount of \$63,000,000, together with any documents, certificates or instruments related thereto.

2. That the President or Executive Vice President of the Corporation is hereby authorized and directed to take any and all other actions necessary or incidental to securing private activity bond allocation and the approval of the qualified mortgage revenue bonds from the Texas Bond Review Board.

3. That the President or Executive Vice President of the Corporation or any other officer of the Corporation is hereby authorized and directed to file with the Texas Bond Review Board an Exempt Issuer – State Debt Notice of Intent and any other documentation necessary or appropriate in connection with requesting approval of qualified mortgage revenue bonds from the Texas Bond Review Board.

PASSED, APPROVED AND EFFECTIVE this 6th day of December, 2022.

TEXAS STATE AFFORDABLE HOUSING CORPORATION

* * * * *

Tab 4

Presentation, Discussion and Possible Approval of a Resolution Authorizing the Issuance, Sale and Delivery of Single Family Mortgage Revenue Bonds, Series 2023A (Non-AMT); Authorizing a Trust Indenture, Official Statement, Bond Purchase Agreement and Continuing Disclosure Agreement Relating to Such Bonds, Making Certain Findings and Determinations; Authorizing the Execution of Documents and Instruments Necessary or Convenient to Carry Out the Texas State Affordable Housing Corporation Single Family Home Loan Program Relating to Such Bonds; and Containing Other Matters Incident and Related Thereto.

RESOLUTION NO. _____

TEXAS STATE AFFORDABLE HOUSING CORPORATION

Resolution Authorizing the Issuance, Sale and Delivery of Single Family Mortgage Revenue Bonds, Series 2023A (Non-AMT); Authorizing a Trust Indenture, Official Statement, Bond Purchase Agreement and Continuing Disclosure Agreement Relating to Such Bonds, Making Certain Findings and Determinations; Authorizing the Execution of Documents and Instruments Necessary or Convenient to Carry Out the Texas State Affordable Housing Corporation Single Family Home Loan Program Relating to Such Bonds; and Containing Other Matters Incident and Related Thereto

WHEREAS, the Texas State Affordable Housing Corporation (the “Issuer”) has been duly created and organized pursuant to and in accordance with the provisions of the Texas Non-Profit Corporation Act, Article 1396-1.01 et seq. Vernon’s Annotated Texas Civil Statutes, as amended (now codified as V.T.C.A. Business Organizations Code, Chapter 22, as amended) and under the authority of Subchapter Y of Chapter 2306, Texas Government Code, as amended (the “Act”), the Issuer is authorized to establish a program to provide adequate, safe and sanitary housing for individuals and families of low, very low and extremely low income; and

WHEREAS, the Board of Directors of the Issuer has determined to adopt and implement a single family home loan program (the “Program”), a part of which will be financed with the proceeds of the Bonds (as defined below) to provide eligible individuals and families of low income meeting the requirements of the Act with home mortgage loans with low interest rates and/or down payment and closing cost assistance in a format determined by the Issuer; and

WHEREAS, Section 103(a) and Section 143 of the Internal Revenue Code of 1986, as amended (the “Code”) provide that the interest on obligations issued by or on behalf of a state or a political subdivision thereof the proceeds of which are to be used to finance owner-occupied residences shall be exempt from federal income taxation if such issue meets certain requirements set forth in said Section 143 of the Code; and

WHEREAS, the Program has been designed to provide down payment and closing cost assistance to eligible mortgagors; and

WHEREAS, the Issuer believes that the down payment and closing cost assistance and the interest rate or rates associated with the mortgage loans will make the Program attractive to potential mortgagors; and

WHEREAS, in order to carry out the Program, the Board of Directors of the Issuer has determined that the Issuer shall issue its Single Family Mortgage Revenue Bonds, Series 2023A (Non-AMT) (the “Bonds”), in the maximum aggregate principal amount of not to exceed \$63,000,000 pursuant to and as generally described in a Trust Indenture prepared in connection with the issuance of the Bonds (the “Indenture”), by and between the Issuer and the Trustee, thereby making funds available for acquiring GNMA Certificates, all under and in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Issuer further proposes to sell the Bonds, upon the issuance thereof, to Raymond James & Associates, Inc. (the “Purchaser”), all as referenced in the Bond Purchase Agreement between the Issuer and the Purchaser (the “Purchase Agreement”); 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 Indenture with respect to the Bonds in investments permitted by the Indenture, including the investment in one or more investment agreements on or after the closing date or such other investments as the authorized representatives named herein may approve; and

WHEREAS, there have been presented to the Issuer proposed forms of each of the following and all of which comprise a part of this Resolution:

1. the Indenture;
2. the Continuing Disclosure Agreement by and between the Issuer and the Trustee (the "Disclosure Agreement");
3. the Bond Purchase Agreement; and
4. the Preliminary Official Statement relating to the Bonds (the "Preliminary Official Statement").

WHEREAS, the Issuer finds the form and substance of the above-listed documents (hereinafter, collectively the "Bond Documents") to be satisfactory and proper and finds the recitals with regard to the Issuer contained therein to be true, correct and complete and hereby determines to proceed with the issuance and sale of the Bonds to carry out the Program, the execution of such documents and the taking of such other actions as may be necessary and appropriate in connection therewith;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS STATE AFFORDABLE HOUSING CORPORATION:

Section 1. Approval of Program. That the Issuer hereby expresses its intent to implement the Program under which the Trustee, on behalf of the Issuer, will acquire GNMA Certificates backed by mortgages on residences in the State of Texas owned and occupied by eligible individuals and families of low income.

Section 2. Public Purposes of Program and Bonds. That the Issuer hereby finds, determines, recites and declares that the adoption and implementation of the Program, including the down payment and closing cost assistance and the interest rate or rates to be borne by the mortgage loans, and the issuance of the Bonds will promote the public purposes set forth in the Act, including, without limitation, assisting eligible individuals and families of low income in acquiring and owning adequate, safe and sanitary housing.

Section 3. Issuance, Execution and Delivery of the Bonds. That the issuance of the Bonds in one or more series in the maximum aggregate principal amount of not to exceed \$63,000,000 is hereby authorized, all under and in accordance with the Indenture, and that, upon execution and delivery of the Indenture, the officers of the Issuer are each hereby authorized to execute and attest the Bonds and to deliver the Bonds to the Trustee for authentication all as provided in the Indenture. The Bonds shall mature on the dates and in the principal amounts, shall bear interest at the rates and shall be subject to redemption prior to maturity on the date or dates and in the amounts as specified in the Indenture.

Section 4. Approval, Execution and Delivery of the Indenture. That the Indenture, in substantially the form and substance as presented to the Board of Directors at the meeting at

which this Resolution was considered, with such changes or additions thereto as may be approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer (upon the advice of bond counsel to the Issuer), as evidenced by the execution of the Indenture by said Chairperson, Vice Chairperson, President or Executive Vice President, is hereby approved and that the proper officers of the Issuer are each hereby authorized and directed to execute and attest the Indenture and to deliver the Indenture to the Trustee.

Section 5. Purchase Agreement and Sale of Bonds. That the Purchase Agreement, in substantially the form and substance as presented to the Board of Directors at the meeting at which this Resolution was considered, with such changes or additions thereto as may be approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer (upon the advice of bond counsel to the Issuer), as evidenced by the execution of the Purchase Agreement by said Chairperson, Vice Chairperson, President or Executive Vice President, is hereby approved and that the proper officers of the Issuer are each hereby authorized and directed to execute the Purchase Agreement and to deliver the Purchase Agreement to the Purchaser. That the sale and delivery of the Bonds to the Purchaser, upon the terms and conditions set forth in the Purchase Agreement between the Issuer and the Purchaser is hereby authorized and approved. The Bonds shall be sold to the Purchaser at the purchase price specified in the Purchase Agreement. The Issuer hereby authorizes the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer, either individually or in any combination of such officers, for and on behalf of the Issuer, to determine the actual Purchaser and the terms of the Purchase Agreement. Upon execution by the parties thereto and delivery thereof, the Purchase Agreement shall be binding upon the Issuer in accordance with the terms and provisions thereof. In addition, the officers of the Issuer are each authorized and directed to execute any necessary certificates evidencing approval of any or all of the matters set forth in this Section 5. In the event it becomes necessary to engage any other investment banking firm or investment banking firms to assist in the sale of the Bonds, the President or the Executive Vice President of the Issuer shall be and hereby is authorized to engage the services of any such investment banking firm or firms.

Section 6. Approval, Execution and Delivery of the Disclosure Agreement. That the Disclosure Agreement, in substantially the form and substance of the Disclosure Agreement presented to the Board of Directors at the meeting at which this Resolution was considered, with such changes or additions thereto as may be approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer (upon the advice of bond counsel to the Issuer), as evidenced by the execution of the Disclosure Agreement by said Chairperson, Vice Chairperson, President or Executive Vice President, is hereby approved and that the proper officers of the Issuer are each hereby authorized and directed to execute and attest the Disclosure Agreement and to deliver the Disclosure Agreement to the Trustee.

Section 7. Approval, Execution, Use and Distribution of Offering Document. That the Preliminary Official Statement, in substantially the form and substance of the Preliminary Official Statement presented to the Board of Directors at the meeting at which this Resolution was considered, and the changes to the Preliminary Official Statement which will result in the final Official Statement proposed to be delivered in connection with the sale of the Bonds (the "Official Statement"), in substantially the form and substance approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer (upon advice of bond counsel to the Issuer) as evidenced by their execution thereof, are hereby approved and the Chairperson, Vice Chairperson, President and Executive Vice President of the Issuer are each, individually, hereby authorized and directed, for and on behalf of the Issuer, to execute the Preliminary Official

Statement and the Official Statement. Delivery to the Purchaser of the Preliminary Official Statement and the Official Statement is hereby authorized.

Section 8. Execution and Delivery of Other Documents. That the officers of the Issuer are each hereby authorized to consent to, accept, execute and attest such other agreements, including investment agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, offering documents, letters of instruction, 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, the Program and the issuance, sale and delivery of the Bonds.

Section 9. Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Chairperson, Vice Chairperson, President, Executive Vice President, Secretary, any Assistant Secretary or Assistant Corporate Secretary of the Issuer are each hereby authorized to make or approve such revisions in the form of the Bond Documents as, in the opinion of counsel to the Issuer or bond counsel, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution and the Program.

Section 10. Appointment of Trustee. Computershare Trust Company, N.A. is hereby appointed as Trustee and paying agent under the terms of the Indenture for the Bonds. If said bank shall be unable or unwilling to so serve, the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer is hereby authorized and directed to designate a commercial bank or other entity with trust powers acceptable to it to serve as Trustee and paying agent.

Section 11. Delegation to President or Executive Vice President. The President and Executive Vice President of the Issuer, either individually or jointly, are hereby authorized to approve the principal amounts and maturities of the Bonds to be issued pursuant to this Resolution, to approve the interest rate or rates to be borne by the Bonds, provided, however, that the interest rate shall never exceed 15% per annum and to determine the interest rates and down payment assistance and closing cost amounts for the mortgage loans, provided however, that no mortgage loan interest rate shall exceed 10% per annum. The President and Executive Vice President of the Issuer, either individually or jointly, are further authorized to engage the services of consultants that may be needed, in the opinion of such officer, to fully complete the issuance and delivery of the Bonds.

Section 12. Reimbursement of Expenditures; Official Intent. The Issuer wishes to declare its intent to issue the Bonds and use Bond proceeds to reimburse itself to the extent it has previously used its funds to purchase mortgage-backed securities backed by mortgage loans. This Resolution shall constitute the Issuer's declaration of official intent under Treas. Reg. § 1.150-2. The maximum principal amount of Bonds expected to be issued is set forth in this Resolution.

Section 13. Ratification of Certain Prior Actions. That all prior actions taken by or on behalf of the Issuer in connection with the Program and the Bonds, are hereby authorized, ratified, confirmed and approved.

Section 14. Purposes of Resolution. That the Board of Directors of the Issuer has expressly determined and hereby confirms that the issuance of the Bonds and the implementation of the Program accomplish a valid public purpose of the Issuer by assisting eligible individuals and families of low income in the State of Texas to obtain adequate, safe and sanitary housing,

thereby promoting the public health, welfare and safety for individuals and families of low income in the State of Texas.

Section 15. Limited Obligations. That the Bonds and the interest thereon shall be limited obligations of the Issuer payable solely from the revenues, funds and assets pledged under the Indenture to secure payment of the Bonds and under no circumstances shall the Bonds be payable from any other revenues, funds, assets or income of the Issuer.

Section 16. Obligations of Issuer Only. That the Bonds and the interest thereon shall not constitute an indebtedness, liability, general, special or moral obligation or a pledge or loan of the faith or credit or taxing power, within the meaning of any constitutional or statutory provision whatsoever, of the State of Texas or any other political subdivision or governmental unit of the State of Texas.

Section 17. Conflicting Prior Actions. That all orders, resolutions, or any actions or parts thereof of the Board of Directors of the Issuer in conflict herewith are hereby expressly repealed to the extent of any such conflict.

Section 18. Authorization of Investment. That the Board of Directors of the Issuer hereby authorizes the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer to direct the Trustee to invest any funds received by the Trustee pursuant to the Indenture in Investment Securities as defined in the Indenture.

Section 19. Incorporation of Findings and Determinations. The findings and determinations of the Issuer contained in the preamble hereof are hereby incorporated by reference and made a part of this Resolution for all purposes as if the same were restated in full in this Section.

Section 20. Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

[Remainder of page intentionally left blank]

PASSED, APPROVED AND EFFECTIVE this December 6, 2022.

TEXAS STATE AFFORDABLE HOUSING
CORPORATION

Chairperson

ATTEST:

Secretary

\$ _____
TEXAS STATE AFFORDABLE HOUSING CORPORATION
Single Family Mortgage Revenue Bonds
Series 2023A (Tax-Exempt)

BOND PURCHASE AGREEMENT

February __, 2023

Texas State Affordable Housing Corporation
6701 Shirley Avenue
Austin, Texas 78752

Ladies and Gentlemen:

On the basis of the representations, warranties and covenants contained herein, and the terms and conditions contained herein, Raymond James & Associates, Inc. (the “*Underwriter*”), offers to enter into this Bond Purchase Agreement (this “*Purchase Agreement*”), relating to the above-captioned bonds (the “*Bonds*”), with Texas State Affordable Housing Corporation (the “*Issuer*”), which Purchase Agreement will become binding upon the Issuer and the Underwriter upon your acceptance by execution of this Purchase Agreement and its delivery to the Underwriter at or prior to 5:00 p.m., Central time, not later than February __, 2023.

The Issuer acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm’s-length commercial transaction between the Issuer and the Underwriter, (ii) in connection with such transaction, the Underwriter is acting solely as a principal and not as an agent or a fiduciary of the Issuer; (iii) the Underwriter has not assumed a fiduciary responsibility in favor of the Issuer with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the Issuer on other matters) nor has it assumed any other obligation to the Issuer except the obligations expressly set forth in this Purchase Agreement; (iv) the Underwriter has financial and other interests that differ from those of the Issuer; and (v) the Issuer has consulted with its legal counsel and financial advisors to the extent it deemed appropriate in connection with the offering and sale of the Bonds.

1. *Introduction.* The Issuer will issue its Single Family Mortgage Revenue Bonds, Series 2023A, in the aggregate principal amount of \$_____, pursuant to Subchapter Y of Chapter 2306 of the Texas Government Code, as amended (the “*Act*”), the Resolution (defined below) and a Trust Indenture dated as of February 1, 2023 (the “*Indenture*”), between the Issuer and Computershare Trust Company, National Association, as trustee (the “*Trustee*”). The Bonds will be issued to provide funds to finance mortgage loans (“*Mortgage Loans*”) secured by mortgages on single family residences located within the State of Texas under the applicable terms of the Corporation’s loan program for individuals and families of low income (the “*Program*”).

The financing of the Mortgage Loans will occur through the purchase by the Trustee (on behalf of the Issuer) of pass-through certificates backed by the Mortgage Loans from moneys on deposit in the Program Fund established under the Indenture for the Bonds, which certificates will be guaranteed by the Government National Mortgage Association (“GNMA”) (the “Certificates”).

2. *Purchase, Sale and Delivery of Bonds.* On the basis of the representations and agreements contained herein, but subject to the terms and conditions herein set forth, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriter, the Bonds at an aggregate purchase price equal to \$_____ (which is the sum of \$_____, the total initial principal amount of the Bonds, [plus/less a [net] original issue [premium/discount] of \$_____]). The Bonds will bear interest from their date of delivery, and therefore no accrued interest will be paid as part of the purchase price.

The Bonds will mature on the dates and in the aggregate principal amounts, and bear interest at the rates per annum, shown on Schedule I. The Issuer shall pay on the Closing Date to the Underwriter \$_____ (the “Underwriter’s Fee”) for the Underwriter’s fees and expenses.

The Issuer will deliver the Bonds to the Underwriter against payment of the purchase price therefor by wire transfer payable in immediately available funds to the Trustee. The closing will occur at the offices of Norton Rose Fulbright US LLP, Bond Counsel, at 10:00 a.m., Central time, on February __, 2023, or at such other time or place as the Issuer and the Underwriter shall mutually agree upon (such time being referred to herein as the “Closing Date”). The Bonds shall be delivered in definitive fully registered form, in each case in such form as shall comply with the book-entry system requirements of The Depository Trust Company, New York, New York.

3. *Transaction Documents.* At or prior to the Closing Date, the Issuer shall deliver to the Underwriter the following documents in form and substance satisfactory to the Underwriter:

(a) a copy of the resolution adopted by the Issuer on December 6, 2022, approving the issuance, sale and delivery of the Bonds (the “Resolution”);

(b) a copy of the executed Indenture;

(c) a copy of the executed Servicing and Sale Agreement dated as of February 1, 2019 (the “Servicing Agreement”), between the Issuer and Lakeview Loan Servicing, LLC (the “Servicer”);

(d) a copy of the form of Mortgage Origination Agreement between the Issuer and each financial institution participating in the Program as a lender (each a “Lender”), and a copy of the Amendment (Relating to Bond-Financed Programs) thereto dated as of March 1, 2019, executed by the Issuer and delivered to each Lender (collectively, the “Lender Agreements”);

(e) a copy of the executed Continuing Disclosure Agreement dated as of February 1, 2023 (the “Continuing Disclosure Agreement”); and

(f) a copy of the Official Statement (defined below) of the Issuer relating to the Bonds duly executed on behalf of the Issuer by the President or other duly authorized representative of the Issuer.

The Issuer confirms that it has heretofore made available to the Underwriter copies of the Preliminary Official Statement dated January __, 2023, relating to the Bonds (the “*Preliminary Official Statement*”) and has approved the distribution thereof to prospective underwriters and investors. The Issuer hereby represents to the Underwriter that the Preliminary Official Statement was deemed by the Issuer to be “final” as of its date within the meaning of Rule 15c2-12(b) under the Securities Exchange Act of 1934.

The Issuer authorizes, ratifies and consents to the use of the Preliminary Official Statement by the Underwriter in connection with the Issuer’s offer, sale and distribution of the Bonds.

Upon the request of the Underwriter (which request shall be made no later than seven (7) business days following the date hereof), the Issuer will deliver to the Underwriter three (3) copies of the Preliminary Official Statement and completed with the information permitted to be omitted therefrom by Rule 15c2-12(b) under the Securities Exchange Act of 1934 and such other amendments or supplements as shall have been approved by the Issuer and the Underwriter (the “*Preliminary Official Statement*,” as so completed, being hereinafter referred to as the “*Official Statement*”) duly executed on behalf of the Issuer.

The Issuer approves, and the Underwriter consents to, the delivery of the Preliminary Official Statement and the Official Statement in electronic form.

This Purchase Agreement, the Indenture, the Servicing Agreement, the Lender Agreements and the Continuing Disclosure Agreement are referred to herein collectively as the “*Issuer Agreements*.”

4. *Representations and Warranties.* The Issuer represents and warrants to the Underwriter as follows:

(a) it is a non-profit corporation duly organized and existing under the laws of the State of Texas (the “*State*”), and has full legal right, power and authority (i) to enter into this Purchase Agreement (ii) to execute and deliver the Issuer Agreements, (iii) to sell, issue and deliver the Bonds to the Underwriter as provided herein, (iv) to use the proceeds of the Bonds to purchase the Certificates and for other purposes described in the Indenture and (v) to consummate the transactions contemplated by the Issuer Agreements and the Official Statement;

(b) the information set forth in the Official Statement under the captions “THE ISSUER” and “NO LITIGATION” does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made not misleading;

(c) it is not in breach of or default under any applicable law or administrative regulation of the State, the United States or any applicable judgment or decree or any payment default with respect to any obligations, in each case, where such default would have a material adverse effect on its ability to perform its obligations hereunder or under the Issuer Agreements; and the execution and delivery of the Issuer Agreements and the Bonds, and the compliance with the provisions thereof, do not conflict with or constitute a material breach of or default under any law, administrative regulation, judgment, decree, loan agreement, note, resolution, agreement or other instrument to which the Issuer is a party or to which it or any of its property is otherwise subject;

(d) all material approvals, consents and orders of any governmental entity of the State or the United States having jurisdiction which would constitute conditions precedent to the performance by the Issuer of its obligations under the Issuer Agreements and the Bonds have been or will be obtained prior to the Closing Date;

(e) to the best of its knowledge, the terms and provisions of the Issuer Agreements comply in all material respects with the requirements of the Act; and the Issuer Agreements and the Bonds, when executed and delivered by the Issuer, will constitute its valid, legal and binding obligations enforceable in accordance with their terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency or other similar law affecting the enforcement of creditors' rights generally and by public policy considerations which may render the Issuer Agreements or the Bonds unenforceable, and subject to the availability of equitable remedies generally;

(f) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the knowledge of the Issuer, threatened against it affecting its existence or its governing body or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the delivery of the Bonds or the revenues or assets pledged to the payment of the principal of and interest on the Bonds, or the pledge of such revenue or assets, the purchase of the Certificates, or in any way contesting or affecting the validity or enforceability of the Bonds or the Issuer Agreements, or contesting in any way the completeness or accuracy the Official Statement, or contesting its powers or any authority for the issuance or delivery of the Bonds or the execution and delivery of the Issuer Agreements;

(g) any certificate signed by one of its authorized officers and delivered to the Underwriter or the Trustee at or prior to the Closing Date shall be deemed a representation by it in connection with this Purchase Agreement to the Underwriter or the Trustee as to the statements made therein;

(h) the Bonds, when issued, authenticated and delivered in accordance with the Indenture and sold to the Underwriter as provided herein, will be the Issuer's validly issued and outstanding limited obligations entitled to the benefits of the Indenture;

(i) the Issuer will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Resolution

and the Indenture, and will not to take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds; and

(j) to the best of its knowledge, the Issuer has not failed to comply, in all material respects, with any continuing disclosure undertaking during the five-year period preceding the date of the Official Statement.

The Issuer agrees that all representations and covenants made by it herein, and in securities, agreements or other instruments delivered pursuant hereto or in connection herewith, shall be deemed to have been relied upon by the Underwriter, and that all representations and covenants made by the Issuer herein and therein and all the Underwriter's rights hereunder and thereunder shall survive the delivery of the Bonds.

5. *Covenants.* The Issuer covenants with the Underwriter that:

(a) if between the date of this Purchase Agreement and the date ninety (90) days following the end of the underwriting period (as such term is defined in Rule 15c2-12(e)(2) under the Securities Exchange Act of 1934, which may be assumed by the Issuer to be the Closing Date unless otherwise notified by the Underwriter) an event occurs affecting the Issuer, or any transaction contemplated by the Issuer Agreements, which could cause the Official Statement to contain an untrue statement of a material fact or to omit to state a material fact which should be included therein for the purposes for which the Official Statement was to be used or which is necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, and, if in the opinion of the Issuer or the Underwriter such event requires an amendment or supplement to such Official Statement, the Issuer will change, amend or supplement the Official Statement in a form and in a manner reasonably acceptable to the Underwriter and at the reasonable expense of the Issuer and/or the Underwriter as shall be mutually agreed; *provided, however*, if such event shall occur on or prior to the Closing Date, the Underwriter, in its sole discretion, shall have the right to terminate its obligations hereunder by written notice to the Issuer, and the Underwriter shall be under no obligation to purchase and pay for the Bonds; and

(b) the Issuer, at no expense to the Issuer, will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; *provided, however*, the Issuer shall not be required to register as a dealer or broker in any such state or jurisdiction nor shall it be required to consent to the jurisdiction of such state or jurisdiction.

6. *Establishment of Issue Price.* (a) The Underwriter agrees to assist the Issuer in establishing the issue price of the Bonds and shall execute and deliver to the Issuer at the Closing Date an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications

as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Issuer and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

(b) Except as otherwise set forth in Schedule I attached hereto, the Issuer will treat the first price or prices at which 10% of each maturity of the Bonds is sold to the public (the “10% Test”) as the issue price of that maturity. At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the Issuer the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% Test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the Issuer the prices at which it sells the Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) the Underwriter has sold all Bonds of that maturity or (ii) the 10% Test has been satisfied as to the Bonds of that maturity, *provided* that, the Underwriter’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Issuer or Bond Counsel. For purposes of this section 6(b), if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

(c) The Underwriter confirms that Underwriter offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the “*Initial Offering Price*”), or at the corresponding yield or yields, set forth in Schedule I attached hereto, except as otherwise set forth therein. Schedule I also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the 10% Test has *not* been satisfied and for which the Issuer and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Issuer to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “*Hold-The-Offering-Price Rule*”). So long as the Hold-The-Offering-Price Rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the Initial Offering Price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public.

The Underwriter will advise the Issuer promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public.

(d) The Underwriter confirms that:

- (i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling

group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A) (i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% Test has been satisfied as to the Bonds of that maturity, *provided* that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (ii) to comply with the Hold-The-Offering-Price Rule, if applicable, if and for so long as directed by the Underwriter,

(B) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Bonds of that maturity, *provided* that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(e) The Issuer acknowledges that, in making the representations set forth in this section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-The-Offering-Price Rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-The-Offering-Price Rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Issuer further

acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-The-Offering-Price Rule, if applicable to the Bonds.

(f) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “*public*” means any person other than an underwriter or a related party;

(ii) “*underwriter*” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public);

(iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(iv) “*sale date*” means the date of execution of this Purchase Agreement by all parties.

7. *Conditions to Obligations of Underwriter.* The obligation of the Underwriter to purchase and pay for the Bonds at the Closing Date is subject to the accuracy of the representations of the Issuer herein as of the date hereof and as of the Closing Date, to the material accuracy of statements to be made on behalf of the Issuer hereunder, to the material performance by the Issuer of its obligations hereunder and to the following additional conditions precedent:

(a) at the Closing Date, the Resolution, the Issuer Agreements, the Bonds and all official action of the Issuer relating thereto, shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and the Official Statement shall have been executed and shall

not have been amended or supplemented except as may have been agreed to by the Underwriter;

(b) the Issuer shall have received the approving opinion of Norton Rose Fulbright US LLP, Bond Counsel, in form acceptable to the Issuer and the Underwriter;

(c) the Underwriter shall have received the supplemental opinion of Norton Rose Fulbright US LLP, Bond Counsel, dated the Closing Date and addressed to the Issuer, the Underwriter and the Trustee, to the effect that: (i) the Bonds constitute exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended (the “*Securities Act*”), and the Trust Indenture Act of 1939, as amended (the “*Trust Indenture Act*”), and that it is not necessary, in connection with the offering and sale of the Bonds, to register any securities under the Securities Act or to qualify the Indenture under the Trust Indenture Act; (ii) the Bonds, the Indenture, the Lender Agreements, the Servicing Agreement, and certain provisions of federal tax law conform to the descriptions thereof contained in the Official Statement, and the statements contained in the Official Statement on the cover and under the captions “INTRODUCTION,” “THE BONDS,” “SECURITY FOR THE BONDS,” “FLOW OF FUNDS,” “THE PROGRAM,” “THE INDENTURE,” “THE LENDER AGREEMENTS,” “THE SERVICING AGREEMENT,” “TAX MATTERS,” “ELIGIBILITY FOR INVESTMENT” and “Appendix A—DEFINITIONS,” insofar as such statements purport to summarize certain provisions of the Bonds, the Indenture, the Lender Agreements and the Servicing Agreement, federal tax law provisions relating to the Bonds, and the eligibility for investment under Texas law, present a fair and accurate summary of such provisions; (iii) the Issuer is empowered to acquire the Certificates to provide financing for single family residences in accordance with the Indenture and to assign the Certificates and other pledged revenues from which the Bonds are payable; (iv) the Indenture creates a valid pledge of the Trust Estate (as defined in the Indenture), the Certificates and money, securities and property held in any fund or account established pursuant to the Indenture (excluding amounts contained in the Cost of Issuance Fund and any Rebate Amount), including the investment thereof, and a first lien upon, security interest in and assignment to the Trustee of the same, and all right, title and interest of the Issuer in the Certificates, the Lender Agreements and the Servicing Agreement and subject in all cases to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein; and (v) all approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, board, agency or commission (except state securities commissions) having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Issuer of its obligations under the Bonds, the Indenture, the Lender Agreements, the Servicing Agreement, the Continuing Disclosure Agreement and this Purchase Agreement, have been obtained and are in full force and effect;

(d) the Underwriter shall have received an opinion of Norton Rose Fulbright US LLP, counsel to the Issuer, dated the Closing Date and addressed to the Issuer, the Underwriter and the Trustee to the effect that: (i) this Purchase Agreement has been duly authorized, executed and delivered by, and constitutes a legally valid and binding

agreement enforceable in accordance with its terms of, the Issuer except as enforcement may be limited by bankruptcy, insolvency, reorganization or similar laws or equitable principles relating to or limiting creditors' rights generally, and provided that no opinion need be expressed as to the availability of equitable remedies; (ii) the Issuer is a duly organized and existing non-profit corporation, duly organized and existing under the Constitution and laws of the State, acting pursuant to the Act, with full legal right, power and authority to issue the Bonds and to perform all of its obligations under the Bonds, the Resolution and the Issuer Agreements, and the same are now in full force and effect, and the Issuer has duly adopted the Resolution and has duly authorized, executed and delivered the Bonds, the Issuer Agreements and the Official Statement, and (assuming due authorization, execution and delivery by the other parties thereto, where necessary) the Issuer Agreements constitute legal, valid and binding agreements of the Issuer enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization or similar laws or equitable principles relating to or limiting creditors' rights generally, and *provided* that no opinion need be expressed as to the availability of equitable remedies); and (iii) the adoption of the Resolution, and the execution and delivery of the Bonds and the Issuer Agreements and the other instruments contemplated by any of such documents to which the Issuer is a party, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or any applicable court or administrative decree or order or, to its knowledge, any loan agreement, note, ordinance, resolution, indenture, contract, agreement or other instrument to which the Issuer is a party or is otherwise subject or bound;

(e) the Underwriter shall have received a certificate, dated the Closing Date and signed by an authorized officer of the Trustee (or an opinion of counsel to the Trustee as to one or more of such matters addressed to the Issuer and the Underwriter), to the effect that: (i) the Trustee is a national banking association, duly organized, validly existing and in good standing under the laws of the United States, is duly qualified to do business and to exercise trust powers in the State and in all jurisdictions where the nature of its operations as contemplated by the Indenture legally requires such qualification, and has the corporate power to take all action required or permitted of it under the Indenture (including actions required or permitted of it under the Continuing Disclosure Agreement; (ii) the execution, delivery and performance by the Trustee of the Indenture and the Continuing Disclosure Agreement, and its acknowledgment of certain provisions of the Servicing Agreement, have been duly authorized by all necessary corporate action on the part of the Trustee, and under present law do not and will not contravene the charter or by-laws of the Trustee or conflict with or constitute a breach of or default under any law, administrative regulation, consent decree or any agreement or instrument to which the Trustee is subject; (iii) all approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter which would constitute a condition precedent to the performance by the Trustee of its duties and obligations under the Indenture and its duties and obligations (including its duties and obligations as Dissemination Agent) under the Continuing Disclosure Agreement have been obtained and are in full force and effect; (iv) the Indenture and the Continuing Disclosure Agreement have been duly entered into and

delivered by the Trustee and constitute the legal, valid and binding obligations of the Trustee, enforceable against the Trustee in accordance with their terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally or by general equity principles; (v) the Trustee has taken all action necessary for the acceptance of, and has duly accepted the office of, Trustee under the Indenture and has the requisite trust powers to carry out its obligations under the Indenture; and (vi) no litigation has been served on the Trustee or, to the knowledge of such officer, threatened in any way contesting or affecting the existence of powers (including trust powers) of the Trustee or the Trustee's ability to fulfill its duties and obligations under the Indenture and its duties and obligations (including its duties and obligations as Dissemination Agent) under the Continuing Disclosure Agreement;

(f) the Underwriter shall have received a certificate, dated the Closing Date and signed by an authorized representative of the Issuer, to the effect that: (i) neither the adoption of the Resolution or the execution or delivery by the Issuer of the Bonds or the Issuer Agreements, nor the consummation of the transactions contemplated thereby, will result in the material violation of any constitutional provisions, statute, regulation or ordinance applicable to the Issuer or conflict with any indenture, loan agreement, bond, note, ordinance, resolution, contract, agreement or other instrument to which the Issuer is a party or, to the knowledge of the Issuer, is otherwise subject or bound; (ii) no material consent, approval, authorization, license or order of any governmental agency or body is required for the execution and delivery by the Issuer of, or performance by the Issuer of its obligations under, the Issuer Agreements, except such consents, approvals, authorizations, licenses or orders as already have been obtained and except such consents, approvals, authorizations, licenses or orders as may be required by the Attorney General of the State of Texas or under the state securities or "blue sky" laws of any jurisdiction in connection with the offer and sale of the Bonds; (iii) no litigation or other proceeding is pending or, to the knowledge of the Issuer, threatened in any state or federal court or other tribunal of competent jurisdiction, in any material way: (a) restraining or enjoining the issuance, sale or delivery of the Bonds; (b) questioning or affecting the validity of the Resolution, the Issuer Agreements, the Bonds, the collection, application and pledge to the Bondholders of any moneys or other security provided for the payment of the Bonds under the Indenture, and Lender Agreements or the Servicing Agreement, or any other transaction referred to in the Official Statement; (c) questioning or affecting the validity of any of the proceedings for the authorization, sale, execution, issuance or delivery of the Bonds; (d) questioning or affecting the organization or existence of the Issuer or the title to office of any officer thereof; (e) questioning or affecting the power and authority of the Issuer to issue the Bonds or to execute and deliver the Issuer Agreements; (f) questioning the accuracy or completeness of the Official Statement; or (g) which would adversely affect the exclusion from gross income of interest paid on the Bonds for federal income tax purposes; (iv) the Issuer has complied with or will on the Closing Date be in compliance with all the material agreements and satisfied all the material conditions on its part to be performed or satisfied at or prior to the Closing Date, and the representations of the Issuer as to all material facts contained herein and in the Issuer Agreements are true, complete and correct as of the Closing Date; and (v) the statements and information contained in the Official Statement

under the captions “THE ISSUER” and “NO LITIGATION” with respect to the Issuer do not contain any untrue statements of a material fact or omit to state any material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading; and (vi) to its knowledge, the Issuer has not failed to comply, in all material respects, with any continuing disclosure undertaking during the five-year period preceding the date of the Official Statement;

(g) the Underwriter shall have received a certificate or agreement of the Issuer concerning arbitrage and certain other federal income tax matters, dated the Closing Date and signed by an authorized officer of the Issuer, in form and substance satisfactory to Bond Counsel;

(h) the Underwriter shall have received an opinion of Ballard Spahr LLP, as Disclosure Counsel, dated the Closing Date and addressed to the Issuer and the Underwriter, to the effect that (i) the information contained in the Official Statement under the captions “THE ISSUER” and “THE CONTINUING DISCLOSURE AGREEMENT” present a fair and accurate summary of the matters referred to therein and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and (ii) it has no reason to believe that on the Closing Date the Official Statement contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (in each case, except for the financial statements or other financial, forecast, technical, operating, statistical, demographic or accounting statements and data contained therein and the information concerning The Depository Trust Company and its book-entry only system included therein, as to which no view is expressed);

(i) the Issuer and the Underwriter shall have received a verification report of Causey Demgen & Moore P.C. dated the Closing Date, and addressed to the Issuer, the Trustee, the Underwriter and Bond Counsel, to the effect that the arbitrage yield calculations provided by the Underwriter are mathematically accurate;

(j) the Underwriter shall have received an opinion, dated the Closing Date and addressed to the Issuer, the Trustee and the Underwriter, of counsel to the Servicer, or in lieu of an opinion, a certificate executed by an authorized officer of the Servicer, to the effect that: (i) the Servicer is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, and is duly qualified and in good standing to transact in the State any and all business contemplated by the Servicing Agreement to be conducted by it and possesses all requisite power, licenses, permits and franchises to conduct any and all business contemplated by the Servicing Agreement to be conducted by it and to execute, deliver and comply with its obligations under the terms of the Servicing Agreement; (ii) the execution, delivery and performance of the Servicing Agreement have been duly authorized by all necessary corporate action; (iii) the Servicer is an FHA-approved, VA-approved, and USDA-RHS-approved mortgagee and meets all requirements of applicable laws so as to be eligible to purchase FHA-insured, VA-guaranteed and USDA-RHS-guaranteed mortgage loans; (iv) the Servicer has been

approved by GNMA to issue mortgage-backed securities guaranteed by GNMA; (v) the Servicing Agreement constitutes a valid and binding agreement of the Servicer enforceable against the Servicer in accordance with its terms (except as enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws or equitable principles relating to or limiting creditors' rights generally and by public policy limitations on the enforceability of indemnities and provided that no opinion need be expressed as to the availability of equitable remedies); (vi) the execution and delivery of the Servicing Agreement by the Servicer and the performance and compliance with its terms in the manner contemplated therein will not violate (a) its certificate of incorporation or bylaws or (b) any laws in existence at the time of execution which could have any material adverse effect whatsoever upon the validity, performance or enforceability of any of the terms of the Servicing Agreement applicable to the Servicer and will not constitute a material default (or an event which, with notice or lapse of time, or both, would constitute a material default) under, or result in the material breach of, any material contract, agreement or other instrument to which the Servicer is a party or which may be applicable to it or any of its assets; (vii) there is no litigation pending or to such counsel's or authorized officer's knowledge, threatened, that would adversely affect the execution or validity of the Servicing Agreement by the Servicer, and there are no other legal or governmental proceedings other than ordinary routine litigation incident to the business conducted by the Servicer pending (or to the best of such counsel's or authorized officer's knowledge, threatened or contemplated by governmental authority or others) to which the Servicer is a party or by which the Servicer or any property of the Servicer is subject, which, if determined adversely to the Servicer would individually or, in the aggregate, have a material adverse effect on the financial position or results of the operations of the Servicer; and (viii) the statements under the heading "The Servicer" in the Official Statement do not include any untrue statement of a material fact or omit to state any material facts necessary to make the statements under such heading, in the light of the circumstances under which they are made, not misleading;

(k) the Underwriter shall have received the (A) opinion of Chapman and Cutler LLP, counsel to the Underwriter ("*Underwriter's Counsel*"), dated the Closing Date, and addressed to the Underwriter, to the effect that (i) under existing law, the Bonds may be offered and sold without registration under the Securities Act of 1933, as amended, (ii) the Indenture is not required to be qualified under the Trust Indenture Act of 1939, as amended and (iii) the agreement of the Issuer contained in the Continuing Disclosure Agreement provides a reasonable basis for the Underwriter to conclude that the Continuing Disclosure Agreement satisfies the requirements of Rule 15c2-12, as amended, and (B) negative assurances letter of Underwriter's Counsel, dated the Closing Date, and addressed to the Underwriter, to the effect that Underwriter's Counsel has no reason to believe that on the Closing Date the Official Statement contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (in each case, except for the financial statements or other financial, forecast, technical, operating, statistical, demographic or accounting statements and data contained therein and the information concerning The Depository Trust Company and its book-entry only system included therein, as to which no view is expressed);

(l) the Underwriter shall have received written evidence satisfactory to it that Moody's Investors Service, Inc. has assigned a rating of at least "____" to the Bonds;

(m) the Underwriter shall have received (i) evidence satisfactory to it of the approval of the Bonds by the Texas Bond Review Board (the "*Board*"), or the Board's Executive Director or his designee, and (ii) an unqualified opinion or certificate, dated on or prior to the Closing Date, of the Attorney General of the State approving the Bonds to the extent required by law, accompanied by the certificate of the Comptroller of the Public Account of the State of Texas as to official registration of the Bonds; and

(n) the Issuer shall furnish or cause to be furnished by such additional legal opinions, securities, instruments and other documents, as the Issuer, the Underwriter, Bond Counsel or Disclosure Counsel may reasonably request, to enable such counsel to render their respective opinions or to evidence compliance with legal requirements, the truth and accuracy, as of the date hereof and as of the Closing Date, of the representations contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction on or prior to the Closing Date of all agreements then to be performed and all conditions then to be satisfied.

All the opinions, letters, securities, instruments and other documents mentioned above or elsewhere in this Purchase Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance reasonably satisfactory to the Underwriter, and the Underwriter shall have the right to waive any condition set forth in this Section 7.

8. *Termination.* The Underwriter may terminate its obligations hereunder by written notice to the Issuer if, at any time subsequent to the date hereof and on or prior to the Closing Date:

(a) (i) legislation shall have been enacted by the Congress, or introduced in the Congress, or recommended to the Congress for passage by the President of the United States or the United States Department of the Treasury or the Internal Revenue Service or any member of the United States Congress, or favorably reported for passage to either House of Congress by any Committee of such House to which such legislation has been referred for consideration, or (ii) a decision shall have been rendered by a court established under Article III of the Constitution of the United States or the United States Tax Court, or (iii) an order, ruling, regulation or communication (including a press release) shall have been issued by the United States Department of the Treasury or the Internal Revenue Service, or (iv) any action shall be taken or statement made by or on behalf of the President of the United States or the United States Department of the Treasury or the Internal Revenue Service or any member of the United States Congress which indicates or implies that legislation will be introduced in the United States Congress, in each case referred to in clauses (i), (ii), (iii) and (iv), with the purpose or effect, directly or indirectly, of imposing federal income taxation upon interest to be received by any holder of Bonds; or

(b) legislation shall be enacted or any action shall be taken by the Securities and Exchange Commission which, in the opinion of counsel to the Underwriter, has the effect of requiring the offer or sale of the Bonds, to be registered under the Securities Act

of 1933 or the Indenture to be qualified under the Trust Indenture Act of 1939 or any event shall have occurred or shall exist which, in the reasonable judgment of the Underwriter, makes untrue or incorrect in any material respect any statement or information contained in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements or information contained therein not misleading in any material respect; or

(c) (i) in the Underwriter's reasonable judgment, the market price of the Bonds is adversely affected because: (a) additional material restrictions not in force as of the effective date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; (b) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the Bonds or similar obligations, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter; (c) a general banking moratorium shall have been established by federal, New York or State authorities; or (d) a war involving the United States of America shall have been declared, or any other national or international calamity, including any act of terrorism, shall have occurred (economic or otherwise), or any conflict involving the armed forces of the United States of America shall have escalated to such a magnitude as to materially affect the Underwriter's ability to market, take delivery of or redeliver Bonds; (ii) there shall have occurred any material change, or any other event in the securities or debt markets, which, in the Underwriter's opinion, materially adversely affects the marketability of the Bonds or the market price thereof, or any material development involving a prospective change in, or affecting particularly the economy of the geographic areas constituting the program area with respect to the Bonds, or the mortgage market of said jurisdiction, which, in the Underwriter's reasonable judgment, materially impairs the investment quality of the Bonds, or, in the Underwriter's reasonable judgment, materially impairs the ability of the Underwriter to market, take delivery of, or redeliver the Bonds; (iii) any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance, sale or delivery of the Bonds or in any way contesting or affecting any authority for or the validity of the Bonds, any of the proceedings of the Issuer taken with respect to the issuance, sale, release or delivery thereof, the pledge or application of any moneys or Certificates provided for the payment of the Bonds or the existence or powers of the Issuer; or (iv) any written notice shall have been given by the Rating Agency of any intended downgrading, suspension or withdrawal of the credit rating of the Bonds by the Rating Agency.

9. *Expenses.* If a Closing shall take place hereunder, the Issuer shall pay the Underwriter's Fee, the fees and expenses (including any legal expenses) of the Trustee, the fees and expenses of Bond Counsel, the fees and expenses of Disclosure Counsel, the fees and expenses of the Financial Advisor, the rating agency fee, printing and electronic posting costs, the verification fee (if any), and all other costs of issuing the Bonds, but only from money deposited in the Cost of Issuance Fund established under the Indenture.

The Underwriter shall pay its own fees and expenses, unless otherwise agreed by the Issuer. The Servicer and the Lenders executing the Servicing Agreement and the Lender Agreements,

respectively, shall pay their own expenses, including the fees and expenses of their respective counsels.

In the event that a closing does not take place, the Issuer shall not be responsible for any fees or expenses incurred in connection with the transactions contemplated under this Purchase Agreement.

10. *Notices.* Any notice or other communication to be given to the Issuer under this Purchase Agreement may be given by delivering the same in writing to the Issuer at its address set forth above, and any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Raymond James & Associates, Inc., 5820 Patterson Avenue, Suite 100, Richmond, Virginia 23226; Attention: Chris Spelbring.

11. *Successors.* This Purchase Agreement is made solely for the benefit of the Issuer and the Underwriter (including their successors or assigns) and no other person shall acquire or have any right hereunder or by virtue hereof. All the representations, covenants and agreements contained herein shall remain operative and in full force and effect and shall survive delivery of and payment for the Bonds hereunder, regardless of any investigation made by or on behalf of the Underwriter.

12. *Governing Law.* This Purchase Agreement shall be governed by the laws of the State of Texas.

13. *Counterparts.* This Purchase Agreement may be executed in one or more counterparts each of which shall be an original and all of which together shall constitute one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

14. *Effectiveness.* This Purchase Agreement shall become effective upon the execution of the acceptance hereof by the Issuer.

Very truly yours,

RAYMOND JAMES & ASSOCIATES, INC.

By: _____
Christopher Spelbring
Managing Director

Accepted on February __, 2023:

TEXAS STATE AFFORDABLE HOUSING CORPORATION

By: _____
David Long
President

SCHEDULE I

MATURITY SCHEDULE

\$ _____

TEXAS STATE AFFORDABLE HOUSING CORPORATION
Single Family Mortgage Revenue Bonds
Series 2023A (Tax-Exempt)

\$ _____ Total Principal Amount of Serial Bonds (Price of Each Maturity: 100%)

MATURITY DATE	PRINCIPAL AMOUNT	INTEREST RATE
---------------	---------------------	------------------

\$ _____ Total Principal Amount of Term Bonds

\$ _____ % Term Bonds Due _____ 1, 20__ (Price: ____%)

\$ _____ % Premium Term Bonds Due _____ 1, 20__ (Price: ____%)

\$ _____ % Premium Term Bonds Due _____ 1, 20__ (Price: ____%)

\$ _____ % Premium Term Bonds Due _____ 1, 20__ (Price: ____%)

\$ _____ % Premium PAC Bonds Due _____ 1, 20__ (Price: ____%)

NOTE: The 10% Test was met for each maturity except the following maturities:

EXHIBIT A

CERTIFICATE OF PURCHASER

\$ _____

TEXAS STATE AFFORDABLE HOUSING CORPORATION
Single Family Mortgage Revenue Bonds
Series 2023A (Tax-Exempt)

I, the undersigned, an authorized officer of Raymond James & Associates, Inc., as the sole Underwriter (in such capacity, the “*Purchaser*”) with respect to the above-described bonds (the “*Bonds*”) being issued by the Texas State Affordable Housing Corporation (the “*Issuer*”), hereby certifies and represents, based upon the information available to it, as follows:

(1) *Public Offering.* On or before the Sale Date, the Purchaser offered all the Bonds to the Public in a bona fide initial offering at the initial public offering prices listed on Attachment A (the “*Initial Offering Prices*”). Included in Attachment A is a copy of the pricing wire or similar communication used to document the initial offering of each Maturity to the Public at the related Initial Offering Prices.

(2) *Sale of the General Rule Maturities.* As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the Initial Offering Price, and all of the Bonds comprising the first 10% of sales for each General Rule Maturity were sold at the same price.

(3) *Initial Offering Price of the Hold-the-Offering Price Maturities.* As set forth in the Bond Purchase Agreement, the Purchaser has agreed in writing that, (i) for each Maturity of the Hold-the-Offering Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such maturity during the Holding Period for such Maturity (the “*hold-the-offering-price rule*”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, the Purchaser has not offered or sold any Maturity of the Hold-the-Offering Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of Bond during the Holding Period.

(4) *Defined Terms.*

(a) “*General Rule Maturities*” means those maturities of the Bonds listed in Attachment B hereto as the “General Rule Maturities.”

(b) “*Hold-the-Offering-Price Maturities*” means those maturities of the Bonds listed in Attachment B hereto as the “Hold-the-Offering Price Maturities.”

(c) “*Holding Period*” means, with respect to a Hold-the-Offering Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Underwriter has sold at least 10% of such Hold-the-Offering Price Maturity to the Public at prices that are not higher than the Initial Offering Price for such Hold-the-Offering Price Maturity.

(d) “*Maturity*” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(e) “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” is defined in U.S. Treasury Regulation § 1.150-1(b) which generally provides that the term related party means any two or more persons who have a greater than 50 percent common ownership, directly or indirectly.

(f) “*Sale Date*” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is February ___, 2023.

(g) “*Underwriter*” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The Issuer may rely on the statements made herein in connection with making the representations set forth in the Tax Certificate delivered in connection with the issuance of the Bonds to which this Certificate of Purchaser is attached and in its efforts to comply with the conditions imposed by the Internal Revenue Code of 1986, as amended. Norton Rose Fulbright US LLP may also rely on this Certificate of Purchaser for purposes of its opinion regarding the treatment of interest on the Bonds as excludable from gross income tax for federal income tax purposes. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose. Notwithstanding anything set forth herein, the Underwriter is not engaged in the practice of law. Accordingly, the Underwriter makes no representation as to the legal sufficiency of the factual matters set forth herein.

Dated: February ___, 2023

Very truly yours,

RAYMOND JAMES & ASSOCIATES, INC.

By: _____

Name: _____

Title: _____

ATTACHMENT A

INITIAL OFFERING PRICE DOCUMENTATION

[Attach Pricing Wire or Other Offering Price Documentation]

ATTACHMENT B

**GENERAL RULE MATURITIES AND
HOLD-THE-OFFERING-PRICE MATURITIES**

General Rule Maturities

1. [All] [The following] Serial Bond maturities[.][:]
2. [All] [The following] Term Bond maturities[.][:]

Hold-the-Offering-Price Maturities

The following [Serial] [Term] Bond maturities:

TEXAS STATE AFFORDABLE HOUSING CORPORATION
Single Family Mortgage Revenue Bonds
Series 2023A (Non-AMT)

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement dated as of February 1, 2023 (this “Disclosure Agreement”) is executed and delivered by Texas State Affordable Housing Corporation (the “Issuer”) and Computershare Trust Company, National Association (the “Trustee”), with respect to the Issuer’s Single Family Mortgage Revenue Bonds, Series 2023A (Non-AMT) (the “Bonds”). The Issuer and the Trustee covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer and the Trustee for the benefit of the Owners and beneficial owners of the Bonds and in order to assist the Participating Underwriters for the Bonds in complying with Rule 15c2-12(b)(5) of the United States Securities and Exchange Commission (the “Securities and Exchange Commission”).

