

Item 8B, RMRB 2021AB, RESOLUTION 21-018 AND EXHIBITS

RESOLUTION NO. 21-018

RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS RESIDENTIAL MORTGAGE REVENUE BONDS, SERIES 2021A AND RESIDENTIAL MORTGAGE REVENUE REFUNDING BONDS, SERIES 2021B (TAXABLE); APPROVING THE FORM AND SUBSTANCE OF RELATED DOCUMENTS; AUTHORIZING THE EXECUTION OF DOCUMENTS AND INSTRUMENTS NECESSARY OR CONVENIENT TO CARRY OUT THE PURPOSES OF THIS RESOLUTION; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Texas Department of Housing and Community Affairs (the "Department") has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code (the "Act"), as amended from time to time, for the purpose of providing for the housing needs of individuals and families of low, very low, and extremely low income and families of moderate income (as described in the Act as determined by the Governing Board of the Department (the "Board") from time to time) at prices they can afford; and

WHEREAS, the Act authorizes the Department: (a) to issue revenue bonds, to provide money to (i) make and acquire mortgage loans or participations therein, (ii) fund or increase the Department's reserves or funds (iii) pay the costs and expenses of issuing the bonds and (iv) pay interest on the bonds; and (b) to pledge all or part of the revenues, income or resources of the Department, including the revenues to be received by the Department from the mortgage loans or participations therein, to secure the payment of the principal, interest or redemption premium on the bonds; and

WHEREAS, the Act further authorizes the Department to issue its revenue bonds for the purpose of refunding any Department bonds or other general or special obligations; and

WHEREAS, the Department and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), have executed and delivered that certain Amended and Restated Residential Mortgage Revenue Bond Trust Indenture dated as of July 1, 2019 (as amended and supplemented from time to time, the "RMRB Indenture"), providing for the issuance from time to time by the Department of one or more series of its Residential Mortgage Revenue Bonds; and

WHEREAS, the Department has, pursuant to and in accordance with the provisions of the Act and the RMRB Indenture, issued, sold and delivered its Residential Mortgage Revenue Bonds, Series 2009C-1 (Taxable), Series 2009C-2, Series 2011A and Series 2011B (collectively, the "Refunded Bonds"); and

WHEREAS, the Department has a single family mortgage purchase program (the "Program") to fund all or a portion of the Department's single family loan production; and

WHEREAS, pursuant to Resolution No. 17-003, the Board approved Program Guidelines setting forth the general terms of the mortgage loans to be originated under the Program (the "Mortgage Loans") and authorized execution and delivery of (i) a Mortgage Acquisition, Pooling and Servicing Agreement setting forth the terms under which Idaho Housing and Finance Association (the "Servicer"), will review, acquire, package and service the Mortgage Loans, and (ii) a Master Mortgage Origination Agreement in connection with the acceptance of new lenders in the Program; and

WHEREAS, the RMRB Indenture authorizes the issuance of additional Residential Mortgage Revenue Bonds for the purposes of acquiring Mortgage Loans or participations therein, payment of costs of issuance, funding of reserves, payments of certain Department expenses and refunding bonds; and

WHEREAS, the Board has determined to authorize the issuance of the Department's Residential Mortgage Revenue Bonds, to be known as its Residential Mortgage Revenue Bonds, Series 2021A (the "Series 2021A Bonds") pursuant to the RMRB Indenture for the purpose of providing funds to make and acquire qualifying mortgage loans through the purchase of mortgage backed securities ("Mortgage Certificates"), to provide down payment and closing cost assistance and to pay a portion of the costs of issuance related thereto; and

WHEREAS, the Board desires to authorize the execution and delivery of the Thirty-Fourth Supplemental Residential Mortgage Revenue Bond Trust Indenture (the "Thirty-Fourth Supplemental Indenture") in substantially the form attached hereto relating to the Series 2021A Bonds; and

WHEREAS, the Board has determined to authorize the issuance of the Department's Residential Mortgage Revenue Bonds, to be known as its Residential Mortgage Revenue Refunding Bonds, Series 2021B (Taxable) (the "Series 2021B Bonds," and together with the Series 2021A Bonds, the "Bonds") pursuant to the RMRB Indenture for the purpose of providing funds to refund the Refunded Bonds and to pay a portion of the costs of issuance related thereto; and

