

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 (as defined below) or a "related person" of such a "substantial user" 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 MATTERS" herein for a discussion of Bond Counsel's opinions.

\$12,500,000

**Texas Department of Housing and Community Affairs
Multifamily Tax-Exempt Bonds
(M-TEMS)
(Park Yellowstone)
Series 2019 (FN)**

Dated: January 1, 2019

Initial Interest Rate: 3.50%

Initial Offering Price: 100%

Maturity Date: August 1, 2036

CUSIP: 88275L AA4

The Texas Department of Housing and Community Affairs Multifamily Tax-Exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN) (the "**Bonds**") will be issued under and pursuant to an Indenture of Trust, dated as of January 1, 2019 (the "**Indenture**"), between the Texas Department of Housing and Community Affairs (the "**Issuer**") and U.S. Bank National Association, as trustee (the "**Trustee**").

The Bonds are issuable only as fully registered bonds without coupons and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("**DTC**"), New York, New York. DTC will act as securities depository of the Bonds. Individual purchases will be made in book-entry form only, in the denominations of \$1,000 and integral multiples of \$1.00 in excess thereof. Purchasers will not receive bonds representing their interest in Bonds purchased.

The Bonds are issued to provide funding to Yellowstone Boulevard LLC, a Texas limited liability company (the "**Borrower**") to enable the Borrower to pay a portion of the cost of acquiring, rehabilitating and equipping a 210-unit multifamily residential rental facility located in Houston, Texas (the "**Project**"). Pursuant to the Indenture and the Financing Agreement, dated as of January 1, 2019 (the "**Financing Agreement**"), by and among the Issuer, the Trustee, and the Borrower, the Borrower will cause, over time, Eligible Funds to be delivered to the Trustee for deposit into the Collateral Fund established under the Indenture, in order to make the Bond proceeds available to the Borrower to pay costs of the Project. It is anticipated that, prior to the delivery of the MBS (as defined below), the principal of and interest on the Bonds will be paid from amounts on deposit in the Revenue Fund, the Bond Proceeds Fund and the Collateral Fund along with the investment earnings thereon. See "SECURITY FOR AND SOURCES OF PAYMENT OF BONDS" herein.

The Borrower has received the Lender Commitment (as defined herein) from KeyBank National Association (the "**Lender**"), which has agreed to originate one or more mortgage loans as further described below and herein upon and subject to satisfaction of certain conditions set forth in the Lender Commitment. On the Closing Date (as defined herein), the Lender will originate a mortgage loan in the principal amount of \$10,453,000 (the "**Immediate Mortgage Loan**"), shortly after which by the Federal National Mortgage Association ("**Fannie Mae**") anticipates that it will deliver, or cause to be delivered, to the Trustee, on or before the Immediate MBS Delivery Date Deadline (as defined herein) a mortgage pass-through certificate (the "**Immediate MBS**") guaranteed as to timely payment of principal and interest by Fannie Mae, and the Trustee will use Eligible Funds on deposit under the Indenture to purchase the Immediate MBS, if and when issued, and such Immediate MBS will then secure, in part, the payment of the principal of and interest on the Bonds.

In addition, if the Project achieves certain milestones, and subject to the satisfaction of certain conditions set forth in the Lender Commitment, the Lender will originate an additional mortgage loan in an amount not to exceed \$2,047,000 (the "**Forward Mortgage Loan**" and collectively with the Immediate Mortgage Loan, the "**Mortgage Loan**"). In the event the Forward Mortgage Loan is originated, Fannie Mae anticipates that it will deliver, or cause to be delivered, to the Trustee on or before the Forward MBS Delivery Date Deadline (as defined herein) a second mortgage pass-through certificate (the "**Forward MBS**" and collectively with the Immediate MBS, the "**MBS**") guaranteed as to timely payment of principal and interest by Fannie Mae, and the Trustee will use Eligible Funds on deposit under the Indenture to purchase the Forward MBS, if and when issued, and such Forward MBS will serve as additional security for payment of the principal of and interest on the Bonds.

If either MBS is not delivered on or before the respective MBS Delivery Date Deadline (as defined herein) or is delivered in a principal amount less than the maximum amount of such MBS, then the Trustee will use Eligible Funds on deposit under the Indenture to redeem all or a portion of the Bonds as set forth herein. The Bonds are also subject to mandatory redemption in whole or in part as further described herein. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Redemption" herein.

Additional terms of the Bonds, the Mortgage Loan and the MBS are set forth in the Indenture and described in the Term Sheet attached hereto as Appendix H.

Simultaneously with the issuance of the Bonds, the Issuer is issuing its Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Park Yellowstone), Series 2019 in the principal amount of \$2,880,000 (the "**Short-Term Bonds**"), the proceeds of which will be used to make a loan to the Borrower to finance a portion of the acquisition, rehabilitation and equipping of the Project. The Short-Term Bonds are not being offered pursuant to this Official Statement. **Closing on the Bonds is contingent on the closing of the Short-Term Bonds.**

Prior to the MBS Delivery Date, principal, if due, and interest on the Bonds will be payable monthly on the 26th day of the month, or the next succeeding Business Day if such 26th day is not a Business Day, commencing February 26, 2019, until and including the 26th day of the month in which the MBS Delivery Date (as defined herein) occurs. Commencing on the first month after the month in which the MBS Delivery Date occurs, principal, if due, and interest will be payable on the first Business Day following receipt of a payment representing principal, if due, and interest under the MBS. Principal and interest on the Bonds are payable by the Trustee to DTC, which will be responsible for remitting such principal and interest to its Participants, which will be responsible for remitting such principal and interest to the Beneficial Owners of the Bonds, as described under "APPENDIX G – BOOK-ENTRY SYSTEM" herein.

THE BONDS, TOGETHER WITH INTEREST THEREON, AND REDEMPTION PREMIUM, IF ANY, ARE NOT GENERAL OBLIGATIONS OF THE ISSUER, BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER SECURED BY THE TRUST ESTATE, ARE AND WILL ALWAYS BE PAYABLE SOLELY FROM THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE (EXCEPT TO THE EXTENT PAID OUT OF MONEYS ATTRIBUTABLE TO PROCEEDS OF THE BONDS OR THE INCOME FROM THE TEMPORARY INVESTMENT THEREOF), AND ARE AND WILL ALWAYS BE A VALID CLAIM OF THE OWNER THEREOF ONLY AGAINST THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE, WHICH REVENUES AND INCOME MAY BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL INSTALLMENTS OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, EXCEPT AS MAY BE EXPRESSLY AUTHORIZED OTHERWISE IN THE INDENTURE AND IN THE FINANCING AGREEMENT. THE BONDS AND THE OBLIGATION TO PAY INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, DO NOT NOW AND WILL NEVER CONSTITUTE A DEBT OR AN OBLIGATION OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF WILL BE LIABLE THEREFOR. THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH, CREDIT, OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT OR ANY OTHER FEDERAL GOVERNMENTAL AGENCY AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES.

The Bonds are offered for delivery when, as and if issued and received by Stifel, Nicolaus & Company, Incorporated (the "**Underwriter**") and subject to the delivery of the approving legal opinion of Bracewell LLP, Austin, Texas, counsel to the Issuer, and to certain other conditions. Certain legal matters will be passed upon for the Underwriter by its counsel, Tiber Hudson LLC, Washington, D.C.; for the Issuer by its disclosure counsel, McCall, Parkhurst & Horton L.L.P. and Mahomes Bolden PC, Dallas, Texas; and for the Borrower by its counsel, Locke Lorde 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 in book-entry form through the facilities of DTC in New York, New York on or about January 31, 2019.

Dated: January 25, 2019

STIFEL

No dealer, broker, salesman or other person has been authorized by the Issuer or the Underwriter 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 by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

The information set forth herein has been obtained from the Issuer, the Borrower and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Borrower or the Issuer or any other parties described herein since the date as of which such information is presented.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Bonds offered hereby at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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 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.

Fannie Mae has not reviewed or undertaken to determine the accuracy of any of the information contained in this Official Statement, other than providing a link to the Fannie Mae DUS Disclose Information Center in Appendix A and the Additional Disclosure Addendum in Schedule I of Appendix A, and makes no representation or warranty, express or implied, as to any of the other matters contained in this Official Statement, including, but not limited to (i) the accuracy or completeness of such information, (ii) the suitability of the Bonds for any investor, (iii) the feasibility or performance of any project, (iv) the structure, provisions or terms of the Bonds and any cash flows related thereto, or (v) compliance with any securities, tax or other laws or regulations including but not limited to the validity of the Bonds and the tax-exempt status of the Bonds. Fannie Mae's role with respect to the Bonds is limited to issuing and discharging its obligations under the MBS if and when delivered.

No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission (the "Commission") or with any state securities agency. The Bonds have not been approved or disapproved by the Commission or any state securities agency, nor has the Commission or any state securities agency passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP numbers have been assigned by an independent company not affiliated with the Issuer and are included solely for the convenience of the holders of the Bonds. The Issuer is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions.

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OFFICIAL STATEMENT

relating to

\$12,500,000

**Texas Department of Housing and Community Affairs
Multifamily Tax-Exempt Bonds
(M-TEMS) (Park Yellowstone)
Series 2019 (FN)**

INTRODUCTION

This Official Statement (which includes the cover page and appendices hereto) provides certain information in connection with the issuance and sale of the \$12,500,000 Multifamily Tax-Exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN) (the “**Bonds**”) issued by the Texas Department of Housing and Community Affairs (the “**Issuer**”). The Bonds will be issued pursuant to the provisions of Chapter 2306, Texas Government Code, as amended (the “**Act**”), Chapter 1371, Texas Government Code, as amended, and that certain resolution of the Issuer adopted on December 6, 2018 (the “**Resolution**”) and secured by an Indenture of Trust, dated as of January 1, 2019 (the “**Indenture**”), between the Issuer and U.S. Bank National Association, as trustee (the “**Trustee**”). Pursuant to the Indenture and the Financing Agreement, dated as of January 1, 2019 (the “**Financing Agreement**”), among the Issuer, the Trustee, and Yellowstone Boulevard LLC, a Texas limited liability company (the “**Borrower**”), the Issuer is issuing the Bonds to provide financing for a 210-unit multifamily residential rental facility known as Park Yellowstone (the “**Project**”) in the City of Houston, Texas (the “**State**”), as further described in the Term Sheet attached as APPENDIX H to this Official Statement (the “**Term Sheet**”), by using the proceeds thereof to provide financing for the Project and to facilitate the delivery of the MBS (as defined below) guaranteed by Fannie Mae.

The Issuer, the Borrower and Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”) have entered into a Bond Purchase Agreement (the “**Bond Purchase Agreement**”), pursuant to which the Issuer will agree to sell the Bonds to the Underwriter. The transaction entered into under the Bond Purchase Agreement will provide for the issuance and sale to the Underwriter of the Bonds in a specified principal amount, with a specified interest rate, on a specified date and at a specified price. The delivery of the Bonds is subject to the satisfaction of a number of conditions set forth in the Bond Purchase Agreement.

On the Closing Date, the Bonds will be cash-collateralized with the proceeds of the Bonds equal to the principal amount thereof delivered to the Trustee and deposited into the Bond Proceeds Fund established under the Indenture. Pursuant to the Indenture and Financing Agreement, the Borrower, from time to time, will cause Eligible Funds to be delivered to the Trustee for deposit into the Collateral Fund established under the Indenture, which will allow the Trustee to disburse a like amount of Bond proceeds from the Bond Proceeds Fund to the Borrower for Project Costs, pursuant to the terms of the Indenture. Prior to the MBS Delivery Date, the principal of, premium, if any, and interest on the Bonds will be paid from amounts on deposit in the Revenue Fund, the Collateral Fund and the Bond Proceeds Fund, along with the investment earnings thereon. See “SECURITY FOR AND SOURCES OF PAYMENT OF BONDS” herein.

The Borrower has received the Lender Commitment (as defined herein) from KeyBank National Association (the “**Lender**”), which has agreed to originate one or more mortgage loans as further described below and herein upon and subject to satisfaction of certain conditions set forth in the Lender Commitment. On the Closing Date, the Lender will originate a mortgage loan (the “**Immediate Mortgage Loan**”) to the Borrower, secured by a mortgage constituting a first lien on the Project. See “THE MORTGAGE LOAN” herein.

In the event the Immediate Mortgage Loan is originated, the Trustee will use Eligible Funds on deposit under the Indenture, including in the Bond Proceeds Fund and the Collateral Fund, to purchase a single mortgage pass-through certificate (the “**Immediate MBS**”) guaranteed as to principal and interest by Fannie Mae, if and when issued, and such Immediate MBS, along with amounts on deposit in the Revenue Fund, the Collateral Fund and the Bond Proceeds Fund, along with investment earnings thereon, will then secure the payment of the principal of and interest on the Bonds. See “APPENDIX A – FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM” herein.

If the Project achieves certain milestones, and subject to the satisfaction of certain conditions set forth in the Lender Commitment, the Lender will originate an additional mortgage loan (the “**Forward Mortgage Loan**,” and together with the Immediate Mortgage Loan, the “**Mortgage Loan**”). In the event the Forward Mortgage Loan is originated, the Immediate Mortgage Loan and the Forward Mortgage Loan will be secured by a pari passu first lien on the Project. Further, in the event the Forward Mortgage Loan is originated, the Trustee will use Eligible Funds on deposit under the Indenture, including in the Bond Proceeds Fund and the Collateral Fund, to purchase a second single mortgage pass-through certificate (the “**Forward MBS**,” and together with the Immediate MBS, the “**MBS**”) guaranteed as to principal and interest by Fannie Mae, if and when issued, and such Forward MBS will serve as additional security for the payment of the principal of and interest on the Bonds.

The closing of the Mortgage Loan and delivery of the MBS are subject to the satisfaction of certain requirements and preconditions and does not extend to the benefit of any other third party, including the beneficial owners of the Bonds, the Issuer or the Trustee. No representations or assurances can be provided as to whether or not such conditions can or will be satisfied.

If either MBS is not delivered on or before the respective MBS Delivery Date Deadline (as defined herein) or is delivered in a principal amount less than the maximum amount of such MBS, then the Trustee will use Eligible Funds on deposit under the Indenture to redeem the Bonds as set forth in the Indenture. The Bonds are also subject to mandatory redemption in whole or in part as further described herein. See “DESCRIPTION OF THE BONDS — Mandatory Redemption of Bonds.”

All capitalized terms used in this Official Statement that are defined in the Indenture shall have the respective meanings set forth in the Indenture. See “APPENDIX B — DEFINITIONS OF CERTAIN TERMS.”

Following each MBS Delivery Date (as defined herein), the principal amount of the Bonds Outstanding will equal the then-current principal amount of the MBS, which will equal the product of the original aggregate principal amount of the Mortgage Loan and the then-applicable factor posted by Fannie Mae as the Mortgage Loan amortizes or is otherwise prepaid (the “**MBS Factor**”). Related Factors with respect to MBSs are currently published by Fannie Mae <https://mbsdisclosure.fanniemae.com/PoolTalk2/index.html>.

The interest rate on the Bonds is set forth in the Term Sheet (the “**Pass-Through Rate**”). Prior to the MBS Delivery Date, interest on the Bonds will be payable monthly on the 26th day of the month, or the next succeeding Business Day if such 26th day is not a Business Day, commencing February 26, 2019, until and including the 26th day of the month in which the MBS Delivery Date occurs. Commencing in the first month after the month in which the MBS Delivery Date occurs, interest on the Bonds is payable on the Business Day following receipt of an interest payment under the MBS and principal on the Bonds is payable on the Business Day following receipt of a principal payment or repayment under the MBS. On and after the Immediate MBS Delivery Date, payments on the MBS will be remitted to the Trustee. The payment of interest on each Payment Date shall relate to the interest accrued during the preceding calendar month.

The Bonds are limited obligations of the Issuer, payable solely from and secured by the pledge pursuant to the Indenture as set forth under “SECURITY FOR AND SOURCES OF PAYMENT OF BONDS” herein.

THE BONDS, TOGETHER WITH INTEREST THEREON, AND REDEMPTION PREMIUM, IF ANY, ARE NOT GENERAL OBLIGATIONS OF THE ISSUER, BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER SECURED BY THE TRUST ESTATE, ARE AND WILL ALWAYS BE PAYABLE SOLELY FROM THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE (EXCEPT TO THE EXTENT PAID OUT OF MONEYS ATTRIBUTABLE TO PROCEEDS OF THE BONDS OR THE INCOME FROM THE TEMPORARY INVESTMENT THEREOF), AND ARE AND WILL ALWAYS BE A VALID CLAIM OF THE OWNER THEREOF ONLY AGAINST THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE, WHICH REVENUES AND INCOME MAY BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL INSTALLMENTS OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, EXCEPT AS MAY BE EXPRESSLY AUTHORIZED OTHERWISE IN THE INDENTURE AND IN THE FINANCING AGREEMENT. THE BONDS AND THE OBLIGATION TO PAY INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, DO NOT NOW AND WILL NEVER CONSTITUTE A DEBT OR AN OBLIGATION OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF WILL BE LIABLE THEREFOR. THE BONDS

ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH, CREDIT, OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT OR ANY OTHER FEDERAL GOVERNMENTAL AGENCY AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES.

The Bonds are not general obligations, debt or bonded indebtedness of the Issuer or of the State or any political subdivision thereof (other than of the Issuer, but only to the limited extent set forth in the Indenture) and the Holders of the Bonds do not have the right to have excises or taxes levied by the Issuer or by the State or any political subdivision thereof for the payment of the principal of and any premium and interest on the Bonds. Neither the Issuer nor the State nor any political subdivision of the State will be obligated to pay the principal of and the interest on the Bonds or other costs incident thereto except from the Trust Estate pledged under the Indenture.

Descriptions, certain definitions and final terms of the Bonds, the Borrower, the Project, the Mortgage Loan and the MBS, are included in the Term Sheet. The information included in Term Sheet assumes that the Mortgage Loan is originated in an amount equal to the maximum amount available under the Lender Commitment and that all the conditions set forth in the Lender Commitment have been satisfied and have not been waived or modified. All summaries or descriptions herein of documents and agreements are qualified in their entirety by reference to such documents and agreements and all summaries herein of the Bonds are qualified in their entirety by reference to the Indenture and the provisions with respect thereto included in the aforesaid documents and agreements. Copies of the Indenture and the Financing Agreement are available for inspection at the office of the Trustee. The Borrower will provide certain information on an ongoing basis to the Municipal Securities Rulemaking Board (the “MSRB”). For a description of the Borrower’s undertaking with respect to ongoing disclosure, see “CONTINUING DISCLOSURE” herein.

THE ISSUER

The following information has been provided by the Issuer for use herein. While the information is believed to be reliable, none of the Trustee, the Borrower, the Underwriter, the Lender, Fannie Mae nor any of their respective counsel, members, officers or employees makes any representations as to the accuracy or sufficiency of such information.

The Issuer, a public and official governmental agency of the State and a body corporate and politic, was created pursuant to the Act, effective September 1, 1991. 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 assistance to individuals and families of low and very low income and families of moderate income and persons with special needs to obtain decent, safe and sanitary housing. 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 periodic review process that resulted in passage of legislation in the 2013 Texas legislative session which continues the Issuer in existence until September 1, 2025, at which time it will again 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 will 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 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 on January 31, 2021.

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

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

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

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

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

All of the 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 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 280 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:

DAVID CERVANTES, Acting Director / Director of Administration. Mr. Cervantes was recently appointed by the Governing Board to serve as Acting Director at the Board meeting of November 8, 2018. During his 30-year-plus tenure with Texas state government, Mr. Cervantes has been responsible for the overall administrative and fiscal management, accounting and financial reporting for the Issuer. In his role as Director of Administration, Mr. Cervantes oversees an agency budget of \$28 million annually and manages the divisions of Financial Administration, Information Systems (including Information Technology security), and Human Resources. The Issuer's Financial Administration Division includes Accounting Operations, Financial Services, Budget, Payroll, Travel, Purchasing and Staff Services. The Division is also responsible for the coordination of information and planning related to the state budget/appropriations process. The annual financial audit, conducted by an independent auditor, is facilitated through the Financial Administration Division; in conjunction with Bond Finance, this Division monitors the financial status of the bonds and performs all responsibilities of the Department in accordance with the bond covenants stated in the bonds' legal documents. Mr. Cervantes received his Bachelor of Business Administration in Accounting and his Master of Business Administration from Southwest Texas State University. He is a member of the Government Finance Officers' Association and a graduate of the 2002 inaugural class of the Texas Fiscal Officers' Academy.

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 Department'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, TX 78701-2410, and the telephone number for the Issuer is 512/475-3800 or toll-free 800/525-0657.

Other Indebtedness of the Issuer

Single Family Mortgage Revenue Bonds. Since 1979, the year of creation of the Agency, through September 30, 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-nine 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 September 30, 2018, the aggregate outstanding principal amount of bonded indebtedness of the Issuer for single-family purposes was \$605,350,402.

Multifamily Housing Revenue Bonds. The Issuer and the Agency, through September 30, 2018, have issued two hundred thirty series of multifamily housing revenue bonds which have been issued pursuant to separate trust indentures and are secured by individual trust estates which are separate and distinct from each other. As of September 30, 2018, the aggregate outstanding principal amount of multifamily housing revenue bonds was \$972,912,060.

DESCRIPTION OF THE BONDS

General

THE BONDS, TOGETHER WITH INTEREST THEREON, ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES, RECEIPTS AND SECURITY PLEDGED THEREFOR UNDER THE INDENTURES. 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 AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, DEBT OR LIABILITY OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, AND DO NOT CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH, CREDIT, OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER.

The Bonds will be issued in the denominations of \$1,000 and integral multiples of \$1.00 in excess thereof. The Bonds are issuable only as fully registered bonds without coupons and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only. Purchasers will not receive bonds representing their interest in the Bonds purchased. See “APPENDIX G — BOOK-ENTRY SYSTEM.”

The Bonds will be dated and have a final maturity date and a final payment date on the respective dates identified in the Term Sheet. The Bonds will bear interest from their dated date at the Pass-Through Rate set forth in the Term Sheet.

Interest on the Bonds will be payable monthly on the 26th day of the month, or the next succeeding Business Day if such 26th day is not a Business Day, commencing February 26, 2019, to the Bondholders of record at the close of business on the last day of the calendar month prior to the calendar month in which such payment occurs (the “**Record Date**”), until and including the 26th day of the month in which the MBS Delivery Date occurs. Commencing on the first month after the month the MBS Delivery Date occurs, interest on the Bonds is payable on the Business Day following receipt of an interest payment under the MBS and principal on the Bonds is payable on the Business Day following receipt of a principal payment or repayment under the MBS. Interest on the Bonds shall be computed for the actual number of days which have elapsed, on the basis of a 360-day year. The payment of interest on each Payment Date shall relate to the interest accrued during the preceding calendar month. For example, the interest payment made on March 26, 2019 shall equal an amount equal to interest accrued on the Bonds during the month of February 2019. There shall be no further accrual of interest from the Bond Maturity Date to the Final Payment Date.

Prior to the Immediate MBS Delivery Date, all payments of interest with respect to the Bonds will be paid to the Bondholders by the Trustee from funds held in the Revenue Fund under the Indenture.

Commencing on the first month after the month in which the MBS Delivery Date occurs, on the first Business Day following receipt of a payment representing interest under the MBS, the Trustee will pay to the Bondholders of record as of the applicable Record Date the amount so received as a payment of interest on the Bonds. All payments of interest with respect to the Bonds will be paid to the Bondholders in proportion to the principal amount of each Bond owned by each such owner as set forth on the records of the Trustee as of the Record Date.

Following the MBS Delivery Date, on the first Business Day following receipt of principal payments or repayments under an MBS, the Trustee will pay to the Bondholders of record as of the applicable Record Date the amount so received as a payment of principal on the Bonds. All payments of principal with respect to the Bonds will be paid to the Bondholders in proportion to the principal amount of each Bond owned by each such owner as set forth on the records of the Trustee at the close of business on the Record Date.

So long as Cede & Co. or another nominee designated by DTC is the registered owner of the Bonds, principal and interest on the Bonds are payable by the Trustee to DTC, which will be responsible for remitting such principal and interest to its Participants, which will be responsible for remitting such principal and interest to the Beneficial Owners of the Bonds. See “APPENDIX G — BOOK-ENTRY SYSTEM.”

Transfer of Bonds

While DTC is securities depository for book-entry Bonds, the transfer of beneficial ownership of Bonds shall take place as described in “APPENDIX G — BOOK-ENTRY SYSTEM.” If DTC were to terminate its status as securities depository for the Bonds and, as a result, Bonds were no longer book-entry securities, no transfer of a Bond will be made unless made upon the records of the Issuer kept for that purpose at the corporate trust office of the Trustee, by the registered owner of the Bond or by its attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee. Upon the transfer of any such Bond, the Issuer shall issue and the Trustee shall authenticate and deliver to and in the name of the transferee a new fully registered Bond, of the same series, aggregate principal amount, interest rate, maturity and other terms as the surrendered Bond.

At all times, the Issuer and the Trustee may deem and treat the person in whose name any Bond shall be registered upon the records of the Issuer as the absolute owner of such Bond, whether such Bond shall be a book-entry security or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond and for all other purposes and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

Mandatory Redemption of Bonds

The Bonds are subject to mandatory redemption under the Indenture as follows:

Mandatory Redemption prior to Immediate MBS Delivery Date. The Bonds are subject to mandatory redemption in part on any Payment Date prior to the first day of the first month following the Immediate MBS Delivery Date in an amount equal to the amount due on the first day of the month in which such Payment Date occurs as shown in the Mortgage Loan Amortization Schedule, payable with respect to principal first, from money on deposit in the Bond Proceeds Fund and second, from money on deposit in the Collateral Fund, and with respect to interest, from money on deposit in the Revenue Fund.