SECTION 2. Definitions. In addition to the definitions set forth in Trust Indenture dated as of February 1, 2023, between the Issuer and the Trustee, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement that is not defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Bond Disclosure Report” shall mean any Annual Bond Disclosure Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Disclosure Representative” shall mean the President of the Issuer or his or her designee, or such other officer or employee as the Issuer may designate in writing to the Trustee from time to time.

“Dissemination Agent” shall mean the Trustee, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; provided, however, the term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the fiscal year from September 1 through August 31.

“Listed Event” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board.

“Owner” means the registered owner of any Bond.

“Participating Underwriter” shall mean any person required to comply with the Rule in connection with the offering of the Bonds.

“Responsible Officer” shall mean, in the case of the Trustee, the officer or officers specifically administering the Indenture.

“Rule” shall mean Rule 15c2-12(b) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Trustee” shall mean Computershare Trust Company, National Association, or any successor trustee pursuant to the Indenture.

SECTION 3. Provision of Annual Bond Disclosure Reports.

(a) The Issuer shall cause and hereby directs the Dissemination Agent to, not later than six months after the end of the Issuer’s Fiscal Year, commencing with the Fiscal Year ending August 31, 2023, provide to the MSRB, in the electronic or other form required by the MSRB, an Annual Bond Disclosure Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. In each case, the Annual Bond Disclosure Report may be submitted as single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement; *provided* that the audited financial statements of the Issuer, if prepared and when available, may be submitted separately from the balance of the Annual Bond Disclosure Report, and later than the date required in this paragraph for the filing of the Annual Bond Disclosure Report if they are not available by that date. If the Issuer’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(b) Not later than ten (10) Business Days prior to the date specified in subsection (a) for providing the Annual Bond Disclosure Report to the MSRB, the Dissemination Agent shall provide the Annual Bond Disclosure Report to the Issuer and the Trustee. If by the date specified in this subsection 3(b), the Trustee has not received a copy of the Annual Bond Disclosure Report, the Trustee shall contact the Issuer and the Dissemination Agent to determine if the Issuer is intending to comply with subsection (a).

(c) If the Trustee is able to verify that an Annual Bond Disclosure Report has not been provided to the MSRB by the date required in subsection (a), the Trustee shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) on behalf of the Issuer prepare and file the Annual Bond Disclosure Report (excluding the audited financial statements of the Issuer, if any, which shall be filed by the Dissemination Agent upon receipt from the Issuer) containing or incorporating by reference the information set forth in Section 4 hereof; and

(ii) file a report with the Issuer and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Bond Disclosure Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB.

SECTION 4. Content of Annual Bond Disclosure Reports. The Annual Bond Disclosure Report for the Bonds may contain or incorporate by reference the following:

(a) If prepared and when available, the audited financial statements of the Issuer for the most recently ended Fiscal Year, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer.

(b) Tables setting forth the following information, as of the end of such Fiscal Year:

(i) For each maturity of the Bonds, the maturity date, the interest rate, the original aggregate principal amount and the principal amount remaining Outstanding.

(ii) During the Certificate Purchase Period, the total principal amount of Certificates to be purchased and the total principal amount of Certificates purchased by the Trustee. This information will not be provided after the Certificate Purchase Period is completed.

(iii) The amounts in the funds and accounts securing the Bonds and a description of the related investments.

(iv) The aggregate principal amount of Certificates purchased, the aggregate principal balance of Certificates remaining Outstanding, and the aggregate principal balance of Certificates at each pass through rate remaining Outstanding.

See Exhibit B hereto for a form for submitting the information set forth in the preceding subparagraph (b).

Any or all of the items listed above may be included by specific reference to other documents, including disclosure documents of debt issues of the Issuer, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final offering document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, each of the following is a Listed Event with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the IRS 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 status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bondholders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;

(For the purposes of the event identified in this paragraph 12, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangements or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.)

13. The consummation of a merger, consolidation, or acquisition of the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee under the Indenture or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar

terms of a Financial Obligation of the Issuer, any of which affect Bondholders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

Whenever the Issuer obtains knowledge of the occurrence of a Listed Event under number 1, 3, 4, 5, 6 (unless a judgment as to materiality is required to be made), 8 (if the event is a tender offer), 9, 11, 12 or 16 above, it shall promptly notify the Trustee in writing and shall direct the Dissemination Agent to immediately file a notice of such occurrence with the Municipal Securities Rulemaking Board. Such notice is required to be filed within ten (10) Business Days of the occurrence of such Listed Event.

Whenever the Issuer obtains knowledge of any Listed Event under number 2, 6 (if a judgment as to materiality is required), 7, 8 (if the event is a bond call), 10, 13, 14 or 15 above, it shall promptly determine if such event is material. If the Issuer determines that such event is material, it shall immediately notify the Trustee and the Dissemination Agent in writing and shall direct the Dissemination Agent to immediately file a notice of such occurrence with the Municipal Securities Rulemaking Board. Such notice is required to be filed within ten (10) Business Days of the occurrence of such Listed Event.

Any notice under the two (2) preceding paragraphs shall be accompanied with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Dissemination Agent to disseminate such information as provided herein, and the date the Issuer desires for the Dissemination Agent to disseminate the information.

In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures.

(b) The Trustee shall, within one (1) Business Day of a Responsible Officer obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Disclosure Representative of such Listed Event. It is agreed and understood that the duty to make the disclosures herein is that of the Issuer and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Trustee has agreed to give the foregoing notice to the Issuer as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any of such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Trustee be liable in damages or in tort to any Participating Underwriter, the Issuer, or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

SECTION 6. Termination of Reporting Obligations. The Issuer’s obligations under this Disclosure Agreement with respect to the Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be Computershare Trust Company, National Association.

SECTION 8. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Issuer and the Trustee may amend this Disclosure Agreement with consent of Dissemination Agent (and the Trustee shall not unreasonably withhold its consent to any amendment so requested by the Issuer), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the delivery of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Bond Disclosure Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Bond Disclosure Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. No amendment which adversely affects the Trustee may be made without its consent (which consent will not be unreasonably withheld or delayed).

The Issuer may also amend or repeal the provisions of this 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 Bonds in the primary offering of the Bonds.

SECTION 9. Additional Information; Miscellaneous. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Bond Disclosure Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Bond Disclosure Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Bond Disclosure Report or notice of occurrence of a Listed Event.

Any submission to the Municipal Securities Rulemaking Board (or other applicable repository) shall be in an electronic format and accompanied by identifying information, all as prescribed by the Municipal Securities Rulemaking Board.

SECTION 10. Default. In the event of a failure of the Issuer or the Trustee to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall, upon the Dissemination Agent being indemnified to its satisfaction), or any Owner of beneficial owner of the Bonds may, take such actions as may be necessary and appropriate to cause the Issuer or the Trustee, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer or the Trustee to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VII of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Trustee and the Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Trustee or the Dissemination Agent. The Dissemination Agent's obligation to deliver the information at the time and with the content described herein shall be limited to the extent the Issuer has provided such information to the Dissemination Agent as required by this Disclosure Agreement. Neither the Trustee nor the Dissemination Agent shall have any duty with respect to the content of any disclosures made pursuant to the terms hereof. Neither the Trustee nor the Dissemination Agent shall have any duty or obligation to review or verify any Annual Bond Disclosure Report, the Issuer's audited financial statements, Listed Events or any other information, disclosures or notices provided to the Trustee or the Dissemination by the Issuer and neither the Trustee nor the Dissemination Agent shall be deemed to be acting in any fiduciary capacity for the Issuer, the Bondholders or any other party. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied its obligations under this Disclosure Agreement. The Dissemination Agent may conclusively rely upon certification of the Issuer at all times. To the extent permitted by law, the Issuer agrees to hold harmless the Dissemination Agent, its officers, directors, employees and agents, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of

defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct.

The obligations of the Issuer under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that either the Trustee or the Dissemination Agent is an "obligated person" under the Rule. The fact that the Trustee may have a banking relationship with the Issuer or any person with whom the Issuer contracts in connection with the transaction described in the Indenture, apart from the relationship created by the Indenture or this Disclosure Agreement, shall not be construed to mean that the Trustee or a Responsible Officer thereof has actual knowledge of any event described in Section 5 above, except as may be provided by written notice to the Trustee pursuant to this Disclosure Agreement or the Indenture. Neither the Trustee nor the Dissemination Agent shall in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Trustee hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to them and believed to be genuine and to have been signed or presented by the proper party or parties.

The Trustee and the Dissemination Agent may, from time to time, consult with legal counsel of their own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and neither of them shall incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE TRUSTEE OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, THE DISSEMINATION AGENT OR THE TRUSTEE, RESPECTIVELY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE TRUSTEE IS UNDER NO OBLIGATION NOR IS IT REQUIRED TO BRING SUCH AN ACTION.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, the Dissemination Agent, the Participating Underwriters and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of Page Intentionally Left Blank]

TEXAS STATE AFFORDABLE HOUSING
CORPORATION

By: _____
President

[Signature Page for Continuing Disclosure Agreement]

COMPUTERSHARE TRUST COMPANY,
NATIONAL ASSOCIATION (as Trustee and
Dissemination Agent)

By: _____
Authorized Officer

[Signature Page for Continuing Disclosure Agreement]

EXHIBIT A

**NOTICE OF FAILURE TO FILE
ANNUAL BOND DISCLOSURE REPORT**

Name of Issuer: Texas State Affordable Housing Corporation

Name of Bond Issue: Single Family Mortgage Revenue Bonds, Series 2023A (Non-AMT)

Date of Delivery: February [___], 2023

NOTICE IS HEREBY GIVEN that Texas State Affordable Housing Corporation has not provided an Annual Bond Disclosure Report with respect to the above-named bonds as required by the Continuing Disclosure Agreement dated as of February 1, 2023, between the Issuer and Computershare Trust Company, National Association, as trustee. The Issuer anticipates that the Annual Bond Disclosure Report will be filed by [_____].

Dated: _____

COMPUTERSHARE TRUST COMPANY,
NATIONAL ASSOCIATION, on behalf of Texas
State Affordable Housing Corporation

By: _____

Title: _____

cc: Texas State Affordable Housing Corporation

EXHIBIT B

TEXAS STATE AFFORDABLE HOUSING CORPORATION Single Family Mortgage Revenue Bonds Series 2023A (Non-AMT)

ANNUAL BOND DISCLOSURE REPORT*

Delivery Date: February [___], 2023

TRUSTEE

Name: _____
Address: _____
City: _____
Telephone: _____
Contact Person: _____

BONDS OUTSTANDING

CUSIP Number	Maturity Date	Interest Rate	Original Principal Amount	Outstanding Principal Amount	Accrued Interest

CERTIFICATES

Type	Original Principal Amount	Outstanding Principal Amount	Interest Rate

* Excluding Audited Financial Statements of the Issuer

INVESTMENTS

Fund/ Account Name	Investment Type	Principal Balance	Accrued Interest	Investment Rate	Maturity Date

ASSETS & LIABILITIES OF PLEDGED TRUST ESTATE

Certificates (Principal Balance) _____

Funds and Accounts [list] _____

Accrued Interest (if any) _____

TOTAL ASSETS _____

LIABILITIES

Outstanding Bond Principal _____

Accrued Interest (if any) _____

Outstanding Program Expenses (if any) _____

TOTAL LIABILITIES _____

EQUITY

Assets Less Liabilities _____

Parity Ratio _____

Form of Accounting ☐ Cash ☐ Accrual ☐ Modified Accrual

TRUST INDENTURE

between

TEXAS STATE AFFORDABLE HOUSING CORPORATION
as Issuer

and

COMPUTERSHARE TRUST COMPANY, N.A.
as Trustee

Pertaining to:

\$60,000,000
TEXAS STATE AFFORDABLE HOUSING CORPORATION
Single Family Mortgage Revenue Bonds
Series 2023A (Non-AMT)

Dated as of

February 1, 2023

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TRUST INDENTURE

THIS TRUST INDENTURE dated as of February 1, 2023 (together with any amendments or supplements hereto, this “Indenture”), between the TEXAS STATE AFFORDABLE HOUSING CORPORATION (together with any successor to its rights, duties, and obligations hereunder, the “Issuer”), a nonprofit corporation organized and existing under the laws of the State of Texas (the “State”), and COMPUTERSHARE TRUST COMPANY, N.A., a national banking association having a corporate trust office in Minneapolis, Minnesota (together with any successor trustee hereunder, the “Trustee”).

W I T N E S E T H:

WHEREAS, the Issuer has been created and organized pursuant to and in accordance with Subchapter Y of Chapter 2306, Texas Government Code, as amended (the “Act”) and Section 22 of the Texas Business Organizations Code, as amended, and

WHEREAS, pursuant to the Act, a primary public purpose of the Issuer is to facilitate the provision of adequate, safe and sanitary housing for individuals and families of low, very low and extremely low income; and

WHEREAS, the Issuer has determined to issue its Single Family Mortgage Revenue Bonds, Series 2023A (Non-AMT) (the “Bonds”), and use the proceeds, together with other available funds, to finance mortgage loans for individuals and families of low income under its single family home loan program (the “Program”) and thereby assist individuals and families of low income in the purchase of single family residences in the State of Texas; and

WHEREAS, the Program requirements will be consistent with the provisions of the Act and the Internal Revenue Code of 1986, as amended (the “Code”), in order to assist individuals and families of low income with the purchase of qualified single family homes; and

WHEREAS, the Code provides that the interest on obligations (such as the Bonds) issued by or on behalf of a state or a political subdivision thereof the proceeds of which are to be used to finance owner-occupied residences shall be excluded from gross income of the holders of such obligations for federal income tax purposes if such issue meets the applicable requirements of the Code; and

WHEREAS, the Program will meet all the requirements of the Code and the Act; and

WHEREAS, under the Program, (i) the Lender will originate Mortgage Loans under the Program, (ii) the Lender will sell the Mortgage Loans to the Servicer, (iii) the Servicer will pool the Mortgage Loans into fully modified pass-through mortgage-backed certificates guaranteed by the Government National Mortgage Association (the “Certificates”); (iv) the Trustee, on behalf of the Issuer, will purchase the Certificates on behalf of the Issuer; and (v) the Certificates will be pledged as security for the Bonds; and

WHEREAS, the form of the bonds to be issued under this Indenture, and the Trustee’s certificate of authentication and the Comptroller of Public Accounts’ certificate of registration thereon, are to be in substantially the forms set forth in Exhibit A of this Indenture and incorporated herein by reference; and

WHEREAS, the Trustee has accepted the trusts created by this Indenture and in evidence thereof has joined in the execution hereof;

In consideration of the premises and other good and valuable consideration and the mutual benefits, covenants and agreements set forth below, the parties agree as follows:

GRANTING CLAUSES

NOW, THEREFORE, THIS INDENTURE WITNESSETH, the Issuer, in consideration of the premises, of the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of the Bonds by the Owners thereof, and for the purpose of fixing and declaring the terms and conditions upon which the Bonds are to be issued, authenticated (to the extent required), delivered, secured, and accepted by all persons who shall from time to time be or become Owners thereof, and in order to secure the payment of the Bonds and the premium, if any, and interest thereon according to their tenor, purpose, and effect, and in order to secure the performance and observance of all the covenants, agreements, and conditions therein and herein contained, has executed and delivered this Indenture and has pledged and assigned and does hereby grant, bargain, convey, mortgage, pledge and assign to, and grant a security interest to, the Trustee and its successors in trust forever, for the securing of the performance of the obligations of the Issuer hereinafter set forth, all right, title, and interest of the Issuer, now or hereafter acquired, in and to the following:

GRANTING CLAUSE FIRST

Any moneys and securities held in any Funds (except the Excess Interest Portion Fund, the Program Expense Fund, the Cost of Issuance Fund and any Rebate Amount held in any Fund), including, without limitation, the present and continuing right to make claim for, collect, receive and receipt for any of the income and principal payable thereunder, whether payable as scheduled therein or otherwise, to bring actions and proceedings thereunder for the enforcement thereof, including actions for the receipt or disposition of any collateral held thereunder, and to do any and all things which the Issuer is or may become entitled to do thereunder;

GRANTING CLAUSE SECOND

All right, title, and interest of the Issuer in the Certificates purchased with moneys from the Program Fund, including all payments made with respect to such Certificates (except the Issuer's Excess Interest Portion), including, without limitation, the present and continuing right to make claim for, collect, receive, and receipt for any of the income, revenues, issues, profits, insurance proceeds, and other sums of money payable or receivable thereunder, whether payable as scheduled therein or otherwise, to bring actions and proceedings thereunder or for the enforcement thereof, to make claim for, collect, receive, and dispose of any collateral therefor or any amounts receivable with respect thereto (except as expressly provided herein), and to do any and all things which the Issuer is or may become entitled to do under such Certificates, and all moneys and obligations to the extent pledged to the Bonds as provided in this Indenture and held pursuant to this Indenture as security for the payment of Debt Service with respect to the Bonds, including any proceeds thereof, and as security for the satisfaction of any other obligation assumed by the Issuer in connection with the Bonds;

GRANTING CLAUSE THIRD

All right, title and interest of the Issuer, but not the obligations, now owned or hereafter acquired in and to the Program Documents and the Mortgage Documents including, without limitation, all present and future rights of the Issuer to make claim for, collect and receive any income, revenues, issues, profits, insurance proceeds and other sums of money payable to or for the account of or receivable by the Issuer under the Program Documents and Mortgage Documents, whether payable pursuant to the Program Documents or Mortgage Documents or otherwise (except for the Issuer's rights to enforce and receive payment of money directly and for its own purposes under the Agreements), to bring actions and proceedings under the Program Documents or Mortgage Documents or for the enforcement thereof, and to

do any and all things which the Issuer is or may become entitled to do under the Program Documents or Mortgage Documents;

GRANTING CLAUSE FOURTH

All right, title and interest of the Issuer to the Revenues; and

GRANTING CLAUSE FIFTH

Any and all property of every kind and nature (including, without limitation, cash, obligations or securities) which may from time to time hereafter be conveyed, assigned, hypothecated, endorsed, pledged, mortgaged, granted, or delivered to or deposited with the Trustee as additional security hereunder by the Issuer or anyone on its behalf, or which pursuant to any of the provisions hereof may come into the possession or control of the Trustee as security hereunder, or of a receiver lawfully appointed hereunder, all of which property the Trustee is authorized to receive, hold and apply according to the terms hereof.

TO HAVE AND TO HOLD all and singular the Trust Estate as set forth in Granting Clauses First through Fifth above, whether now owned or hereafter acquired, to the Trustee and its respective successors in trust and assigns forever to its and their proper use;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and ratable benefit, security, and protection of all present and future Owners of the Bonds delivered and to be delivered under and secured by this Indenture without privilege, priority, or distinction as to the lien or otherwise (except as herein expressly provided) of any of the Bonds over any of the other Bonds;

PROVIDED, HOWEVER, that if, after the rights, title, and interest of the Trustee in and to the estate pledged and assigned to it under this Indenture shall have ceased, terminated, and become void with respect to the Bonds in accordance with Article IX hereof, then this Indenture and all covenants, agreements, and other obligations of the Issuer hereunder shall cease, terminate, and be void with respect to the Bonds, and thereupon the Trustee shall cancel and discharge this Indenture with respect to the Bonds and execute and deliver to the Issuer such instruments in writing as shall be required to evidence the discharge hereof, otherwise, this Indenture shall be and remain in full force and effect with respect to the Bonds.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds delivered and secured hereunder are to be authenticated (to the extent required) and delivered and all said payments and other revenues and other income and funds hereby pledged and assigned, are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes as hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners of the Bonds, as follows:

ARTICLE I. AUTHORITY FOR BONDS; DEFINITIONS

Section 1.1 Due Authorization. The Issuer has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and does hereby find and determine, that each of and all the matters hereinabove recited are true and correct, and the Issuer has duly and regularly complied with all applicable provisions of law and is duly authorized by law to execute this Indenture and to issue the Bonds for the purpose, in the manner and upon the terms in this Indenture provided.

Section 1.2 Definitions

Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Indenture, and of any indenture supplemental hereto and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined. Unless otherwise defined herein, all words and phrases defined in the Agreements shall have the same meaning herein.

“Act” means Subchapter Y of Chapter 2306, Texas Government Code, as amended.

“Agreements” means the Servicing Agreement and the Lender Agreements.

“Bond Counsel” means Norton Rose Fulbright US LLP, or such other legal counsel selected by the Issuer and acceptable to the Trustee, of recognized standing on the subject of municipal bonds and federal arbitrage regulations, and whose legal opinions on such bonds are acceptable in national bond markets.

“Bond Year” means each one-year period that ends at the close of business on the day selected by the Issuer. The first and last Bond Years may be short periods. If no day is selected by the Issuer before the earlier of the date the last Bond is discharged or the date that is five years after the Issuance Date, the Bond Year will end on the day before each anniversary of the Issuance Date and on the date the last Bond is discharged.

“Bonds” means the Texas State Affordable Housing Corporation Single Family Mortgage Revenue Bonds, Series 2023A (Non-AMT).

“Business Day” means any day other than (i) a Saturday or Sunday, (ii) a day on which banking institutions are closed in New York, New York, or in the state in which either the Principal Office or the Operations Office of the Trustee is located, or (iii) a day on which the New York Stock Exchange is closed.

“Certificate” means a GNMA Certificate.

“certificate” (when used with respect to certificates of the Issuer, Servicer, Trustee or a Lender), “statement,” “request,” “requisition” and “order” mean, respectively, a written certificate, statement, request, requisition or order executed as follows: (1) if of the Issuer, by the President, the Executive Vice President or the Treasurer or such other person as may be designated and authorized to sign for the Issuer and (2) if of the Servicer, the Trustee or a Lender, by such person as may be designated and authorized to sign for the Servicer, the Trustee or such Lender. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.4 hereof, each such instrument shall include the statements provided for in Section 1.4 hereof.

“Certificate Purchase Period” means the period from the Issuance Date through _____, 2023, during which the Servicer or the Corporation can sell Certificates to the Trustee at the Certificate Sale Price; provided that the last date of such period may be extended in connection with an extension of the Nonorigination Redemption Date.

“Certificate Sale Date” means any date on which the Servicer or the Issuer sells a Certificate to the Trustee during the Certificate Purchase Period.

“Certificate Sale Price” means _____% of the outstanding principal balance of the Mortgage Loans in the pool backing the applicable Certificate. No accrued interest shall be paid at the time of the purchase of a Certificate by the Trustee. The Certificate Sale Price may be increased or decreased based on the written instructions of the Issuer to the Trustee; provided that no increase in the Certificate Sale Price shall occur unless the Issuer has deposited in the Program Fund sufficient moneys to fund the increased Certificate Sale Price for all Certificates subject to such increased price.

“Code” means the Internal Revenue Code of 1986, as amended, together with the corresponding and applicable final, temporary or proposed regulations and revenue rulings issued or amended with respect thereto by the United States Treasury Department or the Internal Revenue Service, to the extent applicable to the Bonds.

“Cost of Issuance Fund” means the Fund by that name established for the Bonds pursuant to Section 4.2(D) hereof.

“Costs of Issuance” means, with respect to the Bonds, all items of expense directly or indirectly payable by or reimbursable to the Issuer, and related to the authorization, issuance, sale, and delivery of the Bonds, including but not limited to advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, fees and charges for preparation, execution, transportation, and safekeeping of the Bonds, and any other cost, charge, or fee in connection with the issuance of the Bonds.

“Debt Service” means the principal of, and interest and redemption premium, if any, payable with respect to the Bonds at any given time.

“Depository” means any bank or trust company or national banking association, which may include the Trustee, selected by the Issuer as a depository of money or securities held under provisions of this Indenture.

“DTC” means The Depository Trust Company, New York, New York.

“DTC Participant” means a broker, dealer, bank, other financial institution, or other Person for whom from time to time DTC effects book-entry transfers and pledges of securities deposited with DTC.

“Eligible Loan Area” means the geographical limits of the State of Texas.

“Event of Default” means any event of default specified in Section 6.1 hereof.

“FHA” means the Federal Housing Administration of the United States Department of Housing and Urban Development, or other agency or instrumentality created or chartered by the United States to which the powers of the Federal Housing Administration have been transferred.

“FHA Insurance” means insurance on mortgage loans presently issued by FHA under the National Housing Act of 1934, as amended, pursuant to one of the following FHA Insurance programs:

- (a) FHA Section 203(b), Home Unsubsidized;
- (b) FHA Section 203(b)(2), Veterans Status;
- (c) FHA Section 234(c), Condominium Ownership;

- (d) FHA Section 203(h), Disaster Victims; or
- (e) any other FHA insurance program acceptable to the Issuer and the Servicer.

“FHA Mortgage Loan” means a Mortgage Loan with FHA Insurance.

“Fund” means any of the funds established pursuant to this Indenture.

“GNMA” means 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.

“GNMA Certificate” means a certificate (in either physical or book-entry form) purchased by the Trustee, issued by the Servicer and guaranteed by GNMA pursuant to GNMA’s GNMA II Mortgage-Backed Securities program under Section 306(g) and other related provisions of the National Housing Act of 1934, as amended, and based on and backed by Mortgage Loans referred to in the GNMA Guaranty Agreement and shall unconditionally obligate the Servicer to remit monthly to [J.P. Morgan Chase & Co.], as Central Paying and Transfer Agent (“CPTA”) its pro rata share of (x) principal payments and prepayments made with respect to the Pool of Mortgage Loans represented by the GNMA Certificate and (y) interest received in an amount equal to the principal balance of the GNMA Certificate multiplied by the applicable Pass-Through Rate. GNMA shall guarantee to the holder of each GNMA Certificate such holder’s pro rata share of (i) the timely payment of interest at the applicable Pass-Through Rate on the unpaid principal balance of the Mortgage Loans represented by the GNMA Certificate and (ii) the timely payment of principal in accordance with the terms of the principal amortization schedule applicable to the Mortgage Loans represented by such GNMA Certificate. The final payment date on any GNMA Certificate shall not be later than the final scheduled payment date of the Bonds.

“Governmental Obligations” means obligations of, or obligations guaranteed as to the full and timely payment of principal and interest by, the United States of America or any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States of America.

“Indenture” means this Trust Indenture, as originally executed or as it may from time to time be supplemented, modified, or amended by any Supplemental Indenture.

“Independent Certified Public Accountant” means any certified public accountant, firm of such accountants or other professionals of national reputation selected by the Issuer and who, or each of whom, during the period of such accountant’s or firm’s professional engagement by the Issuer, or at the time of expressing an opinion required hereby: (1) is independent of the Issuer under generally accepted accounting principles; (2) does not have, and is not committed to acquire, any direct or material indirect financial interest in the Issuer; and (3) is not connected with the Issuer as an officer or employee, but who may be regularly retained to make annual or other audits of the books of, or reports of the Issuer.

“Interest Fund” means the Fund by that name established pursuant to Section 4.4 hereof.

“Interest Payment Date” means each _____ 1 and _____ 1, commencing _____ 1, 2023.

“Investment Agreement” means a guaranteed investment contract or agreement (or similar arrangement), between the Trustee and the provider of such contract or agreement, which meets any

applicable requirements of the Rating Agency and bears a rating that is sufficient to maintain a rating on the Bonds of “Aa1” or higher.

“Investment Securities” means any of the following which at the time of investment are legal investments under the laws of the State for moneys held under the Indenture and then proposed to be invested: (a) Governmental Obligations; (b) Federal Housing Administration debentures which must not be redeemable prior to their stated maturity; (c) obligations of the Farm Credit System; (d) obligations of Federal Home Loan Banks; (e) certificates of deposit having a stated maturity of 90 days or fewer from the date of its issuance, that are issued by a state or national bank domiciled in the State (including those of the Trustee) or a savings and loan association domiciled in the State, provided that such certificate of deposit is fully insured by the Federal Deposit Insurance Corporation or its successor and that such banking institution is rated not less than P-1 by the Rating Agency; (f) bankers’ acceptance which (i) have a stated maturity of 90 days or fewer from the date of its issuance, (ii) will be, in accordance with their terms, liquidated in full at maturity, (iii) are eligible collateral for borrowing from a Federal Reserve Bank, and (iv) are issued by a bank organized and existing under the laws of the United States or of any state, if the short-term obligations of the bank, or of a bank holding company of which the bank is the largest subsidiary, are rated not less than P-1 by the Rating Agency; (g) deposits which are fully insured by the Federal Deposit Insurance Corporation (“FDIC”); provided that such deposits are with a banking institution rated not less than P-1 by the Rating Agency; (h) commercial paper which (i) has a stated maturity of 90 days or fewer from the date of its issuance and (ii) is rated not less than P-1 by the Rating Agency; (i) U.S. Treasury STRIPS, REFCORP STRIPS (stripped by the Federal Reserve Bank of New York), and any other U.S. Treasury stripped securities assessed or rated in the highest applicable rating category by the Rating Agency at the time of such purchase; (j) an Investment Agreement; (k) a money market fund of the Trustee or its affiliates that is rated by the Rating Agency in its highest rating category; and (l) any other investment which in Counsel’s Opinion is at the time permitted by then applicable law for the investment of the Issuer’s funds and to the extent such investments are rated by a Rating Agency in its highest rating category.

“Issuance Date” means February __, 2023.

“Issuer” means the Texas State Affordable Housing Corporation, or its successor.

“Issuer’s Excess Interest Portion” means an amount equal to the Issuer’s Excess Interest Portion Percentage of each interest payment received by the Trustee with respect to each Certificate (including any amounts received as interest payments pursuant to the GNMA guaranty). Such amount is payable on the first Business Day of each calendar month, commencing May 1, 2023, based upon the payments received on the Certificates during the prior month.

“Issuer’s Excess Interest Portion Percentage” means a percentage equal to ____% divided by the Pass-Through Rate. The Issuer’s Excess Interest Portion Percentage applicable to the Certificates shall be equal to ____% (____%/____%). The Issuer’s Excess Interest Portion Percentage may be increased or decreased pursuant to the written instructions of the Issuer to the Trustee; provided that any such increase or decrease shall correspond to the increase or decrease, respectively, of the Pass-Through Rate.

“Lender” means a mortgage lending institution participating in the Program and executing a Lender Agreement.

“Lender Agreement” means each Mortgage Origination Agreement between the Issuer and a Lender, as amended from time to time.

“Letter of Instructions” means a written directive and authorization to the Trustee executed by the President, Executive Vice President or Treasurer of the Issuer.

“Mortgage” means the deed of trust, including any riders, securing a Mortgage Loan that creates a first lien on a Residence subject to Permitted Encumbrances, and that shall be in form acceptable to FHA, VA or USDA-RHS, as applicable.

“Mortgage Documents” means the Mortgage Notes, the Mortgages and other documents relating to the Mortgage Loans.

“Mortgage Loan” means a mortgage loan to an Eligible Borrower evidenced by a Mortgage Note secured by a related Mortgage on a Residence located in the Eligible Loan Area, satisfying the terms of the Lender Agreement.

“Mortgage Loan Rate” means the interest rate per annum with respect to each Mortgage Loan. The initial Mortgage Loan Rate for all Mortgage Loans shall be _____%; provided that the Mortgage Loan Rate may be increased or decreased in conjunction with a permitted increase or decrease, respectively, of the Pass-Through Rate, but only if the percentage increase or decrease in the Mortgage Loan Rate is the same as the percentage increase or decrease in the Pass-Through Rate, respectively.

“Mortgage Note” means the promissory note evidencing the obligation to repay a Mortgage Loan, that shall be in the form acceptable to FHA, VA or USDA-RHS, as applicable, depending on whether the Mortgage Note evidences an FHA Mortgage Loan, a VA Mortgage Loan or a USDA-RHS Mortgage Loan, respectively, with such additions or modifications as may be required hereunder as approved by the Issuer and the Servicer and provided to Lenders by the Servicer.

“Mortgagor” means any person who has a present ownership interest in the Residence and is the obligor(s) on a Mortgage Note, or a subsequent owner of a Residence who has assumed the Mortgage in accordance with the Agreements (but does not include a person who is liable on the Mortgage Note solely as a guarantor or co-signer, who does not have a present ownership interest in the Residence).

“Nonorigination Redemption Date” means the redemption date set forth in Section 3.2(A) upon which Bonds may be redeemed from unexpended moneys in the Program Fund, and any extended date established pursuant to Section 4.2(E).

“Notice Address” means:

(a) As to Issuer:

Texas State Affordable Housing Corporation
6701 Shirley Avenue
Austin, Texas 78752
Attention: David Long, President

As to the Trustee:

Computershare Trust Company, N.A.
600 South 4th Street
Minneapolis, MN 55479
Attention: Corporate Trust Services

As to the Rating Agency:

Moody's Investors Service, Inc.
250 Greenwich Street
7 World Trade Center
New York, New York 10007
Attn: Public Finance–Local Housing Group

(b) As to each Lender and the Servicer, the applicable address shown in the Agreements.

“Operations Office” means the Trustee’s designated office which will be utilized to make payments and perform transfers and which is presently located in Minneapolis, Minnesota.

“Outstanding,” when used as of any particular time with reference to the Bonds, means (subject to the provisions of Section 10.7 hereof) all of the Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except (1) the Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (2) the Bonds with respect to which all liability of the Issuer shall have been discharged in accordance with Section 9.2 hereof, including the Bonds (or portions of the Bonds) referred to in Section 10.7 hereof; and (3) the Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

“Owner” means a registered owner of a Bond.

“Pass-Through Rate” means the interest rate per annum with respect to each Certificate, which is equal to the Mortgage Loan Rate of the Mortgage Loans backing the Certificate less the related servicing and guaranty fees. The initial Pass-Through Rate for the Certificates shall be _____% per annum; provided that (i) the Pass-Through Rate may be increased upon written notice from the Issuer to the Trustee and the delivery of an opinion of Bond Counsel to the Trustee to the effect that such increase shall not adversely affect the exclusion of interest on the Bonds from gross income for federal tax purposes; and (ii) the Pass-Through Rate may be decreased upon written notice from the Issuer to the Trustee, except that if a corresponding reduction is not made to the Issuer’s Excess Interest Portion, then the Issuer shall be required to provide written evidence to the Trustee from the Rating Agency that the rating on the Bonds will not be adversely affected as a result of such reduction of the Pass-Through Rate.

“Person” means an individual, corporation, firm, association, partnership, limited liability company, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“Premium PAC Bonds” means the Term Bonds maturing March 1, 2054.

“Prepayments” means principal payments in addition to regularly scheduled principal payments on the Certificates.

“Principal Fund” means the Fund by that name established pursuant to Section 4.4 hereof.

“Principal Office” means (i) when used with respect to the Trustee, the corporate trust office of the Trustee at which the Indenture is administered, which at the date of this Indenture is located in Minneapolis, Minnesota, and (ii) if used with respect to any paying agent, the office of such paying agent as designated by written notice given by the Trustee to the Owners.

“Program” means the Issuer’s program of purchasing mortgage-backed certificates backed by qualifying single family mortgage loans pursuant to the Act, the Indenture and the Agreements.

“Program Documents” means the Indenture, the Servicing Agreement, the Lender Agreements and other Program-related documents.

“Program Expense Fund” means the Fund by that name established pursuant to Section 4.4 hereof.

“Program Expenses” means the Trustee’s Fee and the Rebate Analyst’s Fee.

“Program Fund” means the Fund by that name established pursuant to Section 4.2(A) hereof.

“Rating Agency” means Moody’s Investors Service, Inc., its successors and assigns, or any other national rating agency which has assigned and is maintaining a credit rating on the Bonds.

“Rebate Amount” means the amount required to be paid to the United States Government, as determined under Code Section 148 and Treasury Regulation Section 1.148-3.

“Rebate Analyst” is defined in Section 4.7 hereof, and will initially be _____, or its successors or assigns.

“Rebate Analyst’s Fee” means the annual fee paid in advance to the Rebate Analyst on each March 1, commencing March 1, 2024, in an amount equal to .0025% times the Outstanding principal amount of the Certificates as of the last day of the calendar month preceding such Interest Payment Date.

“Rebate Fund” means the Fund by that name established pursuant to Section 4.7 hereof.

“Record Date” means the close of business on the twenty-fifth day of the month preceding each Interest Payment Date, whether or not such twenty-fifth day is a Business Day.

“Redemption Fund” means the Fund by that name established pursuant to Section 3.1 hereof.

“Revenue Fund” means the Fund by such name established by the Trustee pursuant to Section 4.3 hereof.

“Revenues” means all income, revenues, proceeds and other amounts received by the Trustee from or on behalf of the Issuer, including all amounts received in connection with the GNMA Certificates except the Issuer’s Excess Interest Portion, and any and all interest, profits or other income derived from the investment of amounts in any Fund (except the Program Expense Fund, the Cost of Issuance Fund, the Excess Interest Portion Fund and any Rebate Amount in any Fund).

“Serial Bonds” means the Bonds maturing on each Interest Payment Date from September 1, 2024 through _____ 1, 20____, which Bonds are not subject to mandatory sinking fund redemption.

“Servicer” means Lakeview Loan Servicing, LLC, or any successor to its duties under the Servicing Agreement.

“Servicing Agreement” means the Servicing and Sale Agreement (Relating to Bond-Financed Programs) dated as of February 1, 2019, between the Issuer and the Servicer, as amended from time to time.

“Special Record Date” means, with respect to the payment of any defaulted interest on Bonds, a date fixed by the Trustee pursuant to Section 2.2(G) hereof.

“State” means the State of Texas.

“Supplemental Indenture” means any indenture hereafter duly authorized under and in compliance with the Act and this Indenture, and entered into between the Issuer and the Trustee, which supplements, modifies, or amends this Indenture.

“Term Bonds” means the Bonds subject to mandatory sinking fund redemption.

“Trust Estate” means all of the assets, revenues and rights specified in Granting Clauses First through Fifth above.

“Trustee” means Computershare Trust Company, N.A., or any successor Trustee appointed or otherwise permitted under Section 7.1 hereof.

“Trustee’s Fee” means the annual fee paid in advance to the Trustee on each _____ 1, commencing _____ 1, 202_, in an amount equal to .__% times the Outstanding principal amount of the Bonds as of such payment date (after taking into account any Bond principal paid on such date).

“USDA-RHS” means the Rural Housing Service of the United States Department of Agriculture, its successors and assigns.

“USDA-RHS Mortgage Loan” means a Mortgage Loan guaranteed by the USDA-RHS.

“VA” means the Department of Veterans Affairs, an agency of the United States of America, or any successor to its functions.

“VA Mortgage Loan” means a Mortgage Loan that is guaranteed by the VA under the Serviceman’s Readjustment Act of 1944, as amended.

Section 1.3 Interpretations. (A) (1) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms refer to this Indenture, and the term “heretofore” means before, and the term “hereafter” means after, the date of this Indenture;

(2) words of the masculine gender mean and include correlative words of the feminine gender and neuter state, and words importing the singular number mean and include words importing the plural number, and vice versa;

(3) any headings preceding the text of the several Articles and Sections of this Indenture, and any table of contents, shall be solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect;

(4) this Indenture shall be governed by and construed in accordance with the applicable laws of the State;

(5) words importing the redemption or redeeming of a Bond or the calling of such a Bond for redemption include the payment of such Bond at its stated maturity; and words importing the paying or redemption of Bonds shall include words importing the paying or redemption of portions of Bonds;

(6) references to the payment of the Bonds shall be deemed to include references to the payment of interest thereon; and

(7) any moneys, documents, securities, obligations or other items received by the Trustee for the account of the Issuer pursuant to the terms of this Indenture, other than as compensation for services, shall be deemed to have been received by the Issuer.

(B) Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person, other than the Issuer, the Trustee and the Owners of the Bonds, any right, remedy, or claim under or by reason of this Indenture, or any covenant, condition or stipulation hereof. All covenants, stipulations, promises and agreements herein contained by and on behalf of the Issuer and the Trustee, subject to Section 10.1 hereof, shall be for the sole and exclusive benefit of the Issuer, the Trustee and the Owners of the Bonds.

(C) 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 signed by a person who is authorized to sign a “certificate,” as that term is defined in Section 1.2.

Section 1.4 Content of Certificates and Opinions. Every certificate or opinion provided for in this Indenture with respect to compliance with any provision hereof shall include (1) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based, if any; (3) a statement that, in the opinion of such person, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion with respect to the subject matter referred to in the instrument to which their signature is affixed (or, if no investigation was made, a statement to that effect); and (4) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the Issuer, a Lender, or the Servicer may be based, insofar as it relates to legal, accounting, or Program matters, upon a certificate or opinion of or representation by counsel, an accountant or a Program consultant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an accountant, or a Program consultant may be based insofar as it relates to factual matters (with respect to which information is in the possession of the Issuer, the Servicer or the Lenders) upon a certificate or opinion of or representation by an officer of the Issuer, the Servicer or one or more Lenders, unless such counsel, accountant or Program consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person’s certificate or opinion or representations may be based, as aforesaid, is erroneous. The same officer of the Issuer, the Servicer or a Lender, or the same counsel, accountant or a Program consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Indenture, but different officers, counsel, accountants or Program consultants may certify to different matters, respectively.

ARTICLE II. THE BONDS

Section 2.1 Authorization of Bonds. The Issuer hereby authorizes the issuance of the Bonds in the aggregate principal amount of \$60,000,000.

Section 2.2 Terms of the Bonds.

(A) The Bonds shall be issued in fully registered form in principal denominations of \$5,000, and any integral multiple of \$5,000.

(B) The Bonds shall be numbered in consecutive numerical order from R-1 upward; provided that the initial Bonds shall be numbered in consecutive numerical order from T-1 upward. The Bonds shall contain such other designations as the Trustee shall determine. The Bonds shall be registered as described in Section 2.10(A).

(C) The Bonds shall be dated February 1, 2023. The Bonds shall be issued in the aggregate principal amount of \$60,000,000. The Bonds shall mature on the dates and in the principal amounts, and bear interest at the rates per annum, as set forth below:

\$ _____,000 Total Principal Amount of Serial Bonds

<u>Maturity Date</u>	<u>Principal Amount (4)</u>	<u>Interest Rate (%)</u>	<u>CUSIP</u>
September 1, 2024			88271H ____
March 1, 2025			88271H ____
September 1, 2025			88271H ____
March 1, 2026			88271H ____
September 1, 2026			88271H ____
March 1, 2027			88271H ____
September 1, 2027			88271H ____
March 1, 2028			88271H ____
September 1, 2028			88271H ____
March 1, 2029			88271H ____
September 1, 2029			88271H ____
March 1, 2030			88271H ____
September 1, 2030			88271H ____
March 1, 2031			88271H ____
September 1, 2031			88271H ____
March 1, 2032			88271H ____
September 1, 2032			88271H ____
March 1, 2033			88271H ____
September 1, 2033			88271H ____
March 1, 2034			88271H ____
September 1, 2034			88271H ____

\$ _____ Total Principal Amount of Term Bonds

\$ _____ % Term Bonds Due March 1, 2038 (CUSIP: 88271H ____)

\$ _____ % Premium Term Bonds Due March 1, 2043 (CUSIP: 88271H ____)

\$ _____ % Premium Term Bonds Due March 1, 2048 (CUSIP: 88271H ____)

\$_____ % Premium Term Bonds Due March 1, 2053 (CUSIP: 88271H ____)

\$_____ % Premium PAC Bonds Due March 1, 2054 (CUSIP: 88271H ____)

(D) Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated after the Record Date with respect to an Interest Payment Date and on or before such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated prior to the first Interest Payment Date with respect thereto, in which event it shall bear interest from the Issuance Date. If, as of the date of any Bond, interest is in default on the Bonds, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment or if interest has never been paid on such Bond, from the Issuance Date.

(E) Principal of the Bonds and interest on the Bonds are payable by check of the Trustee mailed on the Interest Payment Date thereof to the person in whose name the Bonds (or any predecessor Bonds) are registered on the registration books of the Trustee on the Record Date with respect to each Interest Payment Date; provided, however, that payment of such interest shall be made by wire transfer to any Owner of any Bonds in an aggregate principal amount of at least \$1,000,000 at the risk and expense of the Owner, if such Owner shall have requested in writing payment by such method and shall have provided the Trustee with an account number and other necessary information for such purposes at least five Business Days before the applicable Record Date; and provided further that the final payment of principal shall be made upon presentation of the Bond at the Operations Office of the Trustee. Debt Service is payable in lawful money of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts.

(F) The Bonds shall be limited obligations of the Issuer payable solely from the Trust Estate and such other sources as are specifically pledged to their payment pursuant to this Indenture. The Bonds shall constitute a valid claim of the respective Owners thereof against such Trust Estate, which is pledged to secure the payment of the principal amount or redemption price of and interest on the Bonds, and which shall be utilized for no other purpose, except as expressly authorized in this Indenture. The Bonds shall never constitute general obligations of the Issuer and under no circumstances shall the Bonds ever be payable from, nor shall the Owner thereof have any rightful claim to, any income, revenues, funds or assets of the Issuer other than those pledged hereunder as security for the payment of the Bonds. **THE STATE OF TEXAS IS NOT OBLIGATED TO PAY THE PRINCIPAL OF OR ANY PREMIUM OR INTEREST ON THE BONDS OR OTHER OBLIGATIONS AND THAT THE FULL FAITH AND CREDIT AND THE TAXING POWER OF THE STATE OF TEXAS ARE NOT PLEDGED, GIVEN OR LOANED TO THE PAYMENT OF THE BONDS.**

(G) Any interest on any Bond which is payable pursuant to this Indenture, but which is not punctually paid or duly provided for on any Interest Payment Date (herein called "Defaulted Interest"), shall cease to be payable to the Owner as of the regular Record Date. Defaulted Interest shall be paid by the Trustee (but only from the sources provided herein) to the persons whose names the Bonds (or their respective predecessor Bonds) are registered at the close of business on the "Special Record Date" for the payment of Defaulted Interest. The Trustee shall fix the Special Record Date and the payment date. The Special Record Date shall be not more than 15 nor less than 10 days prior to the date of the proposed payment. The Trustee shall promptly notify the Issuer of the Special Record Date. In the name of the Issuer, the Trustee shall cause notice of the date and amount of the proposed payment of the Defaulted Interest and the Special Record Date to be mailed, first class postage prepaid, to each Owner at its address as it appears in the Bond register, not less than 10 days prior to such Special Record Date.

Section 2.3 Execution, Authentication, and Delivery of Bonds. The Bonds shall be executed in the name and on behalf of the Issuer with the manual or facsimile signature of the President or Executive Vice President of the Issuer and attested by the manual or facsimile signature of the Secretary or Assistant Secretary of the Issuer. In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the Issuer before the Bonds so signed or attested shall have been authenticated by the Trustee or issued by the Issuer, such Bonds may nevertheless be authenticated, delivered, and issued, and, upon such authentication, delivery, and issue, shall be as binding upon the Issuer as though those who signed and attested the same had continued to be such officers of the Issuer.

Also, any Bond may be signed and attested on behalf of the Issuer by such persons who as of the actual date of execution of such Bond shall be the proper officers of the Issuer although at the dated date of such Bond any such person shall not have been such officer of the Issuer.

The President, any Executive Vice President, the Secretary and the Treasurer of the Issuer are hereby authorized to have control of the Bonds initially issued and delivered hereunder and all necessary records and proceedings pertaining to such Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State, and their registration by the Comptroller of Public Accounts of the State. Upon registration of such Bonds said Comptroller of Public Accounts of the State (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Bonds and the seal of said Comptroller shall be impressed, or placed in facsimile, on such certificate. Initial Bonds manually executed by the Comptroller of Public Accounts of the State (or a deputy designated in writing to act for said Comptroller) are not required to be authenticated by the Trustee.

The approving legal opinion of Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Bonds issued and delivered under this Indenture, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds.

Definitive Bonds, after execution by the Issuer, shall be delivered to the Trustee. No definitive Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Indenture unless and until such Bond has been duly authenticated by the Trustee by the execution of the certificate of authentication appearing on such Bond. The certificate of authentication appearing on any Bond shall be deemed to have been duly executed by the Trustee if manually signed by an authorized officer or employee of the Trustee. It shall not be required that the same officer of the Trustee sign the certificate of authentication on all of the Bonds.

Upon receipt of the following instruments, the Trustee shall authenticate the Bonds by executing the certificate of authentication appearing on each Bond:

- (A) executed counterparts of this Indenture and the Servicing Agreement;
- (B) a copy of the resolution or resolutions of the Board of Directors of the Issuer authorizing the execution and delivery of this Indenture and the Agreements and the issuance, execution, and delivery of the Bonds, duly certified by the Secretary or Assistant Secretary of the Issuer;
- (C) an opinion of Bond Counsel, substantially to the effect that the Bonds constitute legal, valid, and binding limited obligations of the Issuer, subject to customary exceptions relating to bankruptcy and insolvency, and an opinion of Bond Counsel that the interest on the Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings, and judicial decisions, assuming compliance by the Issuer with certain covenants set forth in this Indenture and the Agreements necessary to satisfy the requirements of sections 143 and 148 of the Code;

- (D) an opinion or opinions of the Attorney General of the State approving the Bonds;
- (E) the certificate of registration of the Bonds from the Comptroller of Public Accounts of the State;
- (F) an opinion of counsel to the Servicer (or in lieu of an opinion, a certificate of the Servicer) addressed to the Issuer and the Trustee, as to the legal, valid, and binding obligations of the Servicer under the Servicing Agreement;
- (G) a Letter of Instructions from the Issuer to the Trustee instructing and authorizing the Trustee (i) to authenticate the Bonds delivered in exchange for the initial Bonds registered by the Comptroller of Public Accounts of Texas, (ii) to deliver the Bonds to or upon the order of the purchaser or purchasers thereof upon receipt of the purchase price therefor, (iii) to deposit the proceeds from the sale of the Bonds as provided in this Indenture, and (iv) to pay the Costs of Issuance specified therein; and
- (H) written evidence of a rating on the Bonds of “Aa1” from the Rating Agency.

Upon receipt of the purchase price for the Bonds specified in the Letter of Instructions described in subparagraph (G) of this Section, the Trustee shall deliver the Bonds to or upon the order of the purchaser or purchasers specified in such Letter of Instructions.

Only such of the Bonds as shall bear thereon either a manually signed Comptroller’s Registration Certificate or a certificate of authentication manually executed by the Trustee shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such Comptroller’s Registration Certificate or authentication certificate of the Trustee, as the case may be, shall be conclusive evidence that the Bonds so registered or authenticated have been duly executed, registered or authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.4 Transfer of Bonds. The transfer of any Bond is registerable on the books required to be maintained pursuant to Section 2.6 hereof upon the surrender of such Bond for cancellation and registration of transfer at the Operations Office of the Trustee, accompanied by a written instrument of transfer in form satisfactory to the Trustee duly executed by the Owner or by his attorney duly authorized in writing, provided, however, that the Trustee shall not be required to register the transfer of or exchange any Bond during the period between the Record Date and the next Interest Payment Date or during the three days next preceding any date established by the Trustee for the selection of Bonds for redemption nor to register the transfer of or exchange any Bonds called for redemption after the call for redemption and prior to the redemption date.

Whenever any Bond or Bonds shall be surrendered for transfer, the Issuer shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds for a like aggregate principal amount and of the same series and tenor. The Trustee may require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer and may require the payment by such Owner of a charge equal to the customary fee charged by the Trustee for such transfers.

Section 2.5 Exchange of Bonds. Bonds may be exchanged at the Operations Office of the Trustee for a like aggregate principal amount of Bonds of authorized denominations of the same series and tenor. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

Section 2.6 Bond Register. The Trustee will keep or cause to be maintained, at its Principal Office, sufficient books for the registration and registration of transfer of the Bonds, which shall be open

to inspection by the Issuer during regular business hours, and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register the transfer or cause to be registered the transfer, on such books, of Bonds as hereinbefore provided. The Issuer and the Trustee may treat the person in whose name a Bond is registered as the absolute owner thereof for all purposes and the Issuer and the Trustee shall not be affected by any notice to the contrary.

