

NEW ISSUE - BOOK ENTRY ONLY**RATING: S&P “AA+”
See “RATING” herein**

In the opinion of Bracewell LLP (“Bond Counsel”), assuming compliance with certain covenants and based on certain representations, under existing law (i) interest on the Bonds is excludable from gross income for federal income tax purposes, except with respect to interest on any Bond for any period during which it is held by a “substantial user” of the Project or a “related person” of such a “substantial user,” each within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended and (ii) interest on the Bonds is not an item of tax preference includable in alternative minimum taxable income for purposes of determining a taxpayer’s alternative minimum tax liability. See “TAX TREATMENT” herein for a discussion of Bond Counsel’s opinion.

\$20,000,000
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MULTIFAMILY HOUSING REVENUE BONDS
(RELATED RD PORTFOLIO),
SERIES 2018

Dated: Date of Delivery
Interest Rate: 2.20%
Initial Offering Price: 100%

Initial Mandatory Tender Date: May 1, 2020
Maturity Date: May 1, 2021
CUSIP: 88275A DR8

The above-captioned Bonds (the “Bonds”) will be issued under the provisions of the Trust Indenture dated as of December 1, 2018 (the “Indenture”), between the Texas Department of Housing and Community Affairs (the “Issuer”) and Wilmington Trust, National Association, as trustee (the “Trustee”). The Bonds will be issued for the purpose of providing financing to the Borrowers (as defined herein) for a portion of the costs of acquiring, rehabilitating, equipping and otherwise improving nine separate multifamily housing facilities described herein (each a “Project” and collectively, the “Projects”) located in the State of Texas (the “State”), to be occupied, to the extent required by federal tax law and state law by persons or families of low and moderate income. See “THE PROJECTS” herein.

The Bonds will be issued as fully registered bonds in book entry form and book entry interests in the Bonds will be available for purchase in principal amounts of \$5,000 and any increment of \$1,000 in excess thereof. Interest on the Bonds is payable on May 1 and November 1 of each year, commencing May 1, 2019. Owners of book entry interests in the Bonds will not receive physical delivery of bond certificates. The Depository Trust Company, New York, New York (“DTC”) will act as a securities depository for the Bonds. DTC, or its nominee, will receive all payments with respect to the Bonds from the Trustee. DTC is required by its rules and procedures to remit such payments to participants in DTC for subsequent disbursement to the owners of book entry interests. See “THE BONDS – Book Entry System” herein.

The Bonds, when, as and if issued will be limited obligations of the Issuer, payable solely from the revenues and other moneys assigned by the Indenture to secure that payment, which include the payments required to be made pursuant to the Loan Agreement between the Issuer and the Borrowers (the “Bond Loan Agreement”) dated as of December 1, 2018.

At all times the Bonds will be secured by Eligible Investments or other Eligible Funds sufficient to pay, without need for reinvestment, all of the interest and principal on the Bonds when due to the Initial Mandatory Tender Date, as further described herein. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

THE ISSUER SHALL NOT IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS, OR FOR THE PERFORMANCE OF ANY PLEDGE, MORTGAGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER WHICH MAY BE UNDERTAKEN BY THE ISSUER EXCEPT FROM THE SOURCES SPECIFICALLY PLEDGED THERETO PURSUANT TO THE INDENTURE, AND NEITHER THE BONDS NOR ANY OF THE AGREEMENTS OR OBLIGATIONS OF THE ISSUER SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE BONDS AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE OR TO CREATE IN ANY MANNER A DEBT, LIABILITY OR OBLIGATION OF THE STATE OR OF ANY POLITICAL SUBDIVISION OR ANY AGENCY THEREOF OR A PLEDGE OR A GRANT OF THE FAITH AND CREDIT OF THE STATE OR ANY SUCH POLITICAL SUBDIVISION OR ANY SUCH AGENCY, BUT SHALL BE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES AND OTHER FUNDS PLEDGED THEREFOR AND SHALL NOT BE PAYABLE FROM ANY OTHER ASSETS OR FUNDS OF THE ISSUER, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION OR ANY AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE ISSUER HAS NO TAXING POWER.

The Bonds are subject to mandatory tender for purchase, subject to satisfaction of the applicable terms and conditions set forth in the Indenture, on the Initial Mandatory Tender Date. All Holders must tender their Bonds for purchase on the Initial Mandatory Tender Date. The Bonds may be remarketed and a new interest rate for the Bonds may be determined on the Initial Mandatory Tender Date in accordance with the terms of the Indenture. If the Bonds are remarketed on the Initial Mandatory Tender Date, the terms of the Bonds after such date may differ materially from the description provided in this Official Statement. Therefore, prospective purchasers of the Bonds on and after the Initial Mandatory Tender Date cannot rely on this Official Statement, but rather must rely upon any disclosure documents prepared in connection with such remarketing. See “THE BONDS – Mandatory Tender of Bonds” herein.

The Bonds are offered, subject to prior sale, when, as and if issued by the Issuer and accepted by the Underwriter, subject to, among other things, the approving opinion of Bracewell LLP, Austin, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by Norris George & Ostrow PLLC, Washington, D.C., and for the Borrowers by Levitt & Boccio, LLP, New York, New York, and Locke Lord LLP, Austin, Texas. Certain financial advisory services will be provided to the Issuer by George K. Baum & Company. It is expected that the Bonds will be available for delivery in definitive form on or about December 20, 2018 through the services of DTC against payment therefor.



RBC Capital Markets

The date of this Official Statement is December 11, 2018.

REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds identified on the cover hereof. No person has been authorized to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information and expression of opinions herein are subject to change without notice and neither the delivery of this Official Statement nor the sale of any of the Bonds shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date hereof.

Information herein has been obtained from the Issuer (only as to the Sections labeled “THE ISSUER” and “LITIGATION – The Issuer”) and the Borrowers and other sources believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter.

The Issuer has not confirmed, and assumes no responsibility for, the accuracy, completeness, sufficiency or fairness of any statements in the Official Statements or any amendments thereof or supplements thereto, other than in the Sections labeled “THE ISSUER” and “LITIGATION – The Issuer”, and or in any reports, financial information, offering or disclosure documents or other information relating to the Underwriter, the Projects, the Borrowers, or the history, businesses, properties, organization, management, financial condition, market area or any other matter relating to the Borrowers or contained otherwise in the Official Statement.

The Trustee has neither reviewed nor participated in the preparation of this Official Statement, except for the contents of the Section labeled “THE TRUSTEE.”

The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its 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.

Upon issuance, the Bonds will not be registered by the Issuer under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or, other than the Issuer (to the extent described herein) approved the Bonds for sale.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

\$20,000,000
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MULTIFAMILY HOUSING REVENUE BONDS
(RELATED RD PORTFOLIO),
SERIES 2018

INTRODUCTION

This Official Statement, including the Appendices, is furnished in connection with the original issuance and sale by the Texas Department of Housing and Community Affairs (the “Issuer”) of the Bonds identified on the cover page (the “Bonds”). The Bonds are being issued by the Issuer pursuant to (a) a Trust Indenture (the “Indenture”) dated as of December 1, 2018 between the Issuer and Wilmington Trust, National Association, as Trustee (the “Trustee”), (b) Chapter 2306, Texas Government Code, as amended (the “Act”), and (c) a bond resolution adopted by the Board of Directors of the Issuer on October 11, 2018 (the “Bond Resolution”). The Trustee is expected to also serve as Registrar. Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Indenture and in Appendix A.

Pursuant to the Loan Agreement dated as of December 1, 2018 (the “Bond Loan Agreement”), between the Issuer and (1) THF Bastrop Oak Grove, LLC, (2) THF Bay City Village, LLC, (3) THF Burk Village, LLC, (4) THF Elgin Meadowpark, LLC, (5) THF Evant Tom Sawyer, LLC, (6) THF Hondo Brian Place, LLC, (7) THF Hondo Gardens, LLC, (8) THF Lampasas Gardens, LLC, and (9) THF Lantana Apartments, LLC, each a Texas limited liability company (each a “Borrower” and collectively, the “Borrowers”), the Issuer will loan the allocated proceeds of the sale of the Bonds to the Borrowers to pay a portion of the costs of acquiring, rehabilitating, equipping and otherwise improving nine separate multifamily housing facilities described herein (each, a “Project” and collectively, the “Projects”), to be owned by the Borrowers. The Borrowers are “related” through a common sole member, but each Borrower has legal title only to the applicable Project as set forth herein and has no ownership interest in any of the other Projects. See “THE PROJECTS” and “THE PRIVATE PARTICIPANTS” herein. The Bond Loan Agreement, except for Issuer’s Reserved Rights, will be assigned without recourse by the Issuer to the Trustee.

The Bonds are limited obligations of the Issuer, and the principal of and interest thereon will be payable solely from the revenues and other moneys assigned by the Indenture to secure such payment. **At all times the Bonds will be secured by Eligible Investments or other Eligible Funds sufficient to pay, without need for reinvestment, all of the interest and principal on the Bonds when due to the Initial Mandatory Tender Date, as further described herein. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.**

Each Project is subject to a separate Regulatory and Land Use Restriction Agreement (collectively the “Regulatory Agreement”) dated as of December 1, 2018, by and among the related Borrower, the Issuer and the Trustee. The Regulatory Agreement requires that at least 40% of completed units of each Project be occupied by persons or families having incomes at or below 60% of area median gross income during the longer of the Qualified Project Period or as long as any of the Bonds remain outstanding, in accordance with Section 142(d) of the Code. Failure to comply with these requirements could result in the loss of the federal tax exemption of the Bonds retroactive to their date of issuance. See “TAX TREATMENT” and “APPENDIX E - SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT.” In addition to the rental restrictions imposed upon the Projects by the Regulatory Agreement, each Project will be further encumbered by a tax credit restrictive covenant (the

“Tax Certificate”), to be executed by the related Borrower in connection with the low-income housing tax credits (the “Tax Credits”) anticipated to be granted for the Projects in compliance with the requirements of Section 42 of the Code. See “THE PROJECTS” and “THE PRIVATE PARTICIPANTS” herein.

Brief descriptions of the Issuer, the Projects, the Borrowers, the use of proceeds of the Bonds and the Bonds together with summaries of the Indenture, the Bond Loan Agreement and the Regulatory Agreement are provided below. All information with respect to the Borrowers, the private participants and the Projects contained in this Official Statement has been furnished by the Borrowers. The descriptions and summaries of the Bond Loan Agreement, the Indenture and the Regulatory Agreement and other documents contained herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to those documents, and all references to the Bonds are qualified in their entirety by the definitive forms thereof included in the Indenture. See “MISCELLANEOUS” for the availability of those documents.

THIS OFFICIAL STATEMENT DESCRIBES THE BONDS FROM THE DELIVERY DATE TO THE INITIAL MANDATORY TENDER DATE. A NEW OFFERING DOCUMENT IS REQUIRED TO BE USED TO OFFER THE BONDS AFTER THE INITIAL MANDATORY TENDER DATE.

THE ISSUER

General

The Issuer, a public and official agency of the State was created pursuant to and in accordance with the Act. The Issuer is the successor agency to the Texas Housing Agency (the “Agency”) and the Texas Department of Community Affairs, both of which were abolished by the Act and their functions and obligations transferred to the Issuer. One of the purposes of the Issuer is to provide for the housing needs of individuals and families of low, very low and extremely low income and families of moderate income in the State. Pursuant to the Act, the Issuer may issue bonds, notes or other obligations to finance or refinance residential housing and to refund bonds previously issued by the Agency, the Issuer or certain other quasi-governmental issuers. The Act specifically provides that the revenue bonds of the Agency become revenue bonds of the Issuer.

The Issuer is subject to the Texas Sunset Act (Chapter 325, Texas Government Code, as amended, hereinafter referred to as the “Sunset Act”), and its continued existence is subject to a review process that resulted in passage of legislation in the Seventy-Eighth Legislative Session in 2003 which continued the Issuer in existence until September 1, 2011. House Bill 3361 extended the existence of the Issuer until September 2025, at which time it will be subject to review. The Sunset Act, however, recognizes the continuing obligation of the State to provide for the payment of bonded indebtedness incurred by a State agency abolished under the provisions thereof and provides that the Governor of the State shall designate an appropriate State agency to continue to carry out all covenants with respect to any bonds outstanding, including the payment of any bonds from the sources provided in the proceedings authorizing such bonds.

In the Act, the State also pledges and agrees with the holders of any bonds issued under the Act (such as the Bonds) that the State will not limit or alter the rights vested in the Issuer to fulfill the terms of any agreements made with the holders thereof that would in any way impair the rights and remedies of such holders until such bonds, together with the interest thereon, interest on any unpaid installments of interest and all costs and expenses incurred in connection with any action or proceeding by or on behalf of such holders are fully met and discharged.

Organization and Membership

Governing Board. The Issuer is governed by a governing board (the “Board”) consisting of seven public members appointed by the Governor, with the advice and consent of the State Senate. Board members hold office for six-year staggered terms. Each member serves until his or her successor is appointed and qualified. Each member is eligible for reappointment. Members serve without compensation, but are entitled to reimbursement for actual expenses incurred in performing their duties of office. The Act requires the Governor to make appointments so that the places on the Board are occupied by persons who have a demonstrated interest in issues related to housing and support services and who broadly reflect the geographic, economic, cultural and social diversity of the State, including ethnic minorities, persons with disabilities, and women.

The Governor of the State designates a member of the Board to serve as the presiding officer (the “Chair”) of the Board at the pleasure of the Governor. The Chair presides at all meetings and performs such other duties as may be prescribed from time to time by the Board and by the Act. In addition, the members of the Board elect one of its members as assistant presiding officer (the “Vice Chair”) to perform the duties of the Chair when the Chair is not present or is incapable of performing such duties. The Board also elects a Secretary and a Treasurer (which offices may be held by one individual, neither of which is required to be a Board member) to perform the duties prescribed by the Board.

One seat on the Board is currently vacant. The current members of the Board, their occupations and their terms of office are as follows:

J.B. GOODWIN, Chair and Board Member. CEO of JB Goodwin Realtors, Austin, Texas. His term expires January 31, 2021.

LESLIE BINGHAM-ESCAREÑO, Vice Chair and Board Member. Chief Executive Officer, Valley Baptist Medical Center-Brownsville. Her term expires January 31, 2019.

PAUL A. BRADEN, Board Member. Partner and Head of Public Finance for the United States at Norton Rose Fulbright, Dallas, Texas. His term expires January 31, 2023.

LEO VASQUEZ, Board Member. Executive Vice President of Cadeco Industries and related companies, Houston, Texas. His term expires January 31, 2023.

SHARON THOMASON, Board Member. President of Lubbock Land Company, Wolfforth, Texas. Her term expires January 31, 2021.

ASUSENA RESÉNDIZ, Board Member. Member of U.S. Global Leadership Coalition Texas Advisory Council, Dallas/Ft. Worth, Texas. Her term expires January 31, 2019.

All of the above Board members have been appointed by the Governor and confirmed by the State Senate. Texas law requires that confirmations of any such appointment be considered at the next legislative session, whether regular or special. Pursuant to Article XVI, Section 17, of the Texas Constitution, any Board member whose term has expired or who has tendered his or her resignation continues to serve until his or her successor has been appointed.

Administrative Personnel. The Act provides that the Issuer is to be administered by an Executive Director to be employed by the Board with the approval of the Governor. The Executive Director serves at the pleasure of the Board, but may also be removed by a newly elected Governor who did not approve the Executive Director’s appointment by action taken within 90 days after such Governor takes office.

The Executive Director is responsible for administering the Issuer and its personnel. The Executive Director may employ other employees necessary for the discharge of the duties of the Issuer, subject to the annual budget and the provisions of any resolution authorizing the issuance of the Issuer's bonds.

Currently, the Issuer has 287 employees. The following is a biographical summary of certain of the Issuer's senior staff members who have responsibility with respect to multi-family housing bond matters:

TIMOTHY K. IRVINE, Executive Director since September 16, 2011 and has recently announced his intention to retire effective November 30, 2018. Mr. Irvine has been a licensed attorney in Texas since 1976. He has been with the Issuer since January 2009 and was appointed General Counsel in March 2010 and Acting Director in June 18, 2011. His prior experience includes serving as an attorney for the Federal Reserve Bank of Dallas, heading the legal division and serving as secretary of Texas Commerce Bancshares and as General Counsel of its lead bank, heading the legal division and serving as secretary for Franklin Federal Bancorp as well as overseeing its mortgage banking, human resources, and other support functions, serving as a partner in the Austin office Locke Liddell & Sapp (now Locke Lord LLP), serving as General Counsel of the Texas Savings and Loan Department (now the Savings and Mortgage Lending), as Executive Director of the Issuer's Manufactured Housing Division, as Administrator of the Texas Real Estate Commission and Commissioner of the Texas Appraiser Licensing and Certification Board. He has a B.A. (1971) from Claremont McKenna College, an M.A. (1973) from Claremont Graduate University, and a J.D. (1975) from Willamette University.

MONICA GALUSKI, Director of Bond Finance and Chief Investment Officer. Ms. Galuski has over 20 years of experience in municipal finance, including 14 years as a single-family housing banker. She oversees the Issuer's Single Family and Multifamily Mortgage Revenue Bond Programs, including bond issuance, debt and portfolio management, and bond compliance and disclosure. Ms. Galuski received a Bachelor of Science in Financial Management from Arizona State University.

JAMES "BEAU" ECCLES, General Counsel. J. Beau Eccles joined the Issuer in June 2015 as its General Counsel and is responsible for coordination of all internal and external legal counsel for the Issuer. Before joining the Issuer, Mr. Eccles served as an Assistant Texas Attorney General for thirteen years, including five years as Deputy Chief, then two years as Chief, of the General Litigation Division. Mr. Eccles is a graduate of the Texas Tech School of Law, and received his B.A. from the University of Texas at Austin.

The offices of the Issuer are located at 221 East 11th Street, Austin, Texas 78701-2410, and the telephone number for the Issuer is 512/475-3800 or toll-free 800/525-0657.

THE BONDS, TOGETHER WITH INTEREST THEREON, ARE SPECIAL AND LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES, RECEIPTS AND SECURITY PLEDGED THEREFOR UNDER THE INDENTURE. NONE OF THE UNITED STATES OF AMERICA, THE STATE, THE ISSUER, OR ANY OTHER POLITICAL SUBDIVISION OR BODY CORPORATE AND POLITIC OF THE STATE OR ANY AGENCY OF THE UNITED STATES OF AMERICA OR ANY ISSUER THEREOF, WILL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER OF THE ISSUER, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS WILL BE CONSTRUED TO CONSTITUTE AN

INDEBTEDNESS OF THE UNITED STATES OF AMERICA, THE STATE, THE ISSUER, OR ANY OTHER POLITICAL SUBDIVISION OR BODY CORPORATE AND POLITIC OF THE STATE, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE BONDS ARE NOT AN OBLIGATION, DEBT OR LIABILITY OF THE STATE, AND DO NOT CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH, CREDIT, OR TAXING POWER OF THE STATE.

Other Indebtedness of the Issuer

Single Family Mortgage Revenue Bonds. Since 1979, the year of creation of the Agency, through July 31, 2018, there have been issued by the Agency or the Issuer thirty-six series of Residential Mortgage Revenue Bonds, two series of GNMA Collateralized Home Mortgage Revenue Bonds, fifty-eight series of Single Family Mortgage Revenue Bonds, four series of Junior Lien Single Family Mortgage Revenue Bonds, eleven series of Collateralized Home Mortgage Revenue Bonds, and ten series of Single Family Mortgage Revenue Bonds (Collateralized Home Mortgage Revenue Bonds). As of July 31, 2018, the aggregate outstanding principal amount of bonded indebtedness of the Issuer for single family purposes was \$462,930,948.

Multifamily Housing Revenue Bonds. The Issuer and the Agency, through July 31, 2018, have issued two-hundred twenty-seven series of multifamily housing revenue bonds, which have been issued pursuant to separate trust indentures and are secured by individual trust estates that are separate and distinct from each other. As of July 31, 2018, the aggregate outstanding principal amount of multifamily housing revenue bonds was \$938,189,389.

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ESTIMATED SOURCES AND USES OF FUNDS

The proceeds expected to be deposited under the Indenture upon closing are to be applied as follows:

Sources of Funds	
Bond Proceeds	\$20,000,000
Eligible Funds	20,000,000
Total	\$40,000,000
Uses of Funds	
Project Fund	\$20,000,000
Collateral Fund	20,000,000
Total	\$40,000,000

PLAN OF FINANCING

The information under this heading has been provided solely by the Borrowers and has not been independently verified by the Issuer, the Underwriter or any of their respective counsel, members, officers or employees, or Bond Counsel. No representation whatsoever as to the accuracy, adequacy or completeness of such information is made by the Issuer, the Underwriter or any of their respective counsel, members, officers or employees or Bond Counsel.

The total project costs of the Projects are estimated by the Borrowers to be \$55,690,000. The total sources and uses of Bond proceeds and other funds for the development of the Projects are projected to be approximately as follows:

Sources of Funds	
Bond Proceeds	\$20,000,000
Subordinated Loans	6,500,000
Senior Loans	16,000,000
Tax Credit Equity [†]	11,200,000
Seller Restricted Cash	950,000
Deferred Developer Fee	1,040,000
Total	\$55,690,000
Uses of Funds	
Acquisition Costs	\$7,100,000
Rehabilitation Costs	18,790,000
Financing Fees and Expenses	5,300,000
Developer Fees	4,500,000
Payment of Bond Principal	20,000,000
Total	\$55,690,000

[†] The Borrower expects to use the proceeds of a bridge loan (the "Bridge Loan") from BF Related Texas, LLC, a Delaware limited liability company (in such capacity, the "Bridge Lender"), in order to bridge a portion of the Tax Credit equity contributions.

All costs of issuing the Bonds, including the Underwriter's fee, will be paid by the Borrowers. All Bond Proceeds are expected to be used to cover Qualified Project Costs (as defined in the Tax Exemption Agreement).

Subordinate Loans

Each of the Projects are presently encumbered by one or more subordinate loans (each a “Subordinate Loan”) made under the Rural Housing Services (“RHS”) department of the United States Department of Agriculture (“USDA”) Section 515 program. At closing, the Subordinate Loans will be modified to provide for a 30-year term (with a 50-year amortization) and an effective interest cost of 1.00% per annum, after payment of an interest subsidy from the U.S. Department of Agriculture Rural Development (“RD”).

Senior Loans

On the Closing Date, each of the Borrowers will receive a loan (each a “Senior Loan”) made under the RD Section 538 program. The obligation to repay each Senior Loan will be set forth in a related promissory note (each a “Senior Note” and collectively, the “Senior Notes”) from the Borrower to the Lender. Each Senior Note will be secured by a senior mortgage against the related Project in favor of the Lender. The Senior Notes will have a term of 30 years and will bear interest at the rate of 5.00% per annum, with annual principal and interest, not otherwise paid, due at maturity.

The Tax Credit Equity

In addition to the proceeds of the Bonds, the Projects will be financed with Tax Credit equity. BF Related Texas, LLC, a Delaware limited liability company (the “Investor Member”), will own a 99.99% membership interest in THF RD Master, LLC, a Texas limited liability company (the “Master Owner”), the sole member of each Borrower. In connection with this interest, the Tax Credit equity is expected to be approximately \$11,200,000. The funding levels and the timing of the funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the projections set forth above and neither the Issuer nor the Underwriter makes any representation as to the availability of such funds.

Seller Restricted Cash

On the Closing Date, Bastrop Oak Grove I, Ltd., Bastrop Oak Grove II, Ltd., Baycity Village Apartments Limited Partnership, Burk Village Apartments Limited Partnership, Elgin Meadowpark, Ltd., Evant Tom Sawyer Place, Ltd., Hondo Brian Place, Ltd., Hondo Gardens, Ltd., Lampasas Gardens, Ltd., Lantana Northridge Apartments, Ltd., and Lantana Southridge Apartments, Ltd. (collectively, the “Seller”) will transfer restricted cash (“Seller Restricted Cash”) in the aggregate amount of \$950,000 to the corresponding Borrower.

Rental Assistance Agreements

Seven of the Projects benefit from Section 521 Rural Rental Assistance (“RA”) and the related Borrowers are expected to enter into a Rental Assistance Agreement with RD that will provide for rental subsidies to qualifying tenants in the related Project.

RA is a program of the USDA’s Rural Development Housing and Community Facilities Programs office. It covers the difference between 30 percent of a tenant’s income and the monthly rental rate. RA is a project-based program, providing an additional subsidy for tenants in Section 515- or 514/516-financed rental housing with incomes too low to pay the RD subsidized rent from their own resources. RD pays the owner the difference between the tenant’s contribution (30 percent of adjusted income) and the monthly rental rate, which is calculated based on the owner’s project costs. Persons with very low and low incomes, elderly persons, and persons with disabilities are eligible if they are unable to

pay the basic monthly rent within 30 percent of adjusted monthly income. Very low income is defined as below 50 percent of the area median income (the “AMI”); low income is between 50 and 80 percent of AMI. RD and the project owner execute a one-year contract in which RD commits payments on behalf of tenants in a designated number or percentage of the units. Additional units may be covered if funds are available and an additional contract is executed. The agreement may be renewed as many times as funds are made available. RD State Directors may transfer unused and unneeded contracts or portions of contracts to other projects.

Two of the Projects benefit from Section 8 project-based rental assistance and the related Borrowers will each enter into a 20-year Section 8 Housing Assistance Payment Contracts (together, the “HAP Contracts”), each covering 100% of the units in the applicable Project.

Funding under the HAP Contracts is subject to annual Congressional appropriations, as more particularly described below. The Section 8 project-based housing assistance payment program (the “Section 8 Program”) is authorized by Section 8 of the United States Housing Act of 1937, as amended, and in the case of Section 8 contracts is administered by local public housing authorities. Renewals of Section 8 HAP contracts are governed by the Multifamily Assisted Housing Reform and Affordability Act, as amended (“MAHRA”). The Section 8 Program authorizes housing assistance payments to owners of qualified housing for the benefit of low-income families (defined generally as families whose incomes do not exceed 80% of the AMI for the area as determined by the United States Department of Housing and Urban Development (“HUD”)), and very low-income families (defined generally as families whose income do not exceed 50% of the AMI as determined by HUD). Section 8 housing assistance payments generally represent the difference between the “contract rent” for the unit approved by HUD and the eligible tenant’s contribution, which is generally 30% of income, as adjusted for family size and certain expenses, subject to a minimum rent contribution. The rents approved by HUD for the applicable Projects, as they may be adjusted from time to time with procedures set forth in MAHRA and the HAP Contracts, are the “contract rents” for such Projects. The HAP Contracts will require the Borrowers to maintain the Projects in decent, safe and sanitary condition and to comply with other statutory and regulatory requirements governing the operation of the Projects, use of project funds, and other matters. If a Borrower fails to comply with the terms of the related HAP Contract, HUD or the contract administrator could seek to abate or terminate the payments under such HAP Contract, or take other sanctions. MAHRA requires that upon the request of a Borrower, HUD shall renew the HAP Contract under the Section 8 Program. However, because the HAP Contracts are subject to receipt of annual appropriations by Congress, there is no assurance that the HAP Contracts will be renewed or replaced upon their expiration. Funding for HAP contracts is appropriated by Congress on an annual basis, and there is no assurance that adequate funding will be appropriated each year during the term of the HAP Contracts. Since payments received under the HAP Contracts constitute a primary source of revenues for the applicable Projects, the expiration of a HAP Contract, or the failure of Congress to appropriate funds sufficient to fund the HAP Contracts during each year of their terms, would have a material adverse effect on the ability of the applicable Project to generate revenues sufficient to pay the principal of and interest of the Bond Loan.