Mandatory Redemption upon Failure to Purchase the Immediate MBS. The Bonds are subject to mandatory redemption in whole five (5) Business Days after the Immediate MBS Delivery Date Deadline (as such date may be extended as described in “APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Extension of MBS Delivery Date Deadline”) at a Redemption Price equal to 100% of the Outstanding principal amount thereof plus interest accrued but unpaid from the first day of the month in which the last Payment Date occurred to such redemption date, if the Immediate MBS Delivery Date has not occurred on or prior to the Immediate MBS Delivery Date Deadline, as such date may be extended, payable with respect to principal first, from money on deposit in the Bond Proceeds Fund and second, from money on deposit in the Collateral Fund, and with respect to premium, if any, and interest from money on deposit in the Revenue Fund.

Mandatory Redemption upon Failure to Purchase the Forward MBS. The Bonds are subject to mandatory redemption in part five (5) Business Days after the Forward MBS Delivery Date Deadline (as such date may be extended as described in “APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Extension of MBS Delivery Date Deadline”) at a Redemption Price equal to the principal amount of the Forward MBS, plus interest accrued but unpaid (with respect to the portion of the Bonds to be redeemed) from the first day of the month in which the last Payment Date occurred to such redemption date, if the Forward MBS Delivery Date has not occurred on or prior to the Forward MBS Delivery Date Deadline, as such date may be extended, payable with respect to principal first, from money on deposit in the Bond Proceeds Fund and second, from money on deposit in the Collateral Fund, and with respect to premium, if any, and interest, from money on deposit in the Revenue Fund.

Mandatory Redemption on the Forward MBS Delivery Date. The Bonds are subject to mandatory redemption in part on the Forward MBS Delivery Date at a Redemption Price equal to (a) 101% of the difference between (i) the combined principal amount of the Forward MBS purchased on the Forward MBS Delivery Date and the Immediate MBS and (ii) the aggregate principal amount of the Bonds Outstanding as of the first day of the month in which the Forward MBS Delivery Date occurred, plus (b) interest accrued but unpaid on such difference from the first day of the month in which the last Payment Date occurred to the Forward MBS Delivery Date, payable with

respect to principal first, from money on deposit in the Bond Proceeds Fund and second, from money on deposit in the Collateral Fund, and with respect to interest and premium, if any, from money on deposit in the Revenue Fund.

Mandatory Redemption Following the Immediate MBS Delivery Date. Following the Immediate MBS Delivery Date, the Bonds are subject to mandatory redemption in part in an amount equal to and one Business Day after the date on which, each principal payment or prepayment is received pursuant to the MBS at a Redemption Price equal to 100% of the principal amount received pursuant to the MBS, plus interest and premium, if any, received pursuant to the MBS. Notwithstanding the notice provisions in the Indenture, no prior notice shall be a prerequisite to the effectiveness of any redemption under this heading, which redemption shall occur and be effective irrespective of whether the Trustee fulfills its obligation to provide the notice with respect to prepayments described under this heading as required by the Indenture.

Mandatory Redemption in Lieu of Exchange. The Bonds are subject to mandatory redemption in part in the event the Issuer elects pursuant to the Indenture to redeem a Beneficial Owner's Bonds for an amount equal to the Cash Value (as hereinafter defined) in lieu of delivering to the Beneficial Owner of the Bonds its proportional interest in the MBS based upon its proportional interest in the Bonds. Any such redemption shall be made in the amounts, from the sources and in accordance with the provisions of the Indenture. The Cash Value (as defined in the Indenture) shall be calculated by the Issuer or by a financial advisor selected by the Issuer, and shall be verified by an independent verification agent in writing confirming the mathematical accuracy of the calculations. See "DESCRIPTION OF THE BONDS – Optional Exchange of Bonds for MBS or Mandatory Redemption of Bonds" herein.

Optional Exchange for MBS or Mandatory Redemption of Bonds

After the earlier of (i) the Conversion Date, as defined in the Fannie Mae Forward Commitment, or (ii) the Forward MBS Delivery Date Deadline, a Beneficial Owner of Bonds may file with the Trustee a written request, in the form attached as an exhibit to the Indenture (the "Request Notice"), to exchange Bonds for a like principal amount of the MBS, provided, that (i) the principal amount of Bonds and MBS exchanged will be no less than \$500,000, (ii) the MBS will be, when delivered pursuant to any Exchange (as defined in the Indenture), in a face amount equal to \$1,000 or a multiple of \$1.00 in excess thereof, and (iii) the Project is complete and placed in service by the Borrower as evidenced by a certificate of occupancy issued by the City of Houston, Texas, or other applicable governmental entity for the Project delivered by the Borrower to the Trustee accompanied by a letter from the Borrower confirming that the Project is placed in service for purposes of Section 42 of the Code. The Request Notice must be delivered to the Trustee at least ten (10) Business Days prior to the Exchange Date (as defined in the Request Notice).

Upon receipt of a Request Notice, the Trustee shall promptly provide a copy to the Issuer and the Lender. The Issuer shall then have up to six (6) Business Days, in its sole discretion, to provide written direction to the Trustee to either (i) deliver to the Beneficial Owner its proportional interest in the MBS based upon such Beneficial Owner's proportional interest in the Bond (the "Exchange") or (ii) redeem the Beneficial Owner's Bonds under the Indenture for an amount equal to the Cash Value (as defined in this section) as of the Exchange Date (as defined in the Request Notice). See "DESCRIPTION OF THE BONDS – Mandatory Redemption of Bonds – Mandatory Redemption in Lieu of Exchange" herein. The Issuer shall have no obligation to exercise either option, and failure by the Issuer to exercise either option is not an Event of Default; provided, however, that any failure of the Issuer to provide written direction to the Trustee within the six (6) Business Day period set forth above shall be deemed a direction to deliver the proportionate interest in the MBS in lieu of redeeming the Bonds. The Trustee shall notify such Beneficial Owner of the Issuer's direction within four (4) Business Days of receipt or a deemed direction from the Issuer. Upon receipt of the Bonds in the principal amount set forth in the Request Notice from the requesting Beneficial Owner and compliance with the requirements of this Section, the Trustee will promptly cancel the Bonds being exchanged or redeemed. Any Bonds so exchanged or redeemed will not be reissued.

Cash Value = original face amount of the MBS x MBS Factor x (1 + Redemption Premium (R) + (Initial Offering Premium (I) x MBS Factor)) – an amount equal to the principal to be received by such Beneficial Owner on the next Payment Date (if the date of redemption occurs between the Record Date and such Payment Date)

Where R = 5% if the exchange occurs during the first five years from the Closing Date;

- = 4% during the sixth year;
- = 3% during the seventh year;
- = 2% during the eighth year;
- = 1% during the ninth year; and
- = 0% thereafter

and I = initial offering price of the Bonds - 100%

In the event that the Issuer elects to deliver the Beneficial Owner's proportional interest in the MBS in lieu of redeeming the Bonds, after validating the exchange request, the Trustee shall transfer and deliver to such requesting Beneficial Owner the Trustee's beneficial ownership interest in the Beneficial Owner's proportional interest in the MBS as of the date specified in the Request Notice promptly following (i) delivery to the Trustee (via DTC withdrawal or Deposit/Withdrawal At Custodian ("DWAC")) of the Bonds being exchanged and (ii) payment by the requesting Beneficial Owner of the Trustee's exchange fee (\$1,000 as of the date of the Indenture) and the Issuer's Exchange Fee (\$1,000 as of the date of the Indenture). Such MBS will be (1) in book-entry form and (2) transferred in accordance with (a) the operational arrangements of DTC or any successor Substitute Depository and (b) current market practices, including the applicable provisions of the SIFMA's *Uniform Practices for the Clearance Settlement of Mortgage Backed Securities and Other Related Securities*. If the Exchange Date is subsequent to a Record Date and prior to a corresponding Payment Date for the Bonds, the Trustee shall wire the applicable principal and interest payments on the exchanged Bonds to the Beneficial Owner using the wire transfer instructions set forth on the Request Notice.

In the event that the Issuer elects to redeem Bonds in lieu of an Exchange, the Trustee shall transfer a like principal amount of its interest in the MBS to or upon the order of the Issuer in exchange for an amount equal to the Cash Value plus accrued interest to the date of redemption (less any interest to be received by the Beneficial Owner on the next Payment Date if the redemption occurs between the Record Date and such Payment Date) and apply the proceeds of such transfer to the payment of the Redemption Price of the Bonds on the Payment Date by wiring such amount to the Beneficial Owner at its wire transfer instructions set forth on the Request Notice. The Issuer reserves the right to sell all or a portion of its interest in the MBS in order to pay the Cash Value.

None of Fannie Mae, the Trustee or the Issuer shall have any liability to the Beneficial Owner arising from (i) any Exchange or redemption of Bonds effected hereby or (ii) any of the costs or expenses thereof. Interest on such MBS is not excludable from gross income for federal income tax purposes. Bondholders should consult their own tax advisors concerning that and other tax consequences of any Exchange.

THE MORTGAGE LOAN

General

The Lender Commitment sets forth certain conditions which must be satisfied by the Borrower prior to the origination of the Mortgage Loan and the issuance of the MBS. Such conditions include, but are not limited to: the completion of improvements, confirmation that Minimum Occupancy Requirement (as defined in the Lender Commitment) has been met, the delivery of required transaction documents and certain other items required in connection with the Lender Commitment; the renewal and approval by Fannie Mae of all agreements, documents, instruments reports, surveys, papers and matters which are subject to Fannie Mae's review and approval in connection with the Lender Commitment; the payment of all fees required in connection with the Lender Commitment; that there be no event of default under any of the required transaction documents; and certain other conditions set forth in the Lender Commitment. The conditions described in the prior sentence represent only a limited summary of the conditions, and the Lender Commitment should be referenced for a full description of such conditions. Upon satisfaction of the conditions set forth in the Lender Commitment, the Lender will originate the Mortgage Loan.

If and when the Mortgage Loan is originated, and the MBS is delivered, subject to (a) the conditions and requirements of the Lender Commitment and (b) the satisfaction of the conditions relating to the financing, construction and leasing of the Project, the Indenture authorizes the Trustee to use Eligible Funds to purchase the

MBS, if and when the MBS is issued, and such MBS will then secure the payment of the interest on and principal of the Bonds. If the MBS is not delivered, then the Eligible Funds held under the Indenture will be used to redeem the Bonds as further described in APPENDIX C hereto.

The Lender has undertaken to certify that the MBS has terms consistent with the Term Sheet and meets the requirements set forth in the Indenture, on which certification the Trustee may rely and act without further investigation. The Mortgage Loan is to be evidenced by the Mortgage Note, executed by the Borrower in favor of the Lender and secured by the Mortgage. The Borrower is required under the Mortgage Note to make monthly payments sufficient in the aggregate to pay debt service on the Mortgage Loan.

MBS Payments

Following the Immediate MBS Delivery Date, payments on the MBS will be made on the 25th day of each month (beginning with the month following the month in which the MBS is issued and delivered to the Trustee), or, if such 25th day is not a Business Day, on the first Business Day next succeeding such 25th day. With respect to each MBS, Fannie Mae will distribute to the Trustee an amount equal to the total of (i) the principal due on the Mortgage Loan underlying such MBS during the period beginning on the second day of the month prior to the month of such distribution and ending on the first day of such month of distribution, (ii) the stated principal balance of any Mortgage Loan that was prepaid in full during the calendar month next preceding the month of such distribution (including as prepaid for this purpose at Fannie Mae's election any Mortgage Loan after it is delinquent, in whole or in part, with respect to four consecutive installments of principal and interest; or because of Fannie Mae's election to repurchase such Mortgage Loan under certain other circumstances), (iii) the amount of any partial prepayment of a Mortgage Loan received in the calendar month next preceding the month of distribution, and (iv) one month's interest at the pass-through rate on the principal balance of the MBS as reported to the Trustee (assuming the Trustee is the registered holder) in connection with the previous distribution (or, respecting the first distribution, the principal balance of the MBS on its issue date).

For purposes of distribution, a Mortgage Loan will be considered to have been prepaid in full if, in Fannie Mae's reasonable judgment, the full amount finally recoverable on account of such Mortgage Loan has been received, whether or not such full amount is equal to the stated principal balance of the Mortgage Loan. See also "APPENDIX A — FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM."

PRIVATE PARTICIPANTS

The following information concerning the private participants has been provided by representatives of 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 Borrower

The Borrower is Yellowstone Boulevard LLC, a Texas limited liability company (the "Borrower"). The Borrower is a single-purpose entity formed to acquire, construct and operate the Project. The Borrower's managing member is Yellowstone Boulevard I, LLC, a Texas limited liability company (the "Managing Member"). The Borrower's Special Member is Vesta Equity Yellowstone LLC, a Texas limited liability company (the "Special Member").

The Borrower has not acquired and does not intend to acquire any substantial assets or engage in any substantial business activities other than those related to the Project. However, affiliates of the Borrower may engage in the acquisition, development, ownership and management of other similar types of projects that may be competitive with the Project.

The Developer

The Developer is Hopmeadow Development, Inc., a Connecticut corporation located in Weatogue, Connecticut. The Developer is a wholly owned by Vesta Corporation. Vesta Corporation and its founders have over

35 years of experience in affordable housing and multifamily development. The Vesta Corporation has developed 20+ developments across four states and owns and/or operates 44 affordable housing communities totaling over 7,500 units. Vesta Corporation is experienced in all aspects of affordable housing development, finance, and management including effective use of federal, state, and local government assistance programs including.

Investor Member

Simultaneously with the issuance of the Bonds, the Borrower expects to admit PNC Real Estate Tax Credit Capital Institutional Fund 53 LLC as an investor member (the “Investor Member”) to the Borrower with a 99.98% ownership interest in the Borrower. Columbia SLP Corporation will have a 0.01% ownership interest in the Borrower. The proceeds of the Federal LIHTC tax credit equity (the “Tax Credit Equity”) by the Investor Member are expected to total approximately \$8,504,720. The funding levels and the timing of the funding are subject to numerous adjustments and conditions that 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 no representation is made as to the availability of such funds.

Limited Assets and Obligation of Borrower, Managing Member, Special Member and Investor Member

The Borrower has no substantial assets other than the Project and does not intend to acquire any other substantial assets or to engage in any substantial business activities other than those related to the ownership of the Project. However, the Managing Member, the Special Member, the Investor Member and their affiliates are engaged in and will continue to engage in the acquisition, development, ownership and management of similar types of housing projects. They may be financially interested in, as officers, partners or otherwise, and devote substantial times to, business and activities that may be inconsistent or competitive with the interests of the Project.

The Borrower and its members will not be personally liable for payments on the Note, the payments on which are to be applied to pay the principal of and interest on the Bonds; nor will the Borrower be personally liable under the other documents executed in connection with the issuance of the Bonds and the making of the Loan. Furthermore, no representation is made that the Borrower will have substantial funds available for the Project. Accordingly, neither the Borrower’s financial statements nor those of its members are included in this Official Statement.

The Architect

The architect is Diamond Development Group (the “Architect”). Established in 2008, as the 25-year successor of Hawthorne Architects, Inc., Diamond Development has worked with corporate, government and private clients to design major public and resort spaces, health care, hospitality, assisted living, office and residential towers, industrial, specialty, and single-family residential projects across the United States and in more than a dozen foreign countries. Diamond Development Group has been involved in projects representing millions of square feet.

The General Contractor

The general contractor for the project is BMS CAT, Inc. (the “General Contractor”). Based out of Haltom City, Texas, the General Contractor was formed in 1948 and is a Texas-licensed contractor. BMS CAT, Inc. specializes in the restoration and reconstruction of properties. BMS CAT, Inc. has over 60 years of experience renovating and restoring multi-family properties, including an existing Vesta property located in Texas in the TDHCA portfolio.

The Property Manager

Vesta Management TX, LLC, a Texas limited liability company (the “Property Manager”), will manage the Project following the acquisition and rehabilitation of the Project by the Borrower. The Property Manager presently manages 2,268 affordable housing units in Texas. The Property Manager is 100% owned by its parent, Vesta Management Corporation, which has 35 years of experience managing affordable housing supported by various federal, state and local subsidies including HUD, tax-exempt obligations and federal low-income housing tax credits.

THE PROJECT

The following information concerning the Project has been provided by representatives of the Borrower 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 Project, known as Park Yellowstone, is located in Houston, Texas, on an approximately 21.15-acre site. The Project contains 210 apartment units located in 30 buildings. Rehabilitation of the Project is anticipated to commence in February 2019 and be completed approximately 17 months later.

The building construction consists of rehabilitating 33 buildings, including 210 residential units with community space. Common area improvements will include: installation of security gate with keyed access and state of the art camera system, site work to level and make paths accessible to common areas, creating a technology enriched Learning Center, repairs to the pool, and rehabilitation of the club house. Site amenities include: learning center, on-site management office, community room, swimming pool with covered patio area, grills, horseshoe pits, adult outdoor-exercise equipment, a community garden and on-site day care with outdoor play equipment. There are 346 parking spaces for resident use only.

The unit mix of the Project is as follows:

<u>Unit Type</u>	<u>Number</u>	<u>Approximate Square Feet</u>
1 BD	50	662 or 729 (32,848 net SF)
2 BD	97	976 (96,587 net SF)
3 BD	<u>63</u>	1,192 (76,270 net SF)
Total	210	205,705 Net Rentable SF

Plan of Financing

The estimated sources and uses for the Project are projected to be approximately as follows:

Sources of Funds	
Bond Proceeds	\$12,500,000
Short-Term Bond Proceeds	2,880,000
Tax Credit Equity	8,504,720
Deferred Developer Fee	1,144,308
Cashflow from Operations	959,748
City of Houston Soft Loan	4,600,000
Developer Loan	<u>2,429,354</u>
TOTAL	<u>\$33,018,130</u>

Uses of Funds	
Acquisition	\$10,750,000
Construction	9,491,264
Hard Cost Contingency	949,126
Developer Fee	2,288,615
Soft Costs	3,206,547
Construction Financing Costs	403,606
Permanent Financing Costs	331,800
Reserves	976,993
Additional Security Features & Capital Improvements	410,179
Loan Assumption	1,330,000
Repayment of Short-Term Bonds	<u>2,880,000</u>
TOTAL	<u>\$33,018,130</u>

All costs of issuing the Bonds, including underwriter's fee, will be paid by the Borrower.

The Bonds and the Mortgage Loan. The Project will utilize a mortgage loan (the "Mortgage Loan") from KeyBank National Association (the "Lender") in the maximum principal amount of \$12,500,000. The obligation to repay the Mortgage Loan will be set forth in a promissory note (the "Mortgage Note") from the Borrower to the Issuer and endorsed to the Lender, which Mortgage Note will have a term of not less than 210 months, will bear interest at a rate of 4.60% and will amortize over 35 years. As further described herein, Fannie Mae is expected to deliver the MBS to the Trustee in exchange for the MBS Purchase Price from funds on deposit in the Bond Proceeds Fund and the Collateral Fund. Following the MBS Delivery Date, payments on the Bonds will be payable by the Trustee from payments received by the Trustee pursuant to the MBS.

The Tax Credit Equity. Simultaneously with the issuance of the Bonds, the Borrower expects to offer the Investor Member a 99.98% ownership interest in the Borrower. Pursuant to the sale, the funding of the Tax Credit Equity will total approximately \$8,504,720, with an initial contribution of approximately \$1,700,828, which will be funded at the initial closing of the issuance of the Bonds. 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.

The Short-Term Bonds. Simultaneously with the issuance of the Bonds, the Issuer is issuing its Multifamily Housing Revenue Bonds (Park Yellowstone) Series 2019 in the principal amount of 2,880,000 (the "Short-Term Bonds"), the proceeds of which will be used to make a loan to the Borrower to finance a portion of the acquisition, rehabilitation and equipping of the Project. The Short-Term Bonds will be issued pursuant to a Trust Indenture dated as of January 1, 2019, between the Issuer and the Trustee. The Short-Term Bonds are not being offered pursuant to this Official Statement. **Closing on the Bonds is contingent on the closing of the Short-Term Bonds.**

The City of Houston Loan. The Project will also utilize a loan (the "City Loan") from the City of Houston in the principal amount of \$4,600,000. The City will loan the funds to Bozrah International Ministries, Inc. ("Bozrah"), which will in turn loan the funds to the Borrower. The obligation to repay the City Loan will be set forth in a promissory note (the "City Note") from the Borrower to Bozrah and will be repayable out of cash flow and other non-Project sources on the terms and conditions set forth therein. The City Note will have a term of 20 years and will bear interest at the rate of 1.00% per annum.

The Developer Loan. The Project will also utilize a loan (the "Developer Loan") from the Developer in the principal amount of \$2,429,354. The obligation to repay the Developer Loan will be set forth in a promissory note (the "Developer Note") from the Borrower to the Developer and will be repayable out of cash flow and other non-Project sources on the terms and conditions set forth therein. The Developer Note will have a term of 20 years and will bear interest per annum at the Applicable Federal Rate published by the Internal Revenue Service.

Project Regulation

In order to obtain low income housing tax credits, the Project will be operated as a qualified residential rental project with 100% of the residential units in the Project occupied by Qualified Tenants during the Qualified Project Period, in accordance with Section 142(d) of the Code. See “APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT” herein.

In addition to the rental restrictions imposed upon the Project by the Regulatory Agreement (defined below), the Project will be further encumbered by a tax credit restrictive covenant, to be executed by the Borrower in connection with the low-income housing tax credits (the “LIHTCs”) anticipated to be granted for the Project and in compliance with the requirements of Section 42 of the Code. Section 42 of the Code will restrict the income levels of 100% of the residential units in the Project (the “Tax Credit Units”). Two hundred and ten (210) of the Tax Credit Units shall be held available for rental to persons whose adjusted family income is equal to or less than 60% of the AMI adjusted for family size.

SECURITY FOR AND SOURCES OF PAYMENT OF BONDS

In order to secure the payment of the principal of and interest on the Bonds, the Issuer has pledged to the trust estate for the Bonds, subject to terms and provisions of the Indenture, the following:

- (i) all right, title and interest of the Issuer in and to amounts on deposit in the Bond Proceeds Fund to be funded at closing in an amount equal to the principal amount of the Bonds;
- (ii) all Eligible Funds from time to time on deposit in the Collateral Fund and the Revenue Fund;
- (iii) 100% of the beneficial ownership interest in the MBS, if the MBS is issued by Fannie Mae and acquired by the Trustee;
- (iv) all MBS Revenues;
- (v) all right, title and interest of the Issuer now owned or hereafter acquired in, to and under the Financing Agreement (except Reserved Rights) and under the Regulatory Agreement; and
- (vi) all other funds, accounts and property which by the express provisions of the Indenture is required to be subject to the lien of the Indenture, and any additional property that from time to time, by delivery or by writing of any kind, may be subjected to the lien of the Indenture, by the Issuer or by anyone on its behalf (and the Trustee is authorized by the Indenture to receive the same at any time as additional security under the Indenture; provided, however, that the Trust Estate shall not include amounts on deposit in the Rebate Fund or the Rehabilitation Fund).

The foregoing pledge is made for the equal and proportionate benefit, security and protection of all present and future owners of the Bonds.

Prior to the delivery of the MBS, the Bonds will be collateralized by the deposit with the Trustee under the Indenture of the proceeds received from the sale of the Bonds and other Eligible Funds held under the Indenture by the Trustee in an aggregate amount equal to the outstanding principal amount of the Bonds. The Trustee will use Eligible Funds held under the Indenture along with interest earnings thereon to (a) pay principal, premium, if any, and interest on the Bonds when due, and (b) acquire, if and when issued, the MBS, upon satisfaction of the conditions set forth in the Indenture and the Lender Commitment.

It is anticipated that if the conditions to the issuance of the MBS are satisfied, the MBS will be available for acquisition by the Trustee on or before the MBS Delivery Date Deadline, as such date may be extended as provided in the Indenture. Following the acquisition of MBS by the Trustee, if issued, payments of principal and interest on the Bonds will be payable from pass-through payments received by the Trustee on the MBS.

If the MBS is not acquired by the Trustee prior to the MBS Delivery Date Deadline (as such date may be extended pursuant to the Indenture), the Bonds will be redeemed from Eligible Funds held under the Indenture as set forth in APPENDIX C hereto.

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.