Section 2.7 Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when available for delivery. Any temporary bond may be printed, lithographed, or typewritten, shall be of such denomination as may be determined by the Issuer, shall be in registered form without coupons, and may contain such reference to any of the provisions of this Indenture as may be appropriate. A temporary Bond may be in the form of a single fully registered Bond payable in installments, each on the date, in the amount, and at the rate of interest established for the Bonds maturing on such date. Every temporary Bond shall be executed by the Issuer and be authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. Except for Bonds registered in the name of Cede & Co. pursuant to Section 2.10 hereof, if the Issuer issues temporary Bonds it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the Principal Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations of the same series, maturity, and tenor. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.8 Bonds Mutilated, Lost, Destroyed, or Stolen. If any Bond shall become mutilated, the Issuer, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and series in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and disposed of in accordance with its policies. If any Bond shall be lost, destroyed, or stolen, evidence of such loss, destruction, or theft may be submitted to the Trustee and, if such evidence is satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given (provided that the unsecured indemnity of Federal Home Loan Mortgage Corporation shall be deemed satisfactory for this purpose), the Issuer, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and series in lieu of and in substitution for the Bond so lost, destroyed, or stolen. The Issuer may require payment by the Owner of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the Issuer and the Trustee in the premises. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed, or stolen shall constitute an original additional contractual obligation on the part of the Issuer whether or not the Bond so alleged to be lost, destroyed, or stolen is at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds secured by this Indenture. If any such Bond shall have matured, the Trustee instead of issuing a replacement Bond may pay the same upon receipt of indemnity in favor of the Trustee and the Issuer and in form and substance satisfactory to the Trustee and the Issuer. If, after delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment or registration such original Bond, the Trustee shall be entitled to recover such replacement Bond from the Person to whom it was delivered or any Person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Issuer or the Trustee in connection therewith.

Section 2.9 Additional Bonds. No additional Bonds may be issued under this Indenture.

Section 2.10 Book-Entry Only System.

(A) The initial Bonds shall be registered in the name of Cede & Co., as nominee of DTC. The definitive Bonds shall be registered in the name of Cede & Co. (or such other name specified by DTC), as nominee of DTC, as long as such Bonds are held in book-entry form with DTC. So long as the Bonds are registered in the name of Cede & Co., the following provisions of this Section, and the provisions of Section 2.11 and Section 2.12 hereof, shall be applicable, except as amended by a Supplemental Indenture.

(B) With respect to the Bonds registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Trustee shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Issuer and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Bond register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown in the Bond register, of the principal and interest, and premium, if any, with respect to the Bonds. Notwithstanding any other provision of this Indenture to the contrary, the Issuer and the Trustee shall be entitled to treat and consider the person in whose name each Bond is registered in the Bond register as the absolute owner of such Bond for the purpose of payment of the principal and interest, and premium, if any, with respect to the Bonds, for the purpose of registering transfer with respect to such Bond, for the purpose of receiving redemption notices, and for all other purposes whatsoever. The Trustee shall pay the principal and interest, and premium, if any, with respect to the Bonds only to or upon the order of the respective Owners, as shown in the Bond register as provided in this Indenture, or their respective agents duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of the principal and interest, and premium, if any, with respect to the Bonds, to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Bond register, shall receive a Bond certificate evidencing the obligation of the Issuer to make payments of amounts due pursuant to this Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the phrase "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

Section 2.11 Successor Securities Depository; Transfer Outside Book-Entry Only System. If the Issuer (or DTC Participants owning at least fifty percent (50%) of the principal amount of the Bonds (based on current DTC records)) determines that DTC is incapable of discharging its responsibilities described herein and in the related letter of representations of the Issuer to DTC, and that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain Bond certificates, or if DTC discontinues the services described herein, the Issuer shall (a) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more Bonds to such successor securities depository, or (b) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Bond register in the name of Cede & Co., as nominee of DTC, but may be registered, at the expense of the Issuer, in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture. In connection therewith, the Trustee may rely conclusively upon information provided by DTC with respect to the identity and interests of the DTC Participants and upon information provided by said DTC Participants with respect to the beneficial owners of the Bonds.

Section 2.12 Payments to Cede & Co. Notwithstanding any other provision of this Indenture to the contrary, so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments of the principal and interest, and premium, if any, with respect to such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the related letters of representations of the Issuer and the Trustee to DTC.

Section 2.13 Cancellation and Disposition of Bonds. The Trustee as registrar and transfer agent for the Bonds shall cancel all Bonds surrendered to it for registration of transfer, exchange, payment or cancellation and shall dispose of canceled Bonds in accordance with its regulations.

ARTICLE III. REDEMPTION PROVISIONS FOR THE BONDS

Section 3.1 Establishment and Application of Redemption Fund for the Bonds. The Trustee shall establish, maintain, and hold in trust a separate fund designated as the “Redemption Fund.” The Trustee shall apply all amounts deposited in the Redemption Fund to the redemption of the Bonds, in accordance with the provisions of this Article III.

Section 3.2 Redemption Provisions. The Bonds are subject to redemption prior to maturity as follows:

(A) The Bonds shall be subject to mandatory redemption in whole or in part on _____, 2023 from moneys in the Program Fund that have not been applied to the purchase of Certificates by _____, 2023, at the redemption prices set forth below, expressed as a percentage of the principal amount to be redeemed, plus accrued interest to the redemption date; provided that the dates set forth in this paragraph may be extended at the option of the Issuer, subject to the satisfaction of the conditions set forth in Section 4.2(E).

Bond Maturity Date	Redemption Price
Serial Bonds	100.000%
Term Bonds Maturing March 1, 2038	100.000%
Term Bonds Maturing March 1, 2043	100.000%
Term Bonds Maturing March 1, 2048	100.000%
Term Bonds Maturing March 1, 2053	100.000%
Premium PAC Bonds (Maturing March 1, 2054)	100.000%

(B) The Bonds shall be subject to mandatory redemption, in whole or in part on the first day of each month, commencing April 1, 2023, from moneys deposited in the Redemption Fund, pursuant to Section 4.4(E), if amounts in the Redemption Fund exceed \$25,000 on such date, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption.

(C) The Bonds shall be subject to redemption, at the option of the Issuer, on or after March 1, 2033*, in whole or in part on any date, with moneys from any source (provided that such moneys are not, as established by an opinion of nationally recognized bankruptcy counsel selected by the Issuer and acceptable to the Trustee, recoverable as preferences under the United States Bankruptcy Code), at a redemption price equal to 100% of the principal amount of the Bonds to be so redeemed, plus accrued interest to the redemption date.

* Preliminary; subject to change.

In connection with any partial optional redemption of Bonds under this Section 3.2(C), the Trustee shall receive written confirmation by the Rating Agency to the effect that the rating on the Bonds remaining Outstanding will not be adversely affected by such redemption.

(D) The Term Bonds shall be subject to mandatory sinking fund redemption from amounts deposited in the Principal Fund, on the dates and in the principal amounts shown below:

Term Bonds Maturing March 1, 2038			
Redemption Date	Principal Amount (\$)	Redemption Date	Principal Amount (\$)
September 1, 2035		March 1, 2036	
September 1, 2036		March 1, 2037	
September 1, 2037		March 1, 2038	

Term Bonds Maturing March 1, 2043			
Redemption Date	Principal Amount (\$)	Redemption Date	Principal Amount (\$)
September 1, 2039		March 1, 2040	
September 1, 2040		March 1, 2041	
September 1, 2041		March 1, 2042	
September 1, 2042		March 1, 2043	

Term Bonds Maturing March 1, 2048			
Redemption Date	Principal Amount (\$)	Redemption Date	Principal Amount (\$)
September 1, 2043		March 1, 2044	
September 1, 2044		March 1, 2045	
September 1, 2045		March 1, 2046	
September 1, 2046		March 1, 2047	
September 1, 2047		March 1, 2048	

Term Bonds Maturing March 1, 2053			
Redemption Date	Principal Amount (\$)	Redemption Date	Principal Amount (\$)
September 1, 2048		March 1, 2049	
September 1, 2049		March 1, 2050	
September 1, 2050		March 1, 2051	
September 1, 2051		March 1, 2052	
September 1, 2052		March 1, 2053	

Premium PAC Bonds (Term Bonds Maturing March 1, 2054)			
Redemption Date	Principal Amount (\$)	Redemption Date	Principal Amount (\$)
September 1, 2024		March 1, 2025	
September 1, 2025		March 1, 2026	
September 1, 2026		March 1, 2027	
September 1, 2027		March 1, 2028	
September 1, 2028		March 1, 2029	
September 1, 2029		March 1, 2030	
September 1, 2030		March 1, 2031	
September 1, 2031		March 1, 2032	
September 1, 2032		March 1, 2033	
September 1, 2033		March 1, 2034	
September 1, 2034		March 1, 2035	
September 1, 2035		March 1, 2036	
September 1, 2036		March 1, 2037	
September 1, 2037		March 1, 2038	
September 1, 2038		March 1, 2039	
September 1, 2039		March 1, 2040	
September 1, 2040		March 1, 2041	
September 1, 2041		March 1, 2042	
September 1, 2042		March 1, 2043	
September 1, 2043		March 1, 2044	
September 1, 2044		March 1, 2045	
September 1, 2045		March 1, 2046	
September 1, 2046		March 1, 2047	
September 1, 2047		March 1, 2048	
September 1, 2048		March 1, 2049	
September 1, 2049		March 1, 2050	
September 1, 2050		March 1, 2051	
September 1, 2051		March 1, 2052	
September 1, 2052		March 1, 2053	
September 1, 2053		March 1, 2054	

If Term Bonds are subject to redemption in part (other than by mandatory sinking fund redemption) or purchased in part, the sinking fund payments for each maturity of Term Bonds shall be: (i) reduced on a pro-rata basis, if the redemption in part is pursuant to Section 3.2(A), and (ii) for redemptions in part pursuant to Section 3.2(B) or (C) or for purchases in part: (a) for the Premium PAC Bonds, sinking funds shall be reduced in chronological order, and (b) for all other Term Bonds, sinking funds shall be reduced on a pro-rata basis.

Section 3.3 Selection of Bonds for Redemption.

(A) Selection Procedure for Mandatory Redemption Due to Nonorigination. If Bonds are subject to mandatory redemption pursuant to Section 3.2(A), the Bonds will be redeemed on a pro rata basis.

(B) Selection Procedure for Mandatory Redemption from Amounts in Redemption Fund (representing Prepayments and Surplus Revenues). Amounts deposited in the Redemption Fund pursuant to Section 4.4(E) shall be applied to redeem Bonds in the following order of priority:

FIRST, such amounts shall be applied to redeem the Premium PAC Bonds down to the 100% PSA Outstanding Bond Amount for Premium PAC Bonds;

SECOND, after applying the amounts as described in clause FIRST above, and until the outstanding principal amount of all Bonds has been reduced to the applicable 400% PSA Outstanding Bond Amount for All Bonds, any remaining amounts shall be applied to redeem all Bonds, except the Premium PAC Bonds, on a pro rata basis; provided that all amounts so allocable to the redemption of the Term Bonds shall be applied (i) first to redeem the Term Bonds maturing September 1, 2038, until such Bonds are no longer Outstanding, and (ii) second, to redeem all other Term Bonds on a pro rata basis; and

THIRD, after applying the amounts as described in clauses FIRST and SECOND above, any remaining amounts shall be applied to redeem all Bonds, including the Premium PAC Bonds, on a pro rata basis; provided that all amounts so allocable to the redemption of the Term Bonds shall be applied (i) first to redeem the Term Bonds maturing September 1, 2038, until such Bonds are no longer Outstanding, and (ii) second, to redeem all other Term Bonds on a pro rata basis.

The applicable “100% PSA Outstanding Bond Amount for Premium PAC Bonds” is the amount set forth in the second column of Exhibit B for the first day of the month on which the redemption of Premium PAC Bonds could occur. Such amounts have been calculated based on the principal amount of Premium PAC Bonds projected to remain Outstanding on each such date, after taking into account scheduled principal payments and projected redemptions of the Bonds based on a constant 100% PSA prepayment speed for the Certificates.

The applicable “400% PSA Outstanding Bond Amount for All Bonds” is the amount set forth in the third column of Exhibit B for the Interest Payment Date on which the redemption of the Bonds could occur on the first day of each month. The amounts in the column for each such date have been calculated based on the principal amount of all Bonds (including Premium PAC Bonds) projected to remain Outstanding on each such date, after taking into account scheduled principal payments and projected redemptions of Bonds based on a constant 400% PSA prepayment speed for the Certificates.

The Outstanding Bond Amounts in Exhibit B shall be reduced if Bonds are subject to mandatory redemption under Section 3.2(A). In such case, the amounts in the table shall be reduced, on a pro rata basis, by the principal amount of Bonds so redeemed.

(C) Selection Procedure for Optional Redemption in Part. If Bonds are subject to optional redemption in part under Section 3.2(C), the Bonds will be redeemed on a pro rata basis.

(D) Other Selection Procedures. Bonds (or portions thereof) shall be redeemed in a principal amount equal to \$5,000 or any integral multiple thereof, with each \$5,000 of principal amount to be redeemed considered as one Bond. For purposes of determining Bonds or portions thereof to be redeemed within a single maturity, Bonds shall be selected by lot in a manner chosen by the Trustee.

Section 3.4 Notice of Redemption. Notice of redemption shall be mailed not less than 20 days (or in the case of a redemption under Section 3.2(A) not less than 5 days), and not more than 60 days, prior to the redemption date, in each case to the Owners of any Bonds, or portions thereof, designated for redemption at their addresses appearing on the registration books of the Trustee; provided that if the Bonds are registered pursuant to Section 2.10 hereof, notice of redemption shall be given to DTC by the method required by DTC. Each notice of redemption shall state the redemption date, the place or places of redemption and, if less than all Bonds are to be redeemed, the numbers of the Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and shall also state that on said date there will become due and payable on each of said Bonds the redemption price thereof, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue. Neither the failure of an Owner to receive notice of redemption nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any Bond of such Owner; and neither the failure to mail a redemption notice to a particular Owner nor any defect in any such notice so mailed shall affect the sufficiency of any of the proceedings for the redemption of any Bond.

Notice of redemption shall be given by the Trustee for and on behalf of the Issuer. Such notice shall be deemed to have been given when mailed, first class postage prepaid, or, if applicable, by the method required by DTC, to the Owner of the Bond.

Section 3.5 Partial Redemption of Bonds. Upon surrender, if required, of any Bond redeemed in part only, the Issuer shall execute and the Trustee shall authenticate and deliver to the Owner thereof, a new Bond or Bonds of authorized denominations, equal in aggregate principal amount to, and of the same series and tenor as, the unredeemed portion of the Bond surrendered.

Section 3.6 Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys being held by the Trustee for payment of the redemption price of, and interest accrued to the redemption date on, the Bonds so called for redemption on the redemption date designated in such notice, said Bonds shall become due and payable at the redemption price specified in such notice and interest on the Bonds so called for redemption shall cease to accrue. Said Bonds shall cease to be entitled to any benefit or security under this Indenture, and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of said redemption price and accrued interest from the moneys held by the Trustee therefor.

All Bonds redeemed pursuant to the provisions of this Article III shall be canceled upon surrender thereof and disposed of by the Trustee in accordance with its policies.

Section 3.7 Purchase of Bonds in Lieu of Redemption. If at any time Bonds are subject to redemption, in lieu of such redemption the Issuer may direct the Trustee to purchase Bonds which would otherwise be subject to redemption, at a purchase price equal to or less than the related redemption price. Any such purchase must be completed prior to the time notice would otherwise be required to be given to redeem the Bonds and may not occur, without the consent of the Trustee, after a Record Date. All Bonds so purchased shall be canceled by the Trustee and the face amount of the Bonds so purchased shall be applied as a credit against the Issuer's obligation to redeem such Bonds from such moneys.

ARTICLE IV.
FLOW OF FUNDS

Section 4.1 Initial Funds. On the Issuance Date, the Trustee shall receive (i) \$_____ as sale proceeds of the Bonds and (ii) \$_____ from the Issuer.

Section 4.2 Establishment and Application of Program Fund and Cost of Issuance Fund.

(A) The Trustee shall establish a Program Fund. On the Issuance Date the Trustee shall deposit to the Program Fund (i) \$_____ of Bond proceeds, and (ii) \$_____ of Issuer funds.

The Trustee shall purchase each Certificate from moneys in the Program Fund at the Certificate Sale Price from the Servicer or the Issuer. The Certificates (excluding the Issuer's Excess Interest Portion) shall be held at all times by the Trustee in the Program Fund in trust for the benefit of the Owners of the Bonds.

On each Certificate Sale Date, 0% of the principal amount of the Certificate shall be transferred from the Program Fund to the Cost of Issuance Fund and used to pay costs of issuance, including the reimbursement of costs of issuance previously paid by the Issuer.

On the Nonorigination Redemption Date, unexpended amounts in the Program Fund (excluding any Issuer contributions) shall be applied to redeem the Bonds pursuant to Section 3.2(A) and any unexpended Issuer contributions shall be returned to the Issuer.

(B) The Trustee shall not purchase a Certificate from the Servicer or the Issuer unless the Certificate bears interest at the Pass-Through Rate.

(C) The Certificates purchased by the Trustee from the Servicer or the Issuer shall be held in book-entry form as described in this subsection. A Certificate will be issued in book-entry form through the book-entry system of the Federal Reserve System, pursuant to which the Certificate shall have been registered on the books of the New York or Dallas Branch of the Federal Reserve Bank in the name of the Trustee or a depository acting on its behalf (in either case, acting as a "participant" as defined in CFR § 357.2, as made applicable to 24 CFR Part 81); and if held by a depository, the Trustee shall have received confirmation in writing that the Depository is holding such Certificate on behalf of, and has identified such Certificate on its records as belonging to, the Trustee. If the Trustee does not receive payment or advice of payment from the Depository with respect to a Certificate when due by the close of business on the 15th day of any month in the case of GNMA I Certificates, or the 20th day of any month in the case of GNMA II Certificates (or, in each case, the next Business Day if the applicable day is not a Business Day), the Trustee shall demand payment from the applicable Person in connection with the guaranty of timely payments of principal and interest by GNMA.

(D) The Trustee shall establish and maintain for the Bonds a separate fund designated as the "Cost of Issuance Fund." From Issuer funds, the Trustee shall deposit \$_____ into such Fund on the Issuance Date. Moneys deposited in such Fund shall be used to pay Costs of Issuance in accordance with written instructions of the Issuer stating the Person to whom payment is to be made and the amount to be paid. On the first day of the second month following the final Nonorigination Redemption Date (or, if earlier, the first day of the second month after the month in which all of the moneys in the Program Fund have been expended for the purchase of Certificates and other authorized purposes), the Cost of Issuance Fund shall be terminated, and any amounts then remaining on deposit therein shall be transferred in accordance with the written instructions of the Issuer. Amounts on deposit in the Cost of Issuance Fund are not pledged for the payment of Debt Service of the Bonds. The foregoing notwithstanding, the Issuer

covenants that Costs of Issuance paid from the sale proceeds of the Bonds shall not exceed the amount permitted by section 147(g) of the Code.

(E) The Nonorigination Redemption Date may be extended one or more times as to all or a portion of moneys in the Program Fund, if (a) the Issuer provides to the Trustee an opinion of Bond Counsel to the effect that such extension will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes, (b) the Trustee shall have received any additional moneys as required by a Cash Flow Analysis and accompanied by an opinion of nationally recognized bankruptcy counsel selected by the Issuer to the effect that such moneys are not recoverable as preferences under the United States Bankruptcy Code, and (c) the Rating Agency shall provide to the Issuer written confirmation that such extension will not adversely affect the rating on the Bonds.

(F) The Trustee shall establish and maintain for the Bonds a separate fund designated as the “Capitalized Interest Fund.” From Issuer funds, the Trustee shall deposit \$_____ in the Capitalized Interest Fund on the Issuance Date. Moneys deposited in the Capitalized Interest Fund shall be used by the Trustee to pay interest on the Bonds and Program Expenses, and make any required transfer to the Rebate Fund, to the extent insufficient amounts are available for such purpose in the Revenue Fund or the Rebate Fund. On _____, 2024 (or such later date established in connection with an extension of the Nonorigination Redemption Date), the Capitalized Interest Fund shall be terminated, and any amounts then remaining on deposit therein and not required to be transferred to the Rebate Fund shall be transferred to the Issuer free and clear of the lien of the Indenture.

Section 4.3 Establishment and Application of Revenue Fund. The Trustee shall establish, maintain, and hold in trust a separate fund designated as the “Revenue Fund.” All Revenues shall be deposited to the Revenue Fund, provided that, upon receipt of the first payment with respect to a Certificate following the Certificate Purchase Date, the Trustee shall pay to the Servicer that portion of the interest received as shall reflect the amount of accrued interest that would have been paid had the Certificate been purchased by the Trustee with accrued interest, which portion of interest shall be determined by the Servicer and certified to the Trustee. All Revenues shall be held by the Trustee in trust for the benefit of the Owners at any time of the Bonds; and the Issuer shall have no beneficial right or interest in any of such moneys, except as otherwise expressly provided in this Indenture.

Section 4.4 Establishment of Other Funds; Allocation of Revenues to the Payment of Bonds and Program Expenses. The Trustee shall establish and maintain the following separate Funds in addition to the Redemption Fund created pursuant to Section 3.1 hereof: (1) the Interest Fund, (2) the Principal Fund, (3) the Program Expense Fund and the (4) the Excess Interest Portion Fund. The Trustee shall hold the Interest Fund and the Principal Fund in trust for the benefit of the Owners of the Bonds.

Upon receipt of each Certificate interest payment, the Trustee shall calculate the Issuer’s Excess Interest Portion relating to such payment and shall deposit such amount in the Excess Interest Portion Fund.

On or before the first Business Day of a month, the Trustee shall transfer from amounts deposited in the Revenue Fund during the prior month, the following amounts to the following Funds, in the following order of priority:

(A) to the Interest Fund, the amount necessary, together with any moneys then on deposit in such Fund, to pay the interest due and payable on the Bonds on the next Interest Payment Date;

(B) to the Principal Fund, the amount necessary, together with any moneys then on deposit in such Fund, to pay the principal due and payable on the Bonds (by maturity or by sinking fund redemption) on the next Interest Payment Date;

(C) to the Rebate Fund, any Rebate Amount specified by the Rebate Analyst;

(D) to the Program Expense Fund, the amount necessary, together with any moneys then on deposit in such Fund, to pay the Program Expenses due and payable on the next Interest Payment Date; and

(E) any balance shall be transferred to the Redemption Fund; provided that a minimum balance of \$5,000 shall be retained in the Revenue Fund.

Notwithstanding the foregoing paragraph (including clauses (A) through (E)), on and before _____, 2024, all Certificate principal payments, including scheduled principal payments and Prepayments, shall be transferred directly from the Revenue Fund and to the Redemption Fund. The _____ 1, 2024 date may be extended one or more times, by written notice from the Issuer to the Trustee, in connection with any extension of the Nonorigination Redemption Date.

The funding requirements of each Fund (including the making up of any deficiencies in any such Fund resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit shall be satisfied before any transfer is made to any Fund subsequent in priority.

Notwithstanding the foregoing, upon the optional redemption of the Bonds, amounts for any such redemption shall be deposited in a special account of the Revenue Fund and applied to the optional redemption of Bonds on the applicable redemption date.

Section 4.5 Application of Program Expense Fund. Amounts in the Program Expense Fund shall be used and withdrawn by the Trustee for the purpose of paying the Program Expenses when due.

Section 4.6 Application of Excess Interest Portion Fund. Amounts in the Excess Interest Portion Fund shall be used and withdrawn by the Trustee for purpose of paying the Issuer's Excess Interest Portion when due.

Section 4.7 Establishment and Application of Rebate Fund.

(A) The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Rebate Fund." The Rebate Analyst will calculate the Rebate Amount as provided herein. Within sixty (60) days after each year during which any Bonds remain Outstanding (or any other date specified by the Rebate Analyst), and within sixty (60) days after the date of redemption of the last maturity constituting a portion of the Bonds, the Rebate Analyst shall calculate the Rebate Amount for the immediately preceding Bond Year. The cost to the Issuer in making or obtaining such calculations shall be the Rebate Analyst's Fee and shall be paid from the Program Expense Fund. The Trustee may conclusively rely upon the calculation made by the Rebate Analyst and shall not be liable or responsible therefor.

(B) All amounts in the Rebate Fund shall be used and withdrawn by the Trustee at the written instruction of the Rebate Analyst as required above solely for the purposes set forth in this Section 4.7. If the amount in the Rebate Fund is for any reason insufficient to pay to the United States the amounts due as calculated pursuant to this Section, there shall be transferred to the Rebate Fund the amount of such deficiency by withdrawing said amount from the following Funds in the following order of priority, regardless of any other claim on such Funds: (1) the Revenue Fund; (2) the Redemption Fund; or (3) any other Fund established pursuant to this Indenture. If the Rebate Analyst determines that the Rebate Amount for such Bond Year is less than the amount credited to the Rebate Fund during such Bond Year, the Rebate Analyst shall instruct the Trustee to promptly transfer from the Rebate Fund to the Revenue Fund an amount equal to such difference.

(C) The Trustee shall pay to the United States of America at least once every five years an amount that the Rebate Analyst instructs it to make that will ensure that at least 90 percent of the Rebate Amount from the Issuance Date to the close of the period for which the payment is being made will have been paid. The Trustee shall pay to the United States of America not later than 60 days after the Bonds have been paid in full 100 percent of the amount then required to be paid under section 148(f) of the Code pursuant to the written instructions of the Rebate Analyst. The Issuer shall cooperate with the Trustee and the Rebate Analyst in the preparation and execution of all documentation required to be filed with the United States of America in connection with the making of the foregoing payments.

(D) The Trustee shall unconditionally be entitled to accept and rely upon the recommendations, advice, calculations and opinions of the Rebate Analyst as to actions required or not required to be taken by the Trustee to comply with the provisions of section 148(f) of the Code. The Trustee agrees to act in accordance with the recommendations, advice and opinions of the Rebate Analyst for the purpose of complying with any applicable provision of section 148(f) of the Code.

Section 4.8 Application of Interest Fund. Subject to Section 4.10 hereof, all amounts in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

Section 4.9 Application of Principal Fund and Redemption Fund. Subject to Section 4.10 hereof, all amounts in the Principal Fund shall be used and withdrawn by the Trustee solely for the purposes of paying principal of the Bonds as the same shall become due and payable. Subject to Section 4.10 hereof, all amounts in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of, and premium, if any, on the Bonds.

Section 4.10 Deficiencies in the Interest Fund or Principal Fund.

(A) If the amount in the Interest Fund is insufficient to pay interest on the Bonds when due, the Trustee shall transfer to the Interest Fund the amount of such deficiency by withdrawing said amount from the following Funds in the following order of priority: (1) the Capitalized Interest Fund, (2) the Revenue Fund, (3) the Redemption Fund (but not with respect to amounts for which notice of redemption has been given), and (4) the Principal Fund.

(B) If the amount in the Principal Fund is insufficient to pay the principal of the Bonds when due, the Trustee shall transfer to the Principal Fund the amount of such deficiency by withdrawing said amount from the following Funds in the following order of priority: (1) the Revenue Fund, and (2) the Redemption Fund (but not with respect to amounts for which notice of redemption has been given).

Section 4.11 Investment of Moneys in Funds. Moneys deposited in the Program Fund and the Capitalized Interest Fund on the Issuance Date shall be invested in Investment Securities at the written direction of the Issuer delivered to the Trustee on or before the Issuance Date. The Issuer may direct the Trustee in writing to sell any Investment Security prior to its maturity date, provided that the sale price of such Investment Security is equal to or greater than the maturity amount of such Investment Security.

Excluding the Program Fund and the Capitalized Interest Fund, moneys in all other Funds established under this Indenture shall be invested by the Trustee in Investment Securities as directed by the Issuer in a Letter of Instructions.

Moneys in all Funds established under this Indenture shall be invested in Investment Securities paying interest and maturing not later than the dates on which it is estimated that such moneys will be required by the Trustee for the purposes hereof.

If an Investment Agreement is terminated prior to its term for any reason, the Issuer shall provide the Issuer written instructions regarding the reinvestment of such funds. The Trustee will not be liable for any loss related to the replacement Investment Security bearing a lower interest rate or yield than the Investment Agreement.

Investment Securities acquired as an investment of moneys in any Fund established under this Indenture shall be credited to such Fund. For the purpose of determining the amount in any such Fund, all Investment Securities credited to such Fund shall be valued in accordance with the Trustee's customary procedures. In order to avoid loss in the event of any need for funds, the Issuer may instruct the Trustee, in lieu of a liquidation or redemption of investments in the fund or account needing moneys, to exchange such investments for investments in another fund or account that may be liquidated at no, or at a reduced, loss.

To insure that cash on hand is invested, if the Issuer does not give the Trustee written or timely instructions with respect to investments of funds, the Trustee shall invest cash balances in the Wells Fargo 100% U.S. Treasury Money Market Fund (provided that such Fund qualifies as an Investment Security) or other 100% U.S. Treasury money market or cash management fund that qualifies as an Investment Security. The Trustee is specifically authorized to implement its automated cash investment system to assure that cash on hand is invested (provided that such investment is an Investment Security) and to charge its normal cash management fees, which may be deducted from income earned on investments. The Trustee may make any and all investments through its own bond or securities department or the bond or securities department of any affiliate of the Trustee.

All interest, profits, and other income earned from investment of moneys in any Fund (other than the Rebate Fund, the Cost of Issuance Fund and the Excess Interest Portion Fund), each of which shall retain its earnings) shall be deposited when received in the Revenue Fund. In order to avoid loss in the event of any need for funds, the Issuer may instruct the Trustee, in lieu of a liquidation or redemption of investments in the fund or account needing funds, to exchange such investments for investments in another fund that may be liquidated at no, or at a reduced, loss.

Subject to Section 5.8 hereof, moneys in the Funds may be commingled for purposes of making, holding, and disposing of investments, notwithstanding provisions herein for transfer to or holding in particular Funds those amounts received or held by the Trustee hereunder, provided that the Trustee shall at all times account for such investments strictly in accordance with the Funds to which they are credited and otherwise as provided in this Indenture. The Trustee may sell at the best price obtainable, or present for redemption, any Investment Securities so purchased whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal, or disbursement from the Fund to which such Investment Security is credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment or the sale thereof. Provided that the Trustee makes investments as prescribed herein, the Trustee shall not be liable or responsible for the Bonds becoming "arbitrage bonds" within the meaning of section 148 of the Code.

Section 4.12 Disposition of Certificates. The Issuer shall have the right to direct the Trustee to sell or otherwise dispose of some or all of the Certificates to effect an optional redemption of the Bonds pursuant to Section 3.2(C), on a date for which notice of redemption is timely given, at the applicable redemption price, or to effect a purchase in lieu of such redemption in accordance with Section 3.7; provided that if the Bonds are redeemed or purchased in part, the Trustee shall have received written

confirmation from the Rating Agency that the rating of the remaining Outstanding Bonds will not be adversely affected; and provided further that the Issuer shall have agreed to terminate the Issuer's Excess Interest Portion with respect to any Certificate so sold or otherwise disposed of.

In connection with any optional redemption of the Bonds in part under Section 3.2(C), or a purchase of the Bonds in part, excess proceeds from the sale of the Certificates or excess moneys held under the Indenture may be distributed to the Issuer upon its written request, but only if the Trustee shall have received (i) an opinion of Bond Counsel to the effect that such distribution to and use of any such moneys by the Issuer will not cause interest on the Bonds to become includable in gross income for federal income tax purposes pursuant to section 103(a) of the Code, and (ii) all Program Expenses then due or anticipated to be due have been paid or will be provided for.

Section 4.13 Trustee to Purchase Certificates. The Trustee hereby agrees to purchase Certificates from the Servicer or the Issuer, at the Certificate Sale Price, to the extent that funds are available therefor in the Program Fund (and any other applicable Fund), and all conditions of this Indenture are met for the purchase of Certificates.

ARTICLE V. PARTICULAR COVENANTS

Section 5.1 Punctual Payment. The Issuer shall punctually pay or cause to be paid the principal amount of the Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to their maturity, the amount to be paid shall be the redemption price of such Bonds and all unpaid interest thereon to the redemption date, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof but only out of Revenues and other assets pledged for such payment as provided in this Indenture.

Section 5.2 Extension of Payment of Bonds. The Issuer shall not, directly or indirectly, extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any of the claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Issuer to issue bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Section 5.3 No Other Encumbrances. The Issuer shall not create, or permit the creation of, any pledge, lien, charge, or other encumbrance upon the Revenues or other assets pledged or assigned under this Indenture with respect to the Bonds while any of the Bonds are Outstanding, except the pledge and assignment created by this Indenture.

Section 5.4 Power to Issue Bonds and Make Pledge and Assignment. The Issuer is duly authorized pursuant to the Constitution and laws of the State, including the Act, to issue the Bonds and to enter into this Indenture, and to pledge and assign the Revenues and other assets purported to be pledged and assigned, respectively, under this Indenture in the manner and to the extent provided in this Indenture. The Bonds and the provisions of this Indenture are and will be legal, valid, and binding limited obligations of the Issuer in accordance with their terms, and the Issuer and Trustee shall at all times, to the extent permitted by law, defend, preserve, and protect said pledge and assignment of the Revenues and other assets

and all the rights of the Owners under this Indenture against all claims and demands of all Persons whatsoever.

Section 5.5 Payment of Taxes and Claims. With respect to the Bonds, the Issuer or the Trustee, at the written direction of the Issuer, shall, from time to time but solely from funds available therefor under this Indenture, duly pay and discharge, or cause to be paid and discharged, any property taxes, assessments, or other governmental charges that may be lawfully imposed upon the Revenues with respect to such series or other assets pledged or assigned under this Indenture, when the same shall become due, as well as any lawful claim which, if unpaid, might by law become a lien or charge upon such Revenues or such other assets or which might impair the security of the Bonds.

Section 5.6 Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all transactions relating to the proceeds of the Bonds, the Revenues, the Certificates and all Funds established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Trustee, the Issuer, the Rating Agency and the Owners of at least 10% of the aggregate principal amount of all Bonds then Outstanding, or by the agents or representatives thereof duly authorized in writing, at reasonable hours and under reasonable circumstances.

The Issuer and the Trustee shall also provide to the Rating Agency such information as the Rating Agency shall reasonably request, including, but not limited to, the periodic reports customarily required to be submitted in order to maintain the credit rating on the Bonds.

Section 5.7 Maintenance of Powers. As long as Bonds remain Outstanding, the Issuer shall use its best efforts to preserve its existence as a nonprofit corporation organized pursuant to the Act, and will not be dissolved or lose its right to exist as such or lose any rights necessary to enable it to function and to maintain the Revenues. The Issuer shall at all times use its best efforts to maintain the powers, functions, duties, and obligations now reposed in it pursuant to law, and will not at any time voluntarily do, suffer, or permit any act or thing the effect of which would be to hinder, delay, or imperil either the payment of the indebtedness evidenced by the Bonds or the observance of any of the covenants herein contained.

Section 5.8 Tax Covenants.

(A) The Issuer shall not use or permit the use of any proceeds of the Bonds or any other funds of the Issuer, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the Issuer or Trustee with respect to the Mortgage Loans in any manner, and shall not take or permit to be taken, to the best of its knowledge, any other action or actions, which would cause any Bond to be an “arbitrage bond” under section 148 of the Code or violate the requirements of section 143(g) of the Code. If at any time the Issuer is of the opinion that for purposes of this subsection (A) it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under this Indenture, the Issuer shall file a written request to such effect with the Trustee, and the Trustee shall use its best efforts consistent with the requirements of the Investment Agreement or any other investment to take such action as may be necessary in accordance with such instructions.

(B) The Issuer shall not use or permit the use of any proceeds of the Bonds or any other funds of the Issuer, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would result in any of the Bonds being treated as an obligation not described in section 103(a) of the Code. In particular, the Issuer covenants as follows: (i) that the Issuer will attempt in good faith to meet all mortgage eligibility requirements imposed by section 143 of the Code with respect to all of the Mortgage Loans, before the Mortgages are executed, by placing restrictions in the Lender Agreements and the Program Guidelines that permit the financing of Mortgage Loans only in accordance

with such requirements and by establishing reasonable procedures to ensure compliance with such requirements, including reasonable investigations by the Issuer or its agents to determine that the Mortgage Loans satisfy such requirements; (ii) that the Issuer will use all due diligence to assure that 95% or more of the lendable proceeds of the Bonds that are devoted to owner financing under the Program shall be devoted to residences as to which, at the time the Mortgage Loans are executed or assumed, all such mortgage mortgagor eligibility requirements are met; and (iii) that the Issuer shall correct any and all failures to meet such mortgage eligibility requirements within a reasonable time after such failure is discovered by causing the nonqualifying Mortgage Loan to be called or to be replaced with a Mortgage Loan meeting such requirements.

(C) The Issuer and the Trustee reserve the right, however, to purchase any Investment Security permitted by the laws of the State if, when, and to the extent that the Code shall be repealed, amended or interpreted to permit the same or shall be held void by final judgment of a court of competent jurisdiction so as to permit the Issuer or the Trustee to do so, but only if such investment made by virtue of such repeal, amendment, interpretation, or decision would not, in the opinion of Bond Counsel, result in making the interest on the Bonds includable in gross income for federal income tax purposes.

(A) Any person, or any related party, as defined in Section 1.150-1 of the Treasury Regulations, as amended, from whom the Issuer may, under the Program, acquire obligations, shall not, pursuant to an arrangement, formal or informal, purchase the Bonds in an amount related to the amount of the obligations to be acquired under the Program from such person by the Issuer.

Without limiting the foregoing, the Issuer and the Trustee shall at all times use their reasonable best efforts to do and perform all acts and things permitted by law and this Indenture that are necessary or desirable in order to assure that interest paid on the Bonds shall be excludable from gross income of the owners thereof for federal income tax purposes.

Section 5.9 Compliance with Indenture, Contracts, Laws and Regulations. The Issuer and the Trustee shall faithfully observe and perform all the covenants, conditions, and requirements of this Indenture as required of the Issuer and the Trustee, respectively, and the Issuer shall not issue any Bonds in any manner other than in accordance with this Indenture, and shall not suffer or permit any default to occur hereunder or do or permit to be done anything that might in any way weaken, diminish or impair the security intended to be given pursuant to this Indenture. Subject to the limitations and consistent with the covenants, conditions and requirements contained in this Indenture, the Issuer shall comply with the terms, covenants and provisions, express or implied, of all contracts concerning or affecting the Bonds and the application of proceeds of the Bonds, the Certificates, the Mortgage Loans and the Revenues.

Section 5.10 Program Covenants.

(A) The Issuer shall from time to time, with all practical dispatch and in a sound and economical manner consistent with the Act, the Program, this Indenture, the Agreements, and all other applicable laws and regulations, cause the amounts held in the Program Fund to be used and applied to the purchase Certificates, and shall take all steps, actions, and proceedings reasonably necessary in the judgment of the Issuer to cause the terms, covenants, and conditions of the Agreements to be enforced.

(B) The Issuer covenants that amounts initially deposited in the Program Fund shall be used to purchase Certificates backed by Mortgage Loans originated by the Lenders that are in compliance with the Act, the Program, the Agreements and this Indenture. The Issuer represents, based solely on the cash flow analyses presented to the Rating Agency in connection with the initial delivery of the Bonds, that the aggregate payments of principal and interest on the Certificates (excluding the Issuer's Excess Interest Portion) will be sufficient, together with other expected Revenues, to pay Debt Service on the Bonds when

due and all Program Expenses. The Trustee shall have no obligation to independently assure compliance with the preceding covenant or representation.

Section 5.11 Waiver of Laws. The Issuer shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension provision of law now or at any time hereafter in force that may adversely affect the covenants and agreements contained in this Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Issuer to the extent permitted by law.

Section 5.12 Further Assurances. The Issuer will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the rights and benefits provided in this Indenture.

ARTICLE VI. EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 6.1 Events of Default. The following events shall be considered Events of Default:

(A) default in the due and punctual payment of the principal amount or redemption price of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed or by proceedings for redemption or by declaration of acceleration or otherwise;

(B) default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(C) default by the Issuer in observance of any of the covenants, agreements, or conditions on its part contained in this Indenture or in the Bonds (other than in clauses (A) or (B) above), if such default shall have continued for a period of 60 days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Issuer by the Trustee, or to the Issuer and the Trustee by the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding;

(D) the assumption, under the provisions of any law relating to bankruptcy or insolvency or any similar law relating to creditors rights, by any court of competent jurisdiction, of custody or control of the Issuer or of the whole or any substantial part of its property, if such custody or control is not terminated or stayed within 60 days from the date of assumption of such custody or control;

(E) the Issuer is adjudged insolvent by a court of competent jurisdiction or an order, judgment, or decree is entered by a court of competent jurisdiction appointing without the consent of the Issuer a receiver or trustee of the Issuer of the whole or any part of its properties or the Issuer is adjudged a bankrupt under a petition filed in bankruptcy under state law against the Issuer and any of the aforesaid adjudications, orders, judgments, or decrees shall not be vacated or set aside or stayed within 60 days from the date of entry thereof; or

(F) the Issuer shall file a petition in bankruptcy or an order for relief in bankruptcy is entered against the Issuer under the federal bankruptcy laws of any other applicable law or statute of the United States of America or any state thereof.

Section 6.2 Acceleration of Maturities. If an Event of Default under Section 6.1(A) or Section 6.1(B) hereof shall occur then, and in each and every such case during the continuance of such Event of

Default, the Trustee may, and upon the written direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, shall, upon notice in writing to the Issuer, declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding. If any other Event of Default shall occur then, and in each and every such case during the continuance of such Event of Default, the Trustee, upon the written direction of the Owners of 100% of the Bonds at the time Outstanding, shall, upon notice in writing to the Issuer, declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding.

Any such declaration, however, is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, (i) the Issuer shall deposit, or cause to be deposited, with the Trustee a sum sufficient to pay the principal amount or redemption price of and installments of interest on the Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the Bonds, and the reasonable charges and expenses of the Trustee, (ii) any and all other defaults known to the Trustee (other than in the payment of principal amount or redemption price of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, and (iii) the Issuer shall execute an instrument acknowledging or reinstating, as appropriate, the Issuer's obligations with respect to the Bonds, then, and in every such case, the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Issuer and to the Trustee, may, on behalf of the Owners of all the Bonds, rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Section 6.3 Other Acts by Trustee. If an Event of Default hereunder shall occur and be continuing with respect to the Bonds, then the Trustee may and, upon the written request of the Owners of not less than twenty-five percent (25%) in principal amount Outstanding of the Bonds, and upon being indemnified to its satisfaction, shall:

- (a) by mandamus or other suit, action, or proceeding at law or in equity require the Issuer to perform its covenants, representations, and duties under this Indenture;
- (b) bring suit upon such Bonds;
- (c) by action or suit in equity require the Issuer to account as if it were the trustee of an express trust for the Owners of such Bonds;
- (d) by action or suit in equity enjoin any acts or things which may be unlawful or a violation of the rights of the Owners of such Bonds; or
- (e) 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 herein granted or for the enforcement of any other appropriate legal or equitable remedy.

Section 6.4 Judicial Proceedings. If an Event of Default hereunder shall occur, and be continuing, with respect to the Bonds, then the Trustee may, and upon written request by the Owners of not less than twenty-five percent (25%) in principal amount Outstanding of the Bonds and upon being

indemnified to its satisfaction, shall, 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 shall determine to be most effective to protect and enforce any of its rights or the rights of the Owners hereunder.

Section 6.5 Application of Revenues and Other Funds After Event of Default. If an Event of Default shall occur and be continuing, all Revenues and any other amounts then held or thereafter received by the Trustee under any of the provisions of this Indenture (exclusive of any amounts held in the Cost of Issuance Fund or any Rebate Amount and any moneys held pursuant to Section 10.8 hereof) shall be applied by the Trustee as follows and in the following order of priority:

(A) Notwithstanding any provision of the Indenture limiting the Trustee's fees, to the payment of the unpaid compensation of the Trustee under Section 7.2 hereof, any expenses of third parties (including counsel to the Issuer) necessary in the opinion of the Trustee to protect the interests of the Owners of the Bonds, and reasonable charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel), incurred in and about the performance of its powers and duties under this Indenture;

(B) To the payment of the principal amount or redemption price of and interest then due on the Bonds (upon presentation and surrender of the Bonds to be paid) subject to the provisions of this Indenture (including Section 6.2 hereof), unless the principal amount and redemption price of all the Bonds shall have become or have been declared due and payable, as follows:

First: To the payment to the Persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the Persons entitled thereto of the unpaid principal amount 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, with interest on the overdue principal at the rate borne by the Bonds, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, together with such interest, then to the payment thereof ratably, according to the principal amount or redemption price due on such date to the Persons entitled thereto, without any discrimination or preference;

(C) If the principal amount or redemption price of all the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds, with interest on the overdue principal at the rate borne by the Bonds, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, 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, according to the amounts due respectively for principal and interest to the Persons entitled thereto without any discrimination or preference.

The payments of Rebate Amount required by Section 4.7 hereof to be made to the United States shall continue even if an Event of Default shall have occurred and be continuing.

Section 6.6 Trustee to Represent Owners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be

available to such Owners under the provisions of the Bonds, this Indenture, the Agreements, the Act and applicable provisions of any other law. Upon instituting any proceeding permitted hereunder, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged to the Bonds under this Indenture, pending such proceedings. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceedings relating thereto, and any such suit, action, or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of Bonds subject to the provisions of this Indenture.

Section 6.7 Owners' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder with respect to the Bonds, provided that the Trustee shall have been indemnified to its satisfaction and such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of counsel rendered to the Trustee would be unjustly prejudicial to Owners of Bonds not parties to such direction.

Section 6.8 Limitation on Owners' Right to Sue. No Owner of any Bond shall have the right to institute any suit, action, or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Act, or any other applicable law with respect to such Bond, unless (A) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (B) the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action, or proceeding in its own name; (C) such Owner or said Owners shall have tendered to the Trustee indemnity satisfactory to it against the costs, expenses, and liabilities to be incurred in compliance with such request; and (D) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity, and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb, or prejudice the security of this Indenture or the rights of any other Owners of Bonds, or to enforce any right under this Indenture, the Act, or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had, and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of this Indenture.

Section 6.9 Absolute Obligation of Issuer. Nothing in this Indenture, or in the Bonds, contained shall affect or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal amount or redemption price of and interest on the Bonds to the respective Owners of the Bonds at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the Revenues and other assets herein pledged to the Bonds, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Section 6.10 Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Owners of Bonds on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or such Owners, then in every such case the Issuer, the Trustee, and such Owners, subject to any determination in such proceedings,

shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers, and duties of the Issuer, the Trustee, and such Owners shall continue as though no such proceedings had been taken.

Section 6.11 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 6.12 No Waiver of Default. No delay or omission of the Trustee or of any Owner of Bonds to exercise any right or power arising upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy given by this Indenture to the Trustee or to the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient.

Section 6.13 Proofs of Claims. The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claim of the Trustee and the Owners allowed in any judicial proceeding relative to the Issuer, the Servicer or any other person, their creditors or their property. The expenses incurred by the Trustee in any insolvency proceeding shall be an administrative expense under any bankruptcy law. No provision of this Indenture empowers the Trustee to authorize, consent to, accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment or composition affecting any of the rights of any Owner of Bonds, or authorizes the Trustee to vote in respect of the claim in any proceeding described in this Section.

Section 6.14 Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may assess reasonable costs including reasonable attorney's fees against the parties litigant in this suit having due regard for the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by an Owner pursuant to its rights under Section 6.8 above, or a suit by Owners of more than 10% in principal amount of the Bonds Outstanding.

ARTICLE VII. THE TRUSTEE

Section 7.1 Appointment of Trustee and Acceptance; Duties, Immunities, and Liabilities of Trustee.

(A) The Issuer hereby appoints Computershare Trust Company, N.A. as Trustee under this Indenture. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing this Indenture.

(B) The Trustee shall, prior to an Event of Default, and after the curing of any such Event of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture or any other agreement relating hereto against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured), exercise such of the rights and powers vested in it by this Indenture,

and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(C) The Issuer may remove the Trustee at any time with or without cause unless an Event of Default shall have occurred and then be continuing. The Issuer shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of all of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (E) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation, or liquidation, in each case by giving written notice of such removal to the Trustee and the Issuer shall appoint a successor Trustee by an instrument in writing provided, however, that the Rating Agency is notified in writing that any such successor trustee has been appointed.

(D) The Trustee may at any time resign by giving written notice of such resignation to the Issuer and by giving the Owners notice of such resignation by written notice sent by first-class mail, but such resignation shall not be effective until the successor Trustee shall have been appointed and has accepted such appointment as herein provided. Upon receiving such notice of resignation, the Issuer shall promptly appoint a successor Trustee by an instrument in writing.

(E) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee and the payment to the predecessor of its compensation and reasonable expenses due to it. Promptly upon such acceptance, the Issuer shall give written notice thereof to the Owners in writing. If no successor Trustee shall have been appointed and have accepted appointment within 45 days of the giving of notice of removal or resignation as aforesaid, the resigning Trustee or any Owner (on behalf of himself and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Issuer and to the predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed, or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties, and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the request of the Issuer or the request of the successor Trustee, such predecessor Trustee, upon being paid any unpaid compensation due hereunder, shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title, and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign, and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the or Trustee, the Issuer shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties, and obligations.

(F) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a trust company, national banking association, or bank having the powers of a trust company and having a combined capital and surplus of at least \$50,000,000 and subject to supervision or examination by federal or state authority. If such bank, national banking association, or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section the combined capital and surplus of such bank, national banking association, or trust company shall be deemed to be its combined capital and surplus

as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (E), such shall resign immediately in the manner and with the effect specified in this Section.

(G) Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion, or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all its corporate trust business, provided such company shall be eligible under subsection (E) of this Section, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

(H) Regardless of whether there exists and is continuing an Event of Default, no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers.

(I) The Trustee shall not be required to take notice or be deemed to have taken notice hereunder of any event which would constitute an Event of Default hereunder or under the Agreements, except Event of Defaults under Section 6.1(A) and Section 6.1(B) hereof, or by actual knowledge of such event or Event of Default by a Responsible Officer of the Trustee (as defined in Section 7.5) unless the Trustee shall be specifically notified in writing by the Issuer or by the Owners of not less than 25% of the principal amount of the Bonds. Actual knowledge means the fact of knowing without a duty to investigate.

(J) The Trustee, in its commercial banking or any other capacity, may become the owner, underwriter, or pledgee of Bonds or other certificates or evidences of ownership or pledge thereof issued hereunder, with the same rights it would have if it were not the Trustee.

Section 7.2 Compensation. The Trustee's ordinary fees and expenses shall be limited to an amount equal to the Trustee's Fee and shall be payable solely from amounts in the Program Expense Fund. As security for the payment of the Trustee's fees, costs, and expenses, the Trustee, after and during the continuance of an Event of Default under Section 6.1(A) or Section 6.1(B), shall have a first lien on all moneys and property coming into its possession (except for any moneys on deposit with the Trustee which is held in the Principal Fund, Interest Fund or Redemption Fund for the purpose of paying to Owners principal, premium, if any, or interest which has previously become payable with respect to the Bonds). In the event the Trustee incurs expenses or renders services in any proceedings that result from the occurrence or continuance of any other Event of Default, or from the occurrence of any event that, by virtue of the passage of time, would become such Event of Default, the expenses so incurred and compensation for services so rendered are intended to constitute expenses of administration under the United States Bankruptcy Code or equivalent law.