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THE PROJECTS

The information under this heading has been provided solely by the Borrowers and has not been independently verified by the Issuer, the Underwriter or any of their respective counsel, members, officers or employees, or Bond Counsel. No representation whatsoever as to the accuracy, adequacy or completeness of such information is made by the Issuer, the Underwriter or any of their respective counsel, members, officers or employees or Bond Counsel.

The Projects

The Projects consist of nine separate multifamily housing facilities (which may include contiguous and non-contiguous sites) located in Texas. The proceeds of the Bonds will be loaned to the Borrowers for purposes of acquiring, rehabilitating and equipping the Projects pursuant to the Bond Loan Agreement. The following is a brief description of each of the Projects:

Bastrop Oak Grove. Bastrop Oak Grove (the “Bastrop Oak Grove Project”), originally constructed in two phases between 1978 and 1981, is located on a site of approximately 2.17 acres in Bastrop, Texas. The Bastrop Oak Grove Project consists of seven residential buildings, containing 48 units. The unit breakdown of the Bastrop Oak Grove Project is as follows:

Number Of Rental Units	Composition	Approximate Square Footage
12	1 Bedroom / 1 Bath	613
36	2 Bedroom / 1 Bath	754
Total: 48		

All units will include improvements upon (but not limited to) kitchen and bath upgrades with new cabinets, countertops, energy efficient plumbing fixtures and appliances, as needed. Additional interior work includes installation of new flooring, energy star qualified HVAC systems and domestic hot water units as needed. Electrical improvements will include replacement of interior and exterior light fixtures, new GFI outlets and new smoke detectors. Exterior improvements include installation of new roofs, brick tuck pointing, energy efficient windows, and exterior doors, as needed. Furthermore, additional community work will include parking lot and sidewalk repairs, landscaping upgrades, and amenity upgrades.

As of the most recent rent roll for the Bastrop Oak Grove Project available to THF Bastrop Oak Grove, LLC, as the Borrower, the Bastrop Oak Grove Project receives 48 units of Section 8 Rental Assistance.

Bay City Village. Bay City Village (the “Bay City Village Project”), originally constructed in 1974, is located on a site of approximately 8.26 acres in Baytown, Texas. The Bay City Village Project consists of 13 residential buildings, containing 62 units. The unit breakdown of the Bay City Village Project is as follows:

Number Of Rental Units	Composition	Approximate Square Footage
18	1 Bedroom / 1 Bath	710
30	2 Bedroom / 1 Bath	799
14	3 Bedroom / 2 Bath	1,190
Total: 62		

All units will include improvements upon (but not limited to) kitchen and bath upgrades with new cabinets, countertops, energy efficient plumbing fixtures and appliances, as needed. Additional interior work includes installation of new flooring, energy star qualified HVAC systems and domestic hot water units as needed. Electrical improvements will include replacement of interior and exterior light fixtures, new GFI outlets and new smoke detectors. Exterior improvements include installation of new siding, brick tuck pointing, energy efficient windows, and exterior doors, as needed. Furthermore, additional community work will include parking lot and sidewalk repairs, landscaping upgrades, amenity upgrades and new property signage.

As of the most recent rent roll for the Bay City Village Project available to THF Bay City Village, LLC, as the Borrower, the Bay City Village Project receives 51 units of RD-provided Section 521 Rural Rental Assistance.

Burk Village. Burk Village (the “Burk Village Project”), originally constructed in 1981, is located on a site of approximately 5.48 acres in Burkburnett, Texas. The Burk Village Project consists of seven residential buildings, containing 40 units. The unit breakdown of the Burk Village Project is as follows:

Number Of Rental Units	Composition	Approximate Square Footage
20	1 Bedroom / 1 Bath	600
20	2 Bedroom / 1 Bath	864
Total: 40		

All units will include improvements upon (but not limited to) kitchen and bath upgrades with new cabinets, countertops, energy efficient plumbing fixtures and appliances, as needed. Additional interior work includes installation of new flooring, energy star qualified HVAC systems and domestic hot water units as needed. Electrical improvements will include replacement of interior and exterior light fixtures, new GFI outlets and new smoke detectors. Exterior improvements include installation of new siding, roofs, brick tuck pointing, energy efficient windows, and exterior doors, as needed. Furthermore, additional community work will include parking lot and sidewalk repairs, landscaping upgrades, and amenity upgrades.

As of the most recent rent roll for the Burk Village Project available to THF Burk Village, LLC, as the Borrower, the Burk Village Project receives 29 units of RD-provided Section 521 Rural Rental Assistance.

Elgin Meadowpark. Elgin Meadowpark (the “Elgin Meadowpark Project”), originally constructed in 1976, is located on a site of approximately 4.09 acres in Elgin, Texas. The Elgin Meadowpark Project consists of seven residential buildings, containing 28 units. The unit breakdown of the Elgin Meadowpark Project is as follows:

Number Of Rental Units	Composition	Approximate Square Footage
8	1 Bedroom / 1 Bath	660
20	2 Bedroom / 1 Bath	840
Total: 28		

All units will include improvements upon (but not limited to) kitchen and bath upgrades with new cabinets, countertops, energy efficient plumbing fixtures and appliances, as needed. Additional interior work includes installation of new flooring, energy star qualified HVAC systems and domestic hot water

units as needed. Electrical improvements will include replacement of interior and exterior light fixtures, new GFI outlets and new smoke detectors. Exterior improvements include installation of new siding, brick tuck pointing, energy efficient windows, and exterior doors, as needed. Furthermore, additional community work will include parking lot and sidewalk repairs, landscaping upgrades, and amenity upgrades.

As of the most recent rent roll for the Elgin Meadowpark Project available to THF Elgin Meadowpark, as the Borrower, the Elgin Meadowpark Project receives 28 units of RD-provided Section 521 Rural Rental Assistance.

Evant Tom Sawyer. Evant Tom Sawyer (the “Evant Tom Sawyer Project”), originally constructed in two phases between 1971 and 1975, is located on a non-contiguous site totaling approximately 3.10 acres in Evant, Texas. The Evant Tom Sawyer Project consists of 14 buildings, containing 18 units. The unit breakdown of the Evant Tom Sawyer Project is as follows:

Number Of Rental Units	Composition	Approximate Square Footage
8	2 Bedroom / 1 Bath	864
10	3 Bedroom / 2 Bath	1,000
Total: 18		

All units will include improvements upon (but not limited to) kitchen and bath upgrades with new cabinets, countertops, energy efficient plumbing fixtures and appliances, as needed. Additional interior work includes installation of new flooring, energy star qualified HVAC systems and domestic hot water units as needed. Electrical improvements will include replacement of interior and exterior light fixtures, new GFI outlets and new smoke detectors. Exterior improvements include siding repairs, energy efficient windows, and exterior doors, as needed. Furthermore, additional community work will include parking lot and sidewalk repairs, landscaping upgrades, and amenity upgrades.

As of the most recent rent roll for the Evant Tom Sawyer Project available to THF Evant Tom Sawyer, LLC, as the Borrower, the Evant Tom Sawyer Project receives 18 units of RD-provided Section 521 Rural Rental Assistance.

Hondo Brian Place. Hondo Brian Place (the “Hondo Brian Place Project”), originally constructed in 1980, is located on a site of approximately 5.64 acres in Hondo, Texas. The Hondo Brian Place Project consists of 12 residential buildings, containing 40 units. The unit breakdown of the Hondo Brian Place Project is as follows:

Number Of Rental Units	Composition	Approximate Square Footage
8	1 Bedroom / 1 Bath	700
12	2 Bedroom / 1 Bath	800
20	3 Bedroom / 1 Bath	1,000
Total: 40		

All units will include improvements upon (but not limited to) kitchen and bath upgrades with new cabinets, countertops, energy efficient plumbing fixtures and appliances, as needed. Additional interior work includes installation of new flooring, energy star qualified HVAC systems and domestic hot water units as needed. Electrical improvements will include replacement of interior and exterior light fixtures, new GFI outlets and new smoke detectors. Exterior improvements include brick tuck pointing, energy

efficient windows, and exterior doors, as needed. Furthermore, additional community work will include parking lot and sidewalk repairs, landscaping upgrades, and amenity upgrades.

As of the most recent rent roll for the Hondo Brian Place Project available to THF Hondo Brian Place, LLC, as the Borrower, the Hondo Brian Place Project has a HAP Contract that covers all 40 units.

Hondo Gardens. Hondo Gardens (the “Hondo Gardens Project”), originally constructed in 1980, is located on a site of approximately 3.081 acres in Hondo, Texas. The Hondo Gardens Project consists of ten residential buildings, containing 32 units. The unit breakdown of the Hondo Gardens Project is as follows:

Number Of Rental Units	Composition	Approximate Square Footage
28	1 Bedroom / 1 Bath	600
4	2 Bedroom / 1 Bath	830
Total: 32		

All units will include improvements upon (but not limited to) kitchen and bath upgrades with new cabinets, countertops, energy efficient plumbing fixtures and appliances, as needed. Additional interior work includes installation of new flooring, energy star qualified HVAC systems and domestic hot water units as needed. Electrical improvements will include replacement of interior and exterior light fixtures, new GFI outlets and new smoke detectors. Exterior improvements include siding repairs, brick tuck pointing, energy efficient windows, and exterior doors, as needed. Furthermore, additional community work will include parking lot and sidewalk repairs, landscaping upgrades, and amenity upgrades.

As of the most recent rent roll for the Hondo Gardens Project available to THF Hondo Gardens, LLC, as the Borrower, the Hondo Gardens Project receives 28 units of RD-provided Section 521 Rural Rental Assistance.

Lampasas Gardens. Lampasas Gardens (the “Lampasas Gardens Project”), originally constructed in 1978, is located on a site of approximately 1.75 acres in Lampasas, Texas. The Lampasas Gardens Project consists of five buildings, containing 24 units. The unit breakdown of the Lampasas Gardens Project is as follows:

Number Of Rental Units	Composition	Approximate Square Footage
4	1 Bedroom / 1 Bath	675
20	2 Bedroom / 1 Bath	840
Total: 24		

All units will include improvements upon (but not limited to) kitchen and bath upgrades with new cabinets, countertops, energy efficient plumbing fixtures and appliances, as needed. Additional interior work includes installation of new flooring, energy star qualified HVAC systems and domestic hot water units as needed. Electrical improvements will include replacement of interior and exterior light fixtures, new GFI outlets and new smoke detectors. Exterior improvements include siding repairs, brick tuck pointing, energy efficient windows, and exterior doors, as needed. Furthermore, additional community work will include parking lot and sidewalk repairs, landscaping upgrades, and amenity upgrades.

As of the most recent rent roll for Lampasas Gardens Project available to THF Lampasas Gardens, LLC, as the Borrower, the Lampasas Gardens Project receives 24 units of RD-provided Section 521 Rural Rental Assistance.

Lantana Apartments. Lantana Apartments (the “Lantana Apartments Project”), originally constructed in two phases between 1974 and 1980, is located on a site of approximately five acres in Beeville, Texas. The Lantana Apartments Project consists of 11 residential buildings, containing 92 units. The unit breakdown of the Lantana Apartments Project is as follows:

Number Of Rental Units	Composition	Approximate Square Footage
40	1 Bedroom / 1 Bath	550-645
52	2 Bedroom / 1 Bath	676-779
Total: 92		

All units will include improvements upon (but not limited to) kitchen and bath upgrades with new cabinets, countertops, energy efficient plumbing fixtures and appliances, as needed. Additional interior work includes installation of new flooring, energy star qualified HVAC systems and domestic hot water units as needed. Electrical improvements will include replacement of interior and exterior light fixtures, new GFI outlets and new smoke detectors. Exterior improvements include installation of new architectural roofs, vinyl siding, brick tuck pointing, energy efficient windows, and exterior doors, as needed. Furthermore, additional community work will include parking lot and sidewalk repairs, landscaping upgrades, and amenity upgrades.

As of the most recent rent roll for the Lantana Apartments Project available to THF Lantana Apartments, LLC, as the Borrower, the Lantana Apartments Project receives 54 units of USDA provided Section 521 Rural Rental Assistance.

The Bastrop Oak Grove Project, the Bay City Village Project, the Burk Village Project, the Elgin Meadowpark Project, the Evant Tom Sawyer Project, the Hondo Brian Place Project, the Hondo Gardens Project, the Lampasas Gardens Project, and the Lantana Apartments Project are collectively referred to herein as the “Projects.”

Rehabilitation of Projects

Rehabilitation of the Projects is expected to commence in January 2019. The Projects are expected to have a rehabilitation period of approximately 3-7 months. The rehabilitation will provide upgrades to all units that will result in new and better quality living spaces. The unit renovations will vary depending on need; however, renovations at the majority of the units will include the removal and replacement of cabinets, plumbing fixtures, HVAC equipment, energy star lighting and appliances, exterior doors, windows, floor covering, and painting. Other community improvements will vary depending on need and existing conditions; however the following improvements will be completed at the majority of the properties: exterior roofing and siding repair or replacement, site accessibility improvements, playground or picnic shelter, and landscaping.

Regulatory Restrictions

Each Regulatory Agreement imposes certain requirements on the related Borrower with respect to the tax-exempt status of the Bonds under the Code, which include, among other requirements, a set aside of 40% of the units for rental to persons or families having incomes at or below 60% of area median gross income, adjusted for family size and determined in accordance with Section 142(d) of the Code and certain other requirements under state law. Each Regulatory Agreement also requires that the related Borrower make at least 5% of the units within the related Project available for occupancy by Persons with Special Needs (as such term is defined in the Regulatory Agreement). See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT” attached hereto.

In addition, each Borrower has entered into a Low Income Housing Tax Credit Extended Use Agreement with the Issuer (collectively, the “Extended Use Agreement”). Each Extended Use Agreement is expected to require that the related Borrower (a) rent 100% of the residential rental units (aside from any management units) in the related Project to tenants whose annual household income does not exceed 60% of AMI, and to charge rents which do not exceed 30% of the imputed income for the size of such tenant’s apartment (subject to various adjustments).

THE PRIVATE PARTICIPANTS

The following information concerning the Borrowers and the private participants has been provided by representatives of the Borrowers and the private participants and has not been independently confirmed or verified by either the Underwriter or the Issuer. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Borrowers

The Borrower with respect to: (1) the Bastrop Oak Grove Project will be THF Bastrop Oak Grove, LLC, (2) the Bay City Village Project will be THF Bay City Village, LLC, (3) the Burk Village Project will be THF Burk Village, LLC, (4) the Elgin Meadowpark Project will be THF Elgin Meadowpark, LLC, (5) the Evant Tom Sawyer Project will be THF Evant Tom Sawyer, LLC, (6) the Hondo Brian Place Project will be THF Hondo Brian Place, LLC, (7) the Hondo Gardens Project will be THF Hondo Gardens, LLC, (8) the Lampasas Gardens Project will be THF Lampasas Gardens, LLC, and (9) the Lantana Apartments Project will be THF Lantana Apartments, LLC (each a “Borrower,” and collectively, the “Borrowers”). Each borrower is a Texas limited liability company.

Each Borrower was formed for the purpose of acquiring, rehabilitating and operating the applicable Project. The Master Owner will be the sole member of each Borrower. THF RD Manager, LLC, a Texas limited liability company (the “Managing Member”) will own a 0.005% interest in the Master Owner. The Investor Member and its successors and assigns will own a 99.99% interest in the Master Owner.

Operating through an affiliated group of companies referred to collectively as “Related” or “Related Companies”, The Related Companies, L.P. has been active in real estate acquisition, development, financial services and property/asset management since 1972. Today, Related is a fully integrated real estate firm with expertise in acquisition/development, financial services and property/asset management, overseeing a real estate portfolio valued in excess of \$20 billion. Related’s principal offices are in New York City, NY; Irvine, CA; Chicago, IL; and Miami, FL. An affiliate of The Related Companies, Related TX RD Special Member, LLC, will own 0.0025% of the Master Owner.

Related TX RD Class B Member, LLC will own 0.0025% of the Master Owner. It is a non-controlling entity that is comprised of Related employees but is not an affiliate of Related.

The Investor Member is expected to make equity contributions to the Master Owner, which is expected to make equity contributions to each Borrower, totaling approximately \$11,200,000 in approximately twelve installments, subject to certain conditions precedent for each installment and adjustment thereof, as set forth in the operating agreement of the Master Owner.

The Borrowers have no substantial assets other than the respective Projects and do not intend to acquire any other substantial assets or to engage in any substantial business activities other than those related to the ownership and operation of the respective Projects.

The obligations and liabilities of the Borrowers under the Bond Note are of a non-recourse nature and are limited to the Projects and moneys derived from the operation of the Projects. Neither the Borrowers nor their members or their respective principals and members have any personal liability for payments on the Bond Note to be applied to pay the principal of and interest on the Bonds. Furthermore, no representation is made that the Borrowers have substantial funds available for the Projects. Accordingly, neither the Borrowers' financial statements nor those of their members are included in this Official Statement.

The General Contractor

The Borrowers will enter into a construction contract with THF Housing Development Corporation, an affiliate of the Managing Member (the "General Contractor"). Concurrently, the General Contractor will enter into master subcontracts with two separate subcontractors to perform the complete scope of the rehabilitation at each Project as listed below.

The master subcontractor for the Bastrop Oak Grove Project, the Burk Village Project, the Elgin Meadowpark Project, the Evant Tom Sawyer Project, and the Lampasas Gardens Project will be ETC Companies, LLC ("ETC"). ETC has over ten years of experience in renovating residential multifamily housing developments, and its principals have, collectively, over 40 years of such experience. ETC has completed over 2,000 multifamily units throughout the Midwest and South.

The master subcontractor for the Bay City Village Project, the Hondo Brian Place Project, the Hondo Gardens Project, and the Lantana Apartments Project will be Whitestone Construction Group, LLC ("Whitestone"). Whitestone has several years of experience in renovating residential multifamily housing developments, and its principals have, collectively, over 80 years of such experience. Whitestone has completed several thousand multifamily units throughout United States.

Property Manager

The Projects will be managed by THF Housing Management Corporation, a Texas nonprofit corporation (the "Property Manager"). The Property Manager was established in 2001 and currently manages over 1,900 multifamily units.

The Architect

The architect for the Projects will be Basis Architecture (the "Architect"). Founded in 2007, the Architect has been the principal architect on over 9,000 multifamily projects containing over 175 units throughout California, Hawaii, Washington, Arizona, and Montana.

THE BONDS

General

The Bonds will be dated, will be payable in the amounts and on the dates, will bear interest (computed on the basis of a 360 day year consisting of twelve 30-day months) at the rate, and will mature as described on the cover page. The Bonds will be issued as fully registered bonds in book entry form and book entry interests in the Bonds will be available for purchase in principal amounts of \$5,000 and any increment of \$1,000 in excess thereof.

The Trustee, in its capacity as Registrar, will keep all books and records necessary for registration, exchange and transfer of the Bonds.

Discussion of the Bonds being issued only under the Book Entry System is provided below. Details regarding the procedures for and manner of payment, issuance, exchange and transfer of the Bonds if ever issued in certificated form as provided in the Bond proceedings are also stated below.

Book Entry System

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Borrowers believe to be reliable, but the Borrowers take no responsibility for the accuracy thereof.

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Bonds. The Bonds will be initially issued and issuable only as one fully-registered Bond certificate for each maturity, registered in the name of Cede & Co. as partnership nominee of DTC. Those fully-registered Bonds will be deposited with and retained in the custody of DTC.

For ease of reference in this and other discussions, reference to "DTC" includes when applicable any successor securities depository and the nominee of the depository.

For all purposes under the Bond proceedings, DTC will be and will be considered by the Issuer and the Trustee to be the owner or holder of the Bonds.

Owners of book entry interests in the Bonds (book entry interest owners) will not receive or have the right to receive physical delivery of Bonds, and will not be or be considered by the Issuer and the Trustee to be, and will not have any rights as, owners or holders of Bonds under the Bond proceedings.

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 an S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (the book entry interest owner) is in turn to be recorded on the Direct and Indirect Participant's records. Book entry interest owners will not receive written confirmation from DTC of their purchase, but are 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 book entry interest owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of book entry interest owners. Book entry interest owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in actual ownership. DTC has no knowledge of the book entry interest owners (or beneficial owners) of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the book entry interest owners. 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 book entry interest 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. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and debt service payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to book entry interest 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, 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 debt service 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 book entry interest owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. The Issuer may decide to discontinue use of the book entry system if DTC (or a successor securities depository) determines not to continue to act as securities depository for the Bonds.

Revision of Book Entry System; Replacement Bonds

Replacement Bonds may be issued directly to beneficial owners of Bonds other than a Depository, or its nominee, but only in the event that (i) the Depository determines not to continue to act as securities depository for the Bonds (which determination shall become effective no less than 90 days after written notice to such effect to the Issuer and the Trustee); or (ii) the Issuer has advised a Depository of its determination (which determination is conclusive as to the Depository and beneficial owners of the Bonds) that the Depository is incapable of discharging its duties as securities depository for the Bonds; or (iii) the Issuer has determined (which determination is conclusive as to the Depository and the beneficial owners of the Bonds) that the interests of the beneficial owners of the Bonds might be adversely affected if such book-entry only system of transfer is continued. Upon occurrence of any of the foregoing events, the Issuer and the Borrowers shall use commercially reasonable efforts to attempt to locate another qualified securities depository. If the Issuer and the Borrowers fail to locate another qualified securities depository to replace the Depository, the Issuer and the Borrowers, at the Borrowers' expense, shall cause to be authenticated and delivered replacement Bonds, in certificate form, to the beneficial owners of the Bonds. In the event that the Issuer makes the determination noted in (ii) or (iii) above (provided that the Issuer undertakes no obligation to make any investigation to determine the occurrence of any events that would permit the Issuer to make any such determination), and has made provisions to notify the beneficial owners of Bonds of such determination by mailing an appropriate notice to the Depository, it and the Borrowers shall cause to be issued replacement Bonds in certificate form to beneficial owners of the Bonds as shown on the records of the Depository provided to the Issuer.

Upon the written consent of one hundred percent (100%) of the beneficial owners of the Bonds, the Trustee shall withdraw the Bonds from any Depository and authenticate and deliver Bonds fully registered to the assignees of that Depository or its nominee. If the request for such withdrawal is not the result of any Issuer action or inaction, such withdrawal, authentication and delivery shall be at the cost and expense (including costs of printing, preparing and delivering such Bonds) of the persons requesting such withdrawal, authentication and delivery; otherwise such withdrawal, authentication and delivery shall be at the cost and expense of the Borrowers.

Whenever, during the term of the Bonds, the beneficial ownership thereof is determined by a book entry at a Depository, (i) the requirements in the Indenture of holding, delivering or transferring Bonds shall be deemed modified to require the appropriate Person or entity to meet the requirements of the Depository as to registering or transferring the book entry to produce the same effect and (ii) delivery of the Bonds will be in accordance with arrangements among the Issuer, the Trustee and the Depository notwithstanding any provision of the Indenture to the contrary.

The Trustee and the Issuer shall enter into any letter of representation with a Depository to implement the Book Entry System of Bond registration described above.

Redemption of Bonds; Purchase in Lieu of Redemption

The Bonds are not subject to optional redemption prior to the Initial Mandatory Tender Date.

The Bonds shall be redeemed in whole at a redemption price of 100% of the principal amount of such Bonds, plus accrued interest to the Redemption Date, on any Mandatory Tender Date upon the occurrence of any of the following events: (i) the Borrower has previously elected not to cause the remarketing of the Bonds, (ii) the conditions to remarketing set forth in the Indenture have not been met by the dates and times set forth therein, or (iii) the proceeds of a remarketing on deposit in the Remarketing Proceeds Account at 11:00 a.m. Local Time on the Mandatory Tender Date are insufficient to pay the purchase price of the Outstanding Bonds on such Mandatory Tender Date. Bonds subject to

redemption in accordance with this paragraph shall be redeemed from (i) amounts on deposit in the Collateral Fund, (ii) amounts on deposit in the Negative Arbitrage Account of the Bond Fund, (iii) amounts on deposit in the Project Fund, and (iv) any other Eligible Funds available or made available for such purpose at the direction of the Borrower.

At least thirty (30) days but not more than sixty (60) days before the Redemption Date, whether such redemption shall be in whole or in part, the Trustee shall cause a notice of such redemption, signed by the Trustee, to be mailed, postage prepaid, to all Holders of the Bonds to be redeemed at their addresses as they appear on the registration books maintained by the Trustee, but failure to mail any such notice to one or more Owners or any defect in such notice shall not affect the validity of the proceedings for such redemption with respect to any other Owner.

Any notice of redemption may state that the redemption to be effected is conditioned upon the receipt by the Trustee on or prior to the Redemption Date of moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed and that if such moneys are not so received such notice shall be of no force or effect and such Bond shall not be required to be redeemed. In the event that such notice contains such a condition and moneys sufficient to pay the principal of and premium, if any, and interest on such Bonds are not received by the Trustee on or prior to the Redemption Date, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

At the election of the Borrower, upon a redemption in whole of the Bonds, by written notice to the Trustee given not less than five (5) Business Days in advance of such Redemption Date, the Bonds will be deemed tendered for purchase in lieu of the redemption on such date. The purchase price of Bonds so purchased in lieu of redemption shall be the principal amount thereof together with all accrued and unpaid interest to the date of redemption and shall be payable on the date of redemption thereof. Bonds so purchased in lieu of redemption shall remain Outstanding and shall be registered to or upon the direction of the Borrower.

The Trustee shall pay the redemption price of Bonds, or the purchase price from Bonds deemed to be tendered as described in the preceding paragraph, from the following sources in the following priority: (i) amounts on deposit in the Collateral Fund and the Initial Deposit Account and the Interest Payment Account of the Bond Fund, to the extent not needed to reimburse the Lender for any advances of Senior Loan proceeds and (ii) any other Eligible Funds available or made available for such purpose at the direction of the Authorized Borrowers' Representative.

Mandatory Tender

The Bonds are subject to mandatory tender in whole and not in part on the Mandatory Tender Date and shall be purchased at a price equal to 100 percent of the principal amount of such Bonds, plus accrued interest, if any to the Mandatory Tender Date, and without premium. No later than 10:00 a.m., Eastern time, on the Mandatory Tender Date, the Holders shall deliver the Bonds to the Trustee. The Trustee shall utilize the following sources of payments to pay the tender price of the Bonds not later than 2:30 p.m. Eastern time on the Mandatory Tender Date, in the following priority; (i) amounts representing proceeds of remarketed Bonds received pursuant to the Indenture, to pay the principal amount, plus accrued interest, of Unredeemed Bonds tendered or deemed tendered for purchase, (ii) amounts on deposit in the Collateral Fund, to pay the principal amount of Bonds other than Unredeemed Bonds tendered or deemed tendered for purchase, (iii) amounts on deposit in the Initial Deposit Account of the Bond Fund to pay the accrued interest, if any, on Bonds other than Unredeemed Bonds tendered or

deemed tendered for purchase and (iv) any other Eligible Funds available or made available for such purpose at the direction of the Authorized Borrowers' Representative.