TAX MATTERS

Tax Exemption

In General

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. 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 the Bonds for any period during which they are held by a “substantial user” of the Project or a “related person” of such a “substantial user” within the meaning of Section 147(a) of the Code, and (ii) interest on the Bonds is not an item of tax preference includable in alternative minimum taxable income for purposes of calculating 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 the Borrower have covenanted in the Indenture, Financing 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, Financing Agreement, Tax Exemption Agreement and Regulatory Agreement pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal income tax purposes and, in addition, will rely on representations by the Issuer, the Borrower, the Financial Advisor, the Lender and the Underwriter with respect to matters solely within the knowledge of the Issuer, the Borrower, the Financial Advisor, the Lender and the Underwriter, respectively, which Bond Counsel has not independently verified. If the Issuer or the Borrower should fail to comply with the covenants in the Indenture, Financing 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 tax purposes 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 of the Bonds 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 Project

In the case of bonds used to provide "qualified residential rental projects," 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 the 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 the Project will commence on the first date on which 10% of the residential units in the Project are occupied (which date may be the Closing Date) and will end on the latest of the following: (1) the date that is 15 years after the date on which 50% of the residential units in the Project are occupied (which date may be the Closing Date); (2) the first day on which no tax-exempt private activity bond (as defined in section 141 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 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 its 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 the Project. Such requirements, procedures and safeguards are incorporated into the Regulatory Agreement, the Financing Agreement, the Indenture and the Tax Exemption Agreement. 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 the Regulations 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 the Borrower fails to comply with the Regulatory Agreement or Tax Exemption Agreement, the enforcement remedies available to the Issuer, the Trustee and the owners of the Bonds 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 such 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 excludability of interest on the Bonds from gross income for federal income tax purposes. Prospective purchasers should be aware that the Federal National Mortgage Association ("Fannie Mae") has required the inclusion of a section in the Regulatory Agreement (the "Fannie Mae Requirements") that provides that any action taken under the Regulatory Agreement may not conflict with applicable Fannie Mae requirements. Bond Counsel expresses no opinion as to whether any of the covenants and requirements set forth in the Regulatory Agreement conflict with such Fannie Mae requirements. Furthermore, Bond Counsel expresses no opinion as to whether the interest on the Bonds will be excludable from gross income for federal income tax purposes in the event that the Fannie Mae Requirements preclude compliance with any other of the covenants or requirements of the Regulatory Agreement.

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 the 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. The changes include, among others, changes to the federal income tax rates for individuals and corporations and the alternative minimum tax for tax years beginning after December 31, 2017. Further, current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability 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 recently-enacted, proposed, pending or future legislation.

The opinion of Bond Counsel will be delivered contemporaneously with the issuance of the Bonds substantially in the form attached hereto as APPENDIX I.

CERTAIN BONDHOLDERS' RISKS

No Acceleration or Early Redemption Upon Loss of Tax Exemption on the Bonds

The Borrower will covenant and agree, pursuant to the Regulatory and Land Use Restriction Agreement relating to the Project, dated as of January 1, 2019, by and between the Issuer and the Borrower (the "**Regulatory Agreement**"), to comply with the provisions of the Code relating to the exclusion from gross income for federal income tax purposes of the interest payable on the Bonds. In particular, the Borrower is required to rent at least forty percent (40%) of the Project apartment units to certain qualified tenants whose income does not exceed sixty percent (60%) of the area average median income where the Project is located. The Borrower's failure to comply with such provisions will not constitute a default under the Bonds and will not give rise to a redemption or acceleration of the Bonds and is not the basis for an increase in the rate of interest payable on the Bonds. Furthermore, the Borrower's failure to comply with the Regulatory Agreement will not give rise to a prepayment or acceleration of amounts due under the MBS or the Mortgage, unless directed by Fannie Mae in its sole discretion. Consequently, interest on the Bonds may become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Bonds by reason of the Borrower's failure to comply with the requirements of federal tax law. In such event, a Bondholder could exercise its option to exchange its Bond for the MBS as described above under the heading

“DESCRIPTION OF THE BONDS – Optional Exchange of Bonds for MBS,” but will have lost the value of the tax-exemption.

Payments Prior to Immediate MBS Delivery Date

Prior to the Immediate MBS Delivery Date, payment of principal and interest, and the Borrower’s obligations with respect to principal and interest on the Bonds, will be primarily secured by and payable from Bond proceeds held in the Bond Proceeds Fund and moneys deposited into the Collateral Fund and the Revenue Fund, including the Negative Arbitrage Account therein. Although the Borrower will execute the Mortgage Note and the Bond Loan Note to evidence its obligation to repay the respective loans evidenced thereby, it is not expected, prior to the MBS Delivery Date, that any revenues from the Project or other amounts, except moneys in the Bond Proceeds Fund and the Revenue Fund, will be available to satisfy that obligation. Prior to the MBS Delivery Date, it is expected that funds on deposit in the Negative Arbitrage Account of the Revenue Fund, and the interest earnings thereon, will be sufficient to pay the debt service on the Bonds.

Mandatory Redemption of Bonds

Pursuant to the Indenture, under certain circumstances, the Bonds may be subject to mandatory redemption in whole or in part prior to maturity. Please see “DESCRIPTION OF THE BONDS – Mandatory Redemption of Bonds” herein and APPENDIX C hereto.

Limited Liability of Issuer

Notwithstanding anything in the Indenture or in the Bonds, the Issuer shall not be required to advance any money derived from any source other than the Trust Estate and other assets pledged under the Indenture for any of the purposes of the Indenture.

No agreements or provisions contained in the Indenture, nor any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Project, or the issuance, sale and delivery of the Bonds shall give rise to any pecuniary liability of the Issuer or a charge against its general credit, or shall obligate the Issuer financially in any way except from the application of the Trust Estate or other proceeds pledged to the payment of the Bonds and the proceeds of the Bonds. No failure of the Issuer to comply with any term, condition, covenant or agreement in the Indenture or in any document executed by the Issuer in connection with the Project, or the issuance, sale and delivery of the Bonds shall subject the Issuer to liability for any claim for damages, costs or other financial and pecuniary charge except to the extent that the same can be paid or recovered from the Financing Agreement or the Trust Estate or other assets pledged to the payment of the Bonds or the proceeds of the Bonds.

THE BONDS, TOGETHER WITH INTEREST THEREON, AND REDEMPTION PREMIUM, IF ANY, ARE NOT GENERAL OBLIGATIONS OF THE ISSUER, BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER SECURED BY THE TRUST ESTATE, ARE AND WILL ALWAYS BE PAYABLE SOLELY FROM THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE (EXCEPT TO THE EXTENT PAID OUT OF MONEYS ATTRIBUTABLE TO PROCEEDS OF THE BONDS OR THE INCOME FROM THE TEMPORARY INVESTMENT THEREOF), AND ARE AND WILL ALWAYS BE A VALID CLAIM OF THE OWNER THEREOF ONLY AGAINST THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE, WHICH REVENUES AND INCOME MAY BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL INSTALLMENTS OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, EXCEPT AS MAY BE EXPRESSLY AUTHORIZED OTHERWISE IN THE INDENTURE AND IN THE FINANCING AGREEMENT. THE BONDS AND THE OBLIGATION TO PAY INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, DO NOT NOW AND WILL NEVER CONSTITUTE A DEBT OR AN OBLIGATION OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF WILL BE LIABLE THEREFOR. THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH, CREDIT, OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER. THE

BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT OR ANY OTHER FEDERAL GOVERNMENTAL AGENCY AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES.

Payment of the Mortgage Loan

The ability of the Borrower to pay the Mortgage Loan is dependent on the revenues derived from the Project. Due to the inherent uncertainty of future events and conditions, no assurance can be given that revenues generated by the Project will be sufficient to pay expenses of the Project, including without limitation, debt service on the Mortgage Loan, operating expenses, servicing fees, fees due to Fannie Mae, Trustee fees, and fees owed to the Issuer. The ability of the Project to generate sufficient revenues may be affected by a variety of factors including, but not limited to, completion of repairs to such Project, the maintenance of a sufficient level of occupancy, the ability to achieve increases in rents, the level of operating expenses, project management, adverse changes in applicable laws and regulations, general economic conditions and other factors in the surrounding market area for the Project. The Borrower intends to rent all of the units in the Project to persons or families of moderate and low income and the amount of rent that may be charged for such units may be materially less than market rates. In addition to these factors, other adverse events may occur from time to time which may have a negative impact on the occupancy level and rental income of the Project.

Failure of the Borrower to make payments when due under the Mortgage Loan will result in an event of default under the Mortgage Loan and the Financing Agreement and may result in a mandatory prepayment of all or a portion of the Bonds. The Mortgage Loan will not be accelerated unless directed by Fannie Mae in its sole discretion in which case the Bonds will remain outstanding and will remain secured by the MBS guaranteed as to timely payment of principal and interest by Fannie Mae. See "SECURITY FOR AND SOURCES OF PAYMENT BONDS" herein.

The Mortgage Loan is a non-recourse obligation of the Borrower with respect to which neither the Borrower nor its partners have personal liability and as to which the Borrower and its partners have not pledged for the benefit of the Lender any of their respective assets, other than the Project and its rents, profits and proceeds.

Bonds are Pass-Through Bonds; Interest Payment Lag

As described elsewhere herein, following the MBS Delivery Date, the Bonds are pass-through securities designed to pass through to registered owners of the Bonds principal and interest payments on the MBS one Business Day after receipt by the Trustee of such payments on the MBS. Interest payments on the Bonds will equal interest accrued on the Bonds during the prior calendar month and shall be made from interest payments received by the Trustee on the MBS, which payments on the MBS shall be the 25th day of each month, or the next Business Day if the 25th is not a Business Day.

Although interest accrues on the MBS during a calendar month, the Trustee will not receive such payment on the MBS until the 25th day in the following calendar month, or the next succeeding Business Day if such day is not a Business Day. In addition, the Bonds mature on the Bond Maturity Date; however, the final principal payment on the MBS will occur on the 25th day of the month in which the Bond Maturity Date occurs (or the succeeding Business Day if such day is not a Business Day) and such payment will be passed through to Bondholders on the following Business Day after receipt by the Trustee. Because of these delays, the effective yield on the Bonds will be lower than the Pass-Through Rate on the MBS and the stated interest rate on the Bonds.

Pass-Through Certificate

If the MBS is issued by Fannie Mae and acquired by the Trustee as collateral for the Bonds, Fannie Mae's obligations will be solely as provided in the MBS and in the Fannie Mae MBS Prospectus and the related form of Prospectus Supplement for MBS Certificate. The obligations of Fannie Mae under the MBS will be obligations solely of Fannie Mae, a federally chartered corporation, and will not be backed by the full faith and credit of the United States of America. The Bonds are not and will not be a debt of the United States of America or any other agency or instrumentality of the United States of America or of Fannie Mae. The Bonds are not and will not be guaranteed by the full faith and credit of Fannie Mae or the United States of America.

It is possible, in the event of the insolvency of Fannie Mae, or the occurrence of some other event precluding Fannie Mae from honoring its obligations to make payments as stated in the MBS, if issued, that the financial resources of the Borrower will be the only source of payment on the Bonds. There can be no assurance that the financial resources of the Borrower will be sufficient to pay the principal of, premium if any, and interest on the Bonds in the event the related Trustee is forced to seek recourse against the Borrower. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS” herein.

Performance of the Project and Estimated Rental Revenue Vacancies

The economic feasibility of the Project depends in large part upon the Project’s being substantially occupied at rentals adequate to maintain substantial occupancy throughout the term of the Bonds at sufficient rents and to cover all operating expenses of the Project and debt service on the Mortgage Loan. Although representatives of the Borrower believe, based on surveys of the area where the Project is located, that a substantial number of persons currently need housing facilities such as the Project, occupancy of the Project may be affected by competition from existing housing facilities or from housing facilities which may be constructed in the area served by their Project. While the Borrower believes the Project is needed, there may be difficulties in keeping it substantially occupied. Furthermore, no assurance can be given that the low-income tenants are able to afford the rental rates of the Project, notwithstanding the below-market rental rates. Restrictions imposed under the Code on tenant income and the rent that can be charged could have an adverse effect on the Borrower’s ability to satisfy its obligations under the Financing Agreement, especially if operating expenses should increase beyond what was anticipated.

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.

Future Legislation; IRS Examination

The Project, its operation and the treatment of interest on the Bonds are subject to various laws, rules and regulations adopted by the local, State and federal governments and their agencies. There can be no assurance that relevant local, State or federal laws, rules and regulations may not be amended or modified or interpreted in the future in a manner that could adversely affect the Bonds, the Trust Estate created under the Indenture, the Project, or the financial condition of or ability of the Borrower to comply with its obligations under the various transaction documents.

In recent years, the Internal Revenue Service (“IRS”) has increased the frequency and scope of its examination and other enforcement activity regarding tax exempt bonds. Currently, the primary penalty available to the IRS under the Code is a determination that interest on bonds is subject to federal income taxation. Such event could occur for a variety of reasons, including, without limitation, failure to comply with certain requirements imposed by the Code relating to investment restrictions, periodic payments of arbitrage profits to the United States of America, the timely and proper use of Bond proceeds and the facilities financed therewith and certain other matters. See “TAX MATTERS” herein. No assurance can be given that the IRS will not examine the Issuer, the Borrower, the Project or the Bonds. If the Bonds are examined, it may have an adverse impact on their price and marketability.

NO LITIGATION

The Issuer

There is no proceeding or litigation of any nature now pending or threatened against the Issuer restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds, any proceedings of the Issuer taken with respect to the issuance or sale thereof, the pledge or application of any money or security provided for the payment of the Bonds, the existence or powers of the Issuer relating to the Bonds or the title of any officers of the Issuer to their respective positions.

The Borrower

There is no legal action, suit, proceeding, investigation or inquiry at law or in equity, before or by any court, agency, arbitrator, public board or body or other entity or person, pending or, to the best knowledge of the Borrower, threatened against or affecting the Borrower or any partner of the Borrower, in their respective capacities as such, nor, to the knowledge of the Borrower, any basis therefor, (i) which would restrain or enjoin the issuance or delivery of the Bonds, the use of the Official Statement in the marketing of the Bonds or the collection of revenues pledged under or pursuant to the Indenture or (ii) which would in any way contest or affect the organization or existence of the Borrower or the entitlement of any officer of the Borrower to its position or (iii) which would contest or have a material and adverse effect upon (A) the due performance by the Borrower of the transactions contemplated by the Official Statement, (B) the validity or enforceability of the Bonds or any other agreement or instrument to which the Borrower is a party and that is used or contemplated for use in the consummation of the transactions contemplated hereby and thereby, (C) the exclusion from gross income for federal income tax purposes of the interest on the Bonds or (D) the financial condition or operations of the Borrower, (iv) which contests in any way the completeness or accuracy of the Official Statement or (v) which questions the power or authority of the Borrower to carry out the transactions on its part contemplated by the Official Statement, or the power of the Borrower to own or operate the Project. The Borrower is not subject to any judgment, decree or order entered in any lawsuit or proceeding brought against it that would have such an effect.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”), a “participating underwriter” as defined in 15c2-12 and an “underwriter” as defined in Section 2(a)(11) of the Securities Act of 1933, as amended, has entered into the Bond Purchase Agreement to purchase all of the Bonds, if any of the Bonds are to be purchased, at a price equal to the principal amount thereof, and to advance \$114,527.42 for deposit into the Negative Arbitrage Account of the Revenue Fund. The Bond Purchase Agreement provides that the Underwriter will receive, for its services, compensation from the Borrower in the amount of \$153,800, plus \$5,000 for certain fees and expenses, and will be reimbursed by the Borrower in the amount of \$114,527.42 for the deposit into the Negative Arbitrage Account. The obligation of the Underwriter to pay for the Bonds is subject to certain terms and conditions set forth in the Bond Purchase Agreement. The Borrower has agreed to indemnify the Underwriter and the Issuer as to certain matters in connection with the Bonds.

The Underwriter may offer and sell the Bonds that it purchases to certain dealers including dealer banks and dealers depositing the Bonds into investment trusts and others at a price lower than the public offering price stated in the Term Sheet. The offering price of the Bonds may be changed from time to time by the Underwriter.

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.

RATING

S&P Global Ratings (“**S&P**”) has assigned to the Bonds a rating as 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 reflects only the views of S&P at the time such rating was given, and neither the Issuer, the Borrower 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.

CONTINUING DISCLOSURE

The Borrower, as the only “obligated person” with respect to the Bonds, will enter into a Continuing Disclosure Agreement, dated as of January 1, 2019 (the “Continuing Disclosure Agreement”), with U.S. Bank National Association, acting as Dissemination Agent, pursuant to which the Borrower will agree to provide ongoing disclosure pursuant to the requirements of Rule 15c2-12 of the Securities and Exchange Commission (the “**Rule**”).

Financial statements will be provided at least annually to the Municipal Securities Rulemaking Board (the “MSRB”) and notices of certain events will be issued pursuant to the Rule. Information will be filed with the MSRB through its Electronic Municipal Market Access (“EMMA”) system, unless otherwise directed by the MSRB. A form of the Continuing Disclosure Agreement is attached hereto as APPENDIX F.

A failure by the Borrower to comply with the provisions of the Continuing Disclosure Agreement will not constitute a default under the Financing 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 Borrower has not previously been subject to the continuing disclosure requirements of the Rule.

THE TRUSTEE

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

The Issuer has appointed U.S. Bank National Association as Trustee under the Indenture. The Trustee is a national banking association organized and existing under the laws of the United States of America, having all of the powers of a bank, including fiduciary powers, and is a member of the Federal Deposit Insurance Corporation and the Federal Reserve System.

The Trustee is to carry out such duties as are assigned to it under the Indenture, the Financing Agreement, and the other Financing Documents. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the nature, contents, accuracy or completeness of the information set forth in this Official Statement or for the recitals contained in the Indenture or the Bonds (except for the certificate of authentication on each Bond), or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application of any of the Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Bonds. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Bonds, the technical or financial feasibility of the expected uses of proceeds of the Bonds or the investment quality of the Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

ADDITIONAL INFORMATION

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or holders of any of the Bonds.

This Official Statement has been deemed final in accordance with the Rule. The execution and delivery of this Official Statement has been duly authorized by the Borrower.

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

YELLOWSTONE BOULEVARD LLC,
a Texas limited liability company

By: Yellowstone Boulevard I LLC,
a Texas limited liability company,
its Managing Member

By: Bozrah International Ministries, Inc.,
a Texas nonprofit corporation,
its Managing Member

By: /s/ Brian Courtney
Brian Courtney
President

APPENDIX A
FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM

This summary of the Fannie Mae Mortgage Backed Securities Program, the Fannie Mae Certificates and the documents referred to herein has not been provided or approved by Fannie Mae, does not purport to be comprehensive and is qualified in its entirety by reference to the Fannie Mae MBS Prospectus (Multifamily Fixed-Rate Yield Maintenance) for Guaranteed Mortgage Pass-Through Certificates (the “Fannie Mae MBS Prospectus”) which will be available if and when the MBS is issued. The template for the Multifamily Fixed-Rate Yield Maintenance MBS Prospectus, as of the date of this Official Statement, can be found at <http://www.fanniemae.com/portal/funding-the-market/mbs/multifamily/dus-disclose-information-center.html>.

With respect to the Immediate MBS, the Fannie Mae MBS Prospectus, if and when available, will consist of the template for Fannie Mae MBS Prospectus applicable at the time of the issuance of the Immediate MBS with the cover page completed with the Immediate MBS-specific information, an Additional Disclosure Addendum substantially in the form attached as Schedule I to this Appendix A, and an Annex A containing information substantially consistent with the Term Sheet attached hereto as Appendix H.

*If the Forward MBS were issued on the date of this Official Statement, the Fannie Mae MBS Prospectus would consist of the template for Fannie Mae Multifamily Fixed-Rate Yield Maintenance MBS Prospectus with the cover page completed with the MBS-specific information, an Additional Disclosure Addendum substantially in the form attached as Schedule I to this Appendix A, and an Annex A containing information substantially consistent with the Term Sheet attached hereto as Appendix H, assuming that the Forward Mortgage Loan is originated in the maximum amount of the Lender Commitment without any modification or amendment to any of the conditions to the origination of the Forward Mortgage Loan in the Lender Commitment. **THERE CAN BE NO ASSURANCE, GUARANTEE OR REPRESENTATION, HOWEVER, AS TO THE FORM OF THE FANNIE MAE FORWARD MBS OR THE CONTENTS OF THE FANNIE MAE PROSPECTUS OR EVEN WHETHER OR NOT A PROSPECTUS OR ANY DISCLOSURE RELATING TO THE FANNIE MAE FORWARD MBS WILL BE PROVIDED IF AND WHEN THE FANNIE MAE FORWARD MBS IS ISSUED, WHICH COULD BE THIRTY (30) MONTHS OR MORE FROM THE DATE OF THIS OFFICIAL STATEMENT. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, THE ORIGINATION OF THE FORWARD MORTGAGE LOAN AND THE ISSUANCE OF THE FANNIE MAE FORWARD MBS, ARE SUBJECT TO SIGNIFICANT CONDITIONS RELATING TO THE CONSTRUCTION, FINANCING AND LEASING OF THE PROJECT BY NO LATER THAN THE TERMINATION DATE.***

General Fannie Mae is a government-sponsored enterprise that was chartered by the U.S. Congress in 1938 under the name “Federal National Mortgage Association” to support liquidity and stability in the secondary mortgage market, where existing mortgage loans are purchased and sold.

Fannie Mae has been under conservatorship since September 6, 2008. The conservator, the Federal Housing Finance Agency, succeeded to all rights, titles, powers and privileges of Fannie Mae and of any shareholder, officer or director of the company with respect to the company and its assets. For additional information on the conservatorship, see “**FANNIE MAE — Regulation and Conservatorship**” in the Fannie Mae MBS Prospectus.

Fannie Mae’s regulators include the Federal Housing Finance Agency, the U.S. Department of Housing and Urban Development (“HUD”), the Securities and Exchange Commission (the “SEC”), and the U.S. Department of the Treasury (the “Treasury”). The Office of Federal Housing Enterprise Oversight, the predecessor of the Federal Housing Finance Agency, was Fannie Mae’s safety and soundness regulator prior to enactment of the Federal Housing Finance Regulatory Reform Act of 2008.

On September 7, 2008, Fannie Mae entered into a senior preferred stock purchase agreement with the Treasury pursuant to which Fannie Mae issued to it one million shares of senior preferred stock and a warrant to purchase, for a nominal price, shares of common stock equal to 79.9% of the outstanding common stock of Fannie Mae. **Nevertheless, Fannie Mae alone is responsible for making payments under its guaranty. The MBS if issued by Fannie Mae and acquired by the Trustee and payments of principal and interest on the MBS will not be guaranteed by the United States and do not constitute a debt or obligation of the United States or any of its agencies or instrumentalities other than Fannie Mae.**

Description of MBS..... The MBS if issued by Fannie Mae and acquired by the Trustee will represent a pro rata undivided beneficial ownership interest in the Mortgage Loan. See “THE MORTGAGE LOAN” in the Official Statement. Fannie Mae will issue the MBS in book-entry form on the book-entry system of the U.S. Federal Reserve Bank.

Relationship of Bonds, Pass- Through Certificate and Mortgage Loan..... The payment and other obligations of the Issuer with respect to the Bonds are intended to be, and shall be, independent of the payment and other obligations of the issuer or maker of the Mortgage Note (as hereinafter defined) and the Pass-Through Certificate, if issued by Fannie Mae and acquired by the Trustee, even though the principal amount of all three instruments is expected to be identical, except in the case of a default with respect to one or more of the instruments.

Distribution Date The “Distribution Date” is the 25th day of each month which is the date designated for payments to the Trustee as holder of the MBS, if issued. If that day is not a Business Day, payments will be made on the next Business Day. The first Distribution Date for the MBS will occur in the month following the month in which the MBS is issued. For example, if the issue date is January 1st, the distribution date is February 25th or, if February 25th is not a Business Day, the first Business Day following February 25th.

Interest..... On each Distribution Date, Fannie Mae will pass through on the MBS, if issued, one month’s interest at the “Pass-Through Rate”. Interest on the MBS shall be calculated on an “Actual/360” basis. “Actual/360” means a computation of interest accrual on the basis of a three hundred sixty (360) day year and the actual number of calendar days during the applicable month, calculated by multiplying the unpaid principal balance of the MBS by the Pass-Through Rate, dividing the product by three hundred sixty (360), and multiplying the quotient obtained by the actual number of days elapsed in the applicable month.

Because Fannie Mae’s guaranty requires it to supplement amounts received by the trust as required to permit timely payment of interest, the amount of interest distributed to certificateholders on a Distribution Date will not be affected by any loss mitigation measure, taken with respect to, or other loan modification made to, the Mortgage Loan while it remains in the trust.

As described under the caption “**MATERIAL FEDERAL INCOME TAX CONSEQUENCES**” which can be found at <http://www.fanniemae.com/resources/file/mbs/pdf/fix-rate-yield-maintenance-111717.pdf>, the MBS and payments on the MBS, including interest payments thereon, are subject to federal income taxation. Such interest payments only become excluded from gross income for federal income tax purposes and excluded from taxation by the State, to the extent described elsewhere herein, when applied by the Trustee to pay interest due on the Bonds. See “TAX MATTERS” in the Official Statement herein.

Principal

Fannie Mae will receive collections on the Mortgage Loan on a monthly basis. The period Fannie Mae uses to differentiate between collections in one month and collections in another month is called the due period. The due period is the period from and including the second calendar day of the preceding month in which the Distribution Date occurs to and including the first calendar day of the month in which the Distribution Date occurs.

On each Distribution Date, Fannie Mae will pass through principal of the MBS, if issued, as follows:

- the aggregate amount of the scheduled principal due on the Mortgage Loan in the pool during the related due period; and
- the aggregate amount of the unscheduled principal payments specified below;
 - the stated principal balance of the Mortgage Loan as to which prepayment in full was received during the calendar month immediately preceding the month in which that Distribution Date occurs;
 - the stated principal balance of the Mortgage Loan if it was purchased from the pool during the calendar month immediately preceding the month in which that Distribution Date occurs; and
 - the amount of any partial prepayments on the Mortgage Loan that were received during the calendar month immediately preceding the month in which that Distribution Date occurs.

Because Fannie Mae’s guaranty requires it to supplement amounts received by the trust as required to permit timely payment of the principal amounts specified above, the amount of principal distributed to certificateholders on a Distribution Date will **not** be affected by any loss mitigation measure, taken with respect to, or other loan modification made to, the Mortgage Loan while it remains in the trust.