Section 7.3 Liability of Trustee. The recitals of facts herein and in the Bonds contained shall be taken as statements of the Issuer, and the Trustee assumes no responsibility for the correctness of the same, and makes no representations as to the validity or sufficiency of this Indenture, any other agreement relating hereto or the Bonds or in respect of the security afforded by this Indenture, and shall incur no responsibility in respect thereof or with respect to the issuance of Bonds for value or the application of the proceeds thereof or the application of any moneys paid to the Issuer, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct; provided, however, this sentence will not be construed to limit the effect of the first sentence of Section 7.1(A) hereof relating to the Trustee's administrative duties prior to an Event of Default. The Trustee may become the owner of Bonds and be a Lender with the same rights it would have if it were

not Trustee and, to the extent permitted by law, may act as depository for and permit any of their officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

Section 7.4 Right of Trustee to Rely on Documents. The Trustee shall be fully protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the Issuer, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of the Issuer, the Servicer, or GNMA, and such certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

Section 7.5 Preservation and Inspection of Documents and Other Rights of the Trustee. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Issuer, the Rating Agency, and the Owners of at least 10% of the aggregate principal amount of the Bonds then Outstanding or by agents or representatives thereof duly authorized, and their agents and representatives duly authorized in writing, during regular business hours and under reasonable conditions, as well as by others at the direction of the Issuer or any agent of the Issuer, so long as the Trustee is compensated or reimbursed for any expenses incurred.

Regardless of whether there is an Event of Default, the Trustee shall not be under any obligation or duty to perform any act which would involve it in any expense or liability or to institute or defend any suit, or to advance any of its own moneys, unless properly indemnified to its satisfaction against the costs, expenses, and liabilities which may be incurred thereby solely from moneys available hereunder or by the Owners. The Trustee shall not be personally liable with respect to (i) an error of judgment made in good faith by a Responsible Officer of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts, (ii) any action taken, suffered, or omitted to be taken by it in good faith, in accordance with the directions of Owners of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding relating to the time, method, and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee under this Indenture, or (iii) the Bonds becoming “arbitrage bonds” with the meaning of the Code, if the Trustee makes investments pursuant to instructions contained in this Indenture. The immunities, exemptions, and indemnifications from liability of the Trustee under this Indenture shall extend to its directors, officers, employees, and agents. Whenever this Indenture provides that the Trustee shall take any action, including the giving of any notice, or refrain from taking any action upon the happening or continuation of a specified event or upon the fulfillment of any condition or upon the request of the Owners, the Trustee shall have no liability for failure to take such action or for failure to refrain from taking such action, unless and until the Responsible Officer of the Trustee at the Trustee’s Principal Office has knowledge of such event, in the

case of events specified in Section 6.1(A) or Section 6.1(B) hereof, or written notification of such event in the case of other events, or continuation thereof or the fulfillment of such condition or shall have received such request.

“Responsible Officer of the Trustee” shall mean the officer or officers of the Trustee specifically administering the Indenture.

Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance by the Issuer, the Servicer, the Rebate Analyst or any other person of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of a default or Event of Default hereunder or thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it. The Trustee shall not be responsible for the recording or filing of any document relating to this Indenture or of financing statements (or continuation statements in connection therewith) or of any supplemental instruments or documents of further assurance as may be required by law in order to perfect the security interests in any collateral given to or held by it.

The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through agents, attorneys, accountants, or receivers and shall not be responsible for the acts of any agents, attorneys, accountants, or receivers appointed with due care. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty. The Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals, or other information, or corporate or partnership action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee as are deemed desirable for the purpose of establishing the right of the Issuer to the authentication of any Bonds, the withdrawal of any cash, the release of any property, or the taking of any other action by the Trustee. The Trustee’s immunities and protections from liability, and its right to payment of compensation and indemnification in connection with performance of its duties and obligations under this Indenture shall survive the Trustee’s resignation and removal, or the final payment of the Bonds.

Except for information provided by the Trustee in writing concerning the Trustee, the Trustee shall have no responsibility with respect to any information in any offering memorandum or other disclosure material distributed with respect to the Bonds. The Trustee shall have no responsibility for compliance with securities laws in connection with issuance of the Bonds. The Trustee is not required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under the Indenture. In the event that the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of Owners of Bonds, each representing less than a majority in aggregate principal amount of the Bonds Outstanding, pursuant to the provisions of the Indenture, the Trustee, in its sole discretion, may determine what action, if any, shall be taken.

Notwithstanding anything contained in this Indenture or the Agreements to the contrary, the Trustee has no duty or obligation to service the Mortgage Loans or to otherwise administer the Program or to monitor or evaluate the performance by the Issuer, the Servicer, any Lender or any other person of their respective duties and obligations under the Agreements, but only to perform the specific duties, obligations, and agreements it has agreed to perform in this Indenture and to receive reports and documents pursuant to the Agreements and to exercise certain rights of the Issuer in the Agreements assigned to it by the Issuer in the Indenture when the Trustee may be obligated to exercise such rights.

Section 7.6 Money Held in Trust. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise provided in this Indenture.

Section 7.7 Trustee to Furnish Information.

(A) The Trustee shall furnish to the Rating Agency, notice of (i) any defeasance or discharge pursuant to Article IX hereof, (ii) the obtaining of any new investment agreement, (iii) the termination of any investment agreement, (iv) the sale of any collateral, (v) any supplemental indenture, and (vi) the appointment of a successor trustee, and (vii) the redemption of the Bonds in whole. At the request of the Rating Agency, the Trustee shall also furnish any information reasonably required by the Rating Agency for the purpose of maintaining a rating for the Bonds.

(B) For the calendar year in which such request is received, upon written request of any Owner or person or entity which provides evidence acceptable to the Trustee that such person or entity has a legal or beneficial interest in at least \$1,000,000 in principal amount of Bonds, the Trustee shall furnish to such Owner or person or entity the annual statement prepared by the Trustee pursuant to Section 5.6 hereof.

ARTICLE VIII.
MODIFICATION OR AMENDMENT OF THE INDENTURE

Section 8.1 Amendments Permitted.

(A) This Indenture and the rights and obligations of the Issuer and of the Owners of the Bonds and of the Trustee may be modified or amended at any time by a Supplemental Indenture which shall become effective when the written consent of the Owners of a majority in aggregate principal amount of the Outstanding Bonds shall have been filed with the Trustee. No such modification or amendment shall (1) extend the stated maturity of any Bond, or reduce the amount or principal thereof, or reduce the rate of interest thereon, or extend the time of payment of interest thereof without the consent of the Owner of each Bond so affected, or (2) reduce the aforesaid percentage of Bonds the consent of which the Owners of which is required to effect any such modification or amendment, or (3) permit the creation of any lien on the Revenues, or any other assets pledged under this Indenture that is on a parity with or superior to the lien created by this Indenture, or deprive the Owners of the Bonds of the lien created by this Indenture upon such Revenues and other assets, or (4) authorize the sale or other disposition of the Certificates after their acquisition other than in compliance with Section 4.12 hereof without the consent of the Owners of all the Bonds then Outstanding. It shall not be necessary for the consent of the Owners of the Bonds to approve the particular form of any Supplemental Indenture; it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Issuer and the Trustee of any Supplemental Indenture pursuant to this Subsection (A), the Trustee shall mail a notice to each Owner, setting forth in general terms the substance of such Supplemental Indenture. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of such Supplemental Indenture. The Issuer may fix a record date for purposes of determining Owners of Bonds who are entitled to consent to any Supplemental Indenture described in this paragraph. If a record date is fixed, then only those Owners who are Owners on that record date shall be entitled to consent to the Supplemental Indenture.

(B) This Indenture and the rights and obligations of the Issuer and of the Owners of the Bonds may also be modified or amended at any time by a Supplemental Indenture, which Supplemental Indenture shall become effective upon execution by the Issuer and the Trustee (or such later date as may be specified in such Supplemental Indenture), without the consent of any Owners of the Bonds, but only to the extent permitted by the Act and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Issuer in this Indenture other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds, or to surrender any right or power herein reserved to or conferred upon the Issuer;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency, or omission, or of curing or correcting any defective provision contained in this Indenture, or in regard to any matter or question arising under this Indenture, as the Issuer may deem necessary or desirable, which, in any such case, in the opinion of the Trustee, shall not materially adversely affect the interests of the Owners of the Bonds;

(3) to modify, amend, or supplement this Indenture in such a manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions, and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Owners of the Bonds;

(4) to modify, amend or supplement this Indenture in such a manner as in the opinion of Bond Counsel shall be necessary to preserve the excludability of interest on any Bond from federal gross income and which shall not materially adversely affect the interests of the Owner of any Bond; or

(5) to obtain or maintain a rating on the Bonds from a Rating Agency.

(C) In connection with the execution and delivery of a Supplemental Indenture, the Trustee shall receive an opinion of Bond Counsel to the effect that the Supplemental Indenture is authorized under the Act and by proper action of the Issuer, that the Supplemental Indenture is authorized or permitted by the Indenture, and the opinion of Bond Counsel that execution and delivery of the Supplemental Indenture will not adversely affect the exclusion of interest on any Bond from gross income for federal income tax purposes.

(D) The Trustee may, but shall not be obligated to, enter into a Supplemental Indenture which adversely affects the Trustee's own rights, duties, or immunities.

Section 8.2 Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Indenture of the Issuer, the Trustee, and all Owners of Bonds Outstanding shall thereafter be determined, exercised, and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes. All Supplemental Indentures shall be filed with the Rating Agency.

Section 8.3 Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after any Supplemental Indenture becomes effective pursuant to this Article may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Issuer and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the Principal Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Bond. If the Issuer or the Trustee shall so determine, new Bonds so modified as to conform, in the opinion of the Issuer and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Issuer and authenticated by the Trustee, and upon demand of the Owners of any Bonds then Outstanding

shall be exchanged at the Principal Office of the Trustee, without cost to any Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds in equal aggregate principal amounts of the same series.

Section 8.4 Amendment of Particular Bonds. The provisions of this Article shall not prevent any Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

ARTICLE IX. DEFEASANCE

Section 9.1 Discharge of Indenture. If the Issuer shall pay and discharge the entire indebtedness on all Outstanding Bonds in any one or more of the following ways by:

(a) paying or causing to be paid the principal amount or redemption price of and interest on the Bonds Outstanding, as and when the same become due and payable;

(b) depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 9.3 hereof) to pay or redeem all Outstanding Bonds; or

(c) delivering to the Trustee, for cancellation by it, all of the Outstanding Bonds; and if the Issuer shall also pay or cause to be paid all other sums payable hereunder by the Issuer (including Trustee's fees and expenses and other Program Expenses), then and in that case, at the election of the Issuer (evidenced by a certificate of the Issuer, filed with the Trustee, signifying the intention of the Issuer to discharge all such indebtedness), and notwithstanding that any Bonds shall not have been surrendered for payment, this Indenture and the pledge of Revenues and other assets made under this Indenture and all covenants, agreements, and other obligations of the Issuer under this Indenture shall cease, terminate, become void, and be completely discharged and satisfied. In such event, upon request of the Issuer, the Trustee shall (i) cause an accounting for such period or periods as shall be requested by the Issuer to be prepared and filed with the Issuer, (ii) execute and deliver to the Issuer all such instruments as may be necessary or desirable to evidence such discharge and satisfaction of the Bonds; and (iii) transfer all Certificates and amounts in any Fund (except for any Rebate Amount or any unpaid Program Expenses) to the Issuer.

Section 9.2 Discharge of Liability on Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 9.3 hereof) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as provided for in Article III hereof or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Issuer in respect of such Bond shall cease, terminate, and be completely discharged, and the Owner thereof shall thereafter be entitled only to payment from such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 9.4 hereof.

The Issuer may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered which the Issuer may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 9.3 Deposit of Money or Securities with Trustee. Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may

include money or securities held by the Trustee in the Funds established pursuant to this Indenture (exclusive of the Program Fund and the Rebate Fund to the extent of the Rebate Amount) and shall be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as in Article III provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the redemption price of such Bonds and all unpaid interest thereon to the redemption date; or

(b) noncallable Investment Securities described in clauses (ii) or (iii) of the definition thereof in Section 1.2 hereof and which are not redeemable in advance of their maturity at the option of the issuer thereof or any other Person (other than the holder thereof) the principal of and interest on which when due will provide money sufficient to pay the principal amount or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal amount or redemption price and interest become due; provided that in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article III provided or provision satisfactory to the Trustee shall have been made for the giving of such notice; provided further that in each case, that the Trustee shall have been irrevocably instructed (by the terms of this Indenture or by request of the Issuer) to apply such money to the payment of such principal amount or redemption price and interest with respect to such Bonds; provided further that any such advance deposit shall be accompanied by a report of an Independent Certified Public Accountant verifying the mathematical computations of the adequacy of the maturing principal and interest on the escrowed securities and uninvested cash in the escrow account to pay, when due, the principal of and interest on the Bonds.

Section 9.4 Payment of Bonds After Discharge of Indenture. Any moneys deposited with and set aside by the Trustee for the payment of Bonds shall be held by the Trustee uninvested, without liability for interest thereon, as a separate trust fund for the account of the respective holders of Bonds to be redeemed or otherwise paid. Notwithstanding any provisions of this Indenture, any moneys held by the Trustee in trust for the payment of the principal amount or redemption price of, or interest on, any Bonds and remaining unclaimed for three years after the principal amount or redemption price of all the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in this Indenture), if such moneys were so held at such date, or three years after the date of deposit of such moneys if deposited after said date when all the Bonds became due and payable, shall be reported and disposed of by the Trustee in accordance with the applicable unclaimed property laws.

ARTICLE X. MISCELLANEOUS

Section 10.1 Successor is Deemed Included in All References to Predecessor. Whenever in this Indenture either the Issuer or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Issuer or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 10.2 Limitation of Rights to Parties and Owners. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any Person other than the Issuer, the Trustee, and the Owners of the Bonds, any legal or equitable right, remedy, or claim under or in respect of this Indenture or any covenant, condition, or provision therein or herein contained; and all such

covenants, conditions, and provisions are and shall be held to be for the sole and exclusive benefit of the Issuer, the Trustee, and the Owners of the Bonds.

Section 10.3 Waiver of Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 10.4 Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal, or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality, or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

Section 10.5 Notices. Any notice, request, complaint, demand, communication, or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, or sent by telegram or facsimile, addressed to the appropriate Notice Address. The Issuer and the Trustee may, by notice given hereunder designate any further or different addresses to which subsequent notices, certificates, or other communications shall be sent. Notwithstanding the foregoing, notices to the Trustee shall be effective only upon receipt.

Section 10.6 Evidence of Rights of Owners. Any request, consent, or other instrument required or permitted by this Indenture to be signed and executed by Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Owners in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the Issuer if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent, or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and of every Bond issued upon transfer thereof, in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Issuer in accordance therewith or reliance thereon.

Section 10.7 Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the Issuer, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Issuer, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Issuer. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Section 10.8 Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, principal amount or redemption price due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto without liability for interest, subject, however, to the provisions of Section 9.4 hereof.

Section 10.9 Funds. Any Fund required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee as a Fund and may, for the purposes of such records, any audits thereof, and any reports or statements with respect thereto, be treated as such a Fund; but all such records with respect to all such Funds shall at all times be maintained in accordance with generally accepted industry practice, and with due regard for the requirements of Section 5.6 hereof and for the protection of the security of the Bonds and the rights of every Owner thereof.

Section 10.10 Personal Liability. No covenant or agreement contained in the Bonds or in this Indenture shall be deemed to be the covenant or agreement of any member of the Board of Directors of the Issuer or the Trustee or any incorporator, officer, agent, employee, or representative of the Issuer or the Trustee in his individual capacity, and neither the directors, incorporators, officers, agents, employees or representatives of the Issuer or the Trustee nor any person executing the Bonds shall be personally liable thereon or be subject to any personal liability or accountability by reason of the issuance thereof, whether by virtue of any constitutional provision, statute, or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of this Indenture and the issuance of the Bonds.

Section 10.11 Execution in Several Counterparts. The Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts, or as many of them as the Issuer and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 10.12 Payments Other Than on a Business Day. Any payments required to be made or any other action required to be taken pursuant to this Indenture which are otherwise required to be taken on a day which is not a Business Day, shall be made or taken on the next succeeding day which is a Business Day. With respect to any payment so made, no interest shall accrue for the period between such nominal date and the date of payment.

Section 10.13 Governing Law. This Indenture shall be construed under, and governed by, the laws of the State.

IN WITNESS WHEREOF, the Texas State Affordable Housing Corporation has caused this Indenture to be signed in its name by its duly authorized officer, and the Trustee in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its duly authorized officer, as of the day and year first above written.

TEXAS STATE AFFORDABLE HOUSING
CORPORATION

By: _____
President

COMPUTERSHARE TRUST COMPANY, N.A., as
Trustee

By: _____
Authorized Officer

EXHIBIT A
FORM OF BOND

THE FOLLOWING TWO PARAGRAPHS ARE TO BE DELETED IF BOND IS NOT BOOK-ENTRY ONLY:

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

As provided in the Indenture referred to herein, until the termination of the system of book-entry only transfers through DTC, and notwithstanding any other provision of the Indenture to the contrary, this Bond may be transferred, in whole but not in part, only to a nominee of DTC, or by a nominee of DTC to DTC or a nominee of DTC, or by DTC or a nominee of DTC to any successor securities depository or any nominee thereof.

THE ORIGINAL PRINCIPAL AMOUNT OF THIS BOND IS SUBJECT TO REDUCTION AS DESCRIBED HEREIN. THE CURRENT PRINCIPAL AMOUNT OUTSTANDING AND UNPAID WILL BE REFLECTED IN THE RECORDS OF THE TRUSTEE AND MUST BE REVIEWED TO DETERMINE THE PRINCIPAL OUTSTANDING AS OF ANY PARTICULAR DATE.

THE UNITED STATES OF AMERICA
No.: _____ STATE OF TEXAS \$ _____

TEXAS STATE AFFORDABLE HOUSING CORPORATION
SINGLE FAMILY MORTGAGE REVENUE BOND
SERIES 2023A (NON-AMT)

Registered Owner:

Principal Amount:

Maturity Date:	Dated Date:	Interest Rate:	CUSIP:
_____ 1, 20__	February 1, 2023	_____%	88271H ____

The Texas State Affordable Housing Corporation (the “Issuer”), a public nonprofit corporation organized under the laws of the State of Texas (the “State”), for value received, promises to pay (but only out of the revenues and other assets pledged therefor) to the Registered Owner identified above, or registered assigns, on the Maturity Date specified above (subject to any right of prior redemption hereinafter mentioned), the Principal Amount specified above and to pay interest thereon at the Interest Rate specified above (on a per annum basis), solely from said revenues and assets, from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond, unless (i) this Bond is authenticated on or before the first Interest Payment Date, in which event it shall bear interest from the Issuance Date (as defined in the Indenture hereinafter referred to) or (ii) unless this Bond is authenticated after the Record Date (as defined below) with respect to an Interest Payment Date and on or before such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, until payment

of such Principal Amount shall be discharged as provided in the Indenture hereinafter mentioned, at the applicable interest rate specified above, payable on _____ 1 and _____ 1, commencing with the _____ 1 or _____ 1 following the Issuance Date (each, an “Interest Payment Date”).

The principal of and interest on this Bond are payable in lawful money of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts. The principal amount hereof and the interest hereon is payable by check of Computershare Trust Company, N.A., the “Trustee”) mailed on the Interest Payment Date to the person in whose name this Bond is registered at the close of business on the twenty-fifth day of the month preceding an Interest Payment Date (the “Record Date”), whether or not such day is a Business Day (as defined in the Indenture) at such person’s address as it appears on the registration books of the Trustee; provided, however, that payment of such interest shall be made by wire transfer to the Registered Owner of any Bonds in an aggregate principal amount of at least \$1,000,000, at the risk and expense of such Registered Owner (except as provided in the Indenture), if such Registered Owner shall have requested in writing payment by such method and shall have provided the Trustee with an account number and other necessary information for such purpose at least five Business Days before the applicable Record Date; and provided further that the final payment of principal will be made only on surrender hereof at the designated corporate trust office of the Trustee.

THE STATE OF TEXAS IS NOT OBLIGATED TO PAY THE PRINCIPAL OF OR ANY PREMIUM OR INTEREST ON THE BONDS OR OTHER OBLIGATIONS AND THAT THE FULL FAITH AND CREDIT AND THE TAXING POWER OF THE STATE OF TEXAS ARE NOT PLEDGED, GIVEN OR LOANED TO THE PAYMENT OF THE BONDS.

This Bond is one of a duly authorized issue of Texas State Affordable Housing Corporation Single Family Mortgage Revenue Bonds, Series 2023A (the “Bonds”). The Bonds are issued in the original aggregate principal amount of \$60,000,000. The Bonds are issued under and equally and ratably secured by and entitled to the protection of a Trust Indenture dated as of February 1, 2023 (which Indenture, as from time to time amended and supplemented, is hereinafter referred to as the “Indenture”), duly executed and delivered by the Issuer to the Trustee, for the purpose of providing funds for the purchase of mortgage-backed certificates guaranteed by GNMA (the “GNMA Certificates”) representing undivided interests in mortgage loans (the “Mortgage Loans”) made to finance the purchase of qualified single family residences by eligible borrowers in the State of Texas. The Mortgage Loans are to be originated by certain mortgage lending institutions (the “Lenders”) pursuant to a Mortgage Origination Agreement between each Lender and the Issuer. Pursuant to the Indenture, the Issuer will assign and pledge the GNMA Certificates and the proceeds thereof (except the Issuer’s Excess Interest Portion) to the Trustee to secure payment of the principal of and interest on the Bonds. Reference is hereby made to the Indenture for a description of the rights, duties, and obligations of the Issuer, the Trustee and the owners of the Bonds and the terms and conditions upon which the Bonds will be deemed to be paid, at or prior to the Maturity Date, upon the making of provision for the payment thereof in the manner set forth in the Indenture. Capitalized terms used herein and not otherwise defined herein have the meanings assigned to them in the Indenture.

(1) (1) The Bonds are subject to mandatory redemption, in whole or in part, from unexpended moneys in the Program Fund, on the date or dates set forth in the Indenture, at the redemption prices set forth in the Indenture, plus accrued interest to the redemption date.

(2) The Bonds are subject to mandatory redemption, in whole or in part on the first day of each month, from moneys deposited in the Redemption Fund as described in the Indenture, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date.

(3) The Bonds are subject to optional redemption in whole or in part as described in the Indenture, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date.

(4) The Bonds of certain maturities are subject to mandatory sinking fund redemption as set forth in the Indenture.

In the event of a redemption in part, the Bonds to be redeemed will be selected in accordance with the procedures set forth in the Indenture. The Issuer has the option to purchase Bonds in lieu of redemption, as described in the Indenture.

Notice of redemption is required to be mailed not less than 20 days (5 days in the case of a redemption under clause (1)) and not more than 60 days prior to the redemption date, in each case to the owners of any Bonds, or portions thereof, designated for redemption at their addresses appearing on the registration books of the Trustee; provided that if Cede & Co. is the registered owner of this Bond, notice of redemption is required to be given to DTC by such method as required by DTC. Neither the failure of an owner to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds; and neither the failure to mail such notice to a particular owner nor any defect in any notice so mailed shall affect the sufficiency of any of the proceedings for the redemption of any Bonds.

The registration of this Bond is transferable by the owner hereof or by his attorney duly authorized in writing at the Operations Office (as defined in the Indenture) of the Trustee but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture.

The Issuer and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

The Bonds are issuable in the form of fully registered Bonds without coupons in the denomination of \$5,000 or any integral multiple thereof. The Issuer and the Trustee shall not be required to register the transfer of or exchange any Bond during the period between the Record Date and the next Interest Payment Date or during the three days next preceding any date established by the Trustee for the selection of Bonds for redemption nor to register the transfer of or exchange any Bonds selected or called for redemption in whole or in part after the call for redemption and prior to the redemption date.

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the owners of the Bonds at any time by the Issuer with consent of the owners of a majority in aggregate principal amount of the Bonds Outstanding. Any such consent or waiver by the owner of this Bond shall be conclusive and binding upon such owner and upon all future owners of this Bond and of any Bond issued upon registration of the transfer of or exchange of this Bond, whether or not notation of such consent or waiver is made upon this Bond. The Indenture also contains provisions permitting the Trustee to waive certain past defaults under the Indenture and their consequences.

This Bond shall not be valid or obligatory for any purpose or be entitled to any benefit under the Indenture unless this Bond either (a) is registered by the Comptroller of Public Accounts of the State of Texas as evidenced by execution of the registration certificate endorsed hereon or (b) is authenticated by the Trustee by the due execution of the Trustee's certificate endorsed hereon.

It is hereby certified, recited, and represented that the issuance of this Bond and the series of Bonds of which it is a part is duly authorized by law; that all acts, conditions, and things required to exist and to be done precedent to and in the issuance of this Bond and the series of Bonds to render the same lawful and valid have been properly done and performed and have happened in regular and due time, form, and manner as required by law; that all acts, conditions, and things necessary to be done or performed by the Issuer or to have happened precedent to or in the execution and delivery of the Indenture and the Agreements have been done and performed and have happened in regular and due form as required by law; and that due provision has been made for the payment of the principal of, premium, if any, and interest on this Bond and the series of Bonds of which it is a part by irrevocably pledging the revenues and assets as described in the Indenture.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its President and attested by the manual or facsimile signature of its Secretary or Assistant Secretary.

TEXAS STATE AFFORDABLE HOUSING
CORPORATION

By: _____
President

Attest:

[Secretary] [Assistant Secretary]

[Form of Certificate of Authentication to appear on each
Bond other than the initial Bonds numbered T-1 and upwards]

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the issue referred to in the Indenture described herein.

Date of Authentication:

COMPUTERSHARE TRUST COMPANY, N.A., as
Trustee

By: _____
Authorized Officer

[Form of Comptroller's Registration Certificate to be attached
only to the initial Bonds numbered T-1 and upwards]

COMPTROLLER'S REGISTRATION CERTIFICATE

REGISTER NO. _____

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this _____.

Comptroller of Public Accounts of the
State of Texas

(COMPTROLLER'S SEAL)

[Form of Assignment]

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto

Please Insert Social Security or
Other Identifying Number of Assignee
/ _____/

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____ to transfer said Bond on the books kept for registration thereof with full power of substitution in the premises.

Date: _____

Signature Guaranteed: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever; and

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guarantee program.

The Initial Bond shall be in the form set forth above, except for the following alterations:

(i) immediately under the name of the Bond the heading "INTEREST RATE" and "MATURITY DATE" shall both be completed with the expression "As Shown Below," and the reference to the "CUSIP NUMBER" shall be deleted;

(ii) in the first paragraph of the Bond, the words "on the Maturity Date specified above" shall be deleted and the following will be inserted: "on each of the dates, in the principal amounts and bearing interest at the per annum rates set forth in the following schedule:

<u>Maturity Date</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>
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(information to be completed from Section 2.2 of the Indenture)

EXHIBIT B
TABLE OF OUTSTANDING BOND AMOUNTS[†]

Date	100% PSA Outstanding Bond Amount for Premium PAC Bonds (\$)	400% PSA Outstanding Bond Amount for All Bonds (\$)
3/28/2023		60,000,000
4/1/2023		
5/1/2023		
6/1/2023		
7/1/2023		
8/1/2023		
9/1/2023		
10/1/2023		
11/1/2023		
12/1/2023		
1/1/2024		
2/1/2024		
3/1/2024		
4/1/2024		
5/1/2024		
6/1/2024		
7/1/2024		
8/1/2024		
9/1/2024		
10/1/2024		
11/1/2024		
12/1/2024		
1/1/2025		
2/1/2025		
3/1/2025		
4/1/2025		
5/1/2025		
6/1/2025		
7/1/2025		
8/1/2025		
9/1/2025		
10/1/2025		
11/1/2025		
12/1/2025		
1/1/2026		
2/1/2026		
3/1/2026		
4/1/2026		

[†] The Outstanding Bond Amounts in each column are subject to reduction if Bonds are subject to mandatory redemption due to failure to purchase GNMA Certificates from moneys in the Program Fund.

Date	100% PSA Outstanding Bond Amount for Premium PAC Bonds (\$)	400% PSA Outstanding Bond Amount for All Bonds (\$)
5/1/2026		
6/1/2026		
7/1/2026		
8/1/2026		
9/1/2026		
10/1/2026		
11/1/2026		
12/1/2026		
1/1/2027		
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10/1/2029		
11/1/2029		
12/1/2029		
1/1/2030		

Date	100% PSA Outstanding Bond Amount for Premium PAC Bonds (\$)	400% PSA Outstanding Bond Amount for All Bonds (\$)
2/1/2030		
3/1/2030		
4/1/2030		
5/1/2030		
6/1/2030		
7/1/2030		
8/1/2030		
9/1/2030		
10/1/2030		
11/1/2030		
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7/1/2033		
8/1/2033		
9/1/2033		
10/1/2033		

Date	100% PSA Outstanding Bond Amount for Premium PAC Bonds (\$)	400% PSA Outstanding Bond Amount for All Bonds (\$)
11/1/2033		
12/1/2033		
1/1/2034		
2/1/2034		
3/1/2034		
4/1/2034		
5/1/2034		
6/1/2034		
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2/1/2037		
3/1/2037		
4/1/2037		
5/1/2037		
6/1/2037		
7/1/2037		

Date	100% PSA Outstanding Bond Amount for Premium PAC Bonds (\$)	400% PSA Outstanding Bond Amount for All Bonds (\$)
8/1/2037		
9/1/2037		
10/1/2037		
11/1/2037	0	0
12/1/2037		
1/1/2038		
2/1/2038		
3/1/2038		

OFFICIAL STATEMENT RELATING TO:

\$60,000,000

TEXAS STATE AFFORDABLE HOUSING CORPORATION
Single Family Mortgage Revenue Bonds
Series 2023A (Non-AMT)

NEW ISSUE—BOOK ENTRY ONLY

Rating: Moody's "Aa1"
(See "Rating")

Under applicable law, subject to continuing compliance by the Issuer and others with certain covenants in the Agreements and the Indenture and related financing documents, and in reliance upon representations and conclusions in certificates, studies and reports of the Issuer and certain other participants in the financing, interest on the Bonds is not includable in gross income of the owners thereof for federal income tax purposes, and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. However, for tax years beginning after December 31, 2022, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under section 55 of the Code. See "Tax Matters."

\$60,000,000*

TEXAS STATE AFFORDABLE HOUSING CORPORATION

Single Family Mortgage Revenue Bonds

Series 2023A (Non-AMT)

Dated: February 1, 2023 (Interest Accrues from Delivery Date)

Due: See Inside Front Cover

The above-captioned bonds (the "Bonds") will be issued in book-entry, fully registered form in denominations of \$5,000 principal amount or any integral multiple thereof. The Bonds will bear interest from the dated date to their maturity date or prior redemption date at the rates set forth herein and will be payable on each March 1 and September 1, commencing September 1, 2023, by Computershare Trust Company, National Association, as trustee (the "Trustee"), to Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. See "The Bonds—Payment, Transfer and Exchange."

The Bonds will be issued and secured under the terms of a Trust Indenture dated as of February 1, 2023 (the "Indenture"), between the Texas State Affordable Housing Corporation (the "Issuer") and the Trustee. The Bonds will be issued to make funds available to finance qualifying mortgage loans for single family residences located in the State of Texas through the purchase by the Trustee on behalf of the Issuer of fully-modified mortgage-backed securities (the "Certificates"). The Certificates will be guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("GNMA"). See "Introduction" and "Security for the Bonds."

The Bonds are subject to redemption prior to maturity as described herein. It is expected that the Bonds of each maturity will be redeemed prior to the stated maturity date thereof. See "The Bonds—Redemption of Bonds" and "Structuring Assumptions and Risks."

The Bonds are special, limited obligations of the Issuer, payable solely out of the revenues, receipts and security pledged therefor under the Indenture. The Bonds do not constitute a general obligation or indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation. The Bonds do not constitute a debt or obligation of the State of Texas, or any political subdivision, agency or instrumentality thereof, and shall not constitute a lien on or pledge of any property of the Issuer except as provided in the Indenture. The Issuer has no taxing power. The Bonds are not obligations of, or guaranteed by, the United States of America, GNMA, or any other agency of the United States of America.

The Bonds are offered, when, as and if issued, subject to the approval by the Issuer, and the approval of certain legal matters by the Attorney General of the State of Texas, and Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel. CSG Advisors will act as financial advisor to the Issuer in connection with the issuance of the Bonds. Certain legal matters will be passed upon for the Issuer by Ballard Spahr LLP, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Chapman and Cutler LLP. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about February [____], 2023.

RAYMOND JAMES

February [____], 2023

* Subject to change.

MATURITY SCHEDULE*

\$60,000,000

TEXAS STATE AFFORDABLE HOUSING CORPORATION

Single Family Mortgage Revenue Bonds

Series 2023A (Non-AMT)

\$[] Principal Amount of Serial Bonds (Price of Each Maturity: 100%)

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP[†]</u>
September 1, 2024	\$	____%	88271H ____
March 1, 2025			88271H
September 1, 2025			88271H
March 1, 2026			88271H
September 1, 2026			88271H
March 1, 2027			88271H
September 1, 2027			88271H
March 1, 2028			88271H
September 1, 2028			88271H
March 1, 2029			88271H
September 1, 2029			88271H
March 1, 2030			88271H
September 1, 2030			88271H
March 1, 2031			88271H
September 1, 2031			88271H
March 1, 2032			88271H
September 1, 2032			88271H
March 1, 2033			88271H
September 1, 2033			88271H
March 1, 2034			88271H
September 1, 2034			88271H
March 1, 2035			88271H

\$[] Principal Amount of Term Bonds

\$[] ____% Term Bonds Due March 1, 2038 (Price: 100%) (CUSIP: 88271H ____[†])

\$[] ____% Premium Term Bonds Due March 1, 2043 (Price: ____%) (CUSIP: 88271H ____[†])

\$[] ____% Premium Term Bonds Due March 1, 2048 (Price: ____%) (CUSIP: 88271H ____[†])

\$[] ____% Premium Term Bonds Due March 1, 2053 (Price: ____%) (CUSIP: 88271H ____[†])

\$[] ____% Premium PAC Bonds Due March 1, 2054 (Price: ____%) (CUSIP: 88271H ____[†])

* Subject to change.

[†] Neither the Issuer nor the Underwriter takes responsibility for the accuracy of the CUSIP numbers, which are being provided solely for the convenience of the owners of the Bonds.

No broker, salesman or other person has been authorized by the Issuer to give any information or to make any representations, other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein by the Issuer has been obtained from sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture and the provisions with respect thereto included in the aforesaid documents and agreements. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the information or opinions set forth herein after the date of this Official Statement.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF ANY JURISDICTION IN WHICH THESE SECURITIES HAVE BEEN QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

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\$60,000,000*
TEXAS STATE AFFORDABLE HOUSING CORPORATION
Single Family Mortgage Revenue Bonds
Series 2023A (Non-AMT)

INTRODUCTION

This Official Statement (including the cover page and appendices) sets forth certain information relating to the sale and issuance by the Texas State Affordable Housing Corporation (the “Issuer”) of its \$60,000,000* aggregate principal amount of Single Family Mortgage Revenue Bonds, Series 2023A (Non-AMT) (the “Bonds”). The Bonds will be issued pursuant to Subchapter Y of Chapter 2306 of the Texas Government Code, as amended (the “Act”), and one or more resolutions adopted by the Issuer. The Bonds will be issued and secured under a Trust Indenture dated as of February 1, 2023 (the “Indenture”), between the Issuer and Computershare Trust Company, National Association, as trustee (the “Trustee”). Certain provisions of the Indenture are summarized below in “Flow of Funds” and “The Indenture.” Capitalized terms used in this Official Statement and not otherwise defined are defined in “Appendix A—Definitions.”

The Bonds are subject to redemption prior to maturity as described herein. Purchasers of Bonds (and particularly the purchasers of the Premium PAC Bond and the Premium Term Bonds) should understand that the Bonds are subject to mandatory redemption at 100% of the principal amount thereof, plus accrued interest, under the circumstances described herein. See “The Bonds—Redemption of Bonds” and “Structuring Assumptions and Risks.”

Under the Issuer’s single family mortgage loan program (the “Program”), the Issuer is permitted to issue the Bonds to finance single family mortgage loans to certain borrowers whose annual income does not exceed 80% of the greater of the state or local median family income. Further, to qualify for a mortgage loan, the borrowers must also meet all the requirements of the Act, Section 143 of the Internal Revenue Code of 1986, as amended (the “Code”), and the Issuer. See “The Program” for a detailed description of these requirements.

The Mortgage Loans will be originated under the Program by participating lenders (each a “Lender” and collectively the “Lenders”) pursuant to the terms of a Mortgage Origination Agreement between each Lender and the Issuer (each a “Lender Agreement” and collectively the “Lender Agreements”), the Program Guidelines and other Program Documents. The Mortgage Loans are required to meet all Program requirements, which include the requirement that each Mortgage Loan be (i) insured by the Federal Housing Administration (“FHA”), pursuant to the National Housing Act, as amended, (ii) guaranteed by the Department of Veterans Affairs (“VA”), pursuant to the Servicemen’s Readjustment Act of 1944, as amended, or (iii) guaranteed by the Rural Housing Service of the United States Department of Agriculture (“USDA-RHS”), pursuant to the Cranston-Gonzalez National Affordable Housing Act of 1990, as amended. After origination, the Lenders will sell the Mortgage Loans on a servicing-released basis to the Servicer (as defined below).

The Lenders and the Issuer will review the Mortgage Loans and the borrowers, and other matters as necessary to determine compliance with the requirements of the Program, as more fully set forth in the Lender Agreements and the Program Guidelines. The Issuer will act as compliance agent for the Program.

The servicer under the Program is Lakeview Loan Servicing, LLC (the “Servicer”). Pursuant to the terms of a Servicing and Sale Agreement dated as of February 1, 2019, as amended, between the Issuer and

* Subject to change.

Servicer (the “Servicing Agreement”), the Servicer will purchase the Mortgage Loans from the Lenders, and pool the Mortgage Loans into pass-through certificates (the “GNMA Certificates”) backed by Mortgage Loans and guaranteed as to timely payment of principal and interest by the Government National Mortgage Association (“GNMA”), and issued by the Servicer. The Servicer will service all of the Mortgage Loans. The Servicer is a GNMA-approved servicer of FHA-insured, VA-guaranteed and USDA-RHS-guaranteed mortgage loans, and an authorized issuer of GNMA Certificates.

Following issuance of the GNMA Certificates, the Servicer will sell the GNMA Certificates to the Trustee. The GNMA Certificates will be pledged under the Indenture to provide for the payment of the principal of and interest on the Bonds. See “Security for the Bonds.”

Brief descriptions of the Issuer, the Bonds, the GNMA mortgage-backed certificate program, the Program, together with summaries of certain provisions of the Indenture, and the Agreements, follow in this Official Statement. All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture and the provisions with respect thereto included in the aforesaid documents and agreements.

THE ISSUER

Texas State Affordable Housing Corporation was incorporated in May 1994 under the Texas Non-Profit Corporation Act, Article 1396-1.01 et seq., Vernon’s Annotated Texas Civil Statutes, as amended (now codified as V.T.C.A. Business Organizations Code, Chapter 22, as amended). The Issuer is a public non-profit corporation created by statute. The members of the Board of Directors are appointed by the Governor of the State, with the advice and consent of the State Senate. The Issuer is subject to significant state oversight, including audit by the State Auditor and debt issuance review and approval by the Texas Bond Review Board. The enabling legislation for the Issuer, as amended, may be found at Texas Government Code, Chapter 2306, Subchapter Y, Sections 2306.551 et seq.

The Issuer is governed by a Board of Directors with five members. The current members of the Board of Directors are:

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
William H. Dietz, Jr.	Chairperson	February 1, 2025
Valerie Vargas Cardenas	Vice Chairperson	February 1, 2025
Courtney Johnson-Rose	Director	February 1, 2027
Andy Williams	Director	February 1, 2023
Lemuel Williams	Director	February 1, 2027

David Long serves as President of the Issuer. Mr. Long has been employed by the Issuer since October 2001. Janie Taylor serves as Executive Vice President of the Issuer. Ms. Taylor has been employed by the Issuer since August 2006. Melinda Smith serves as Chief Financial Officer of the Issuer and has been employed by the Issuer since August 2001. Rebecca DeLeon serves as Acting Corporate Secretary of the Issuer and has been employed by the Issuer since March 2018.

The Issuer is organized, operated and administered in accordance with the Issuer’s enabling legislation. The Issuer has received a determination letter from the Internal Revenue Service recognizing the Issuer as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). The Issuer’s Articles of Incorporation provide, among other things, that the public purpose of the Issuer is to perform such activities and services that the Issuer’s Board of Directors determines will promote the public health, safety and welfare through the provision of adequate, safe and

sanitary housing primarily for individuals and families of low, very low and extremely low income, including single family mortgage revenue bond programs such as the program described herein. See “The Program.”

The Bonds are special, limited obligations of the Issuer, payable solely out of the revenues, receipts, and security pledged therefor under the Indenture. The Bonds do not constitute a general obligation or indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation. The Bonds do not constitute a debt or obligation of the State of Texas, or any political subdivision, agency or instrumentality thereof, and shall not constitute a lien on or pledge of any property of the Issuer except as provided in the Indenture. The Issuer has no taxing power. The Bonds are not obligations of, or guaranteed by, GNMA.

Like virtually all Texas state agencies, the Issuer is subject to the Texas Sunset Act (Chapter 325, Texas Government Code, as amended) and is subject to “sunset” (abolishment) on September 1, 2027. If sunset were to occur, the Texas Sunset Act provides for the continued payment of the Issuer’s bonds in accordance with their terms and the designation of an appropriate state agency to carry out all covenants with respect to such bonds.

THE BONDS

General

The Bonds will be issued in fully registered, book-entry form in denominations of \$5,000 principal amount or any integral multiple thereof. Interest on the Bonds will be payable on each March 1 and September 1, commencing September 1, 2023 (each an “Interest Payment Date”).

Interest on the Bonds will be calculated on a 30/360 basis and any interest due on an Interest Payment Date which is not a Business Day will be paid on the next succeeding Business Day (but interest will only accrue to the first calendar day of the month).

Book-Entry Only System

The Bonds will be issued in book-entry only form through The Depository Trust Company (“DTC”). Payments with respect to the Bonds will be made by the Trustee to DTC only. A description of certain provisions relating to the DTC book-entry system is set forth in Appendix B.

Payment, Transfer and Exchange

The following provisions apply only if the Bonds are converted from book-entry to certificated form.

Principal of the Bonds and interest on the Bonds will be payable by check of the Trustee mailed on the Interest Payment Date thereof to the person or persons in whose name the Bonds are registered on the registration books of the Trustee as of the Record Date with respect to each Interest Payment Date; provided, however, that payment of such interest will be made by wire transfer to any Owner of any Bonds in an aggregate principal amount of at least \$1,000,000 at the risk and expense of the Owner, if such Owner has requested in writing payment by such method and has provided the Trustee with an account number and other necessary information for such purposes at least five Business Days before the applicable Record Date; and provided further that the final payment of principal will be made upon presentation of the Bond at the designated corporate trust office of the Trustee.

The transfer of any Bond is registerable on the bond register maintained by the Trustee upon the surrender of such Bond for cancellation and registration of transfer at the designated corporate trust office of the Trustee, accompanied by a written instrument of transfer in form satisfactory to the Trustee duly executed by the Owner or by his attorney duly authorized in writing, provided, however, that the Trustee is not required to register the transfer of or exchange any Bond during the period between the Record Date and the next Interest Payment Date or during the three days next preceding any date established by the Trustee for the selection of Bonds for redemption nor to register the transfer of or exchange any Bonds called for redemption after the call for redemption and prior to the redemption date.

Redemption of Bonds*

Mandatory Redemption Due to Nonorigination. The Bonds are subject to mandatory redemption in whole or in part on [____ _], 2023 from moneys in the Program Fund that have not been applied to the purchase of GNMA Certificates by [____ _], 2023, at the applicable redemption price set forth below, expressed as a percentage of the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date; provided that the foregoing dates (and the final GNMA Certificate purchase date) may be extended one or more times, at the option of the Issuer, if the conditions set forth in the Indenture are met.

Bond Maturity Date	Redemption Price
Serial Bonds	100.000%
Term Bonds Maturing March 1, 2038	100.000%
Term Bonds Maturing March 1, 2043	_____ %
Term Bonds Maturing March 1, 2048	_____ %
Term Bonds Maturing March 1, 2053	_____ %
Premium PAC Bonds Maturing March 1, 2054	_____ %

Mandatory Redemption from Prepayments and Surplus Revenues. The Bonds are subject to mandatory redemption in whole or in part on the first day of each month, commencing April 1, 2023, from amounts in the Redemption Fund (representing Prepayments from GNMA Certificates and surplus revenues), if amounts in the Redemption Fund exceed \$25,000, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption. The Term Bonds are subject to mandatory sinking fund redemption from amounts deposited in the Principal Fund on the applicable dates, and in the applicable principal amounts, set forth below:

Term Bonds Maturing March 1, 2038			
Redemption Date	Principal Amount	Redemption Date	Principal Amount
September 1, 2035	\$ _____	March 1, 2037	\$ _____
March 1, 2036		September 1, 2037	
September 1, 2036		March 1, 2038 [†]	

* Subject to change.

[†] Maturity Date

Term Bonds Maturing March 1, 2043			
Redemption Date	Principal Amount	Redemption Date	Principal Amount
September 1, 2039	\$ _____	September 1, 2041	\$ _____
March 1, 2040		March 1, 2042	
September 1, 2040		September 1, 2042	
March 1, 2041		March 1, 2043 [†]	

Term Bonds Maturing March 1, 2048			
Redemption Date	Principal Amount	Redemption Date	Principal Amount
September 1, 2044	\$ _____	September 1, 2046	\$ _____
March 1, 2045		March 1, 2047	
September 1, 2045		September 1, 2047	
March 1, 2046		March 1, 2048 [†]	

[Remainder of Page Intentionally Left Blank]

[†] Maturity Date

Term Bonds Maturing March 1, 2053			
Redemption Date	Principal Amount	Redemption Date	Principal Amount
September 1, 2048	\$_____	March 1, 2051	\$_____
March 1, 2049		September 1, 2051	
September 1, 2049		March 1, 2052	
March 1, 2050		September 1, 2052	
September 1, 2050		March 1, 2053 [†]	

Premium PAC Bonds (Term Bonds Maturing March 1, 2054)			
Redemption Date	Principal Amount	Redemption Date	Principal Amount
September 1, 2024	\$_____	September 1, 2039	\$_____
March 1, 2025		March 1, 2040	
September 1, 2025		September 1, 2040	
March 1, 2026		March 1, 2041	
September 1, 2026		September 1, 2041	
March 1, 2027		March 1, 2042	
September 1, 2027		September 1, 2042	
March 1, 2028		March 1, 2043	
September 1, 2028		September 1, 2043	
March 1, 2029		March 1, 2044	
September 1, 2029		September 1, 2044	
March 1, 2030		March 1, 2045	
September 1, 2030		September 1, 2045	
March 1, 2031		March 1, 2046	
September 1, 2031		September 1, 2046	
March 1, 2032		March 1, 2047	
September 1, 2032		September 1, 2047	
March 1, 2033		March 1, 2048	
September 1, 2033		September 1, 2048	
March 1, 2034		March 1, 2049	
September 1, 2034		September 1, 2049	
March 1, 2035		March 1, 2050	
September 1, 2035		September 1, 2050	
March 1, 2036		March 1, 2051	
September 1, 2036		September 1, 2051	
March 1, 2037		March 1, 2052	
September 1, 2037		September 1, 2052	
March 1, 2038		March 1, 2053	
September 1, 2038		September 1, 2053	
March 1, 2039		March 1, 2054 [†]	

If Term Bonds are subject to redemption in part (other than by mandatory sinking fund redemption) or purchased in part, for each maturity of Term Bonds: (i) for any redemption in part due to unexpended moneys in the Program Fund, the sinking fund payments shall be reduced on a pro-rata basis; and (ii) for

[†] Maturity Date

optional redemption in part or mandatory redemption in part from Prepayments and surplus revenues in part, or for purchases in part: (a) for the Premium PAC Bonds, sinking fund payments shall be reduced in chronological order, and (b) for all other Term Bonds, sinking fund payments shall be reduced on a pro-rata basis.

Optional Redemption. The Bonds are subject to redemption, at the option of the Issuer, on or after March 1, 2033*, in whole or in part on any date, at a Redemption Price equal to 100% of the principal amount of the Bonds to be so redeemed, together with accrued interest, if any, to the date of redemption from any source (provided that such moneys are not, as established by an opinion of nationally recognized bankruptcy counsel selected by the Issuer and acceptable to the Trustee, recoverable as preferences under the United States Bankruptcy Code).

The Issuer is permitted to direct the Trustee to sell the GNMA Certificates and redeem the Bonds, in whole or in part, but such redemption must be undertaken as an optional redemption of the Bonds as described above, and the conditions of the Indenture must be met, including, if such redemption is in part, that the rating on the remaining outstanding Bonds be confirmed by the Rating Agency.

Selection of Bonds for Redemption

Selection Procedure for Mandatory Redemption Due to Nonorigination. If Bonds are subject to mandatory redemption due to nonorigination in part from unexpended moneys in the Program Fund, such moneys will be applied to redeem Bonds (including Premium PAC Bonds) on a pro rata basis.

Selection Procedure for Mandatory Redemption from Prepayments and Surplus Revenues. Amounts deposited in the Redemption Fund (representing Prepayments with respect to the GNMA Certificates and surplus revenues) shall be applied to redeem Bonds in the following order of priority:

FIRST, such amounts shall be applied to redeem the Premium PAC Bonds down to the 100% PSA Outstanding Bond Amount for Premium PAC Bonds;

SECOND, after applying the amounts as described in clause FIRST above, and until the outstanding principal amount of all Bonds has been reduced to the applicable 400% PSA Outstanding Bond Amount for All Bonds, any remaining amounts shall be applied to redeem all Bonds, except the Premium PAC Bonds, on a pro rata basis; provided that all amounts so allocable to the redemption of the Term Bonds shall be applied (i) first to redeem the Term Bonds maturing March 1, 2038*, until such Bonds are no longer Outstanding, and (ii) second, to redeem all other Term Bonds on a pro rata basis; and

THIRD, after applying the amounts as described in clauses FIRST and SECOND above, any remaining amounts shall be applied to redeem all Bonds, including the Premium PAC Bonds, on a pro rata basis; provided that all amounts so allocable to the redemption of the Term Bonds shall be applied (i) first to redeem the Term Bonds maturing March 1, 2038*, until such Bonds are no longer Outstanding, and (ii) second, to redeem all other Term Bonds on a pro rata basis.

The applicable “100% PSA Outstanding Bond Amount for Premium PAC Bonds” is the amount set forth in the second column of Appendix D for the Interest Payment Date on which the redemption of Premium PAC Bonds could occur. The amounts in the column for each Interest Payment Date have been calculated based on the principal amount of Premium PAC Bonds projected to remain outstanding, after taking into account scheduled principal payments and projected redemptions (including monthly

* Subject to change.

redemptions) of Premium PAC Bonds from Prepayments and surplus revenues. The projected Outstanding Bond Amounts are based on various assumptions, including (i) the assumptions stated under “Structuring Assumptions and Risks,” (ii) an expected purchase schedule for the GNMA Certificates, and (iii) Prepayments and surplus revenues resulting from a constant 100% PSA prepayment rate. See generally “Structuring Assumptions and Risks.”