Not less than 30 days before the Mandatory Tender Date, the Trustee shall give written notice of tender and remarketing to the Holders by first class mail, postage prepaid, at their respective addresses appearing on the Bond Register. The notice shall state the Mandatory Tender Date and that:

(a) all Outstanding Bonds are subject to mandatory tender for purchase on the Mandatory Tender Date and must be tendered for purchase on the Mandatory Tender Date;

(b) all Outstanding Bonds will be purchased on the Mandatory Tender Date at a price equal to the principal amount of the Outstanding Bonds plus interest accrued to the Mandatory Tender Date;

(c) Holders will not have the right to elect to retain their Bonds and any Bonds not tendered will nevertheless be deemed to have been tendered and will cease to bear interest from and after the Mandatory Tender Date; and

(d) the address of the office of the Trustee at which Holders should deliver their Bonds for purchase on the Mandatory Tender Date.

If notice is given as described above, failure of any Holder to receive such notice, or any defect in the notice, shall not affect the remarketing or the validity of the proceedings for the remarketing of the Bonds.

Cancellation of Bonds

The Trustee shall immediately cancel those Bonds the tender price of which is paid from amounts other than proceeds derived from the remarketing of the Bonds.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

At all times the Bonds will be secured by Eligible Investments or other Eligible Funds sufficient to pay, without need for reinvestment, all of the interest and principal on the Bonds when due to the Initial Mandatory Tender Date, as further described herein.

To the extent provided in and except as otherwise permitted by the Indenture, (i) the Bonds will be limited obligations of the Issuer and the Bond Service Charges thereon shall be payable equally and ratably solely from the Pledged Revenues, including but not limited to moneys and investments in the Special Funds, (ii) the payment of Bond Service Charges on the Bonds shall be secured by the assignment of the Pledged Revenues under and by the Indenture, and (iii) payments due on the Bonds also shall be secured by the Bond Note. The Pledged Revenues include the payments required to be made by each respective Borrower under the Bond Loan Agreement and the Bond Note; all other moneys received or to be received by the Issuer or the Trustee for the account of the Issuer with respect to repayment of the Bond Loans; moneys and investments in or allocated to the Special Funds; and the income and profit from the investment of the foregoing moneys, excluding in each case amounts related to the Issuer's Reserved Rights, and the investments of those moneys.

The Issuer has directed the Trustee to fund the Collateral Fund pursuant to the terms of the Indenture. Pursuant to the Indenture, to the extent funds available in the Bond Fund and the Project Fund on any Bond Loan Payment Date are insufficient to pay Bond Service Charges on any Interest Payment

Date, funds on deposit in the Collateral Fund will be transferred to the Trustee to pay the Bond Service Charges. Amounts so transferred from the Collateral Fund shall be a credit to the Borrower against the Bond Loan Payments due pursuant to the Bond Loan Agreement.

The funds on deposit in the Special Funds will be invested in Eligible Investments. There will be no fees of the Issuer or the Trustee payable from the Pledged Revenues.

THE ISSUER SHALL NOT IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS, OR FOR THE PERFORMANCE OF ANY PLEDGE, MORTGAGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER WHICH MAY BE UNDERTAKEN BY THE ISSUER EXCEPT FROM THE SOURCES SPECIFICALLY PLEDGED THERETO PURSUANT TO THE INDENTURE, AND NEITHER THE BONDS NOR ANY OF THE AGREEMENTS OR OBLIGATIONS OF THE ISSUER SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE BONDS AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE OR TO CREATE IN ANY MANNER A DEBT, LIABILITY OR OBLIGATION OF THE STATE OR OF ANY POLITICAL SUBDIVISION OR ANY AGENCY THEREOF OR A PLEDGE OR A GRANT OF THE FAITH AND CREDIT OF THE STATE OR ANY SUCH POLITICAL SUBDIVISION OR ANY SUCH AGENCY, BUT SHALL BE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES AND OTHER FUNDS PLEDGED THEREFOR AND SHALL NOT BE PAYABLE FROM ANY OTHER ASSETS OR FUNDS OF THE ISSUER, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION OR ANY AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE ISSUER HAS NO TAXING POWER.

THE TRUSTEE

The information under this heading has been provided solely by the Trustee and has not been independently verified. No representation whatsoever as to the accuracy, adequacy or completeness of such information is being made.

Wilmington Trust, National Association will act as Trustee pursuant to the Indenture. The obligations of the Trustee are described in the Indenture. The Trustee has undertaken only those duties and obligations that are expressly set forth in the Indenture. The Trustee has not independently passed upon the validity of the Bonds, the security of the payment therefor, the value or condition of any assets pledged to the payment thereof, the adequacy of the provisions for such payment, the status for federal or state income tax purposes of the interest on the Bonds, or the investment quality of the Bonds. Except for the contents in this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and has assumed no responsibility for the nature, content, accuracy or completeness of the information included in this Official Statement.

CERTAIN HOLDERS' RISKS

The following is a summary of certain risks associated with a purchase of the Bonds. There are other possible risks not discussed below and in order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement and the Appendices attached hereto.

General

Payment of the Bond Service Charges, and the Borrowers' obligations with respect to the Bond Service Charges, will be primarily secured by and payable from Bond proceeds held in the Project Fund and moneys deposited into the Collateral Fund and the Bond Fund, including the Initial Deposit Account within the Bond Fund, and the interest earnings thereon. Although the Borrowers will execute the Bond Note to evidence their obligation to repay the Bond Loans, it is not expected that any revenues from the Projects or other amounts, except moneys in the Special Funds and the interest earnings thereon, will be available to satisfy that obligation. The Indenture requires the Trustee to verify, before any disbursement of funds from the Project Fund, that the sum of the funds on deposit in the Project Fund and the Collateral Fund is at least equal to the then outstanding principal amount of the Bonds. Funds on deposit in the Project Fund, the Collateral Fund and the Initial Deposit Account of the Bond Fund, and the interest earnings thereon, have been calculated to be sufficient to pay the debt service on the Bonds.

Limited Security for Bonds

The Bonds are not secured by any mortgage, the Projects or any other source except as stated in the next sentence. Investors should look exclusively to amounts on deposit in the Special Funds under the Indenture and investment earnings on each as the source of payment of debt service on the Bonds.

Issuer Limited Liability

The Bonds will not be insured or guaranteed by any governmental entity or by the Issuer or any member of the foregoing. The Bondholders will have no recourse to the Issuer in the event of an Event of Default on the Bonds. The Pledged Revenues for the Bonds will be the only source of payment on the Bonds.

Tax Exemption

In the event a Borrower does not maintain the related Project as a "qualified residential rental project" for the Qualified Project Period or to comply with tax related covenants in the Bond Loan Agreement, the interest on the Bonds may be or become taxable from the date of original issuance to the Holders for federal income tax purposes. Such an event will not constitute an immediate default under the Bond Loan and will not give rise to an immediate redemption or acceleration of the Bonds and is not the basis for an increase in the rate of interest payable on the Bonds or give rise to the payment to the owners of the Bonds of any amount denoted as "supplemental interest," "additional interest," "penalty interest," "liquidated damages" or otherwise, in addition to the amounts payable to the owners of the Bonds prior to the occurrence of the event which results in the interest payable on the Bonds being includable, for federal income tax purposes, in the gross income of the owners of the Bonds.

Enforceability of Remedies upon an Event of Default

The remedies available to the Trustee and the owners of the Bonds upon an Event of Default under the Indenture, the Bond Loan Agreement, the Regulatory Agreement or any other document described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Secondary Markets and Prices

No representation is made concerning the existence of any secondary market for the Bonds. The Underwriter will not be obligated to repurchase any of the Bonds, nor can any assurance be given that any secondary market will develop following the completion of the offering of the Bonds. Further, there can be no assurance that the initial offering prices for the Bonds will continue for any period of time. Furthermore, the Bonds should be purchased for their projected returns only and not for any resale potential, which may or may not exist.

LITIGATION

The Issuer

There is no action, suit, proceeding, inquiry or investigation against the Issuer, at law or in equity, by or before any court, public board or body, pending, or to the best knowledge of the Issuer threatened in writing, affecting the existence of the Issuer or the titles of its officials to their respective offices, or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the pledge of revenues or assets of the Issuer pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way materially adversely affecting or questioning (i) the use of this Official Statement or the use of the proceeds of the Bonds to make the Bond Loans, (ii) the validity or enforceability of the Bonds, any proceedings of the Issuer taken with respect to the Bonds or any of the other documents entered into by the Issuer in connection with the transaction contemplated hereby, (iii) the tax-exempt status of the interest on the Bonds or the accuracy or completeness of this Official Statement, (iv) the execution and delivery of the Bonds or any of the other documents entered into by the Issuer in connection with the transaction contemplated hereby, or (v) the power of the Issuer to carry out the transactions contemplated by the Bonds, this Official Statement or any of the other documents entered into by the Issuer in connection with the transaction contemplated hereby.

The Borrowers

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any judicial or administrative court or governmental agency or body, state, federal or other, pending or, to the best knowledge of the Borrowers or the Master Owner, threatened against the Borrowers or the Master Owner, affecting the existence of the Borrowers or the Master Owner, or the titles of their respective officers executing this Official Statement, involving the Projects in any material respect or seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or the financing of the Projects, or in any way contesting or affecting as to the Borrowers, the validity or enforceability of the Act, the Bonds, any document entered into by the Borrowers in connection with the transactions contemplated hereby or the execution and delivery or adoption by the Borrowers of any document entered into by the Borrowers in connection with the transactions contemplated hereby, or any proceedings of the Borrowers taken with respect to the sale, execution or delivery thereof, or the application of any moneys or security provided for the payment of the Bonds, or in any way contesting or challenging the completeness or accuracy of this Official Statement or any supplement or amendment hereto, or the powers of the Borrowers or their authority with respect to any document entered into by the Borrowers in connection with the transactions contemplated hereby or the consummation of the transactions contemplated hereby or thereby, or challenging the excludability of interest on the Bonds from gross income for Federal income tax purposes; nor, to the best knowledge of the Borrowers, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the Borrowers' financial condition or operations or the validity of the authorization, execution, delivery or performance by the Borrowers of any document entered into by the Borrowers in connection with the transactions contemplated hereby.

UNDERWRITING

RBC Capital Markets, LLC (the “Underwriter”) has agreed, subject to certain conditions, to purchase the Bonds from the Issuer at an aggregate purchase price of \$20,000,000 and to make a public offering of the Bonds at prices that are not in excess of the public offering prices stated on the cover page of this Official Statement. The Underwriter will be obligated to purchase all such Bonds if any are purchased. The Bonds may be offered and sold to certain dealers (including the Underwriter) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter. The Underwriter will receive an underwriting fee for its services in the amount of \$109,500 (which amount does not include the fees and expenses of its counsel).

The Underwriter and its affiliates are full service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage and asset management. In the ordinary course of business, the Underwriter and its affiliates may actively trade debt and if applicable equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps) and the Underwriter and its affiliates may engage in transactions for its own accounts involving the securities and instruments made the subject of this securities offering or other offerings of the Issuer and/or Borrowers. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Issuer and/or Borrowers. The Underwriter does not make a market in credit default swaps with respect to municipal securities at this time but may do so in the future.

The Underwriter does not guarantee a secondary market for the Bonds and is not obligated to make any such market in the Bonds. No assurance can be made that such a market will develop or continue. Consequently, investors may not be able to resell Bonds should they need or wish to do so for emergency or other purposes.

In addition to serving as Underwriter, RBC Capital Markets, LLC has been designated to serve as Remarketing Agent and will receive a fee for its remarketing services in connection with the remarketing of any Bonds on the Initial Mandatory Tender Date.

TAX TREATMENT

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Bonds should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

Tax Exemption

In General

In the opinion of Bond Counsel, assuming compliance with certain covenants and based on certain representations, under existing law (i) interest on the Bonds is excludable from gross income for federal income tax purposes, except with respect to interest on any Bond for any period during which it is held by a “substantial user” of the Project or a “related person” of such a “substantial user,” each within the meaning of Section 147(a) of the Internal Revenue Code, as amended (the “Code”) and (ii) interest on the Bonds is not an item of tax preference includable in alternative minimum taxable income for purposes of determining a taxpayer’s alternative minimum tax liability.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include, among other things, limitations on the use of the bond-financed project, limitations on the use of bond proceeds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States, and a requirement that the Issuer file an information report with the Internal Revenue Service (the “Service”). The Issuer and each of the Borrowers have covenanted in the Indenture, Bond Loan Agreement, Tax Exemption Agreement and Regulatory Agreement that they will comply with these requirements.

Bond Counsel’s opinion will assume continuing compliance with the covenants of the Indenture, Bond Loan Agreement, Tax Exemption Agreement and Regulatory Agreement pertaining to those sections of the Code that affect the excludability from gross income of interest on the Bonds for federal income tax purposes and, in addition, will rely on representations by the Issuer, the Borrowers and the Underwriter with respect to matters solely within the knowledge of the Issuer, the Borrowers and the Underwriter, respectively, which Bond Counsel has not independently verified. If the Issuer or the Borrowers should fail to comply with the covenants in the Indenture, Bond Loan Agreement, Tax Exemption Agreement and Regulatory Agreement or if the foregoing representations should be determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income for federal income from the date of original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Interest on the Bonds is not treated as an “item of tax preference” to be included in the computation of “alternative minimum taxable income” for purposes of determining a taxpayer’s alternative minimum tax liability.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Bonds.

Bond Counsel’s opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel’s knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel’s attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel’s opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel’s legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

Operation of the Projects

In the case of bonds used to provide residential rental housing, such as the Bonds, section 142 of the Code requires that such bonds also satisfy the tenant eligibility requirements applicable to “qualified residential rental projects” under section 142(d) of the Code. Section 142(d) of the Code requires that at all times during the “qualified project period” a certain percentage of the available units in each Project be

occupied by individuals with income below certain levels pursuant to the Issuer's election made under section 142(d)(1) of the Code. The "qualified project period" for each Project will commence on the first day on which 10 percent of the units in the Project are occupied (which date may be the delivery date of the Bonds) and will end on the latest of the following: (1) the date that is 15 years after the date on which 50 percent of the units in the Project are occupied (which date may be the date of delivery of the Bonds); (2) the first day on which no tax-exempt private activity bond (as defined in section 142(d)(2) of the Code) issued with respect to the Project remains outstanding for federal income tax purposes; or (3) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937, as amended, terminates. Treasury Regulations (the "Regulations") setting forth requirements for compliance with a comparable provision of the predecessor of section 142 of the Code require, among other things, that (1) the low-income set aside requirement must be met on a continuous basis during the "qualified project period", and (2) all of the units in the each Project must be rented or available for rental to the general public on a continuous basis during such period. Under the Regulations, the failure to satisfy the foregoing requirements on a continuous basis or the failure to satisfy any of the other requirements of the Regulations, unless corrected within a reasonable period of not more than 60 days after such non-compliance is first discovered or would have been discovered by the exercise of reasonable diligence, will cause interest on the Bonds to be includable in gross income for federal income tax purposes as of the date of their original issue, irrespective of the date such non-compliance actually occurred.

The Issuer has established requirements, procedures and safeguards that it believes to be sufficient to ensure compliance with the requirements of the Code and the Regulations with respect to each Project. Such requirements, procedures and safeguards are incorporated into the Regulatory Agreement, the Bond Loan Agreement, the Tax Exemption Agreement and the Indenture. In addition, the Issuer and the Trustee have each covenanted in the Tax Exemption Agreement to follow and enforce such procedures to ensure compliance with such requirements. However, no assurance can be given that in the event of a breach of any of the provisions or covenants described above, the remedies available to the Issuer and the Trustee can be judicially enforced in such manner as to assure compliance with the Code and therefore to prevent the loss of the exclusion from gross income for federal income tax purposes of the interest on the Bonds. Furthermore, if any of the Borrowers fail to comply with the Regulatory Agreement, the Tax Exemption Agreement or the Bond Loan Agreement, the enforcement remedies available to the Issuer, the Trustee and the Owners are severely limited and may be inadequate to prevent the loss of the excludability from gross income for federal income tax purposes of the interest on the Bonds retroactive to the date of issuance of the Bonds. In such event, there is no provision for acceleration or redemption of the Bonds, and the holders of the Bonds may be required to hold the Bonds until maturity bearing interest that is includable in gross income for federal income tax purposes.

Bond Counsel's opinions assume continuous compliance with all covenants and requirements set forth in the Regulatory Agreement and the Tax Exemption Agreement pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. Prospective purchasers should be aware that the that the Rural Housing Service ("RHS") and the Government National Mortgage Association ("GNMA") have required that the Indenture and the Bond Loan Agreement include provisions providing that, if the Indenture or the Bond Loan Agreement would otherwise require a party to such document to take any action necessary to preserve the tax exemption of interest on the Bonds, or would prohibit any such party to the transaction from taking any action that might jeopardize such tax exemption, such provision is qualified to except any actions required (or prohibited) by RHS or GNMA pursuant to applicable RHS Requirements or GNMA Requirements with respect to the Section 538 Projects Pool or the terms of any of the Senior Loan Documents (as each such capitalized term is defined in the Indenture). Bond Counsel expresses no opinion as to whether any of the covenants and requirements set forth in the Regulatory Agreement conflict with such RHS Requirements or GNMA Requirements. Furthermore, Bond Counsel expresses no opinion as to the initial

and continuing excludability of interest on the Bonds from gross income for federal income tax purposes in the event that the RHS Requirements or GNMA Requirements prevent a party to the Indenture or the Bond Loan Agreement from taking any action, or refrain from taking any action, necessary to preserve the tax exemption of interest on the Bonds.

Additional Federal Income Tax Considerations

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the new “branch profit tax” on their effectively-connected earnings and profits, including tax-exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on Bonds, received or accrued during the year.

Tax Legislative Changes

Public Law No. 115-97 (i.e., Tax Cuts and Jobs Act), which makes significant changes to the Code, including changing certain provisions affecting tax-exempt obligations, such as the Bonds, was signed into law on December 22, 2017. Further, current law may change so as to directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed, pending or future legislation.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds and with regard to the tax exempt status of the interest thereon (see “TAX TREATMENT” herein) are subject to the approving legal opinion of Bracewell LLP, Austin, Texas, Bond Counsel. A signed copy of that opinion, dated and speaking only as of the date of original delivery of the Bonds, will be delivered to the Underwriter at the time of such original delivery. A copy of such opinion will accompany the Bonds and a draft of that opinion is attached hereto as Appendix B.

In rendering its approving opinion, Bond Counsel will rely on certifications and representations of fact to be contained in the transcript of proceedings which Bond Counsel will not have independently verified. Certain legal matters will be passed upon for the Underwriter by its counsel, Norris George & Ostrow PLLC, Washington, D.C., and for the Borrowers by Levitt & Boccio, LLP, New York, New York, and Locke Lord LLP, Austin, Texas.

RATING

S&P Global Ratings (“S&P”) has assigned to the Bonds the rating set forth on the cover page hereof. An explanation of the significance of such rating may be obtained from S&P. The rating of the Bonds reflect only the views of S&P at the time such rating was given, and neither the Issuer, the Borrowers nor the Underwriter makes any representation as to the appropriateness of the rating. There is

no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

RHS AND GNMA REQUIREMENTS TO CONTROL

To the extent there is any conflict, inconsistency or ambiguity between or among the provisions of the Indenture, the Bond Loan Agreement, the Regulatory Agreement and the RHS Requirements, the GNMA Requirements with respect to the Section 538 Projects Pool or the Senior Loan Documents, then in such event the RHS Requirements, GNMA Requirements with respect to the Section 538 Projects Pool or Senior Loan Documents will be deemed to be controlling and any such ambiguity or inconsistency will be resolved in favor of and pursuant to the RHS Requirements, GNMA Requirements with respect to the Section 538 Projects Pool or the provisions of the Senior Loan Documents.

Notwithstanding anything to the contrary contained in the Indenture, the Regulatory Agreement or the Bond Loan Agreement, the enforcement of the Indenture, the Regulatory Agreement or the Bond Loan Agreement shall not result in any claim against a Project, Senior Loan proceeds, any reserve or deposit made with the Lender or with another person or entity required by RHS in connection with the Senior Loan transactions, or against rents or other income from the Project other than available “surplus cash” as defined in the Senior Loan Documents available for distribution to the Borrower under the Senior Loan Documents. Nothing contained in the Indenture, the Regulatory Agreement or the Bond Loan Agreement, however, shall prevent or preclude the Trustee, to the extent expressly permitted by the provisions of the Indenture, the Bond Loan Agreement or the Regulatory Agreement, (i) from using funds on deposit in the Bond Fund to make payments to Holders and/or (ii) to use funds on deposit in the Project Fund to make payments to or on behalf of the Lender.

If the Indenture, the Regulatory Agreement or the Bond Loan Agreement contains any provision requiring the Issuer, a Borrower, the Trustee or any other party to the transaction to take any action necessary to preserve the tax exemption of interest on the Bonds, or prohibiting any such party to the transaction from taking any action that might jeopardize such tax exemption, such provision is qualified to except any actions required (or prohibited) by RHS or GNMA pursuant to applicable RHS Requirements or GNMA Requirements with respect to the Section 538 Projects Pool and the Senior Loan Documents.

Notwithstanding any provision of the Indenture, the Regulatory Agreement or the Bond Loan Agreement to the contrary, the parties thereto acknowledge and agree that all of their respective rights and powers to any assets or properties of the Borrowers are subordinate and subject to the liens created by the mortgages securing the Senior Loans, together with any and all amounts from time to time secured thereby, and interest thereon, and to all of the terms and provisions of the mortgages securing the Senior Loans, and any and all other documents executed by the Borrowers as required by RHS or GNMA in connection therewith.

CONTINUING DISCLOSURE

The Borrowers will enter into a Continuing Disclosure Agreement dated as of December 1, 2018 (the “Continuing Disclosure Agreement”) with Wilmington Trust, National Association, acting as the Dissemination Agent, obligating the Borrowers to send, or cause to be sent, certain financial information with respect to the Projects to certain information repositories annually and to provide notice, or cause notice to be provided, to the Municipal Securities Rulemaking Board, if any, of certain enumerated events for the benefit of the Beneficial Owners and Holders of any of the Bonds, in order to allow the

Underwriter to meet the requirements of Section (b)(5)(i) of Securities Exchange Commission Rule 15c2-12 (the “Rule”).

A failure by the Borrowers to comply with the provisions of the Continuing Disclosure Agreement will not constitute a default under the Indenture or the Bond Loan Agreement (although Holders will have any available remedy at law or in equity for obtaining necessary disclosures). Nevertheless, such a failure to comply is required to be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds.

The Borrowers have not previously been subject to the continuing disclosure requirements of the Rule. See “APPENDIX F – FORM OF CONTINUING DISCLOSURE AGREEMENT” herein.

FINANCIAL ADVISOR

George K. Baum & Company (the “Financial Advisor”) has served as financial advisor to the Issuer for purposes of assisting the Issuer with the development and implementation of the bond program in connection with the Bonds. The Financial Advisor has not been engaged by the Issuer to compile, create or interpret any information in this Official Statement relating to the Issuer, including (without limitation) any of the Issuer’s financial and operating data, whether historical or projected. Any information contained in this Official Statement concerning the Issuer, any of its affiliates or contractors and any outside parties has not been independently verified by the Financial Advisor, and inclusion of such information is not and should not be construed as a representation by the Financial Advisor as to its accuracy or completeness or otherwise. The Financial Advisor is not a public accounting firm and has not been engaged by the Issuer to review or audit any information in this Official Statement in accordance with accounting standards.

The Financial Advisor does not assume any responsibility for the covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

MISCELLANEOUS

The foregoing references to and summaries or descriptions of provisions of the Bonds, the Bond Loan Agreement, the Indenture and the Regulatory Agreement, and all references to other materials not stated to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof. After the Closing Date, copies of the Bond Loan Agreement, the Indenture, the Bond Note, and the Regulatory Agreement may be obtained from the Trustee at its designated corporate trust office.

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This Official Statement has been duly authorized, executed and delivered by the Borrowers.

THF BASTROP OAK GROVE, LLC,
a Texas limited liability company

By: THF RD Master, LLC,
a Texas limited liability company,
its Sole Member

By: THF RD Manager, LLC,
a Texas limited liability company,
its Managing Member

By: THF Housing Development Corporation,
a Texas non-profit corporation,
its Sole Member

By: /s/ Mark Mayfield
Mark Mayfield
President

THF BAY CITY VILLAGE, LLC,
a Texas limited liability company

By: THF RD Master, LLC,
a Texas limited liability company,
its Sole Member

By: THF RD Manager, LLC,
a Texas limited liability company,
its Managing Member

By: THF Housing Development Corporation,
a Texas non-profit corporation,
its Sole Member

By: /s/ Mark Mayfield
Mark Mayfield
President

(Signatures Continue on Next Page)

(Signature Page to Official Statement)

THF BURK VILLAGE, LLC,
a Texas limited liability company

By: THF RD Master, LLC,
a Texas limited liability company,
its Sole Member

By: THF RD Manager, LLC,
a Texas limited liability company,
its Managing Member

By: THF Housing Development Corporation,
a Texas non-profit corporation,
its Sole Member

By: /s/ Mark Mayfield
Mark Mayfield
President

THF ELGIN MEADOWPARK, LLC,
a Texas limited liability company

By: THF RD Master, LLC,
a Texas limited liability company,
its Sole Member

By: THF RD Manager, LLC,
a Texas limited liability company,
its Managing Member

By: THF Housing Development Corporation,
a Texas non-profit corporation,
its Sole Member

By: /s/ Mark Mayfield
Mark Mayfield
President

(Signatures Continue on Next Page)

(Signature Page to Official Statement)

THF EVANT TOM SAWYER, LLC,
a Texas limited liability company

By: THF RD Master, LLC,
a Texas limited liability company,
its Sole Member

By: THF RD Manager, LLC,
a Texas limited liability company,
its Managing Member

By: THF Housing Development Corporation,
a Texas non-profit corporation,
its Sole Member

By: /s/ Mark Mayfield
Mark Mayfield
President

THF HONDO BRIAN PLACE, LLC,
a Texas limited liability company

By: THF RD Master, LLC,
a Texas limited liability company,
its Sole Member

By: THF RD Manager, LLC,
a Texas limited liability company,
its Managing Member

By: THF Housing Development Corporation,
a Texas non-profit corporation,
its Sole Member

By: /s/ Mark Mayfield
Mark Mayfield
President

(Signatures Continue on Next Page)

(Signature Page to Official Statement)

THF HONDO GARDENS, LLC,
a Texas limited liability company

By: THF RD Master, LLC,
a Texas limited liability company,
its Sole Member

By: THF RD Manager, LLC,
a Texas limited liability company,
its Managing Member

By: THF Housing Development Corporation,
a Texas non-profit corporation,
its Sole Member

By: /s/ Mark Mayfield
Mark Mayfield
President

THF LAMPASAS GARDENS, LLC,
a Texas limited liability company

By: THF RD Master, LLC,
a Texas limited liability company,
its Sole Member

By: THF RD Manager, LLC,
a Texas limited liability company,
its Managing Member

By: THF Housing Development Corporation,
a Texas non-profit corporation,
its Sole Member

By: /s/ Mark Mayfield
Mark Mayfield
President

(Signatures Continue on Next Page)

(Signature Page to Official Statement)

THF LANTANA APARTMENTS, LLC,
a Texas limited liability company

By: THF RD Master, LLC,
a Texas limited liability company,
its Sole Member

By: THF RD Manager, LLC,
a Texas limited liability company,
its Managing Member

By: THF Housing Development Corporation,
a Texas non-profit corporation,
its Sole Member

By: /s/ Mark Mayfield
Mark Mayfield
President

S-V

APPENDIX A

DEFINITION OF CERTAIN TERMS

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

“Additional Payments” means the amounts required to be paid by the Borrowers pursuant to the provisions of the Bond Loan Agreement.