Fannie Mae may treat a prepayment in full received on the first Business Day of a month as if the prepayment were received on the last Business Day of the preceding month. Fannie Mae passes through these prepayments on the Distribution Date in the same month in which the prepayment actually was received. For example, if a prepayment on the Mortgage Loan in full is actually received on the first Business Day of February, it would be treated as if it had been received on the last Business Day of January and, therefore, would be passed through on February 25 (or the next Business Day, if February 25 is not a Business Day).

The Mortgage Loan permits the reamortization of principal after a permitted voluntary prepayment or an involuntary prepayment caused by the receipt of proceeds from insurance or condemnation. A reamortization of the Mortgage Loan will cause a change in the rate at which principal is passed through to holders of the Pass-Through Certificate.

Monthly Related Factors On or about the fourth Business Day of each month, Fannie Mae publishes the monthly related factor for each issuance of its Certificates. If an investor multiplies the monthly related factor by the original principal balance of the MBS, the investor will obtain the current principal balance of the MBS, after giving effect to the monthly principal payment to be passed through on the Distribution Date in that month. The most current related factor is generally available in Fannie Mae’s Multifamily Securities Locator Service application on Fannie Mae’s Web site at <http://www.fanniemae.com>.

Guaranty Fannie Mae guarantees to each trust that on each Distribution Date it will supplement amounts received by the trust as required to permit payments on the MBS in an amount equal to:

- the aggregate amounts of scheduled and unscheduled principal payments described in “—Principal” above, and
- an amount equal to one month’s interest on the MBS, as described in “—Interest” above.

In addition, Fannie Mae guarantees to the related trust that it will supplement amounts received by the trust as required to make the full and final payment of the unpaid principal balance of the related certificates on the Distribution Date in the month of the maturity date specified in the prospectus supplement. Fannie Mae’s guaranty runs directly to the trust and not directly to certificateholders. Certificateholders have limited rights to bring proceedings directly against Fannie Mae to enforce its guaranty. See “**THE TRUST DOCUMENTS—Certificateholders’ Rights Upon a Guarantor Event of Default**” in the Fannie Mae MBS Prospectus. While Fannie Mae is in the current conservatorship, the conservator does not have the right to repudiate Fannie Mae’s guaranty on the MBS. However, if Fannie Mae is placed into receivership, or if Fannie Mae emerges from conservatorship and is then again placed into conservatorship, the receiver or conservator, as applicable, will have the right to repudiate Fannie Mae’s guaranty on the MBS. See “**RISK FACTORS—RISKS RELATING TO CREDIT—Fannie Mae Credit Factors**” in the Fannie Mae MBS Prospectus.

Under certain circumstances, certificateholders have certain limited rights to bring proceedings against the Treasury if Fannie Mae fails to pay under its guaranty. The total amount that may be recovered from the Treasury is subject to limits imposed in the senior preferred stock purchase agreement. For a description of certificateholders' rights to proceed against the Treasury, see "**FANNIE MAE—Certificateholders' Rights Under the Senior Preferred Stock Purchase Agreement**" in the Fannie Mae MBS Prospectus.

Optional Prepayment Premium	The Mortgage Loan provides for payment of a prepayment premium on the Mortgage Loan, based on a yield maintenance formula, if the Borrower elects to prepay the Mortgage Loan prior to the fifteenth (15 th) year after the MBS is issued. See "APPENDIX H — TERM SHEET" herein. As set forth in the form of MBS Prospectus Supplement, the Trustee, as holder of the MBS would receive a portion of that payment, as further described in the MBS Prospectus Supplement under " Voluntary Prepayment of the Mortgage Loan - Calculation of Total Yield Maintenance Prepayment Premiums. " Any premium received by the Trustee will be passed through to Certificateholders. Fannie Mae does not guarantee to any trust the payment of any prepayment premiums.
Business Day	For the MBS, if issued, any day other than a Saturday or Sunday, a day when the fiscal agent or paying agent is closed, a day when the Federal Reserve Bank of New York is closed, or a day when the Federal Reserve Bank is closed in a district where a certificate account is located if the related withdrawal is being made from that certificate account.
Trust Agreement.....	If issued, the MBS will be issued pursuant to the Multifamily Master Trust Agreement effective as of October 1, 2010, as supplemented by an issue supplement for that issuance. Certain pertinent provisions of the trust agreement in the Fannie Mae MBS Prospectus will apply. The trust agreement may be found on Fannie Mae's Web site: http://www.fanniemae.com
Paying Agent.....	An entity designated by Fannie Mae to perform the functions of a paying agent. The Federal Reserve Bank of New York currently serves as Fannie Mae's paying agent for certificates such as the MBS.
The Mortgage Loan	The Mortgage Loan backing the MBS is secured by a first mortgage lien, is in the original principal amount of the MBS; bears interest at a rate of 4.60% per annum; amortizes over a period and has a balloon maturity as set forth in the TERM SHEET attached hereto as "APPENDIX H."

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SCHEDULE I

ADDITIONAL DISCLOSURE ADDENDUM

The following information supplements the information in the Prospectus. In the event of any inconsistency between the information provided in this Addendum and the information in the Prospectus, the information in this Addendum shall prevail.

The mortgaged property is subject to affordable housing regulatory agreements that impose income restrictions on tenants of the mortgaged property and is an Affordable Housing Loan. See **“The Mortgage Loans — Affordable Housing Loans”**; **“RISK FACTORS — RISKS RELATING TO YIELD AND PREPAYMENT — Prepayments Relating to Specific Types of Mortgage Loans and Mortgaged Properties — The successful operation of a mortgaged property securing an affordable housing mortgage loan may depend upon additional factors”**; and **“RISK FACTORS — RISKS RELATING TO YIELD AND PREPAYMENT — Prepayments Relating to Specific Types of Mortgage Loans and Mortgaged Properties—An affordable housing mortgage loan may be secured by a mortgaged property that has received an allocation of low-income housing tax credits but that fails to remain in compliance with the requirements for maintaining eligibility to receive the tax credits due to operations of the property or a casualty on the property”** in the Prospectus for additional information.

The Immediate MBS will initially serve as collateral for a tax-exempt issue of multifamily housing bonds (the “Bonds”) issued by the Texas Department of Housing and Community Affairs (the “Issuer”) pursuant to and secured by an indenture of trust by and between the Issuer and U.S. Bank National Association, as trustee; the portion of the Bonds not collateralized by the Immediate MBS will be secured by cash (the “Cash Collateral”). In addition, Fannie Mae has issued the Fannie Mae Forward Commitment to issue the Forward MBS, subject to the terms and conditions set forth in the Fannie Mae Forward Commitment, to secure the Bonds in an amount equal to the difference between the initial principal amount of the Bonds and the principal amount of the Immediate MBS. In the event the Forward MBS is not issued by August 1, 2021, or the Forward MBS is issued in an amount less than the maximum amount of the Fannie Mae Forward Commitment, the Bonds will be redeemed using the Cash Collateral in an amount equal to the difference between the principal amount of the Bonds outstanding at such time, and the aggregate amount of the Immediate MBS outstanding at such time and the amount, if any, of the Forward MBS outstanding at such time. Cash Collateral not used to redeem the Bonds will be released to the Borrower.

The total debt secured by the mortgaged property initially is \$10,453,000, and if the Mortgage Loan relating to the Forward MBS (the “Forward Mortgage Loan”) is originated in the maximum amount available under the Fannie Mae Forward Commitment (\$2,047,000), the total debt secured by the mortgaged property will be \$12,500,000. If the Forward Mortgage Loan is originated, it will be originated using a supplemental loan structure with two separate mortgage notes: the Immediate Mortgage Note relating to the Immediate MBS for \$10,453,000 will be in pool AN7346, and the Forward Mortgage Note relating to the Forward MBS, if issued, will be in a separate pool the pool number of which will be determined at the time the Forward MBS is issued and will be the subject of a separate prospectus. If the Forward Mortgage Loan is originated, it will be issued as a supplemental loan contractually made pari passu with the Immediate Mortgage Loan. The Mortgage Loans will be held in separate pools and will be of the same priority of payment, interest rate and maturity date. Further, if the Forward Mortgage Loan is originated, the Mortgage Loans will be secured by the same Mortgage and the Mortgage Loans will be cross-defaulted with each other. As a result, an event of default under one Mortgage Loan will cause an event of default under the other Mortgage Loan. See **“THE MORTGAGE LOANS—General Characteristics of the Mortgage Loans—Bifurcated Loans”** in the Prospectus for additional information.

The Mortgage Loan Documents provide that the Mortgage Loan is cross-defaulted with certain agreements relating to the Bonds entered into at the time of the issuance of the Bonds, including but not limited to the Indenture authorizing the Bonds and any housing regulatory agreements that limit rents, impose income restrictions or otherwise restrict the use of the property.

Because the Mortgage Loan Documents provide that the Mortgage Loan is cross-defaulted with certain of the agreements relating to the Bonds, a default under any of the cross-defaulted documents may trigger an event of default on the Mortgage Loan. If Fannie Mae accelerates the Mortgage Loan as a result of any event of default under the Mortgage Loan, the Mortgage Loan will be paid in full, and the stated principal balance of the certificates will be

passed through to the holder of the certificates. In this case, no yield maintenance or other prepayment premiums will be payable to the holder of the certificates.

In addition to the matters described above, the eligible multifamily lender originating the Mortgage Loan may request the disclosure of additional matters relating to the Mortgage Loan or, upon delivery of the Mortgage Loan to Fannie Mae, in Fannie's Mae's discretion, it may determine that matters identified in the Term Sheet attached as Appendix H to the Official Statement or otherwise may need to be disclosed in the Additional Disclosure Addendum provided in connection with the issuance of the MBS.

APPENDIX B
DEFINITIONS OF CERTAIN TERMS

Certain capitalized terms used in this Official Statement are defined below. The following is subject to all the terms and provisions of the Indenture, to which reference is hereby made and copies of which are available from the Issuer or the Trustee.

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

“Attesting Officer” means such officer or official of the Issuer who in accordance with the Resolution, the laws of the State, the bylaws or other governing documents of the Issuer or practice or custom, regularly certifies official acts and records of the Issuer, and includes any assistant or deputy officer to the principal officer or officers exercising such responsibilities.

“Authorized Denomination” means \$1,000 or any integral multiple of \$1.00 in excess thereof.

“Authorized Officer” means (a) with respect to the Issuer, 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 Assistant Secretary to the Board, and (b) with respect to the Trustee, any Vice President or Assistant Vice President of the Trustee having regular responsibility for corporate trust matters.

“Bankruptcy Code” means the Federal Bankruptcy Code, Title 11 of the United States Code.

“Beneficial Owner” means the purchaser of a beneficial interest in the Bonds.

“Bond” or **“Bonds”** means the Multifamily Tax-exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN) in the principal amount of \$12,500,000, authorized under and secured by the Indenture and issued pursuant to the Indenture.

“Bond Counsel” means an attorney at law or a firm of attorneys of recognized expertise in the field of federal income tax matters relating to municipal securities selected by the Issuer and acceptable to the Trustee.

“Bond Dated Date” means January 1, 2019.

“Bond Loan” means the loan of a portion of the proceeds of the Bonds from the Issuer to the Borrower pursuant to the Financing Agreement.

“Bond Loan Note” means the Promissory Note dated the Closing Date from the Borrower to the Issuer and assigned by the Issuer to the Trustee on the Closing Date, in substantially the form attached as an exhibit to the Financing Agreement, together with any amendments, supplements or modifications thereto, including, without limitation, amendments, supplements or modifications pursuant to the Mortgage Note on the Forward MBS Delivery Date, if applicable.

“Bond Maturity Date” means the date set forth in Appendix H — TERM SHEET hereto, subject to final payment of principal with respect to the MBS on August 25, 2036, or the following Business Day if such day is not a Business Day, which will be passed through to the Bondholders on the Final Payment Date.

“Bond Proceeds Fund” means the fund so designated which is established and created pursuant to the Indenture.

“Bond Purchase Agreement” means the Bond Purchase Agreement, dated January 25, 2019, among the Underwriter, the Issuer and the Borrower.

“Bondholder” or **“holder”** or **“owner”** of any Bond or any similar term shall mean the person in whose name any Bond is registered.

“Book Entry Bonds” means the Bonds for which a Depository or its Nominee is the Bondholder.

“Borrower” means Yellowstone Boulevard LLC, a Texas limited liability company, or any of its permitted successors or assigns.

“Bozrah” means Bozrah International Ministries, Inc., a Texas nonprofit corporation.

“Business Day” means, with respect to the MBS and the Bonds, any day other than a Saturday or Sunday, a day when the fiscal agent or paying agent for the MBS is closed, a day when the Federal Reserve Bank of New York is closed, or a day when the Federal Reserve Bank is closed in a district where a bond account is located if the related withdrawal is being made from that bond account, and, with respect to the Bonds, any such day that is also a day on which the Trustee is open for business.

“Cash Flow Projection” means cash flow projections prepared by an independent firm of certified public accountants, a financial advisory firm, a law firm or other independent third party qualified and experienced in the preparation of cash flow projections for structured finance transactions similar to the Bonds, establishing that (a) the amounts on deposit with the Trustee in the Bond Proceeds Fund, the Collateral Fund and Revenue Fund, and (b) any additional Eligible Funds delivered to the Trustee by or on behalf of the Borrower are sufficient to pay (i) amounts due and payable on the Bonds on each Payment Date and (ii) the MBS Purchase Price on the MBS Delivery Date. The cost and expense of such obtaining such Cash Flow Projections shall be the sole responsibility of the Borrower.

“City Loan” means the subordinate loan in the principal amount of \$4,600,000 from the City of Houston, Texas to Bozrah, which will in turn loan the funds to the Borrower.

“Closing Date” means January 31, 2019.

“Code” means the means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“Collateral Fund” means the Fund created and so designated under the Indenture.

“Costs of Issuance” has the meaning set forth for such term in the Tax Exemption Agreement.

“Costs of Issuance Deposit” shall mean the amount deposited on the Closing Date into the Costs of Issuance Fund.

“Costs of Issuance Fund” means the fund of that name which is established and created pursuant to the Indenture.

“Counsel’s Opinion” means a written opinion, including opinions supplemental thereto, signed by an attorney or firm of attorneys (who may be counsel for the Issuer, the Borrower or Fannie Mae) acceptable to the recipient of such opinion.

“Depository” means, initially, DTC and any replacement securities depository appointed under the Indenture.

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

“Eligible Funds” means:

- (a) the proceeds of the Bonds or any other amounts received by the Trustee from the Underwriter of the Bonds;
- (b) the proceeds of the Mortgage Loan and the Equity Bridge Loan;
- (c) the proceeds of the City Loan;
- (d) the moneys drawn on a letter of credit;
- (e) any amounts received by the Trustee representing advances to the Borrower (or an affiliate) of funds from other third parties representing loans or grants of money earmarked for the Project;
- (f) any other amounts for which the Trustee has received an Opinion of Counsel to the effect that 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) or be avoidable as preferential payments under Section 547 or 550 of the Bankruptcy Code should the Borrower become a debtor in proceedings commenced under the Bankruptcy Code;
- (g) any payments held by the Trustee for a continuous period of 123 days, provided that no act of bankruptcy with respect to the Borrower has occurred during such period; and
- (h) investment income derived from the investment of the money described in (a) through (g) above.

“Equity Bridge Lender” means PNC Bank, National Association.

“Equity Bridge Loan” means an equity bridge loan from the Equity Bridge Lender to the Borrower in connection with the Project.

“Event of Default” means any of the events specified as such in the Indenture.

“Extension Deposit” means the deposit of Eligible Funds described as such in the Indenture.

“Fannie Mae” means Fannie Mae, formerly known as the Federal National Mortgage Association, a body corporate created and existing under the laws of the United States of America (12 U.S.C. § 1717(a)), and any successor thereto.

“Fannie Mae Certificate” means a guaranteed mortgage pass-through Fannie Mae mortgage-backed security issued by Fannie Mae in book-entry form, recorded in the name of the Trustee or its nominee, guaranteed as to timely payment of principal of and interest by Fannie Mae, and backed by the Mortgage Loan.

“Fannie Mae Forward Commitment” means the Fannie Mae Forward Commitment, dated as of January 25, 2019, entered into between the Lender and Fannie Mae, as the same may be amended from time to time.

“Favorable Opinion of Bond Counsel” means, with respect to any action, or omission of an action, the taking or omission of which requires such an opinion, an unqualified written opinion of Bond Counsel to the effect that such action or omission does not adversely affect the excludability from gross income for federal income tax purposes of interest payable on the Bonds under existing law (subject to the inclusion of any exceptions contained in the opinion delivered upon the original issuance of the Bonds or such other customary exceptions that are acceptable to the recipient(s) thereof).

“Final Payment Date” means the date set forth in APPENDIX H — TERM SHEET hereto.

“Financing Agreement” means the Financing Agreement dated as of January 1, 2019, by and among the Issuer, the Borrower, the Lender and the Trustee.

“Financing Documents” means the Financing Agreement, the Regulatory Agreement, the Tax Exemption Agreement, the Indenture, the Mortgage Note, the Bond Loan Note and the Bond Purchase Agreement.

“Forward MBS” shall mean the Fannie Mae Certificate identified in the Indenture, if and when delivered, that is pledged to the Trustee pursuant to the Indenture.

“Forward MBS Delivery Date” means the date on which the Trustee receives the Forward MBS backed by the Forward Mortgage Loan, which shall occur not later than the Forward MBS Delivery Date Deadline.

“Forward MBS Delivery Date Deadline” means March 25, 2021, as such date may be extended pursuant to the Indenture.

“Forward MBS Purchase Price” means (i) an amount equal to (A) the principal amount outstanding on the Bonds as of the Forward MBS Delivery Date less (B) the principal amount outstanding on the Immediate MBS as of the Forward MBS Delivery Date, plus (ii) accrued interest on the Forward MBS from the Forward MBS Dated Date to the Forward MBS Delivery Date at the Pass-Through Rate.

“Forward Mortgage” means the instrument securing the Forward Mortgage Loan.

“Forward Mortgage Loan” means the interest-bearing loan for multifamily housing relating to the Bonds, if originated on the Forward MBS Delivery Date, which is evidenced by the Forward Mortgage Note and secured by the Forward Mortgage and the Forward Multifamily Loan and Security Agreement.

“Forward Mortgage Note” means the instrument amending the restating the Bond Loan Note and evidencing the obligation to repay the Forward Mortgage Loan, dated the Forward MBS Delivery Date, if such Forward Mortgage Loan is originated.

“Forward Multifamily Loan and Security Agreement” means the Multifamily Loan and Security Agreement executed by the Borrower and dated the Forward MBS Delivery Date, if such agreement is entered into.

“Fund” or **“Account”** means a fund or account created by or pursuant to the Indenture.

“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.

“Immediate MBS” shall mean the Fannie Mae Certificate identified in the Indenture, if and when delivered, that is pledged by the Issuer to the Trustee pursuant to the Indenture.

“Immediate MBS Delivery Date” means the date on which the Trustee receives the Immediate MBS backed by the Immediate Mortgage Loan, which shall occur not later than the Immediate MBS Delivery Date Deadline.

“Immediate MBS Delivery Date Deadline” means March 25, 2019, as such date may be extended pursuant to the Indenture.

“Immediate MBS Purchase Price” means the principal amount outstanding on the Mortgage Loan as of the Immediate MBS Delivery Date plus accrued interest on the Immediate MBS from the Immediate MBS Dated Date to the Immediate MBS Delivery Date at the Pass-Through Rate.

“Immediate Mortgage” means the instrument securing the Immediate Mortgage Loan.

“Immediate Mortgage Loan” means the interest-bearing loan for multifamily housing relating to the Bonds which is evidenced by the Immediate Mortgage Note and secured by the Immediate Mortgage and the Immediate Multifamily Loan and Security Agreement.

“Immediate Mortgage Note” means the Multifamily Note dated the Closing Date from the Borrower payable to the order of the Issuer and assigned to the Lender evidencing the Borrower’s obligation to repay the Immediate Mortgage Loan.

“Immediate Multifamily Loan and Security Agreement” means the Multifamily Loan and Security Agreement executed by the Borrower and dated January 1, 2019, as the same may be supplemented, amended or modified from time to time.

“Indenture” means the Indenture of Trust and any amendments or supplements made in accordance with its terms, including each applicable Supplemental Indenture.

“Investor Member” means PNC Real Estate Tax Credit Capital Institutional Fund 53 LLC, a Delaware limited liability company, as nominee, and its successors and/or assigns.

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

“Lender” means KeyBank National Association.

“Lender Commitment” means, collectively, (i) the commitment from the Lender to the Borrower, dated January 18, 2019, in the amount of the Immediate Mortgage Loan, and (ii) the commitment from the Lender to the Borrower, dated January 18, 2019, in the amount of the Forward Mortgage Loan.

“Loan Documents” means the Mortgage Loan Documents and the Financing Documents.

“Mandatory Redemption Date” means the date on which the Bonds are subject to mandatory redemption pursuant to the Indenture.

“MBS” shall mean, individually or collectively as context may dictate, the Immediate MBS and the Forward MBS.

“MBS Dated Date” means the 1st day of the month in which the MBS is delivered.

“MBS Delivery Date” means, individually or collectively as context dictates, the Immediate MBS Delivery Date and the Forward MBS Delivery Date.

“MBS Delivery Date Deadline” means, individually or collectively as context dictates, the Immediate MBS Delivery Date Deadline and the Forward MBS Delivery Date Deadline.

“MBS Factor” means the applicable factor posted by Fannie Mae on the MBS from time to time as the Mortgage Loan amortizes.

“MBS Purchase Price” means, individually or collectively as context dictates, the Immediate MBS Purchase Price or the Forward MBS Purchase Price.

“MBS Revenues” means all payments made under and pursuant to the MBS.

“Moody’s” means Moody’s Investors Service, Inc., a Delaware corporation, and its successors and assigns, or if it is dissolved or no longer assigns credit ratings, then any other nationally recognized statistical rating agency, designated by Fannie Mae, as assigns credit ratings.

“Mortgage” means, individually or collectively as context may dictate, the Immediate Mortgage and the Forward Mortgage.

“Mortgage Loan” means, individually or collectively as context may dictate, the Immediate Mortgage Loan and the Forward Mortgage Loan.

“Mortgage Loan Amortization Schedule” means each amortization schedule for the applicable Mortgage Loan delivered to the Trustee on the Closing Date, as subsequently modified by the Lender on the Forward MBS Delivery Date.

“Mortgage Loan Documents” means, collectively, the Mortgage Note, the Mortgage, the Multifamily Loan and Security Agreement, and all other documents, agreements and instruments evidencing, securing or otherwise relating to the Mortgage Loan, as each such document, agreement or instrument may be amended, supplemented or restated from time to time. For the avoidance of doubt, neither the Financing Agreement nor the Regulatory Agreement is a Mortgage Loan Document and neither document is secured by the Mortgage.

“Mortgage Note” means, individually or collectively as context may dictate, the Immediate Mortgage Note and the Forward Mortgage Note.

“Multifamily Loan and Security Agreement” means, individually or collectively as context may dictate, the Immediate Multifamily Loan and Security Agreement and the Forward Multifamily Loan and Security Agreement.

“Negative Arbitrage Account” means the Negative Arbitrage Account of the Revenue Fund which is established and created pursuant to the Indenture.

“Negative Arbitrage Deposit” means Eligible Funds in the amount set forth in the Indenture to be deposited on the Closing Date into the Negative Arbitrage Account and as otherwise set forth in the Indenture.

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to the Indenture.

“Outstanding” or **“outstanding”** means, when used with respect to the Bonds as of any date, all Bonds theretofore validated, authenticated and delivered under the Indenture, except:

- (a) any Bond cancelled by the Trustee or delivered to the Trustee for cancellation;
- (b) any Bond for the payment or redemption of which either (i) moneys equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, or (ii) specified types of Permitted Investments or moneys in the amounts, of the maturities and otherwise as described and required under the provisions of the Indenture, shall have theretofore been deposited with the Trustee in trust (whether upon or prior to maturity or the redemption date of such Bond) and, except in the case of a Bond to be paid at maturity, as to which a redemption notice shall have been given or provided for in accordance with the Indenture, and
- (c) any Bond in lieu of or in exchange for which another Bond shall have been validated, authenticated and delivered pursuant to the Indenture.

“Participant” means a member of, or a participant in, the Depository.

“Pass-Through Rate” means the rate set forth in APPENDIX H — TERM SHEET hereto.

“Payment Date” means (i) the 26th day of the month following the month in which the Closing Date occurs and the 26th day of each month thereafter, or the next succeeding Business Day if such 26th day is not a Business Day, until and including the 26th day of the month in which an MBS Delivery Date occurs and (ii) commencing on the first day of the month immediately following the month in which an MBS Delivery Date occurs, the Business Day

immediately after the date of receipt by the Trustee of a payment received on the MBS. The payment of interest on a Payment Date shall relate to the interest accrued during the preceding calendar month. There shall be no further accrual of interest from the Bond Maturity Date to the Final Payment Date.

“Permitted Investments” means any of the following investments which at the time are legal investments for moneys of the Issuer which are then proposed to be invested therein and each of which investments must mature or be guaranteed to be able to be tendered at a price of par at such time or times as to enable timely disbursements to be made from the fund in which such investment is held or allocated in accordance with the terms of the Indenture:

(a) Government Obligations; and

(b) shares or units in any money market mutual fund 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 consist solely of direct obligations of the government of the United States of America).

“Project” means the multifamily rental housing development, known as Park Yellowstone, located in Houston, Texas, on the site described in the Mortgage.