The applicable “400% PSA Outstanding Bond Amount for All Bonds” is the amount set forth in the third column of Appendix D for the Interest Payment Date on which the redemption of the Bonds could occur. The amounts in the column for each such date have been calculated based on the principal amount of all Bonds (including Premium PAC Bonds) projected to be outstanding, after taking into account scheduled principal payments and projected redemptions (including monthly redemptions) of Bonds from Prepayments and surplus revenues. The projected Outstanding Bond Amounts are based on various assumptions, including (i) the assumptions stated under “Structuring Assumptions and Risks,” (ii) an expected purchase schedule for the GNMA Certificates, and (iii) Prepayments with respect to the GNMA Certificates and surplus revenues resulting from a constant 400% PSA prepayment rate. See generally “Structuring Assumptions and Risks.”

The Outstanding Bond Amounts in Appendix D are subject to reduction if Bonds are subject to mandatory redemption (as described above) from unexpended moneys in the Program Fund. In such case, the amounts in the table shall be reduced, on a pro rata basis, by the principal amount of Bonds so redeemed. In addition, the Bonds are subject to redemption on a monthly basis from amounts in the Redemption Fund as described above (see “The Bonds—Redemption of Bonds—Mandatory Redemption from Prepayments and Surplus Revenues”), and the Indenture sets forth the Outstanding Bond Amounts as of the first day of each month.

Selection Procedure for Optional Redemption. If Bonds are subject to optional redemption in part, the Bonds to be redeemed shall be selected on a pro rata basis.

Other Selection Provisions. Bonds (or portions thereof) shall be redeemed in a principal amount equal to \$5,000 or any integral multiple thereof, with each \$5,000 of principal amount to be redeemed considered as one Bond. For purposes of determining Bonds or portions thereof to be redeemed within a single maturity, Bonds shall be selected by lot in a manner chosen by the Trustee.

If less than all of the Bonds within a maturity are being redeemed, DTC’s current practice is to determine by lot the amount of the interest of each DTC Lender (as hereinafter defined) in such maturity to be called for redemption and each DTC Lender is then to select by lot the ownership interests in such maturity to be redeemed. See “Appendix B—Book Entry Only System” herein.

Notice of Redemption

Notice of redemption of the Bonds shall be sent not less than twenty (20) days prior to the redemption date, except that in the case of a mandatory redemption due to nonorigination, such notice shall be sent not less than five (5) days prior to the redemption date.

Failure to provide any required notice of redemption will not affect the validity of any proceeding for the redemption of any Bond.

Purchase of Bonds in Lieu of Redemption

If at any time Bonds are subject to redemption, in lieu of such redemption the Issuer may direct the Trustee to purchase Bonds which would otherwise be subject to redemption, at a purchase price equal to or

less than the related redemption price. Any such purchase must be completed prior to the time notice would otherwise be required to be given to redeem the Bonds and may not occur, without the consent of the Trustee, after a Record Date. All Bonds so purchased shall be canceled by the Trustee and the face amount of the Bonds so purchased shall be applied as a credit against the Issuer's obligation to redeem such Bonds from such moneys.

Additional Bonds

No additional bonds may be issued under the Indenture.

SOURCES AND USES OF FUNDS*

Upon issuance of the Bonds, the proceeds of the Bonds, together with other money from the sources described below, will be applied as follows:

Sources

Bond Principal	\$60,000,000.00
Bond Premium	
Issuer Funds	
TOTAL	<u>\$</u>

Uses

Program Fund ¹	\$
Capitalized Interest Fund	
Cost of Issuance Fund ²	
TOTAL	<u>\$</u>

¹ Amounts deposited in the Program Fund will be initially invested in Investment Securities; the proceeds of such securities will be used to purchase GNMA Certificates at the GNMA Certificate Sale Price, which includes a premium portion to finance down payment and closing cost assistance for the Mortgages.

² Amounts deposited in the Cost of Issuance Fund will be applied to pay costs of issuance, including, but not limited to, the fees and expenses of the Issuer, the Financial Advisor, the Underwriter, Bond Counsel and Disclosure Counsel, the rating agency fee, the verification fee, the Trustee's initial fees and expenses, and other costs relating to the issuance of the Bonds.

SECURITY FOR THE BONDS

General

The Bonds are special, limited obligations of the Issuer, payable solely out of the revenues, receipts, and security pledged therefor under the Indenture. The Bonds do not constitute a general obligation or indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation. The Bonds do not constitute a debt or obligation of the State of Texas, or any political subdivision, agency or instrumentality thereof, and shall not constitute a lien on or pledge of any property of the Issuer except as provided in the Indenture. The Issuer has no taxing power. The Bonds are not obligations of, or guaranteed by, GNMA.

* Subject to change.

Under the Indenture, the Bonds are secured by an assignment and pledge of, and security interest in, (i) all right, title and interest of the Issuer in the GNMA Certificates, (ii) all right, title and interest of the Issuer in the Servicing Agreement and the Lender Agreements, and (iii) any moneys and securities (including Investment Securities) held in any Fund established under the Indenture (except the Excess Interest Portion Fund, the Program Expense Fund, the Cost of Issuance Fund or any Rebate Amount in any Fund).

The Servicer is obligated to pay the principal of and interest on the GNMA Certificates in an amount equal to (i) the scheduled principal and interest due on the underlying Mortgage Loans (less the related servicing and guaranty fees), whether or not the Servicer has received such principal and interest payments on the underlying Mortgage Loans, and (ii) prepayments on the underlying Mortgage Loans received by the Servicer. GNMA guarantees the timely payment of principal of and interest on the GNMA Certificates. See “GNMA Mortgage-Backed Certificate Program.”

Moneys in the Program Fund (pending purchase of GNMA Certificates) and the Capitalized Interest Fund will be invested in Investment Securities and all amounts so invested will be pledged as security for the Bonds.

Investment Agreements

Money held in various funds and accounts related to the Bonds may be invested under one or more Investment Agreements. See “THE INDENTURE—Investment of Funds” herein. The Issuer selects Investment Agreement providers based upon competitive bids most favorable to the Issuer obtained from multiple eligible institutions by an independent broker.

The failure of any Investment Agreement provider to pay amounts when due under an Investment Agreement could result in the Trustee’s inability to acquire eligible collateral in an amount necessary to fully collateralize the Bonds. A failure by the provider to pay amounts due under an Investment Agreement pertaining to the other Funds could result in the Trustee’s inability to pay principal and interest on the Bonds.

The Issuer makes no representations regarding (i) the ability of any Investment Agreement provider to make payments required under the Investment Agreements, (ii) the ability of any Investment Agreement provider to maintain its current ratings, (iii) the effect any downgrade in such ratings may have on the rating then assigned to the Bonds, or (iv) the Trustee’s ability to recover amounts owed by an Investment Agreement provider in the event of its bankruptcy or other default under an Investment Agreement.

GNMA MORTGAGE-BACKED CERTIFICATE PROGRAM

The summary of the GNMA Mortgage-Backed Certificate Program, GNMA Certificates and other documents referred to herein does not purport to be comprehensive and is qualified in its entirety by reference to the applicable GNMA guide or guides and to the GNMA Certificates and other documents for full and complete statements of their provisions.

GNMA has provided the information under this caption. None of the Issuer, the Trustee, the Underwriter, the Financial Advisor, Bond Counsel, Disclosure Counsel or counsel to the Underwriter has independently verified such information, and none assumes responsibility for the accuracy of such information.

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. GNMA is authorized by Section 306(g) of Title III of the National Housing Act, as amended (the “Housing Act”), to

guarantee the timely payment of the principal of, and interest on, certificates which represent an undivided interest in a pool of mortgage loans insured by FHA under the Housing Act or Title V of the Housing Act of 1949, or guaranteed by VA under the Servicemen's Readjustment Act of 1944, as amended, of 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 guaranties under Section 306(g) of mortgage-backed certificates of the type to be delivered to the Trustee on behalf of the Issuer are authorized to be made by GNMA and "would constitute general obligations of the United States backed by its full faith and credit." In order to meet its obligations under such guaranties, GNMA, in its corporate capacity under Section 306(d) 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 guaranties of the timely payment of the principal of or interest on all GNMA Certificates. The Treasury is authorized to purchase any obligations 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 GNMA's guaranties. Under the terms of its guaranties, GNMA warrants that, in the event it is called upon at any time to make payment on its guaranties, 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.

To issue GNMA Certificates, the Servicer is required first to apply to and receive from GNMA a Commitment to Guarantee Mortgage-Backed Securities ("GNMA Commitment"). A GNMA Commitment authorizes the Servicer to issue GNMA Certificates up to a stated amount during a one-year period following the date thereof. The Servicer is obligated to pay the GNMA commitment fees. The Servicer is also obligated to pay the monthly GNMA guaranty fees.

Each GNMA Certificate is to be backed by a mortgage pool consisting of Mortgage Loans in a minimum aggregate amount approved by GNMA. Each GNMA I Certificate will be a "mortgage loan pass-through" certificate which will require the 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, then 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 Servicer's servicing fee), whether or not the Servicer receives such payments, plus any prepayments of principal of the Mortgage Loans received by the Servicer in the previous month. Each GNMA II Certificate will require the Servicer to pass through to the GNMA Paying Agent, 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 Servicer's servicing fee), whether or not the Servicer receives such payments, plus any prepayments of principal of the Mortgage Loans received by the 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 Servicer. GNMA guarantees timely payment of principal of and interest with respect to the GNMA Certificate.

GNMA, upon execution of the GNMA Guaranty Agreement, issuance of a GNMA Certificate by the Servicer, and subsequent sale of such GNMA Certificate to the Trustee, will have guaranteed to the Trustee as holder of such GNMA Certificate the timely payment of principal of and interest on such GNMA Certificate.

FLOW OF FUNDS

The Trustee will create the following funds under the Indenture: (i) Program Fund; (ii) Capitalized Interest Fund; (iii) Revenue Fund; (iv) Interest Fund; (v) Principal Fund; (vi) Redemption Fund; (vii) Excess Interest Portion Fund; (viii) Program Expense Fund; (ix) Rebate Fund and (x) Cost of Issuance Fund. The Excess Interest Portion Fund, the Program Expense Fund, the Rebate Fund and the Cost of Issuance Fund will not be pledged as security for the Bonds.

Interest earnings on the Program Fund, the Capitalized Interest Fund, the Revenue Fund, the Principal Fund and the Redemption Fund will be deposited in the Revenue Fund. The Excess Interest Portion Fund, the Program Expense Fund, the Rebate Fund and the Cost of Issuance Fund will each retain its interest earnings.

Program Fund

See “Sources and Uses of Funds” for a description of the moneys to be initially deposited in the Program Fund. All moneys initially deposited in the Program Fund and the Capitalized Interest Fund will be invested in Investment Securities.

Moneys in the Program Fund are to be applied as follows:

- (i) to purchase GNMA Certificates at the Certificate Sale Price on each Certificate Sale Date during the GNMA Certificate Purchase Period; and
- (ii) to apply any remaining balance in the Program Fund to the redemption of Bonds on the Nonorigination Redemption Date (see “The Bonds—Redemption of Bonds—Mandatory Redemption Due to Nonorigination”).

Moneys in the Program Fund will be used only to purchase GNMA Certificates meeting the requirements set forth in the Indenture and the Agreements.

Capitalized Interest Fund

See “Sources and Uses of Funds” for a description of the moneys to be initially deposited in the Capitalized Interest Fund. Amounts in the Capitalized Interest Fund shall be used to pay interest on the Bonds and Program Expenses if moneys in the Revenue Fund are insufficient for such purposes. Amounts remaining in the Capitalized Interest Fund on [_____] , 2024* (or such later date established in connection with an extension of the Nonorigination Redemption Date) that are not required to be transferred to the Rebate Fund shall be released from the lien of the Indenture and transferred to the Issuer.

Cost of Issuance Fund

Amounts deposited in the Cost of Issuance Fund will be used to pay for the costs of issuing the Bonds and for any other purpose set forth in the Indenture; any balance remaining in the Cost of Issuance Fund will be paid to the Issuer in accordance with the provisions of the Indenture. *Amounts deposited in the Cost of Issuance Fund will not be pledged as security for the Bonds.*

* Subject to change.

Revenue Fund

Upon receipt of each GNMA Certificate interest payment, the Trustee shall calculate the Issuer's Excess Interest Portion relating to such payment and shall deposit such amount in the Excess Interest Portion Fund.

All Revenues as and when received shall be deposited in the Revenue Fund (except as described in the Indenture with respect to a portion of the first payment of interest with respect to each GNMA Certificate which shall be remitted to the Servicer).

On or before the first Business Day of a month, the Trustee shall transfer, from amounts deposited in the Revenue Fund during the prior month, the following amount to the following Funds, in the following order of priority:

(a) to the Interest Fund, the amount necessary, together with any moneys then on deposit in such Fund, to pay the interest due and payable on the Bonds on the next Interest Payment Date for the Bonds;

(b) to the Principal Fund, the amount necessary, together with any moneys then on deposit in such Fund, to pay the principal due and payable on the Bonds (by maturity or by sinking fund redemption) on the next Interest Payment Date for the Bonds;

(c) to the Rebate Fund, any Rebate Amount specified by the Rebate Analyst;

(d) to the Program Expense Fund, the amount necessary, together with any moneys on deposit in such Fund, to pay the Program Expenses due and payable on the next Interest Payment Date; and

(e) any balance shall be transferred to the Redemption Fund; provided that a minimum balance of \$5,000 shall be retained in the Revenue Fund.

Notwithstanding the foregoing paragraph (including clauses (a) through (e)), on and before [_____, 2024], all GNMA Certificate principal payments, including scheduled principal payments and Prepayments, shall be transferred directly from the Revenue Fund to the Redemption Fund. The [_____, 2024] date may be extended one or more times, by written notice from the Issuer to the Trustee, in connection with any extension of the Nonorigination Redemption Date.

Notwithstanding the foregoing, upon the optional redemption of the Bonds, amounts for such redemptions shall be deposited in special accounts of the Revenue Fund and applied to the redemption of Bonds on the applicable redemption date.

Interest Fund

Amounts in the Interest Fund are required to be used to pay the interest due and payable on the Bonds.

If at any time the amount in the Interest Fund is insufficient to pay interest on the Bonds when due, the Trustee is required to transfer to the Interest Fund the amount of such deficiency by withdrawing said amount from the following Funds in the following order of priority (after any permitted withdrawals from the Capitalized Interest Fund): (i) the Revenue Fund, (ii) the Redemption Fund (but not for amounts for which notice of redemption has been given), and (iii) the Principal Fund.

Principal Fund

The Trustee is required to apply amounts on deposit in the Principal Fund to pay principal of the Bonds as the same shall become due and payable (including payment due by mandatory sinking fund redemption).

In the event that the amount in the Principal Fund is insufficient to pay the principal of the Bonds when due, the Trustee shall transfer to the Principal Fund the amount of such deficiency by withdrawing said amount from the following Funds in the following order of priority (after any permitted withdrawals from the Capitalized Interest Fund): (i) the Revenue Fund and (ii) the Redemption Fund (but not for amounts for which notice of redemption has been given).

Redemption Fund

Amounts in the Redemption Fund are required to be applied to the redemption of Bonds as described under “The Bonds—Redemption of Bonds—Mandatory Redemption from Prepayments and Surplus Revenues.”

Program Expense Fund

Amounts in the Program Expense Fund are required to be used and withdrawn by the Trustee for the purpose of paying Program Expenses relating to the Bonds. *Amounts deposited in the Program Expense Fund will not be pledged as security for the Bonds.*

Excess Interest Portion Fund

Amounts in the Excess Interest Portion Fund are required to be used and withdrawn by the Trustee for the purpose of paying the Issuer’s Excess Interest Portion. *Amounts deposited in the Excess Interest Portion Fund will not be pledged as security for the Bonds.*

Rebate Fund

The Trustee is required to deposit to the Rebate Fund no later than the 5th anniversary of the date of delivery of the Bonds (and every 5 years thereafter) and upon retirement of the last Bond an amount equal to the Rebate Amount. No later than 60 days after the 5th anniversary of the delivery date of the Bonds (and every 5 years thereafter) there is required to be paid to the United States an amount that ensures that 90% of the Rebate Amount will have been paid to the United States. Not later than 60 days after retirement of the Bonds any unpaid Rebate Amount shall be paid to the United States. *Any Rebate Amount will not be pledged as security for the Bonds.*

STRUCTURING ASSUMPTIONS AND RISKS

General

The Premium PAC Bonds and the Premium Term Bonds will be sold at a price in excess of their principal amount. Each Bond purchaser (including secondary market purchasers) should consider that the Bonds of each maturity are subject to redemption (or purchase in lieu of redemption) at par from various sources, including mandatory sinking fund payments, amounts in the Redemption Fund (which represent Prepayments and surplus revenues), and from optional redemptions described herein. See “The Bonds—Redemption of Bonds.”

The ability of the Issuer to pay principal of and interest on the Bonds depends upon the receipt of sufficient and timely payments of principal of and interest on the GNMA Certificates and the investment of moneys held under the Indenture in Investment Securities. Timely payment of principal and interest on the Bonds is anticipated to occur based on numerous assumptions, including, but not limited to, the following assumptions:

1. GNMA Certificates with an aggregate principal balance equal to \$60,000,000*, and bearing interest at the Pass-Through Rate of ____% per annum will be acquired by the Trustee during the GNMA Certificate Purchase Period from moneys in the Program Fund. The Mortgage Loans will have terms of 30 years and bear interest at the rate of ____% per annum. The Mortgage Loan Rate and the Pass-Through Rate are subject to increase or decrease if the conditions set forth in the Indenture are met.
2. Payments on the GNMA Certificates will be made on a timely basis.
3. Timely payment of interest and principal of Investment Securities purchased with moneys in the Program Fund, the Capitalized Interest Fund, the Revenue Fund and the Redemption Fund.
4. The Trustee will redeem Bonds on a timely basis in accordance with the provisions of the Indenture.
5. The Issuer's Excess Interest Portion and the Program Expenses will be paid on a timely basis and in the correct amounts.

The assumptions set forth above are only assumptions, are not complete, and subsequent events may not correspond to such assumptions. Moneys in the Cost of Issuance Fund, the Excess Interest Portion Fund, the Program Expense Fund and any Rebate Amount will not be available to pay the Bonds.

Risks of Nonorigination

There are numerous reasons why Mortgage Loans may not be originated. One significant risk is the availability of other loan programs, including programs offered by other housing finance agencies, corporations, authorities or other profit or nonprofit entities in the State of Texas, that have loan terms which are more attractive than those offered by the Program, such as lower mortgage rates or greater down payment and closing cost assistance. Another significant risk is that prevailing mortgage interest rates could decline sufficiently to make the terms of the Mortgage Loans unattractive to potential homebuyers. If interest rates decline and the Program is rendered less attractive, the Issuer may determine to issue a new series of bonds that would offer more attractive Mortgage Loan terms. No assurance can be given that the interest rate and payment assistance offered by the Program on the Mortgage Loans will be competitive, or will remain competitive, with other mortgage loans available to eligible mortgagors, including other programs offered by the Issuer.

It is also possible that administrative problems relating to the Program could occur, such as the failure of Lenders to timely submit loan files or sell Mortgage Loans to the Servicer, defective loan files, or the failure of the Servicer to timely purchase Mortgage Loans from Lenders. In addition, the Servicer could fail to pool the Mortgage Loans on a timely basis, fail to convert such pools into GNMA Certificates, or fail to sell the GNMA Certificates to the Trustee on a timely basis.

* Subject to change.

Further, GNMA could take actions relating to their guaranty or change existing procedure that would result in an inability to timely deliver GNMA Certificates to the Trustee. Under the Program, the Servicer is required to pool Mortgage Loans into GNMA Certificates only, and therefore any changes in the GNMA Certificate program could adversely affect origination of the Mortgage Loans and the delivery of GNMA Certificates for purchase by the Trustee. See “The Program—General.”

If for any reason described in the preceding three paragraphs, or for any other reason, moneys in the Program Fund are not applied to the purchase of GNMA Certificates, unexpended moneys in such Fund will be applied to the mandatory redemption of Bonds on the Nonorigination Redemption Date. See “The Bonds—Redemption of Bonds—Mandatory Redemption Due to Nonorigination.”

The dollar amount of commitments to guarantee securities that GNMA can approve and the dollar amount that FHA, VA and USDA-RHS can insure or guarantee in any federal fiscal year are limited by statute and administrative procedures. If an appropriation act is not passed in any federal fiscal year or if GNMA, FHA, VA or USDA-RHS reaches the limit of its authority, or if the FHA maximum loan limit is reduced, or if GNMA, in its sole discretion, or the federal government, alters or amends the GNMA I or II mortgage-backed securities program in such a way as to prevent the Lenders from originating Mortgage Loans, the Lenders might not be able to originate Mortgage Loans and the Servicer may not be able to issue and deliver GNMA Certificates in the anticipated principal amount. In addition, the Servicer may become unqualified to issue GNMA Certificates and a successor Servicer may have to be appointed. The failure to originate Mortgage Loans, or the inability of the Servicer or any other person to issue GNMA Certificates, or the failure to deliver GNMA Certificates to the Trustee in the anticipated amount, would result in the mandatory redemption of Bonds. See “The Bonds—Redemption of Bonds—Mandatory Redemption Due to Nonorigination.”

Risks of Remedies and Loss of Tax-Exemption on Bonds

The remedies available upon an Event of Default under the Indenture, the Servicing Agreement, the Lender Agreements, the Continuing Disclosure Agreement or other documents or agreements relating to the Bonds or the Program, or if a default occurs with respect to any Investment Security, are in many 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 applicable documents may not be readily available or may be limited.

The various legal opinions to be delivered with respect to the Bonds and the Program will 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.

Under certain circumstances, interest on the Bonds may be subject to federal income tax action, including on a retroactive basis. See “Tax Matters.”

Average Life of Bonds

The maturities of the Bonds have been fixed based in part on the assumption that there will be no principal prepayments of the GNMA Certificates; however, it is anticipated that significant prepayments of the Mortgage Loans backing the related GNMA Certificates will in fact occur so that the Bonds will be paid in advance of their stated maturity dates. “Weighted average life” refers to the average amount of time that will elapse from the date of issuance of a security until each dollar of principal of such security will be repaid to the investor. The weighted average life of each maturity of the Bonds will be influenced by the rate of principal payment of the Mortgage Loans underlying the GNMA Certificates. Principal payments

may be in the form of scheduled principal payments or prepayments (for this purpose, the term “prepayment” includes prepayments and liquidations due to default or other disposition of the Mortgage Loans, including payments on the FHA Insurance, the USDA-RHS guaranty or the VA guaranty). Prepayments on loans such as the Mortgage Loans (GNMA Certificates) are commonly measured by a prepayment standard or months. The model used in the following discussion is The Bond Market Association (formerly the Public Security Association) prepayment standard or model (the “PSA Prepayment Model”). The PSA Prepayment Model is based on an assumed rate of prepayment each month of the then unpaid principal balance of the mortgage loans. 100% of the PSA Prepayment Model assumes a prepayment rate of .2% per annum of the unpaid principal balance of the mortgage loans for the first month of the life of the related Mortgage Loans, increasing by .2% each month for the next 29 months of the life of the related mortgage loans, and then assumes a constant prepayment rate of 6% per annum of the unpaid principal balance for the remaining life of the related mortgage loans.

As used in the following table, “0% PSA” assumes no prepayments on the principal of the GNMA Certificates. “25% PSA” assumes the principal of the GNMA Certificates will prepay at a rate .25 times as fast as the prepayment rates for the 100% PSA Prepayment Model. “50% PSA” assumes the principal of the GNMA Certificates will prepay at a rate .5 times as fast as the prepayment rates for 100% of the PSA Prepayment Model. “75% PSA” assumes the principal of the GNMA Certificates will prepay at a rate .75 times as fast as the prepayment rates for 100% the PSA Prepayment Model. “100% PSA” assumes the principal of the GNMA Certificates will prepay at a rate equal to the prepayment rate for 100% of the PSA Prepayment Model. “150% PSA” assumes the principal of the GNMA Certificates will prepay at a rate 1.5 times as fast as the prepayment rates for 100% of the PSA Prepayment Model. “200% PSA” assumes the principal of the GNMA Certificates will prepay at a rate 2 times as fast as the prepayment rates for 100% of the PSA Prepayment Model. “300% PSA” assumes the principal of the GNMA Certificates will prepay at a rate 3 times as fast as the prepayment rates for the 100% of PSA Prepayment Model. “350% PSA” assumes the principal of the GNMA Certificates will prepay at a rate 3.5 times as fast as the prepayment rates for the 100% of PSA Prepayment Model. “400% PSA” assumes the principal of the GNMA Certificates will prepay at a rate 4 times as fast as the prepayment rates for 100% of the PSA Prepayment Model. “450% PSA” assumes the principal of the GNMA Certificates will prepay at a rate 4.5 times as fast as the prepayment rates for 100% of the PSA Prepayment Model. “500% PSA” assumes the principal of the GNMA Certificates will prepay at a rate 5 times as fast as the prepayment rates for 100% of the PSA Prepayment Model.

The figures in the table set forth below were computed using the assumptions previously listed and various additional assumptions, including an assumption that GNMA Certificates are purchased by the Trustee in accordance with an expected draw schedule with a weighted average midpoint purchase date of approximately [_____] 1, 2023, and that the Bonds are not optionally redeemed. There can be no assurance that such assumptions will in fact prove accurate.

Table of Projected Weighted Average Lives for Term Bonds (in Years)					
Prepayment Assumption	Bonds Due March 1, 2038	Bonds Due March 1, 2043	Bonds Due March 1, 2048	Bonds Due March 1, 2053	Premium PAC Bonds (Due March 1, 2054)
0% PSA					
25% PSA					
50% PSA					
75% PSA					
100% PSA					
150% PSA					

Table of Projected Weighted Average Lives for Term Bonds (in Years)					
Prepayment Assumption	Bonds Due March 1, 2038	Bonds Due March 1, 2043	Bonds Due March 1, 2048	Bonds Due March 1, 2053	Premium PAC Bonds (Due March 1, 2054)
200% PSA					
300% PSA					
350% PSA					
400% PSA					
450% PSA					
500% PSA					

There is no assurance that prepayment of the GNMA Certificate principal will conform to any level of the PSA Prepayment Model. The rate of principal payments on pools of single family mortgage loans (such as the Mortgage Loans backing the GNMA Certificates) is influenced by a variety of economic, geographic, social and other factors, including the level of mortgage interest rates and the rate at which homeowners sell their homes or default on their mortgage loans. In general, if prevailing interest rates fall significantly, mortgage loans are likely to be subject to higher prepayment rates than if prevailing rates remain at or above the interest rates on such mortgage loans. Conversely, if interest rates rise, the rate of prepayment would be expected to decrease. Other factors affecting prepayment of mortgage loans include changes in mortgagors' housing needs, job transfers, unemployment and mortgagors' net equity in the mortgaged properties. In addition, as homeowners move or default on their mortgage loans, the houses are generally sold and the mortgage loans prepaid, although under certain circumstances the mortgage loans may be assumed by a new buyer. Mortgage Loans may also be terminated prior to final maturity as a result of condemnation, casualty loss or noncompliance with the Program. There is no reliable statistical base with which to predict the level of prepayment in full or other early termination of the Mortgage Loans and the resulting effect on the average life of the Bonds. Because of the foregoing and since the rate of prepayment of principal of each Bond will depend on the rate of repayment (including prepayments) of the GNMA Certificates (which are backed by the Mortgage Loans), the actual maturity of any Bond cannot be predicted, but is likely to occur earlier than its stated maturity.

Recent Financial Developments

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus and mutations thereof, continues to be a national emergency in the United States of America as declared by President Joseph R. Biden on February 18, 2022, extending the national emergency declaration through February 2023. A national emergency declaration is in effect unless terminated by the President or through a joint resolution of Congress, or if the President does not issue a continuation notice annually. The continued spread of COVID-19 or continued effects of COVID-19 could have a material adverse effect on the Issuer and its economy and operations.

THE PROGRAM

General

The Issuer has established the Program pursuant to the Act as a means of financing the cost of single family residential housing which will provide affordable housing for Eligible Borrowers within the Eligible Loan Area. Reservations for Mortgage Loans under the Program will commence on or about February 28, 2023.

The Lenders have agreed to originate and sell Mortgage Loans to the Servicer according to the terms and conditions set forth in the Lender Agreements. See “The Lender Agreements.” The Servicer will service all the Mortgage Loans in accordance with the terms of the Servicing Agreement. See “Servicing” below and “The Servicing Agreement.” The Servicer will pool the FHA-guaranteed, VA-guaranteed and USDA-RHS-guaranteed Mortgage Loans and will issue GNMA Certificates the payments of principal and interest of which are guaranteed by GNMA. See “GNMA Mortgage-Backed Certificate Program.”

The Lenders will originate the Mortgage Loans on a first-come, first-served basis in accordance with the terms of a Notice of Availability of Funds issued by the Issuer to the Lenders on or before the beginning of the Mortgage Loan reservation period. The Issuer may issue additional Notices of Availability of Funds during the reservation period.

Under the Program, the Lenders may only originate Mortgage Loans to Eligible Borrowers whose annual income does not exceed 80% of the greater of the state or local median family income.

The Issuer has covenanted to make funds continuously available for a 12-month period to finance Mortgage Loans for Residences located in Targeted Areas, in the total principal amount of \$12,000,000. The 12-month period begins on the first day Mortgage Loans are available for Targeted Areas under the Program.

Origination and Purchase of Mortgage Loans

Each Lender will be required to use its best efforts to originate Mortgage Loans in accordance with the requirements of the Lender Agreement, the Program Guidelines and other applicable Program Documents, including the applicable loan origination, eligibility, credit underwriting and appraisal standards of FHA, VA or USDA-RHS for mortgage loans which are FHA-insured, VA-guaranteed or USDA-RHS guaranteed, respectively. Each Lender is required to deliver all documents specified in the Lender Agreement, the Program Guidelines and other applicable Program Documents that are required for the review and approval of the Mortgage Loans, to the Servicer and the Issuer (as compliance agent) prior to the date the Mortgage Loans are to be purchased by the Servicer.

Down Payment Assistance

The Issuer will initially make funds available to provide down payment and closing cost assistance equal to 3% of initial Mortgage Loan principal for each Mortgage Loan. The assistance will be provided to each Mortgagor at the closing of the Mortgage Loan in the form of a three-year deferred forgivable second lien. TSAHC will make funds available for down payment and closing cost assistance equal to 3% of initial total mortgage loan principal (including mortgage insurance premium). The assistance may be used only to pay all or a portion of the down payment and closing costs associated with the related Mortgage Loan or for reductions in principal of such Mortgage Loan. No portion of the assistance is permitted to be paid to the Mortgagor. Upon sale, transfer or refinance of the senior lien or failure to occupy property as principal residence during the 3-year term, the terms require repayment in full.

Mortgage Loan Terms

Each Mortgage Loan will have a term of 30 years, will provide for substantially level monthly payments of principal and interest to be made on the first day of each month and will be in such principal amounts as conform to the eligibility and credit underwriting standards in the Agreements and the limitations of the FHA, VA or USDA-RHS, as applicable, as of the closing date on the Mortgage Loan. Mortgage Loans purchased by the Servicer also must be current in payments of principal and interest, and must be in compliance with the requirements of the GNMA guidelines.

The Mortgage Loan Rate will be initially established at [_____] % per annum. The Mortgage Loan Rate may be increased or decreased from the initial rate if the conditions of the Indenture and the Agreements are met. Any increase or decrease in the Mortgage Loan Rate will result in a corresponding increase or decrease in the Pass-Through Rate of the related GNMA Certificates.

Moneys in the Program Fund will be used to purchase GNMA Certificates backed by Mortgage Loans evidenced by promissory notes secured by deeds of trust on Residences within the Eligible Loan Area. Mortgage Loans originated by Lenders must meet the origination standards set forth in the Lender Agreements and all other Program Documents, including all applicable federal tax requirements.

The acquisition cost of a Residence may not exceed 90% or, in the case of a Residence in a Targeted Area, 110%, of the applicable area purchase price for single family residences in the area in which the Residence is located (the “Maximum Purchase Price”). The initial Maximum Purchase Price limits are based on the safe harbor guidelines set forth in the applicable Internal Revenue Service Revenue Procedure.

In addition, Mortgage Loans will be made only to Eligible Borrowers whose Family Income does not exceed the applicable Maximum Family Income. The Maximum Family Income limits are subject to adjustment from time to time.

Eligible Borrowers are also required to be First-Time Homebuyers except for Residences in Targeted Areas or for qualifying veterans. Further, Mortgage Loans may not be used to refinance existing mortgage loans.

In order to qualify for purchase by the Servicer under the Program, each Mortgage Loan must be FHA-insured, VA-guaranteed or USDA-RHS-guaranteed, and the principal amount of such Mortgage Loan cannot be in excess of the applicable limit imposed by FHA, VA or USDA-RHS, as applicable.

Upon submission of each Mortgage Loan for purchase by the Servicer, the Lender will make certain warranties as to each Mortgage Loan. Further, with respect to each Mortgage Loan, the Eligible Borrower, the Seller and the related Lender are required to submit affidavits (or in the case of the Lender, a certification) regarding compliance with the mortgage eligibility requirements of the Code (and any other requirements of the Program). The Lender Agreements and the Program Guidelines prescribe various procedures to be followed by the Lenders and the Issuer (as compliance agent) in reviewing and verifying the affidavits and information provided by the Eligible Borrower and the Seller.

Servicing

The Servicer will service all Mortgage Loans originated by Lenders and purchased by the Servicer. The Servicer is a GNMA-approved servicer of FHA-insured, VA-guaranteed and USDA-RHS guaranteed mortgage loans. The Servicer will pool the Mortgage Loans into GNMA Certificates and sell them to the Trustee or the Issuer. The Servicing Agreement governs the servicing responsibilities (and other responsibilities) of the Servicer under the Program. The Servicer is required to service the Mortgage Loans in conformity with the applicable GNMA guidelines for servicing. See “The Servicing Agreement.”

In addition to its obligations as described under the caption “GNMA Mortgage-Backed Certificate Program,” the Servicer is required to account for and manage escrows of sums paid by the Mortgagors for payment of taxes, assessments, mortgage and hazard insurance premiums, guaranty premiums and other expenses. Escrows established by the Lenders will be transferred to the Servicer upon purchase of the Mortgage Loans. As compensation for the performance of its servicing duties under the Agreements, the Servicer is entitled to receive a monthly fee equal to one-twelfth of 0.44% of the outstanding principal amount of each Mortgage Loan serviced which backs a GNMA Certificate. Under the Program as it relates

to the Bonds, the Servicer will pool the Mortgage Loans exclusively into GNMA Certificates. The Servicer also is entitled to retain assumption fees and late charges.

Under the GNMA Certificates, the Servicer is obligated to make monthly advances, regardless of whether principal and interest payments on the Mortgage Loans or any insurance or guaranty proceeds are actually received by the Servicer, which, with respect to any calendar month, are the aggregate amounts of payments of principal and interest on the Mortgage Loans which were due and payable on or before the first day of such month and which were delinquent as of the close of business on the business day next preceding the remittance date of such month.

The Servicer may be reimbursed for such advance payments made on a Mortgage Loan either from insurance proceeds, guaranty proceeds, liquidation proceeds or collections from Mortgagors. If such reimbursements are not made from such sources, neither the Issuer nor the Trustee is obligated to make such reimbursements. If the Servicer fails to make the payments under the GNMA Certificates, GNMA is obligated to make such payments.

The Servicer must maintain in effect at all times and at its expense a blanket fidelity bond and an errors and omissions insurance policy covering all officers, employees and other persons acting on behalf of the Servicer.

Assumption of Mortgage Loans and transfers of Residences are permitted subject to the conditions described in the Agreements. See “The Servicing Agreement.” Prepayments of the Mortgage Loans in whole or in part are permitted under the Program without penalty; any such prepayments will be passed through under the GNMA Certificates. The Bonds are subject to mandatory redemption to the extent the Trustee receives amounts under the GNMA Certificates representing Prepayments. See “The Bonds—Redemption of Bonds—Mandatory Redemption from Prepayments and Surplus Revenues.”

Servicer Information

The following information relates to and was supplied by Lakeview Loan Servicing, LLC (“Lakeview”). Such information has not been verified by the Issuer, the Underwriter, the Financial Advisor, Bond Counsel, Disclosure Counsel or counsel to the Underwriter, and is not guaranteed as to completeness or accuracy.

As of October 31, 2022, Lakeview was the servicer of more than 1.97 million single-family mortgage loans with an aggregate principal balance in excess of \$464 billion. Lakeview is the servicer of single-family mortgage loans for GNMA, Fannie Mae, Freddie Mac, and certain state and local housing finance authorities, among others. Lakeview contracts with multiple subservicers to perform the servicing of mortgage loans on its behalf. Lakeview (i) is approved by FHA, USDA-RD and VA to service mortgage loans insured or guaranteed by such agencies, and is in good standing with each such agency, (ii) has all requisite approvals as a GNMA issuer of mortgage-backed securities guaranteed by GNMA, and to be the servicer of the mortgage loans included in such securities, and (iii) is approved as a servicer for Fannie Mae and Freddie Mac.

The information set forth in the preceding paragraph was supplied by Lakeview and has not been verified by the Issuer or the Underwriter. While Lakeview has supplied the information in the preceding paragraph, it is not otherwise responsible for the accuracy or completeness of this Official Statement or the payment of the Bonds.

THE INDENTURE

The following is a summary of certain provisions of the Indenture. The summary does not purport to be comprehensive or definitive and is qualified in its entirety by reference to the Indenture. For a description of certain other provisions of the Indenture relating to the Bonds, see “The Bonds,” “Security for the Bonds” and “Flow of Funds.”

Investment of Funds

All amounts held under the Indenture are required to be continuously invested in Investment Securities, and such Investment Securities shall pay interest and mature not later than the dates on which it is estimated that such moneys will be required by the Trustee. For the purpose of determining the amount in any such Fund, all Investment Securities credited to such Fund are required to be valued in the manner described in the Indenture.

Certain Tax Covenants

The Issuer covenants in the Indenture that it will not use or permit the use of any proceeds of the Bonds or any other funds of the Issuer, directly or indirectly, to acquire any securities or obligations, and will not use or permit the use of any amounts received by the Issuer or the Trustee with respect to the GNMA Certificates and underlying Mortgage Loans in any manner, and will not take or permit to be taken, to the best of the Issuer’s knowledge, any other action or actions, which would cause any Bond to be an “arbitrage bond” under Section 148 of the Code or violate the requirements of Section 143(g) of the Code. The Issuer further covenants under the Indenture that it will not use or permit the use of any proceeds of the Bonds or any other funds of the Issuer, directly or indirectly, or in any manner, and will not take or permit to be taken any other action or actions, which would result in any Bond being treated as an obligation not described in Section 103(a) of the Code. See “Tax Matters.”

Defaults and Remedies; Rights of Bondholders

Each of the following events is an “Event of Default” under the Indenture:

(A) default in the due and punctual payment of the principal amount or redemption price of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed or by proceedings for redemption or purchase or by declaration of acceleration or otherwise;

(B) default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(C) default by the Issuer in the observance of any of the covenants, agreements or conditions on its part contained in the Indenture or in the Bonds (other than in clauses (A) or (B) above), if such default has continued for a period of 60 days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Issuer by the Trustee, or to the Issuer and the Trustee by the Owners of not less than a majority in aggregate principal amount of the Bonds at the time outstanding; or

(D) certain acts of bankruptcy or insolvency on the part of the Issuer as described in the Indenture.

If an event of default under clause (A) or (B) above occurs and is continuing, the Trustee may, and upon written direction of the Owners of not less than a majority in aggregate principal amount of the Bonds

at the time outstanding will, upon notice in writing to the Issuer, declare the principal of and interest on all the Bonds then outstanding due and payable immediately. If an Event of Default under clause (C) or (D) occurs, the Trustee may, and upon written direction of the Owners of 100% in aggregate principal amount of the Bonds then outstanding will, upon notice in writing to the Issuer, declare the principal of and interest on all the Bonds then outstanding due and payable immediately.

Any such declaration, however, is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due has been obtained or entered, the Issuer deposits, or causes to be deposited, with the Trustee a sum sufficient to pay the principal amount, redemption price or purchase price of and installments of interest on the Bonds the payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds, and the reasonable charges and expenses of the Trustee, and the other conditions of the Indenture are met, then the Owners of not less than a majority in aggregate principal amount of the Bonds then outstanding, by written notice to the Issuer and to the Trustee, may, on behalf of the Owners of all the Bonds, rescind and annul such declaration and its consequences and waive such default, but no such rescission and annulment will extend to or affect any subsequent default, or impair or exhaust any right or power consequent thereon.

If an event of default under the Indenture occurs and is continuing, all Revenues and any other amounts then held or thereafter received by the Trustee under any of the provisions of the Indenture (excluding amounts held in the Program Expense Fund, the Cost of Issuance Fund and any Rebate Amount held in any Fund) are required to be applied by the Trustee in order of priority set forth in the Indenture.

If an event of default under the Indenture shall occur and be 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, and upon being indemnified to its satisfaction, is required to, proceed by suit or suits, at law or in equity, or by any other appropriate legal or equitable remedy, to enforce the payment of 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 determines to be most effective to protect and enforce any of its rights or the rights of the Owners under the Indenture.

Anything in the Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then outstanding have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings taken by the Trustee under the Indenture, provided that the Trustee has been indemnified to its satisfaction and such direction will not be otherwise than in accordance with the law and the provisions of the Indenture, and that the Trustee will have the right to decline to follow any such direction which in the opinion of counsel rendered to the Trustee would be unjustly prejudicial to Owners not parties to such direction.

No Owner of any Bond has the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Act or any other applicable law with respect to such Bond, unless (A) such Owner has given to the Trustee written notice of the occurrence of an event of default under the Indenture; (B) the Owners of not less than 25% in aggregate principal amount of the Bonds then outstanding have made written request upon the Trustee to exercise the powers granted under the Indenture or to institute such suit, action or proceeding in its own name; (C) such Owner or said Owners have tendered to the Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and (D) the Trustee has refused or omitted to comply with such request for a period of 60 days after such written request has been received by, and said tender of indemnity has been made to, the Trustee. No one or more Owners of Bonds has any right to affect, disturb or prejudice the security of the Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Indenture, the Act, or other applicable law with respect to the Bonds, except in the manner therein provided and all proceedings at law or in equity to enforce any such right shall be instituted,

had and maintained in the manner therein provided and for the benefit and protection of all Owners of the outstanding Bonds, subject to the provisions of the Indenture.

Supplemental Indentures

The Indenture and the rights and obligations of the Issuer and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture which will become effective when the written consent of the Owners of a majority in aggregate principal amount of the Bonds then outstanding has been filed with the Trustee. No such modification or amendment will (1) extend the stated maturity of any Bond, or reduce the amount or principal thereof, or reduce the rate of interest thereon, or extend the time of payment of interest thereof without the consent of the Owner of each Bond so affected, or (2) reduce the aforesaid percentage of Bonds the consent of which the Owners of which is required to effect any such modification or amendment, or (3) permit the creation of any lien on the Revenues or any other assets pledged under the Indenture that is on a parity with or superior to the lien created by the Indenture, or deprive the Owners of the lien created by the Indenture upon the Revenues and other assets, or (4) authorize the sale or other disposition of the GNMA Certificates after their acquisition, except as otherwise permitted under the Indenture, without the consent of the Owners of all of the Bonds then outstanding.

The Indenture and the rights and obligations of the Issuer and of the Owners of the Bonds may also be modified or amended at any time by a Supplemental Indenture, which will become effective upon execution by the Issuer and the Trustee (or such later date as may be specified in such Supplemental Indenture), without the consent of any Owners, but only to the extent permitted by law and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Issuer in the Indenture, other covenants and agreements to be observed, to pledge or assign additional security for the Bonds, or to surrender any right or power reserved to or conferred upon the Issuer under the Indenture;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in the Indenture, or in regard to any matter or question arising under the Indenture, as the Issuer may deem necessary or desirable, which, in any such case in the opinion of the Trustee, will not materially adversely affect the interests of the Owners of the Bonds;

(3) to modify, amend or supplement the Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which will not materially adversely affect the interests of the Owners of the Bonds;

(4) to modify, amend or supplement the Indenture in such manner as in the opinion of Bond Counsel is necessary to preserve the excludability of interest on any Bond from federal gross income and which will not materially adversely affect the interests of the Owner of any Bonds; or

(5) to obtain or maintain a rating from a Rating Agency.

In connection with the execution and delivery of a Supplemental Indenture, the Trustee is required to receive an opinion of Bond Counsel to the effect that the Supplemental Indenture is authorized under the Act and by proper action of the Issuer, that the Supplemental Indenture is authorized or permitted by the Indenture and by proper action of the Issuer and that execution and delivery of the Supplemental Indenture will not adversely affect the exclusion of interest on any Bonds from gross income for federal income tax purposes.

The Trustee

The Issuer may remove the Trustee at any time with or without cause unless an event of default under the Indenture has occurred and is continuing. The Issuer is required to remove the Trustee if at any time requested to do so in writing by the registered owners of not less than a majority in aggregate principal amount of all the Bonds then outstanding under the Indenture or if at any time the Trustee ceases to be eligible in accordance with the Indenture, or if the Trustee becomes incapable of acting, or commits certain acts of bankruptcy or insolvency, in each case by giving written notice of such removal to the Trustee, and the Issuer is required to appoint a successor Trustee, provided that any such successor trustee must be acceptable to the Rating Agency.

The Trustee may at any time resign by giving written notice of such resignation to the Issuer and by giving the Owners written notice of such resignation sent by first-class mail, but such resignation will not be effective until the successor Trustee has been appointed and has accepted such appointment as provided in the Indenture and has been approved. Upon receiving such notice of resignation, the Issuer is required to promptly appoint a successor Trustee, provided that any such successor Trustee must be acceptable to the Rating Agency.

Any removal or resignation of the Trustee and appointment of a successor Trustee will become effective upon acceptance of appointment by the successor Trustee. Promptly upon such acceptance, the Issuer will give written notice thereof to the Owners in writing. If no successor Trustee has been appointed and has accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any bond owner (on behalf of himself and all other bond owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee.

Defeasance

If the Issuer pays and discharges the entire indebtedness on all Bonds outstanding in any one or more of the following ways by:

- (i) paying or causing to be paid the principal amount or redemption price of and interest on Bonds outstanding, as and when the same become due and payable;
- (ii) depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Indenture) to pay or redeem all Bonds outstanding; or
- (iii) delivering to the Trustee, for cancellation by it, all of the Bonds outstanding;

and if the Issuer also pays or causes to be paid all other sums payable under the Indenture by the Issuer (including Trustee's fees and expenses and other Program Expenses), then and in that case, at the election of the Issuer, and notwithstanding that any Bonds have not been surrendered for payment, the Indenture and the pledge of Revenues and other assets made under the Indenture and all covenants, agreements and other obligations of the Issuer under the Indenture will cease, terminate, become void and be completely discharged and satisfied.

Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in the Indenture) to pay or redeem any outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption has been given as provided in the Indenture or provision satisfactory to the Trustee has been made for the giving of such notice, then all liability of the Issuer in

respect of such Bond will cease, terminate and be completely discharged, and the Owner thereof will thereafter be entitled only to payment from such money or securities deposited with the Trustee for their payment, subject, however, to the provisions of the Indenture.

THE LENDER AGREEMENTS

The following is a summary of certain provisions of the Lender Agreements; the summary is qualified in its entirety by references to the Lender Agreements.

Lender Qualifications

Lenders must qualify to be participating Lenders under the Program and must be approved by the Issuer and the Servicer. Each Lender must execute a Lender Agreement with the Issuer. Each Lender must also execute a Loan Correspondent Purchase and Sale Agreement with the Servicer.

Each Lender originating FHA Mortgage Loans, USDA-RHS Mortgage Loans or VA Mortgage Loans is required to be an FHA-approved, USDA-RHS-approved or VA-approved mortgagee, respectively.

Covenants Relating to the Tax-Exempt Status of Bonds

The Issuer and the Lenders have covenanted in the Lender Agreement not to knowingly take, permit, or fail to take any action if such action or inaction would impair the excludability of the interest on the Bonds from gross income for federal tax purposes pursuant to the Code.

Origination and Closing of Mortgage Loans

Each Lender agrees to use its best efforts to originate Mortgage Loans under the Program for sale to the Servicer. Each Lender will sell the Mortgage Loans to the Servicer at the applicable Mortgage Loan Sale Price. The Lenders will be notified of the availability of funds under the Program, and various Program terms, by a Notice of Availability of Funds provided by the Issuer to the Lenders.

Mortgage Loan Terms

All Mortgage Loans are to be originated in accordance with the loan origination, eligibility and credit underwriting standards in effect under the Program Documents, including the Lender Agreement, the Program Guidelines and the GNMA guidelines. In addition, each Mortgage Loan: (1) must be made to an Eligible Borrower to finance a Residence which is the principal residence of the Eligible Borrower; (2) must be evidenced by a Mortgage Note and secured by a Mortgage creating a first lien on such Residence, subject to permitted encumbrances; (3) must bear interest at the applicable rate, which interest will be payable in arrears and which includes amounts equal to the servicing fee; (4) must have a term of 30 years and must provide for level monthly payments and full amortization over the term thereof; (5) must provide for payments to be due on the first day of each month and for an initial principal payment not later than the first day of the second month following the Mortgage Loan closing date, and may include provision for a grace period not exceeding 15 days and late payment charges in amounts not in excess of the customary charges permitted by FHA, VA or USDA-RHS and GNMA, as applicable; (6) must be in a principal amount not exceeding such amount as conforms to the eligibility and credit underwriting standards specified in the Agreements and the limitations of FHA, VA, USDA-RHS and/or GNMA, as applicable, as of the date of Mortgage Loan closing; (7) must be the subject of FHA Insurance, a VA guaranty or a USDA-RHS guaranty; (8) must restrict the assumption of the Mortgage Loan as required under the Program Documents; (9) must be the subject of a title insurance policy or have a valid commitment therefor; (10) must be current in payments of principal, interest, taxes and insurance; (11) must relate to a Residence the Purchase Price

of which is not in excess of the Maximum Purchase Price; (12) must comply in all respects with the GNMA guidelines and FHA, VA and USDA-RHS rules and regulations, as applicable, and all Program Documents; and (13) must be eligible for pooling into GNMA Certificates.

Verification of Mortgage Eligibility Requirements

The Issuer will act as compliance agent under the Program and will be responsible for approving the qualification of each Eligible Borrower under the applicable Program rules. In connection with the Issuer's determination, the Lender must do the following: (1) obtain affidavits of the Mortgagor, the Seller and Lender in the forms prescribed by the Program Guidelines, evidencing compliance by the borrower with the eligibility requirements of the Program; (2) review the contents of the Mortgagor's affidavit with the Mortgagor prior to the execution thereof; (3) obtain the Mortgagor's federal tax returns to verify that the Mortgagor did not claim deductions on the residence; (4) perform such additional verification procedures as required under the Program Guidelines to enable the Issuer to verify that the borrower eligibility requirements of the Program are satisfied as of the date of execution of the Mortgage Loan; and (5) review the draft settlement statement to assure that all fees and charges and settlement and financing costs comply with the requirements of the Program Documents.

Approval and Purchase

Any Mortgage Loan with respect to which the related Mortgage Loan file is deemed to be defective, or any Mortgage Loan which is otherwise not acceptable for purchase in accordance with the terms of the Program Documents, may be returned to the Lender to be cured, if possible, or may be held by the Servicer pending correction of such defect. The Servicer is only required to purchase non-defective Mortgage Loans. The purchase of an approved Mortgage Loan by the Servicer from the Lender will take place on a Mortgage Loan purchase date designated by the Servicer and at the applicable Mortgage Loan sales price.

Fees and Charges at Mortgage Loan Closing

At the Mortgage Loan closing, a Lender may collect from the Eligible Borrower or the Seller, and retain all reasonable and customary closing charges, including insurance premiums and warehouse fees, to the extent that such charges are permitted by law and do not exceed the reasonable and customary amounts charged by the Lender for mortgage loans not funded from the proceeds of tax-exempt bonds. Any amounts collected prior to the Mortgage Loan closing will be credited to the proper party at such closing.