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control” when used with respect to any specified Person means the power to direct the policies of such Person, directly or indirectly, whether through the power to appoint and remove its directors, the ownership of voting securities, by contract, or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Allocated Bonds” means, with respect to each Project and Borrower, the portion of the Bonds that have been allocated to the Project and Borrower, the proceeds of which are to be loaned to that Borrower pursuant to the Bond Loan Agreement with the Borrower, which allocation is set forth in an exhibit attached to the Indenture. The aggregate amount of the Allocated Bonds equals the aggregate principal amount of the Bonds.

“Authenticating Agent” means the Trustee and the Registrar for the Bonds and any bank, trust company or other Person designated as an Authenticating Agent for the Bonds by or in accordance with the Indenture, each of which shall be a transfer agent registered in accordance with Section 17A(c) of the Securities Exchange Act of 1934 as amended.

“Authorized Borrowers’ Representative” means the person or persons designated to act on behalf of all of the Borrowers collectively and each Borrower individually.

“Authorized Denomination” means \$5,000 and any increment of \$1,000 in excess thereof.

“Authorized Lender Representative” means the person designated to act on behalf of the Lender.

“Authorized Officer” means the Chair or Vice Chair of the Board, the Executive Director or Acting Director of the Issuer, the Director of Administration of the Issuer, the Director of Bond Finance and Chief Investment Officer of the Issuer, the Director of Texas Homeownership of the Issuer, and the Secretary or any Assistant Secretary to the Board.

“Bankruptcy Code” means Title 11 of the United States Code entitled “Bankruptcy,” as in effect now and in the future, or any successor statute.

“Board” means the Board of Directors of the Issuer.

“Bond Counsel” means counsel selected by the Issuer and nationally recognized as having an expertise in connection with the exclusions of interest on obligations or obligations of state and local governmental units from the gross income of holders thereof for federal income tax purposes.

“Bond Fund” means the Bond Fund created in the Indenture.

“Bond Loan” means each Bond Loan by the Issuer to a Borrower of a portion of the proceeds received from the sale of the Bonds to be made pursuant to a Bond Loan Agreement. “Bond Loans” means, collectively, all of such Bond Loans.

“Bond Loan Agreement” means the Loan Agreement, dated as of even date with the Indenture, between the Issuer and the Borrowers and assigned by the Issuer, except for Issuer’s Reserved Rights, to the Trustee, as amended or supplemented from time to time.

“Bond Loan Payment Cure Period” means a period of five Business Days following any Bond Loan Payment Date.

“Bond Loan Payment Date” means the fifth Business Day preceding each Bond Payment Date.

“Bond Loan Payments” means the amounts required to be paid by each respective Borrower in repayment of the Bond Loan to such Borrower pursuant to the provisions of the Bond Note and the Bond Loan Agreement relating to the Bond Loan to such Borrower.

“Bond Note” means, with respect to the Borrowers, the promissory note of each of the Borrowers, dated as of even date with the Bonds initially issued, in the form attached to the Bond Loan Agreement for the Borrower as an exhibit and totaling in the aggregate the principal amount of the Bonds, evidencing the obligation of the Borrowers to make Bond Loan Payments.

“Bond Payment Date” means each Interest Payment Date, Mandatory Tender Date and any other date Bond Service Charges on the Bonds are due, whether at maturity or mandatory tender, upon acceleration or otherwise.

“Bond Resolution” means that certain Bond Resolution relating to the Projects, adopted by the Board of the Issuer on October 11, 2018.

“Bond Service Charges” means, for any period or payable at any time, the principal of and interest on the Bonds for that period or payable at that time whether due at maturity or upon redemption, Mandatory Tender or acceleration.

“Bonds” means the Multifamily Housing Revenue Bonds (Related RD Portfolio), Series 2018 of the Issuer authorized in the Bond Resolution and the Indenture in an amount of \$20,000,000.

“Book Entry Form” or “Book Entry System” means, with respect to the Bonds, a form or system, as applicable, under which (i) physical Bond certificates in fully registered form are issued only to a Depository or its nominee, with the physical Bond certificates “immobilized” in the custody of the Depository and (ii) the ownership of book entry interests in Bonds and Bond Service Charges thereon may be transferred only through a book entry made by Persons other than the Issuer or the Trustee. The records maintained by Persons other than the Issuer or the Trustee constitute the written record that identifies the owners, and records the transfer, of book entry interests in the Bonds and Bond Service Charges thereon.

“Borrower” means, individually, each of the following entities: (1) THF Bastrop Oak Grove, LLC, (2) THF Bay City Village, LLC, (3) THF Burk Village, LLC, (4) THF Elgin Meadowpark, LLC, (5) THF Evant Tom Sawyer, LLC, (6) THF Hondo Brian Place, LLC, (7) THF Hondo Gardens, LLC, (8) THF Lampasas Gardens, LLC, and (9) THF Lantana Apartments, LLC, each a Texas limited liability company, each of which entity is entering into the Bond Loan Agreement with the Issuer. “Borrowers” means, collectively, all of the Borrowers.

“Borrower’s Equity Fund” means the Borrower’s Equity Fund created pursuant to the Indenture.

“Bridge Lender” means BF Related Texas, LLC, a Delaware limited liability company, in its capacity as maker of the Bridge Loan.

“Bridge Loan” means, together, the equity bridge loans made from the Bridge Lender to the Borrowers.

“Business Day” means a day of the week, other than a Saturday or a Sunday, on which commercial banks located in the city in which the principal corporate trust office of the Trustee are not required or authorized to remain closed.

“Closing Date” means December 20, 2018.

“Collateral Fund” means the Collateral Fund created pursuant to the Indenture.

“Completion Date” means, for each Project, the date of substantial completion of such Project evidenced by the filing of a completion certificate with respect to such Project in accordance with the requirements of the Bond Loan Agreement relating to that Project.

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

“Construction Period” means the period between the beginning of the acquisition and rehabilitation or construction of a Project and the Completion Date for that Project.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement dated as of December 1, 2018 between the Borrowers and the Dissemination Agent as originally executed and as it may be amended from time to time in accordance with its terms.

“Contractual Obligation” means for any Person any obligation, covenant, or condition contained in any evidence of Indebtedness or any agreement or instrument under or pursuant to which any evidence of Indebtedness has been issued, or any other material agreement, instrument or guaranty, to which such Person is a party or by which such Person or any of its assets or properties are bound.

“Costs of Issuance Fund” means the Costs of Issuance Fund created pursuant to the Indenture.

“Depository” means, with respect to the Bonds, DTC, until a successor Depository shall have become such pursuant to the applicable provisions of the Indenture, and thereafter, Depository shall mean the successor Depository. Any Depository shall be a securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a Book Entry System to record ownership of book entry interests in the Bonds or Bond Service Charges thereon, and to effect transfers of book entry interests in the Bonds.

“Dissemination Agent” means Wilmington Trust, National Association acting as the dissemination agent under the Continuing Disclosure Agreement or any successor Dissemination Agent under the Continuing Disclosure Agreement.

“Dissemination Agent Fee” means the fees payable to the Dissemination Agent as compensation for its services and expenses in performing its obligations under the Continuing Disclosure Agreement.

“DTC” means The Depository Trust Company (a limited purpose trust company), New York, New York, and its successors or assigns.

“DTC Participant” means any participant contracting with DTC under its book entry system and includes securities brokers and dealers, banks and trust companies and clearing corporations.

“Eligible Funds” means, as of any date of determination, any of:

(a) the proceeds of the Bonds (including any additional amount paid to the Trustee as the purchase price thereof by the Underwriter);

(b) the proceeds of the Senior Loan, the Bridge Loan and/or the Subordinate Loan;

(c) amounts paid by the Lender to the Trustee representing advances of the Senior Loan, whether from funds of the Lender, funds from the Lender’s warehouse line or funds derived by the Lender from the issuance and sale of GNMA Securities related to such advances;

(d) amounts drawn by the Trustee on any letter of credit including proceeds of draws received for the benefit of the Borrower;

(e) remarketing proceeds of the Bonds (including any additional amount paid to the Trustee as the remarketing price thereof by the Remarketing Agent) received from the Remarketing Agent or any purchaser of Bonds (other than funds provided by the Borrower, the Issuer or any Affiliate of either the Borrower or the Issuer);

(f) any other amounts, including the proceeds of refunding bonds, for which the Trustee has received an opinion of counsel (which opinion may assume that no Holder or Beneficial Owner of Bonds is an “insider” within the meaning of the Bankruptcy Code) to the effect that (A) the use of such amounts to make payments on the Bonds would not violate Section 362(a) of the Bankruptcy Code or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court and (B) payments of such amounts to Holders would not be avoidable as preferential payments under Section 547 of the Bankruptcy Code should the Issuer or the Borrowers become a debtor in proceedings commenced under the Bankruptcy Code;

(g) any payments made by the Borrower and held by the Trustee for a continuous period of 123 days, provided that no Act of Bankruptcy has occurred during such period; and

(h) investment income derived from the investment of the money described in (a) through (g) above.

“Eligible Investments” means any of the following obligations which mature (or are redeemable at the option of the Trustee) at such time or times as to enable disbursements to be made from the fund in which such investment is held or allocated in accordance with the terms of the Indenture, to the extent the same are at the time legal for investment of the Issuer’s funds (written direction of the Issuer to invest funds shall be conclusive evidence that the directed investment is at the time a legal investment of the Issuer’s funds):

(a) Government Obligations;

(b) to the extent permitted in the Indenture, money market mutual funds rated “AAAm” by S&P (or if S&P is not the Rating Agency or a new rating scale is implemented, the equivalent rating category given by the Rating Agency for that general category of security) (including mutual funds of the Trustee or its affiliates or for which the Trustee or an affiliate thereof serves as investment advisor or provides other services to such mutual fund and receives reasonable compensation therefor) registered under the Investment Company Act of 1940, as amended, whose investment portfolio consists solely of direct obligations of the government of the United States of America; or

(c) Wilmington Trust U.S. Government Money Market Fund.

“Eligible Investments” shall not include the following: (1) any investment with a final maturity or any agreement with a term ending later than the earlier of (i) the current Mandatory Tender Date in effect at the time of investment, or (ii) the Maturity Date (except (A) obligations that provide for the optional or mandatory tender, at par, by the holder of such obligations at any time and (B) Government Obligations irrevocably deposited with the Trustee for payment of Bonds pursuant to the Indenture), and (2) any investment which may be prepaid or called at a price less than its purchase price prior to stated maturity.

“Event of Default” means any of the events as described as an Event of Default under the Indenture or the Bond Loan Agreement.

“Expense Fund” means the Expense Fund created pursuant to the Indenture.

“Extension Payment” means the amount due, if any, to provide additional funds for the payment of Bond Service Charges in connection with the change or extension of the Mandatory Tender Date pursuant to the Indenture as determined by a cash flow projection approved in writing by the Rating Agency consisting of Eligible Funds other than the proceeds of the Bonds.

“Extraordinary Services” and “Extraordinary Expenses” mean all services rendered and all reasonable expenses properly incurred by the Trustee under the Indenture, other than Ordinary Services and Ordinary Expenses. Extraordinary Services and Extraordinary Expenses shall specifically include services rendered or expenses incurred by the Trustee in connection with, or in contemplation of, an Event of Default.

“Fiscal Year” means, with respect to a Person, that period beginning on January 1 of each year and ending on December 31 of that year or such other fiscal year as shall be designated by such Person as its annual accounting period.

“Force Majeure” means any of the causes, circumstances or events described as constituting Force Majeure in the Bond Loan Agreement.

“GAAP” means generally accepted accounting principles applied on a consistent basis.

“GNMA” means the Government National Mortgage Association, a U.S. government-owned corporation within the United States Department of Housing and Urban Development.

“GNMA Mortgage-Backed Securities Guide” means the GNMA Mortgage-Backed Securities Guide promulgated by GNMA, together with any and all Supplements thereto.

“GNMA Requirements” means the GNMA Mortgage-Backed Securities Guide and all applicable GNMA regulations and administrative requirements.

“GNMA Security” or “GNMA Securities” means a fully modified pass through security in the form of a construction loan certificate or a permanent loan certificate issued by an approved lender and guaranteed by GNMA as to timely payment of principal of and interest on a permanent loan certificate and as to timely payment of interest only until maturity and timely payment of principal at maturity on a construction loan certificate, pursuant to Section 306(g) of the National Housing Act of 1934, as amended, and the regulations promulgated thereunder.

“Government Obligations” means direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury), and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by the United States of America.

“Holder,” “Holders,” or “Holder of a Bond” means the Person in whose name a Bond is registered on the Register.

“Indebtedness” shall mean for any Person (a) all indebtedness or other obligations of such Person for borrowed money or for the deferred purchase price of property or services, (b) all indebtedness or other obligations of any other Person for borrowed money or for the deferred purchase price of property or services, the payment or collection of which such Person has guaranteed (except by reason of endorsement for deposit or collection in the ordinary course of business) or in respect of which such Person is liable, contingently or otherwise, including, without limitation, by way of agreement to purchase, to provide funds for payment, to supply funds to or otherwise to invest in such other Person, or otherwise to assure a creditor against loss, (c) all indebtedness or other obligations of any other Person for borrowed money or for the deferred purchase price of property or services secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien, upon or in property (including, without limitation, accounts and contract rights) owned by such Person, whether or not such Person has assumed or become liable for the payment of such indebtedness or other obligations, (d) all direct or contingent obligations of such Person in respect of letters of credit, (e) all lease obligations which have been or should be, in accordance with GAAP, capitalized on the books of such Person as lessee, and (f) guaranties of any of the foregoing; provided that Indebtedness does not include accounts payable and accrued expenses incurred in the ordinary course of business.

“Indenture” means the Trust Indenture, dated as of December 1, 2018, between the Issuer and the Trustee, as amended or supplemented from time to time.

“Independent” when used with respect to a specified Person means such Person has no specific financial interest direct or indirect in any Borrower or any Affiliate of a Borrower and in the case of an individual is not a director, trustee, officer, partner or employee of a Borrower or any Affiliate of a Borrower and in the case of an entity, does not have a partner, director, trustee, officer, partner or employee who is a director, trustee, officer or employee of any partner of a Borrower or any Affiliate of a Borrower.

“Information Services” means in accordance with then-current guidelines of the Securities and Exchange Commission, the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor entity or entities designated by the Securities and Exchange Commission.

“Initial Bond” means the initial Bond registered by the Comptroller and subsequently canceled and replaced by a definitive Bond pursuant to the Indenture.

“Initial Deposit Account” means the Initial Deposit Account within the Bond Fund created in the Indenture.

“Initial Interest Rate” means 2.20%.

“Initial Mandatory Tender Date” means May 1, 2020.

“Interest Payment Account” means the Interest Payment Account within the Bond Fund created in the Indenture.

“Interest Payment Date” means (a) each May 1 and November 1, commencing May 1, 2019, (b) each Redemption Date and (c) each Mandatory Tender Date.

“Interest Rate” means the Initial Interest Rate to but not including the Initial Mandatory Tender Date, and thereafter the applicable Remarketing Rate.

“Interest Rate for Advances” means the rate of twelve percent per annum (12%) or the rate per annum which is two percent plus that interest rate announced by the Trustee in its lending capacity as a bank as its “Prime Rate” or its “Base Rate,” whichever is greater and lawfully chargeable, in whole or in part.

“Investor Member” means BF Related Texas, LLC, a Delaware limited liability company, and its permitted successors and assigns which is the investor member of the applicable sole member of the Borrower.

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

“Issuer Administration Fee” means the fee payable annually in advance to the Issuer on each December 1, in the amount of .10% per annum of the aggregate principal amount of Bonds Outstanding at the inception of each payment period. On the Closing Date, the Borrower will pay the Issuer Administration Fee in advance to the Issuer for the period from the Closing Date to November 30, 2020. The Trustee will remit to the Issuer (upon receipt of an invoice from the Issuer), payable solely from funds provided by the Borrower, all payments of the Issuer Administration Fee due on or after December 1, 2020.

“Issuer Compliance Fee” means the fee payable annually in advance to the Issuer on each December 1, in the amount of \$25 per Low-Income Unit in the Project. The first annual Issuer Compliance Fee shall be paid on the Closing Date. The Trustee will remit to the Issuer (upon receipt of an invoice from the Issuer), solely from funds provided by the Borrower, all payments of the Issuer Compliance Fee due on or after December 1, 2021. The Issuer Compliance Fee is for bond compliance only, and an additional fee may be charged for tax credit compliance.

“Issuer Fees” means, collectively, the Issuer Administration Fee and the Issuer Compliance Fee.

“Lender” means Lancaster Pollard Mortgage Company LLC, a Delaware limited liability company, its successors and assigns, or Rural Housing Service, an agency of the United States Department of Agriculture, its successors and assigns.

“Lien” means any mortgage, deed of trust, lien, charge, security interest or encumbrance of any kind upon, or pledge of, any property, whether owned acquired after the date of the Indenture, and includes the acquisition of, or agreement to acquire, any property subject to any conditional sale agreement or other title retention agreement, including a lease on terms tantamount thereto or on terms otherwise substantially equivalent to a purchase.

“Local Time” means Central time (daylight or standard, as applicable), in Travis County, Texas.

“Mandatory Tender Date” means the Initial Mandatory Tender Date and if the Bonds outstanding are remarketed pursuant to the Indenture for a remarketing period that does not extend to the final maturity of the Bonds, any subsequent mandatory tender date.

“Maturity Date” means May 1, 2021.

“Maximum Rate” shall mean the lesser of (i) 12% per annum and (ii) the maximum interest rate that may be paid on the Bonds under State law pursuant to Chapter 1204 of the Texas Government Code.

“Mortgage” means a deed of trust securing each Senior Loan, as the same may be amended or modified from time to time.

“Opinion of Bond Counsel” means an opinion of Bond Counsel or of other counsel designated by the Issuer and nationally recognized as having an expertise in connection with the exclusion of interest on obligations of states and local governmental units from the gross income of holders thereof for federal income tax purposes.

“Ordinary Services” and “Ordinary Expenses” mean those services normally rendered, and those expenses normally incurred, by a trustee under instruments similar to the Indenture. Without limiting the generality of this definition, Ordinary Services and Ordinary Expenses shall include, without limitation, services provided to the Trustee in connection with the redemption of Bonds as provided in the Indenture and in connection with any meetings of Holders of the Bonds as provided the Indenture.

“Outstanding Bonds,” “Bonds outstanding” or “outstanding” as applied to Bonds mean, as of the applicable date, all Bonds which have been authenticated and delivered, or which are being delivered by the Trustee under the Indenture, except:

- (a) Bonds cancelled upon surrender, exchange or transfer, or cancelled because of payment on or prior to that date;
- (b) Bonds, or the portion thereof, for the payment or purchase for cancellation of which sufficient money has been deposited and credited with the Trustee or any Paying Agents on or prior to that date for that purpose (whether upon or prior to the maturity of those Bonds);
- (c) Bonds, or the portion thereof, which are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of the Indenture; and
- (d) Bonds in lieu of which others have been authenticated under the Indenture.

“Paying Agent” means any bank or trust company designated as a Paying Agent by or in accordance with the Indenture.

“Person” or words importing persons mean firms, associations, partnerships (including without limitation, general and limited partnerships), joint ventures, societies, estates, trusts, corporations, limited liability companies, public or governmental bodies, other legal entities and natural persons.

“Plans and Specifications” means for each Project, the plans and specifications describing the Project as now prepared and as they may be changed from time to time as provided in the Indenture.

“Pledged Revenues” has the meaning given to such term in the granting clauses to the Indenture, including without limitation (a) the Bond Loan Payments, (b) all other moneys received or to be received by the Issuer or the Trustee in respect of repayment of the Bond Loans, including without limitation, all moneys and investments in the Bond Fund, (c) any moneys and investments in the Project Fund and the Collateral Fund, and (d) all income and profit from the investment of the foregoing moneys, excluding in each case amounts related to the Issuer’s Reserved Rights. The term “Pledged Revenues” does not include any moneys or investments in the Rebate Fund.

“Predecessor Bond” of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by the particular Bond. For the purposes of this definition, any Bond authenticated and delivered under the Indenture in lieu of a lost, stolen or destroyed Bond shall, except as otherwise provided in in the Indenture, be deemed to evidence the same debt as the lost, stolen or destroyed Bond.

“Principal Payment Account” means the Principal Payment Account within the Bond Fund created in the Indenture.

“Project” means, individually, the acquisition, rehabilitation and equipping by a Borrower of the property described in the Indenture and in “THE PROJECTS” herein and associated with that Borrower. “Projects” means, collectively, all of such Projects.

“Project Costs” means:

(a) Costs incurred directly or indirectly for or in connection with the acquisition, construction, rehabilitation, installation, improving, equipping or financing of a Project, including costs incurred in respect of a Project for preliminary planning and studies; architectural, legal, engineering, accounting, consulting, supervisory and other services; labor, services and materials; and recording of documents and title work;

(b) Premiums attributable to any surety bonds and insurance required to be taken out and maintained during the Construction Period with respect to a Project;

(c) Taxes, assessments and other governmental charges in respect of a Project that may become due and payable during the Construction Period;

(d) Costs incurred directly or indirectly in seeking to enforce any remedy against any contractor or subcontractor in respect of any actual or claimed default under any contract relating to a Project;

(e) Subject to the Bond Loan Agreement, financial, legal, accounting, printing and engraving fees, charges and expenses, and all other such fees, charges and expenses incurred in connection with the authorization, sale, issuance and delivery of the Bonds, including, without limitation, the fees and expenses of the Trustee, the Registrar and any Paying Agent properly incurred under the Indenture that may become due and payable during the Construction Period;

(f) Any other costs, expenses, fees and charges properly chargeable to the capital account for a Project for the cost of acquisition, construction, rehabilitation, installation, improving, equipping or financing of the Project;

(g) Payment of interest on the Bonds during the Construction Period; and

(h) Payments to the Rebate Fund.

“Project Fund” means the Project Fund created in the Indenture.

“Rating Agency” means S&P Global Ratings (“S&P”) or any other nationally recognized municipal securities rating agency.

“Rebate Fund” means the Rebate Fund created in the Indenture.

“Redemption Date” means any date under the Indenture on which the Bonds are to be redeemed, including (a) the Maturity Date, (b) the date of acceleration of the Bonds or (c) as otherwise set forth in the Indenture.

“Register” means the books kept and maintained by the Registrar for registration and transfer of Bonds pursuant to the Indenture.

“Registrar” means the Trustee, until a successor Registrar shall have become such pursuant to applicable provisions of the Indenture; each Registrar shall be a transfer agent registered in accordance with Section 17A(c) of the Securities Exchange Act of 1934.

“Regular Record Date” means the close of business on the 15th day of the calendar month next preceding an Interest Payment Date applicable to that Bond.

“Regulatory Agreement” means, collectively, each Regulatory and Land Use Restriction Agreement dated as of December 1, 2018, between the Issuer, a Borrower and the Trustee with respect to each Project.

“Remarketing Agent” means, initially, RBC Capital Markets, LLC, and any successor Remarketing Agent that may be appointed by the Issuer.

“Remarketing Notice Parties” means the Authorized Borrowers’ Representative, the Issuer, the Trustee, the Remarketing Agent, and the Rating Agency.

“Remarketing Rate” means the interest rate or rates established pursuant to the Indenture and borne by the Bonds then Outstanding from and including the Mandatory Tender Date to a new Mandatory Tender Date or the Maturity Date, as applicable, determined pursuant to the Indenture; provided that the Remarketing Rate shall never exceed the Maximum Rate.

“Reserved Rights” of the Issuer means (a) all of the Issuer’s right, title and interest in and to all reimbursement, costs, expenses and indemnification; (b) the right of the Issuer to amounts payable to it pursuant to the Bond Loan Agreement, including the Issuer’s Fees; (c) all rights of the Issuer to receive any Rebate Amount (as defined in the Tax Exemption Agreement) required to be rebated to the United States of America under the Code in connection with the Bonds, as described in the Tax Exemption Agreement; (d) all rights of the Issuer to receive notices, reports or other information, and to make determinations and grant approvals or consent under the Indenture, the Bond Loan Agreement, the

Regulatory Agreement and the Tax Exemption Agreement; (e) all rights of the Issuer of access to the Project and documents related thereto and to specifically enforce the representations, warranties, covenants and agreements of the Borrower set forth in the Bond Loan Agreement, in the Tax Exemption Agreement and in the Regulatory Agreement; (f) any and all rights, remedies and limitations of liability of the Issuer set forth in the Indenture, the Bond Loan Agreement, the Regulatory Agreement, the Tax Exemption Agreement, the Mortgage, or the Subordinate Mortgage, as applicable, regarding (1) the negotiability, registration and transfer of the Bonds, (2) the loss or destruction of the Bonds, (3) the limited liability of the Issuer as provided in the Act, the Indenture, the Bond Loan Agreement, the Regulatory Agreement, the Tax Exemption Agreement, the Mortgage, the Subordinate Mortgage or the Note, (4) no liability of the Issuer to third parties, and (5) no warranties of suitability or merchantability by the Issuer; (g) all rights of the Issuer in connection with any amendment to or modification of the Indenture, the Bond Loan Agreement, the Regulatory Agreement, the Tax Exemption Agreement, the Mortgage, Subordinate Mortgage and the Note; (h) any and all limitations of the Issuer's liability and the Issuer's disclaimers of warranties set forth in the Indenture, the Regulatory Agreement, the Tax Exemption Agreement or the Bond Loan Agreement, and the Issuer's right to inspect and audit the books, records and permits of the Borrower and the Project.

"RHS" means the Rural Housing Service, an agency of the United States Department of Agriculture.

"RHS Requirements" means all applicable RHS regulations and administrative guidelines.

"Section 538 Projects Pool" means the Projects receiving funding under the Senior Loan as more specifically set forth in the Indenture.

"Senior Loan" means proceeds from one or more loans made for any Project under the RHS department of the USDA Section 538 Guaranteed Rural Rental Housing Loan Program.

"Senior Loan Documents" means the documents executed by each Borrower with respect to the making of the Senior Loan.

"Special Funds" means, collectively, the Bond Fund, the Collateral Fund and the Project Fund and any accounts therein, all as created in the Indenture.