“Project Costs” means the following costs of the Project:

(a) Costs incurred directly or indirectly for or in connection with the acquisition (including the acquisition of a fee simple interest), construction, rehabilitation, improvement and equipping of the Project, including costs incurred in respect of the 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 and insurance.

(b) Premiums attributable to any surety bonds and insurance required to be taken out and maintained during the construction period with respect to the Project.

(c) Taxes, assessments and other governmental charges in respect of the 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 the Project.

(e) Subject to the limitations set forth in the Tax Exemption Agreement, Costs of Issuance, including, financial, legal, accounting, cash flow verification, 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 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 cost of acquisition, construction, rehabilitation, improvement and equipping of the Project.

(g) Payment of interest on the Bonds during the construction period.

“Rating Agency” means S&P or any other nationally recognized securities rating agency rating the Bonds, or such rating agency’s successors or assigns.

“Rebate Amount” means has the meaning set forth for such term in the Tax Exemption Agreement.

“Record Date” means the close of business on the last day of the calendar month prior to the calendar month in which a payment occurs.

“Redemption Price” means the amount required to be delivered to pay principal of, interest on, and redemption premium, if any, in connection with a redemption of the Bonds as provided in the applicable provision of the Indenture.

“Register” means the registration books of the Issuer maintained by the Trustee (as Registrar) as provided in the Indenture on which registration and transfer of the Bonds is to be recorded.

“Regulations” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Regulatory Agreement” means the Regulatory and Land Use Restriction Agreement relating to the Project, dated as of January 1, 2019, by and between the Issuer, the Trustee and the Borrower, as it may be amended, supplemented or restated from time to time.

“Rehabilitation Fund” means the Fund created and so designated in the Indenture.

“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 Section 4.02 of the Financing 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 hereunder and under the Financing 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 Financing 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 Financing 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 Financing Agreement, the Regulatory Agreement, the Tax Exemption Agreement, the Mortgage, the Subordinate Mortgage or the Mortgage 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 Financing Agreement, the Regulatory Agreement, the Tax Exemption Agreement, the Mortgage, Subordinate Mortgage and the Mortgage 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 Financing Agreement, and the Issuer’s right to inspect and audit the books, records and permits of the Borrower and the Project; and (i) any and all rights under the Financing Agreement and the Regulatory Agreement required for the Issuer to enforce or to comply with Section 2306.186 of the Texas Government Code.

“Resolution” means the resolution of the Issuer adopted on December 6, 2018, authorizing issuance and sale of the Bonds.

“Revenue Fund” means the Revenue Fund which is established and created pursuant to the Indenture.

“S&P” means S&P Global Ratings, and its successors and assigns, or if it is dissolved or no longer assigns credit ratings, then any other nationally recognized statistical rating agency, acceptable to the Issuer, that assigns credit ratings.

“Short-Term Bonds” means the Multifamily Housing Revenue Bonds (Park Yellowstone) Series 2019 in the principal amount of \$2,880,000, issued concurrently with the Bonds, and authorized under, secured by and issued pursuant to a Trust Indenture dated as of the Bond Dated Date, together, with any amendments or supplements thereto, by and between the Issuer and the Trustee.

“Short-Term Loan Agreement” means the Loan Agreement, dated as of the Bond Dated Date, between the Issuer and the Borrower, with respect to the Short-Term Bonds, as amended or supplemented from time to time.

“Short-Term Tax Exemption Agreement” means that certain Tax Exemption Certificate and Agreement dated as of the Bond Dated Date and relating to the Short-Term Bonds among the Issuer, the Trustee and the Borrower, as in effect on the Closing Date and as it may thereafter be amended or supplemented or restated in accordance with the provisions therein.

“State” means the State of Texas.

“Subordinate Mortgage” means the Subordinate Forward Fourth Multifamily Deed of Trust, Security Agreement and Fixture Filing dated as of January 1, 2019, executed by the Borrower for the benefit of the Issuer, as it may be amended or supplemented from time to time.

“Subordination Agreement” means Priority and Subordination Agreement as of January 1, 2019, by and among the Lender, Bozrah, the City of Houston, Vesta Corporation, a Connecticut corporation, as sponsor, the Issuer, the Trustee, and the Borrower, relating to the subordination of the Subordinate Mortgage to the Mortgage Loan Documents.

“Substitute Depository” means a securities depository appointed as successor to DTC under the Indenture.

“Supplemental Indenture” means any indenture supplemental to or amendatory of the Indenture, executed and delivered by the Issuer and effective in accordance with the Indenture.

“Tax Exemption Agreement” means that certain Tax Exemption Certificate and Agreement dated as of the Bond Dated Date, among the Issuer, the Trustee and the Borrower, as in effect on the Closing Date and as it may thereafter be amended or supplemented or restated in accordance with the provisions therein.

“Tax Exemption Agreements” means, collectively, the Short-Term Tax Exemption Agreement and the Tax Exemption Agreement.

“Trust Estate” means all the property, rights, moneys, securities and other amounts pledged and assigned to the Trustee pursuant to the granting clauses of the Indenture.

“Trustee” means U.S. Bank National Association.

“Trustee Fee” means amounts due to the Trustee in connection with its duties under the Indenture, of which \$3,500 is to be paid on the Closing Date and other amounts payable annually in advance on each January 1 beginning January 1, 2020 in an annual amount equal to \$2,500; provided that, the Borrower will be responsible to pay the Trustee Fee pursuant to the Financing Agreement.

“Underwriter” means Stifel, Nicolaus & Company, Incorporated, as underwriter of the Bonds.

APPENDIX C
SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture which are not described elsewhere in the Official Statement. This summary does not purport to be comprehensive, and reference should be made to the Indenture for a full and complete statement of its provisions.

Authorization, Transfer and Registration, and Terms of Bonds

Authorization of Bonds. The Bonds of the Issuer are authorized by the Indenture to be issued in an aggregate principal amount set forth in the Indenture and shall be issued subject to the terms, conditions and limitations established in the Indenture as provided therein. The Bonds shall be issued initially as Book Entry Bonds. The Bonds may be executed by or on behalf of the Issuer, authenticated by the Trustee and delivered or caused to be delivered by the Trustee to the original purchasers thereof upon compliance with the requirements set forth in the Indenture.

Execution. The Bonds shall be signed by, or bear the facsimile or manual signature of an Authorized Officer of the Issuer, with the corporate seal or a facsimile of the corporate seal of the Issuer imprinted on the Bonds, and, other than the Initial Bond, attested to by the manual or facsimile signature of the Trustee. In case any one or more of the officers of the Issuer who shall have signed or sealed any of the Bonds or whose signature appears on any of the Bonds shall cease to be such officer before the Bonds so signed shall have been actually authenticated or delivered or caused to be delivered by the Trustee or issued by the Issuer, such Bonds may, nevertheless, be authenticated and issued and, upon such authentication, delivery and issue, shall be as binding upon the Issuer as if the persons who signed or sealed such Bonds or whose signatures appear on any of the Bonds had not ceased to hold such offices until such delivery. Any Bond may be signed or sealed on behalf of the Issuer by such persons as at the actual time of execution of the Bonds shall be duly authorized or hold the proper office in the Issuer, although at the date of issuance and delivery of the Bonds such persons may not have been so authorized or have held such office.

Limited Obligation. THE BONDS, TOGETHER WITH INTEREST THEREON, AND REDEMPTION PREMIUM, IF ANY, ARE NOT GENERAL OBLIGATIONS OF THE ISSUER, BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER SECURED BY THE TRUST ESTATE, ARE AND WILL ALWAYS BE PAYABLE SOLELY FROM THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE (EXCEPT TO THE EXTENT PAID OUT OF MONEYS ATTRIBUTABLE TO PROCEEDS OF THE BONDS OR THE INCOME FROM THE TEMPORARY INVESTMENT THEREOF), AND ARE AND WILL ALWAYS BE A VALID CLAIM OF THE OWNER THEREOF ONLY AGAINST THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE, WHICH REVENUES AND INCOME MAY BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL INSTALLMENTS OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, EXCEPT AS MAY BE EXPRESSLY AUTHORIZED OTHERWISE IN THE INDENTURE AND IN THE FINANCING AGREEMENT. THE BONDS AND THE OBLIGATION TO PAY INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, DO NOT NOW AND WILL NEVER CONSTITUTE A DEBT OR AN OBLIGATION OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF WILL BE LIABLE THEREFOR. **THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH, CREDIT, OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER.**

THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT OR ANY OTHER FEDERAL GOVERNMENTAL AGENCY AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES. The foregoing statement of limitation shall appear on the face of each Bond.

Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Issuer, at the expense of the owner of such Bond shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so

mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled by it and delivered to, or upon the order of, the Issuer. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence shall be satisfactory to it and indemnity satisfactory to the Trustee shall be given, the Issuer, at the expense of the owner of such Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Bond authenticated and delivered under this section and of the expenses which may be incurred by the Issuer and the Trustee in the premises. Any Bond authenticated and delivered under the provisions of this section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Issuer whether or not the Bond so alleged to be lost, destroyed or stolen shall be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of the Indenture with all other Bonds secured by the Indenture. If any such Bond shall have matured, or is about to mature, instead of issuing a new Bond the Trustee may pay the same without surrender thereof upon receipt of the aforementioned indemnity.

Registration, Transfer and Exchange of Bonds; Persons Treated as Owners.

The Issuer shall cause books for the registration, transfer and exchange of the Bonds as provided in the Indenture to be kept by the Trustee, which is constituted and appointed the bond registrar with respect to the Bonds (the "Bond Registrar"). At reasonable times and under reasonable regulations established by the Trustee, said books may be inspected and copied by the Issuer or by owners (or a designated representative thereof) of a majority in aggregate principal amount of the Bonds then Outstanding. The registration of each Bond is transferable by the registered owner thereof in person or by its attorney duly authorized in writing at the designated corporate trust office of the Trustee. Upon surrender for registration of transfer of any Bond at such office, the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond of the same maturity or maturities and Authorized Denomination for the same aggregate principal amount. Bonds to be exchanged shall be surrendered at said designated corporate trust office of the Trustee, and the Trustee shall authenticate and deliver in exchange therefor a Bond of equal aggregate principal amount of the same maturity and Authorized Denomination.

All Bonds presented for registration of transfer, exchange or payment (if so required by the Issuer or the Trustee) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Trustee, duly executed by the registered owner or by its duly authorized attorney.

The Issuer, the Bond Registrar and the Trustee shall not be required (i) to issue, register the transfer of or exchange any Bonds during a period beginning at the Trustee's opening of business on the applicable Record Date and ending at the Trustee's close of business on the applicable Payment Date; or (ii) to register the transfer of or exchange any Bond selected, called or being called for redemption as provided in the Indenture. No charge shall be made to any Bondholder for the privilege of registration of transfer as provided in the Indenture, but any Bondholder requesting any such registration of transfer shall pay any tax or governmental charge required to be paid therefor.

New Bonds delivered upon any registration of transfer or exchange shall be valid obligations of the Issuer, evidencing the same debt as the Bonds surrendered, shall be secured by the Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered. The person in whose name any Bond is registered shall be deemed the owner thereof by the Issuer and the Trustee, and any notice to the contrary shall not be binding upon the Issuer or the Trustee. Notwithstanding anything in the Indenture to the contrary, to the extent the Bonds are Book Entry Bonds, the provisions of the Indenture shall govern the exchange and registration of Bonds.

Redemption

Mandatory Redemption prior to Immediate MBS Delivery Date. The Bonds are subject to mandatory redemption in part on any Payment Date prior to the first day of the first month following the Immediate MBS Delivery Date in an amount equal to the amount due on the first day of the month in which such Payment Date occurs as shown in the Mortgage Loan Amortization Schedule, payable with respect to principal first, from money on deposit in the Bond Proceeds Fund and second, from money on deposit in the Collateral Fund, and with respect to interest from money on deposit in the Revenue Fund.

Mandatory Redemption upon Failure to Purchase the Immediate MBS. The Bonds are subject to mandatory redemption in whole five (5) Business Days after the Immediate MBS Delivery Date Deadline (as such date may be extended under the Indenture) at a Redemption Price equal to 100% of the Outstanding principal amount thereof plus interest accrued but unpaid from the first day of the month in which the last Payment Date occurred to such redemption date, if the Immediate MBS Delivery Date has not occurred on or prior to the Immediate MBS Delivery Date Deadline, as such date may be extended, payable with respect to principal first, from money on deposit in the Bond Proceeds Fund and second, from money on deposit in the Collateral Fund and with respect to premium, if any, and interest, from money on deposit in the Revenue Fund.

Mandatory Redemption upon Failure to Purchase the Forward MBS. The Bonds are subject to mandatory redemption in part, five (5) Business Days after the Forward MBS Delivery Date Deadline (as such date may be extended pursuant to the Indenture) at a Redemption Price equal to the principal amount of the Forward MBS, plus interest accrued but unpaid (with respect to the portion of the Bonds to be redeemed) from the first day of the month in which the last Payment Date occurred to such redemption date, if the Forward MBS Delivery Date has not occurred on or prior to the Forward MBS Delivery Date Deadline, as such date may be extended, payable with respect to principal first, from money on deposit in the Bond Proceeds Fund and second, from money on deposit in the Collateral Fund, and with respect to premium, if any, and interest, from money on deposit in the Revenue Fund.

Mandatory Redemption on the Forward MBS Delivery Date. The Bonds are subject to mandatory redemption in part on the Forward MBS Delivery Date at a Redemption Price equal to (a) 101% of the difference between (i) the combined principal amount of the Forward MBS purchased on the Forward MBS Delivery Date and the Immediate MBS and (ii) the aggregate principal amount of the Bonds Outstanding as of the first day of the month in which the Forward MBS Delivery Date occurred, plus (b) interest accrued but unpaid on such difference from the first day of the month in which the last Payment Date occurred to the Forward MBS Delivery Date; payable with respect to principal first, from money on deposit in the Bond Proceeds Fund and second, from money on deposit in the Collateral Fund, and with respect to interest and premium, if any, from money on deposit in the Revenue Fund.

Mandatory Redemption Following the Immediate MBS Delivery Date. Following the Immediate MBS Delivery Date, the Bonds are subject to mandatory redemption in part in an amount equal to, and one Business Day after the date on which, each principal payment or prepayment is received pursuant to the MBS at a Redemption Price equal to 100% of the principal amount received pursuant to the MBS, plus interest and premium, if any, received pursuant to the MBS.

Mandatory Redemption in Lieu of Exchange. The Bonds are subject to mandatory redemption in part in the event the Issuer elects pursuant to the Indenture to redeem a Beneficial Owner's Bonds for an amount equal to the Cash Value in lieu of delivering to the Beneficial Owner of the Bonds of its proportional interest in the MBS based upon its proportional interest in the Bonds. Any such redemption shall be made in the amounts, from the sources and in accordance with the provisions of the Indenture. The Cash Value shall be calculated by the Issuer or by a financial advisor selected by the Issuer, and shall be verified by an independent verification agent in writing confirming the mathematical accuracy of the calculations.

Notice of Redemption

Any time the Bonds are subject to redemption in whole or in part pursuant to the Indenture, the Trustee, in accordance with the provisions of the Indenture, shall give at least twenty (20) Business Days' notice, in the name of the Issuer, of the redemption of the Bonds, which notice shall specify the following: (i) the maturity and principal amounts of the Bonds to be redeemed; (ii) the CUSIP number, if any, of the Bonds to be redeemed; (iii) the date of such notice; (iv) the issuance date for such Bonds; (v) the interest rate on the Bonds to be redeemed; (vi) the redemption date; (vii) any conditions to the occurrence of the redemption; (viii) the place or places where amounts due upon such redemption will be payable; (ix) the Redemption Price; (x) the Trustee's name and address with a contact person and a phone number; and (xi) that on the redemption date, the Redemption Price shall be paid. Notice delivered as required in this section with respect to a redemption pursuant to "Mandatory Redemption upon Failure to Purchase the Immediate MBS" and "Mandatory Redemption upon Failure to Purchase the Forward MBS" above may be rescinded and annulled on or before the MBS Delivery Date Deadline if (i) the MBS is delivered on or prior to the MBS Delivery Date Deadline or (ii) the MBS Delivery Date Deadline is extended pursuant to the Indenture; provided, any such notice given shall expressly state, in addition to the items above, that it may be rescinded and annulled on or before

the MBS Delivery Date Deadline. See “Extension of MBS Delivery Date Deadline” below. Neither the giving of a notice by the Trustee nor the receipt of such notice by the Bondholders shall be a condition precedent to the effectiveness of any such redemption. Notwithstanding anything in the Indenture to the contrary, no notice of redemption shall be required with respect to redemptions pursuant to “Mandatory Redemption prior to MBS Delivery Date,” or “Mandatory Redemption Following the Immediate MBS Delivery Date” above.

The Bonds to be redeemed in part pursuant to the Indenture will be selected in accordance with the operational arrangements of DTC or any successor Substitute Depository, and any partial prepayments pursuant thereto shall be made in accordance with the “Pro Rata Pass-Through Distributions of Principal” procedures of DTC or comparable procedures of any successor Substitute Depository.

In the event that the MBS has not been purchased by, and delivered to, the Trustee ten (1) Business Days prior to the MBS Delivery Date Deadline (as such date may be extended under the Indenture), the Trustee shall provide, ten (10) Business Days prior to the MBS Delivery Date, to the Borrower, the Lender, the Underwriter and the Issuer written notice of such non-purchase.

Notwithstanding this section, no prior notice shall be a prerequisite to the effectiveness of any redemption under the heading “Redemption” which redemption shall occur and be effective irrespective of whether the Trustee fulfills its obligation to provide the notice with respect to the heading “Redemption” required by this section.

Payment of Redemption Price

With respect to any redemption pursuant to the heading “Redemption” above, whether or not notice has been given in the manner provided in the heading “Notice of Redemption” above (or not required to be given as a result of a redemption pursuant to the heading “Redemption” above), and all conditions to the redemption contained in such notice, if applicable, having been met, the Bonds so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price specified in the heading “Redemption” above, and upon presentation and surrender thereof at the offices specified in such notice, together with, in the case of Bonds presented by other than the registered owner, a written instrument of transfer duly executed by the registered owner or its duly authorized attorney; provided, however, that so long as the Bonds are registered in the name of the Depository, payment for such redeemed Bonds shall be made in accordance with the Representation Letter of the Issuer. If, on the redemption date, moneys for the redemption of all of the Bonds to be redeemed, together with all accrued interest on such Bonds, which shall equal all interest accrued on the MBS, if delivered, to the redemption date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date, interest on the Bonds so called for redemption shall cease to accrue.

Extension of MBS Delivery Date Deadline

At any time prior to the date on which notice of redemption pursuant to the Indenture, as described under the heading “Notice of Redemption” above must be given pursuant to the Indenture, as described under “Mandatory Redemption upon Failure to Purchase the Immediate MBS” and “Mandatory Redemption upon Failure to Purchase the Forward MBS” above, the Borrower may extend an MBS Delivery Date Deadline by (i) providing to the Trustee, the Lender, the Rating Agency, the Issuer and the Underwriter written notice of any extension of the applicable MBS Delivery Date Deadline, (ii) depositing Eligible Funds for the credit of the Negative Arbitrage Account of the Revenue Fund in an amount, taking into account amounts already on deposit therein, sufficient to pay interest due on the Bonds to the date that is five (5) Business Days after the applicable extended MBS Delivery Date Deadline (the “Extension Deposit”), (iii) delivering to the Trustee and the Rating Agency a Cash Flow Projection establishing the sufficiency of the Extension Deposit, and (iv) delivering to the Trustee confirmation by the Rating Agency of the then-current rating on the Bonds. Extension Deposits may continue to be made by or on behalf of the Borrower until the applicable MBS Delivery Date occurs or the Borrower declines to make an Extension Deposit resulting in the mandatory redemption pursuant to the Indenture; provided, however, neither MBS Delivery Date Deadline may be extended to a date that is later than the fourth anniversary of the Bond Dated Date unless prior to any extension beyond such date there shall be filed with the Trustee and the Issuer a Favorable Opinion of Bond Counsel. The cost of such opinion shall be the sole responsibility of the Borrower.

Delivery of MBS

Each MBS shall be registered in the name of the Trustee or its designee. The obligation of the Trustee to purchase the applicable MBS on the applicable MBS Delivery Date shall be subject to receipt by the Trustee of written notification from the Lender upon which the Trustee may rely and act without further investigation certifying that the applicable MBS duly executed by Fannie Mae is available for purchase by the Trustee at the applicable MBS Purchase Price, and meets the following requirements:

- (i) the sum of the principal amounts of the MBS shall equal from time to time the then current principal amount of the Bonds, except for principal payments received which have not been remitted to owners of the Bonds;
- (ii) the applicable MBS shall bear interest at the Pass-Through Rate payable on the 25th day of each month, commencing on the 25th day of the month following the month in which the Trustee purchases the applicable MBS, or if any such 25th day is not a Business Day, the next succeeding Business Day, and have a final maturity date, which is the same as the Bond Maturity Date;
- (iii) the applicable MBS shall provide that timely payment of principal (whether on any scheduled Payment Date or prior thereto upon any mandatory prepayment of the Mortgage Note or upon any optional prepayment of the Mortgage Note or upon declaration of acceleration following a default thereunder and interest on the applicable MBS) is guaranteed to the record owner of the applicable MBS, regardless of whether corresponding payments of principal and interest on the Mortgage Loan are paid when due; and
- (iv) the applicable MBS shall be acquired by the Trustee on behalf of the Issuer, shall be held at all times by the Trustee in trust for the benefit of the Bond owners and shall be held only in book-entry form through the United States Federal Reserve Bank book-entry system, pursuant to which the applicable MBS shall have been registered on the records of the Federal Reserve Bank in the name of the Trustee.

The Trustee shall receive confirmation in writing that the Depository is holding the applicable MBS on behalf of, and has identified the applicable MBS on its records as belonging to, the Trustee. Upon purchase of the applicable MBS on the applicable MBS Delivery Date, the Trustee shall post a notification to this effect on the Electronic Municipal Market Access website of the Municipal Securities Rulemaking Board.

Pledge of Trust Estate

The pledge and assignment of and the security interest granted in the Trust Estate pursuant to the granting clauses of the Indenture for the payment of the principal of, premium, if any, and interest on the Bonds, in accordance with their terms and provisions, and for the payment of all other amounts due under the Indenture, shall attach, be perfected and be valid and binding from and after the time of the delivery of the Bonds by the Trustee or by any person authorized by the Trustee to deliver the Bonds. The Trust Estate so pledged and then or thereafter received by the Trustee shall immediately be subject to the lien of such pledge and security interest without any physical delivery thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against the Issuer irrespective of whether such parties have notice thereof.

Establishment of Funds

The Trustee shall establish, maintain and hold in trust the following funds, each of which shall be maintained by the Trustee as a separate and distinct fund or account, and each of which shall be disbursed and applied only as authorized in the Indenture:

- (a) Revenue Fund, including therein a Negative Arbitrage Account;
- (b) Rebate Fund;

- (c) Costs of Issuance Fund;
- (d) Bond Proceeds Fund;
- (e) Collateral Fund; and
- (f) Rehabilitation Fund.

Initial Deposits

On the Closing Date, the Trustee shall make the following deposits:

- (a) The deposit representing accrued interest on the Bonds from the Bond Dated Date to the Closing Date shall be deposited into the Revenue Fund;
- (b) The Costs of Issuance Deposit shall be deposited into the Costs of Issuance Fund;
- (c) The original principal amount of the Bonds shall be deposited into the Bond Proceeds Fund pending application to purchase the MBS by the Trustee; and
- (d) The Negative Arbitrage Deposit shall be deposited into the Negative Arbitrage Account of the Revenue Fund.
- (e) The initial deposit of Eligible Funds shall be deposited into the Collateral Fund.

Revenue Fund

- (a) Prior to the MBS Delivery Date, the Trustee shall disburse from the Revenue Fund (and, to the extent amounts in the Revenue Fund other than amounts in the Negative Arbitrage Account therein are insufficient for such purposes, from the Negative Arbitrage Account), on each Payment Date an amount equal to the amount of principal and interest due on the Bonds pursuant to the Mortgage Loan Amortization Schedule.
- (b) Following the Closing Date, the Trustee shall immediately deposit any Extension Deposit received into the Negative Arbitrage Account of the Revenue Fund.
- (c) On the MBS Delivery Date, the Trustee shall remit from the Revenue Fund (and, to the extent amounts in the Revenue Fund other than amounts in the Negative Arbitrage Account therein are insufficient for such purposes, from the Negative Arbitrage Account) to the Lender accrued and unpaid interest on the MBS at the Pass-Through Rate from the first calendar day of the month in which the MBS was delivered.
- (d) On the first Business Day following the Payment Date in the first full month following the MBS Delivery Date, the Trustee shall transfer to the Rehabilitation Fund any amounts then on deposit in the Negative Arbitrage Account of the Revenue Fund to the Borrower and shall immediately close the Negative Arbitrage Account thereafter.
- (e) Following the MBS Delivery Date, all MBS Revenues shall be deposited by the Trustee, promptly upon receipt thereof, to the Revenue Fund.
- (f) On the first Business Day following receipt of any MBS Revenues and the deposit thereof into the Revenue Fund pursuant to subsection (e) above, the Trustee shall pay to the Bond owners all amounts so received from money on deposit in the Revenue Fund. All payments of principal and interest shall be paid to Bond owners in proportion to the principal amount of Bonds owned by each Bond owner as set forth on the records of the Trustee at the close of business on the applicable Record Date.

(g) If the Trustee does not receive a scheduled payment on the MBS by 5:00 p.m. Eastern Time on the 25th day of any month, (or the next succeeding Business Day if such day of the month is not a Business Day), the Trustee shall immediately notify Fannie Mae and immediately demand payment under the terms of the guaranty thereof.