Defects

Each Lender agrees to repurchase any defective Mortgage Loan from the Servicer in accordance with the provisions of the Loan Correspondent Purchase and Sale Agreement, the Lender Agreement and any other applicable Program Document. Additionally, each Lender agrees to reimburse the Issuer the down payment and closing cost assistance provided for each such defective Mortgage Loan in accordance with the terms of the Lender Agreement.

THE SERVICING AGREEMENT

The following is a summary of certain provisions of the Servicer Agreement; the summary is qualified in its entirety by references to the Servicer Agreement.

Covenants Relating to the Tax-Exempt Status of Bonds

The Issuer and the Servicer have covenanted in the Servicing Agreement not to knowingly take, permit, or fail to take any action if such action or inaction would impair the excludability of the interest on the Bonds from gross income for federal tax purposes pursuant to the Code.

Servicing Duties

See “The Program—Servicing” for a summary of certain of the servicing duties of the Servicer under the Program.

The Servicer will service all Mortgage Loans purchased from Lenders and will have the authority to do all things in connection with such servicing which it deems necessary or desirable. The Lender Agreements require the Lenders to sell the Mortgage Loans to the Servicer on a servicing-released basis. The Servicer will pay a servicing release amount to the Issuer in the amount set forth in the Servicing Agreement. Additional servicing compensation in the form of late payment charges or otherwise may be received by the Servicer to the extent permitted by law and not contrary to the terms of the Servicing Agreement.

The Servicer is required to pay all expenses incurred by it in connection with its servicing activities under the Servicing Agreement (including maintenance of an errors and omissions insurance policy and fidelity bond) and is not entitled to reimbursement, except as specifically provided in the Servicing Agreement.

The Servicer is required to service Mortgage Loans in accordance with the servicing standards as set forth in the Servicing Agreement and the loan servicing requirements of GNMA and FHA, VA or USDA-RHS, as applicable.

Review of Mortgage Loans

The Issuer is responsible for the review of each Mortgage Loan to determine compliance with the Program requirements under the Act and the Code. In performing such review, the Issuer is required to use reasonable efforts to satisfy itself that the mortgagor, mortgage loan and residence eligibility requirements of the Program (including the requirements of the Code) are met with respect to each Mortgage Loan, and that the Lender originating such Mortgage Loan has complied with the verification requirements of the Lender Agreement and the Program Guidelines.

The Servicer is responsible for establishing compliance of the Lender and the Mortgage Loan with the terms of the Loan Correspondent Purchase and Sale Agreement.

Compensation of Servicer

As compensation for the performance of its servicing duties under the Agreements, the Servicer is entitled to receive a monthly fee equal to one-twelfth of 0.44% of the outstanding principal amount of each Mortgage Loan serviced which backs a GNMA Certificate.

Assumption Agreements

The Servicer will not permit the assumption of any Mortgage Loan unless an assumption agreement is entered into by the assuming Mortgagor which provides for the assumption of the indebtedness by such person. Assumptions also are not permitted unless the assuming Mortgagor qualifies as an Eligible

Borrower under the Lender Agreement and the Program Guidelines, and the Mortgage Loan remains insured or guaranteed under all applicable insurance or guarantees. In such event, the Servicer may release the original Mortgagor from liability under the Mortgage and the Mortgage Note. The interest rate on the Mortgage Note may not be changed in connection with any assumption.

TAX MATTERS

General

In the opinion of Bond Counsel, under applicable law, subject to continuing compliance by the Issuer and others with certain covenants in the Agreements and the Indenture and related financing documents, and in reliance upon representations and conclusions in certificates, studies and reports of the Issuer and certain other participants in the financing, interest on the Bonds is not includable in gross income of the owners thereof for federal income tax purpose, and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Bonds is taken into account in determining the “adjusted financial statement income” (as defined in Section 56A of the Code) of “applicable corporations” (as defined in Section 59 of the Code) for purposes of computing the alternative minimum tax imposed on such corporations for tax years beginning after December 31, 2022.

Sections 143 and 146 through 150 of the Code and applicable regulations provide that the interest on an issue of bonds (such as the Bonds), the proceeds of which are used to provide mortgages on owner-occupied residences, is not includable in gross income of the owners thereof for federal income tax purposes pursuant to section 103(a) of the Code if such bonds are “qualified mortgage bonds,” and, among other requirements, are issued in fully registered form. The term “qualified mortgage bonds” means bonds that are part of an issue that meet the requirements summarized below. The Bonds are intended to qualify as “qualified mortgage bonds.”

Mortgage Eligibility Requirements

Residence Requirements. All the residences for which financing is provided with the proceeds of an issue of qualified mortgage bonds must be located within the jurisdiction of the Issuer and must be single family residences which, at the time of execution or assumption of the respective mortgages, can reasonably be expected to become the principal residences of the respective mortgagors within a reasonable time after the financing is provided.

Prior Homeownership Limitations. At least 95% of the net proceeds of an issue of qualified mortgage bonds must be for mortgagors who did not have a present ownership interest in a principal residence at any time during the three-year period ending on the date of execution of the mortgage. However, this limitation does not apply to loans for “targeted area” residences and loans to Qualified Veterans.

Purchase Price Requirements. Each residence for which financing is provided with the proceeds of an issue of qualified mortgage bonds must have an acquisition cost not exceeding 90% of the average area purchase price. However, in the case of a targeted area residence, the acquisition cannot exceed 110% of the average area purchase price. The applicable regulations permit an issuer to rely upon average area purchase price limitations published by the Internal Revenue Service as safe harbor limitations or to utilize other limitations if the issuer has more accurate and comprehensive data than the safe harbor limitations.

The Maximum Purchase Price limits are set forth in the Program Guidelines and are based on limits set forth in revenue procedures published from time to time by the Internal Revenue Service, and other sources.

Income Limitations. Under applicable federal tax law, the maximum family income of the persons who are provided financing under an issuance of qualified mortgage bonds cannot exceed 100% (for families of 2 or less) or 115% (for families of 3 or more) of the greater of the state or local median family income. In the case of any financing provided for targeted area residences in qualified census tracts or areas of chronic economic distress, the maximum family income is unlimited for one-third of the mortgage loans, and the limit for the remaining two-thirds is 120% (for families of 2 or less) or 140% (for families of 3 or more) of the applicable median family income. The maximum family income limits are set forth in the Agreements. Under the Program, Eligible Borrower's annual family income cannot exceed 80% of the greater of the state or local median family income.

New Mortgage Requirement. No part of the proceeds of an issue of qualified mortgage bonds may be used to acquire or replace an existing mortgage. All the lendable proceeds of an issue must be used to provide new mortgages to persons who did not have 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 the replacement of construction period loans, bridge loans and other similar temporary initial financing having a term not exceeding 24 months or for qualified subprime loans.

Assumption Requirements. In the event of the assumption of a mortgage financed with the proceeds of a qualified mortgage bond issue, the residence requirements, prior homeownership limitation, purchase price requirements and income limitations must be satisfied at the time of the assumption as if the loan were being made for the first time.

Volume Cap Limitations. Section 146 of the Code provides that the aggregate amount of "private activity bonds," including qualified mortgage bonds, issued by an issuer during the calendar year may not exceed the allocated portion of the State's volume cap. The Issuer has obtained allocation of volume cap from the Texas Bond Review Board in an amount sufficient to permit the issuance of the Bonds as qualified mortgage bonds.

Targeted Area Requirements. An amount equal to at least 20% of the Bond proceeds must be made available for owner financing in Targeted Areas for at least one year from the time such owner financing is first made available for Targeted Area loans.

Arbitrage Requirements

An issue of qualified mortgage bond (such as the Bonds) must satisfy the arbitrage requirements of sections 143 and 148 of the Code. In part, such requirements are as follows: (i) the effective rate of interest on mortgages provided with proceeds of qualified mortgage bonds may not exceed the yield on such bonds by more than 1.125% and, in calculating the effective interest rate on the mortgages, there must be taken into account all amounts borne by the mortgagor either directly or indirectly and (ii) arbitrage earned on nonmortgage investments must be paid to the United States.

Compliance with Tax Requirements

Section 143 of the Code and the applicable regulations provide that, with respect to each issue of qualified mortgage bonds, the targeted area requirements and clause (i) of the arbitrage requirements discussed above are met if the issuer attempts in good faith to meet such requirements by taking all reasonable steps to assure compliance and if any failure to meet such requirements is due to inadvertent error. With respect to the mortgage eligibility requirements, section 143 of the Code and the applicable regulations provide that such requirements are met, with respect to each issue of qualified mortgage bonds, if (i) the issuer attempts in good faith to meet such requirements before the mortgages are originated including establishing reasonable procedures and conducting reasonable investigations, (ii) at least 95% of

the proceeds of the issue used for mortgages are used for mortgages which meet all of 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 or should have been discovered through the exercise of reasonable diligence. Consequently, a failure to satisfy the mortgage eligibility requirements at any time during the term of each issue of tax-exempt bonds could result in the interest on such bonds being includable in gross income for federal tax purposes retroactively to the date of issuance (as determined for federal tax purposes).

Certain procedures and safeguards have been incorporated into the Agreements and the Indenture to ensure compliance with the requirements of section 143 of the Code with respect to the Bonds. Furthermore, the Issuer, the Servicer, each Lender and the Trustee have each covenanted in the Agreements to follow such procedures toward compliance with such requirements. The Issuer and the Trustee have also made certain representations and covenants relevant to the tax status of interest on the Bonds in the Indenture and the Agreements.

Subject to the condition that the parties continuously comply with the above-referenced covenants and in reliance upon certain representations of the Issuer and others in certain certificates and any required verification report, Bond Counsel will provide its opinion to the effect that, under applicable law, interest on the Bonds will not be includable in gross income of the owners thereof for purposes of federal income taxation, and that interest on such Bonds will not be a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Failure to comply with certain of such covenants and representations could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

In expressing its opinion with respect to the Bonds, Bond Counsel will rely on certain representations of the Issuer and others as to matters solely within the knowledge of such persons. No independent investigation will be made by Bond Counsel with respect to certain of those matters.

Bond Counsel's opinion with respect to the Bonds is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and representations and covenants of the Issuer described above. No ruling has been sought from the Internal Revenue Service (the "Service") with respect to the matters addressed in the opinion of Bond Counsel and such opinion is not binding on the Service. The Service has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations, which may include bonds such as the Bonds. If an audit of such Bonds is commenced, under current procedures the Service is likely to treat the Issuer as the "taxpayer," and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on Bonds, the Issuer may have different or conflicting interests from the owners of such Bonds. Public awareness of any future audit of Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Ownership of Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, certain foreign corporations doing business in the United States, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, owners of an interest in a financial asset securitization investment trust, individuals otherwise qualifying for the earned income credit and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers of Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Tax Accounting Treatment of Premium and Discount on Certain Bonds

The initial public offering price of certain Bonds (the “Premium Bonds”) may be greater than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser’s yield to maturity.

Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

The initial public offering price of certain Bonds (the “Discount Bonds”) may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

THE CONTINUING DISCLOSURE AGREEMENT

Definitions

“Annual Bond Disclosure Report” means any Annual Bond Disclosure Report provided by the Issuer pursuant to, and as described in, the Continuing Disclosure Agreement.

“Dissemination Agent” means the Trustee, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; provided, however, the term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed below under “Reporting of Significant Events.”

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Participating Underwriter” shall mean any “participating underwriter” within the meaning of the Rule required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Provision of Annual Bond Disclosure

The Issuer shall cause the Dissemination Agent to provide, not later than six months after the end of the Issuer’s fiscal year (which currently ends August 31), commencing with the report for the fiscal year ending [August 31, 2023], to the MSRB (in the electronic format prescribed by the MSRB) an Annual Bond Disclosure Report which is consistent with the requirements of the Continuing Disclosure Agreement.

If the Trustee is able to verify that an Annual Bond Disclosure Report has not been provided to the MSRB by the date specified in the preceding paragraph, the Trustee shall promptly send a notice to the MSRB stating that such Annual Bond Disclosure Report has not been timely completed and, if known, stating the date by which the Trustee anticipates such Annual Bond Disclosure Report will be filed.

Content of Annual Bond Disclosure Reports

Each Annual Bond Disclosure Report of the Issuer shall contain or incorporate by reference the following:

1. If prepared, the audited financial statements for the Issuer for the most recently ended fiscal year, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer.
2. Tables setting forth the following information, as of the end of such fiscal year:
 - a. For each maturity of the Bonds, the maturity date, the interest rate, the original aggregate principal amount and the principal amount remaining outstanding.
 - b. During the GNMA Certificate Purchase Period, the total principal amount of GNMA Certificates to be purchased and the total principal amount of GNMA Certificates purchased by the Trustee. This information will not be provided after the GNMA Certificate Purchase Period is completed.
 - c. The amounts in the funds and account securing the Bonds and a description of the related investments.
 - d. The aggregate principal amount of GNMA Certificates purchased, the aggregate principal balance of GNMA Certificates remaining outstanding, and the aggregate principal balance of GNMA Certificates at each pass through rate remaining outstanding.

Any or all of the items listed above may be included by specific reference to other documents, including disclosure documents of debt issues of the Issuer or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference, it must be in a document available to the public on the MSRB internet website or filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so included by reference.

Reporting of Significant Events

Any of the following events shall be considered a Listed Event with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the IRS 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 status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of bondholders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;

(For the purposes of the event identified in paragraph 12 of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.)

13. The consummation of a merger, consolidation, or acquisition of the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee under the Indenture or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the obligated person, any of which affect bondholders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, it shall promptly notify the Trustee in writing and shall timely file (not in excess of ten business days after the occurrence of such event) a notice of such occurrence with the MSRB.

Termination of Reporting Obligation

The Issuer's obligations under the Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Dissemination Agent

The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Continuing Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Trustee.

Amendment; Waiver

The Issuer and the Trustee may amend the Continuing Disclosure Agreement (and the Trustee shall not unreasonably withhold its consent to any amendment requested by the Issuer), and any provision of the Continuing Disclosure Agreement may be waived, but only upon satisfaction of the applicable provisions of the Continuing Disclosure Agreement.

Additional Information

Nothing in the Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in the Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Bond Disclosure Report or notice of occurrence of a Listed Event, in addition to that which is required by the Continuing Disclosure Agreement. If the Issuer chooses to include any information in any Annual Bond Disclosure Report or notice of occurrence of a Listed Event in addition to that which is specifically required by the Continuing Disclosure Agreement, the Issuer shall have no obligation under the Continuing Disclosure Agreement to update such information or include it in any future Annual Bond Disclosure Report or notice of occurrence of a Listed Event.

Default

In the event of a failure of the Issuer or the Trustee to comply with any provision of the Continuing Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the holders of at least 25% aggregate principal amount of outstanding Bonds, shall, upon being indemnified as provided in the Continuing Disclosure Agreement), or any Owner or beneficial owner may, take such actions as may be necessary and appropriate to cause the Issuer or Trustee, as the case may be, to comply with its obligations under the Continuing Disclosure Agreement. A default under the Continuing Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under the Continuing Disclosure Agreement in the event of any failure of the Issuer or the Trustee to comply with the Continuing Disclosure Agreement shall be an action to compel performance.

Beneficiaries

The Continuing Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, the Dissemination Agent, the Participating Underwriters and Owners or beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. UNDER NO CIRCUMSTANCES SHALL THE ISSUER, THE TRUSTEE, OR THE DISSEMINATION AGENT BE LIABLE TO A BONDHOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR IN TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, THE TRUSTEE, OR THE DISSEMINATION AGENT, RESPECTIVELY UNDER THE CONTINUING DISCLOSURE AGREEMENT, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS AGREEMENT. EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR “MANDAMUS” OR SPECIFIC

PERFORMANCE. THE TRUSTEE IS UNDER NO OBLIGATION NOR IS IT REQUIRED TO BRING SUCH AN ACTION.

Past Compliance

[During the past five years the Issuer did not make timely filings on EMMA of the fiscal year 2017 Annual Bond Disclosure Report for the Issuer's Series 2011B single family bond issue (corrected in February 2019). In addition, the Issuer did not link the fiscal year 2016 Annual Bond Disclosure Report to the Issuer's Series 2011A single family bond issue (corrected March 19, 2019). Finally, the Dissemination Agent did not always make timely filings on EMMA of bond calls resulting from prepayments.] **TO BE UPDATED PRIOR TO POSTING THE POS.**

ELIGIBILITY FOR INVESTMENT

Under the authority of the Act, the Bonds are legal and authorized investments for any banks, savings banks, trust companies, building and loan associations, insurance companies, fiduciaries, trustees and guardians and sinking funds of cities, towns, villages, counties, school districts and other political corporations or subdivisions of the State of Texas. The Bonds are also declared eligible under the terms of the Act to secure the deposit of any and all public funds of the State of Texas and any and all public funds of cities, towns, villages, counties, school districts and other political corporations or subdivisions of the State of Texas, and are deemed to be lawful and sufficient security for such deposits at their face value. The Issuer has not made any investigation of any other rules, regulations or laws which may affect eligibility of the Bonds for investment or to secure the deposit of public funds.

NO LITIGATION

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the knowledge of the Issuer, threatened against the Issuer, which affects the existence of the Issuer or its governing body or the titles of its officers to their respective offices or seeks to prohibit, restrain or enjoin the sale of the Bonds, or the revenues or assets pledged to the payment of the principal of, redemption premium, if any, and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Indenture, the Agreements or the Continuing Disclosure Agreement.

LEGAL MATTERS

All legal matters incident to the authorization, issuance, sale and delivery of the Bonds by the Issuer are subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by Norton Rose Fulbright US LLP, Bond Counsel. The form of the approving opinion of Bond Counsel is set forth in Appendix C hereto. Certain legal matters will be passed upon for the Issuer by Ballard Spahr LLP, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Chapman and Cutler LLP.

FINANCIAL ADVISOR

CSG Advisors (the "Financial Advisor") is employed by the Issuer as an independent financial advisor in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. CSG Advisors, in its capacity as Financial Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the

federal, state or local tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies or rating agencies.

CSG Advisors has provided the following for inclusion in this Official Statement: CSG Advisors has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Issuer with respect to the issuance of the Bonds, but it does not guarantee the accuracy or completeness of such information. CSG Advisors did not participate in the underwriting of the Bonds. The participation of CSG Advisors should not be seen as a recommendation to buy or sell the Bonds, and investors should seek the advice of their accountants, lawyers and registered representatives as appropriate. Fees payable to the Financial Advisor are contingent upon the issuance of the Bonds.

UNDERWRITING

Raymond James & Associates, Inc. (the “Underwriter”) has agreed to purchase from the Issuer all the Bonds at a total purchase price equal to the sum of the products of the principal amount of each maturity times the related offering price set forth on the inside cover page hereof. The Issuer has agreed to pay the Underwriter \$[_____] for its fees and expenses relating to the Bonds (including the fees and expenses of its counsel). The Bonds may be offered and sold to certain dealers and others at prices lower than the initial public offering price, and such initial offering price may be changed from time to time.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal management, hedging, financing and brokerage activities. The Underwriter and its affiliates, from time to time, may have performed, and may in the future perform, various investment banking services for the Issuer, for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and instruments of the Issuer.

RATING

It is a condition to the issuance and delivery of the Bonds that the Bonds have been assigned a rating of “Aa1” by Moody’s Investors Service, Inc. (the “Rating Agency”). No application has or will be made to any other rating agency for a rating on the Bonds. The assigned rating reflects only the views of the Rating Agency at the time such rating is given, and the Issuer makes no representation as to the appropriateness of such rating. An explanation of the significance of a rating may be obtained from the Rating Agency.

The Issuer has provided the Rating Agency information and materials relating to the Bonds, including information and materials that have not been included in this Official Statement. Generally, a rating agency bases its rating on such information and materials and on investigations, studies and assumptions by such rating agency. There is no assurance that the rating initially assigned to the Bonds will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by the Rating Agency, if in its sole judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating can be expected to have an adverse effect on the market price of the Bonds.

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MISCELLANEOUS

This Official Statement is submitted in connection with the issuance and delivery of the Bonds and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchaser or the Owner of any Bond. Any statements herein involving matters of opinion or estimates, whether or not expressly so stated, are intended merely as such and not as representations of fact.

TEXAS STATE AFFORDABLE HOUSING CORPORATION

By: _____
President

APPENDIX A

DEFINITIONS

Certain capitalized terms used in this Official Statement and not otherwise defined under “Introduction” or elsewhere herein are set forth below. In some cases such definitions represent a condensed or otherwise modified form of the definition set forth in the Indenture or the Agreements. Reference is made to the Indenture and the Agreements for the complete definitions of such terms and for other capitalized terms that are not defined in this Official Statement.

“Act” means Subchapter Y of Chapter 2306, Texas Government Code, as amended.

“Agreements” means the Servicing Agreement and the Lender Agreements.

“Bond Counsel” means Norton Rose Fulbright US LLP, or such other legal counsel as selected by the Issuer and acceptable to the Trustee, of recognized standing on the subject of municipal bonds and federal arbitrage regulations, and whose legal opinions on such bonds are acceptable in national bond markets.

“Bond Year” means each one-year period that ends at the close of business on the day selected by the Issuer. The first and last Bond Years may be short periods. If no day is selected by the Issuer before the earlier of the date the last Bond is discharged or the date that is five years after the Issuance Date, the Bond Year will end on the day before each anniversary of the Issuance Date and on the date the last Bond is discharged.

“Bonds” means the Texas State Affordable Housing Corporation Single Family Mortgage Revenue Bonds, Series 2023A (Non-AMT).

“Business Day” means any day other than (i) a Saturday or Sunday, (ii) a day on which banking institutions are closed in New York, New York, or in the state in which either the Principal Office or the Operations Office of the Trustee is located, or (iii) a day on which the New York Stock Exchange is closed.

“Certificate” means a GNMA Certificate.

“Certificate Purchase Period” means the period from the Issuance Date through [_____] __], 2023, during which the Servicer or the Corporation can sell GNMA Certificates to the Trustee at the Certificate Sale Price; provided that the last date of such period may be extended in connection with an extension of the Nonorigination Redemption Date.

“Certificate Sale Date” means any date on which the Servicer or the Issuer sells a Certificate to the Trustee during the GNMA Certificate Purchase Period.

“Certificate Sale Price” means [_____] % of the outstanding principal balance of the Mortgage Loans in the pool backing the applicable GNMA Certificate. No accrued interest shall be paid at the time of the purchase of a Certificate by the Trustee. The Certificate Sale Price may be increased or decreased based on the written instructions of the Issuer to the Trustee; provided that no increase in the Certificate Sale Price shall occur unless the Issuer has deposited in the Program Fund sufficient moneys to fund the increased Certificate Sale Price for all Certificates subject to such increased price.

“Code” means the Internal Revenue Code of 1986, as amended, together with the corresponding and applicable final, temporary or proposed regulations and revenue rulings issued or amended with respect

thereto by the United States Treasury Department or the Internal Revenue Service, to the extent applicable to the Bonds.

“Eligible Borrower” means a person or persons:

- (a) who resides in the State of Texas on the Mortgage Loan application date;
- (b) whose Family Income does not exceed the Maximum Family Income then in effect for such jurisdiction;
- (c) who intends to occupy the Residence to be financed with a Mortgage Loan as his or her principal residence within a reasonable period (not to exceed 60 days) following the closing of such Mortgage Loan;
- (d) who (except in the case of a person who is obtaining a Mortgage Loan in a Targeted Area) has not had a present ownership interest in a principal residence (except for the Residence being financed with the Mortgage Loan) at any time during the three year period ending on the loan closing date; and
- (e) who has not had an existing mortgage (including a deed of trust, conditional sales contract, pledge, agreement to hold title in escrow, or any other form of owner financing), whether or not paid off, on the Residence to be financed with such Mortgage Loan at any time prior to the execution of the Mortgage, other than an existing mortgage securing a construction period loan, construction bridge loan, or similar temporary initial construction financing initially incurred within 24 months of the Mortgage Loan closing date, having an original term not exceeding 24 months, and not providing for scheduled payments of principal during such term.

“Eligible Loan Area” means the State of Texas.

“Event of Default” means any event of default as described above in “THE INDENTURE—Defaults and Remedies; Rights of Bondholders” or otherwise specified in the Indenture.

“Family Income” means, with respect to a person, the “gross monthly income,” multiplied by twelve, of such person and of any other person who is expected to live in the Residence being financed and is liable on the Mortgage, all as determined in accordance with such person’s Program affidavit relating to the Mortgage Loan. For purposes of this definition, “gross monthly income” includes the sum of monthly gross pay, any additional income from overtime, part time employment, bonuses, dividends, interest, royalties, pensions, VA compensation, and net rental income, etc. and other income (such as alimony, child support, public assistance, sick pay, social security benefits, unemployment compensation, income received from trusts, and income received from business activities or investments).

“FHA Insurance” means insurance on mortgage loans presently issued by FHA under the National Housing Act of 1934, as amended, pursuant to one of the following FHA Insurance programs:

- (a) FHA Section 203(b), Home Unsubsidized;
- (b) FHA Section 203(b)(2), Veterans Status;
- (c) FHA Section 234(c), Condominium Ownership;
- (d) FHA Section 203(h), Disaster Victims; or

- (e) any other FHA insurance program acceptable to the Issuer and the Servicer.

“First-Time Homebuyer” means a Mortgagor who has not had an ownership interest in a principal residence at any time during the three-year period prior to the closing of the related Mortgage Loan.

“GNMA” means 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.

“GNMA Certificate” means a certificate (in either physical or book-entry form) purchased by the Trustee, issued by the Servicer and guaranteed by GNMA pursuant to GNMA’s GNMA II Mortgage-Backed Securities program under Section 306(g) and other related provisions of the National Housing Act of 1934, as amended, and based on and backed by Mortgage Loans referred to in the GNMA Guaranty Agreement and shall unconditionally obligate the Servicer to remit monthly to [J.P. Morgan Chase & Co.], as Central Paying and Transfer Agent (“CPTA”) its pro rata share of [x] principal payments and prepayments made with respect to the pool of Mortgage Loans represented by the GNMA Certificate and [y] interest received in an amount equal to the principal balance of the GNMA Certificate multiplied by the applicable Pass-Through Rate. GNMA shall guarantee to the holder of each GNMA Certificate such holder’s pro rata share of (i) the timely payment of interest at the applicable Pass-Through Rate on the unpaid principal balance of the Mortgage Loans represented by the GNMA Certificate and (ii) the timely payment of principal in accordance with the terms of the principal amortization schedule applicable to the Mortgage Loans represented by such GNMA Certificate.

“Governmental Obligations” means obligations of, or obligations guaranteed as to the full and timely payment of principal and interest by, the United States of America or any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States of America.

“Indenture” means the Trust Indenture dated as of February 1, 2023, as originally executed between the Issuer and the Trustee, or as it may from time to time be supplemented, modified, or amended by any Supplemental Indenture.

“Interest Payment Date” means each March 1 and September 1, commencing September 1, 2023.

“Investment Agreement” means a guaranteed investment contract or agreement (or similar arrangement), between the Trustee and the provider of such contract or agreement, which meets any applicable requirements of the Rating Agency and bears a rating that is sufficient to maintain a rating on the Bonds of “Aa1” or higher.

“Investment Securities” means any of the following which at the time of investment are legal investments under the laws of the State of Texas for moneys held under the Indenture and then proposed to be invested:

- (a) Governmental Obligations;
- (b) Federal Housing Administration debentures which must not be redeemable prior to their stated maturity;
- (c) obligations of the Farm Credit System;
- (d) obligations of Federal Home Loan Banks;

(e) certificates of deposit having a stated maturity of 90 days or fewer from the date of its issuance, that are issued by a state or national bank domiciled in the State of Texas (including those of the Trustee) or a savings and loan association domiciled in the State, provided that such certificate of deposit is fully insured by the Federal Deposit Insurance Corporation or its successor and that such banking institution is rated not less than P-1 by the Rating Agency;

(f) bankers' acceptance which (i) have a stated maturity of 90 days or fewer from the date of its issuance, (ii) will be, in accordance with their terms, liquidated in full at maturity, (iii) are eligible collateral for borrowing from a Federal Reserve Bank, and (iv) are issued by a bank organized and existing under the laws of the United States or of any state, if the short-term obligations of the bank, or of a bank holding company of which the bank is the largest subsidiary, are rated not less than P-1 by the Rating Agency;

(g) deposits which are fully insured by the Federal Deposit Insurance Corporation ("FDIC"); provided that such deposits are with a banking institution rated not less than P-1 by the Rating Agency;

(h) commercial paper which (i) has a stated maturity of 90 days or fewer from the date of its issuance and (ii) is rated not less than P-1 by the Rating Agency;

(i) U.S. Treasury STRIPS, REFCORP STRIPS (stripped by the Federal Reserve Bank of New York), and any other U.S. Treasury stripped securities assessed or rated in the highest applicable rating category by the Rating Agency at the time of such purchase;

(j) an Investment Agreement;

(k) a money market fund of the Trustee or its affiliates that is rated by the Rating Agency in its highest rating category; and

(l) any other investment which in the opinion of the Issuer's counsel is at the time permitted by then applicable law for the investment of the Issuer's funds and to the extent such investments are rated by a Rating Agency in its highest rating category.

"Issuer" means the Texas State Affordable Housing Corporation, or its successor.

"Issuer's Excess Interest Portion" means an amount equal to the Issuer's Excess Interest Portion Percentage of each interest payment received by the Trustee with respect to each GNMA Certificate (including any amounts received as interest payments pursuant to the GNMA guaranty). Such amount is payable on the 1st day of each calendar month, commencing April 1, 2023, based upon the payments received on the GNMA Certificates during the prior month.

"Issuer's Excess Interest Portion Percentage" means a percentage equal to [____]% divided by the Pass-Through Rate. The Issuer's Excess Interest Portion Percentage applicable to the GNMA Certificates shall be equal to [____]% ([____]%/[____]%). The Issuer's Excess Interest Portion Percentage may be increased or decreased pursuant to the written instructions of the Issuer to the Trustee; provided that any such increase or decrease shall correspond to the increase or decrease, respectively, of the Pass-Through Rate.

"Lender" means a mortgage lending institution participating in the Program and executing a Lender Agreement.

“Lender Agreement” means the Mortgage Origination Agreement between the Issuer and each Lender, as amended from time to time.

“Loan Correspondent Purchase and Sale Agreement” means the agreement between the Servicer and each Lender setting forth the terms and conditions under which the Servicer will purchase a Mortgage Loan from a Lender and the duties, obligations, representations, warranties and covenants of the Lender to the Servicer.

“Maximum Family Income” means the applicable maximum family income amount set forth in the Program Guidelines (meeting the requirements of the Code, the Act and any other Program requirement), subject to adjustment from time to time based on notice from the Issuer to the Lenders. In all cases the Maximum Family Income cannot exceed 80% of the greater of the state or local median family income.

“Maximum Purchase Price” means the applicable maximum purchase price amount set forth in the Program Guidelines (meeting the requirements of the Code, the Act and any other Program requirement), subject to adjustment from time to time based on notice from the Issuer to the Lenders.

“Mortgage” means the deed of trust, including any riders, securing a Mortgage Loan that creates a first lien on a Residence subject to permitted encumbrances, and that shall be in form acceptable to FHA, VA or USDA-RHS, as applicable.

“Mortgage Loan” means a mortgage loan made to an Eligible Borrower evidenced by a Mortgage Note secured by a related Mortgage on a Residence located in the Eligible Loan Area, satisfying the terms of the Lender Agreement.

“Mortgage Loan Rate” means the interest rate per annum with respect to each Mortgage Loan. The initial Mortgage Loan Rate for all Mortgage Loans shall be [___]%; provided that the Mortgage Loan Rate may be increased or decreased in conjunction with a permitted increase or decrease, respectively, of the Pass-Through Rate, but only if the percentage increase or decrease in the Mortgage Loan Rate is the same as the percentage increase or decrease in the Pass-Through Rate, respectively.

“Mortgage Note” means the promissory note evidencing the obligation to repay a Mortgage Loan, that shall be in the form acceptable to FHA, VA or USDA-RHS, as applicable, depending on whether the Mortgage Note evidences an FHA-insured Mortgage Loan, a VA-guaranteed Mortgage Loan, or a USDA-RHS-guaranteed Mortgage Loan, respectively, with such additions or modifications as may be required hereunder as approved by the Issuer and the Servicer and provided to Lenders by the Servicer.

“Mortgagor” means any person who has a present ownership interest in the Residence and is the obligor(s) on a Mortgage Note, or a subsequent owner of a Residence who has assumed the Mortgage in accordance with the Agreements (but does not include a person who is liable on the Mortgage Note solely as a guarantor or co-signer, who does not have a present ownership interest in the Residence).

“Nonorigination Redemption Date” means the redemption date set forth in the Indenture upon which Bonds may be redeemed from unexpended moneys in the Program Fund, or any extended date established pursuant to the condition of the Indenture.

“Notice of Availability of Funds” means a notice issued by the Issuer to the Lenders with respect to the availability of funds to originate Mortgage Loans under the Program and certain terms of the Mortgage Loans.

“Outstanding,” when used as of any particular time with reference to the Bonds, means (subject to the provisions on disqualified Bonds in the Indenture) all of the Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except (1) the Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (2) the Bonds with respect to which all liability of the Issuer shall have been discharged in accordance with the Indenture, including the Bonds (or portions of the Bonds) referred to as disqualified bonds in the Indenture; and (3) the Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

“Outstanding Bond Amounts” means the amounts set forth in Appendix D as the 100% PSA Outstanding Bond Amount for Premium PAC Bonds and the 400% PSA Outstanding Amount for All Bonds, as applicable.

“Owner” means a registered owner of a Bond.

“Pass-Through Rate” means the interest rate per annum with respect to each GNMA Certificate, which is equal to the Mortgage Loan Rate of the Mortgage Loans backing the GNMA Certificate less the related servicing and guaranty fees. The initial Pass-Through Rate for the GNMA Certificates shall be [___]% per annum; provided that (i) the Pass-Through Rate may be increased upon written notice from the Issuer to the Trustee and the delivery of an opinion of Bond Counsel to the Trustee to the effect that such increase shall not adversely affect the exclusion of interest on the Bonds from gross income for federal tax purposes; and (ii) the Pass-Through Rate may be decreased upon written notice from the Issuer to the Trustee, except that if a corresponding reduction is not made to the Issuer’s Excess Interest Portion, then the Issuer shall be required to provide written evidence to the Trustee from the Rating Agency that the rating on the Bonds will not be adversely affected as a result of such reduction of the Pass-Through Rate.

“Premium PAC Bonds” means the Term Bonds maturing March 1, 2054.*

“Premium Term Bonds” means the Term Bonds maturing March 1, 2038,* March 1, 2043,* March 1, 2048,* and March 1, 2053.*

“Prepayments” means principal payments in addition to regularly scheduled principal payments on the GNMA Certificates.

“Principal Office” means (i) when used with respect to the Trustee, the corporate trust office of the Trustee at which the Indenture is administered, which at the date of this Indenture is located in Minneapolis, Minnesota, and (ii) if used with respect to any paying agent, the office of such paying agent as designated by written notice given by the Trustee to the Owners.

“Program” means the Issuer’s program of purchasing mortgage-backed certificates backed by qualifying single family mortgage loans pursuant to the Act, the Indenture and the Agreements.

“Program Documents” means the Indenture, the Servicing Agreement, the Lender Agreements, the Program Guidelines, and all other documents relating to the Program.

“Program Expenses” means the fees and expenses payable to the Trustee and the Rebate Analyst in the amounts set forth in the Indenture.

* Subject to change.

“Program Guidelines” means the written guidelines for the Program established by the Issuer, which are subject to amendment from time to time.

“Purchase Price” means the cost to a Mortgagor of acquiring a Residence from the Seller as a completed residential unit as set forth in the Lender Agreement.

“Qualified Veteran” means a person who is a “veteran” (as defined in 38 U.S.C. Section 101) who has not previously obtained a loan financed by single family mortgage revenue bonds utilizing the veteran’s exception to the 3-year requirement set forth in Section 143(d)(2)(D) of the Code.

“Rating Agency” means Moody’s Investors Service, Inc., its successors and assigns, or any other national rating agency which has assigned and is maintaining a credit rating on the Bonds

“Rebate Amount” means the amount required to be paid to the United States Government, as determined under Code Section 148 and Treasury Regulation Section 1.148-3.

“Rebate Analyst” means initially [_____], or its successors or assigns.

“Record Date” means the close of business on the 25th day of the month preceding each Interest Payment Date, whether or not such 25th day is a Business Day.

“Residence” means real property and improvements permanently affixed thereon (but does not include property not constituting “fixtures” under State of Texas law) (i) that is located within the Eligible Loan Area; (ii) that consists of a single family detached or attached structure consisting of not more than four connected dwelling units intended for residential housing for one family or a single unit in a Condominium Development, Planned Unit Development, or de minimus PUD (as each term is defined in the Lender Agreement), a single unit in a duplex, triplex, or fourplex, or an entire duplex, triplex, or fourplex to be financed, provided that one of the units will be occupied by the Mortgagor and the Residence was first occupied for residential purposes at least five years prior to origination of the Mortgage Loan (however, this five year requirement does not apply to the extent described in the next sentence) or a single unit in a duplex (but not including a mobile home or any personal property); and (iii) the Purchase Price (as defined in the Lender Agreement) of which does not exceed the Maximum Purchase Price (as defined in the Lender Agreement); provided, however, that land appurtenant to a Residence shall be considered as part of such Residence only if such land reasonably maintains the basic liability of such Residence and does not provide, other than incidentally, a source of income to the Mortgagor. The requirement that a multiple unit building have first been occupied for residential purposes at least five years prior to the closing of the Mortgage Loan does not apply in the case of a two-family Residence that is a Residence located in a Targeted Area. No portion of a Residence shall consist of a health club facility, a facility primarily used for gambling, or a store the principal business of which is the sale of alcoholic beverages for consumption off premises.

“Revenues” means all income, revenues, proceeds and other amounts received by the Trustee from or on behalf of the Issuer, including all amounts received in connection with the GNMA Certificates except the Issuer’s Excess Interest Portion, and any and all interest, profits or other income derived from the investment of amounts in any Fund (except the Program Expense Fund, the Cost of Issuance Fund, the Excess Interest Portion Fund and any Rebate Amount in any Fund).

“Seller” means, with respect to a Mortgage Loan, the seller of the Residence being financed with such Mortgage Loan.

“Serial Bonds” means the Bonds maturing on each Interest Payment Date from September 1, 2024 through [_____] 1, 20[___], which Bonds are not subject to mandatory sinking fund redemption.

“Servicer” means Lakeview Loan Servicing, LLC, or any successor to its duties under the Servicing Agreement.

“Servicing Agreement” means the Servicing and Sale Agreement (Relating to Bond-Financed Programs) dated as of February 1, 2019, between the Issuer and the Servicer, as amended from time to time.

“Supplemental Indenture” means any indenture hereafter duly authorized under and in compliance with the Act and this Indenture, and entered into between the Issuer and the Trustee, which supplements, modifies, or amends this Indenture.

“Targeted Area” means that part of the Eligible Loan Area that has been or may be designated from time to time as a qualified census tract or an area of chronic economic distress in accordance with Section 143(j) of the Code. The list of Targeted Areas for the Eligible Loan Area are set forth in the Program Guidelines.

“Term Bonds” means the Bonds subject to mandatory sinking fund redemption.

“Trustee” means Computershare Trust Company, N.A., or any successor Trustee appointed or otherwise permitted under the Indenture.

APPENDIX B

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, acts as securities depository for the Bonds (for purposes of this section, the Bonds will be referred to as the “Securities”). The Securities 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 Securities and will be deposited with DTC.

DTC, the world’s largest securities 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.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

Redemption notices shall be sent to DTC by the Trustee.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer 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 the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Securities 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 detailed information from the Issuer 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, DTC's nominee, the Trustee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer 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.

A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the Tender Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the Tender Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to the Tender Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

Portions of the foregoing information regarding the book-entry only system have been provided by DTC. Accordingly, neither the Issuer nor the Underwriters are making any representation concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be. There can be no assurance that DTC or the DTC Participants will abide by the procedures described herein or that such procedures will not be changed from time to time. In the event a successor securities depository is designated, it may establish different procedures.

APPENDIX C

FORM OF BOND COUNSEL OPINION

[Bond Closing Date]

WE HAVE ACTED AS BOND COUNSEL for the Texas State Affordable Housing Corporation (the “Issuer”) for the purpose of rendering our opinion with respect to the matters discussed herein in connection with the issuance of \$_____ aggregate principal amount of the Texas State Affordable Housing Corporation Single Family Mortgage Revenue Bonds, Series 2023A (Non-AMT) (the “Bonds”). We express no opinion and make no comment with respect to the sufficiency of the security for or the marketability of the Bonds. The Bonds are limited obligations of the Issuer payable solely from the sources described therein.

WE HAVE EXAMINED the Bonds and have also examined, and in expressing the opinions hereinafter described we rely upon, original or certified copies of the proceedings of the Board of Directors of the Issuer authorizing issuance of the Bonds; certificates of the Issuer relating to the expected use of proceeds of the Bonds and certain other funds of the Issuer and to other material facts within the sole knowledge of the Issuer and a Trust Indenture, dated as of February 1, 2023, between the Issuer and Computershare Trust Company, National Association, as trustee (the “Trustee”) (collectively, the “Bond Documents”); and such other documents and material and such matters of law as we deem relevant to the matters discussed below. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such certificates.

WE ARE OF THE OPINION, based upon such examination, that under applicable laws of the United States of America and of the State of Texas in force and effect on the date hereof, the Bonds have been duly authorized, executed, and delivered and constitute valid and legally binding limited obligations of the Issuer payable from the sources, and enforceable in accordance with the terms and conditions, described therein, except to the extent that the enforcement thereof may be limited by laws of general application relating to bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting the rights of creditors or the exercise of judicial discretion in accordance with general principles of equity.

IT IS FURTHER OUR OPINION THAT, assuming continuing compliance after the date hereof by the Issuer and the Trustee with the applicable provisions of the Bond Documents, and in reliance upon representations and certifications of the Issuer made in a certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Bonds, interest on the Bonds will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended (the “Code”), of the owners thereof for federal income tax purposes pursuant to sections 103 and 143 of the Code and existing regulations, published rules and court decisions thereunder and will not be an item of tax preference for purposes of the federal alternative minimum tax on individuals.

WE EXPRESS NO OTHER OPINION with respect to the legal or beneficial ownership of the Bonds for federal income tax purposes or any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of the Bonds. Ownership of tax exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued

indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

APPENDIX D

TABLE OF OUTSTANDING BOND AMOUNTS[†]

Date	100% PSA Outstanding Bond Amount for Premium PAC Bonds (\$)	400% PSA Outstanding Bond Amount for All Bonds (\$)
3/28/2023		
4/1/2023		
5/1/2023		
6/1/2023		
7/1/2023		
8/1/2023		
9/1/2023		
10/1/2023		
11/1/2023		
12/1/2023		
1/1/2024		
2/1/2024		
3/1/2024		
4/1/2024		
5/1/2024		
6/1/2024		
7/1/2024		
8/1/2024		
9/1/2024		
10/1/2024		
11/1/2024		
12/1/2024		
1/1/2025		
2/1/2025		
3/1/2025		
4/1/2025		
5/1/2025		
6/1/2025		
7/1/2025		
8/1/2025		
9/1/2025		
10/1/2025		
11/1/2025		
12/1/2025		
1/1/2026		
2/1/2026		
3/1/2026		
4/1/2026		

[†] The Outstanding Bond Amounts in each column are subject to reduction if Bonds are subject to mandatory redemption due to failure to purchase GNMA Certificates from moneys in the Program Fund.

Date	100% PSA Outstanding Bond Amount for Premium PAC Bonds (\$)	400% PSA Outstanding Bond Amount for All Bonds (\$)
5/1/2026		
6/1/2026		
7/1/2026		
8/1/2026		
9/1/2026		
10/1/2026		
11/1/2026		
12/1/2026		
1/1/2027		
2/1/2027		
3/1/2027		
4/1/2027		
5/1/2027		
6/1/2027		
7/1/2027		
8/1/2027		
9/1/2027		
10/1/2027		
11/1/2027		
12/1/2027		
1/1/2028		
2/1/2028		
3/1/2028		
4/1/2028		
5/1/2028		
6/1/2028		
7/1/2028		
8/1/2028		
9/1/2028		
10/1/2028		
11/1/2028		
12/1/2028		
1/1/2029		
2/1/2029		
3/1/2029		
4/1/2029		
5/1/2029		
6/1/2029		
7/1/2029		
8/1/2029		
9/1/2029		
10/1/2029		
11/1/2029		
12/1/2029		
1/1/2030		

Date	100% PSA Outstanding Bond Amount for Premium PAC Bonds (\$)	400% PSA Outstanding Bond Amount for All Bonds (\$)
2/1/2030		
3/1/2030		
4/1/2030		
5/1/2030		
6/1/2030		
7/1/2030		
8/1/2030		
9/1/2030		
10/1/2030		
11/1/2030		
12/1/2030		
1/1/2031		
2/1/2031		
3/1/2031		
4/1/2031		
5/1/2031		
6/1/2031		
7/1/2031		
8/1/2031		
9/1/2031		
10/1/2031		
11/1/2031		
12/1/2031		
1/1/2032		
2/1/2032		
3/1/2032		
4/1/2032		
5/1/2032		
6/1/2032		
7/1/2032		
8/1/2032		
9/1/2032		
10/1/2032		
11/1/2032		
12/1/2032		
1/1/2033		
2/1/2033		
3/1/2033		
4/1/2033		
5/1/2033		
6/1/2033		
7/1/2033		
8/1/2033		
9/1/2033		
10/1/2033		

Date	100% PSA Outstanding Bond Amount for Premium PAC Bonds (\$)	400% PSA Outstanding Bond Amount for All Bonds (\$)
11/1/2033		
12/1/2033		
1/1/2034		
2/1/2034		
3/1/2034		
4/1/2034		
5/1/2034		
6/1/2034		
7/1/2034		
8/1/2034		
9/1/2034		
10/1/2034		
11/1/2034		
12/1/2034		
1/1/2035		
2/1/2035		
3/1/2035		
4/1/2035		
5/1/2035		
6/1/2035		
7/1/2035		
8/1/2035		
9/1/2035		
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11/1/2035		
12/1/2035		
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5/1/2036		
6/1/2036		
7/1/2036		
8/1/2036		
9/1/2036		
10/1/2036		
11/1/2036		
12/1/2036		
1/1/2037		
2/1/2037		
3/1/2037		
4/1/2037		
5/1/2037		
6/1/2037		
7/1/2037		

Date	100% PSA Outstanding Bond Amount for Premium PAC Bonds (\$)	400% PSA Outstanding Bond Amount for All Bonds (\$)
8/1/2037		
9/1/2037		
10/1/2037		
11/1/2037		
12/1/2037		
1/1/2038		
2/1/2038		
3/1/2038 and thereafter		

Tab 5

Presentation, Discussion and Possible Approval of a Resolution Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for Juniper Creek Apartments.

MINUTES AND CERTIFICATION

THE STATE OF TEXAS §
 §
TEXAS STATE AFFORDABLE §
HOUSING CORPORATION §

The Board of Directors of the Texas State Affordable Housing Corporation (the "Corporation") convened on December 6, 2022, at the designated meeting place in Austin, Texas, and roll was called of the duly constituted members of said Board of Directors, to-wit:

<u>Name</u>	<u>Office</u>
William H. Dietz	Chairperson
Valerie Vargas Cardenas	Vice Chairperson
Courtney Johnson-Rose	Director
Lemuel Williams	Director
Andy Williams	Director

and all of said persons were present during the meeting except _____, thus constituting a quorum. Whereupon, among other business, the following was transacted, to-wit: a written resolution (the "Resolution") bearing the following caption was introduced for the consideration of said Board:

"RESOLUTION NO. 22-____

RESOLUTION Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for the Juniper Creek Apartments"

Upon motion duly made and seconded, the Resolution was finally passed and adopted by the following vote:

_____ AYES _____ NOES _____ ABSTENTIONS

MINUTES APPROVED AND CERTIFIED TO BE TRUE AND CORRECT and to reflect accurately the duly constituted officers and members of the Board of Directors of the Corporation, and the attached and following copy of such Resolution is hereby certified to be a true and correct copy of an official copy thereof on file among the official records of the Corporation.

SIGNED this December 6, 2022.

Secretary, Texas State Affordable Housing
Corporation

RESOLUTION NO. 22-__

RESOLUTION Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for the Juniper Creek Apartments

WHEREAS, the Board of Directors of the Texas State Affordable Housing Corporation (the "Corporation") desires to submit one or more calendar year 2023 Applications for Allocation of Private Activity Bonds, a calendar year 2023 Application for Carryforward for Private Activity Bonds, one or more calendar year 2024 Applications for Allocation of Private Activity Bonds or a calendar year 2024 Application for Carryforward for Private Activity Bonds (collectively, the "Application") to the Texas Bond Review Board in connection with tax-exempt obligations in a principal amount not to exceed \$26,000,000 (the "Bonds") relating to a qualified residential rental housing project to be located at or about 11630 - 11616 N. Lamar Blvd., Austin, Texas 78753, Travis County (the "Project");

WHEREAS, the Corporation intends to issue the Bonds and loan the proceeds to FC Juniper Creek Housing, LP (the "Borrower"), which will be the initial legal owner and will use the proceeds for acquiring, constructing and equipping the Project;

WHEREAS, it is anticipated that the Borrower will make certain capital expenditures with respect to the Project and currently desires and expects to reimburse the capital expenditures with proceeds of such debt;

WHEREAS, under Treas. Reg. § 1.150-2 (the "Regulation"), to fund such reimbursement with proceeds of tax-exempt obligations, the Corporation must declare its expectation to make such reimbursement;

WHEREAS, the Corporation desires to preserve the ability of the Borrower to reimburse the capital expenditures with proceeds of tax-exempt obligations; and

WHEREAS, the Board desires to make all other appropriate filings and requests to the Texas Bond Review Board to enable the Corporation to issue the Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS STATE AFFORDABLE HOUSING CORPORATION:

1. That the President of the Corporation or any officer of the Corporation is hereby authorized and directed to execute and deliver the Application to the Texas Bond Review Board in connection with requesting allocation in the maximum amount of \$26,000,000 for the Bonds, together with any documents, certificates or instruments related thereto.

2. That the President of the Corporation or any other officer of the Corporation is hereby authorized and directed to file with the Texas Bond Review Board one or more Notices of Intent to Issue Bonds and one or more State Bond Applications in connection with the Bonds and such officers are further authorized and directed to request that the application(s) be approved by the Texas Bond Review Board in accordance with Chapter 181 of the Texas Administrative Code, as amended.

3. That the President of the Corporation or any other officer of the Corporation is hereby authorized and directed to take any and all other actions necessary or incidental to securing the private activity bond allocation(s), the approval of the Bonds from the Texas Bond Review Board and requesting non-traditional carryforward of private activity bond allocation if needed.

4. That the Corporation reasonably expects that the Borrower will reimburse capital expenditures with respect to the Project with proceeds of debt hereafter to be incurred by the Corporation, and that this resolution shall constitute a declaration of official intent under the Regulation. The maximum principal amount of obligations expected to be issued for the Project by the Corporation is \$26,000,000.

PASSED, APPROVED AND EFFECTIVE this December 6, 2022.

TEXAS STATE AFFORDABLE
HOUSING CORPORATION

Texas State Affordable Housing Corporation

Multifamily Private Activity Bond Project Summary

Agenda:

Presentation, Discussion and Possible Approval of a Resolution Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for Juniper Creek Apartments.