"Special Record Date" means, with respect to any Bond, the date established by the Trustee in connection with the payment of overdue interest or principal on that Bond.

"State" means the State of Texas.

"Subordinate Loan" means proceeds from one or more loans made for any Project under the RHS department of the USDA Section 515 Program.

"Subordinate Mortgage" means the Subordinate Multifamily Deed of Trust, Security Agreement and Fixture Filing dated as of December 1, 2018 from each Borrower for the benefit of the Issuer as security for the Borrower's obligations under the Bond Loan Agreement.

"Supplemental Indenture" means any indenture supplemental to the Indenture entered into between the Issuer and the Trustee in accordance with the Indenture.

"Tax Exemption Agreement" means that certain Tax Exemption Certificate and Agreement among the Issuer, each Borrower and the Trustee dated as of the date of the Indenture, as in effect on the

Closing Date and as it may thereafter be amended or supplemented or restated in accordance with its terms.

“Trustee” means Wilmington Trust, National Association, until a successor Trustee shall have become such pursuant to the applicable provisions of the Indenture, and thereafter, “Trustee” shall mean the successor Trustee.

“Underwriter” means RBC Capital Markets, LLC.

“Unredeemed Bonds” means Bonds tendered or deemed tendered upon mandatory tender but not redeemed.

“USDA” means the United States Department of Agriculture.

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APPENDIX B

FORM OF BOND COUNSEL OPINION

On the date of issuance of the Bonds, Bracewell LLP, Bond Counsel, proposes to issue its approving opinion in substantially the following form.

December __, 2018

Texas Department of Housing and
Community Affairs
Austin, Texas

Wilmington Trust, National Association,
as Trustee
Dallas, Texas

RBC Capital Markets, LLC
St. Petersburg, Florida

Ladies and Gentlemen:

We have represented the Texas Department of Housing and Community Affairs (the “Issuer”) in connection with the issuance by the Issuer of its \$20,000,000 Multifamily Housing Revenue Bonds (Related RD Portfolio), Series 2018 (the “Bonds”) pursuant to a resolution adopted by the Governing Board of the Issuer on October 11, 2018 (the “Bond Resolution”) and a Trust Indenture dated as of December 1, 2018 (the “Indenture”), by and between the Issuer and Wilmington Trust, National Association, as trustee (the “Trustee”). The Bonds bear interest, mature on the date, and are subject to redemption prior to maturity as provided in the Indenture. Capitalized terms used herein and not otherwise defined are used with the meanings assigned to such terms in the Indenture, in the Loan Agreement dated as of December 1, 2018 (the “Loan Agreement”) among the Issuer, the Trustee, and (1) THF Bastrop Oak Grove, LLC, (2) THF Bay City Village, LLC, (3) THF Burk Village, LLC, (4) THF Elgin Meadowpark, LLC, (5) THF Evant Tom Sawyer, LLC, (6) THF Hondo Brian Place, LLC, (7) THF Hondo Gardens, LLC, (8) THF Lampasas Gardens, LLC, and (9) THF Lantana Apartments, LLC, each a Texas limited liability company (each a “Borrower” and collectively, the “Borrowers”), or in each Regulatory and Land Use Restriction Agreement dated as of December 1, 2018 (collectively, the “Regulatory Agreement”), among the Issuer, the Trustee and each of the Borrowers.

The Bonds are being issued for the purpose of obtaining funds to make a mortgage loan to the Borrowers to finance the acquisition, equipping and rehabilitation of multifamily residential rental developments located within Bastrop, Bee, Coryell, Harris, Lampasas, Medina and Wichita Counties, Texas (collectively, the “Development”), to be occupied by individuals and families of low, very low and extremely low income and families of moderate income, as determined by the Issuer, and persons with special needs, all as required by the Act, and to be occupied at least partially (at least forty percent of the Units) by Low-Income Tenants.

We have assumed with your permission and without independent verification (i) the genuineness of certificates, records and other documents (collectively, “documents”) submitted to us and the accuracy and completeness of the statements contained therein; (ii) the due authorization, execution and delivery of the Indenture by the parties thereto, and the validity and binding effect of the Indenture on such parties; (iii) that all documents submitted to us as originals are accurate and complete; (iv) that all documents submitted to us as copies are true and correct copies of the originals thereof; and (v) that all information submitted to us and on which we have relied was accurate and complete.

The scope of our representation extends solely to an examination of the facts and law incident to rendering an opinion with respect to the legality and validity of the Bonds and the security therefor and with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes. We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and we express no opinion relating thereto (excepting only the matters set forth as our supplemental opinion of Bond Counsel of even date herewith). We have not assumed any responsibility with respect to the financial condition or capability of the Issuer or the Borrowers, or the disclosure thereof. We have participated in the preparation of and have examined a transcript of certain materials pertaining to the Bonds, including certain certified proceedings of the Issuer, the State of Texas, the Trustee and the Borrowers, and customary certificates, opinions, affidavits and other documents executed by officers, agents and representatives of the Issuer, the State of Texas, the Trustee, the Borrowers and others. We have also examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, Treasury Regulations and published rulings of the Internal Revenue Service (the "Service") as we have deemed relevant. We have also examined the fully-executed Bond numbered I-1.

Based on said examination, and subject to the assumptions, qualifications and limitations set forth herein, it is our opinion that, under existing law:

1. The Issuer has duly authorized the issuance, execution and delivery of the Bonds. The Bonds constitute legal, valid and binding special limited obligations of the Issuer and are entitled to the benefit and security of the Indenture.
2. Interest on the Bonds is excludable from gross income for federal income tax purposes, except with respect to the interest on any Bond for any period during which such Bond is held by a "substantial user" of the Development or a "related person" of such a "substantial user," as those terms are defined for purposes of Section 147(a) of the Code.
3. Interest on the Bonds is not an item of tax preference includable in alternative minimum taxable income for purposes of determining a taxpayer's alternative minimum tax liability.

In providing the opinions set forth in paragraphs 2 and 3 above, we have relied on, and assumed the accuracy and completeness of, representations made as of the date hereof by, among others, the Issuer, the Borrowers and RBC Capital Markets, LLC, as underwriter, with respect to matters solely within the respective knowledge of such parties, which matters we have not independently verified. Furthermore, in providing the opinions set forth in paragraphs 2 and 3 above, we have also assumed that there will be continuing compliance with the procedures, safeguards and covenants in the Indenture, the Loan Agreement, the Regulatory Agreement and the Tax Exemption Agreement pertaining to those sections of the Code that affect the exclusion of interest on the Bonds from gross income for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete or the Issuer or the Borrowers fail to comply with the foregoing procedures, safeguards and covenants, interest on the Bonds could become includable in gross income for federal income tax purposes from the date of original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Certain actions may be taken or omitted subject to the terms and conditions set forth in the Indenture and related documents, upon the advice or with an approving opinion of Bond Counsel. We hereby express no opinion with respect to our ability to render an opinion that such actions, if taken or omitted, will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

We express no opinion as to the priority or perfection of the security interest granted by the Issuer in the Pledged Revenues.

The enforceability of certain provisions of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors. Furthermore, availability of equitable remedies under the Bonds may be limited by general principles of equity that permit the exercise of judicial discretion.

Owners of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the “branch profits” tax on their effectively connected earnings and profits, including tax exempt interest such as interest on the Bonds.

The opinions set forth above speak only as of their date and only in connection with the Bonds and may not be applied to any other transaction. Such opinions are specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America.

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 these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer and the Borrowers have each covenanted in the Indenture, the Loan Agreement and the Tax Exemption Agreement not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

Very truly yours,

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following, in addition to the information provided under “THE BONDS”, summarizes certain provisions of the Indenture, to which reference is made for the detailed provisions thereof.

Creation of Trust

To secure the payment of Bond Service Charges on the Bonds, the Issuer will assign to the Trustee its right, title and interest in (i) the Pledged Revenues, including, without limitation, all Bond Loan Payments and other amounts receivable by or on behalf of the Issuer under the Bond Loan Agreement in respect of repayment of the Bond Loans, (ii) the Special Funds, including all accounts in those funds and all moneys deposited therein and the investment earnings on such moneys, (iii) subject to the provisions of the Bond Resolution, all right, title and interest of the Issuer in the proceeds derived from the sale of the Bonds, and any securities in which moneys in the Special Funds are invested, and (except for moneys required to be rebated to the United States of America under the Code) the proceeds derived therefrom, and any and all other real or personal property of every name and nature from time to time after the date of the Indenture by delivery or by writing of any kind pledged, assigned or transferred, as and for additional security under the Indenture by the Issuer or by anyone in its behalf, or with its written consent, to the Trustee, which is authorized by the Indenture to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture, (iv) the Bond Note, and (v) the Bond Loan Agreement, except for (relating to all clauses (i) through (v)) the Issuer’s Reserved Rights.

Creation of Funds; Allocation of Bond Proceeds

The funds and accounts described in under this caption, designated as indicated are created by the Indenture. Each Fund is to be maintained in the custody of the Trustee as a separate bank account. The funds and accounts are:

- (1) the Bond Fund and the Interest Payment Account, Principal Payment Account and the Initial Deposit Account therein;
- (2) the Project Fund;
- (3) the Collateral Fund;
- (4) the Rebate Fund;
- (5) the Costs of Issuance Fund;
- (6) the Expense Fund; and
- (7) the Borrower’s Equity Fund and the Eligible Funds Account and the Non-Eligible Funds Account therein.

Application of Bond Loan Payments

So long as there are any Outstanding Bonds, any payments by the Borrowers pursuant to the Bond Note and the Bond Loan Agreement shall be paid on each Bond Loan Payment Date directly to the

Trustee, and deposited as follows: (1) into the Interest Payment Account, at least the amount necessary to pay the interest on the Bonds on the next succeeding Interest Payment Date; and (2) into the Principal Payment Account, at least the amount necessary to pay the principal due on the Bonds on the next succeeding Interest Payment Date.

Disbursements from and Records of Project Fund

When the Trustee receives a request for disbursement from the Project Fund in accordance with the provisions described in “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE BOND LOAN AGREEMENT – Disbursement of Proceeds of the Allocated Bonds” the Trustee shall confirm that Eligible Funds are on deposit in the Collateral Fund in an amount equal to or greater than the sum of (a) the amount set forth in the request for disbursement and (b) all prior disbursements. Upon confirmation of the above, the Trustee shall thereafter disburse funds to pay Project Costs in the amount requested from the Project Fund, to the extent the corresponding deposit to the Collateral Fund was made by the Lender; provided, however, to the extent money on deposit in the Project Fund is invested in Eligible Investments, the Trustee is authorized to make the following allocations and exchanges, which allocations and exchanges shall occur prior to the disbursement of amounts on deposit in the Project Fund to pay Project Costs: (i) allocate all or a portion of the Eligible Investments in the Project Fund at original cost plus accrued interest (if applicable), in the amount specified in the request for disbursement, to the Collateral Fund, and (ii) transfer a like amount of Collateral Payments on deposit in the Collateral Fund to the Project Fund.

Payments from the Project Fund shall be paid by wire transfer to the applicable party. If the deposit to the Collateral Fund is deposited by noon, then the wire transfer shall occur no later than the close of business on the Business Day the day the deposit is made. If the deposit to the Collateral Fund is deposited after noon Eastern time, then the wire transfer shall occur no later than 10:00 a.m. Eastern time on the Business Day following the day the deposit is made.

The Trustee shall cause to be kept and maintained adequate records pertaining to the amounts deposited to the Project Fund, the investment thereof and all disbursements therefrom as provided in the Indenture. After a Project has been completed and a completion certificate for such Project is filed as provided in the Indenture, the Trustee shall file copies of the records pertaining to the Project Fund and disbursements therefrom with respect to that Project with the Issuer, the Authorized Borrowers’ Representative, the Lender and the Investor Member.

Upon the occurrence and continuance of an Event of Default under the Indenture because of which the principal amount of the Bonds has been declared to be due and immediately payable pursuant to the provisions described under the caption “Acceleration” below, any moneys remaining in the Project Fund shall be promptly transferred by the Trustee to the Bond Fund.

Collateral Fund

Eligible Funds shall be deposited from time to time in the Collateral Fund in such amounts and at such times as may be necessary to allow the Trustee to transfer funds from the Project Fund upon the Trustee’s receipt of a request for disbursement. The Collateral Fund shall only be used and applied for, and irrevocably committed to, the payment of (i) the Bond Service Charges on the Bonds which are due and payable on any Interest Payment Date and the Maturity Date and (ii) the Bond Services Charges on the Bonds as and when due at any other Bond Payment Date.

Bond Fund

There shall be deposited in the Bond Fund (and credited to appropriate accounts therein), from the proceeds of the sale of the Bonds, any accrued interest paid by the Holder.

The Bond Fund (and accounts therein for which provision is made in the Indenture or in the Bond Loan Agreement) and the moneys and Eligible Investments therein shall be used solely and exclusively for the payment of Bond Service Charges, as they become due and at stated maturity, or upon acceleration, all as provided in the Indenture and in the Bond Loan Agreement.

The Trustee shall transmit to the Paying Agent from moneys on deposit in the Bond Fund, amounts sufficient to make timely payments of Bond Service Charges on the Bonds. To the extent that the amount needed by the Paying Agent is not sufficiently predictable, the Trustee may make any credit arrangements with the Paying Agent which will permit those payments to be made. The Issuer authorizes and directs the Trustee to cause withdrawal of moneys from the Bond Fund which are available for the purpose of paying, and are sufficient to pay, the Bond Service Charges on the Bonds as they become due and payable, for the purposes of paying or transferring moneys to the Paying Agent which are necessary to pay the Bond Service Charges. Amounts credited to or on deposit in the Initial Deposit Account shall be transferred to the Interest Payment Account of the Bond Fund on each Bond Loan Payment Date in order to provide for the payment of the Bond Service Charges on the next succeeding Bond Payment Date.

In the event that amounts on deposit in the Interest Payment Account and Principal Payment Account of the Bond Fund on any Bond Loan Payment Date are insufficient to make the payment of Bond Service Charges due on the next succeeding Bond Payment Date, the Trustee shall transfer funds in the following order to the applicable account of the Bond Fund and use such funds, together with amounts then on deposit in the Bond Fund, to pay the Bond Service Charges due on the next succeeding Bond Payment Date:

- (1) first, from amounts on deposit in the Initial Deposit Account of the Bond Fund;
- (2) second, from amounts on deposit in the Interest Payment Account of the Bond Fund;
- (3) third, from amounts on deposit in the Collateral Fund; and
- (4) fourth, from amounts on deposit in the Project Fund.

Investment of Special Funds and Rebate Fund

Except as otherwise described under this caption, moneys in the Special Funds and the Rebate Fund shall be invested and reinvested by the Trustee in Eligible Investments at the written direction of the Authorized Borrowers' Representative. At no time shall the Authorized Borrowers' Representative direct that any funds constituting gross proceeds of the Bonds be used in any manner as would constitute failure of compliance with Section 148 of the Code. Investments of moneys in the Bond Fund shall mature or be redeemable at the times and in the amounts necessary to provide moneys to pay Bond Service Charges on the Bonds. Each investment of moneys in a Project Fund shall mature or be redeemable without penalty at such time as may be necessary to make payments from the Project Fund, including on each Interest Payment Date. Any of those investments may be purchased from or sold to the Trustee, the Registrar, an Authenticating Agent or a Paying Agent, or any bank, trust company or savings and loan association affiliated with any of the foregoing. The Trustee shall sell or redeem investments credited to the Special

Funds to produce sufficient moneys applicable under the Indenture to and at the times required for the purposes of paying Bond Service Charges when due as aforesaid, and shall do so without necessity for any order on behalf of the Issuer and without restriction by reason of any order. An investment made from moneys credited to the Special Funds shall constitute part of that respective Fund. All investment earnings from amounts on deposit in the Project Fund shall be credited to the Interest Payment Account of the Bond Fund. All investment earnings from amounts on deposit in the Collateral Fund shall be credited to the Interest Payment Account of the Bond Fund. All gains resulting from the sale of, or income from, any investment made from moneys credited to the Special Funds shall be credited to and become part of the Bond Fund from which the investment was made. Notwithstanding the foregoing, any moneys held under the Indenture without the written direction of the Authorized Borrowers' Representative shall be invested in money market funds described in clause (c) of the definition of Eligible Investments.

Valuation

For the purpose of determining the amount on deposit to the credit of any Fund or Account, the value of obligations in which money in such Fund or Account shall have been invested shall be computed at the then market value thereof.

The Eligible Investments shall be valued by the Trustee at any time requested by the Authorized Borrowers' Representative on reasonable notice to the Trustee (which period of notice may be waived or reduced by the Trustee); provided, however, that the Trustee shall not be required to value the Eligible Investments more than once in any calendar month.

Defaults; Events of Default

The occurrence of any of the following events is defined as and declared to be and to constitute an Event of Default under the Indenture:

- (a) Payment of any interest on any Bond shall not be made when and as that interest shall become due and payable;
- (b) Payment of the principal of any Bond shall not be made when and as that principal shall become due and payable, whether at stated maturity, upon acceleration or otherwise;
- (c) Failure by the Issuer to observe or perform any other covenant, agreement or obligation on its part to be observed or performed contained in the Indenture or in the Bonds, which failure shall have continued for a period of 30 days after written notice, by registered or certified mail, to the Issuer and the Authorized Borrowers' Representative specifying the failure and requiring that it be remedied, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the Holders of not less than 25% in aggregate principal amount of Bonds then outstanding; and
- (d) The occurrence and continuance of an Event of Default as defined in "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE BOND LOAN AGREEMENT – Events of Default."

The term "default" or "failure" as used in the Indenture means (i) a default or failure by the Issuer in the observance or performance of any of the covenants, agreements or obligations on its part to be observed or performed contained in the Indenture or in the Bonds, or (ii) a default or failure by the

Borrowers under the Bond Loan Agreement, exclusive of any period of grace or notice required to constitute an Event of Default, as provided above or in the Bond Loan Agreement.

Acceleration

Upon the occurrence of an Event of Default described in (a) and (b) under the caption “Defaults; Events of Default” above, the Trustee may declare, and upon the written request of the Holders of not less than 25% in aggregate principal amount of Bonds then outstanding the Trustee shall declare, by a notice in writing delivered to the Issuer and the Authorized Borrowers’ Representative, the principal of all Bonds then outstanding (if not then due and payable), and the interest accrued thereon, to be due and payable immediately. Upon the occurrence of any Event of Default other than those described in (a) and (b) under the caption “Defaults; Events of Default” above, the Trustee may, with the written consent of all Holders of Bonds then outstanding, declare by a notice in writing delivered to the Issuer and the Authorized Borrowers’ Representative, the principal of all Bonds then outstanding (if not then due and payable), and the interest thereon, to be due and payable immediately. Upon such declaration, that principal and interest shall become and be due and payable immediately. Interest on the Bonds shall accrue to the date determined by the Trustee for the tender of payment to the Holders pursuant to that declaration; provided, that interest on any unpaid principal of Bonds outstanding shall continue to accrue from the date determined by the Trustee for the tender of payment to the Holders of those Bonds.

The provisions of the preceding paragraph are subject, however, to the condition that if, at any time after declaration of acceleration and prior to the entry of a judgment in a court for enforcement under the Indenture (after an opportunity for hearing by the Issuer and the Borrowers),

(a) all sums payable under the Indenture, including the Issuer’s Fee, and the Trustee’s fees and expenses (except the principal of and interest on Bonds which have not reached their stated maturity dates but which are due and payable solely by reason of that declaration of acceleration), plus interest to the extent permitted by law on any overdue installments of interest at the rate borne by the Bonds in respect of which the default shall have occurred, shall have been duly paid or provision shall have been duly made therefor by deposit with the Trustee or Paying Agents, and

(b) all existing Events of Default shall have been cured,

then and in every case, the Trustee shall waive the Event of Default and its consequences and shall rescind and annul that declaration. No waiver or rescission and annulment shall extend to or affect any subsequent Event of Default or shall impair any rights consequent thereon.

Other Remedies; Rights of Holders

With or without taking action as described under the caption “Acceleration” above, upon the occurrence and continuance of an Event of Default, the Trustee may pursue any available remedy, including without limitation actions at law or equity to enforce the payment of Bond Service Charges or the observance and performance of any other covenant, agreement or obligation under the Indenture, the Bond Loan Agreement, the Tax Exemption Agreement, the Regulatory Agreement or the Bond Note or any other instrument providing security, directly or indirectly, for the Bonds.

If, upon the occurrence and continuance of an Event of Default, the Trustee is requested so to do by the Holders of at least 25% in aggregate principal amount of Bonds outstanding, the Trustee (subject to the provisions of the Indenture), shall exercise any rights and powers conferred by the provisions described under this caption and the provisions described under “Acceleration” above.

No remedy conferred upon or reserved to the Trustee (or to the Holders) by the Indenture is intended to be exclusive of any other remedy. Each remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or otherwise to the Trustee or to the Holders existing as of or after the date of the Indenture.

No delay in exercising or omission to exercise any remedy, right or power accruing upon any default or Event of Default shall impair that remedy, right or power or shall be construed to be a waiver of any default or Event of Default or acquiescence therein. Every remedy, right and power may be exercised from time to time and as often as may be deemed to be expedient.

No waiver of any default or Event of Default under the Indenture, whether by the Trustee or by the Holders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any remedy, right or power consequent thereon.

As the assignee of all right, title and interest of the Issuer in and to the Bond Loan Agreement (except for the Issuer's Reserved Rights), the Trustee is empowered to enforce each remedy, right and power granted to the Issuer under the Bond Loan Agreement. In exercising any remedy, right or power under the Indenture or the Bond Loan Agreement, the Trustee shall take such action as may be directed by the requisite percentage of the Holders of the Bonds then outstanding, applying the standards described in the Indenture.

Right of Holders to Direct Proceedings

Anything to the contrary in the Indenture notwithstanding, the Holders of a majority in aggregate principal amount of Bonds then outstanding shall have the right at any time to direct, by an instrument or document in writing executed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or any other proceedings under the Indenture; provided, that (i) any direction shall not be other than in accordance with the provisions of law and of the Indenture, and (ii) the Trustee shall be indemnified as provided in the Indenture.

Application of Moneys.

After payment of any costs, expenses, liabilities and advances paid, incurred or made by the Trustee in the collection of moneys and to all fees of the Trustee for Ordinary and Extraordinary Expenses pursuant to any right given or action taken under the provisions of the Indenture, the Bond Loan Agreement, the Tax Exemption Agreement, the Regulatory Agreement or Bond Note (including without limitation, reasonable attorneys' fees and expenses, except as limited by law or judicial order or decision entered in any action taken under the Indenture), all moneys received by the Trustee, shall be applied as follows, subject to certain provisions of the Indenture:

- (a) Unless the principal of all of the Bonds shall have become, or shall have been declared to be, due and payable, all of those moneys shall be deposited in the Bond Fund and shall be applied:

First – To the payment of the Issuer's Fee;

Second – To the payment to the Holders entitled thereto of all installments of interest then due on the Bonds, in the order of the dates of maturity of the installments of that interest, beginning with the earliest date of maturity and, if the amount available is not sufficient to pay in full any particular installment, then to the payment thereof ratably,

according to the amounts due on that installment, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds; and

Third – To the payment to the Holders entitled thereto of the unpaid principal of any of the Bonds which shall have become due, in the order of their due dates, beginning with the earliest due date, with interest on those Bonds from the respective dates upon which they became due at the rates specified in those Bonds, and if the amount available is not sufficient to pay in full all Bonds due on any particular date, together with that interest, then to the payment thereof ratably, according to the amounts of principal due on that date, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.

(b) If the principal of all of the Bonds shall have become due or shall have been declared to be due and payable pursuant to the Indenture, all of those moneys shall be deposited into the Bond Fund and shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest, of interest over principal, of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.

(c) If the principal of all of the Bonds shall have been declared to be due and payable pursuant to the Indenture, and if that declaration thereafter shall have been rescinded and annulled under the provisions described under the captions “Acceleration” above and “Waivers of Events of Default” below, subject to the provisions of paragraph (b) under this caption in the event that the principal of all of the Bonds shall become due and payable later, the moneys shall be deposited in the Bond Fund and shall be applied in accordance with the provisions of the Indenture.

(d) Whenever moneys are to be applied pursuant to the provisions described under this caption, those moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of moneys available for application and the likelihood of additional moneys becoming available for application in the future. Whenever the Trustee shall direct the application of those moneys, it shall fix the date upon which the application is to be made, and upon that date, interest shall cease to accrue on the amounts of principal, if any, to be paid on that date, provided the moneys are available therefor. The Trustee shall give notice of the deposit with it of any moneys and of the fixing of that date, all consistent with the requirements of the Indenture for the establishment of, and for giving notice with respect to, a Special Record Date for the payment of overdue interest. The Trustee shall not be required to make payment of principal of a Bond to the Holder thereof, until the Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if it is paid fully.

Rights and Remedies of Holders

A Holder shall not have any right to institute any suit, action or proceeding for the enforcement of the Indenture, for the execution of any trust thereof, or for the exercise of any other remedy thereunder, unless:

(a) there has occurred and is continuing an Event of Default of which the Trustee has been notified, as provided in the Indenture, or of which it is deemed to have notice under the Indenture,

(b) the Holders of at least 25% in aggregate principal amount of Bonds then outstanding shall have made written request to the Trustee and shall have afforded the Trustee reasonable opportunity to proceed to exercise the remedies, rights and powers granted in the Indenture or to institute the suit, action or proceeding in its own name, and shall have offered indemnity to the Trustee as provided in the Indenture, and

(c) the Trustee thereafter shall have failed or refused to exercise the remedies, rights and powers granted in the Indenture or to institute the suit, action or proceeding in its own name.

At the option of the Trustee, that notification (or notice), request, opportunity and offer of indemnity are conditions precedent in every case, to the institution of any suit, action or proceeding described above.

No one or more Holders of the Bonds shall have any right to affect, disturb or prejudice in any manner whatsoever the security or benefit of the Indenture by its or their action, or to enforce, except in the manner provided therein, any remedy, right or power thereunder. Any suit, action or proceedings shall be instituted, had and maintained in the manner provided in the Indenture for the benefit of the Holders of all Bonds then outstanding. Nothing in the Indenture shall affect or impair, however, the right of any Holder to enforce the payment of the Bond Service Charges on any Bond owned by that Holder at and after the maturity thereof, at the place, from the sources and in the manner expressed in that Bond.

Waivers of Events of Default

The Trustee shall waive any Event of Default under the Indenture and its consequences and may rescind and annul any declaration of maturity of principal of or interest on, the Bonds upon the written request of the Holders of:

(a) at least a majority in aggregate principal amount of all Bonds then outstanding in respect of which an Event of Default in the payment of Bond Service Charges exists, or

(b) at least 25% in aggregate principal amount of all Bonds then outstanding, in the case of any other Event of Default.