Bond Proceeds Fund

Upon (a) deposit of Eligible Funds into the Collateral Fund as provided under the heading “Collateral Fund” below, (b) delivery of a corresponding requisition executed by an Authorized Officer of the Borrower (and approved by the Lender) in the form of an exhibit attached to the Financing Agreement and (c) subject to the provisions of the Indenture, the Trustee shall disburse Bond proceeds in an amount equal to such corresponding deposit made into the Collateral Fund to fund Project Costs pursuant to such requisition. Prior to making any such disbursement from the Bond Proceeds Fund, the Trustee shall confirm that the aggregate principal amount that will be held in both (a) the Collateral Fund and (b) the Bond Proceeds Fund, after the requested disbursement, will at least equal the then Outstanding principal amount of the Bonds and, notwithstanding anything to the contrary, the Trustee shall not disburse money from the Bond Proceeds Fund (other than to pay amounts due on the Bonds pursuant to the Indenture), unless and until Eligible Funds in an amount equal to or greater than the requested disbursement amount have been deposited in the Collateral Fund. To the extent money on deposit in the Bond Proceeds Fund is invested in Permitted Investments that have not yet matured, the Trustee is authorized by the Indenture to make the following sale and exchange, which sale and exchange shall occur prior to the disbursement of amounts on deposit in the Bond Proceeds Fund to pay Project Costs without the need to sell or terminate such Permitted Investments prior to their stated maturity date: (i) sell all or a portion of the Permitted Investments in the Bond Proceeds Fund, in the amount specified in the request for disbursement, to the Collateral Fund for a price of par and (ii) transfer a like amount of available funds from the Collateral Fund to the Bond Proceeds Fund representing Bond proceeds as the purchase price thereof.

Upon the satisfaction of the provisions set forth in this section, the Trustee shall be irrevocably and unconditionally obligated to disburse Bond proceeds from the Bond Proceeds Fund equal to either the amount deposited to the Collateral Fund, as set forth in the corresponding requisition and to the extent the Trustee is unable to do so, the Trustee shall return the amount deposited in the Collateral Fund, within one Business Day of receipt of such deposit to the party that made such deposit as set forth in the requisition.

To the extent sufficient funds are not otherwise available to the Trustee, including money on deposit in the Revenue Fund or the Collateral Fund, the Trustee shall transfer from the Bond Proceeds Fund to the Revenue Fund sufficient money to pay amounts due on the Bonds pursuant to the Indenture.

On the applicable MBS Delivery Date or as otherwise specified in this paragraph, amounts remaining in the Bond Proceeds Fund shall be used by the Trustee in the following order: (i) to the extent sufficient funds are not otherwise available in the Collateral Fund, to pay the MBS Purchase Price, (ii) to transfer funds to the Revenue Fund in an amount equal to the difference, if any, between (x) the aggregate principal amount of and interest, if any, due on the Bonds Outstanding as of the first day of the month in which such MBS Delivery Date occurs and (y) the principal amount of the MBS purchased on such MBS Delivery Date, plus interest accrued but unpaid to the redemption date, for redemption pursuant to the Indenture, and (iii) to pay any remaining Project Costs as approved by the Lender in writing, and (iv) upon a corresponding deposit of Eligible Funds in the Collateral Fund as provided in the Indenture, to transfer funds to the Rehabilitation Fund in an amount not to exceed the amount of Eligible Funds so deposited, less amounts expended for Project Costs as of such date.

Collateral Fund

The Trustee shall deposit into the Collateral Fund all Eligible Funds received pursuant to the Financing Agreement and any other Eligible Funds received by the Trustee for deposit into the Collateral Fund. The Financing Agreement requires the Borrower to cause Eligible Funds to be paid to the Trustee for deposit into the Collateral Fund in a principal amount equal to, and as a prerequisite to the disbursement of, the corresponding amount of Bond proceeds on deposit in the Bond Proceeds Fund to be disbursed by the Trustee to pay Project Costs.

Until the purchase of the MBS on the MBS Delivery Date, the deposit into the Collateral Fund shall constitute an irrevocable deposit solely for the benefit of the Bondholders, subject to the provisions of the Indenture.

Money in the Collateral Fund shall be used by the Trustee as follows: (i) to the extent money is not otherwise available, the Trustee shall transfer from the Collateral Fund to the Revenue Fund an amount necessary to pay amounts due on the Bonds pursuant to the Indenture and (ii) on the applicable MBS Delivery Date, to pay for the principal amount of the MBS.

The Bonds shall not be, and shall not be deemed to be, paid or prepaid by reason of any deposit into the Collateral Fund unless and until the amount on deposit in the Collateral Fund is transferred to the Revenue Fund and applied to the payment of the principal of any of the Bonds, or the principal component of the redemption price of any of the Bonds, all as provided in the Indenture.

Rehabilitation Fund

The Trustee shall establish, create and maintain a Rehabilitation Fund under the Indenture and moneys shall be held in the Rehabilitation Fund for reasons of convenience and tax accounting only. The Rehabilitation Fund shall not be a part of the Trust Estate. Amounts on deposit in the Rehabilitation Fund shall be disbursed by the Trustee to fund the Project Costs pursuant to requisitions executed by the Borrower and approved by the Lender in the form of an exhibit attached to the Indenture. The moneys in the Rehabilitation Fund shall, pending disbursement to the Borrower at the written direction of the Lender, pursuant to the terms of the Multifamily Loan and Security Agreement, be pledged by the Borrower to the Lender until the MBS Delivery Date, and thereafter to Fannie Mae. The Trustee shall hold such funds as custodian for Lender as the pledgee and not for the Bondholders.

Investment of Funds

The moneys held by the Trustee shall constitute trust funds for the purposes of the Indenture. Any moneys attributable to each of the Funds and Accounts under the Indenture shall be invested by the Trustee at the written direction of the Borrower in Permitted Investments which, except as otherwise provided in the Indenture, mature or are redeemable at par, without penalty, on the date on which such funds are expected to be needed for the purposes for which they are held. Notwithstanding anything in the Indenture to the contrary, all amounts in the Revenue Fund, the Collateral Fund and the Bond Proceeds Fund shall be invested in Permitted Investments as directed by the Borrower; except that following the MBS Delivery Date, payments received with respect to the MBS shall be held uninvested. All investment earnings from amounts on deposit in the Revenue Fund, the Bond Proceeds Fund and the Collateral Fund shall be credited to the Revenue Fund. If the Trustee does not receive a written direction from the Borrower regarding the investment of funds, the Trustee shall invest such funds in the First American Funds Government Obligations Class Y (which is a Permitted Investment described in clause (b) of the definition of Permitted Investments) or, if such investment is not available or no longer qualifies as a Permitted Investment, solely in Permitted Investments described in clause (b) of the definition of Permitted Investments, which shall mature or be redeemable at par without penalty at the times set forth in the Indenture.) The Trustee may make any and all such investments through its own banking department or the banking department of any affiliate. The Trustee may conclusively rely upon the Borrower's written direction as to both an investment being a Permitted Investment and the legality of such investment, and such written direction shall be deemed to be a certification that such directed investment constitutes a qualified investment under the Indenture. Ratings of a Permitted Investment shall be determined at the time of the initial purchase of such Permitted Investment, and without regard to ratings subcategories, and the Trustee shall have no responsibility to monitor the ratings of Permitted Investments after the initial purchase of such Permitted Investments, including at the time of reinvestment of earnings thereof.

Permitted Investments representing an investment of moneys attributable to any Fund or Account shall be deemed at all times to be a part of such Fund. Subject to the following sentence, investments shall be sold at the best price obtainable (at least par) whenever it shall be necessary to do so in order to provide moneys to make any transfer, withdrawal, payment or disbursement from such Fund. Prior to the MBS Delivery Date, at the direction of the Borrower, the Trustee is permitted to invest in Permitted Investments that mature on or before the MBS Delivery Date Deadline but is not permitted to sell or otherwise dispose of such Permitted Investment prior to maturity at a price below par without first receiving a Cash Flow Projection. In the case of any required transfer of moneys to another such Fund, such investments may be transferred to that Fund in lieu of the required moneys if permitted by the Indenture as an investment of moneys in that Fund.

All Permitted Investments acquired by the Trustee pursuant to the Indenture shall be purchased in the name of the Trustee and shall be held for the benefit of the Bondholders pursuant to the terms of the Indenture. The Trustee shall take such actions as shall be necessary to assure that such Permitted Investments are held pursuant to the terms of the Indenture and are subject to the trust and security interest created in the Indenture.

The Trustee shall not be liable or responsible for any loss resulting from any investment made in accordance with the Indenture. The Trustee or its affiliates may act as sponsor, principal or agent in the acquisition or disposition of investments. The Trustee may commingle investments made under the Funds and Accounts established under the Indenture, but shall account for each separately.

In computing for any purpose under the Indenture the amount in any Fund on any date, obligations so purchased shall be valued at the lower of cost or par exclusive of accrued interest, and may be so valued as of any time within four days prior to such date.

The Issuer acknowledges that regulations of the Comptroller of the Currency grant the Borrower the right to receive brokerage confirmations of the security transactions as they occur. The Issuer and the Borrower specifically waive such notification to the extent permitted by law and will receive periodic cash transaction statements that will detail all investment transactions.

Particular Covenants

Payment of Bonds. Subject to the other provisions of the Indenture, the Issuer shall duly and punctually pay or cause to be paid, solely from amounts available in the Trust Estate, the principal of, premium, if any, and interest on the Bonds, at the dates and places and in the manner described in the Bonds, according to the true intent and meaning thereof. The Bonds are not a general obligation of the Issuer, but are payable solely from the Trust Estate. The payment and other obligations of the Issuer with respect to the Bonds are intended to be, and shall be, independent of the payment and other obligations of the issuer or maker of the Bond Loan Note, the Mortgage Note and the MBS, even though the principal amount of all three instruments is expected to be identical, except in the case of a default with respect to one or more of the instruments.

Tax Covenants. The Issuer shall not take any action that will cause the interest paid on the Bonds to be includable in gross income for federal income tax purposes. In furtherance of the foregoing covenant, the Issuer has entered into the Tax Exemption Agreement. The Tax Exemption Agreement sets forth covenants and obligations of the Issuer and the Borrower, and reference is hereby made to the same for a detailed statement of said covenants and obligations. The Issuer agrees to cooperate in the enforcement of all covenants and obligations of the Borrower under the Tax Exemption Agreement and agrees that the Trustee, in its name, may enforce all rights of the Issuer (other than the Reserved Rights) and all obligations of the Borrower under and pursuant to the Tax Exemption Agreement and on behalf of the Bondholders, whether or not the Issuer has undertaken to enforce such rights and obligations.

Extension of Payment of Bonds. The Issuer shall not directly or indirectly extend or assent to the extension of the maturity of the principal due on any of the Bonds or the time of payment of interest due on the Bonds, and if the time for payment of any such claims for interest shall be extended through any other means, such Bonds or claims for interest shall not be entitled in case of any default under the Indenture to any payment out of the Trust Estate or the funds (except funds held in trust for the payment of particular Bonds pursuant to the Indenture) held by the Trustee, except subject to the provisions of the Indenture and subject to the prior payment of the principal of all Bonds issued and Outstanding the maturity of which has occurred and has not been extended and of such portion of the accrued interest on the Bonds which is not represented by such extended claims for interest. If an Extension Deposit has not been made pursuant to the Indenture, such that the aggregate balance in the Bond Proceeds Fund, the Collateral Fund and the Revenue Fund is equal to 100% of the principal amount of the Bonds plus interest accrued on the Bonds to the Mandatory Redemption Date (as such date may be extended under the Indenture), then the Bonds shall be subject to mandatory redemption as set forth in the Indenture.

Discharge of Indenture

Defeasance. (a) If all Bonds shall be paid and discharged as provided in this section, then all obligations of the Trustee and the Issuer under the Indenture with respect to all Bonds shall cease and terminate, except only (i) the obligation of the Trustee to pay or cause to be paid to the owners thereof all sums due with respect to the Bonds and to register, transfer and exchange Bonds pursuant to the Indenture, (ii) the obligation of the Issuer to pay the amounts owing to the Trustee under the Indenture from the Trust Estate, and (iii) the obligation of the Issuer to comply with the Indenture. Any funds held by the Trustee at the time of such termination which are not required for payment to Bondholders or for payment to be made by the Issuer, shall be paid as provided in the Indenture.

Any Bond or portion thereof in an Authorized Denomination shall be deemed no longer Outstanding under the Indenture if paid or discharged in any one or more of the following ways:

(i) by well and truly paying or causing to be paid the principal of, premium, if any, and interest on such Bond which have become due and payable; or

(ii) by depositing with the Trustee, in trust, cash which, together with the amounts then on deposit in the Revenue Fund and dedicated to this purpose, is fully sufficient to pay when due all principal of, and premium, if any, and interest on such Bond to the maturity or earlier redemption date thereof; or

(iii) by depositing with the Trustee, in trust, any Government Obligations in such amount as in the written opinion of a certified public accountant will, together with the interest to accrue on such Government Obligations without the need for reinvestment, be fully sufficient to pay when due all principal of, and premium, if any, and interest on such Bond to the maturity or earlier redemption date thereof, notwithstanding that such Bond shall not have been surrendered for payment.

(b) Notwithstanding the foregoing, no deposit under clauses (ii) and (iii) of subsection (a) above shall be deemed a payment of such Bond until the earlier to occur of:

(i) if such Bond is by its terms subject to redemption within 45 days, proper notice of redemption of such Bond shall have been previously given in accordance with the Indenture to the holder thereof or, in the event such Bond is not by its terms subject to redemption within 45 days of making the deposit under clauses (ii) and (iii) of subsection (a) above, the Issuer shall have given the Trustee irrevocable written instructions to mail by first-class mail, postage prepaid (or, when the Bonds are Book Entry Bonds, to send pursuant to the applicable procedures of the Depository), notice to the holder of such Bond as soon as practicable stating that the deposit required by clauses (ii) or (iii) of subsection (a) above, as applicable, has been made with the Trustee and that such Bond is deemed to have been paid and further stating such redemption date or dates upon which money will be available for the payment of the principal and accrued interest thereon; or

(ii) the Bond Maturity Date.

(c) The Trustee shall be entitled to receive a report from a nationally recognized accounting firm verifying the sufficiency of such funds to provide for the payment of all Bonds to be defeased pursuant to this section.

In addition to the circumstances described in subsection (a) above, any Bond or portion thereof in an Authorized Denomination shall be deemed no longer Outstanding under the Indenture if and to the extent of an exchange of such Bond or portion thereof for the MBS or a portion thereof or interest therein as provided in the Indenture.

Defaults and Remedies

Events of Default. Each of the following events shall constitute an Event of Default under the Indenture:

(a) On and after the MBS Delivery Date, failure by Fannie Mae to pay principal, interest or premium, if any, due under the MBS;

(b) Failure to pay the principal, interest or premium, if any, on the Bonds when the same shall become due; or

(c) Default in the observance or performance of any other covenant, agreement or condition on the part of the Issuer in the Indenture and the continuation of such default for a period of 90 days after written notice to the Issuer from the Trustee or the registered owners of at least 75% in aggregate principal amount of the Bonds Outstanding at such time specifying such default and requiring the same to be remedied.

Upon the occurrence of an Event of Default under clause (a) above, upon any failure by Fannie Mae to distribute to the Trustee any payment required to be made under the terms of the MBS, the Trustee shall notify Fannie Mae not later than the next Business Day (all such notices to be promptly confirmed in writing) requiring the failure to be remedied.

The Trustee will immediately notify the Issuer, the Bondholders, the Lender, the Investor Member and Fannie Mae, if applicable, after an Authorized Officer obtains knowledge or receives written notice of the occurrence of an Event of Default or an event which would become an Event of Default with the passage of time or the giving of notice, or both.

The Investor Member shall be entitled (but not obligated) to cure any Event of Default under the Indenture within the timeframe provided to the Borrower under the Indenture. The Issuer and the Trustee agree that cure of any default or Event of Default made or tendered by the Investor Member shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Acceleration; Rescission of Acceleration

Upon the occurrence of an Event of Default under paragraph (a) under the heading “Events of Default” above, the Trustee may, and upon the written request of the holders of not less than 75% in aggregate principal amount of the Bonds then Outstanding, which written request shall acknowledge that the amounts due on the MBS cannot be accelerated solely by virtue of acceleration of the Bonds, and upon receipt of indemnity satisfactory to the Trustee, shall, by notice in writing delivered to the Issuer, declare the principal of all Bonds then Outstanding, the premium, if any, and the interest accrued thereon immediately due and payable, and such principal, premium, if any, and interest shall thereupon become and be immediately due and payable. Subject the Indenture, upon the occurrence of an Event of Default under paragraph (b) under the heading “Events of Default” above no action shall be taken by the Trustee, unless an Event of Default has occurred pursuant to paragraph (a) under the heading “Events of Default” above in which event the Trustee shall proceed as provided above. An Event of Default under paragraph (c) under the heading “Events of Default” above shall not give rise to an acceleration pursuant to this section, provided, however, that following such an Event of Default, the holder of 100% of the Bonds then Outstanding may direct the Trustee in writing to transfer the MBS to it or its designee, in which case, the Trustee shall cancel the Bonds upon such release and transfer of the MBS, and upon such transfer, the Bonds will no longer be Outstanding. In the event any payments are received by the Trustee after the transfer of the MBS and cancellation of the Bonds, all such payments shall belong to and be transferred to the owner of the MBS.

The acceleration of the Bonds will not constitute a default under, or by itself cause the acceleration of, the MBS.

If at any time after the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, the Issuer, the Borrower or Fannie Mae, as applicable, shall pay to or deposit with the Trustee a sum sufficient to pay all principal of the Bonds then due (other than solely by reason of such declaration) and all unpaid installments of interest (if any) on all the Bonds then due with interest at the rate borne by the Bonds on such overdue principal and (to the extent legally enforceable) on such overdue installments of interest, and the reasonable expenses of the Trustee shall have been made good or cured or adequate provisions shall have been made therefor, and all other defaults under the Indenture have been made good or cured or waived in writing by the holders of a majority in principal amount of the Bonds then Outstanding, then and in every case, the Trustee on behalf of the holders of all the Bonds shall rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent Event of Default, nor shall it impair or exhaust any right or power consequent thereon.

Other Remedies; Rights of Bondholders.

Subject to the Indenture, upon the happening and continuance of an Event of Default, the Trustee in its own name and as trustee of an express trust, on behalf and for the benefit and protection of the holders of all Bonds, may also proceed to protect and enforce any rights of the Trustee and, to the full extent that the holders of such Bonds themselves might do, the rights of such Bondholders under the laws of the State or under the Indenture by such of the following remedies as the Trustee shall deem most effectual to protect and enforce such rights:

(a) By pursuing any available remedies under the Financing Agreement, the Regulatory Agreement or the MBS;

(b) Upon an Event of Default under paragraph (a) under the heading "Events of Default" above only, by realizing or causing to be realized through sale or otherwise upon the security pledged under the Indenture (including the sale or disposition of the MBS); and

(c) By action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders and to execute any other papers and documents and do and perform any and all such acts and things as may be necessary or advisable in the opinion of the Trustee in order to have the respective claims of the Bondholders against the Issuer allowed in any bankruptcy or other proceeding.

If an Event of Default shall have occurred, and if requested by the holders of not less than 75% in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction, the Trustee shall be obligated to exercise one or more of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, shall deem to be in the best interests of the Bondholders subject to the limitations set forth above and in the Indenture.

No right or remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other right or remedy, but each and every such right and remedy shall be cumulative and shall be in addition to any other right or remedy given to the Trustee or to the Bondholders under the Indenture, the Financing Agreement, the Regulatory Agreement or the MBS or now or hereafter existing at law or in equity.

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

No waiver of any default or Event of Default under the Indenture, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Waivers of Events of Default.

The Trustee shall waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of, premium, if any, and interest on the Bonds upon the written request of the holders of a majority in aggregate principal amount of all Bonds then Outstanding with respect to which there is an Event of Default; provided, however, that there shall not be waived (a) any default in the payment of the principal amount of any Bonds at the date of maturity specified therein or upon proceedings for mandatory redemption, or (b) any default in the payment when due of the interest or premium, if any, on any such Bonds, unless prior to such waiver or rescission all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such Event of Default shall have occurred on overdue installments of interest or all arrears of payments of principal or premium, if any, when due (whether at the stated maturity thereof or upon proceedings for mandatory redemption) as the case may be, and all expenses of the Trustee in connection with such monetary default, shall have been paid or provided for, and in case of any such waiver or rescission, the Issuer, the Borrower, the Trustee and the Bondholders shall be restored to their former positions and rights under the Indenture respectively.

No such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereto; and no delay or omission of the Trustee or of any Bondholders to exercise any right or power accruing upon any Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default, or acquiescence therein.

Termination of Proceedings.

In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason or determined adversely to the Trustee, then in every such case the Issuer, the Borrower, the Trustee and the Bondholders shall be restored to their former positions and rights under the Indenture, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

The Trustee

Trustee. U.S. Bank National Association is appointed by the Indenture as Trustee. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by the Indenture by executing the Indenture.

Acceptance of the Trusts. The Trustee shall not be responsible for any recital in the Indenture, or in the Bonds (except in respect to the certificate of the Trustee endorsed on the Bonds), or for insuring the Project or collecting any insurance moneys, or for the registration, filing or recording or re-registration, re-filing or re-recording of the Indenture or the Mortgage or any financing statements relating to the Indenture or the Mortgage or for the validity of the execution by the Issuer of the Indenture or of any supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued under the Indenture or intended to be secured thereby, or for the value or title of the Project or otherwise as to the maintenance of the security thereof. The Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Issuer or on the part of the Borrower under the Financing Agreement, except as expressly set forth in the Indenture; but the Trustee may require of the Issuer or the Borrower full information and advice as to their performance of the covenants, conditions and agreements aforesaid. The Trustee acknowledges it has assumed certain duties of the Issuer under the Financing Agreement, the Tax Exemption Agreement and the Regulatory Agreement.

Fees, Charges and Expenses of Trustee. Notwithstanding any provision to the contrary in the Indenture, the Trustee shall be entitled to payment for reasonable fees for its services rendered under the Indenture, the Regulatory Agreement, the Tax Exemption Agreement and the Financing Agreement and reimbursement for all advances, counsel fees and other expenses reasonably made or incurred by the Trustee (including any co-Trustee) in connection with such services which shall be paid from time to time as provided in the Financing Agreement; provided that no such amounts shall be paid to the Trustee from the Trust Estate (including, but not limited to, the proceeds of the MBS). Upon an Event of Default under paragraph (a) under the heading "Events of Default" above as a result of a failure by Fannie Mae to make payment under the MBS, but only upon such an Event of Default, the Trustee shall have a lien upon the Trust Estate for extraordinary fees, charges and expenses incurred by it. The Issuer shall require the Borrower to indemnify and save harmless the Trustee against any liabilities which the Trustee may incur in the exercise and performance of its powers and duties under the Indenture, the Tax Exemption Agreement, the Financing Agreement and the Regulatory Agreement which are not due to its own negligence or willful misconduct, and to reimburse the Trustee for any fees and expenses of the Trustee to the extent they exceed funds available under the Indenture for the payment thereof, subject only to the right of the Borrower to contest the reasonableness of any such fees or the necessity for any such expenses. The Trustee shall continue to perform its duties and obligations under the Indenture until such time as its resignation or removal is effective pursuant to the Indenture.

Merger or Consolidation of Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto shall be and become successor Trustee under the Indenture and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties to the Indenture, anything in the Indenture to the contrary notwithstanding.

Resignation by Trustee. The Trustee and any successor Trustee may at any time resign from the trusts created by the Indenture by giving 60 days' prior written notice to the Issuer and Fannie Mae, and such resignation shall only take effect upon the appointment, pursuant to the Indenture, of, and acceptance by, a successor Trustee. The successor Trustee shall give notice of such succession by first class mail, postage prepaid, to each Bondholder at the address of such Bondholder shown on the Register.

Removal of Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee and to Fannie Mae, and signed by the Issuer (or if an Event of Default shall have occurred and be continuing, by the owners of a majority in aggregate principal amount of the Bonds then Outstanding, in which event such instrument or instruments in writing shall also be delivered to the Issuer) provided that such removal shall not take effect until the appointment of a successor Trustee by the Issuer (or by the Bondholders).

Appointment of Successor Trustee.

In case at any time the Trustee or any successor thereto shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of such Trustee or of its property shall be appointed, or if any public officer shall take charge or control of such Trustee or of its property or affairs, a successor may be appointed by the Issuer with the approval of Fannie Mae (if it is not in default in its obligations under the MBS (which consent shall not be unreasonably withheld or delayed), or if Fannie Mae does not approve a successor the Issuer proposes to appoint, or if the Issuer is in default under the Indenture, by the holders of a majority in aggregate principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Issuer, by an instrument or concurrent instruments in writing signed by such Bondholders, or their attorneys duly authorized in writing, and delivered to such successor Trustee, notification thereof being given to the Issuer, Fannie Mae, the Borrower, the Investor Member and the predecessor Trustee. If in a proper case no appointment of a successor Trustee shall have been made pursuant to the foregoing provisions of this section within 45 days after the Trustee shall have given to the Issuer written notice as provided in the Indenture or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. The court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee. Any Trustee appointed under the provisions of this section shall be a bank, trust company or national banking association, having a designated office within the State, having trust powers, with prior experience as trustee under indentures under which multifamily housing revenue bonds of public agencies or authorities are issued, and having a capital and surplus acceptable to the Issuer, Fannie Mae and the Lender, willing and able to accept the office on reasonable and customary terms in light of the circumstances under which the appointment is tendered and authorized by law to perform all the duties imposed upon it by the Indenture, if there be such an institution meeting such qualifications willing to accept such appointment.