Summary:

TSAHC received an application from Foundation Communities (FC) on November 12, 2021, proposing the construction of a 110-unit affordable apartment community located in Austin to be called Juniper Creek. All 110-units will be reserved for low-income households earning up to 60% of the area median income. This project was originally approved by the board in January 2022 for an inducement.

Update:

Staff is bringing this project back to the board to amend the inducement resolution and increase the amount of bond volume cap for the project., due to cost increases over the past year since the application was first submitted in 2021. TSAHC has flexibility in how it manages its private activity bond cap and has sufficient volume to increase the amount available to this transaction without hurting other transactions. The new bond amount, if approved, will be \$26 million. The original amount approved for this project was \$24 million.

Additionally, TSAHC has been asked to become a member of the ownership structure. TSAHC will fulfill a similar role to the one we are taking in the Park on 14th project in Plano. A separate resolution will be presented during this board meeting and request separate approval. As a public entity involved in the ownership structure, the project will be granted a property tax exemption, and in exchange TSAHC will hold fee title interest in the land and ensure affordability of the project for a period beyond the term of the bond financing. Staff does believe that this arrangement is critical to the feasibility of the project, specifically to provide the level of extremely low-income housing proposed. Approval of the joint venture will be done as a separate agenda item.

Public Benefit:

Juniper Creek will create 110-units of affordable rental housing targeted for low-income households. Currently, 22 units will be reserved for households earning up to 30% of the area median income (AMI), 44 units will be reserved for households at 50% AMI and the remaining 44 units will be reserved for households at 60% AMI. The project qualifies under TSAHC's service enriched targeted housing need

Map of Project Area



Texas State Affordable Housing Corporation

Multifamily Private Activity Bond Project Summary

because the units serving those at 30% AMI and persons facing homelessness exceeds 10% of the total project units.

Financial Summary:

Juniper Creek has a total budget of approximately \$42.7 million. The proposed financing includes tax-exempt bonds, deferred forgivable loans and 4% housing tax credits. Approximately \$2.86 million will be used for property acquisition, with total construction costs of \$30.26 million or \$208,063 per unit. Financing costs and soft costs account for \$4.7 million, developer fees for \$4.58 million and reserve accounts for \$310,000.

The anticipated maximum par amount of the bonds is \$26 million. Currently the Developer is planning to use Citi Financial's tax exempt loan program for both construction and perm financing. The long-term financing will include \$9.2 million from Citi Financial and \$14.2 million in housing tax credit equity. To reach extremely low-income households, deferred forgivable loans from the Texas Department of Housing and Community Affairs (\$3 million), Travis County (\$6.5 million) and Austin Housing Finance Corporation (\$3.3 million) will cover a significant portion of the costs. The remaining financing includes a \$750,000 grant from the Federal Home Loan Bank of Dallas, City of Austin fee waivers valued at \$608,000, Owner Equity from Foundation Communities in the amount of \$4 million and deferred developer fees of \$1.125 million.

The total per unit cost for Juniper Creek is anticipated to be \$388,000, and staff would like to note that this amount is higher than similarly structured projects. The most recent example of a project involving new construction for families is Market Place at Liberty Crossing, with estimated construction costs of \$194,000. Significant differences in costs are attributed to location. At Juniper Creek the cost of land per unit will be \$26,000, versus \$4,000 at Market Place at Liberty Crossing, which is located in Wilmer, Texas. Additionally, Market Place has a total unit count of 348 versus 110 units at Juniper Creek allowing for some efficiencies from scale. Finally, labor and construction costs overall are 5% to 20% higher based on various trade wages in Austin, which attributes to a large portion of the cost increase.

Market Conditions:

Juniper Creek will be in North Central Austin adjacent to the Gracywoods neighborhood. The property fronts Lamar Blvd (Loop 275) which includes a mixture of multifamily, low density commercial and retail establishments. The project is also within a quarter mile of the Walnut Creek Metropolitan Park, which includes playgrounds, neighborhood pool, sport fields, a BMX track and more than 20 miles of hiking/biking trails.

As a family targeted project, staff looked at educational resources and found that the property is located within the Pflugerville Independent School District. Several schools are located within a 2-miles of the property including public elementary and middle schools, Brentwood Christian and Nygos Charter Schools. Ratings for public schools were not available due to the cancellation of reviews by the Texas Education Agency in 2020 due to the COVID-19 pandemic.

The demand for affordable housing through the Austin metro region continues to be very high. The area around Juniper Creek is dominated with single family homeownership units and only 39% of households

Texas State Affordable Housing Corporation

Multifamily Private Activity Bond Project Summary

in the census tract are renters. Although median home values in the census tract (\$242,600) are below the City of Austin's median (\$337,400), median rents for the census tract are equal to the City's at \$1,280.

Developer Summary:

Foundation Communities (FC) is an Austin based nonprofit, developing affordable housing and providing community services for 30+ years. FC currently owns and manages 25 affordable housing communities in Central Texas serving over 7,000 residents. FC is known for serving the full spectrum of economic groups from providing rental housing for low- and moderate-income families and seniors, to owning and operating several single room occupancy apartments that target extremely low-income persons at risk of becoming or who are formerly homeless.

TSAHC has not completed a bond financed project with FC in the past, however FC has received several Texas Foundation Fund grant awards from TSAHC for the provision of service enriched housing. In addition to housing, FC provides numerous services including after school care, educational programs, tax preparation workshops, community meeting space and much more. Their family self-sufficiency program has helped hundreds of families save for college, build small businesses, make down payments to purchase a home and improve family wealth through financial education and savings programs.

Recommendation:

Staff recommends approval of a Resolution Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for the Juniper Creek Apartments.

Juniper Creek - PAB Underwriting - Project Summary

Project Summary

Applicant Foundation Communities
 Project Name Juniper Creek

Location

Address 11630 North Lamar Blvd. City Austin
 County: Travis State Texas 78753
 Census Tract: 48453001845

Bonds

Max. Par Amount: \$ 26,000,000 Bond Type: PAB
 Term of Bonds: 3 Allocation Year: 2021

Perm Funding Sources

	Amount	% of Total
TSAHC - Short Term Bonds	\$ 26,000,000	60.78%
Citibank - bonds/loan	\$ 9,204,395	21.52%
TDHCA - MFDL	\$ 3,000,000	7.01%
Travis County - ARPA	\$ 6,500,000	15.20%
Citibank - HTC equity	\$ 14,271,745	33.36%
CoAustin - waived fees	\$ 608,241	1.42%
Owner Equity	\$ 4,017,575	9.39%
AHFC Deferred Loan	\$ 3,300,000	7.71%
FHLB Dallas grant	\$ 750,000	1.75%
Deferred Dev Fee	\$ 1,125,000	2.63%
Totals	\$ 42,776,956	100%

* not included in total

Market Summary

	City	County	State	Census Tract
Population:	961,855	1,290,188	29,145,505	3,237
Median Age:	33	34	35	35
Diversity Index:		63.14		46
% Hispanic:	34%	34%	39%	28%
% Persons with Disability:	8.38%	8.33%	11.47%	6.50%
% Households that Rent:	54.9%	47.6%	38.0%	39.0%
Median Rents:	1,280	1,289	1,045	1,280
% Renters Who are Cost Burdened:	22.9%	23.1%	20.5%	48.2%
Median Home Price:	\$ 337,400	\$ 324,800	\$ 172,500	\$ 242,600
Median Household Income:	\$ 71,576	\$ 75,887	\$ 61,874	\$ 63,871
Unemployment:		3.50%	4.90%	
Persons w/o Insurance:	14.7%	13.1%	17.2%	15.3%
Medically Underserved Area:	Yes			
% Attending Public Schools:	89.4%	90.0%	93.1%	60.9%
Graduation Rate (Pflugerville ISD)	82.2%			

CRA Eligible Census Tract: No

Juniper Creek - PAB Underwriting - Summary Sources and Uses

Summary of Sources and Uses

Applicant	Foundation Communities
Project Name	Juniper Creek
Number of Units	110

Sources	Amount	Amount Per Unit	Percentage of Total
Citibank - bonds/loan	\$ 9,204,395	\$ 83,676	22%
TDHCA - MFDL	\$ 3,000,000	\$ 27,273	7%
Travis County - ARPA	\$ 6,500,000	\$ 59,091	15%
Citibank - HTC equity	\$ 14,271,745	\$ 129,743	33%
CoAustin - waived fees	\$ 608,241	\$ 5,529	1%
Owner Equity	\$ 4,017,575	\$ 36,523	9%
AHFC Deferred Loan	\$ 3,300,000	\$ 30,000	8%
FHLB Dallas grant	\$ 750,000	\$ 6,818	2%
Deferred Dev Fee	\$ 1,125,000	\$ 10,227	3%
Total Sources	\$ 42,776,956	\$ 388,881.42	100%

Uses	Amount	Amount Per Unit	Percentage of Total
Acquisition	\$ 2,862,531	\$ 26,023.01	7%
Off-Site Construction		\$ -	0%
On-Site Work	\$ 1,940,171	\$ 17,637.92	5%
Site Amenities	\$ 452,218	\$ 4,111.07	1%
Building Costs	\$ 22,886,999	\$ 208,063.63	54%
Other Const/Contingency	\$ 4,980,039	\$ 45,273.08	12%
Soft Costs	\$ 2,184,280	\$ 19,857.09	5%
Financing Costs	\$ 2,592,537	\$ 23,568.52	6%
Developer Fees	\$ 4,575,000	\$ 41,590.91	11%
Reserve Accounts	\$ 303,182	\$ 2,756.20	1%
Total Uses	\$ 42,776,957	\$ 388,881.43	100%

(Gap) / Reserve	\$ (1)
Percent of Developer Fee Deferred	24.59%

Juniper Creek - PAB Underwriting - Operating Proforma

Operating Proforma

Applicant Foundation Communities
Project Name Juniper Creek

Total Units: 110 Min. Set Aside Election: 40% @ 60% AMI
Min. Afford. Units: 44 % Affordable: 100%
Afford. Units: 110 Accessible Unit Min. 6

Residential Income

Unit Type	Unit Sq. Ft.	Net Sq. Ft.	# units	Rent	Mo. Income	Inflator	Rent Limiter
1/1	729	2,916	4	\$ 567	\$ 2,268	1.02	30% ami
1/1	729	8,019	11	\$ 981	\$ 10,791	1.02	50% ami
1/1	729	8,019	11	\$ 1,188	\$ 13,068	1.02	60% ami
2/2	1053	8,424	8	\$ 676	\$ 5,408	1.02	30% ami
2/2	1053	3,159	3	\$ 676	\$ 2,028	1.02	30% ami
2/2	1053	22,113	21	\$ 1,173	\$ 24,633	1.02	50% ami
2/2	1053	22,113	21	\$ 1,489	\$ 31,269	1.02	60% ami
3/2	1251	5,004	4	\$ 860	\$ 3,440	1.02	30% ami
3/2	1251	3,753	3	\$ 860	\$ 2,580	1.02	30% ami
3/2	1251	15,012	12	\$ 1,434	\$ 17,208	1.02	50% ami
3/2	1251	15,012	12	\$ 1,721	\$ 20,652	1.02	60% ami

Subtotals:	113,544	110	\$ 133,345
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Other income:	\$ 18.04	\$ 1,984	1.02
Potential gross income			
Residential vacancy loss			7.50%
Effective Gross Residential Income			

Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
\$ 27,216	\$ 27,760	\$ 28,316	\$ 28,882	\$ 29,459	\$ 32,526	\$ 35,911
\$ 129,492	\$ 132,082	\$ 134,723	\$ 137,418	\$ 140,166	\$ 154,755	\$ 170,862
\$ 156,816	\$ 159,952	\$ 163,151	\$ 166,414	\$ 169,743	\$ 187,410	\$ 206,915
\$ 64,896	\$ 66,194	\$ 67,518	\$ 68,868	\$ 70,246	\$ 77,557	\$ 85,629
\$ 24,336	\$ 24,823	\$ 25,319	\$ 25,826	\$ 26,342	\$ 29,084	\$ 32,111
\$ 295,596	\$ 301,508	\$ 307,538	\$ 313,689	\$ 319,963	\$ 353,265	\$ 390,033
\$ 375,228	\$ 382,733	\$ 390,387	\$ 398,195	\$ 406,159	\$ 448,432	\$ 495,105
\$ 41,280	\$ 42,106	\$ 42,948	\$ 43,807	\$ 44,683	\$ 49,333	\$ 54,468
\$ 30,960	\$ 31,579	\$ 32,211	\$ 32,855	\$ 33,512	\$ 37,000	\$ 40,851
\$ 206,496	\$ 210,626	\$ 214,838	\$ 219,135	\$ 223,518	\$ 246,782	\$ 272,467
\$ 247,824	\$ 252,780	\$ 257,836	\$ 262,993	\$ 268,253	\$ 296,173	\$ 326,999
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 23,812.80	\$ 24,289	\$ 24,775	\$ 25,270	\$ 25,776	\$ 28,459	\$ 31,420
\$ 1,623,953	\$ 1,656,432	\$ 1,689,560	\$ 1,723,352	\$ 1,757,819	\$ 1,940,774	\$ 2,142,771
\$ (121,796)	\$ (124,232)	\$ (126,717)	\$ (129,251)	\$ (131,836)	\$ (145,558)	\$ (160,708)
\$ 1,502,156	\$ 1,532,199	\$ 1,562,843	\$ 1,594,100	\$ 1,625,982	\$ 1,795,216	\$ 1,982,063

Operating Expenses

	TSAHC est.	Borrower Yr 1	% EGI	Variance	Per Unit	Inflator
General & Administrative	\$ 56,100	\$ 53,653	3.57	-4%	\$ 488	1.03
Management Fee	\$ 51,480	\$ 72,870	4.85	42%	\$ 662	1.03
Payroll and Related	\$ 147,840	\$ 235,080	15.65	59%	\$ 2,137	1.03
Maintenance & Repair	\$ 78,100	\$ 152,825	10.17	96%	\$ 1,389	1.03
Utilities	\$ 108,900	\$ 91,649	6.10	-16%	\$ 833	1.03
Insurance	\$ 44,000	\$ 37,950	2.53	-14%	\$ 345	1.03
Tax Exempt			0.00	#DIV/0!	\$ -	1.03
Operating Debt Service Reserves			0.00	#DIV/0!	\$ -	1.03
Replacement reserves	\$ 27,500	\$ 27,500	1.83	0%	\$ 250	1.03
HTC/HOME Compliance Fees	\$ 4,876	\$ 5,148	0.34	6%	\$ 40	1.03
Bond Compliance Fees	\$ 4,950	\$ 4,950	0.33	0%	\$ 45	1.03
Other (specify): Security/Internet	\$ 47,435	\$ 66,017	4.39	39%	\$ 600	1.03
Total Operating Expenses	\$ 571,181	\$ 747,642		31%	\$ 6,789.95	

state avg \$ 5,439.00 per unit

Operating Expenses as a percentage of Effective Gross Income

\$ 53,653	\$ 55,263	\$ 56,920	\$ 58,628	\$ 60,387	\$ 70,005	\$ 81,155
\$ 72,870	\$ 75,056	\$ 77,308	\$ 79,627	\$ 82,016	\$ 95,079	\$ 110,222
\$ 235,080	\$ 242,132	\$ 249,396	\$ 256,878	\$ 264,585	\$ 306,726	\$ 355,580
\$ 152,825	\$ 157,410	\$ 162,132	\$ 166,996	\$ 172,006	\$ 199,402	\$ 231,162
\$ 91,649	\$ 94,398	\$ 97,230	\$ 100,147	\$ 103,152	\$ 119,581	\$ 138,627
\$ 37,950	\$ 39,089	\$ 40,261	\$ 41,469	\$ 42,713	\$ 49,516	\$ 57,403
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 27,500	\$ 28,325	\$ 29,175	\$ -	\$ -	\$ -	\$ -
\$ 5,148	\$ 5,302	\$ 5,462	\$ 5,625	\$ 5,794	\$ 6,717	\$ 7,787
\$ 4,950	\$ 5,099	\$ 5,251	\$ 5,409	\$ 5,571	\$ 6,459	\$ 7,487
\$ 66,017	\$ 67,998	\$ 70,037	\$ 72,139	\$ 74,303	\$ 86,137	\$ 99,857
\$ 747,642	\$ 770,071	\$ 793,173	\$ 786,919	\$ 810,526	\$ 939,622	\$ 1,089,279
\$ 6,797	\$ 7,001	\$ 7,211	\$ 7,154	\$ 7,368	\$ 8,542	\$ 9,903
49.8%	50.3%	50.8%	49.4%	49.8%	52.3%	55.0%

NET OPERATING INCOME

\$ 754,514	\$ 762,128	\$ 769,670	\$ 807,182	\$ 815,456	\$ 855,594	\$ 892,784
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Juniper Creek - PAB Underwriting - Operating Proforma

NET OPERATING INCOME

\$	754,514	\$	762,128	\$	769,670	\$	807,182	\$	815,456	\$	855,594	\$	892,784
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PRIMARY DEBT SERVICE

	Principal	Rate	Amort	Term
Citibank - bonds/loan	\$ 9,204,395	6.25%	40	17
Total Primary Debt	\$ 9,204,395			

TSAHC Issuer Fee	\$ 5,000		
Net Cashflow After Primary Debt			
DSCR Primary Debt			

SOFT SUBORDINATE DEBT & EQUITY

TDHCA - MFDL	\$ 3,000,000	0.00%	35	35
Travis County - ARPA	\$ 6,500,000	0.00%	40	16
Citibank - HTC equity	\$ 14,271,745			
CoAustin - waived fees	\$ 608,241			
Owner Equity	\$ 66,541			
AHFC Deferred Loan	\$ 3,300,000			
FHLB Dallas grant	\$ 750,000			
Deferred Dev Fee	\$ 1,125,000			
Total Secondary Debt	\$ 29,621,527			

Net Cash Flow of Secondary Debts

Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
\$ 627,084	\$ 627,084	\$ 627,084	\$ 627,084	\$ 627,084	\$ 627,084	\$ 627,084
\$ 627,084	\$ 627,084	\$ 627,084	\$ 627,084	\$ 627,084	\$ 627,084	\$ 627,084

\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
\$ 122,430	\$ 130,044	\$ 137,586	\$ 175,098	\$ 183,372	\$ 223,510	\$ 260,700
1.19	1.21	1.22	1.28	1.29	1.35	1.41

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 122,430	\$ 130,044	\$ 137,586	\$ 175,098	\$ 183,372	\$ 223,510	\$ 260,700

Tab 6

Presentation, Discussion and Possible Approval of a Resolution Authorizing the Texas State Affordable Housing Corporation to take preliminary action to carry out the financing of Juniper Creek located in Austin, Texas, including creating entities, negotiating finance documents, and filing applications to obtain debt and grant financing for the Project.

CERTIFICATION

THE STATE OF TEXAS §
 §
TEXAS STATE AFFORDABLE §
HOUSING CORPORATION §

I, the undersigned officer of the Texas State Affordable Housing Corporation (the “Corporation”), do hereby certify as follows:

1. The Board of Directors of the Corporation (the “Board”) convened on December __, 2022, at the Corporation’s offices in Austin, Texas, and the roll was called of the duly constituted members of said Board, who are as follows:

<u>Name</u>	<u>Office</u>
William H. Dietz	Chairperson
Valerie Cardenas	Vice Chairperson
Courtney Johnson-Rose	Director
Andy Williams	Director
Lemuel Williams	Director

2. The officers of the Corporation (who are not Board members) are as follows:

<u>Name</u>	<u>Office</u>
David Long	President
Janie Taylor	Executive Vice President
Melinda Smith	Chief Financial Officer and Treasurer
Rebecca DeLeon	Secretary
Cynthia Gonzales	Assistant Secretary

All Board members were present except _____, thus constituting a quorum. All of the officers of the Corporation were present at the meeting.

3. Whereupon, among other business, the following written resolution (the “Resolution”) bearing the following caption:

RESOLUTION NO. 22-____

TEXAS STATE AFFORDABLE HOUSING CORPORATION

“Resolution Authorizing the Texas State Affordable Housing Corporation to take preliminary action to carry out the financing of Juniper Creek located in Austin, Texas, including creating entities, negotiating finance documents, and filing applications to obtain debt and grant financing for the Project”

was duly introduced for the consideration of said Board and read in full. It was then duly moved and seconded that said Resolution be adopted; and, after due discussion, said motion carrying with it the adoption of said Resolution, prevailed and carried by the following vote:

_ AYES

_ NOES

_ ABSTENTIONS

4. That a true, full and correct copy of the aforesaid Resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that said Resolution has been duly recorded in said Board’s minutes of said meeting; that the above and foregoing paragraph is a true, full and correct excerpt from said Board’s minutes of said meeting pertaining to the adoption of said Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said Board as indicated therein; that each of the officers and members of said Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that said Resolution would be introduced and considered for adoption at said meeting, and each of said officers and members consented, in advance, to the holding of said meeting for such purpose,

SIGNED this _____, 2022.

Rebecca DeLeon, Secretary
Texas State Affordable Housing Corporation

RESOLUTION NO. 22-____

TEXAS STATE AFFORDABLE HOUSING CORPORATION

“Authorizing the Texas State Affordable Housing Corporation to take preliminary action to carry out the financing of Juniper Creek located in Austin, Texas, including creating entities, negotiating finance documents, and filing applications to obtain debt financing for the Project”

WHEREAS, the Texas State Affordable Housing Corporation (the “**Corporation**”) has been duly created and organized pursuant to and in accordance with the provisions of Chapter 22 of the Texas Business Organizations Code, and under the authority of Subchapter Y of Chapter 2306, Texas Government Code, in each case, as amended;

WHEREAS, the Corporation will create a Texas limited partnership or limited liability company (the “**Owner**”), to acquire, construct, and equip a 156-unit multifamily housing project to be located at 3811 Tannehill Ln., Austin, Texas, upon land to be owned by the Corporation, to be known as Juniper Creek (the “**Project**”);

WHEREAS, the Owner will be controlled by the Corporation;

WHEREAS, the Owner intends to apply for financing, including without limitation a construction loan funded with private activity bonds and a taxable tail in an amount not to exceed approximately \$13,000,000 (the “**Construction Loan**”), a permanent loan funded with private activity bonds in an amount not to exceed \$17,000,000 (the “**Permanent Loan**”), HOME/TCAP funds from the Texas Department of Housing and Community Affairs in an amount not to exceed approximately \$3,000,000 (the “**TDHCA Loan**”), and funding from the Austin Housing Finance Corporation in the amount of not to exceed \$4,300,000 (the “**City Funds**”), and such other funding sources as may be required to construct the Project (collectively, the “**Financing Sources**”); and

WHEREAS, the Corporation may serve as a co-developer of the Project;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Corporation (the “**Board**”):

Section 1. Authorization of the Participation in the Application. That the Board hereby authorizes the Corporation to participate in the filing of the applications to the Financing Sources for the Project.

Section 2. Authorization of the Formation of the Partnership and General Partner. That the Board hereby authorizes the Corporation to form the Owner entity and be admitted as a controlling entity in the Owner.

Section 3. Authorization of Financing Applications. That the Board authorizes the Corporation to execute such documents as may be required to apply for the Construction Loan, the TDHCA Loan, the County Funds, and the City Funds, and any other financing sources that may be available to finance the Project.

Section 4. Authority of Equity Investment. That the Board authorizes the Corporation to invest the Equity Investment in the Project.

Section 5. Execution and Delivery of Certain Documents. That the Board hereby authorizes the President, Executive Vice President of the Corporation, and any and all Board Members of the Corporation listed on the certificate accompanying this Resolution, to consent to, accept, execute and attest to formation documents and such other certificates, documents, instruments, letters of instruction, 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, to the extent the President or Executive Vice President or any such Board Member concludes such documents are in the best interest of the Corporation.

Section 6. Ratification of Prior Actions. That all prior actions taken by or on behalf of the Corporation in connection with the matters described herein are hereby authorized, ratified, confirmed and approved.

Section 7. Purposes of Resolution. That the Board has expressly determined and hereby confirms that the matters described herein accomplish a valid public purpose of the Corporation.

Section 8. Conflicting Prior Actions. That all orders, resolutions, or any actions or parts thereof of the Board in conflict herewith are hereby expressly repealed to the extent of any such conflict.

Section 9. Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

PASSED, APPROVED AND EFFECTIVE this ___ day of _____, 2022.

TEXAS STATE AFFORDABLE HOUSING
CORPORATION

* * * * *

Tab 7

Presentation, Discussion and Possible Approval of a Resolution Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for Norman Commons Apartments.

MINUTES AND CERTIFICATION

THE STATE OF TEXAS §
 §
TEXAS STATE AFFORDABLE §
HOUSING CORPORATION §

The Board of Directors of the Texas State Affordable Housing Corporation (the “Corporation”) convened on December 6, 2022, at the designated meeting place in Austin, Texas, and roll was called of the duly constituted members of said Board of Directors, to-wit:

<u>Name</u>	<u>Office</u>
William H. Dietz	Chairperson
Valerie Vargas Cardenas	Vice Chairperson
Courtney Johnson-Rose	Director
Lemuel Williams	Director
Andy Williams	Director

and all of said persons were present during the meeting except _____, thus constituting a quorum. Whereupon, among other business, the following was transacted, to-wit: a written resolution (the "Resolution") bearing the following caption was introduced for the consideration of said Board:

“RESOLUTION NO. 22-_____

RESOLUTION Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for the Norman Commons”

Upon motion duly made and seconded, the Resolution was finally passed and adopted by the following vote:

_____ AYES _____ NOES _____ ABSTENTIONS

MINUTES APPROVED AND CERTIFIED TO BE TRUE AND CORRECT and to reflect accurately the duly constituted officers and members of the Board of Directors of the Corporation, and the attached and following copy of such Resolution is hereby certified to be a true and correct copy of an official copy thereof on file among the official records of the Corporation.

SIGNED this December 6, 2022.

Secretary, Texas State Affordable Housing
Corporation

RESOLUTION NO. 22-_____

RESOLUTION Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for the Norman Commons

WHEREAS, the Board of Directors of the Texas State Affordable Housing Corporation (the "Corporation") desires to submit one or more calendar year 2023 Applications for Allocation of Private Activity Bonds, a calendar year 2023 Application for Carryforward for Private Activity Bonds, one or more calendar year 2024 Applications for Allocation of Private Activity Bonds and/or a calendar year 2024 Application for Carryforward for Private Activity Bonds (collectively, the "Application") to the Texas Bond Review Board in connection with tax-exempt obligations in a principal amount not to exceed \$38,000,000 (the "Bonds") relating to a qualified residential rental housing project to be located at or about 3811 Tannehill Lane, Austin, Texas 78721, Travis County (the "Project");

WHEREAS, the Corporation intends to issue the Bonds and loan the proceeds to AHFC-FC Norman Housing, LP (the "Borrower"), which will be the initial legal owner and will use the proceeds for acquiring, constructing and equipping the Project subject to a ground lease between Austin Housing Finance Corporation and the Borrower;

WHEREAS, it is anticipated that the Borrower will make certain capital expenditures with respect to the Project and currently desires and expects to reimburse the capital expenditures with proceeds of such debt;

WHEREAS, under Treas. Reg. § 1.150-2 (the "Regulation"), to fund such reimbursement with proceeds of tax-exempt obligations, the Corporation must declare its expectation to make such reimbursement;

WHEREAS, the Corporation desires to preserve the ability of the Borrower to reimburse the capital expenditures with proceeds of tax-exempt obligations; and

WHEREAS, the Board desires to make all other appropriate filings and requests to the Texas Bond Review Board to enable the Corporation to issue the Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS STATE AFFORDABLE HOUSING CORPORATION:

1. That the President of the Corporation or any officer of the Corporation is hereby authorized and directed to execute and deliver the Application to the Texas Bond Review Board in connection with requesting allocation in the maximum amount of \$38,000,000 for the Bonds, together with any documents, certificates or instruments related thereto.

2. That the President of the Corporation or any other officer of the Corporation is hereby authorized and directed to file with the Texas Bond Review Board one or more notices of intent to issue bonds and/or one or more state debt bond applications in connection with the Bonds and such officers are further authorized and directed to request that the application(s) be approved by the Texas Bond Review Board in accordance with Chapter 181 of the Texas Administrative Code, as amended.

3. That the President of the Corporation or any other officer of the Corporation is hereby authorized and directed to take any and all other actions necessary or incidental to securing the private activity bond allocation(s), the approval of the Bonds from the Texas Bond Review Board and requesting non-traditional carryforward of private activity bond allocation if needed.

4. That the Corporation reasonably expects that the Borrower will reimburse capital expenditures with respect to the Project with proceeds of debt hereafter to be incurred by the Corporation, and that this resolution shall constitute a declaration of official intent under the Regulation. The maximum principal amount of obligations expected to be issued for the Project by the Corporation is \$38,000,000.

PASSED, APPROVED AND EFFECTIVE this December 6, 2022.

TEXAS STATE AFFORDABLE
HOUSING CORPORATION

Texas State Affordable Housing Corporation

Multifamily Private Activity Bond Project Summary

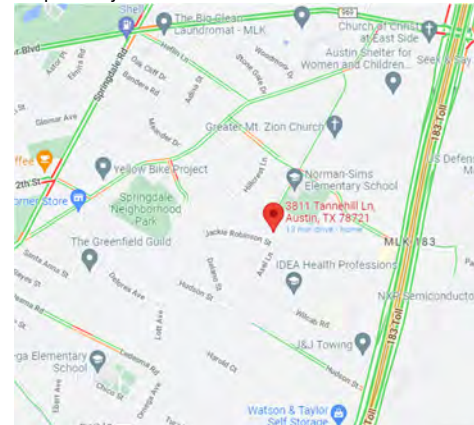
Agenda:

Presentation, Discussion and Possible Approval of a Resolution Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for Norman Commons Apartments.

Summary:

TSAHC received an application from Foundation Communities (FC) on October 3rd, 2022, proposing the construction of a 156-unit affordable apartment community located in Austin to be called Norman Commons. This application was the highest scoring to be submitted for TSAHC's 2023 application round with a final score of 80.

Map of Project Area



Public Benefit:

Norman Commons will create 156-units of affordable rental housing targeted for low-income households. Currently, 16 units will be reserved for households earning up to 30% of the area median income (AMI), 78 units for 50% AMI households, 32 units for 60% AMI households and 31 units for 80% AMI households. The project qualifies under TSAHC's service enriched targeted housing need because the units serving those at 30% AMI and persons facing homelessness exceeds 10% of total project units.

Financial Summary:

Norman Commons has a total budget of approximately \$55.1 million. The proposed financing includes tax-exempt bonds, deferred forgivable loans and 4% housing tax credits. Property acquisition costs are very low at \$100,000 given that the land is being donated by the City of Austin. Total construction costs are estimated at \$41.7 million or \$267,307 per unit. Financing costs and soft costs account for \$5.6 million, developer fees for \$7.1 million and reserve accounts for \$600,000 round out total costs.

The anticipated maximum par amount of the bonds is \$38 million. Currently the Developer is planning to use Citi Financial's tax exempt loan program for both construction and perm financing. The long-term financing will include \$15.3 million from Citi Financial and \$25.2 million in housing tax credit equity. To reach extremely low-income households, deferred forgivable loans from the Texas Department of Housing and Community Affairs (\$3 million) and Austin Housing Finance Corporation (\$4.2 million) will cover a significant portion of the costs. The remaining financing includes owner equity totaling \$4.5 million and deferred developer fees of \$2.8 million.

Market Conditions:

Norman Commons will be in Central East Austin adjacent to the Boggy Creek neighborhood. The property sits between educational, commercial and single-family residential areas. Norman-Sims Elementary is directly north and IDEA Schools Health Professions campus is to the south. A commercial food distribution

Texas State Affordable Housing Corporation

Multifamily Private Activity Bond Project Summary

warehouse is east and residential uses west. The project is within a quarter mile of both Boggy Creek Park and trailhead, and Springdale regional park.

As a family targeted project, staff looked at educational resources and found that local schools within walking distance of the site include a public elementary, a charter high school and two Christian prep schools. Norman Elementary received a Grade of B by the Texas Education Agency in 2021.

The demand for affordable housing through the Austin metro region continues to be very high. The area west of Norman Commons is dominated by single family housing units and only 45% of households in the census tract are renters. Although median home values in the census tract (\$287,000) are below the City of Austin's median (\$358,600), median rents for the census tract are equal to the City's at \$1,332.

Developer Summary:

Foundation Communities (FC) is an Austin based nonprofit, developing affordable housing and providing community services for 30+ years. FC currently owns and manages 25 affordable housing communities in Central Texas serving over 7,000 residents. FC is known for serving the full spectrum of economic groups from providing rental housing for low- and moderate-income families and seniors, to owning and operating several single room occupancy apartments that target extremely low-income persons at risk of becoming or who are formerly homeless.

TSAHC is currently working with FC on the Juniper Creek apartments and FC has received several Texas Foundation Fund grant awards from TSAHC for the provision of service enriched housing. In addition to housing, FC provides numerous services including after school care, educational programs, tax preparation workshops, community meeting space and much more. Their family self-sufficiency program has helped hundreds of families save for college, build small businesses, make down payments to purchase a home and improve family wealth through financial education and savings programs.

Recommendation:

Staff recommends approval of a Resolution Regarding the Submission of one or more Applications for Allocation of Private Activity Bonds, Notices of Intention to Issue Bonds and State Bond Applications to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for the Norman Commons Apartments.

Tab 8

Presentation, Discussion and Possible Approval of a Resolution approving a Texas Housing Impact Fund Loan to June West, LLC in an amount not to exceed \$3,000,000 for the June West Apartments project.

CERTIFICATION

THE STATE OF TEXAS §
 §
TEXAS STATE AFFORDABLE §
HOUSING CORPORATION §

I, the undersigned officer of the Texas State Affordable Housing Corporation (the “Corporation”), do hereby certify as follows:

1. The Board of Directors of the Corporation (the “Board”) convened on December 6, 2022, at the Corporation’s offices in Austin, Texas, and the roll was called of the duly constituted members of said Board, who are as follows:

<u>Name</u>	<u>Office</u>
William H. Dietz	Chairperson
Valerie Cardenas	Vice Chairperson
Courtney Johnson-Rose	Director
Lemuel Williams	Director
Andy Williams	Director

2. The officers of the Corporation (who are not Board members) are as follows:

<u>Name</u>	<u>Office</u>
David Long	President
Janie Taylor	Executive Vice President
Melinda Smith	Chief Financial Officer and Treasurer
Rebecca DeLeon	Secretary
Cynthia Gonzales	Assistant Secretary

All Board members were present except _____, thus constituting a quorum. All of the officers of the Corporation were present at the meeting.

3. Whereupon, among other business, the following written resolution (the “Resolution”) bearing the following caption:

“RESOLUTION NO. 22-__

TEXAS STATE AFFORDABLE HOUSING CORPORATION

**RESOLUTION APPROVING A TEXAS HOUSING IMPACT FUND LOAN
TO JUNE WEST, LLC IN AN AMOUNT NOT TO EXCEED \$3,000,000 FOR
THE JUNE WEST APARTMENTS PROJECT**

was duly introduced for the consideration of the Board and said caption was read in full. It was then duly moved and seconded that the Resolution be adopted; and, after due discussion and request for comments, said motion prevailed and was carried by the following vote:

____ AYES

____ NOS

____ ABSTENTIONS

4. That a true, full and correct copy of the Resolution adopted at the meeting described in the above is attached to this certificate; that the adoption of the Resolution will be duly recorded in the Board's minutes of the meeting; that the persons named above are the duly chosen, qualified and acting members of the Board and the officers of the Corporation as indicated; that each member of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that the Resolution would be introduced and considered for adoption at said meeting.

SIGNED this 6th day of December, 2022.

Rebecca DeLeon, Secretary
Texas State Affordable Housing Corporation

RESOLUTION NO. 22-__

TEXAS STATE AFFORDABLE HOUSING CORPORATION

RESOLUTION APPROVING A TEXAS HOUSING IMPACT FUND LOAN TO JUNE WEST, LLC IN AN AMOUNT NOT TO EXCEED \$3,000,000 FOR THE JUNE WEST APARTMENTS PROJECT

WHEREAS, the Texas State Affordable Housing Corporation (the “Corporation”) has been duly created and organized pursuant to and in accordance with the provisions of Subchapter Y (Section 2306.551 et. seq.) of Chapter 2306, Texas Government Code, as amended, and other applicable provisions of Texas law (collectively, the “Act”); and

WHEREAS, under the Act, the Corporation is authorized to perform activities and services that the Corporation’s Board of Directors determines will promote the public health, safety, and welfare through the provision of adequate, safe, and sanitary housing primarily for individuals and families of low, very low, and extremely low income, and such activities and services shall include engaging in lending transactions; and

WHEREAS, said activities and services include those permitted to be funded by the Texas Housing Impact Fund (“THIF”), a fund established and maintained by the Corporation, which include the provision of bridge loans for affordable multifamily rental housing satisfying the requirements of the Corporation’s THIF Policy and Guidelines; and

WHEREAS, the Board of Directors has reviewed and discussed a staff proposal (approved by the Loan Committee of the Corporation) to make THIF funds available as a fourth lien bridge construction loan to June West, LLC (“June West”) in the maximum principal amount of \$3,000,000 (the “Bridge Loan”), with the loan proceeds to be used by June West, together with other available funds, to finance the site acquisition and construction of a 80-unit mixed-income multifamily project in Austin, Texas as set forth in the project summary attached to the Board’s December agenda targeted as follows: 32 units will be set-aside for households earning 60% or less than the area median income (AMI), 32 units will be set-aside for households earning 50% or less than AMI, ten units will be set-aside for households earning less than 30% AMI, and six units will be set-aside for households earning less than 80% AMI; and

WHEREAS, after due discussion and consideration, the Board of Directors of the Corporation has determined to approve the Bridge Loan for the purposes described above.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS STATE AFFORDABLE HOUSING CORPORATION AS FOLLOWS:

Section 1. Approval of Bridge Loan and Related Matters. The Board of Directors approves the Bridge Loan by the Corporation to June West, LLC in the maximum principal amount of \$3,000,000, the proceeds of which are to be used by June West, LLC, together with other available funds, to finance the construction of a 80-unit mixed-income multifamily project in Austin, Texas.

The Board has determined that a bridge loan for affordable multifamily rental housing is a suitable purpose under the THIF Policy and Guidelines and such purpose is approved by the Board of Directors.

The Board authorizes the President and the Executive Vice President to approve, in consultation with counsel, the form and substance of all necessary documents relating to the Bridge Loan, including but not limited to a promissory note, loan agreement, restrictive covenants, and related security documents (collectively, the “Transaction Documents”).

Section 2. Execution and Delivery of Transaction Documents. The President and the Executive Vice President are each, in the name and on behalf of the Corporation, authorized to execute and deliver the Transaction Documents to which the Corporation is a party.

Section 3. Execution and Delivery of Ancillary Documents; Taking of Ancillary Actions. The President and the Executive Vice President are each, in the name and on behalf of the Corporation, authorized by the Board of Directors, at any time before or after the execution and delivery of the Transaction Documents, in consultation with counsel, to (i) execute, acknowledge and deliver any and all such orders, directions, certificates, agreements, documents, instruments, amendments and other papers or items (collectively, “Ancillary Documents”), and (ii) do or cause to be done any and all such acts and things (collectively, “Ancillary Actions”), which such officer deems necessary or desirable in connection to consummate the transactions contemplated by the Transaction Documents, or to otherwise fulfill the purposes of this resolution.

Section 4. Ratification of Prior Actions. All actions taken prior to the date of this Resolution by any officer of the Corporation in the name and on behalf of the Corporation, with respect to any of the matters and transactions described above, are ratified, confirmed and approved by the Board of Directors.

Section 5. Conflicting Prior Actions. Any order, resolution, approval or any action of the Board of Directors in conflict with this Resolution is hereby repealed to the extent of any such conflict.

Section 6. Severability. Any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

Section 7. Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

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APPROVED AND EFFECTIVE this 6th day of December, 2022.

TEXAS STATE AFFORDABLE HOUSING
CORPORATION

William H. Dietz, Chairperson

ATTEST:

Rebecca DeLeon, Secretary
Texas State Affordable Housing Corporation

Agenda:

Presentation, discussion, and possible approval of a resolution approving a Texas Housing Impact Fund construction loan to June West, LLC in an amount not to exceed \$3,000,000 for the June West Apartments.

Summary:

Staff received an application from June West, LLC (Borrower) in October of 2022 requesting \$3,000,000 in construction financing for the June West Apartments - a proposed 80-unit multifamily project in Austin. In October of 2021, the TSAHC board approved a site acquisition bridge loan of \$1,200,000 for this project. This loan is in good standing.



June West Apartments – Rendering

Public Benefit:

TSAHC's construction loan will help finance the construction of an 80-unit mixed-income multifamily property in central Austin with primary financing through the 9% LIHTC program. The proposed development will consist of a mix of studio, one-, two-, and three-bedroom units serving families. Of the 80 units, 32 units will be set-aside for households earning 60% or less than the area median income (AMI), 32 units will be set-aside for households earning 50% or less than AMI, ten units will be set-aside for households earning 30% or less than AMI, and six units will be set-aside for households earning 80% or less than AMI. Additionally, a minimum of ten percent of all units and 100% of the community amenity space will be designed for persons with limited mobility. All units will be fully adaptable, and elevator served.

Financial Summary:

The total projected development budget for June West is \$25.6 million, or approximately \$320,000, per unit. This includes costs of \$4 million for site acquisition, \$14.5 million for construction and \$7.1 million in soft costs. This is a \$5 million, or 25%, increase from staff's initial underwriting in 2021.

The project's construction budget has increased nearly \$30/sqft since Spring 2022 pricing. The increase is attributed to general construction cost increases and supply chain delays. The project's financing costs are also higher than anticipated. The project's permanent loan recently rate locked at 6.78% interest but was initially underwritten at 4.5% in 2021.

The project financing includes, \$13.8 million in equity from 9% housing tax credits, \$5.2 million in permanent debt through Legacy Bank and \$3.7 million from the City of Austin in soft permanent financing. The borrower is deferring approximately \$2.43 million in developer fees (92%) to meet remaining development costs and is providing approximately \$190,000 in cash equity and \$305,000 in general partner loan funds.

TSAHC's previous loan will be repaid upon closing of all construction sources. The new \$3 million TSAHC loan will be used for construction. TSAHC's loan will be in a fourth lien position behind Capital One (primary construction lender -1st lien position), Legacy Bank (primary permanent lender -2nd lien position), and the City of Austin (construction/ permanent lender – 3rd lien position). The borrower requests a two and half-year loan term, plus a

six-month extension, with interest only payments. TSAHC will be repaid at the permanent loan closing after construction completion.

Market Conditions:

June West is located in the Brentwood neighborhood and is surrounded by a variety of amenities including several grocery stores, public transportation stops, and restaurants. It is also across the street from McCallum High School Fine Arts Academy. The site is within the boundaries of the Brentwood/Highland Combined Neighborhood Plan, which describes a need to improve affordable housing options with communities like June West Apartments.

The site is also located on Koenig Lane/FM 2222, a major crosstown thoroughfare for north central Austin. The area is well served by public transit, has an array of amenities and excellent access to retail, commercial and state employment centers.

The area is considered a high opportunity area as defined by TDHCA's Qualified Action Plan and the borrower's 9% 2021 LIHTC application received the second highest score in the Austin region. The project benefits from the availability of a high concentration of nearby jobs and amenities, making this an ideal location for families.

The site is located in a moderate-income CRA eligible census tract and there have been no tax credit developments built in the site's census tract in the past 20 years. The census tract is considered "underserved" based on the Texas Qualified Action Plan.

Borrower Summary:

The ownership entity is June West, LLC of which Saigebrook Development, LLC and O-SDA Industries, LLC are part of the Managing Member and are the project Guarantors. Saigebrook Development, LLC is wholly owned by Lisa Stephens who is a personal guarantor of the TSAHC loan. O-SDA Industries, LLC is co-developer and is wholly owned by Megan Lasch who is also a personal guarantor of the TSAHC loan.

Lisa Stephens is the Owner/President of Saigebrook Development, LLC a Woman Business Enterprise and Historically Underutilized Business certified real estate development consulting firm focused on affordable housing development formed in 2011. Ms. Stephens is certified LEED Green Associate, a member of the National Green Building Standards Advisory Group and has participated on various affordable housing boards and committees in both Texas and Florida. During Ms. Stephens's tenure in the affordable housing industry, she has secured and closed \$850 million of federal, state, and local competitive funds across the southeastern United States. She has structured creative financing strategies and negotiated transactions involving more than 6,000 units in multiple states.

In 2010 Megan Lasch formed O-SDA Industries, LLC to provide real estate development consulting services to clients in the affordable housing industry in Texas. Ms. Lasch has helped secure 19 allocations of 9% Housing Tax Credits in the last eight Texas application cycles and holds an experience certification for affordable housing from the Texas Department of Housing and Community Affairs. O-SDA is a City of Austin certified Minority Business Enterprise, Women Business Enterprise, and Historically Underutilized Business.

Recommendation:

Staff recommends that the Board approve the resolution authorizing a Texas Housing Impact Fund construction loan to June West, LLC in an amount not to exceed \$3,000,000 for the June West Apartments. Additional terms and conditions, recommended by Loan Committee, will be provided by staff during their verbal presentation.

June West - Underwriting - Project Summary

Project Summary

Applicant Saigebrook Development, LLC
 Project Name June West

Location

Address 1200-1206 W Koenig Ln City Austin
 County: Travis State Texas 78756
 #REF! 48453001505

Loan Request

Loan Amount: \$ 3,000,000.00 Loan Type: Bridge Loan
 Loan Term: 2.5 Amort: 1

Perm Funding Sources

	Amount	% of Total
Legacy Bank -1st lien perm lender	\$ 5,200,000	20.69%
City of Austin	\$ 3,700,000	14.72%
HTC Equity	\$ 13,798,620	54.91%
Deferred Dev Fee	\$ 2,431,002	9.67%
Totals	\$ 25,129,622	100%

* not included in total

Market Summary

	City	County	State	Census Tract
Population:	961,855	1,290,188	29,145,505	4,843
Median Age:	34	35	35	37
Diversity Index:	64.4%	64.0%	0.0%	38.8%
% Hispanic:	32.5%	32.6%	39.3%	16.8%
% Persons with Disability:	8.6%	8.3%	11.5%	7.4%
% Households that Rent:	54.5%	47.0%	37.7%	58.3%
Median Rents:	\$ 1,180	\$ 1,188	\$ 943	\$ 1,139
% Renters Who are Cost Burdened:	28.5%	28.5%	29.1%	27.7%
Median Home Price:	\$ 337,400	\$ 324,800	\$ 172,500	\$ 425,500
Median Household Income:	\$ 75,752	\$ 80,668	\$ 63,826	\$ 75,950
Unemployment:	6.20%	6.30%	7.60%	0.00%
Persons w/o Insurance:	13.6%	13.1%	17.2%	3.9%
Medically Underserved Area:	-	-	-	-
% Attending Public Schools:	89.4%	90.0%	93.1%	79.3%
Graduation Rate (Austin ISD):	72.4%			
CRA Eligible Census Tract:	N/A			
# of LI Projects and Units:	5	419		

June West - Underwriting - Summary Sources and Uses

Summary of Sources and Uses

Applicant	Saigebrook Development, LLC
Project Name	June West
Number of Units	80

Sources	Amount	Amount Per Unit	Percentage of Total
Legacy Bank -1st lien perm lender	\$ 5,200,000	\$ 65,000	20%
City of Austin	\$ 3,700,000	\$ 46,250	14%
HTC Equity	\$ 13,798,620	\$ 172,483	54%
Deferred Dev Fee	\$ 2,431,002	\$ 30,388	9%
Cash Equity	\$ 188,471	\$ 2,356	1%
GP Loan	\$ 305,596	\$ 3,820	1%
Total Sources	\$ 25,623,689	\$ 320,296.11	100%

Uses	Amount	Amount Per Unit	Percentage of Total
Acquisition	\$ 4,000,000	\$ 50,000.00	16%
Demo	\$ 62,500	\$ 781.25	0%
On-Site Work	\$ 1,470,400	\$ 18,380.00	6%
Site Amenities	\$ 85,900	\$ 1,073.75	0%
Building Costs	\$ 10,494,970	\$ 131,187.13	41%
Other Const/Contingency/Contractor Fees	\$ 2,374,228	\$ 29,677.85	9%
Soft Costs	\$ 2,037,063	\$ 25,463.29	8%
Financing Costs	\$ 1,999,403	\$ 24,992.54	8%
Developer Fees	\$ 2,621,002	\$ 32,762.53	10%
Reserve Accounts	\$ 478,222	\$ 5,977.78	2%
Total Uses	\$ 25,623,688	\$ 320,296.10	100%

(Gap) / Reserve	\$ 1
Percent of Developer Fee Deferred	92.75%

June West - Underwriting - Operating Proforma

Operating Proforma

Applicant Saigebrook Development, LLC

Project Name June West

Number of Units	80	Affordable Units	80
Min. Set-Aside Requirement	40% @ 60% AMI	Affordable %	100%

#REF!