There shall not be so waived, however, any Event of Default described in paragraph (a) or (b) under the caption “Defaults; Events of Default” or any declaration of acceleration in connection therewith rescinded or annulled, unless at the time of that waiver or rescission and annulment payments of the amounts described under the caption “Acceleration” above for waiver and rescission and annulment in connection with acceleration of maturity have been made or provision has been made therefor. In the case of the waiver or rescission and annulment, or in case any suit, action or proceedings taken by the Trustee on account of any Event of Default shall have been discontinued, abandoned or determined adversely to it, the Issuer, the Trustee and the Holders shall be restored to their former positions and rights under the Indenture, respectively. No waiver or rescission shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

Supplemental Indentures Not Requiring Consent of Holders

Without the consent of, or notice to, any of the Holders, the Issuer and the Trustee may enter into indentures supplemental to the Indenture which shall not, in the opinion of the Issuer and the Trustee, be inconsistent with the terms and provisions of the Indenture for any one or more of the following purposes:

- (a) to cure any ambiguity, inconsistency or formal defect or omission in the Indenture;
- (b) to grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority that lawfully may be granted to or conferred upon the Holders or the Trustee;
- (c) to assign additional revenues under the Indenture;
- (d) to accept additional security and instruments and documents of further assurance with respect to the Projects;
- (e) to add to the covenants, agreements and obligations of the Issuer under the Indenture, other covenants, agreements and obligations to be observed for the protection of the Holders, or to surrender or limit any right, power or authority reserved to or conferred upon the Issuer in the Indenture;
- (f) to evidence any succession to the Issuer and the assumption by its successor of the covenants, agreements and obligations of the Issuer under the Indenture, the Bond Loan Agreement and the Bonds;
- (g) to permit the Trustee to comply with any obligations imposed upon it by law;
- (h) to specify further the duties and responsibilities of, and to define further the relationship among, the Trustee, the Registrar and any Authenticating Agents or Paying Agents;
- (i) to achieve compliance of the Indenture with any applicable federal securities or tax law;
- (j) to make amendments to the provisions of the Indenture relating to arbitrage matters under Section 148 of the Code, if, in the Opinion of Bond Counsel, those amendments would not adversely affect the excludability of the interest on the Bonds outstanding from gross income for federal income tax purposes which amendments may, among other things, change the responsibility for making the relevant calculations, provided that in no event shall such amendment delegate to the Trustee without its consent, in its sole discretion the obligation to make or perform the calculations required under Section 148 of the Code; and
- (k) to permit any other amendment which is not to the prejudice of the Trustee or the Holders.

The provisions of clauses (i) and (k) above shall not be deemed to constitute a waiver by the Trustee, the Registrar, the Issuer or any Holder of any right which it may have in the absence of those provisions to contest the application of any change in law to the Indenture or the Bonds.

Supplemental Indentures Requiring Consent of Holders

Exclusive of Supplemental Indentures to which reference is made under the caption “Supplemental Indentures Not Requiring Consent of Holders” above and subject to the terms, provisions and limitations described under this caption, and not otherwise, with the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time outstanding, evidenced as provided in the Indenture, and with the consent of the Borrowers if required by the Indenture, the Issuer and the Trustee may execute and deliver Supplemental Indentures adding any provisions to, changing in any manner or eliminating any of the provisions of the Indenture or any Supplemental Indenture or restricting in any manner the rights of the Holders. Nothing described under this caption or “Supplemental Indentures Not Requiring Consent of Holders” above shall permit, however, or be construed as permitting:

- (a) without the consent of the Holder of each Bond so affected, (i) an extension of the maturity of the principal of or the interest on such Bond or (ii) a reduction in the principal amount of any Bond or the rate of interest thereon, or
- (b) without the consent of the Holders of all Bonds then outstanding, (i) the creation of a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (ii) a reduction in the aggregate principal amount of the Bonds required for consent to a Supplemental Indenture.

If the Trustee is requested to execute and deliver any Supplemental Indenture requiring the consent of the Holders as described in under this caption, then the Trustee shall, upon (i) being satisfactorily indemnified with respect to its expenses in connection therewith, and (ii) if required by the Indenture, receipt of the consent of the Authorized Borrowers’ Representative and the Investor Member to the proposed execution and delivery of the Supplemental Indenture, cause notice of the proposed execution and delivery of the Supplemental Indenture to be mailed by first-class mail, postage prepaid, to all Holders of Bonds then outstanding at their addresses as they appear on the Register at the close of business on the fifteenth day preceding that mailing.

The Trustee shall not be subject to any liability to any Holder by reason of the Trustee’s failure to mail, or the failure of any Holder to receive, the notice required by the provisions described under this caption. Any failure of that nature shall not affect the validity of the Supplemental Indenture when there has been consent thereto as provided under this caption. The notice shall set forth briefly the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Holders.

If the Trustee shall receive within a period of not exceeding one year following the mailing of the notice, an instrument or document or instruments or documents, in form to which the Trustee does not reasonably object, purporting to be executed by the Holders of not less than a majority in aggregate principal amount of the Bonds then outstanding (which instrument or document or instruments or documents shall refer to the proposed Supplemental Indenture in the form described in the notice and specifically shall consent to the Supplemental Indenture in substantially that form), the Trustee shall, but shall not otherwise, execute and deliver the Supplemental Indenture in substantially the form to which reference is made in the notice as being on file with the Trustee, without liability or responsibility to any Holder, regardless of whether that Holder shall have consented thereto.

Any consent shall be binding upon the Holder of the Bond giving the consent and, anything in the Indenture to the contrary notwithstanding, upon any subsequent Holder of that Bond and of any Bond issued in exchange therefor (regardless of whether the subsequent Holder has notice of the consent to the Supplemental Indenture). A consent may be revoked in writing, however, by the Holder who gave the

consent or by a subsequent Holder of the Bond by a revocation of such consent received by the Trustee prior to the execution and delivery by the Trustee of the Supplemental Indenture. At any time after the Holders of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the Issuer a written statement that the Holders of the required percentage of Bonds have filed those consents. That written statement shall be conclusive evidence that the consents have been so filed.

If the Holders of the required percentage in aggregate principal amount of Bonds outstanding shall have consented to the Supplemental Indenture, as described under this caption, no Holder shall have any right (a) to object to (i) the execution or delivery of the Supplemental Indenture, (ii) any of the terms and provisions contained therein, or (iii) the operation thereof, (b) to question the propriety of the execution and delivery thereof, or (c) to enjoin or restrain the Trustee or the Issuer from that execution or delivery or from taking any action pursuant to the provisions thereof.

Release of Indenture

If (i) the Issuer shall pay all of the Outstanding Bonds, or shall cause them to be paid and discharged, or if there otherwise shall be paid to the Holders of the Outstanding Bonds, all Bond Service Charges due or to become due thereon, and (ii) provision also shall be made for the payment of all other sums payable under the Indenture, including the Trustee's fees and expenses, or under the Bond Loan Agreement, the Tax Exemption Agreement, the Regulatory Agreement and the Bond Note, then the Indenture shall cease, determine and become null and void (except for those provisions surviving by reason of the Indenture in the event the Bonds are deemed paid and discharged pursuant to the provisions described under the caption "Payment and Discharge of Bonds" below), and the covenants, agreements and obligations of the Issuer under the Indenture shall be released, discharged and satisfied.

Thereupon, and subject to the provisions of the Indenture if applicable,

(a) the Trustee shall release the Indenture (except for those provisions surviving by reason of the Indenture in the event the Bonds are deemed paid and discharged pursuant to the provisions described under the caption "Payment and Discharge of Bonds" below), and shall execute and deliver to the Issuer any instruments or documents in writing as shall be requisite to evidence that release and discharge or as reasonably may be requested by the Issuer, and

(b) the Trustee and any other Paying Agents shall assign and deliver to the Issuer any property subject at the time to the lien of the Indenture which then may be in their possession, except amounts in the Bond Fund required (a) to be paid to the Borrowers under the Indenture, or (b) to be held by the Trustee and the Paying Agents under the Indenture or otherwise for the payment of Bond Service Charges.

Payment and Discharge of Bonds

All or any part of the Bonds shall be deemed to have been paid and discharged within the meaning of the Indenture, including without limitation, as described under the caption "Release of Indenture" above, if:

(a) the Trustee as paying agent and any Paying Agents shall have received, in trust for and irrevocably committed thereto, sufficient moneys, or

(b) the Trustee shall have received, in trust for and irrevocably committed thereto, noncallable direct obligations of or obligations guaranteed as to full and timely payment by the

United States of America which are certified by an Independent firm acceptable to the Trustee to be of such maturities or redemption dates and interest payment dates, and to bear such interest, as will be sufficient together with any moneys to which reference is made in subparagraph (a) above, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so irrevocably committed, except as provided in the Indenture),

for the payment of all Bond Service Charges on those Bonds at their maturity; provided however, in the case of clause (b), the Trustee and the Issuer must receive an Opinion of Bond Counsel to the effect that the receipt, use and investment of the obligations will not adversely affect the excludability of the interest on the Bonds outstanding from gross income for federal income tax purposes.

Any moneys held by the Trustee in accordance with the provisions described under this caption may be invested by the Trustee only in noncallable direct obligations of or obligations guaranteed as to full and timely payment by the United States of America having maturity dates, or having redemption dates which, at the option of the Holder of those obligations, shall be not later than the date or dates at which moneys will be required for the purposes described above. To the extent that any income or interest earned by, or increment to, the investments held pursuant to the provisions described under this caption is determined from time to time by the Trustee to be in excess of the amount required to be held by the Trustee for the purposes described under this caption, that income, interest or increment shall be transferred at the time of that determination in the manner provided in the Indenture for transfers of amounts remaining in the Bond Fund.

If any Bonds shall be deemed paid and discharged pursuant to the provisions described under this caption, then within 15 days after such Bonds are so deemed paid and discharged the Trustee shall cause a written notice to be given to each Holder as shown on the Register on the date on which such Bonds are deemed paid and discharged. Such notice shall state the numbers of the Bonds deemed paid and discharged or state that all Bonds are deemed paid and discharged and shall set forth a description of the obligations held pursuant to subparagraph (b) of the first paragraph under this caption.

Amendments Not Requiring Consent of Holders

Without the consent of or notice to the Holders, the Issuer, a Borrower, the Investor Member and the Trustee may consent to any amendment, change or modification of a Bond Loan Agreement, Tax Exemption Agreement, Regulatory Agreement or the Bond Note relating to that Borrower as may be required (i) by the provisions of the Bond Loan Agreement, the Tax Exemption Agreement, the Regulatory Agreement or the Indenture, (ii) for the purpose of curing any ambiguity, inconsistency or formal defect or omission in the Bond Loan Agreement, the Tax Certificate, the Regulatory Agreement or the Bond Note, (iii) in connection with an amendment or to effect any purpose for which there could be an amendment of the Indenture pursuant to the provisions described under the caption “Supplemental Indentures Not Requiring Consent of Holders” above, or (iv) in connection with any other change therein which is not to the prejudice of the Trustee or the Holders of the Bonds, in the judgment of the Trustee, applying the standards described in the Indenture.

Amendments Requiring Consent of Holders

Except for the amendments, changes or modifications contemplated under the caption “Amendments Not Requiring Consent of Holders” above, neither the Issuer nor the Trustee shall consent to

(a) any amendment, change or modification of the Bond Loan Agreement or the Bond Note which would change the amount or time as of which Bond Loan Payments are required to be paid, without the giving of notice as provided under this caption of the proposed amendment, change or modification and receipt of the written consent thereto of the Holders of all of the then Outstanding Bonds affected by such amendment, change or modification, or

(b) any other amendment, change or modification of the Bond Loan Agreement, the Tax Exemption Agreement, the Regulatory Agreement or the Bond Note without the giving of notice as provided under this caption of the proposed amendment, change or modification and receipt of the written consent thereto of the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding affected by such amendment, change or modification.

The consent of the Holders shall be obtained as described under the caption “Supplemental Indentures Requiring Consent of Holders” above with respect to Supplemental Indentures.

If the Issuer or the Authorized Borrowers’ Representative shall request at any time the consent of the Trustee to any proposed amendment, change or modification of a Bond Loan Agreement, the Tax Exemption Agreement, the Regulatory Agreement or the Bond Note contemplated in subparagraphs (a) or (b) under this caption, upon being indemnified satisfactorily with respect to expenses, the Trustee shall cause notice of the proposed amendment, change or modification to be provided in the manner which is required by the provisions described under the caption “Supplemental Indentures Requiring Consent of Holders” above with respect to notice of Supplemental Indentures. The notice shall set forth briefly the nature of the proposed amendment, change or modification and shall state that copies of the instrument or document embodying it are on file at the designated corporate trust office of the Trustee for inspection by all Holders.

Extent of Covenants; No Personal Liability

All covenants, stipulations, obligations and agreements of the Issuer contained in the Indenture are and shall be deemed to be covenants, stipulations, obligations and agreements of the Issuer to the full extent authorized by the Act and permitted by the Constitution of the State. No covenant, stipulation, obligation or agreement of the Issuer contained in the Indenture shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the Issuer or the Board in other than that person’s official capacity. Neither the members of the Board nor any official executing the Bonds, the Indenture, the Bond Loan Agreement or any amendment or supplement to the Indenture, the Bond Loan Agreement or the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance or execution of the Indenture, the Bond Loan Agreement or of the Bonds.

RHS and GNMA Requirements to Control

To the extent there is any conflict, inconsistency or ambiguity between or among the provisions of the Indenture and the RHS Requirements, the GNMA Requirements with respect to the Section 538 Projects Pool or the Senior Loan Documents, then in such event the RHS Requirements, GNMA Requirements with respect to the Section 538 Projects Pool or Senior Loan Documents will be deemed to be controlling and any such ambiguity or inconsistency will be resolved in favor of and pursuant to the RHS Requirements, GNMA Requirements with respect to the Section 538 Projects Pool or the provisions of the Senior Loan Documents.

Notwithstanding anything to the contrary contained in the Indenture, the enforcement of the Indenture shall not result in any claim against a Project, Senior Loan proceeds, any reserve or deposit made with the Lender or with another person or entity required by RHS in connection with the Senior Loan transactions, or against rents or other income from the Projects other than available “surplus cash” as defined in the Senior Loan Documents available for distribution to the Borrowers under the Senior Loan Documents. Nothing described under this caption, however, shall prevent or preclude the Trustee, to the extent expressly permitted by the provisions of the Indenture, (i) from using funds on deposit in the Bond Fund to make payments to Holders and/or (ii) to use funds on deposit in the Project Fund to make payments to or on behalf of the Lender.

If the Indenture contains any provision requiring the Issuer, a Borrower, the Trustee or any other party to the transaction to take any action necessary to preserve the tax exemption of interest on the Bonds, or prohibiting any such party to the transaction from taking any action that might jeopardize such tax exemption, such provision is qualified to except any actions required (or prohibited) by RHS or GNMA pursuant to applicable RHS Requirements or GNMA Requirements with respect to the Section 538 Projects Pool and the Senior Loan Documents.

Notwithstanding any provision of the Indenture to the contrary, the parties to the Indenture acknowledge and agree that all of their respective rights and powers to any assets or properties of the Borrowers are subordinate and subject to the liens created by the mortgages securing the Senior Loans, together with any and all amounts from time to time secured thereby, and interest thereon, and to all of the terms and provisions of the mortgages securing the Senior Loans, and any and all other documents executed by the Borrowers as required by RHS or GNMA in connection therewith.

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE BOND LOAN AGREEMENT

The following summarizes certain provisions of the Bond Loan Agreement, to which reference is made for the detailed provisions thereof.

Disbursement of Proceeds of the Allocated Bonds from the Project Fund

Subject to the provisions below and so long as no Event of Default under the Bond Loan Agreement has occurred and is continuing for which the principal amount of the Bonds has been declared to be immediately due and payable pursuant to the provisions described under the caption “Remedies on Default” below and in “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Acceleration,” disbursements of proceeds of the Allocated Bonds from the Project Fund shall be made only to pay Project Costs.

Any disbursements from the Project Fund shall be made by the Trustee only as permitted pursuant to the provisions described in “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Disbursements from and Records of Project Fund” and upon the written requisition of the Authorized Borrowers’ Representative substantially in the form attached to the Bond Loan Agreement as an exhibit, which shall be consecutively numbered. Such requisition shall be approved by a Lender, if the corresponding funds for deposit to the Collateral Fund derive from a Lender.

Any moneys in the Project Fund remaining after the Trustee’s receipt of a Completion Certificate with respect to all Projects and payment, or provision for payment, in full of the Project Costs for all Projects shall, at the direction of the Authorized Borrowers’ Representative, be promptly paid into the Bond Fund for payment of Bond Service Charges.

Notwithstanding any provision of the Bond Loan Agreement or any provisions of the Indenture to the contrary, the Trustee shall not disburse funds from the Project Fund unless and until the Trustee confirms that funds in the Collateral Fund plus funds in the Project Fund is or will be at least equal to the then-outstanding amount of the Bonds.

Bond Loan Repayment; Delivery of Bond Note

Upon the terms and conditions of the Bond Loan Agreement, the Issuer will make the Bond Loan to the Borrowers. In consideration of and in repayment of the Bond Loan, the Borrowers shall deliver or cause to be delivered to the Trustee on or before each Bond Loan Payment Date, Bond Loan Payments, equal to the amount necessary to pay Bond Service Charges on the Allocated Bonds due on the next Bond Payment Date. Each Borrower is only responsible for its pro rata portion of the Bond Loan Payments and Bond Service Charges. All such Bond Loan Payments shall be paid to the Trustee in accordance with the terms of the Bond Note for the account of the Issuer and shall be held and disbursed in accordance with the provisions of the Indenture and the Bond Loan Agreement.

The Borrowers shall be entitled to a credit against the Bond Loan Payments required to be made under the Bond Loan Agreement, on any date, equal to the amounts, if any, allocated to the Borrowers from amounts transferred by the Trustee from the Initial Deposit Account, the Project Fund or the Collateral Fund on such date for the payment of Bond Service Charges.

To secure the Borrowers' performance of their obligations under the Bond Loan Agreement, the Borrowers shall execute and deliver, concurrently with the issuance and delivery of the Bonds, the Bond Note, the Tax Exemption Agreement, the Subordinate Mortgage and the Regulatory Agreement.

Upon payment in full, in accordance with the Indenture, of the Bond Service Charges on any or all Bonds, whether at maturity or otherwise, or upon provision for the payment thereof having been made in accordance with the provisions of the Indenture, (i) the Bond Note shall be deemed fully paid, the obligations of the Borrowers shall be terminated, and the Bond Note shall be surrendered by the Trustee to the Borrowers, and shall be canceled by the Borrowers, or (ii) an appropriate notation shall be endorsed thereon evidencing the date and amount of the principal payment (or prepayment) equal to the Bonds so paid, or with respect to which provision for payment has been made, and the Bond Note shall be surrendered by the Trustee to the Borrowers for cancellation if all Bonds shall have been paid (or provision made therefor) and canceled as aforesaid. Unless the Borrowers are entitled to a credit under express terms of the Bond Loan Agreement or the Bond Note, all payments on the Bond Note shall be in the full amount required thereunder.

The Borrowers and the Issuer each acknowledge that neither the Borrowers nor the Issuer has any interest in the Bond Fund or the Collateral Fund and any moneys deposited therein shall be in the custody of and held by the Trustee in trust for the benefit of the Holders.

Borrowers Not to Adversely Affect Excludability from Gross Income of Interest on Bonds

Each of the Borrowers represents that it has taken or caused to be taken, and covenants that it will take or cause to be taken, all actions that may be required of it, alone or in conjunction with the Issuer, for the interest on the Bonds to be and to remain excludable from gross income for federal income tax purposes, and represents that it has not taken or permitted to be taken on its behalf, and covenants that it will not take or permit to be taken on its behalf, any actions that would adversely affect such excludability under the provisions of the Code.

Each of the Borrowers (including any "related person" thereto within the meaning of Section 147(a)(2) of the Code) covenants that it will not, pursuant to any arrangement, formal or informal, purchase Bonds in an amount related to the amount of the Bond Loans funded pursuant to the Bond Loan Agreement.

Affirmative Covenants

Unless the Issuer and the Trustee shall otherwise consent in writing:

Maintenance of Properties. Each Borrower shall maintain and preserve in good working order and condition, ordinary wear and tear and casualty loss excepted, all of its properties which are necessary or useful in the proper conduct of its business, and shall from time to time make all necessary repairs, renewals, replacements, additions and improvements to said properties. All damage to apartment units shall be repaired promptly and apartment units shall be maintained so as to be available at all times for habitation.

Keeping of Records and Books of Account. Each Borrower shall keep adequate records and books of account in which complete entries will be made in accordance with GAAP or indicating deviations therefrom, reflecting all financial transactions. The Borrowers shall deliver to the Trustee annually by June 30 its year-end financial statements accompanied by a written statement of the Borrower's independent public accountants that in making the examination necessary for certification of such financial statements, nothing has come to its attention that would lead them to believe that the

Borrower has violated any of the terms, covenants or provisions of the Bond Loan Agreement insofar as it relates to accounting matters.

Payment of Taxes, Etc. Each Borrower shall promptly pay and discharge: or cause to be paid or discharged, all taxes, assessments, fees, and other Governmental charges or levies or imposed upon it or upon any of its properties, income or profits, before the same shall become delinquent; all lawful claims of materialmen, mechanics, carriers, warehousemen, landlords and other similar Persons for labor, materials, supplies and rentals, which if unpaid might by law become a Lien upon its properties; any Indebtedness incurred before or after the date of the Bond Loan Agreement by it when due, and discharge, perform and observe covenants, provisions and conditions to be discharged, performed and observed by it in connection therewith, or in connection with any agreement or other instrument relating thereto or in connection with any Lien existing at any time upon any of its properties; provided, however, that a Borrower shall not be required to pay any of the foregoing if (a) the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings, (b) the Borrower shall have set aside on its books adequate reserves with respect thereto and (c) the title of the Borrower to, and its right to use, its properties is not materially and adversely affected thereby.

Insurance. Each Borrower shall at all times maintain, or cause to be maintained, insurance of such types and in such amounts as required by the Lender.

Notice of Material Litigation. Each Borrower shall promptly notify the Trustee in writing of any litigation, arbitration proceeding or administrative investigation, inquiry or other proceeding to which it may become a party or be subject to after the date of the Bond Loan Agreement which may involve any material risk of any material judgment or liability (unless fully covered by insurance) or which may otherwise result in any material adverse change in the business or assets or in the condition, financial or otherwise, of the respective Borrower or which may materially impair the ability of the respective Borrower to perform the Bond Loan Agreement, the Tax Exemption Agreement, the Regulatory Agreement, or any other agreement or instrument contemplated therein.

Notice of Default. In the event that any Event of Default occurs under the Bond Loan Agreement, the respective Borrower shall give prompt notice in writing of such happening to the Trustee.

Performance of Contracts, Etc. Except to the extent contested in good faith, each Borrower shall perform according to and shall comply with all of its Contractual Obligations and all Requirements of Law if nonperformance thereof would materially and adversely affect the business or credit of the Borrowers on an individual basis or would materially impair the ability of the Borrower to perform the Bond Loan Agreement, the Tax Exemption Agreement, the Regulatory Agreement or the Bond Note or any other agreement or instrument contemplated therein.

Notice of Other Matters. Each Borrower shall promptly notify the Trustee in writing of any of the following events:

- (i) Any material change with respect to the business, assets, liabilities, financial condition, results of operations or business prospects of such Borrower other than changes in the ordinary course of business the effects of which have not been materially adverse.
- (ii) A default by such Borrower in any material respect under any material agreement to which the Borrower is a party or by which the Borrower or its properties or assets may be bound, giving in each case the details thereof and specifying the action proposed to be taken with respect thereto.

Environmental Matters. Each Borrower will take and continue to take prompt action to remedy (or comply with applicable o&m plan) all environmental pollution and contamination, hazardous waste disposal and other environmental cleanup problems with respect to its Project, if any, whether or not such cleanup problems have resulted from the order or request of a municipal, state, federal, administrative or judicial authority, or otherwise. The foregoing covenant shall not constitute or create a waiver of any rights the Borrower may have to pursue any legal rights or remedies against any third party for any environmental claims.

Non-discrimination. Each Borrower will not and will require each contractor, subcontractor and commercial tenant of its Project to covenant that it will not discriminate by reason of race, creed, color, handicap, national origin or sex in the employment of any Person employed by it in connection with its Project or working in or on its Project. Each Borrower will require each manager of its Project to covenant that in the leasing of its Project it will not discriminate by reason of race, creed, color, handicap, national origin or sex.

Patriot Act. Each Borrower covenants and agrees to provide documentation as reasonably requested or required by the Trustee to enable the Trustee to comply with the requirements of the USA Patriot Act as described in the Indenture.

Optional Prepayment

The Bond Loan is subject to optional prepayment by the Borrowers according to the terms and conditions set forth in the Indenture for the redemption of the Bonds.

Borrowers' Obligations Upon Tender of Bonds

If any Tendered Bond is not remarketed on any Mandatory Tender Date and a sufficient amount is not available for the purpose of paying the purchase price of such Bond pursuant to the Indenture, the Borrowers will cause to be paid to the Trustee as set forth in the Indenture an amount equal to the amount by which the purchase price of all Bonds tendered and not remarketed exceed the amount otherwise available pursuant to the Indenture. Notwithstanding the foregoing, each Borrower shall only be responsible to its pro rata of such obligation.

Events of Default

The Bond Loan Agreement provides that each of the following shall be an "Event of Default" with respect to a Borrower:

(a) A Borrower shall fail to pay its pro rata portion of any Bond Loan Payment on or prior to the date on which that Bond Loan Payment is due and payable or within the Bond Loan Payment Cure Period;

(b) The Borrower shall fail to observe and perform any other agreement, term or condition contained in the Bond Loan Agreement and shall continue such failure for a period of thirty (30) days after written notice thereof shall have been given to the Borrowers by the Issuer or the Trustee, or for such longer period as the Issuer and the Trustee may agree to in writing; provided, that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, that failure shall not constitute an Event of Default so long as the Borrower institutes curative action within the applicable period and diligently pursues that action to completion, which must be resolved within one hundred eighty (180) days after the aforementioned notice;

(c) The Borrower shall: (i) admit in writing its inability to pay its debts generally as they become due; (ii) have an order for relief entered in any case commenced by or against them under the federal bankruptcy laws, as in effect as of or after the date of the Bond Loan Agreement, which is not dismissed within one hundred eighty (180) days; (iii) commence a proceeding under any other federal or state bankruptcy, insolvency, reorganization or similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for one hundred eighty (180) days; (iv) make an assignment for the benefit of creditors; or (v) have a receiver or trustee appointed for it or for the whole or any substantial part of its property which appointment is not vacated within a period of one hundred eighty (180) days;

(d) Any representation or warranty made by a Borrower in the Bond Loan Agreement or any statement in any report, certificate, financial statement or other instrument furnished in connection with the Bond Loan Agreement or with the purchase of the Bonds with respect to the Borrower or its Project shall at any time prove to have been false or misleading in any adverse material respect when made or given; and

(e) There shall occur an “Event of Default” as defined in the Indenture, the Tax Exemption Agreement and the Regulatory Agreement with respect to the Borrower or its Project.