Transfer of Rights and Property to Successor Trustee.

Any successor Trustee appointed under the Indenture shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Issuer and Fannie Mae, and any Bondholder which shall request the same, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if named in the Indenture as such Trustee, but the Trustee ceasing to act shall nevertheless, on the written request of the Issuer, Fannie Mae or the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as reasonably may be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any properties held by it under the Indenture, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the Indenture. Should any deed, conveyance or instrument in writing from the Issuer be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such moneys, estates, properties, rights, powers and duties, any and all such deeds, conveyances and instruments in writing, on request, and so far as may be authorized by law, shall be executed, acknowledged and delivered by the Issuer.

Collection of MBS Payments.

The Trustee shall cause the MBS to be registered in the name of the Trustee or in the name of the nominee of the Trustee with such additional recitals as appropriate to indicate that the MBS is to be held by the Trustee in its capacity as Trustee under the Indenture subject to the provisions of the Indenture. In the event that any amount payable to the Trustee under the MBS is not received by the Trustee within one Business Day of the date such payment is due, the Trustee shall notify Fannie Mae or (if directed by Fannie Mae) the paying agent for the MBS by telephone (such notification to be immediately confirmed by Electronic Means) that such payment has not been received in a timely manner and request that such payment be made by wire transfer of immediately available funds to the account of the Trustee or such custodian, as the case may be.

Supplemental Indentures

Supplemental Indentures Effective Upon Acceptance. For any one or more of the following purposes and at any time or from time to time, the Issuer and the Trustee may enter into a Supplemental Indenture which, upon the execution and delivery thereof by an Authorized Officer and by the Trustee, and with the prior written consent of Fannie Mae, the Lender, but without the necessity of consent of the Bondholders, shall be fully effective in accordance with its terms:

(a) To add to the covenants or agreements of the Issuer contained in the Indenture other covenants or agreements to be observed by the Issuer or to otherwise revise or amend the Indenture in a manner which are/is not materially adverse to the interests of the Bondholders;

(b) To add to the limitations or restrictions contained in the Indenture other limitations or restrictions to be observed by the Issuer which are not contrary to or inconsistent with the provisions of the Indenture as theretofore in effect;

(c) To surrender any right, power or privilege reserved to or conferred upon the Issuer in the Indenture, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Issuer contained in the Indenture and is not materially adverse to the interests of the Bondholders;

(d) To confirm, as further assurance, any pledge of the Trust Estate under the Indenture and the subjection to any lien on or pledge of the Trust Estate created or to be created by the Indenture;

(e) To appoint a co-trustee or successor Trustee or successor co-trustee;

(f) To cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision in the Indenture;

(g) To insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable and are not materially adverse to the interests of the Bondholders; and

(h) To make such changes and modifications that are necessary or desirable to provide for all interest, principal and premium paid with respect to the Bonds are in the exact respective amounts of the payments of interest, principal and premium paid under and pursuant to the MBS.

Supplemental Indentures Requiring Consent of Bondholders. In addition to those amendments to the Indenture which are authorized under the heading "Supplemental Indentures Effective Upon Acceptance" above, any modification or amendment of the Indenture may be made by a Supplemental Indenture with the written consent, given as hereinafter provided under the heading "Consent of Bondholders" below, of Fannie Mae and the holders of at least two thirds in aggregate principal amount of the Bonds Outstanding at the time such consent is given; provided, however, that no such modification or amendment shall (a) permit a change in the terms of redemption or maturity of the principal amount of any Outstanding Bond or an extension of the date for payment of any installment of interest thereon or a reduction in the principal amount of, premium, if any, or the rate of interest on any Outstanding Bond without the consent of the holder of such Bond, (b) reduce the proportion of Bonds the consent of the holders of which

is required to effect any such modification or amendment or to effectuate an acceleration of the Bonds prior to maturity, (c) permit the creation of a lien on the Trust Estate pledged under the Indenture prior to or on a parity with the lien of the Indenture, (d) deprive the holders of the Bonds of the lien created by the Indenture upon the Trust Estate (except as expressly provided in the Indenture), without (with respect to (b) through (d)) the consent of the holders of all Bonds then Outstanding, or (e) change or modify any of the rights or obligations of the Trustee without the written consent thereto of the Trustee.

Consent of Bondholders. The Issuer and the Trustee may, at any time, execute and deliver a Supplemental Indenture making a modification or amendment permitted by the provisions under the heading “Supplemental Indentures Requiring Consent of Bondholders” above, to take effect when and as provided in this section. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in a form approved by the Trustee), together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Trustee to the Bondholders. Such Supplemental Indenture shall not be effective unless there shall have been filed with the Trustee (a) the written consents of Fannie Mae and the holders of the proportion of Outstanding Bonds specified under the heading “Supplemental Indentures Requiring Consent of Bondholders” above, and (b) an opinion of Bond Counsel (at the sole expense of the Borrower) stating that such Supplemental Indenture has been duly and lawfully entered into by the Issuer in accordance with the provisions of the Indenture, is authorized or permitted by the provisions of the Indenture, and, when effective, will be valid and binding upon the Issuer. Each such consent of the Bondholders shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the Indenture. A certificate or certificates by the Trustee that it has examined such proof and that such proof is sufficient under the provisions of the Indenture shall be conclusive that the consents have been given by the holders of the Bonds described in such certificate or certificates. Any such consent shall be binding upon the holder of the Bonds giving such consent and upon any subsequent holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent holder thereof has notice thereof). At any time after the holders of the required proportion of Bonds shall have filed their consents to such Supplemental Indenture, the Trustee shall make and file with the Issuer a written statement that the holders of such required proportion of Bonds have filed and given such consents. Such written statement shall be conclusive that such consents have been so filed and have been given. Within 90 days after filing such statement, the Trustee shall mail (or, when the Bonds are Book Entry Bonds, send pursuant to the applicable procedures of the Depository) to the Bondholders a notice stating in substance that such Supplemental Indenture (which may be referred to as a Supplemental Indenture executed by the Issuer on a stated date, a copy of which is on file with the Trustee) has been consented to by the holders of the required proportion of Bonds and will be effective as provided in this section, but failure to send such notice shall not prevent such Supplemental Indenture from becoming effective and binding as provided in this section. The Trustee shall file with the Issuer proof of sending of such notice to the Bondholders. A record, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Indenture making such modification or amendment shall be deemed conclusively binding upon the Issuer, the Trustee and the holders of all Bonds upon the execution thereof and the filing by the Trustee with the Issuer of the statement that the required proportion of Bondholders have consented thereto.

Modification By Unanimous Consent. Notwithstanding anything contained in the foregoing provisions of the Indenture, the terms and provisions of the Indenture and the rights and obligations of the Issuer and the Bondholders under the Indenture, in any particular, may be modified or amended in any respect upon execution and delivery of a Supplemental Indenture by the Issuer and the Trustee making such modification or amendment and the consent to such Supplemental Indenture of Fannie Mae, the Lender and the holders of all of the Bonds then Outstanding, such consent to be given and proved as provided under the heading “Consent of Bondholders” above except that no notice to Bondholders shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of the Trustee without the written assent thereto of the Trustee, in addition to the consent of the Bondholders.

Miscellaneous Provisions

No Recourse on Bonds. No recourse shall be had for the payment of the principal or Redemption Price or purchase price of or interest on the Bonds or for any claim based thereon or on the Indenture or the Financing Documents against any member, officer, employee or agent of the Issuer, past present or future, or any person executing the Bond.

APPENDIX D
SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT

The following is a summary of certain provisions of the Financing Agreement which are not described elsewhere in the Official Statement. This summary does not purport to be comprehensive, and reference should be made to the Financing Agreement for a full and complete statement of its provisions.

Definitions

Capitalized terms used but not defined herein shall have the meanings given them in the Indenture and the Financing Agreement.

General Terms of the Financing

The Issuer has authorized the issuance of the Bonds in the aggregate principal amount set forth in the Financing Agreement and Bonds in such amount shall be issued and Outstanding as of the Closing Date. The obligations of the Issuer, the Trustee, the Lender and the Borrower under the Financing Agreement are expressly conditioned upon (i) the sale, issuance and delivery of the Bonds, (ii) receipt by the Trustee of the amounts set forth in the Indenture, and (iii) the making of the Mortgage Loan by the Issuer and the assignment thereof to the Lender and the delivery of the payment therefor by the Lender to the Trustee. Neither the Issuer, the Lender, the Trustee nor Fannie Mae shall have any liability for any fees, costs or expenses, including, without limitation, issuance costs relating to the Bonds; all of such fees, costs and expenses shall be paid by the Borrower.

Amount and Source of Bond Loan and Mortgage Loan

Upon the issuance and delivery of the Bonds, pursuant to the Indenture, the Issuer will make the Bond Loan and the Mortgage Loan to the Borrower and the Borrower will apply the proceeds of the Bonds as provided in the Indenture to pay Project Costs, and the Trustee will transfer certain proceeds of the Bonds into the Rehabilitation Fund as provided in the Indenture. The Trustee shall apply the amounts deposited into the Bond Proceeds Fund and the Collateral Fund as provided in the Indenture to secure the Bonds until the MBS Delivery Date and then to purchase the applicable MBS. The Borrower accepts the Bond Loan and Mortgage Loan from the Issuer, upon the terms and conditions set forth in the Financing Agreement, the Mortgage Loan Documents and the Indenture, and subject to the terms and conditions of the Tax Exemption Agreement and the Regulatory Agreement. The Issuer has caused the proceeds of the Bonds to be provided to the Trustee for deposit into the Bond Proceeds Fund. The Borrower agrees to pay all amounts necessary to pay principal of, premium, if any, and interest on the Bonds as provided in the Indenture. The Borrower has made arrangements for the delivery to the Trustee of the MBS and of certain other Eligible Funds as contemplated in the Financing Agreement and the Indenture. Payments on the MBS received by the Trustee shall be credited to amounts due from the Borrower for payment of principal of, premium, if any, and interest on the Bonds.

Notification of Prepayment of Bond Loan Note and Mortgage Note

The Borrower shall notify the Trustee promptly of the receipt of any prepayment of the Bond Loan Note and the Mortgage Note, whether upon acceleration, by reason of application of insurance or condemnation proceeds, optional prepayment or otherwise. If such prepayment results in revisions to the Mortgage Loan Amortization Schedule, the Lender shall provide such revised Mortgage Loan Amortization Schedule to the Trustee and the Issuer.

Events of Default

Each of the following shall constitute an event of default under the Financing Agreement, and the term "Event of Default" shall mean, whenever used in the Financing Agreement, any one or more of the following events:

- (i) Failure by the Borrower to pay any amounts due under the Financing Agreement at the times and in the amounts required by the Financing Agreement; or

(ii) Failure by the Borrower to observe or perform any covenants, agreements or obligations in the Financing Agreement on its part to be observed or performed (other than as provided in clause (i) above) for a period of thirty (30) days after receipt of written notice specifying such failure and requesting that it be remedied, given to the Borrower by any party to the Financing Agreement; provided, however, that if said failure shall be such that it cannot be corrected within such period, it shall not constitute an Event of Default if the failure is correctable without material adverse effect on the Bonds and if corrective action is instituted by the Borrower within such period and diligently pursued until the failure is corrected, and provided further that any such failure shall have been cured within ninety (90) days of receipt of notice of such failure; or

(iii) Breach of any of the covenants, agreements or obligations of the Borrower under or the occurrence of a default which is continuing under the Tax Exemption Agreement or the Regulatory Agreement, including any exhibits to any of the foregoing; or

(iv) The occurrence of an Event of Default caused by the Borrower under and as defined in the Indenture or under any of the other Financing Documents.

Nothing contained in this section is intended to amend or modify any of the provisions of the Mortgage Loan Documents or to bind the Borrower, the Lender or Fannie Mae to any notice and cure periods other than as expressly set forth in the Mortgage Loan Documents.

Remedies Upon an Event of Default

(a) Subject to subsection (d) below, whenever any Event of Default shall have occurred and be continuing, the Issuer or the Trustee may take any one or more of the following remedial steps:

(i) By any suit, action or proceeding, pursue all remedies now or hereafter existing at law or in equity to collect all amounts then due and thereafter to become due under the Financing Agreement and the Bond Loan Note, to enforce the performance of any covenant, obligation or agreement of the Borrower under the Financing Agreement and the Bond Loan Note (subject to the nonrecourse provisions of the Financing Agreement and the Regulatory Agreement), or to enjoin acts or things which may be unlawful or in violation of the rights of the Issuer or the Trustee.

(ii) Take whatever other action at law or in equity may appear necessary or desirable to enforce any monetary obligation of the Borrower under the Financing Agreement and the Bond Loan Note or to enforce any other covenant, obligation or agreement of the Borrower under (1) the Financing Agreement, (2) the Tax Exemption Agreement, (3) the Regulatory Agreement or (4) the Bond Loan Note.

(iii) Have access to and inspect, examine, audit and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the Borrower.

(b) The provisions of subsection (a) of this section are subject to the condition that if, after any Event of Default, except a default under the Regulatory Agreement, (i) all amounts which would then be payable under the Financing Agreement by the Borrower if such Event of Default had not occurred and was not continuing shall have been paid by or on behalf of the Borrower, and (ii) the Borrower shall have also performed all other obligations in respect of which it is then in default under the Financing Agreement and shall have paid the reasonable charges and expenses of the Issuer and the Trustee, including reasonable attorney fees and expenses paid or incurred in connection with such default, then and in every such case, such Event of Default may be waived and annulled by the Trustee, but no such waiver or annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

(c) Subject to the limitations of the Regulatory Agreement and the Financing Agreement, the Issuer, without the consent of the Trustee, but only after written notice to the Trustee, the Borrower, the Investor Member, the Lender and Fannie Mae, may take whatever action at law or in equity may appear necessary or desirable to enforce performance and observance of any Reserved Right of the Issuer; provided that, the Issuer may not (i) terminate the

Financing Agreement or cause the Mortgage Loan to become due and payable, (ii) cause the Trustee to declare the principal of all Bonds then Outstanding and the interest accrued thereon to be immediately due and payable, or cause the Trustee to accelerate, foreclose or take any other action or seek other remedies under the Financing Documents, the Mortgage Loan Documents or any other documents contemplated thereby or by the Financing Agreement to obtain such performance or observance, (iii) cause the acceleration, foreclosure or taking of any other action or the seeking of any remedies under the Mortgage Loan Documents, (iv) initiate or take any action which may have the effect, directly or indirectly, of impairing the ability of the Borrower to timely pay the principal, interest and other amounts due under the Mortgage Loan, or (v) interfere with or attempt to influence the exercise by Fannie Mae of any of its rights under the Financing Documents or the Mortgage Loan Documents.

(d) Except as required to be deposited in the Rebate Fund pursuant to the Tax Exemption Agreement, any amounts collected pursuant to action taken under this section shall, after the payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, the Issuer, the Lender or Fannie Mae and their respective counsel, be applied in accordance with the provisions of the Indenture. No action taken pursuant to this section shall relieve the Borrower from the Borrower's obligations pursuant to the Financing Agreement.

(e) No remedy conferred upon or reserved to the Issuer or the Trustee in the Financing Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy now or hereafter existing pursuant to any other agreement at law or in equity or by statute.

(f) Notwithstanding any other provision of the Financing Agreement to the contrary, after the MBS Delivery Date, so long as Fannie Mae is not in default under the MBS, none of the Issuer, the Trustee or any Person under their control shall exercise any remedies or direct any proceedings under the Financing Agreement or the Mortgage Loan Documents, other than to (i) enforce rights under the MBS, (ii) enforce the tax covenants in the Indenture and the Financing Agreement, or (iii) enforce rights of specific performance under the Regulatory Agreement (without posting a bond or other security); provided, however, that any enforcement under (ii) or (iii) above shall not include seeking monetary damages.

Notice of Default: Rights to Cure

The Lender and the Investor Member shall each have the right, but not the obligation, to cure any such default by the Borrower, and upon performance by the Lender or the Investor Member to the satisfaction of the Issuer and the Trustee of the covenant, agreement or obligation of the Borrower with respect to which an Event of Default has occurred, the parties to the Financing Agreement shall be restored to their former respective positions, it being agreed that the Lender and the Investor Member shall each have the right to repayment from the Borrower of moneys it has expended and any other appropriate redress for actions it has taken to cure any default by the Borrower, subject to Fannie Mae prior written consent; provided that the Borrower's reimbursement obligation shall be nonrecourse to the same extent as the underlying obligation is non-recourse to the Borrower.

Amendment

The Financing Agreement and all other documents contemplated by the Financing Agreement to which the Issuer is a party may be amended or terminated only if permitted by the Indenture, and no amendment to the Financing Agreement shall be binding upon any party to the Financing Agreement until such amendment is reduced to writing and executed by the parties thereto; provided that no amendment, supplement or other modification to the Financing Agreement or any other Financing Document shall be effective without the prior written consent of the Lender and Fannie Mae.

Limited Liability of the Issuer

The Issuer shall not be obligated to pay the principal (or Redemption Price) of, or interest on the Bonds, except from the Trust Estate. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Issuer or any member is pledged to the payment of the principal (or Redemption

Price) of, premium, if any, or interest on the Bonds. The Issuer shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with the Financing Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under the Financing Agreement or from the MBS.

The Borrower acknowledges that the Issuer's sole source of moneys to repay the Bonds will be provided by the Trust Estate, and agrees that if the payments to be made under the Financing Agreement shall ever prove insufficient to pay all principal (or Redemption Price) of, premium, if any, and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or Redemption Price) of, premium, if any, or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the Issuer or any third party, subject to any right of reimbursement from the Trustee, the Issuer or any such third party, as the case may be, therefor. The foregoing is subject in all respects to the nonrecourse provisions set forth in the Financing Agreement and the Regulatory Agreement.

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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 and Land Use Restriction Agreement (the “Regulatory Agreement”). The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Regulatory Agreement, copies of which are on file with the Issuer and the Trustee.

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 Agreements, the Short-Term Loan Agreement and the Financing 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 clause (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). The Borrower will retain all documentation required by this clause (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) The Borrower has certified that as of the Closing Date at least 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 clauses (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 clause (a)(x) under the caption “Tax-Exempt Status of the Bonds” above, at least annually thereafter in the manner as described in clause (a)(x) under the caption “Tax-Exempt Status of the Bonds” above, 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 Mortgage 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 Financing 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) 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 Borrower's Compliance Report to the Issuer in the form available on the Issuer's website at the time of submission by April 30 of each year, commencing April 30, 2021;

(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 in clause (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 in the Regulatory Agreement 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 Financing 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 in the Regulatory Agreement 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, certain 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 of the Regulatory Agreement; 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.

Fannie Mae Rider

The Fannie Mae Rider shall amend and supplement the Regulatory Agreement. In the event certain provisions of the Fannie Mae Rider conflict with the Regulatory Agreement, the Fannie Mae Rider shall supersede the conflicting provision of the Regulatory Agreement. The Fannie Mae Rider shall apply in spite of the fact that the covenants, reservations and restrictions of the Regulatory Agreement run with the land and may be deemed applicable to any successor in interest to the Borrower.

APPENDIX F
FORM OF CONTINUING DISCLOSURE AGREEMENT

\$12,500,000
Texas Department of Housing and Community Affairs
Multifamily Tax-Exempt Bonds
(M-TEMS) (Park Yellowstone)
Series 2019 (FN)

This Continuing Disclosure Agreement, dated as of January 1, 2019 (this “Continuing Disclosure Agreement”), is executed and delivered by Yellowstone Boulevard LLC, a Texas limited liability company (the “Borrower”), and U.S. Bank National Association, as dissemination agent (the “Dissemination Agent”). The above-captioned bonds (the “Bonds”) are being issued pursuant to an Indenture of Trust, dated as of January 1, 2019 (the “Indenture”), between the Texas Department of Housing and Community Affairs (the “Issuer”) and U.S. Bank National Association (the “Trustee”). Pursuant to the Indenture and Financing Agreement, dated as of January 1, 2019, among the Issuer, the Trustee and the Borrower (the “Financing Agreement”), the Dissemination Agent, the Trustee and the Borrower covenant and agree as follows:

Section 1. Purpose of the Continuing Disclosure Agreement. This Continuing Disclosure Agreement is being executed and delivered by the Borrower and the Dissemination Agent for the benefit of the holders of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (defined below). The Borrower and the Dissemination Agent acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Continuing Disclosure Agreement, and has no liability to any person, including any holder of the Bonds or Beneficial Owner, with respect to any such reports, notices or disclosures.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Continuing Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

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

“*Audited Financial Statements*” means, in the case of the Borrower, the annual audited financial statements prepared in accordance with generally accepted accounting principles, if any.

“*Beneficial Owner*” shall mean any person which (a) 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), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“*Disclosure Representative*” shall mean the administrator of the Project or his or her designee, or such other person as the Borrower shall designate in writing to the Dissemination Agent from time to time.

“*Dissemination Agent*” shall mean U.S. Bank National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Borrower and which has filed with the Trustee a written acceptance of such designation.

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

“*MSRB*” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934. All documents provided to the MSRB shall be in an electronic format and accompanied by identifying information, as prescribed by the MSRB. Initially, all document submissions to the MSRB pursuant to this Continuing Disclosure Agreement shall use the MSRB’s Electronic Municipal Market Access (EMMA) system at www.emma.msrb.org.

“*Participating Underwriter*” means Stifel, Nicolaus & Company, Incorporated, and its successors and assigns.

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

Section 3. Provision of Annual Reports.

(a) The Borrower will, or will cause the Dissemination Agent to, not later than 180 days following the end of the Borrower’s fiscal year, commencing with the fiscal year ending on December 31, 2019, provide to the MSRB an Annual Report which is consistent with the requirements described below. No later than 15 Business Days prior to said date, the Borrower will provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may cross reference other information, provided that the audited financial statements for the prior calendar year of the Borrower may be submitted separately from the balance of the Annual Report.

(b) If by 15 Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent will contact the Disclosure Representative to determine if the Borrower is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent will send in a timely manner a notice to the MSRB in substantially the form attached as Exhibit B to this Continuing Disclosure Agreement.

(d) The Dissemination Agent will file a report with the Borrower and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Agreement, stating the date it was provided.

Section 4. Content of Annual Reports. The Borrower’s Annual Report will contain or incorporate by reference the following:

(a) Financial information with respect to the Project, provided at least annually, of the type included in Exhibit A hereto, which Annual Report may, but is not required to, include Audited Financial Statements. If the Borrower’s Audited Financial Statements are not available by the time the Annual Report is required to be filed, the Annual Report will contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the Audited Financial Statements will be filed in the same manner as the Annual Report when and if they become available; and

(b) Tables setting forth the following information as of the end of such fiscal year:

(i) The original aggregate principal amount of the Bonds and the aggregate principal amount of the Bonds remaining Outstanding; and

(ii) With respect to the MBS relating to the Bonds, the MBS pool number, the MBS CUSIP number, the original principal amount and the principal amount outstanding of the MBS.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Borrower is an “Obligated Person” (as defined by the Rule), which have been filed with the MSRB. The Borrower will clearly identify each such other document so incorporated by reference.

Each annual report submitted hereunder shall be in readable portable document format (“PDF”) or other acceptable electronic form.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events (each, a “Listed Event”):

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulty;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulty;
- (v) Substitution of credit or liquidity 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 Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of holders of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Borrower. For purposes of this clause (xii), any such event shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower 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 Borrower, 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 Borrower;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, 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;
- (xiv) Appointment of a successor or additional trustee or paying agent or the change of the name of a trustee or paying agent, if material;
- (xv) Any HAP Contract or other rental assistance or subsidy agreement for the Project has been terminated;
- (xvi) Any Regulatory Agreement with respect to the Project is in default;
- (xvii) The date when the Project is placed in service for purposes of Section 42 of the Internal Revenue Code of 1986, as amended;

(xviii) The extension of the Mandatory Redemption Date as such date may be extended under the Indenture; and

(xix) The delivery of the MBS and the MBS CUSIP number.

(b) The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any potential Listed Event, pursuant to subsection (c) of this Section 5 or otherwise, provide the Disclosure Representative with notice (by facsimile transmission confirmed by telephone or by email). While the Dissemination Agent is also the Trustee, the Dissemination Agent shall be deemed to have actual knowledge of those items listed in clauses (i), (iii) (solely with respect to funds held by the Trustee), (iv), (v), (vii), (viii), (ix), (x) and (xiv) above without the Dissemination Agent having received notice of such event. While the Dissemination Agent is not also the Trustee, the Dissemination Agent shall not be deemed to have actual knowledge of any items listed in clauses (i) - (xiv) above without the Dissemination Agent having received written notice of such event. For purposes of providing notice to the Disclosure Representative, the Dissemination Agent shall assume that the unscheduled draws described in clauses (iii) and (iv) reflect financial difficulty.

(c) Whenever the Borrower obtains knowledge of the occurrence of a potential Listed Event, the Borrower shall, within five (5) Business Days of obtaining such knowledge and in any event no more than eight (8) Business Days after the occurrence of such event, determine if such event is in fact a Listed Event that is required by the Rule to be disclosed and provide the Dissemination Agent with notice and instructions pursuant to subsections (d) below.

(d) If the Borrower has determined that a Listed Event is required to be disclosed then the Borrower shall prepare a written notice describing the Listed Event and provide the same to the Dissemination Agent along with instructions to file the same pursuant to subsection (e) below.