Unit Type	Unit Sq. Ft.	Net Sq. Ft.	# units	Rent	Mo. Income	Inflator	Rent Limiter
Studio/1	550	3,300	6	\$ 515	\$ 3,090	1.02	30% AMI
Studio/1	550	6,600	12	\$ 902	\$ 10,824	1.02	50% AMI
Studio/1	550	6,600	12	\$ 1,095	\$ 13,140	1.02	60% AMI
Studio/1	550	550	1	\$ 1,482	\$ 1,482	1.02	80% AMI
1/1	650	650	1	\$ 545	\$ 545	1.02	30% AMI
1/1	650	2,600	4	\$ 959	\$ 3,836	1.02	50% AMI
1/1	650	2,600	4	\$ 1,166	\$ 4,664	1.02	60% AMI
1/1	650	1,300	2	\$ 1,580	\$ 3,160	1.02	80% AMI
2/2	850	1,700	2	\$ 638	\$ 1,276	1.02	30% AMI
2/2	850	8,500	10	\$ 1,135	\$ 11,350	1.02	50% AMI
2/2	850	8,500	10	\$ 1,383	\$ 13,830	1.02	60% AMI
2/2	850	1,700	2	\$ 1,880	\$ 3,760	1.02	80% AMI
3/2	1132	1,132	1	\$ 720	\$ 720	1.02	30% AMI
3/2	1132	6,792	6	\$ 1,294	\$ 7,764	1.02	50% AMI
3/2	1132	6,792	6	\$ 1,581	\$ 9,486	1.02	60% AMI
3/2	1132	1,132	1	\$ 2,155	\$ 2,155	1.02	80% AMI

Subtotals:	60,448	80	\$ 91,082
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Other income:	\$ 15.00	\$ 1,200	1.02
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Potential gross income

Residential vacancy loss	7.50%
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Effective Gross Residential Income

Operating Expenses	TSAHC est.	Borrower Yr 1	% EGI	Variance	Per Unit	Inflator	
General & Administrative	\$ 40,800	\$ 41,500	4.05	2%	\$ 519	1.03	
Management Fee	\$ 37,440	\$ 51,217	5.00	37%	\$ 640	1.03	
Payroll and Related	\$ 107,520	\$ 137,246	13.40	28%	\$ 1,716	1.03	
Maintenance & Repair	\$ 56,800	\$ 55,140	5.38	-3%	\$ 689	1.03	
Utilities	\$ 79,200	\$ 48,000	4.69	-39%	\$ 600	1.03	
Insurance	\$ 32,000	\$ 69,500	6.78	117%	\$ 869	1.03	
Taxes	\$ 72,960	\$ 133,800	13.06	83%	\$ 1,673	1.03	
Operating Debt Service Reserves			0.00	#DIV/0!	\$ -	1.03	
Replacement reserves	\$ 24,000	\$ 24,000	2.34	0%	\$ 300	1.03	
HTC/HOME Compliance Fees	\$ 3,200	\$ 3,200	0.31	0%	\$ 40	1.03	
TSAHC Compliance Fees		\$ -	0.00	n/a	\$ 45	1.03	
Other (specify):	Supportive Services	\$ 15,000	\$ 15,000	1.46	0%	\$ 45	1.03
Total Operating Expenses			0.00	#DIV/0!	\$ -	1.03	
	\$ 428,120	\$ 578,603		35%	\$ 6,616.28		
			state avg	\$	4,672.00	per unit	

Operating Expenses as a percentage of Effective Gross Income

NET OPERATING INCOME

Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
\$ 37,080	\$ 37,822	\$ 38,578	\$ 39,350	\$ 40,137	\$ 44,314	\$ 48,926
\$ 129,888	\$ 132,486	\$ 135,135	\$ 137,838	\$ 140,595	\$ 155,228	\$ 171,384
\$ 157,680	\$ 160,834	\$ 164,050	\$ 167,331	\$ 170,678	\$ 188,442	\$ 208,055
\$ 17,784	\$ 18,140	\$ 18,502	\$ 18,873	\$ 19,250	\$ 21,254	\$ 23,466
\$ 6,540	\$ 6,671	\$ 6,804	\$ 6,940	\$ 7,079	\$ 7,816	\$ 8,629
\$ 46,032	\$ 46,953	\$ 47,892	\$ 48,850	\$ 49,827	\$ 55,013	\$ 60,738
\$ 55,968	\$ 57,087	\$ 58,229	\$ 59,394	\$ 60,582	\$ 66,887	\$ 73,849
\$ 37,920	\$ 38,678	\$ 39,452	\$ 40,241	\$ 41,046	\$ 45,318	\$ 50,035
\$ 15,312	\$ 15,618	\$ 15,931	\$ 16,249	\$ 16,574	\$ 18,299	\$ 20,204
\$ 136,200	\$ 138,924	\$ 141,702	\$ 144,537	\$ 147,427	\$ 162,772	\$ 179,713
\$ 165,960	\$ 169,279	\$ 172,665	\$ 176,118	\$ 179,640	\$ 198,338	\$ 218,981
\$ 45,120	\$ 46,022	\$ 46,943	\$ 47,882	\$ 48,839	\$ 53,923	\$ 59,535
\$ 8,640	\$ 8,813	\$ 8,989	\$ 9,169	\$ 9,352	\$ 10,326	\$ 11,400
\$ 93,168	\$ 95,031	\$ 96,932	\$ 98,871	\$ 100,848	\$ 111,344	\$ 122,933
\$ 113,832	\$ 116,109	\$ 118,431	\$ 120,799	\$ 123,215	\$ 136,040	\$ 150,199
\$ 25,860.00	\$ 26,377	\$ 26,905	\$ 27,443	\$ 27,992	\$ 30,905	\$ 34,122
\$ 1,092,984	\$ 1,114,844	\$ 1,137,141	\$ 1,159,883	\$ 1,183,081	\$ 1,306,217	\$ 1,442,169
\$ 14,400	\$ 14,688	\$ 14,982	\$ 15,281	\$ 15,587	\$ 17,209	\$ 19,000
\$ 1,107,384	\$ 1,129,532	\$ 1,152,122	\$ 1,175,165	\$ 1,198,668	\$ 1,323,426	\$ 1,461,170
\$ (83,053.80)	\$ (84,714.88)	\$ (86,409.17)	\$ (88,137.36)	\$ (89,900.10)	\$ (99,256.98)	\$ (109,587.73)
\$ 1,024,330	\$ 1,044,817	\$ 1,065,713	\$ 1,087,027	\$ 1,108,768	\$ 1,224,169	\$ 1,351,582
\$ 41,500	\$ 42,745	\$ 44,027	\$ 45,348	\$ 46,709	\$ 54,148	\$ 62,772
\$ 51,217	\$ 52,753	\$ 54,336	\$ 55,966	\$ 57,645	\$ 66,826	\$ 77,470
\$ 137,246	\$ 141,363	\$ 145,604	\$ 149,972	\$ 154,472	\$ 179,075	\$ 207,597
\$ 55,140	\$ 56,794	\$ 58,498	\$ 60,253	\$ 62,061	\$ 71,945	\$ 83,404
\$ 48,000	\$ 49,440	\$ 50,923	\$ 52,451	\$ 54,024	\$ 62,629	\$ 72,604
\$ 69,500	\$ 71,585	\$ 73,733	\$ 75,945	\$ 78,223	\$ 90,682	\$ 105,125
\$ 133,800	\$ 137,814	\$ 141,948	\$ 146,207	\$ 150,593	\$ 174,579	\$ 202,385
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 24,000	\$ 24,720	\$ 25,462	\$ 26,225	\$ 27,012	\$ 31,315	\$ 36,302
\$ 3,200	\$ 3,296	\$ 3,395	\$ 3,497	\$ 3,602	\$ 4,175	\$ 4,840
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 15,000	\$ 15,450	\$ 15,914	\$ 16,391	\$ 16,883	\$ 19,572	\$ 22,689
\$ 578,602.5	\$ 595,960.6	\$ 613,839.4	\$ 632,254.6	\$ 651,222.2	\$ 754,945.0	\$ 875,188.2
\$ 7,232.53	\$ 7,449.51	\$ 7,672.99	\$ 7,903.18	\$ 8,140.28	\$ 9,436.81	\$ 10,939.85
56.5%	57.0%	57.6%	58.2%	58.7%	61.7%	64.8%
\$ 445,728	\$ 448,856	\$ 451,874	\$ 454,773	\$ 457,546	\$ 469,224	\$ 476,394

June West - Underwriting - Operating Proforma

NET OPERATING INCOME

\$	445,728	\$	448,856	\$	451,874	\$	454,773	\$	457,546	\$	469,224	\$	476,394
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PRIMARY DEBT SERVICE

	Principal	Rate	Amort	Term
Legacy Bank -1st lien perm lender	\$ 5,200,000	6.78%	40	15
Total Primary Debt	\$ 5,200,000			

Net Cashflow After Primary Debt

DSCR Primary Debt

SOFT SUBORDINATE DEBT & EQUITY

City of Austin	\$ 3,700,000	2.00%	40	40
HTC Equity	\$ 13,798,620	0.00%		
Deferred Dev Fee	\$ 2,605,165	0.00%		
Cash Equity	\$ 187,111			
GP Loan	\$ 800,000			
Total Secondary Debt	\$ 21,090,896			

Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15
\$ 377,842	\$ 377,842	\$ 377,842	\$ 377,842	\$ 377,842	\$ 377,842	\$ 377,842
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 377,842	\$ 377,842	\$ 377,842	\$ 377,842	\$ 377,842	\$ 377,842	\$ 377,842

\$ 67,885	\$ 71,014	\$ 74,031	\$ 76,930	\$ 79,703	\$ 91,382	\$ 98,551
1.18	1.19	1.20	1.20	1.21	1.24	1.26

\$ 135,256	\$ 135,256	\$ 134,455	\$ 134,455	\$ 134,455	\$ 134,455	\$ 134,455
\$ (67,371)	\$ (64,242)	\$ (60,423)	\$ (57,524)	\$ (54,751)	\$ (43,073)	\$ (35,903)

Net Cash Flow of Secondary Debts

Tab 9

Presentation, Discussion and Possible Approval for
Publication and Public Comment of the Draft of the Texas
State Affordable Housing Corporation's 2023 Annual
Action Plan.



**TEXAS STATE AFFORDABLE HOUSING CORPORATION
DRAFT 2023 ANNUAL ACTION PLAN**

TEXAS STATE AFFORDABLE HOUSING CORPORATION 2023 ANNUAL ACTION PLAN

INTRODUCTION

This plan is prepared in accordance with Texas Government Code, Section 2306.566, which requires the Texas State Affordable Housing Corporation (“TSAHC”) to develop a plan to address the state’s housing needs. Texas Government Code, Section 2306.0721(g) requires TSAHC’s Annual Action Plan to be included in the State Low Income Housing Plan (“SLIHP”) prepared by the Texas Department of Housing and Community Affairs (“TDHCA”).

TSAHC OVERVIEW

The Texas State Affordable Housing Corporation, created in 1994 at the direction of the Texas State Legislature, is a self-sustaining nonprofit entity whose purpose is to primarily serve the housing needs of low, very low, and extremely low-income Texans and other underserved populations who cannot access comparable housing options through conventional financial channels. TSAHC’s enabling legislation can be found in Texas Government Code, Chapter 2306, Subchapter Y, Sections 2306.551 et seq.

TSAHC’s office is located in Austin, Texas. A five-member volunteer Board of Directors, appointed by the Governor of Texas, oversees the policies and business of TSAHC. None of TSAHC’s programs or operations are funded through the State’s budget appropriations process.

TSAHC is statutorily authorized to issue mortgage revenue bonds and other tax-exempt bonds to finance the purchase and creation of affordable housing. TSAHC also has the authority to use loans from banks, private mortgage companies, nonprofit organizations and other financial institutions to assist primarily low, very low, and extremely low-income Texans. Over the course of its history, TSAHC has utilized approximately \$4 billion in single family bonding authority and approximately \$1.7 billion in multifamily private activity bonds.¹ Bond issuances are used to finance the creation and preservation of affordable multifamily housing and the following home buyer programs:

- Homes for Texas Heroes Home Loan Program
- Home Sweet Texas Home Loan Program
- Mortgage Credit Certificate Program

¹ 2022 TSAHC bond activity includes the closing of \$64,530,000 in Multifamily Private Activity Bonds.

Using its statutory purpose and powers as guidance, TSAHC has developed the following additional programs, services, and initiatives to help meet the need for affordable housing in Texas:

- Home Buyer and Financial Education
- Texas Housing Impact Fund
- Affordable Communities of Texas
- Asset Oversight and Compliance
- Single Family Rental Program
- Multifamily Rental Program
- Texas Foundations Fund
- Texas Supportive Housing Institute

TSAHC MISSION AND OBJECTIVE

TSAHC's mission is to serve the housing needs of moderate, low, very low, and extremely low-income Texans and other underserved populations through innovative programs. TSAHC accomplishes this mission by helping developers build housing for working families, and helping Texans achieve and sustain the dream of homeownership and improve their financial situation. TSAHC's programs and initiatives reflect our core belief that every Texan deserves the opportunity to live in safe, decent and affordable housing.

As Texas' population grows and the housing industry changes, the programs and services TSAHC administers continue to evolve and expand to meet these changing dynamics. TSAHC remains committed to the populations it has historically served, but is also active in responding to new challenges like creating supportive housing developments for Texas' most vulnerable residents, preserving housing in rural areas, expanding housing opportunities for Texans with complex health needs, helping Texans rebuild after natural disasters, and helping Texans remain stably housed during these ongoing challenging times.

TSAHC's objective in 2023 is to serve the evolving housing needs of Texans by implementing innovative solutions through its current programs and adapting those programs where necessary to respond to changes in the housing market, particularly the high interest rate environment. TSAHC also remains committed to exploring opportunities to establish new programs and initiatives to better assist underserved populations and entities addressing housing affordability challenges.

TSAHC'S ONGOING RESPONSE TO COVID-19

The past two years have completely reshaped how Texans live and do business. During that time, TSAHC responded to the pandemic in a variety of ways summarized below.

Since early 2020, TSAHC has been committed to working with tenants that reside in properties we own to keep them stably housed and respond to work requests in a safe manner. We implemented a rental assistance program for tenants and set up payment plans for tenants experiencing financial hardships. If a tenant received rental assistance, we required them to attend a virtual financial education course. Additionally, we automatically renewed leases for all tenants (unless they opted out of the lease) and froze rental rates for 2020 and 2021. Lastly, we helped tenants apply for local and statewide assistance programs when appropriate.

For properties that receive physical inspections and site visits as part of our asset oversight and compliance program, we quickly transitioned to virtual inspections to protect the health and safety of TSAHC staff and property management. The virtual site visits still allowed us to honor the responsibilities that come with overseeing these properties. In 2021, we transitioned to a hybrid of virtual and in-person site visits, which we continued in 2022.

Throughout the past two years, we have continued to participate in internal and external meetings on virtual platforms. For a period of time we transitioned programs and initiatives that were formerly held in-person to virtual platforms. In spring 2022, we moved to a hybrid in-person and remote work environment and modified protocols. These decisions were made with health and safety considerations of TSAHC staff and those we collaborate with at the forefront.

PROGRAM DESCRIPTIONS AND IMPLEMENTATION PLANS

HOMEOWNERSHIP PROGRAMS

Over the last decade, research has consistently shown that homeownership has a positive impact on the socioeconomic status of a household and their community. The most recent data from the Federal Reserve highlights the economic benefits of homeownership as the average household wealth of a homeowner is \$255,000 while the average wealth of a renter is \$6,300.²

In addition to financial benefits, there are social benefits to homeownership. Stable housing created by homeownership can lead to better educational achievement, health benefits, reduced crime, and improved civic participation.³

TSAHC currently administers the Homes for Texas Heroes and Home Sweet Texas Home Loan Programs, which provide 30-year fixed-rate mortgage loans, tax credits, and down payment assistance to low and moderate-income families and individuals.

² Source: Brett Holzhauer, "Here's the average wealth of homeowners and renters," CNBC, August 24, 2021

³ Source: "Social Benefits of Homeownership and Stable Housing," Richard J. Rosenthal Center for Real Estate Studies, October 2017

The Homes for Texas Heroes Home Loan Program was established by the Legislature in 2003 for the purpose of making mortgage loans with down payment assistance to:

- Public School Classroom Teachers
- Public School Teacher's Aides
- Public School Librarians
- Public School Nurses
- Public School Counselors
- Faculty Members of an Allied Health or Professional Nursing Program
- Paid Firefighters
- Emergency Medical Services Personnel
- Peace Officers
- Corrections Officers
- Juvenile Corrections Officers
- County Jailers
- Veterans and Active-Duty Military Personnel
- Public Security Officers

In 2006, TSAHC created the Home Sweet Texas Home Loan Program to serve home buyers not eligible for the Homes for Texas Heroes Home Loan Program. The Home Sweet Texas Home Loan Program serves Texans of all professions.

Down Payment Assistance Options

TSAHC offers down payment assistance (DPA) through both the Homes for Texas Heroes and Home Sweet Texas Home Loan Programs because a primary barrier for prospective buyers is accumulating sufficient funds for a down payment.⁴

This problem has worsened recently as increasing rents and inflation make it harder to save money and transition into homeownership. This is having a profound impact on middle-income households who are increasingly becoming rent cost-burdened and having a difficult time making the leap from renting to homeownership.⁵

Additionally, the median home price statewide reached a record high of \$360,000 in June 2022 and tapered off slightly to \$343,168 by September 2022. For context, the median home price in Texas was \$320,900 at the end of 2021 and \$270,000 at the end of 2020.⁶ This represents an approximately 25% increase from 2020 until now while currently the national average is just under 8% over a two-year period.

⁴ Source: "Biggest Barriers to Homeownership," <https://dsnews.com/daily-dose/09-02-2021/biggest-barriers-to-homeownership>, dsnews.com, September 2, 2021

⁵ Source: "The State of the Nation's Housing 2022," Joint Center for Housing Studies of Harvard University, 2022

⁶ Source: <https://www.recenter.tamu.edu/data/housing-activity/>, accessed November 10, 2022.

To ensure low and moderate-income Texans can continue to achieve the dream of homeownership, TSAHC increased the income limits for our Homes for Texas Heroes and Home Sweet Texas Home Loan Programs from 115% of the area median family income to 125% of the area median family income in October 2021.⁷ Serving moderate-income Texans – those between 80 and 125 percent AMFI – is an important component of meeting the state’s housing needs, because those households are struggling to afford homes in the absence of assistance.

TSAHC’s down payment assistance continues to be available on a first-come, first-served basis and is provided either in the form of a grant that does not require repayment or a three-year deferred forgivable second lien. The products TSAHC offers are always contingent on market conditions and interest rate trends which have been volatile during most of 2022.

Home buyers must also meet income and purchase price limits set by federal guidelines, while demonstrating creditworthiness and meeting standard mortgage underwriting requirements. Home buyers must also occupy the purchased home as their primary residence. The programs are accessible to eligible borrowers by directly contacting a participating mortgage lender.

Homeownership Programs Financing Mechanisms

TSAHC funds its mortgage loans with down payment assistance in two ways: by issuing mortgage revenue bonds available under its statutory authority, and by pooling loans on a regular basis and selling the mortgage-backed securities (known in the industry as the TBA program). TSAHC did not issue mortgage revenue bonds and funded its mortgage loans with down payment assistance exclusively through the TBA program in 2022.

Mortgage Credit Certificate Program

In 2008, TSAHC established the Mortgage Credit Certificate (MCC) Program as another way to assist first-time home buyers. The MCC Program is made possible under IRS rules that allow the conversion of single-family mortgage revenue bonds into MCCs. TSAHC’s MCC Program serves the same populations eligible for the Homes for Texas Heroes and Home Sweet Texas Home Loan Programs; however, the program is only available to first-time home buyers (defined as those who have not owned a home in three years).

Under the MCC Program, the home buyer can take a portion of the annual interest paid on the mortgage loan as a special federal income tax credit. An MCC has the potential of saving the home buyer thousands of dollars over the life of the loan. And although the MCC Program is not a home loan program, TSAHC requires the home buyer to obtain a fixed-rate mortgage loan. Home buyers can also combine the MCC Program with the mortgage loan and down payment assistance provided under the Homes for Texas Heroes and Home Sweet Texas Home Loan Programs.

⁷ The income limits for the Mortgage Credit Certificate program continue to be set at 115% AMFI per federal guidelines.

Home Buyer Education Requirement

Every home buyer who utilizes one of TSAHC's homeownership programs must complete an approved home buyer education course offered by a provider listed on the Texas Financial Toolbox website.⁸ The providers listed on this site are generally nonprofit organizations or government entities who are either HUD-approved or certified to provide home buyer education.

TSAHC requires home buyer education to ensure households are well prepared for the responsibilities of owning a home. Research by the U.S. Department of Housing and Urban Development (HUD) revealed that home buyer education empowers individuals with the ability to make better financial decisions, understand their home buying options, improve their credit, save more money, and lower housing costs.⁹

Moreover, according to that same HUD publication, home buyer education can help mortgage borrowers avoid delinquencies and defaults. The HUD paper references the 2014 National Foreclosure Mitigation Counseling program that analyzed 240,000 loans and found that borrowers that took home buyer education were three times more likely to get a loan modification to avoid default.

2022 Homeownership Programs Activity Synopsis

In 2022, TSAHC's home buyer programs helped 7,772 households with their home purchase through down payment assistance, an MCC, or both.¹⁰

In comparison, TSAHC assisted 22,726 households in 2021 and 16,325 households in 2020. To date, TSAHC has served more than 100,000 households under our homeownership programs.

2023 Implementation Plan

As the home buying market cools off due to increased interest rates, we continue to adjust internally to respond to the changing market conditions. For example, TSAHC has expanded our efforts to market and promote our programs in areas of the state where our volume isn't as robust. We intend to carry out this marketing effort to recruit new lenders, establish new connections, and make inroads with home buyers in those regions throughout 2023.

In 2023, TSAHC will also continue offering "Overcoming the Down Payment Hurdle" courses throughout the state to share information about our programs in new and existing markets. These courses allow us to meet mortgage lenders, REALTORS®, and other industry professionals

⁸ Texas Financial Toolbox, <http://www.texasfinancialtoolbox.com/home-buyer-education>

⁹ Source: Evidence Matters, "The Evidence on Homeownership Education and Counseling," Spring 2016

¹⁰ This marks activity from January 1, 2022 through August 31, 2022.

in the markets they work in and strengthen our existing connections or make new ones. We conducted 48 of these classes in 2022.

In 2023, TSAHC will continue to engage the Lender Advisory Council on ways to improve our programs, stay abreast of any changes or developments in the mortgage industry, and adjust to meet the needs of Texas' home buyers.

TSAHC continues to spread awareness about our programs and share knowledge about the industry through podcasts and Facebook live events. Since our podcast launched in 2020, we've produced 28 episodes¹¹ dedicated to home buying issues, homeownership topics and other housing industry related content. In 2023, we will continue producing podcast segments and holding periodic Facebook live events. We will also explore other ways to promote our programs through social media and other communications channels.

In 2023, TSAHC will also work alongside a network of partners as part of the Harris County Homeownership Collaborative (HCHC) to create new Black, Indigenous, and people of color (BIPOC) homeowners in the greater Houston area. The initiative is part of the Wells Fargo BIPOC Wealth Opportunities Restored through Homeownership (WORTH) program, and the goal is to create 5,000 new BIPOC homeowners in Houston by 2025. HCHC's work is supported by a Wells Fargo grant that provides grant funding annually for four years.

Most importantly, we remain committed to offering a suite of home buying products even as interest rates continue to climb to the highest levels in years. We evaluate the market daily and respond accordingly with the best options possible to ensure Texans always have assistance available to fulfill their dream of homeownership.

HOME BUYER EDUCATION AND FINANCIAL EDUCATION

Connecting Consumers with High Quality Housing and Financial Counselors

In 2012, TSAHC created the Texas Financial Toolbox (www.texasfinancialtoolbox.com) to give consumers an easy way to find nonprofit organizations or government entities that can help them achieve their financial and homeownership goals through home buyer education, credit counseling, or financial education.

Whether consumers want to learn how to better manage their money, find out if they're ready for homeownership, understand the home buying process and the programs that are available to help them buy a home, or learn how to avoid foreclosure, the Texas Financial Toolbox is a great place to start. Information about home buyer programs, home buyer education classes, financial education, and foreclosure prevention is available, all searchable by city. This is a unique tool TSAHC believes is providing essential information to Texas consumers.

¹¹ <https://www.buzzsprout.com/1048519>

In 2018, TSAHC expanded the Toolbox resource by creating a Loan Comparison Calculator¹² to help potential home buyers compare the different loans types and down payment assistance options offered by TSAHC. This tool is also available on TSAHC's website www.tsahc.org.

The Loan Comparison Calculator replaced an earlier down payment assistance calculator created in 2017 and a mortgage calculator created in 2010 that provided home buyers with an estimated interest rate based on their credit score.

The Toolbox also includes a step-by-step guide to help families and individuals gain a better understanding of the home buying process.

Housing Connection Training

TSAHC has offered home buyer and financial education training to Texas housing nonprofits since 2012. From 2012-2017, TSAHC administered the Texas Statewide Homebuyer Education Program (TSHEP), a housing and financial counselor training program, on behalf of the Texas Department of Housing and Community Affairs. In 2017 TSAHC decided to expand the scope of the training provided and opted not to continue our role as administrator of TSHEP.

In 2018, TSAHC introduced the Housing Connection training program. The Housing Connection training built upon the success of TSHEP by offering not only housing and financial counselor training but also training for nonprofits interested in affordable housing development. The program's goal is to help both affordable housing and counseling organizations access trainings, promote themselves, and build capacity for their organizations and programs.

Our training partner that offers and delivers the courses is NeighborWorks, a congressionally chartered nonprofit organization that supports community development across the country. In 2022, we offered the following courses: (1) Rental Housing Certification: Part I and (2) The Fundamentals of Affordable Housing Development.

In 2022, 36 housing counselors representing 25 organizations and 16 cities received training through Housing Connection. Thanks to philanthropic support from our network of mortgage lenders and REALTORS, TSAHC was able to offer the training courses free of charge and provide hotel scholarships to participants traveling from out of town.

To date, 784 individuals representing 340 organizations in 156 municipalities across Texas have attended trainings provided by TSAHC through either TSHEP (2012-2017) or Housing Connection (2018-2022). Additionally, TSAHC has provided more than \$137,000 in scholarships to participants. We're proud to note that 100% of the 2022 attendees would recommend this training to a colleague.

¹² <http://www.texasfinancialtoolbox.com/mortgage-calculator>

2023 Implementation Plan

In 2023, TSAHC will once again provide a variety of courses for housing counselors and nonprofit housing professionals. The course selection will be guided by feedback from past and prospective participants. TSAHC will continue to make the training as affordable as possible by raising public and private funds to subsidize the costs of attending either virtually or in-person.

TEXAS HOUSING IMPACT FUND

The Texas Housing Impact Fund (THIF) helps provide safe, decent, and affordable housing with an emphasis on serving rural and underserved communities by providing flexible financing options to affordable housing developers.

Leveraging investments from multiple sources, TSAHC is able to provide flexible short-term and long-term affordable housing financing to developers through the THIF. This funding model has enabled TSAHC to steadily grow the fund over time, with applications for new loans accepted on an ongoing basis, provided there is funding available for the program.

To date, the THIF has financed the construction or rehabilitation of 289 single family homes and 3,342 rental units for low and moderate-income households. These numbers include units currently under construction.

TSAHC currently offers four types of loans:

- Permanent financing loans
- Revolving lines of credit
- Construction loans
- Deferred forgivable loans offered through the Affordable Housing Partnership (geographically limited to certain counties)

Single Family Construction/Rehabilitation

Homeownership continues to be the primary means by which lower-income households create stability and build wealth for the future. As mentioned above, the average household wealth of a homeowner is \$255,000 while the average household wealth of a renter is \$6,300.

However, due to rising housing prices, many Texans cannot afford to purchase a home in their communities. For example, according to the Real Estate Center at Texas A&M University, as of June 2022, the median home price in Texas was a record high \$360,000.¹³ Escalating home prices are especially problematic in urban areas like Austin (median home price of \$472,000), Dallas (\$400,000), and Houston (\$340,000).¹⁴

¹³ Source: <https://www.recenter.tamu.edu/data/housing-activity/>, accessed November 11, 2022.

¹⁴ Source: <https://www.recenter.tamu.edu/data/housing-activity/>, accessed November 11, 2022.

By financing the construction or rehabilitation of single-family homes that are affordable to well-qualified low and moderate-income home buyers, the THIF is helping families and individuals achieve the dream of homeownership and build household wealth.

In 2022, TSAHC approved a THIF line of credit to construct 5 homes for low- to moderate-income home buyers in Port Arthur and Brownsville, Texas.

Multifamily Construction/Rehabilitation

TSAHC also recognizes that not all families and individuals are ready to become homeowners. Access to affordable rental housing is what is most important to these households. By funding the construction of affordable rental units, the THIF helps households access affordable rental homes without having to sacrifice other basic needs, such as food, education, or medical care.

In 2022, TSAHC provided THIF financing to help rehabilitate or build 61 affordable rental units.

Affordable Housing Partnership

TSAHC launched the Affordable Housing Partnership (AHP) program in 2020 as part of the THIF suite of loan products. Thanks to a partnership with the Texas Health and Human Services Commission, TSAHC offers deferred forgivable loans to developers in Dallas and Travis counties to subsidize the construction of affordable, accessible, and community-integrated units designated for residents with long-term health needs.

In 2022, TSAHC approved 2 loans to support the construction of 9 rental units in Travis County.

Texas Housing Impact Fund Loan Production

Loan Production	2022	2003 - 2021
Loans Approved	10	51
# of Single Family Homes Built or Under Construction	5	284
# of Rental Units	70	3,272
Amount of Loan Funds Approved	\$5,275,000 ¹⁵	\$33,430,462

2023 Implementation Plan

TSAHC plans to continue to provide flexible lines of credit to developers that address our funding priorities. These loan products, leveraged with TSAHC's access to lower cost land through its Affordable Communities of Texas (ACT) land bank, will enable these developers to

¹⁵ Texas Housing Impact Fund loans are a revolving line of credit for single-family construction awarded to Legacy CDC and Brownsville CDC and for loans for the rehabilitation or creation of multifamily units for Cady Lofts, Saison North Apartments, and Burnet Place Apartments.

continue to construct and rehabilitate single family homes that are affordable. TSAHC forecasts sustained demand for THIF loans into 2023 as staff is currently reviewing multiple applications for single-family and multifamily developments around Texas.

In 2023, TSAHC plans to continue to explore lending opportunities to address housing needs for underserved populations including disaster impacted areas, small urban and rural markets, and urban areas that are rapidly changing and risk losing affordable housing. In 2023, there will be an emphasis on exploring the future of the Affordable Housing Partnership as we have exhausted our initial funding under that program and will look for ways to continue offering it.

TSAHC will continue to grow the fund by pursuing grants, program related investments or equity equivalent investments from foundations, banks, and other lenders and investors.

TSAHC will also continue to publish an annual Texas Housing Impact Fund Investment Report to document the statewide impact of the program. This report enhances TSAHC's efforts to market the Texas Housing Impact Fund to developers and potential investors.

AFFORDABLE COMMUNITIES OF TEXAS PROGRAM

TSAHC created the Affordable Communities of Texas (ACT) Program, a land bank and land trust program, in 2008 to stabilize communities experiencing high rates of foreclosure. TSAHC works in partnership with 30 nonprofit organizations across the state to acquire and redevelop foreclosed homes, vacant land, and tax foreclosed properties to make these homes available for sale or rent to low-income families.

Over its history, TSAHC has acquired 573 properties through the ACT program and has created 296 homes for extremely low, very low, low, and moderate-income Texans. The ACT Program has a current portfolio of 16 lots and homes, and there are three active components of the program distinguished by source of funding and targeted use of properties:

- ACT Land Banking – This is TSAHC's general land banking program that includes properties that are either purchased by TSAHC or donated to TSAHC. Properties are redeveloped for affordable housing. If a property is not suitable for redevelopment (i.e., poor location, high cost of redevelopment, or other extenuating circumstances), the property is sold, and the funds are reinvested in the ACT Program.
- ACT Land Trust – Properties acquired are intended to be held in perpetuity by TSAHC. Homes built or redeveloped on land trust sites may be rented or sold to qualified low-income households.

Affordable Communities of Texas Portfolio

Program/Initiative	Acquisitions 2022	Sales 2022	Current Portfolio	Current Asset Value
ACT Land Banking / Land Trust	2	3	18	\$1,186,024

2023 Implementation Plan

The ACT Program will continue to play an integral role in TSAHC's overall affordable housing strategy. TSAHC intends to increase efforts to expand our portfolio of ACT land bank properties by forming partnerships to acquire foreclosed and vacant properties and working directly with local and regional governments where possible. We are making an intentional effort to expand our ACT portfolio in South Texas.

For properties already in our land bank, we will continue working with our network of local partner developers to redevelop and sell those properties. We also intend to begin developing a parcel of land in Plano, Texas that is part of our land trust.

TSAHC continues to explore the implementation of land trust mechanisms that allow TSAHC to deliver homeownership opportunities to low- to moderate-income home buyers and deeper levels of affordable rental housing.

MULTIFAMILY PRIVATE ACTIVITY BOND PROGRAM

TSAHC uses its statutory authority to issue tax-exempt multifamily private activity bonds (PAB) to help affordable housing developers construct or preserve multifamily rental units. As a conduit issuer, TSAHC is allocated 10 percent of Texas' multifamily PAB cap each year.

TSAHC makes available to developers its multifamily PAB allocation through an annual Request for Proposal application process. To be considered for multifamily PAB financing, multifamily developments must meet specific housing needs identified each year by TSAHC's Board of Directors. In 2022, those housing needs were:

- At-Risk Preservation and Rehabilitation of Existing Affordable Units
- Housing in Rural and Smaller Urban Markets
- Senior and Service Enriched Housing Developments
- Housing in Areas with Disaster Declarations

In 2022, TSAHC closed on \$64,530,000 in multifamily PABs to construct or rehabilitate 510 affordable rental units across 7 municipalities.¹⁶

2023 Implementation Plan

TSAHC anticipates continued interest and growth in our PAB program due to the high number of affordable housing units needed to meet the demand. For example, research conducted by the National Low Income Housing Coalition found that, in Texas, there are only 51 units that are

¹⁶ The developments are Market Place at Liberty Crossing in Wilmer, Texas and Sandpiper Cove in Galveston, Texas.

affordable for every 100 households that earn 50% or less of the average median income.¹⁷

The demand is reflected in the number of TSAHC PAB projects that are either currently induced, pending closing or under review. That pipeline of potential 2023 PAB closings already includes 7 developments totaling \$168,000,000 in total bond financing.

TSAHC plans to continue to address this ongoing housing demand using PABs to finance the construction and rehabilitation of units that are affordable to low and very low-income Texans. In 2023, TSAHC will build on our initiatives that emphasize the preservation of housing in rural areas and work with developers who are addressing this housing priority.

TSAHC will also explore how to create more permanent supportive housing (PSH) units either through PABs or other financing structures. The creation of additional PSH housing is another priority for TSAHC, due in part to an ongoing collaboration with the Texas Health and Human Services Commission that will be covered in detail later in this plan.

ASSET OVERSIGHT AND COMPLIANCE

Asset oversight and compliance monitoring of multifamily properties financed through multifamily private activity bonds is required by many bond issuers, including TSAHC. We also require asset oversight and compliance monitoring of multifamily properties financed through our THIF. TSAHC believes these reviews are one of the best ways to ensure properties are continuing to provide safe and decent affordable housing to their residents.

Asset Oversight

As part of the asset oversight review process, staff performs an annual inspection of each property, monitors each property's financial and physical health, and provides suggestions for improvement to property owners and managers. Staff completes a report of each property and submits its reports to property owners, managers, and other stakeholders. The reports are also available on TSAHC's website.

These visits are typically on-site, physical inspections, but because of the COVID-19 pandemic and subsequent safety concerns, TSAHC has performed a hybrid of virtual and in-person visits for the past two years. For both types of reviews, TSAHC required property management agents to provide us with required property reports. For virtual reviews, we also required them to provide photos of the property.

In 2022, TSAHC performed asset oversight reviews for 65 properties, totaling 6,807 units. By comparison, TSAHC performed reviews on 59 properties, totaling 5,729 units in 2021.

¹⁷ Source: "The Gap: A Shortage of Affordable Homes," The National Low Income Housing Coalition, April 2022

Compliance

As part of the compliance review process, staff reviews tenant files annually to ensure that property owners and managers are following the federal affordability requirements relating to the tax-exempt status of the bonds. Completed compliance reports are submitted to property owners, managers, and other stakeholders and are also available on TSAHC's web site. In addition, TSAHC manages an online reporting system that allows property managers to complete their monthly compliance reporting online.

Each month, staff monitors whether property owners and managers are providing the required number of affordable units to income-eligible households and that high-quality resident services are being provided. Monthly compliance monitoring helps TSAHC ensure that property owners and managers are meeting all program requirements.

In 2022, TSAHC performed compliance reviews for 66 properties, totaling 7,143 units. By comparison, TSAHC performed reviews on 57 properties, totaling 5,793 units in 2020. These properties are financed either through PABs or THIF financing. TSAHC will continue to ensure that staff is well-equipped to handle the demands of adding a significant number of properties and units to the asset and compliance review portfolio over the past year and into 2023.

2023 Implementation Plan

In 2023, TSAHC staff will continue to conduct site visits in a manner that best protects the health and safety of our staff, as well as staff and residents at properties in our asset and compliance portfolio. In 2023, staff anticipates adding 3 properties and 710 units to the portfolio of asset oversight reviews and 13 developments for compliance reviews.

TSAHC will also continue to review and update its policies and procedures as industry trends and changes in policy dictate. TSAHC will continue to closely monitor the financial health and physical condition of properties in its portfolio and offer specific strategies for improvement.

SINGLE FAMILY RENTAL PROGRAM

The cost of living in Austin continued to rise in 2022. The average monthly rent was \$1,826 as of November 2021,¹⁸ which is simply unaffordable for many low- to moderate-income Austin families.

In May 2013, TSAHC created the Single Family Rental Program to provide eligible low-income families with affordable, below-market rental homes in high-opportunity neighborhoods in the Austin Metropolitan Statistical Area (MSA).

¹⁸ Source: <https://www.rentcafe.com/average-rent-market-trends/us/tx/austin/>, accessed November 11, 2022

Homes available through the program are located in areas with higher than average median incomes, with access to good schools and other services nearby. The program has received an extraordinary number of applications from low-income families and individuals interested in renting a home available under the program.

The program offers individuals and families that earn at or below 80% of the area median family income the opportunity to rent a home at prices significantly less than market rate. TSAHC screens each applicant for rental, credit, and criminal history and to verify income eligibility.

Given the success of the program and ongoing need for affordable rental opportunities in other areas of the state, TSAHC expanded the program to San Antonio in 2019 and the Dallas-Fort Worth metroplex in 2022. Since that time, TSAHC has purchased eight single-family homes in the San Antonio MSA and seven homes in the DFW metroplex, which have all been leased to qualifying households.

In 2022, TSAHC also added two homes in Austin to the Single-Family Rental Program portfolio. Combined, the Single-Family Rental Program now provides 37 rental homes across the Austin, San Antonio, and Dallas-Fort Worth MSAs.

2023 Implementation Plan

In 2023, TSAHC intends to purchase five homes across the three markets.

MULTIFAMILY RENTAL PROGRAM

In July 2015, TSAHC expanded its rental program by acquiring the Rollins Martin apartment complex in East Austin. Built in 1998, the Rollins Martin apartment complex was originally financed as part of the federal low-income housing tax credit (LIHTC) program. It consists of 15 three-bedroom apartment units, all of which are affordable for families earning at or below 60% of the area median family income.

The apartment complex is located in a rapidly developing neighborhood of East Austin that is quickly becoming unaffordable to its long-time lower-income residents. In 2021, the average rent in the neighborhood was \$1,408, while nearly 15% of the neighborhood's residents live below the poverty level.¹⁹ By maintaining affordability in the rapidly changing neighborhood, TSAHC is meeting a critical housing need for the community.

Beyond this, TSAHC has also made substantial improvements to the Rollins Martin apartment complex. Since 2015, TSAHC has completed the following repairs and improvements: installed new appliances, tankless water heaters, and HVAC for each unit; installed new roofing, new outdoor trash receptacles, a bike rack, surveillance system, and a fence for the property;

¹⁹ Source: https://housingworksAustin.org/wp-content/uploads/2022/06/District01_2021_v05.pdf, accessed November 14, 2022

expanded doors for the laundry area in each unit; replaced all staircases; added additional security features to the locks on each unit's door; upgraded the surveillance system; replaced all siding and windows; added new paint, lighting, doors, mailboxes and signage; and completely renovated eight units.

In 2021, TSAHC also reconstructed the dumpster enclosure area to create more recycling space and poured a semicircle driveway to make it easier for trash trucks to safely access and leave the dumpster area. In addition, TSAHC built an ADA accessible sidewalk and pad for the common area between buildings 3 and 4. In 2022, we completed renovations in seven units and performed extensive repairs on the roof. All 15 units have received complete renovations now.

TEXAS FOUNDATIONS FUND

History of the Texas Foundations Fund

TSAHC created the Texas Foundations Fund (TFF) to improve housing conditions for very low-income Texas households, with an emphasis on assisting underserved populations. TSAHC defines very low-income households as households earning at or below 50% of the area median family income.

Through TFF, TSAHC partners with nonprofit organizations across Texas to support quality programs that address the critical housing needs of very low-income families and individuals. Selected partners receive grants to support their housing services. Since 2008, TSAHC has awarded almost \$8,000,000 in grants.

The housing services listed below are eligible for support through TFF:

- Home repairs and accessibility modifications in owner-occupied homes.
- Services at supportive housing communities.
- In 2022, we added housing and financial counseling services as an eligible activity.

TSAHC selected these services by conducting a survey asking its partner housing organizations to identify the greatest housing needs of the very low-income Texans they serve. TSAHC also conducts follow up surveys every few years to confirm that the services funded by the Texas Foundations Fund are still critically needed by very low-income Texans.

TSAHC funds TFF awards primarily with earned revenue from its other housing programs. TSAHC's Board of Directors determines the amount available for each funding round.

Prior to each application cycle, TSAHC publishes TFF Guidelines for public comment, giving stakeholders the opportunity to provide feedback prior to submitting a funding proposal.

Prior to 2016, the Foundations Fund was a competitive grant process. For the three award cycles that followed (2016 – 2021), it was a non-competitive application process. Nonprofits that met eligibility criteria partnered with TSAHC for a two-year term in a matching grant structure.

2022 Funding Cycle

In late 2021, TSAHC surveyed TFF stakeholders to see if any changes should be made to the program. After compiling survey results, TSAHC made its draft 2022 Texas Foundations Fund guidelines available for public comment. Based on comments received, TSAHC staff decided to make five significant changes: (1) grantees were no longer required to provide proof of a matching grant; (2) the audit requirement was waived for organizations with a budget of less than \$2 million and replaced with a requirement that a financial review or reference letter from a funder be provided instead; (3) the definition of underserved populations was expanded; (4) housing and financial counseling services were added as an eligible activity to be funded; and (5) for funding purposes, applicants were separated into small, mid-sized, or large based on budget size.

The 2022 TFF application cycle opened in May 2022. We received 55 applications from nonprofits serving communities throughout Texas. After a thorough review of the applications, TSAHC staff determined that 54 applicants met the eligibility requirements.

The total funding available to these partners in 2022 was \$1,250,000. The 23 small organizations each received a \$15,000 grant; the 15 mid-sized organizations each received a \$23,000 grant; and the 16 large organizations each received a \$35,000 grant.

2023 Implementation Plan

In early 2023, we will once again survey partners and other stakeholders to help inform our decision making about how TFF should best operate.

GRANTS FOR DISASTER RECOVERY

Housing and Economic Assistance to Rebuild Texas (HEART)

On August 23, 2017, Hurricane Harvey made landfall along the Texas coast, inflicting catastrophic damage to Southeast Texas, the Gulf Coast region, the greater Houston area, and the Coastal Bend area. In response to this catastrophic event, TSAHC partnered with Enterprise Community Partners to create a grant program to provide critical home repair funding, programmatic support, and technical assistance for nonprofits providing ongoing relief efforts to the impacted areas with an emphasis on providing relief outside of the Harris County area.

The program, entitled Housing and Economic Assistance to Rebuild Texas (HEART), launched in April 2018 thanks to a generous financial commitment from the Rebuild Texas Fund, a joint

initiative of the OneStar Foundation and the Michael & Susan Dell Foundation. Other funding was provided by the Meadows Foundation, the Center for Disaster Philanthropy, BBVA and a commitment from TSAHC's Board.

The program awarded \$2,555,000 to 39 nonprofits providing housing-related assistance to low-income households directly affected by Hurricane Harvey. Among those nonprofits, 19 provided critical home repair services, repairing 174 homes.²⁰ The HEART program also provided webinars (11 total with more than 200 attendees) as well as individual technical assistance opportunities. TSAHC and Enterprise Community Partners concluded administering the HEART program in early 2021.

Winter Storm Uri Response

In February 2021, Winter Storm Uri ravaged Texas, bringing prolonged below freezing temperatures and record snowfall to many parts of the state. In addition, millions of Texans were without electricity compounding the devastating impacts of this unprecedented disaster. The Federal Emergency Management Agency declared a disaster for every county in Texas and provided a combination of public and individual assistance depending on the severity of the disaster in those respective communities.

In March 2021, the TSAHC Board of Directors approved a special funding round of the Texas Foundations Fund program to respond to this event and made \$300,000 available to organizations providing home repairs for affected households in the most severely impacted areas. TSAHC provided grant funding to 15 organizations that provided home repairs to 236 households between April and August 2021 through this special funding round.

Texas Foundations Fund – Disaster Recovery

These twin natural disaster catastrophes motivated us to create a new program within TFF that was earmarked specifically for disaster recovery activities. That way funds could be made available in the immediate aftermath of a disaster, allowing organizations to more swiftly respond to disasters in their communities.

In September 2022, we took draft guidelines for the Texas Foundations Fund – Disaster Recovery program to TSAHC's Board of Directors and made them available for public comment. The guidelines define disasters that qualify for grant funding as well as organizational and household eligibility.

²⁰ These numbers reflect grantee reports received through December 31, 2021.

2023 Implementation Plan

TSAHC anticipates releasing the Texas Foundations Fund- Disaster Recovery application in early 2023. Total grant funding available for the program is \$250,000, and the maximum award for an organization is \$30,000. Any unutilized funding will roll over to the general TFF program in summer 2023.

SUPPORTIVE HOUSING INITIATIVES

Partnership with Texas Health and Human Services Commission (HHSC)

In 2016, TSAHC expanded its efforts to address supportive housing needs beyond grant funding provided through Texas Foundations Fund. We accomplished this by partnering with the Texas Health and Human Services Commission (HHSC) in a Center for Medicaid Services Innovation Accelerator Program (IAP).

The IAP launched in August 2017 and concluded in April 2018 with two outcomes. First, public and private partnerships developed between the Medicaid and housing systems to better address the housing and supportive services needs of the Medicaid recipient population. Second, HHSC and TSAHC created a state action plan that seeks to foster additional community living opportunities for Texans with ongoing health needs.

As part of executing the state action plan, TSAHC conducted a series of permanent supportive housing (PSH) workshops in 2019 for nonprofits and other interested parties who wish to create or preserve PSH units. These one-day workshops provided an overview of the financing of PSH developments and the implementation of supportive services at those developments.

Texas Supportive Housing Institute

Building upon the success of the PSH workshops, TSAHC launched the Texas Supportive Housing Institute in September 2020, which provides technical assistance to nonprofits, developers, service providers and property managers interested in creating and operating supportive housing in their communities. The training is conducted by the Corporation for Supportive Housing (CSH).

Five teams successfully completed the first institute in 2020 representing Dallas (two teams), Fort Worth (two teams), and Brownsville. They attended monthly, multi-part sessions held virtually over the course of September to December 2020. An added component of the institute is one-on-one technical assistance with CSH. TSAHC also made follow up grants available to participating development teams through a partnership with JPMorgan Chase.

In 2021, TSAHC offered the Institute again with the following enhancements: reduced the number of participating teams from six to four to expand/improve the individual instruction and attention provided to each; solicited teams in relatively similar project stages to improve cross collaboration; provided training that looks at issues through a racial equity lens and

incorporates feedback from those with lived experience; increased technical assistance from 14 hours per team 25 hours per team; and provided development teams with the opportunity to obtain Quality Endorsement reviews from CSH.

For the 2021 Institute, TSAHC selected four development teams in El Paso, Houston, San Antonio, and Waco. Three of these teams successfully concluded the Institute in January 2022.

In 2022, we decided to geographically limit the Institute to Austin-area teams to align the Institute curriculum and participants with local City of Austin and Travis County initiatives to create 2,100 supportive housing units by 2024. TSAHC selected six teams to participate in the 2022 Institute. We also elected to host the training in-person for the first time.

The in-person sessions hosted at TSAHC's offices allowed for more robust participation, increased peer learning, and promoted cross-collaboration among participants. As the teams are working towards a shared community goal, they are in similar stages of the development process which has allowed for a better experience for the teams and training providers. The 2022 Institute will conclude in 2023 with final presentations from the teams.

2023 Implementation Plan

For 2023, TSAHC will explore planning and hosting a supportive housing symposium in lieu of an Institute for two primary reasons. First, opportunities to share best practices and how to apply lessons learned in the supportive housing space is lacking in Texas. And second, due to past iterations of the Institute, we now have a pipeline of new developers, service providers, and property managers operating in supportive housing that need further education and training beyond what the Institute provides.

General Homelessness Activities

TSAHC continues to support other efforts addressing homelessness. This includes Advisory Member representation on the Texas Interagency Council for the Homeless (TICH) and serving as liaison between the TICH and United State Interagency Council on Homelessness. In addition, TSAHC sponsors the annual Texas Conference on Ending Homelessness hosted by the Texas Homeless Network. In 2022, TSAHC also awarded THN with a two-year grant to support a data collection system to better connect Texans experiencing homelessness to necessary services. We will continue to support THN's data collection efforts in 2023.

Tab 10

Presentation, Discussion and Possible Approval of the Texas Foundations Fund: Disaster Recovery Guidelines.



Texas Foundations Fund: FY2023 Disaster Recovery Guidelines

Funding Overview

Through its Texas Foundations Fund (TFF) program, the Texas State Affordable Housing Corporation (TSAHC) is offering grants to eligible organizations providing housing assistance activities in response to disasters. The total available funding will be determined on an annual basis at the discretion of the TSAHC Board of Directors.

Grant awards will be made for the critical repair of single-family homes located in any one or more counties affected by weather-related natural disasters. The disaster must be declared as such on or after **August 15, 2022** by a Federal Emergency Management Agency disaster declaration, a Texas Disaster Declaration, and/or a local city or county disaster declaration.

The total available for TSAHC's fiscal year 2023 is \$250,000. Any disaster recovery funding not requested by June 1, 2023 will be added to the Texas Foundations Fund's annual funding cycle.

Eligibility Requirements

To qualify for critical repair grant funding, applicants must meet the following requirements:

1. **Organization Type:** Applicant must be a current or former TFF nonprofit partner or have received funding through the Housing and Economic Assistance to Rebuild Texas (HEART) Program. Applicants must be current on all reporting requirements for existing grants to be eligible for this funding opportunity.
2. **Household Requirements:** To ensure the funding reaches those who are most in need, each organization must use critical repair funds only for critical home repairs¹ of single-family homes² to households at or below 80% of the area median family income³.
3. **Program Requirements:** Homes receiving repairs must be owner-occupied or single-family rental homes owned and operated by the applicant. All repairs funded by the grant must be provided free of charge and directly related to damage inflicted by the declared disaster.
4. **Geographic Requirements:** Applicant must provide critical repairs to disaster-damaged homes located in counties included as part of the Federal Emergency Management

¹ TSAHC defines critical repairs as repairs to a failed system, including electrical, roofing repairs/replacements, structural damage, plumbing, mechanical systems, and heating and air conditioning. Critical repairs must be vital to the health and safety of the occupants and meet state and local building codes.

² TSAHC defines "single family home" as a residential property with an attached or detached dwelling that consists of (i) a single unit on an individual lot; or (ii) a single unit in a condo project, Planned Unit Development, or duplex, triplex or fourplex; or (iii) not more than four connected units, with each unit intended as housing for one family. Dwellings that are not titled as real estate, such as RVs and houseboats, are not eligible.

³ TSAHC uses the U.S. Department of Housing and Urban Development's Section 8 income limits to determine income eligibility. To review the current income limits, visit: www.huduser.org/portal/datasets/il.html

Agency's federal disaster declaration, Texas Disaster Declaration and/or local city or county disaster declaration.

Administration

1. Eligible organizations may complete an online application at any time after there has been a disaster declaration for any county or counties in the organization's service area. Organizations are limited to submitting one application per declared disaster.
2. Awards will be made on a rolling basis as long as funding is available.
3. The maximum grant per application is \$30,000, and the maximum amount that can be used to assist an individual household is \$5,000. An organization may submit an application for a grant each time there is a declared disaster in their service area. If there are multiple applications in response to a single disaster, TSAHC may reduce the amount of funding available to each applicant.
4. Grantees will receive funding as a lump sum award.
5. Grant terms will begin on the date of the federal or state disaster declaration, whichever is earlier.
6. Grantees must spend 100% of their award and complete all activities proposed in their application within six months of signing their grant agreement.
7. Grantees will be required to submit a final report at the completion of their grant term documenting their utilization of the grant funds.

Grant Agreement

Grantees will be required to execute a grant agreement that outlines:

- a description of how the grant will be used,
- eligible expenditures⁴,
- reporting requirements, and
- TSAHC's right to inspect properties or service records and to review financial documents.

Failure to adhere to the terms of the grant agreement may result in the delay or cancelation of grants, termination of the agreement, or request for repayment of all or part of the grants disbursed.

Questions

Questions regarding these guidelines, funding eligibility or grant administration should be submitted in writing to Michael Wilt by email at mwilt@tsahc.org.

⁴ Grantees may use up to 10% of their award for administrative expenses. The remaining funds must be used for direct costs for critical home repairs. These costs may include, but are not limited to, contractor fees, materials, salaries for staff performing critical repair work, and building permits and inspection fees for homes to be repaired.