Notwithstanding the foregoing, if, by reason of Force Majeure, the Borrowers are unable to perform or observe any agreement, term or condition of the Bond Loan Agreement which would give rise to an Event of Default under subparagraph (b) above, the Borrowers shall not be deemed in default during the continuance of such inability. However, the Borrowers shall promptly give notice to the Trustee, the Lender and the Issuer of the existence of an event of Force Majeure and shall use commercially reasonable efforts to remove the effects thereof; provided that the settlement of strikes or other industrial disturbances shall be entirely within its discretion.

The term “Force Majeure” shall mean, without limitation, the following:

(i) acts of God; strikes, lockouts or other industrial disturbances; acts of terrorism or of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; civil disturbances; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornados; storms; droughts; floods; arrests; restraint of government and people; explosions; breakage, malfunction or accident to facilities, machinery, transmission pipes or canals; partial or entire failure of utilities; shortages of labor, materials, supplies or transportation; or

(ii) any cause, circumstance or event not reasonably within the control of the Borrower.

The declaration of an Event of Default under subparagraph (c) above, and the exercise of remedies upon any such declaration, shall be subject to any applicable limitations of federal bankruptcy law affecting or precluding that declaration or exercise during the pendency of or immediately following any bankruptcy, liquidation or reorganization proceedings.

Remedies on Default

Whenever an Event of Default shall have happened and be subsisting, any one or more of the following remedial steps may be taken:

(a) If acceleration of the principal amount of the Bonds has been declared pursuant to the provisions described in “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Acceleration,” the Trustee shall declare all Bond Loan Payments from the defaulted Borrower to be immediately due and payable together with any other amounts payable by the defaulted Borrower under the Bond Loan Agreement and the Bond Note whereupon the same shall become immediately due and payable;

(b) The Trustee may exercise any or all or any combination of the remedies specified in the Bond Loan Agreement against the defaulted Borrower and the Project and other collateral owned by the defaulted Borrower;

(c) The Issuer or the Trustee may have access to, inspect, examine and make copies of the books, records, accounts and financial data of the Borrowers pertaining to the Projects; or

(d) The Issuer or the Trustee may pursue all remedies existing at law or in equity against the defaulted Borrower and its assets as of or after the date of the Bond Loan Agreement to collect all amounts then due and thereafter to become due under the Bond Loan Agreement, the Tax Exemption Agreement, the Bond Note and the Regulatory Agreement with respect to the defaulted Borrower or the Bond Loan to such Borrower or to enforce the performance and observance of any other obligation or agreement of the defaulted Borrower under those instruments.

Notwithstanding the foregoing, the Issuer shall not be obligated to take any step which in its opinion will or might cause it to expend time or money or otherwise incur liability unless and until a satisfactory indemnity bond has been furnished to the Issuer at no cost or expense to the Issuer. Any amounts collected as Bond Loan Payments or applicable to Bond Loan Payments and any other amounts which would be applicable to payment of Bond Service Charges collected pursuant to action taken under this caption shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture or, if the Outstanding Bonds have been paid and discharged in accordance with the provisions of the Indenture, shall be paid as provided in the Indenture for transfers of remaining amounts in the Bond Fund.

The provisions described under this caption are subject to the further limitation that the rescission by the Trustee of its declaration that all of the Bonds are immediately due and payable also shall constitute an annulment of any corresponding declaration made pursuant to paragraph (a) under this caption and a waiver and rescission of the consequences of that declaration and of the Event of Default with respect to which that declaration has been made, provided that no such waiver or rescission shall extend to or affect any subsequent or other default or impair any right consequent thereon.

RHS and GNMA Requirements to Control

To the extent there is any conflict, inconsistency or ambiguity between or among the provisions of the Bond Loan Agreement and the RHS Requirements, the GNMA Requirements with respect to the Section 538 Projects Pool or the Senior Loan Documents, then in such event the RHS Requirements, the GNMA Requirements with respect to the Section 538 Projects Pool or the Senior Loan Documents will be deemed to be controlling and any such ambiguity or inconsistency will be resolved in favor of and pursuant to the RHS Requirements, the GNMA Requirements with respect to the Section 538 Projects Pool or the Senior Loan Documents.

Notwithstanding anything to the contrary contained in the Bond Loan Agreement, the enforcement of the Bond Loan Agreement shall not result in any claim against a Project, Senior Loan

proceeds, any reserve or deposit made with the Lender or with another person or entity required by RHS in connection with the Senior Loan transaction, or against rents or other income from the Projects other than available “surplus cash” as defined in the Senior Loan Documents available for distribution to the Borrowers under the Senior Loan Documents. Nothing contained under this caption, however, shall prevent or preclude the Trustee, to the extent expressly permitted by the provisions of the Bond Loan Agreement or the Indenture, (i) from using funds on deposit in the Bond Fund to make payments to Holders and/or (ii) to use funds on deposit in the Project Fund to make payments to or on behalf of the Lender.

If the Bond Loan Agreement contains any provision requiring the Lender, the Issuer, the Borrowers or the Trustee or any other party to the transaction to take any action necessary to preserve the tax exemption of interest on the Bonds, or prohibiting any such party to the transaction from taking any action that might jeopardize such tax exemption, such provision is qualified to except any actions required (or prohibited) by RHS or GNMA pursuant to applicable RHS Requirements or GNMA Requirements with respect to the Section 538 Projects Pool or the terms of any of the Senior Loan Documents.

Notwithstanding any provision of the Bond Loan Agreement to the contrary, the parties thereto acknowledge and agree that all of their respective rights and powers to any assets or properties of the Borrowers are subordinate and subject to the liens created by the mortgages securing the Senior Loans, together with any and all amounts from time to time secured thereby, and interest thereon, and to all of the terms and provisions of the mortgages securing the Senior Loans, and any and all other documents executed by the Borrowers as required by RHS or GNMA in connection therewith.

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT

The following is a summary of certain provisions of the Regulatory Agreement for the Bastrop Oak Grove Project. Except with respect to certain dollar amounts, percentages and parties, each Regulatory Agreement for each of the other Projects identified herein is substantially identical to the Regulatory Agreement for the Bastrop Oak Grove Project. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Regulatory Agreement for the Bastrop Oak Grove Project, copies of which, along with copies of each of the other Regulatory Agreements, are on file with the Trustee.

Certain capitalized terms used in this Appendix E are defined below. In addition, capitalized terms used herein but not defined shall have the meanings given to them in Appendix A and in the Regulatory Agreement and the Indenture.

“Annual Income” means the anticipated annual income of a person (together with the anticipated annual income of all persons that intend to reside with such person in one Unit) calculated pursuant to Section 8 of the Housing Act, as required by Section 142(d) of the Code.

“Available Unit” means a Unit (except for any Unit reserved for any resident manager, security personnel or maintenance personnel that is reasonably required for the Project) that has been leased at least once after becoming available for occupancy; provided that (a) a residential unit that is unoccupied on the later of (i) the date the Project is acquired by the Borrower or (ii) the Closing Date is not an “Available Unit” and does not become an “Available Unit” until it has been leased for the first time after such date, and (b) a residential unit that is not available for occupancy due to renovations is not an “Available Unit” and does not become an “Available Unit” until it has been leased for the first time after the renovations are completed.

“Eligible Tenants” means (a) individuals and families of low, very low and extremely low income, (b) families of moderate income (in each case in the foregoing clauses (a) and (b) as such terms are defined by the Issuer under the Act), and (c) Persons with Special Needs, in each case, with an Annual Income not in excess of 140% of the area median income; provided that all Low-Income Tenants are Eligible Tenants.

“Housing Act” means the United States Housing Act of 1937, as amended, or a successor thereto.

“Loan” means the loan of a portion of the proceeds of the Bonds made by the Issuer to the Borrower as evidenced by the Bond Note.

“Loan Documents” means the Security Instrument, the Bond Note, the Loan Agreement, the Regulatory Agreement, the Tax Exemption Agreement and any and all other instruments and other documents evidencing, securing, or otherwise relating to the Loan.

“Low-Income Tenant” means a tenant whose Annual Income is 60% or less of the Multifamily Tax Subsidy Program Income Limit, as determined under Sections 142(d)(2)(B) and (E) of the Code and in accordance with the Regulatory Agreement. If all the occupants of a Unit are students (as defined for the purposes of Section 152(f)(2) of the Code) no one of whom is entitled to file a joint return under Section 6013 of the Code, such occupants will not qualify as Low-Income Tenants unless such students meet the qualifications under Section 42(i)(3)(D) of the Code.

“Low-Income Unit” means a Unit that is included as a Unit satisfying the requirements of the Set Aside.

“Multifamily Tax Subsidy Program Income Limit” (or successor term) means the income limits provided by HUD pursuant to Section 142(d) of the Code.

“Organizational Documents” means the Company Agreement of the Borrower dated as of the date shown in the Regulatory Agreement, as the same may be amended, modified, supplemented or restated from time to time.

“Persons with Special Needs” means persons who (a) are considered to be individuals having a disability under State or federal law, (b) are elderly, meaning 62 years of age or more or of an age specified by the applicable federal program, (c) are designated by the governing board of the Issuer as experiencing a unique need for decent, safe housing that is not being met adequately by private enterprise, or (d) are legally responsible for caring for an individual described by clauses (a), (b) or (c) above and meet the income guidelines established by the governing board of the Issuer.

“Project” means the Project Facilities and the Project Site.

“Project Facilities” means the multifamily housing structure and related buildings and other improvements on the Project Site as more fully set forth in an exhibit to the Regulatory Agreement, and all fixtures and other property owned by the Borrower and located on, or used in connection with, such buildings, structures and other improvements constituting the Project.

“Project Site” means the parcel or parcels of real property described in an exhibit to the Regulatory Agreement, and all rights and appurtenances appertaining thereunto.

“Qualified Project Period” means, with respect to the Project, the period beginning on the first day on which 10 percent of the Units are occupied (which date may be the Closing Date) and ending on the latest of (a) the date that is 15 years after the date on which 50 percent of the Units are occupied (which date may be the Closing Date), (b) the first day on which no tax-exempt private activity bond (as that phrase is used in Section 142(d)(2) of the Code) issued with respect to the Project is outstanding for federal income tax purposes, or (c) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates.

“Related Person” has the meaning set forth in section 144(a)(3) of the Code. A person is a “Related Person” to another person if the relationship between such persons would result in a disallowance of losses under sections 267 or 707(b) of the Code or such persons are members of the same controlled group of corporations (as defined in section 1563(a) of the Code, except that “more than 50 percent” is substituted for “at least 80 percent” each place it appears therein).

“Security Instrument” means the Subordinate Multifamily Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing from the Borrower, as the grantor, in favor of Issuer, as the beneficiary, as the same may be supplemented, amended or modified.

“State Reserve Period” means, with respect to the Project, the period beginning on the Closing Date and ending on the earliest of the following dates: (a) the date of any involuntary change in ownership of the Project; (b) the date on which the Borrower suffers a total casualty loss with respect to the Project or the date on which the Project becomes functionally obsolete, if the Project cannot be or is not restored; (c) the date on which the Project is demolished; (d) the date on which the Project ceases to be used as multifamily rental property; or (e) the end of the State Restrictive Period.

“State Restrictive Period” means, with respect to the Project, the period beginning on the first day on which the Borrower takes legal possession of the Project and ending on the latest of (a) the date that is 35 years (as a result of the Borrower’s election to extend the affordability period) after the first day of the State Restrictive Period, (b) the first date on which no tax-exempt private activity bond issued with respect to the Project is outstanding for federal income tax purposes, and (c) the date on which any assistance provided with respect to the Project from the federal government terminates.

“Tenant Income Certification” means a certification form available on the Issuer’s website at the time of submission used to certify income and other matters executed by the household members of each Unit in the Project.

“Unit” means a residential accommodation containing separate and complete facilities for living, sleeping, eating, cooking and sanitation located within the Project; provided that, a unit will not fail to be treated as a Unit merely because it is a single-room occupancy unit (within the meaning of Section 42 of the Code).

Tax-Exempt Status of the Bonds

The Borrower will not take any action or omit to take any action which, if taken or omitted, respectively, would adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes (subject to any exceptions contained in the opinion delivered upon the original issuance of the Bonds). With the intent not to limit the generality of the foregoing, the Borrower covenants and agrees that prior to the final maturity of the Bonds, unless it has received and filed with the Issuer and Trustee a Favorable Opinion of Bond Counsel:

(a) That the Project will be owned, managed and operated as a “qualified residential rental project” within the meaning of Section 142(d) of the Code, on a continuous basis during the Qualified Project Period. In particular, the Borrower covenants and agrees, continuously during the Qualified Project Period, as follows:

(i) that the Project will be comprised of residential Units and facilities functionally related and subordinate thereto;

(ii) that each Unit will contain complete facilities for living, sleeping, eating, cooking and sanitation, e.g., a living area, a sleeping area, bathing and sanitation facilities, and cooking facilities equipped with a cooking range, refrigerator and sink, all of which are separate and distinct from other Units; provided that, a Unit will not fail to meet these requirements merely because it is a single-room occupancy unit (within the meaning of Section 42 of the Code);

(iii) that the land and the facilities that are part of the Project will be functionally related and subordinate to the Units comprising the Project and will be of a character and size that is commensurate with the character and size of the Project;

(iv) that at no time during the Qualified Project Period will any of the Units be utilized (A) on a transient basis by being leased or rented for a period of less than thirty days or (B) as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium, nursing home, rest home, or trailer park or court used on a transient basis;

(v) that the Project will consist of one or more proximate buildings or structures, together with any functionally related and subordinate facilities containing one or more similarly constructed Units, all of which (A) will be located on a single tract of land or two or more parcels of land that are contiguous except for the interposition of a road, street, stream or similar property or their boundaries meet at one or more points, (B) will be owned by the same person for federal income tax purposes, and (C) will be financed pursuant to a common plan;

(vi) that substantially all of the Project will consist of similarly constructed Units together with functionally related and subordinate facilities for use by Project tenants at no additional charge, such as swimming pools, other recreational facilities, parking areas, and other facilities that are reasonably required for the Project, such as heating and cooling equipment, trash disposal equipment, and Units for resident managers, security personnel or maintenance personnel;

(vii) that at no time during the Qualified Project Period will any Unit in any building or structure in the Project that contains fewer than five Units be occupied by the Borrower;

(viii) that each Unit will be rented or available for rental on a continuous basis to Eligible Tenants (subject to the limitations and exceptions contained in the Regulatory Agreement, the Tax Exemption Agreement and the Loan Agreement) at all times during the longer of (A) the term of the Bonds or (B) the Qualified Project Period, that the Borrower will not give preference in renting Units to any particular class or group of persons, other than Persons with Special Needs, Low Income Tenants and other Eligible Tenants as provided in the Regulatory Agreement, and that at no time will any portion of the Project be exclusively reserved for use by a limited number of nonexempt persons in their trades or businesses;

(ix) that the Project will meet the Set Aside. For the purposes of this subparagraph (a)(ix), a vacant Unit that was most recently occupied by a Low Income Tenant is treated as rented and occupied by a Low Income Tenant until reoccupied, at which time the character of such Unit must be redetermined. No tenant qualifying as a Low Income Tenant will be denied continued occupancy of a Unit because, after the most recent Tenant Income Certification, such tenant's Annual Income increases to exceed the qualifying limit for Low Income Tenants; provided, however, that, should a Low Income Tenant's Annual Income, as of the most recent determination thereof, exceed 140% of the then applicable income limit for a Low Income Tenant of the same family size and such Low Income Tenant constitutes a portion of the Set Aside, then such tenant will only continue to qualify for so long as no Unit of comparable or smaller size in the same building (within the meaning of Section 42 of the Code) is rented to a tenant that does not qualify as a Low Income Tenant;

(x) that the Borrower will obtain, complete and maintain on file (A) Tenant Income Certifications and supporting documentation from each Low Income Tenant dated immediately prior to the initial occupancy of such Low Income Tenant in the Project and (B) thereafter, annual certification regarding, at a minimum, information regarding household composition and student status in the form available on the Issuer's website; provided that, if any Units in the Project are ever made available to tenants who are not Low-Income Tenants, then the Borrower will obtain, complete and maintain annual Tenant Income Certifications in accordance with Section 142(d)(3)(A) of the

Code. The Borrower will obtain such additional information as may be required in the future by Section 142(d) of the Code, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service as of or after the date of the Regulatory Agreement with respect to obligations that are tax-exempt private activity bonds described in Section 142(d) of the Code. The Borrower will make a diligent and good-faith effort to determine that the income information provided by an applicant in any certification is accurate by taking steps required under Section 142(d) of the Code pursuant to provisions of the Housing Act. As part of the verification, the Borrower will document income and assets in accordance with HUD Handbook 4350.3 and the Issuer's Compliance Monitoring Rules;

(xi) that, on or before each March 31, the Borrower will submit to the Secretary of the Treasury, with a copy provided to the Issuer, the completed Internal Revenue Service Form 8703 or such other annual certification required by the Code to be submitted to the Secretary of the Treasury as to whether the Project continues to meet the requirements of Section 142(d) of the Code; and

(xii) that the Borrower will prepare and submit the Unit Status Report in the form available on the Issuer's website at the time of such submission to the Issuer (via the electronic filing system available on the Issuer's website) and to the Trustee in accordance with paragraph (e) under the caption "Housing Development During the State Restrictive Period" below. The Borrower will retain all documentation required by this subparagraph (a)(xii) until the date that is three years after the end of the Qualified Project Period.

(b) That the Borrower will maintain complete and accurate records pertaining to the Low Income Units and will permit, at all reasonable times during normal business hours and upon reasonable notice, and subject to the rights of tenants in lawful possession, any duly authorized representative of the Issuer, the Trustee, the Department of the Treasury or the Internal Revenue Service to enter upon the Project Site to examine and inspect the Project and to inspect and photocopy the books and records of the Borrower pertaining to the Project, including those records pertaining to the occupancy of the Low Income Units. The Borrower will retain all records maintained in accordance with the provisions described under this caption until the date that is three years after the end of the Qualified Project Period.

(c) That the Borrower has certified that as of the Closing Date 50% of the Units are occupied.

(d) That the Borrower will prepare and submit to the Issuer and the Trustee, within 60 days prior to the last day of the Qualified Project Period, a certificate setting forth the date on which the Qualified Project Period will end, which certificate must be in recordable form, however, failure to deliver such certificate shall not extend the Qualified Project Period.

Anything in the Regulatory Agreement to the contrary notwithstanding, it is expressly understood and agreed by the parties thereto that the Issuer and the Trustee may rely conclusively on the truth and accuracy of any certificate, opinion, notice, representation or instrument made or provided by the Borrower in order to establish the existence of any fact or statement of affairs solely within the knowledge of the Borrower, and which is required to be noticed, represented or certified by the Borrower

under the Regulatory Agreement or in connection with any filings, representations or certifications required to be made by the Borrower in connection with the issuance and delivery of the Bonds.

Housing Development During the State Restrictive Period

The Issuer and the Borrower have recognized and declared their understanding and intent that the Project is to be owned, managed and operated as a “housing development,” as such term is defined in Section 2306.004(13) of the Act, and in compliance with applicable restrictions and limitations as provided in the Act and the rules of the Issuer until the expiration of the State Restrictive Period.

To the same end, the Borrower has represented, covenanted and agreed as follows during the State Restrictive Period:

(a) except for Units occupied or reserved for a resident manager, security personnel and maintenance personnel that are reasonably required for the Project, to assure that 100% of the Units are reserved for Eligible Tenants;

(b) to assure that the provisions of subparagraphs (a)(viii) and (a)(ix) under the caption “Tax Exempt Status of the Bonds” above continue in full force and effect until the end of the State Restrictive Period;

(c) to obtain a Tenant Income Certification from each tenant in the Project (other than resident managers, security personnel and maintenance personnel) not later than the date of such tenant’s initial occupancy of a Unit in the Project, and, if required as described in subparagraph 2(a)(x) under the caption “Tax Exempt Status of the Bonds” above, at least annually thereafter in the manner as described in such subparagraph, and to maintain a file of all such Tenant Income Certifications, together with all supporting documentation, for a period of not less than three years after the end of the State Restrictive Period;

(d) to obtain from each tenant in the Project (other than resident managers, security personnel and maintenance personnel), at the time of execution of the lease pertaining to the Unit occupied by such tenant, a written certification, acknowledgment and acceptance in such form provided by the Issuer to the Borrower from time to time that (i) such lease is subordinate to the Security Instrument and the Regulatory Agreement, (ii) all statements made in the Tenant Income Certification submitted by such tenant are accurate, (iii) the family income and eligibility requirements of the Regulatory Agreement and the Loan Agreement are substantial and material obligations of tenancy in the Project, (iv) such tenant will comply promptly with all requests for information with respect to such requirements from the Borrower, the Trustee and the Issuer, and (v) failure to provide accurate information in the Tenant Income Certification or refusal to comply with a request for information with respect thereto will constitute a violation of a substantial obligation of the tenancy of such tenant in the Project;

(e) to cause to be prepared and submitted to the Issuer (via the electronic filing system available on the Issuer’s website) and the Trustee by the tenth calendar day of each January, April, July and October or other schedule as determined by the Issuer with written notice to the Borrower, a certified quarterly Unit Status Report in a form available on the Issuer’s website at the time of submission or in such other form as the Issuer may reasonably prescribe in writing to the Borrower with the first quarterly report due on the first quarterly reporting date after leasing activity commences;

(f) to the extent legally permissible and upon reasonable notice to permit any duly authorized representative of the Issuer or the Trustee to inspect the books and records of the Borrower pertaining to the Project or the incomes of Project tenants, including but not limited to tenant files, during regular business hours and to make copies therefrom if so desired and file such reports as are necessary to meet the Issuer's requirements;

(g) that the Borrower is qualified to be a "housing sponsor" as defined in the Act and will comply with all applicable requirements of the Act, including submitting (via the electronic filing system available on the Issuer's website) the Annual Owner's Compliance Report to the Issuer and the Trustee in the form available on the Issuer's website at the time of submission by April 30 of each year, commencing April 30, 2020;

(h) to provide social services which must meet the minimum point requirement and be chosen from the list of Tenant Supportive Services attached to the Regulatory Agreement as an exhibit and agreed to in writing by the Issuer. The Borrower must maintain documentation satisfactory to the Issuer of social services provided and such documentation will be reviewed during onsite visits beginning with the second onsite review and must be submitted to the Issuer upon request. The Borrower must provide the social services throughout the State Restrictive Period;

(i) to comply with Title 10, Part 1, Chapter 10, Subchapter F of the Texas Administrative Code, regarding tenant and manager selection, as such requirements may be amended from time to time;

(j) to maintain the property in compliance with HUD's Uniform Physical Condition Standards and to provide regular maintenance to keep the Project sanitary, safe and decent and to comply with the requirements of Section 2306.186 of the Texas Government Code; provided, however, that the Issuer must first provide notice of any default or breach to the Borrower and the Lender, and the Borrower will have 30 days to cure such default or breach;

(k) to renew any available rental subsidies which are sufficient to maintain the economic viability of the Project pursuant to Section 2306.185(c) of the Texas Government Code;

(l) the Borrower is not a party to and will not enter into a contract for the Project with, a housing developer that (i) is on the Issuer's debarred list, including any parts of that list that are derived from the debarred list of HUD; (ii) breached a contract with a public agency; or (iii) misrepresented to a subcontractor the extent to which the Borrower has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the Borrower's participation in contracts with the agency and the amount of financial assistance awarded to the Borrower by the agency;

(m) to cooperate fully with the Issuer with respect to its compliance and oversight requirements and to cause the manager of the Project to so comply;

(n) to ensure that Units intended to satisfy the Set Aside under subparagraph (a)(ix) under the caption "Tax Exempt Status of the Bonds" above will be distributed evenly throughout the Project and will include a reasonably proportionate amount of each type of Unit available in the Project; and

(o) to ensure that the Project conforms to the federal Fair Housing Act.

Persons with Special Needs

The Borrower has represented, covenanted and warranted that during the State Restrictive Period, it will make at least 5% of the Units within the Project available for occupancy by Persons with Special Needs.

Term

The Regulatory Agreement and all and each of the provisions thereof will become effective upon its execution and delivery, will remain in full force and effect for the periods provided therein and, except as otherwise described under this caption, will terminate in its entirety at the end of the State Restrictive Period, it being expressly agreed and understood that the provisions of the Regulatory Agreement are intended to survive the retirement of the Bonds, discharge of the Loan, termination of the Loan Agreement and defeasance or termination of the Indenture; provided, however, that the provisions related to the Qualified Project Period that are not incorporated into the State Restrictive Period will terminate in their entirety at the end of the Qualified Project Period.

The terms of the Regulatory Agreement to the contrary notwithstanding, the requirements set forth therein will terminate, without the requirement of any consent by the Issuer or the Trustee, and be of no further force and effect in the event of involuntary noncompliance with the provisions of the Regulatory Agreement caused by fire, seizure, requisition, change in a federal or State law or an action of a federal agency after the Closing Date which prevents the Issuer or the Trustee from enforcing the provisions of the Regulatory Agreement, or foreclosure or transfer of title by deed in lieu of foreclosure or other similar involuntary transfer, condemnation or a similar event, but only if, within a reasonable period thereafter, either the Bonds are retired in full or amounts received as a consequence of such event are used to provide a “qualified residential rental project” that meets the requirements of the Code and State law including, but not limited to, the provisions set forth in the Regulatory Agreement. The provisions of the preceding sentence will cease to apply and the requirements referred to therein will be reinstated if, at any time during the Qualified Project Period, after the termination of such requirements as a result of involuntary noncompliance due to foreclosure, transfer of title by deed in lieu of foreclosure or similar event, the Borrower or any Related Person obtains an ownership interest in the Project for federal income tax purposes or for the purposes of State law.

Notwithstanding any other provision of the Regulatory Agreement, the Regulatory Agreement may be terminated upon agreement by the Issuer, the Trustee and the Borrower upon receipt of a Favorable Opinion of Bond Counsel.

Upon the termination of the terms of the Regulatory Agreement, the parties thereto have agreed to execute, deliver and record appropriate instruments of release and discharge of the terms thereof; provided, however, that the execution and delivery of such instruments are not necessary or a prerequisite to the termination of the Regulatory Agreement in accordance with its terms. All costs, including fees and expenses, of the Issuer and the Trustee incurred in connection with the termination of the Regulatory Agreement will be paid by the Borrower and its successors in interest.

Covenants to Run With the Land

The Borrower has subjected the Project (including the Project Site) to the covenants, reservations and restrictions set forth in the Regulatory Agreement. The Issuer, the Trustee and the Borrower have declared that the covenants, reservations and restrictions set forth in the Regulatory Agreement are covenants running with the land and will pass to and be binding upon the Borrower’s successors in title to the Project; provided, however, that upon the termination of the Regulatory Agreement said covenants,

reservations and restrictions will expire. Each and every contract, deed or other instrument executed after the date of the Regulatory Agreement covering or conveying the Project or any portion thereof prior to the termination of the Regulatory Agreement will conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

No breach of any of the provisions of the Regulatory Agreement will impair, defeat or render invalid the lien of any mortgage, deed of trust or like encumbrance made in good faith and for value encumbering the Project or any portion thereof.