(e) If the Dissemination Agent has been provided with a written notice describing a Listed Event pursuant to subsection (c) of this Section 5 or otherwise, and is instructed by the Borrower to report the occurrence of such Listed Event, the Dissemination Agent shall, within two (2) Business Days of its receipt of such written notice and in any event no more than ten (10) Business Days after the occurrence of the Listed Event, file the notice with the MSRB and send a copy to the Borrower.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Borrower and the Dissemination Agent may amend this Continuing Disclosure Agreement (and the Dissemination Agent will agree to any amendment so requested by the Borrower unless such amendment adversely affects its rights, duties, protections, immunities, indemnities or standard of care, as determined by the Dissemination Agent) and any provision of this Continuing Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions described under paragraph (a) under “Provision of Annual Reports,” “Contents of Annual Reports” or paragraph (a) under “Reporting of Listed Events,” it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of an Obligated Person (as defined in the Rule) with respect to the Bonds or the type of business conducted;

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

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

In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the Borrower will describe such amendment in the next Annual Report and will include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information being presented by the Borrower. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change will be given in the same manner as for a Listed Event under Section 5(e) hereof and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Default. In the event of a failure of the Borrower or the Dissemination Agent to comply with any provision of this Continuing Disclosure Agreement, and such failure to comply continues beyond a period of thirty (30) days following written notice to the Borrower, the Borrower or any Holder or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking, or specific performance by court order, to cause the Borrower or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement will not be deemed an Event of Default under the Indenture or the Financing Agreement, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Continuing Disclosure Agreement will be an action to compel performance.

Section 8. Beneficiaries. This Continuing Disclosure Agreement will inure solely to the benefit of the Borrower, the Dissemination Agent, the Participating Underwriter and Holders from time to time of the Bonds and will create no rights in any other person or entity.

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

Section 10. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Dissemination Agent as required by this Disclosure Agreement. The Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

Section 11. Notices. All notices, requests, demands or other communications to or upon the respective parties hereto shall be deemed to have been duly given or made when delivered personally or by mail (including electronic mail) to the party to which such notice, request, demand or other communication is required or permitted to be given or made under this Disclosure Agreement and addressed as set forth below or telecopied to the telecopier number of the recipient, with confirmation of transmission, indicated below:

If to the Borrower:

Yellowstone Boulevard LLC
c/o Vesta Corporation
175 Powder Forest Drive
Weatogue, CT 06089
Attention: Steven Rice
Telephone: (860) 325-1744
Email: srice@vestacorp.com

If to the Dissemination Agent:

U.S. Bank National Association
13737 Noel Road, Suite 800
Dallas, TX 75240
Attention: Brian T. Jensen
Telephone: (972) 581-1623
Email: brian.jensen@usbank.com

Section 12. Governing Law. This Continuing Disclosure Agreement shall be governed by the laws of the State of Texas.

Section 13. Termination of this Continuing Disclosure Agreement. The Borrower, the Trustee or the Dissemination Agent may terminate this Continuing Disclosure Agreement by giving written notice to the other party at least 30 days prior to such termination. The Dissemination Agent shall be fully discharged at the time any such termination is effective. The Borrower's, the Trustee's and the Dissemination Agent's obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Borrower shall give notice of such termination in a filing with the MSRB.

Section 14. Counterparts. This Continuing Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Continuing Disclosure Agreement to be executed by their duly authorized representatives as of the date set forth above.

YELLOWSTONE BOULEVARD LLC,
a Texas limited liability company

By: Yellowstone Boulevard I LLC,
a Texas limited liability company,
its Managing Member

By: Bozrah International Ministries, Inc.,
a Texas nonprofit corporation,
its Managing Member

By: _____
Brian Courtney
President

[Signatures continue on following page]

[Dissemination Agent's Signature Page to Continuing Disclosure Agreement]

U.S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent

By: _____
Authorized Officer

EXHIBIT A
ANNUAL REPORT

\$12,500,000
Texas Department of Housing and Community Affairs
Multifamily Tax-Exempt Bonds
(M-TEMS) (Park Yellowstone) Series 2019 (FN)

CUSIP: 88275L AA4

Report for Period Ending _____

THE PROJECT

Name: Park Yellowstone

Address: 3322 Yellowstone Boulevard, Houston, TX 77021

Number of Units: 210

Number of Units Occupied as of Report Date: _____ (excluding ___ manager's units)

OPERATING HISTORY OF THE PROJECT

The following table sets forth a summary of the operating results of the Project for fiscal year ended _____, as derived from the Borrower's [un]audited financial statements.

Revenues

Operating Expenses¹

Net Operating Income

Debt Service on the Bonds

Net Operating Income/(Loss)

After Debt Service

The average physical occupancy of the Project for the fiscal year ended [] was []% and the average economic occupancy of the Project for the fiscal year ended [] was []%.

¹Excludes depreciation and other non-cash expenses, includes management fee.

EXHIBIT B

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

Name of Issuer: Texas Department of Housing and Community Affairs
Name of Issue: Multifamily Tax-Exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN)
Name of Borrower: Yellowstone Boulevard LLC
CUSIP: 88275L AA4
Date of Issuance: January 31, 2019

NOTICE IS HEREBY GIVEN that the above-referenced borrower (the "Borrower") has not provided an Annual Report with respect to the above-named Bonds as required by its Continuing Disclosure Agreement. The undersigned has been informed by the Borrower that it anticipates that Annual Report will be filed by _____.

DATED: _____

U.S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent

By: _____
Name: _____
Title: _____

cc: Borrower

APPENDIX G BOOK-ENTRY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer and the Borrower believe to be reliable, but neither the Issuer, the Underwriter nor the Borrower take responsibility for the accuracy thereof.

The Depository Trust Company ("DTC"), New York, New York will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or held by the Trustee.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P Global Ratings' rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

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 ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the bonds are to be accomplished by entries made on the records of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 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 beneficial ownership. DTC has no knowledge of the actual 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 Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the transaction documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the

Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, the amount of the interest of each Direct Participant in such issue to be redeemed shall be determined on a pro rata basis in accordance with the “Pro Rata Pass Through Distributions of Principal” procedures of DTC.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest 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, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC or its nominee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer. Under such circumstances, in the event that a successor depository is not obtained, bonds are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the bonds will be printed and delivered.

The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

**APPENDIX H
TERM SHEET**

This Term Sheet assumes the Mortgage Loan is originated in an amount equal to the maximum amount available under the Lender Commitment and that all the conditions to delivery of the MBS have been satisfied and have not been waived or modified. See "Multifamily Schedule of Loan Information" herein.

<p>\$12,500,000 Texas Department of Housing and Community Affairs Multifamily Tax-Exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN)</p>	
<p>TAX-EXEMPT BOND ISSUE INFORMATION <i>(Information provided by Issuer for this Official Statement)</i></p>	
BOND ISSUER NAME	Texas Department of Housing and Community Affairs ("Issuer")
BOND ISSUE SERIES	Multifamily Tax-Exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN)
BOND ISSUE PAR	\$12,500,000
BOND DATED DATE	January 1, 2019
BOND MATURITY DATE	August 1, 2036
BOND ISSUE TAX STATUS	Excludable from gross income for federal tax purposes and state tax purposes, and not an item of tax preference for Federal AMT. See "TAX MATTERS" in the Official Statement.
BOND ISSUE CUSIP	88275L AA4
BLOOMBERG M-TEMS SERIES NAME	MTEMS – 2019 – O1FN
COLLATERAL FOR THE BOND ISSUE	Prior to delivery of Forward MBS, cash collateral plus Fannie Mae DUS MBS (see pool info below). Following delivery of Forward MBS, two Fannie Mae DUS MBSs (see pool info below).
BOND ISSUE CREDIT RATING	S&P "AA+"
BOND CLOSING DATE	January 31, 2019
BOND PAYMENT DATES	One business day later than payment on underlying Fannie Mae MBS ¹
BOND FIRST PAYMENT DATE	February 26, 2019 ² (Immediate MBS)
BOND FINAL PAYMENT DATE	The Business Day after the final MBS payment is received on August 25, 2036
BOND FIRST PRINCIPAL PAYMENT DATE	September 26, 2021
BOND TERM	17.5 years (210 months) plus the number of days from the closing date to the end of the month in which the closing occurs (Immediate

¹ There shall be no further accrual of interest from the Bond Maturity Date to the Bond Final Payment Date. Because of this lag in payment of principal and interest inherent in the payment terms of the Bonds and the one Business Day lag in payment, the effective yield on the Bonds will be lower than the Bond Net Pass-Through Rate on the Bond.

² Other than the bond dated date, the closing date, and the maturity dates set forth in this term sheet, if any date referenced herein is not a Business Day, such reference shall be to the following Business Day.

	MBS); 15 years (180 months) plus the number of days from the closing date to the end of the month in which the closing occurs (Forward MBS)
BOND INTEREST ONLY PERIOD	30 months (Immediate MBS)
ALL OTHER BOND ISSUE TERMS	Same as underlying MBS
BOND PREPAYMENT TERMS	100% of the principal amount of the Bonds call if MBS not delivered by MBS Delivery Date Deadline, thereafter same as underlying MBS. On the Forward MBS Delivery Date, 101% of the difference between (i) the combined principal amount of the Forward MBS purchased on the Forward MBS Delivery Date and the Immediate MBS and (ii) the aggregate principal amount of the Bonds Outstanding as of the first day of the month in which the Forward MBS Delivery Date occurred.
BOND NET PASS THROUGH RATE	3.50%
BOND OFFERING PRICE	100%
BOND UNDERWRITER COMPENSATION	\$153,800
BOND UNDERWRITER	Stifel, Nicolaus & Company, Incorporated
BOND MANDATORY REDEMPTION	The date on which (i) the Bonds will be redeemed at 100% of the principal amount of the Bonds plus accrued interest if the IMMEDIATE MBS is not delivered to the Trustee on or prior to the IMMEDIATE MBS DELIVERY DATE DEADLINE, or (ii) the Bonds will be redeemed in an amount equal to the principal amount of the FORWARD MBS if the FORWARD MBS is not delivered to the Trustee on or prior to the FORWARD MBS DELIVERY DATE DEADLINE, as each may be extended as set forth in the Indenture and the applicable Lender Commitment, and further at Fannie Mae's sole discretion. See "Mandatory Redemption of Bonds" in Official Statement.
BOND EXCHANGE FEATURE	See "Optional Exchange for MBS or Mandatory Redemption of Bonds" in Official Statement.
TERMINATION DATE ³	February 1, 2021, which may be extended in accordance with terms of the Indenture and as set forth in the Lender Commitment applicable to the Forward Mortgage Loan, but in no event later than August 1, 2021, unless the Termination Date is further extended in Fannie Mae's sole discretion.
IMMEDIATE MBS DELIVERY DATE DEADLINE	March 25, 2019.
FORWARD MBS DELIVERY DATE DEADLINE	March 25, 2021, which may be extended in accordance with terms of the Indenture, but in no event later than September 25, 2021.
BOND TRUSTEE	U.S. Bank National Association
UNDERLYING FANNIE MAE POOL STATISTICS <i>(Information provided by Lender for this Official Statement)</i>	
NOTE RATE	4.60%
ISSUANCE PASS-THROUGH RATE	3.50%
POOL ISSUANCE UPB (IMMEDIATE)	\$10,453,000
MAXIMUM ISSUANCE UPB (IMMEDIATE)	\$10,453,000

³ The Termination Date is applicable only to the origination of the Forward Mortgage Loan Amount.

POOL MATURITY DATE	August 1, 2036
ESTIMATED IMMEDIATE MBS DELIVERY DATE	February 26, 2019
ORIGINAL LOAN TERM (MONTHS)	210 months
REMAINING TERM TO MATURITY (MONTHS)	210 months
NUMBER OF LOANS	1
POOL SECURITY FUNDS TRANSFER TYPE	Fed Wire
TRANSACTION TYPE	DUS
POOL FIRST PAYMENT DATE	25 th day of the month following the month in which the MBS is delivered.
POOL FINAL PAYMENT DATE	August 25, 2036
SECURITY TYPE	MBS
SELLER NAME	KeyBank National Association
SERVICER NAME	KeyBank National Association
POOL NUMBER	AN7346
% OF INITIAL POOL BALANCE	100%
POTENTIAL UNDERLYING FANNIE MAE POOL STATISTICS ASSUMING THE ORIGINATION OF THE ENTIRE FORWARD MORTGAGE LOAN AMOUNT SUBJECT TO THE LENDER COMMITMENT AND NO WAIVER OR MODIFICATION OF ANY CONDITION TO THE ORIGINATION OF THE FORWARD MORTGAGE LOAN IN THE LENDER COMMITMENT ON OR PRIOR TO THE TERMINATION DATE <i>(Information provided by Lender for this Official Statement)</i>	
NOTE RATE	4.60%
ISSUANCE PASS-THROUGH RATE	3.50%
POOL ISSUANCE UPB (FORWARD)	\$2,047,000
MAXIMUM ISSUANCE UPB (FORWARD)	\$2,047,000
POOL MATURITY DATE	August 1, 2036
ESTIMATED FORWARD MBS DELIVERY DATE	February 26, 2021 assuming origination of the Forward Mortgage Loan on February 1, 2021. No assurance can be provided as to the actual date of origination of the Forward Mortgage Loan and whether or not it will occur prior to Termination Date.
ORIGINAL FORWARD MORTGAGE LOAN TERM (MONTHS)	186 months, assuming origination of the Forward Mortgage Loan on February 1, 2021. No assurance can be provided as to the actual date of origination of the Forward Mortgage Loan and whether or not it will occur prior to Termination Date.
REMAINING TERM TO MATURITY (MONTHS)	186 months assuming origination of the Forward Mortgage Loan on February 1, 2021. If the origination of the Forward Mortgage Loan occurs on a date other than February 1, 2021, the remaining term shall equal the number of months from the origination date to August 1, 2036.
NUMBER OF LOANS	1
POOL SECURITY FUNDS TRANSFER TYPE	Fed Wire
TRANSACTION TYPE	DUS

POOL FIRST PAYMENT DATE	25 th day of the month following the month in which the MBS is delivered
POOL FINAL PAYMENT DATE	August 25, 2036
SECURITY TYPE	MBS
SELLER NAME	KeyBank National Association
SERVICER NAME	KeyBank National Association
UNDERLYING FANNIE MAE POOL STATISTICS <i>(Information provided by Lender for this Official Statement)</i>	
LOAN MATURITY DATE	August 1, 2036
TIER	2
TIER DROP ELIGIBLE	No
LIEN PRIORITY	First
MAXIMUM LTV ON FIRST LIEN MBS	90%
MINIMUM NCF DSCR(x) ON FIRST LIEN MBS	1.15x
BALLOON	Yes
OTHER DEBT	Yes
ISSUANCE UPB (IMMEDIATE)	\$10,453,000
INITIAL MAXIMUM UPB (IMMEDIATE)	\$10,453,000
ISSUANCE UPB/UNIT (IMMEDIATE)	\$47,714.29
PREPAYMENT LOCKOUT PERIOD	The period ending on July 31, 2021.
PREPAYMENT PREMIUM OPTION	Yield Maintenance – CMT as defined in the Fannie Mae Multifamily MBS Prospectus; there shall be no voluntary prepayment during the Prepayment Lockout Period.
PREPAYMENT PREMIUM TERM	There shall be no voluntary prepayment prior to July 31, 2021 (Prepayment Lockout Period). Fannie Mae Yield Maintenance premium shall apply from the expiration of the Prepayment Lockout Period through January 31, 2036. Thereafter, a 1% prepayment penalty shall apply through April 30, 2036. Thereafter, no prepayment premium shall apply.
PREPAYMENT PREMIUM END DATE	April 30, 2036
FIRST LOAN PAYMENT DATE	February 1, 2019
ORIGINAL TERM (MONTHS)	210 months
AMORTIZATION TERM	35 years (420 months), commencing on August 1, 2021
REMAINING TERM TO MATURITY (MONTHS)	210 months
INTEREST TYPE	Fixed
INTEREST ACCRUAL METHOD	Actual/360
INTEREST ONLY END DATE	July 31, 2021
INTEREST ONLY TERM (MONTHS)	30 months
NOTE DATE	January 31, 2019

ACCRUING NOTE RATE (%)	4.60%
LOAN PURPOSE	Acquisition / Rehab
ISSUANCE NOTE RATE (%)	4.60%
MONTHLY DEBT SERVICE	\$50,118.85
POTENTIAL UNDERLYING FANNIE MAE POOL STATISTICS ASSUMING THE ORIGINATION OF THE FORWARD MORTGAGE LOAN AMOUNT SUBJECT TO THE LENDER COMMITMENT AND NO WAIVER OR MODIFICATION OF ANY CONDITION TO THE ORIGINATION OF THE FORWARD MORTGAGE LOAN IN THE LENDER COMMITMENT ON OR PRIOR TO THE TERMINATION DATE. <i>(Information provided by Lender for this Official Statement)</i>	
LOAN MATURITY DATE	August 1, 2036
TIER	2
TIER DROP ELIGIBLE	No
LIEN PRIORITY	First
MAXIMUM LTV ON FIRST LIEN MBS	90%
MINIMUM NCF DSCR(x) ON FIRST LIEN MBS	1.15x
BALLOON	Yes
OTHER DEBT	Yes
ISSUANCE UPB (FORWARD)	\$2,047,000
INITIAL MAXIMUM UPB (FORWARD)	\$2,047,000
ISSUANCE UPB/UNIT (FORWARD)	\$11,809.52
PREPAYMENT LOCKOUT PERIOD	The period ending on July 31, 2021.
PREPAYMENT PREMIUM OPTION	Yield Maintenance – CMT as defined in the Fannie Mae Multifamily MBS Prospectus; there shall be no voluntary prepayment during the Prepayment Lockout Period.
PREPAYMENT PREMIUM TERM	There shall be no voluntary prepayment prior to July 31, 2021 (Prepayment Lockout Period). Fannie Mae Yield Maintenance premium shall apply from the expiration of the Prepayment Lockout Period through January 31, 2036. Thereafter, a 1% prepayment penalty shall apply through April 30, 2036. Thereafter, no prepayment premium shall apply.
PREPAYMENT PREMIUM END DATE	April 30, 2036
FIRST LOAN PAYMENT DATE	First day of the month following the month in which the Forward Mortgage Loan is originated.
ORIGINAL TERM (MONTHS)	186 months, assuming origination of the Forward Mortgage Loan on February 1, 2021. If the origination of the Forward Mortgage Loan occurs on a date other than February 1, 2021, the original term shall equal the number of months from the origination date to August 1, 2036.
AMORTIZATION TERM	35 years (420 months), commencing on August 1, 2021
REMAINING TERM TO MATURITY (MONTHS)	186 months, assuming origination of the Forward Mortgage Loan on February 1, 2021. If the origination of the Forward Mortgage Loan occurs on a date other than February 1, 2021, the remaining term shall equal the number of months from the origination date to August 1, 2036.
INTEREST TYPE	Fixed

INTEREST ACCRUAL METHOD	Actual/360
INTEREST ONLY END DATE	July 31, 2021
INTEREST ONLY TERM (MONTHS)	The interest-only term shall equal the number of months from the origination date to July 31, 2021.
NOTE DATE	February 1, 2021, assuming origination of the Forward Mortgage loan of February 1, 2021
ACCRUING NOTE RATE (%)	4.60%
LOAN PURPOSE	Acquisition / Rehab
ISSUANCE NOTE RATE (%)	4.60%
MONTHLY DEBT SERVICE	\$9,814.72
MULTIFAMILY SCHEDULE OF LOAN INFORMATION	
COLLATERAL INFORMATION <i>(Information provided by Lender for this Official Statement)</i>	
LOAN NUMBER	10105151
PROPERTY NAME	Park Yellowstone Townhomes
PROPERTY STREET ADDRESS	3322 Yellowstone Boulevard
PROPERTY CITY	Houston
PROPERTY STATE	Texas
PROPERTY ZIP CODE	77021
PROPERTY COUNTY	Harris
MSA	Houston-The Woodlands-Sugar Land
YEAR BUILT	1996
PHYSICAL OCCUPANCY	89.20% (Immediate MBS); 90.47% assumed as of 9/30/2018 (Forward MBS)
UNDERWRITTEN ECONOMIC OCCUPANCY	10.8% (Immediate MBS); 5.0% assumed as of 9/30/2018 (Forward MBS)
PASS-THROUGH RATE	3.50%
REMAINING AMORTIZATION TERM (MONTHS)	420 months
ISSUANCE LTV	83.50% (Immediate MBS); No greater than 90% as of a stabilized date of April 1, 2020 (Forward MBS)
ISSUANCE UW NCF DSCR(x)	1.15%
UNDERWRITTEN EFFECTIVE GROSS INCOME	\$1,873,926 (Immediate MBS); \$2,108,695 (Forward MBS)
UNDERWRITTEN TOTAL OPERATING EXPENSES	\$1,129,724 (Immediate MBS); \$1,190,028 (Forward MBS)
UNDERWRITTEN REPLACEMENT RESERVES	\$250 per unit per year
UW NCF (\$)	\$691,702 (Immediate MBS); \$866,166 (Forward MBS)
CROSS-COLLATERALIZED (Y/N)	N
CROSS-DEFAULTED (Y/N)	N
GENERAL PROPERTY TYPE	Multifamily
SPECIFIC PROPERTY TYPE	Multifamily
LAND OWNERSHIP RIGHTS	Fee Simple
PROPERTY VALUE	\$14,970,000 (as of 4/1/2010)

SEISMIC RISK	The Project does not meet any Fannie Mae tests that require any mitigants for seismic risk.
TERRORISM INSURANCE COVERAGE (Y/N)	Y
TOTAL NUMBER OF UNITS	210
AFFORDABLE HOUSING TYPE	Low Income Housing Tax Credit (“LIHTC”) (210 units)
TAXES CURRENTLY ESCROWED	Yes
PROPERTY OWNER	Yellowstone Boulevard LLC
SPONSOR	Vesta Corporation
PROPERTY MANAGER	Vesta Management Texas, LLC
PROPERTY MANAGER EXPERIENCE	The Property Manager presently manages approximately 7,500 affordable housing units in five US States and Washington DC. The Property Manager have 40 years of experience managing affordable housing supported by various federal, state and local subsidies including HUD, tax-exempt obligations and federal low-income housing tax credits.
MULTIFAMILY SCHEDULE OF LOAN INFORMATION	
CRA INFORMATION	
<i>(Information provided by Borrower for this Official Statement)</i>	
UNITS AT OR BELOW 50% OF MEDIAN INCOME	63
UNITS AT OR BELOW 60% OF MEDIAN INCOME	100% (210 units)
UNITS WITH INCOME OR RENT RESTRICTION %	100% (210 units)
AGE RESTRICTED INDICATOR	No
TAX ABATEMENT	No
TAX CREDIT INVESTOR	PNC Real Estate Tax Credit Capital Institutional Fund 53 LLC
REGULATORY AGREEMENTS OVERSEER	Texas Department of Housing and Community Affairs
REGULATORY AGREEMENT SET-ASIDES	LIHTC – 100% of units rented to tenants whose income is at or below 60% of AMI for an initial 15-year compliance period. Under the Regulatory Agreement the Borrower is required to rent at least 40% of the Project apartment units to certain qualified tenants whose income does not exceed 60% of the area AMI where the Project is located.
LIHTC LOW INCOME HOUSING TAX CREDIT ELIGIBILITY	The Project has applied for and received 4% LIHTC in the State of Texas, which requires a certain amount of rehabilitation and limits the income of the tenants to families making 60% or less of AMI. The project must have tax-exempt financing for over 50% of project cost in order to be eligible for LIHTC.

APPENDIX I
PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon the issuance of the Bonds, Bracewell LLP, Bond Counsel for the Issuer, proposes to issue an opinion in substantially the following form:

[Letterhead of Bond Counsel]

January 31, 2019

Texas Department of Housing and
Community Affairs
Austin, Texas

U.S. Bank National Association,
as Trustee
Dallas, Texas

Stifel, Nicolaus & Company, Incorporated
Atlanta, Georgia

Fannie Mae
Washington, D.C.

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 \$12,500,000 Multifamily Tax-Exempt Bonds (M-TEMS) (Park Yellowstone) Series 2019 (FN) (the “Bonds”) pursuant to a resolution adopted by the Governing Board of the Issuer on December 6, 2018 (the “Bond Resolution”) and an Indenture of Trust dated as of January 1, 2019 (the “Indenture”), by and between the Issuer and U.S. Bank 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 Financing Agreement dated as of January 1, 2019 (the “Financing Agreement”) among the Issuer, the Trustee, Yellowstone Boulevard LLC, a Texas limited liability company (the “Borrower”), and KeyBank National Association, as lender (the “Lender”), or in the Regulatory and Land Use Restriction Agreement dated as of January 1, 2019 (the “Regulatory Agreement”), among the Issuer, the Trustee, and the Borrower.

The Bonds are being issued for the purpose of obtaining funds to make a mortgage loan to the Borrower to finance the acquisition, equipping and rehabilitation of a multifamily residential rental development located within Harris County, Texas (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, 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 excludability 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 Borrower, 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 Borrower, and customary certificates, opinions, affidavits and other documents executed by officers, agents and representatives of the Issuer, the State of Texas, the Trustee, the Borrower 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 Borrower and Stifel, Nicolaus & Company, Incorporated, 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 Financing Agreement, the Regulatory Agreement and the Tax Exemption Agreement pertaining to those sections of the Code that affect the excludability 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 Borrower fails 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 excludability 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 Trust Estate.

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 Borrower have each covenanted in the Indenture, the Financing 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,