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

\$20,000,000

**Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds
(Related RD Portfolio),
Series 2018**

This CONTINUING DISCLOSURE AGREEMENT (the “Continuing Disclosure Agreement”) is made and entered into as of December 1, 2018, between Wilmington Trust, National Association, as Disclosure Agent (the “Disclosure Agent”) and (1) THF Bastrop Oak Grove, LLC, (2) THF Bay City Village, LLC, (3) THF Burk Village, LLC, (4) THF Elgin Meadowpark, LLC, (5) THF Evant Tom Sawyer, LLC, (6) THF Hondo Brian Place, LLC, (7) THF Hondo Gardens, LLC, (8) THF Lampasas Gardens, LLC, and (9) THF Lantana Apartments, LLC, each a Texas limited liability company (collectively, the “Obligated Party”).

RECITALS

WHEREAS, this Continuing Disclosure Agreement is being executed and delivered in connection with the issuance by the Texas Department of Housing and Community Affairs (the “Issuer”) of its \$20,000,000 aggregate principal amount of its Multifamily Housing Revenue Bonds (Related RD Portfolio), Series 2018 (the “Bonds”).

WHEREAS, the Obligated Party and Disclosure Agent are entering into this Continuing Disclosure Agreement for the benefit of the Beneficial Owners of the Bonds and in order to assist the underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “Rule”) as defined below.

NOW, THEREFORE, in consideration of the mutual promises and agreements made herein and in the Rule, the receipt and sufficiency of which consideration is hereby mutually acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions; Scope of this Continuing Disclosure Agreement

(A) All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Rule, as amended and supplemented from time to time. Notwithstanding the foregoing, the term “Disclosure Agent” shall initially mean Wilmington Trust, National Association; any such successor disclosure agent shall automatically succeed to the rights and duties of the Disclosure Agent hereunder, without any amendment hereto pursuant to Section 4(E). The following capitalized terms shall have the following meanings:

“Annual Financial Information” shall mean a copy of the annual financial information prepared by the Obligated Party which shall include, a balance sheet, a statement of revenue and expenditure and a statement of changes in fund balances. All such financial information shall be prepared using generally accepted accounting principles as applied to governmental units, provided, however, that the Obligated Party may change the accounting principles used for preparation of such financial information so long as the Obligated Party includes as information provided to the public, a statement to the effect that different accounting principles are being used, stating the reason for such change and how to compare the financial information provided by the differing financial accounting principles. Any or all of the items listed above

may be incorporated by reference from other documents, including Offering Documents of debt issues of the Obligated Party or related public entities, which have been transmitted to the MSRB, or may be included by specific reference to documents available to the public on the MSRB's website or filed with the SEC.

“Beneficial Owner” shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Bondholders” shall mean any holder of the Bonds and any Beneficial Owner thereof.

“EMMA” means the MSRB's Electronic Municipal Market Access (“EMMA”) system, or its successor as designated by the MSRB.

“Event” shall mean any of the Events listed in items (i) through (xiv) below relating to the Bonds, the occurrence in which the Obligated Party obtains knowledge, which Events shall be reported to the Disclosure Agent for further reporting to EMMA. To the extent any Event requires a materiality determination, such determination shall be made by the Obligated Party.

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity facility providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an Event);
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar Event of the obligated person (Note: For the purposes of this Event, the Event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person 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 obligated person, 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 obligated person);

(xiii) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material and;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The SEC requires the listing of (i) through (xiv) although some of such Events may not be applicable to the Bonds.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Offering Document” shall mean the Official Statement, dated December 11, 2018.

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

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission.

“State” shall mean the State of Texas.

(B) This Continuing Disclosure Agreement applies to the Bonds.

(C) The Disclosure Agent shall have no obligation to disclose information about the Bonds except as expressly provided herein. The fact that the Disclosure Agent or any affiliate thereof may have any fiduciary or banking relationship with the Obligated Party, apart from the relationship created by the Rule shall not be construed to mean that the Disclosure Agent has actual knowledge of any event or condition except as may be provided by written notice from the Obligated Party.

SECTION 2. Disclosure of Information

(A) General Provisions: This Continuing Disclosure Agreement governs the Obligated Party’s direction to the Disclosure Agent, with respect to information to be made public. In its actions under this Continuing Disclosure Agreement, the Disclosure Agent is acting as the Obligated Party’s agent.

(B) Information Provided to the Public: Except to the extent this Continuing Disclosure Agreement is modified or otherwise altered in accordance with Section 3 hereof, the Obligated Party shall make or cause to be made public the information set forth in subsection B (1), (2) and (3) of this Section 2.

(1) Annual Financial Information: Annual Financial Information provided annually accompanied with a written certification substantially in the form of Exhibit C hereto from the

Obligated Party furnished to the Disclosure Agent that such Annual Financial Information complies with the requirements of this Continuing Disclosure Agreement. Commencing with the fiscal year ended 2018 and continuing with each fiscal year end thereafter, the Annual Financial Information is to be provided on or before June 30 in each year.

(2) Notwithstanding anything to the contrary contained in this Continuing Disclosure Agreement, in order to expedite the transmission of the Annual Financial Information to the MSRB, as set forth in subsection (B)(1) of this Section 2, the Obligated Party shall have the option, but shall not be obligated, to submit the Annual Financial Information to the MSRB no later than June 30 in each year. In the event the Obligated Party elects to submit the Annual Financial Information directly to the MSRB, the Obligated Party shall submit the Annual Financial Information to the Disclosure Agent accompanied with a written certification substantially in the form of Exhibit D. The written certification shall state that such Annual Financial Information has been disclosed as required per this Continuing Disclosure Agreement, upon which the Disclosure Agent may conclusively rely. Such written certification shall be provided at the same time that the Obligated Party submits the Annual Financial Information to the MSRB. In the event that the Obligated Party elects not to submit the Annual Financial Information directly to the MSRB, the Obligated Party shall provide the Annual Financial Information to the Disclosure Agent within the time period specified in subsection (B)(1) of this Section 2.

If the Obligated Party is unable to provide the audited Annual Financial Information within the time period specified in subsection (B)(1) of this Section 2 and the Obligated Party provides to the Disclosure Agent the unaudited Annual Financial Information, the Disclosure Agent shall file the unaudited Annual Financial Information in lieu of the audited Annual Financial Information. Upon receipt of the audited Annual Financial Information, the Disclosure Agent shall file the same as soon thereafter as practicable.

(3) Event Notices: Notice of the occurrence of an Event, in a timely manner, not in excess of ten (10) business days after the occurrence of the Event.

(4) Failure to Provide Annual Financial Information: Notice of the failure of the Obligated Party to provide the Annual Financial Information by the date in subsection (B)(1) and (B)(2) of this Section 2. To the extent the Obligated Party does not provide to the Disclosure Agent a Notice of Failure to File the Annual Financial Information, the terms of this Section 2(C)(4) shall hereof apply.

(C) Information Provided by Disclosure Agent to the Public:

(1) The Obligated Party hereby directs the Disclosure Agent on its behalf to make public in accordance with subsection (D) of this Section 2 and within the time frame set forth in clause (3) below, and the Disclosure Agent agrees to act as the Obligated Party's agent in so making public, the following:

(a) Annual Financial Information;

(b) Event occurrences;

(c) Notices of failure to provide information which the Obligated Party has agreed to make public pursuant to subsection (C)(1) of this Section 2 and;

(d) such other information as the Obligated Party shall determine to make public through the Disclosure Agent and shall provide to the Disclosure Agent in the form required by subsection (C)(2) of this Section 2. If the Obligated Party chooses to include any information in any Annual Financial Information report or in any notice of occurrence of an Event, in addition to that which is specifically required by this Continuing Disclosure Agreement, the Obligated Party shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Financial Information report or notice of occurrence of an Event.

(2) The information which the Obligated Party has agreed to make public shall be in the following form:

(a) as to all notices, reports and financial information to be provided to the Disclosure Agent by the Obligated Party, as referenced in Exhibit A, in a word searchable portable document format (PDF) as required by the Rule.

(b) as to all other notices or reports, in such form as the Disclosure Agent shall deem suitable for the purpose of which such notice or report is given.

(3) The Disclosure Agent shall make public the Annual Financial Information and Event occurrences within the following time periods:

(a) with respect to Annual Financial Information, five (5) business days upon receipt by the Disclosure Agent of the Annual Financial Information disclosure from the Obligated Party,

(b) with respect to Event occurrences, two (2) business days upon receipt by the Disclosure Agent of the Event disclosure from the Obligated Party.

If, on any such date, information required to be provided by the Obligated Party to the Disclosure Agent has not been provided as required per this Continuing Disclosure Agreement, the Disclosure Agent shall make such information public as soon thereafter as it is provided to the Disclosure Agent.

(4) If the Disclosure Agent does not receive 1) the audited or unaudited Annual Financial Information or a written certification, substantially in the form of Exhibit D, from the Obligated Party that it has provided the audited or unaudited Annual Financial Information to the MSRB by the date required in subsection (B)(1) or (B)(2) of this Section 2, 2) or a Notice of Failure to File the Annual Financial Information, then the Disclosure Agent shall send a notice in a timely manner to the MSRB in substantially the form herein attached as Exhibit B.

(D) Means of Making Information Public:

(1) Information shall be deemed to be made public by the Obligated Party or the Disclosure Agent under this Continuing Disclosure Agreement if it is transmitted as provided in subsection (D)(2) of this Section 2 by the following means:

(a) to the Bondholders of outstanding Bonds, by the method prescribed by the Rule;

(b) to the MSRB in a word searchable portable document format (PDF) as required by the Rule, or other applicable document or agreement, accompanied by identifying information as prescribed by the MSRB (a description of such format and information is included in Exhibit A hereto) and/or;

(c) to the SEC by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Obligated Party or the Disclosure Agent is authorized to transmit information to the SEC by whatever means are mutually acceptable to the Disclosure Agent or the Obligated Party, as applicable, and the SEC.

(2) Information shall be transmitted to the following:

(a) information to be provided to the public in accordance with subsection (B) of this Section 2 shall be transmitted to the MSRB;

(b) all information described in clause (a) shall be made available to any Bondholder upon request, but need not be transmitted to the Bondholders who do not so request;

(c) to the extent the Obligated Party is obligated to file any Annual Financial Information with the MSRB pursuant to this Continuing Disclosure Agreement, such Annual Financial Information may be set forth in the document or set of documents transmitted to the MSRB, or may be included by specific reference to documents available to the public on the MSRB's website or filed with the SEC.

(3) Nothing in this Continuing Disclosure Agreement shall be construed to require the Disclosure Agent to interpret or provide an opinion concerning any information made public. If the Disclosure Agent receives a request for an interpretation or opinion, the Disclosure Agent may refer such request to the Obligated Party for response.

(E) Disclosure Agent Compensation: The Obligated Party shall pay or reimburse the Disclosure Agent for its fees and expenses for the Disclosure Agent's services rendered in accordance with this Continuing Disclosure Agreement.

(F) Indemnification of Disclosure Agent: In addition to any and all rights of the Disclosure Agent for reimbursement, indemnification and other rights pursuant to the Rule or under law or equity, the Obligated Party shall indemnify and hold harmless the Disclosure Agent and its respective officers, directors, employees and agents from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including attorney fees) which such indemnified party may incur by reason of or in connection with the Disclosure Agent's performance under this Continuing Disclosure Agreement; provided that the Obligated Party shall not be required to indemnify the Disclosure Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of the Disclosure Agent in such disclosure of information hereunder. The obligations of the Obligated Party under this Section shall survive resignation or removal of the Disclosure Agent and payment of the Bonds.

The Disclosure Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Obligated Party, the Bondholder or any other party.

SECTION 3. Amendment or Waiver

Notwithstanding any other provision of this Continuing Disclosure Agreement, the Obligated Party and the Disclosure Agent may amend this Continuing Disclosure Agreement and the Disclosure Agent shall agree to any reasonable amendment requested by the Obligated Party and any provision of this Continuing Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of a nationally recognized bond counsel or counsel expert in federal securities laws acceptable to both the Obligated Party and the Disclosure Agent to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule as well as any change in circumstance.

Subject to the provisions of this Section 3, the parties hereto may enter into any amendment, change or modification of this Continuing Disclosure Agreement in connection with curing any ambiguity or formal defect or omission, in order to comply with the requirements of federal or state securities laws. In making a determination above, the Disclosure Agent may rely on the advice of counsel.

SECTION 4. Miscellaneous

(A) Representations: Each of the parties hereto represents and warrants to each other party that it has (i) duly authorized the execution and delivery of this Continuing Disclosure Agreement by the officer of such party whose signature appears on the execution pages hereto, (ii) that it has all requisite power and authority to execute, deliver, and perform this Continuing Disclosure Agreement under its organizational documents and any corporate resolutions now in effect, (iii) that the execution and delivery of this Continuing Disclosure Agreement and performance of the terms hereof, does not and will not violate any law, regulation, ruling, decision, order, indenture, decree, agreement or instrument by which such party is bound, and (iv) such party is not aware of any litigation or proceeding pending, or, to the best of such party's knowledge, threatened, contesting or questioning its existence, or its power and authority to enter into this Continuing Disclosure Agreement, or its due authorization, execution and delivery of this Continuing Disclosure Agreement, or otherwise contesting or questioning the issuance of the Bonds.

(B) Governing Law: This Continuing Disclosure Agreement shall be governed by and interpreted in accordance with the laws of the State; provided that, to the extent that the SEC, the MSRB or any other federal or state agency or regulatory body with jurisdiction over the Bonds shall have promulgated any rule or regulation governing the subject matter hereof, this Continuing Disclosure Agreement shall be interpreted and construed in a manner consistent therewith.

(C) Severability: If any provision hereof shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall survive and continue in full force and effect.

(D) Counterparts: This Continuing Disclosure Agreement may be executed in one or more counterparts, each and all of which shall constitute one and the same instrument.

(E) Termination: This Continuing Disclosure Agreement may be terminated by any party to this Continuing Disclosure Agreement upon thirty days' written notice of termination delivered to the other party or parties to this Continuing Disclosure Agreement; provided the termination of this Continuing Disclosure Agreement is not effective until (i) the Obligated Party, or its successor, enters into a new continuing disclosure agreement with a disclosure agent who agrees to continue to provide, to the MSRB and the Bondholders of the Bonds, all information required to be communicated pursuant to the rules promulgated by the SEC or the MSRB, (ii) a nationally recognized bond counsel or counsel expert

in federal securities laws provides an opinion that the new continuing disclosure agreement is in compliance with all applicable state and federal securities laws, and (iii) notice of the termination of this Continuing Disclosure Agreement is provided to the MSRB.

The Dissemination Agent shall be fully discharged at the time any such termination is effective. Notwithstanding the foregoing, this Continuing Disclosure Agreement shall terminate (i) automatically upon payment or provisions for payment of the Bonds or (ii) when all of the Bonds are or are deemed to be no longer outstanding by reason of redemption or legal defeasance or at final maturity.

(F) Default: In the event of failure of the Obligated Party to comply with any provision of this Continuing Disclosure Agreement, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Obligated Party to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement shall not be deemed an Event of Default under the indenture or the bonds and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the Obligated Party to comply with this Continuing Disclosure Agreement shall be an action to compel performance.

(G) Beneficiaries: This Continuing Disclosure Agreement is entered into by the parties hereof and shall inure solely to the benefit of the Obligated Party, the Disclosure Agent, the Participating Underwriter and Bondholder and shall create no rights in any other person or entity.

SECTION 5. Notices

Any notices or communications to or among any of the parties to this Continuing Disclosure Agreement may be given as follows:

To the Obligated Party:	Texas Housing Foundation 1110 Broadway Marble Falls, TX 78654-5504 Attention: Mark Mayfield Telephone: (830) 693-4521 Facsimile: (830) 693-5128
With a copy to:	Related Affordable 60 Columbus Circle, 18th Floor New York, NY 10023 Attn: Matthew Finkle
With a copy to:	Levitt & Boccio, LLP 423 West 55th Street, 8th Floor New York, NY 10019 Attention: David S. Boccio, Esq.
With a copy to:	The Law Office of Dominic Audino One Arboretum Plaza 9442 N. Capital of Texas Highway, Suite 500 Austin, TX 78759 Attention: Dominic Audino Telephone: (512) 251 5004 Facsimile: (512) 252-2820

To the Disclosure Agent: Wilmington Trust, National Association
15950 North Dallas Parkway, Suite 550
Dallas, TX 75248
Attention: Chuck Hicks, Vice President-CCTS
Telephone: (972) 383-3152
Facsimile: (972) 385-0844

To the Issuer: Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, Texas 78711
Attention: Manager of Multifamily Bonds
Telephone: (512) 475-3344
Facsimile: (512) 475-1895

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

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IN WITNESS WHEREOF, the Disclosure Agent and the Obligated Party have each caused their duly authorized officers to execute this Continuing Disclosure Agreement, as of the day and year first above written.

THF BASTROP OAK GROVE, LLC,
a Texas limited liability company

By: THF RD Master, LLC,
a Texas limited liability company,
its Sole Member

By: THF RD Manager, LLC,
a Texas limited liability company,
its Managing Member

By: THF Housing Development Corporation,
a Texas non-profit corporation,
its Sole Member

By: _____
Mark Mayfield
President

THF BAY CITY VILLAGE, LLC,
a Texas limited liability company

By: THF RD Master, LLC,
a Texas limited liability company,
its Sole Member

By: THF RD Manager, LLC,
a Texas limited liability company,
its Managing Member

By: THF Housing Development Corporation,
a Texas non-profit corporation,
its Sole Member

By: _____
Mark Mayfield
President

(Signatures Continue on Next Page)

(Signature Page to Continuing Disclosure Agreement)

THF BURK VILLAGE, LLC,
a Texas limited liability company

By: THF RD Master, LLC,
a Texas limited liability company,
its Sole Member

By: THF RD Manager, LLC,
a Texas limited liability company,
its Managing Member

By: THF Housing Development Corporation,
a Texas non-profit corporation,
its Sole Member

By: _____
Mark Mayfield
President

THF ELGIN MEADOWPARK, LLC,
a Texas limited liability company

By: THF RD Master, LLC,
a Texas limited liability company,
its Sole Member

By: THF RD Manager, LLC,
a Texas limited liability company,
its Managing Member

By: THF Housing Development Corporation,
a Texas non-profit corporation,
its Sole Member

By: _____
Mark Mayfield
President

(Signatures Continue on Next Page)

(Signature Page to Continuing Disclosure Agreement)

THF EVANT TOM SAWYER, LLC,
a Texas limited liability company

By: THF RD Master, LLC,
a Texas limited liability company,
its Sole Member

By: THF RD Manager, LLC,
a Texas limited liability company,
its Managing Member

By: THF Housing Development Corporation,
a Texas non-profit corporation,
its Sole Member

By: _____
Mark Mayfield
President

THF HONDO BRIAN PLACE, LLC,
a Texas limited liability company

By: THF RD Master, LLC,
a Texas limited liability company,
its Sole Member

By: THF RD Manager, LLC,
a Texas limited liability company,
its Managing Member

By: THF Housing Development Corporation,
a Texas non-profit corporation,
its Sole Member

By: _____
Mark Mayfield
President

(Signatures Continue on Next Page)

(Signature Page to Continuing Disclosure Agreement)

THF HONDO GARDENS, LLC,
a Texas limited liability company

By: THF RD Master, LLC,
a Texas limited liability company,
its Sole Member

By: THF RD Manager, LLC,
a Texas limited liability company,
its Managing Member

By: THF Housing Development Corporation,
a Texas non-profit corporation,
its Sole Member

By: _____
Mark Mayfield
President

THF LAMPASAS GARDENS, LLC,
a Texas limited liability company

By: THF RD Master, LLC,
a Texas limited liability company,
its Sole Member

By: THF RD Manager, LLC,
a Texas limited liability company,
its Managing Member

By: THF Housing Development Corporation,
a Texas non-profit corporation,
its Sole Member

By: _____
Mark Mayfield
President

(Signatures Continue on Next Page)

(Signature Page to Continuing Disclosure Agreement)

THF LANTANA APARTMENTS, LLC,
a Texas limited liability company

By: THF RD Master, LLC,
a Texas limited liability company,
its Sole Member

By: THF RD Manager, LLC,
a Texas limited liability company,
its Managing Member

By: THF Housing Development Corporation,
a Texas non-profit corporation,
its Sole Member

By: _____
Mark Mayfield
President

(Counterpart Signature Page to Continuing Disclosure Agreement)

WILMINGTON TRUST, N.A.,
as Disclosure Agent

By: _____
Name: _____
Title: _____

EXHIBIT A

MSRB Procedures for Submission of Continuing Disclosure Documents and Related Information

Securities and Exchange Commission Release No. 34-59061 (the “Release”) approves an MSRB rule change establishing a continuing disclosure service of the MSRB’s Electronic Municipal Market Access system (“EMMA”). The rule change establishes, as a component of EMMA, the continuing disclosure service for the receipt of, and for making available to the public, continuing disclosure documents and related information to be submitted by issuers, obligated persons and their agents pursuant to continuing disclosure undertakings entered into consistent with Rule 15c2-12 (“Rule 15c2-12”) under the Securities Exchange Act of 1934. The following discussion summarizes procedures for filing continuing disclosure documents and related information with the MSRB as described in the Release.

All continuing disclosure documents and related information is to be submitted to the MSRB, free of charge, through an Internet-based electronic submitter interface or electronic computer-to-computer data connection, at the election of the submitter. The submitter is to provide, at the time of submission, information necessary to accurately identify: (i) the category of information being provided; (ii) the period covered by any annual financial information, financial statements or other financial information; (iii) the issues or specific securities to which such document is related or otherwise material (including CUSIP number, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate); (iv) the name of any obligated person other than the issuer; (v) the name and date of the document; and (vi) contact information for the submitter.

Submissions to the MSRB are to be made in a portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. If the submitted file is a reproduction of the original document, the submitted file must maintain the graphical and textual integrity of the original document. In addition, such PDF files must be word-searchable (that is, allowing the user to search for specific terms used within the document through a search or find function), provided that diagrams, images and other non-textual elements will not be required to be word-searchable.

All submissions to the MSRB’s continuing disclosure service are to be made through password protected accounts on EMMA by (i) issuers, which may submit any documents with respect to their municipal securities; (ii) obligated persons, which may submit any documents with respect to any municipal securities for which they are obligated; and (iii) agents, designated by issuers and obligated persons to submit documents and information on their behalf. Such designated agents are required to register to obtain password-protected accounts on EMMA in order to make submissions on behalf of the designating issuers or obligating persons. Any party identified in a continuing disclosure undertaking as a dissemination agent or other party responsible for disseminating continuing disclosure documents on behalf of an issuer or obligated person will be permitted to act as a designated agent for such issuer or obligated person, without a designation being made by the issuer or obligated person as described above, if such party certifies through the EMMA on-line account management utility that it is authorized to disseminate continuing disclosure documents on behalf of the issuer or obligated person under the continuing disclosure undertaking. The issuer or obligated person, through the EMMA on-line account management utility, is able to revoke the authority of such party to act as a designated agent.

The MSRB’s Internet-based electronic submitter interface (EMMA Dataport) is at www.emma.msrb.org.

EXHIBIT B

NOTICE OF FAILURE TO FILE ANNUAL FINANCIAL INFORMATION

Name: (1) THF Bastrop Oak Grove, LLC, (2) THF Bay City Village, LLC, (3) THF Burk Village, LLC, (4) THF Elgin Meadowpark, LLC, (5) THF Evant Tom Sawyer, LLC, (6) THF Hondo Brian Place, LLC, (7) THF Hondo Gardens, LLC, (8) THF Lampasas Gardens, LLC, and (9) THF Lantana Apartments, LLC, each a Texas limited liability company

Bond Issue: \$20,000,000 Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Related RD Portfolio), Series 2018

CUSIP: 88275A DR8

Date of Issuance: December 20, 2018

NOTICE IS HEREBY GIVEN that (1) THF Bastrop Oak Grove, LLC, (2) THF Bay City Village, LLC, (3) THF Burk Village, LLC, (4) THF Elgin Meadowpark, LLC, (5) THF Evant Tom Sawyer, LLC, (6) THF Hondo Brian Place, LLC, (7) THF Hondo Gardens, LLC, (8) THF Lampasas Gardens, LLC, and (9) THF Lantana Apartments, LLC, each a Texas limited liability company (collectively, the “Obligated Party”) has not provided its Annual Financial Information with respect to the above named Bond issue as required by Section 2 of the Continuing Disclosure Agreement, dated as of December 1, 2018, between the (Obligated Party) and the Disclosure Agent. [TO BE INCLUDED IF THE DISCLOSURE AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE – The (Obligated Party) anticipates that the specified Annual Financial Information will be filed by _____.]

Dated _____, 20__

WILMINGTON TRUST, N.A.,
as Disclosure Agent

By: _____
Name:
Title:

cc: Obligated Party

EXHIBIT C

FORM OF COMPLIANCE CERTIFICATE

\$20,000,000

**Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds
(Related RD Portfolio),
Series 2018**

[DATE]

Wilmington Trust, National Association, as Disclosure Agent
15950 North Dallas Parkway, Suite 550
Dallas, TX 75248
Attention: Chuck Hicks, Vice President-CCTS

Re: Compliance Certificate for Annual Financial Information

Dear _____:

Pursuant to the Continuing Disclosure Agreement dated as of December 1, 2018 between (1) THF Bastrop Oak Grove, LLC, (2) THF Bay City Village, LLC, (3) THF Burk Village, LLC, (4) THF Elgin Meadowpark, LLC, (5) THF Evant Tom Sawyer, LLC, (6) THF Hondo Brian Place, LLC, (7) THF Hondo Gardens, LLC, (8) THF Lampasas Gardens, LLC, and (9) THF Lantana Apartments, LLC, each a Texas limited liability company (collectively, the “Obligated Party”) and Wilmington Trust, National Association, (the “Disclosure Agent”), the undersigned as a representative of the (Obligated Party), does hereby certify that the enclosed Annual Financial Information for the fiscal year-end _____, of the Obligated Party, complies with the requirements of the Continuing Disclosure Agreement.

Obligated Party

By: _____
Name:
Title:

Enclosure

EXHIBIT D

FORM OF COMPLIANCE CERTIFICATE

\$20,000,000

**Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds
(Related RD Portfolio),
Series 2018**

[DATE]

Wilmington Trust, National Association, as Disclosure Agent
15950 North Dallas Parkway, Suite 550
Dallas, TX 75248
Attention: Chuck Hicks, Vice President-CCTS

Re: Compliance Certificate for Annual Financial Information

Dear _____:

Pursuant to the Continuing Disclosure Agreement dated as of December 1, 2018 between (1) THF Bastrop Oak Grove, LLC, (2) THF Bay City Village, LLC, (3) THF Burk Village, LLC, (4) THF Elgin Meadowpark, LLC, (5) THF Evant Tom Sawyer, LLC, (6) THF Hondo Brian Place, LLC, (7) THF Hondo Gardens, LLC, (8) THF Lampasas Gardens, LLC, and (9) THF Lantana Apartments, LLC, each a Texas limited liability company (collectively, the “Obligated Party”) and Wilmington Trust, National Association, (the “Disclosure Agent”), the undersigned as a representative of the (Obligated Party), does hereby certify that the enclosed Annual Financial Information of the (Obligated Party), complies with the requirements of the Continuing Disclosure Agreement and was submitted directly to the MSRB on _____.

Obligated Party

By: _____
Name:
Title:

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