WHEREAS, the Board desires to authorize the execution and delivery of the Thirty-Fifth Supplemental Residential Mortgage Revenue Bond Trust Indenture (the "Thirty-Fifth Supplemental Indenture," and together with the Thirty-Fourth Supplemental Indenture, the "Supplemental Indentures") in substantially the form attached hereto relating to the Series 2021B Bonds; and

WHEREAS, the Board has further determined that the Department should enter into a Bond Purchase Agreement relating to the sale of the Bonds (the "Bond Purchase Agreement") with Jefferies LLC, as representative of the group of underwriters listed in the Bond Purchase Agreement (the "Underwriters"), in substantially the form attached hereto setting forth certain terms and conditions upon which the Underwriters will purchase the Bonds from the Department and the Department will sell the Bonds to the Underwriters; and

WHEREAS, the Board has determined to authorize the execution and delivery of a Twelfth Supplement to Depository Agreement relating to the Bonds (the "Depository Agreement"), by and among the Department, the Trustee and the Texas Treasury Safekeeping Trust Company (the "Trust Company"), in substantially the form attached hereto to provide for the holding, administering and investing of certain moneys and securities relating to the Bonds; and

WHEREAS, the Board has been presented with a draft of a preliminary official statement to be used in the public offering of the Bonds (the "Official Statement") and the Board desires to approve such Official Statement in substantially the form attached hereto; and

WHEREAS, the Board desires to authorize the execution and delivery of a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") relating to the Bonds in substantially the form attached hereto between the Department and the Trustee; and

WHEREAS, the Board has determined to authorize the investment of a portion of the proceeds of the Series 2021A Bonds and any other amounts held under the RMRB Indenture with respect to the Series 2021A Bonds in one or more guaranteed investment contracts (the "GICs") on or after the closing date or in such other investments as the authorized representatives named herein may approve; and

WHEREAS, the Board desires to approve the use of an amount not to exceed \$6,000,000 of Department funds for any purpose authorized under the Act and the RMRB Indenture, including to provide down payment and closing cost assistance, to make and acquire qualifying mortgage loans, including payment of lender compensation, through the purchase of Mortgage Certificates and to pay a portion of the costs of issuance; and

WHEREAS, the Board desires to authorize the use of an amount not to exceed \$2,250,000 of funds on deposit under the RMRB Indenture to fund capitalized interest on the Series 2021A Bonds; and

WHEREAS, Chapter 1371, Texas Government Code, as amended ("Chapter 1371") and Chapter 1207, Texas Government Code, as amended ("Chapter 1207"), authorize the Department to take certain actions described in this Resolution related to the issuance of the Bonds; and

WHEREAS, the Board desires to approve the forms of the Supplemental Indentures, the Bond Purchase Agreement, the Depository Agreement, the Official Statement and the Continuing Disclosure Agreement and find the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined to further its programs in accordance with such documents by authorizing the issuance of the Bonds, the execution and delivery of such documents and the taking of such other actions as may be necessary or convenient to carry out the purposes of this Resolution;

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

ARTICLE 1
ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

Section 1.1 Issuance, Execution and Delivery of the Bonds. That the issuance of any or all of the Bonds is hereby authorized, all under and in accordance with the RMRB Indenture, and that, upon execution and delivery of the Supplemental Indentures, the Authorized Representatives of the Department named in this Resolution are each hereby authorized to execute, attest and affix the Department's seal to the Bonds and to deliver the Bonds to the Attorney General of Texas (the "Attorney General") for approval, the Comptroller of Public Accounts of the State of Texas (the "Comptroller") for registration and the Trustee for authentication, and thereafter to deliver the Bonds to or upon the order of the Underwriters.

Section 1.2 Authority to Determine Interest Rates, Principal Amounts, Maturities and Prices. That the Authorized Representatives of the Department are hereby authorized and empowered, in accordance with Chapter 1371, in the case of the Series 2021A Bonds, and in accordance with Chapter 1207, in the case of the Series 2021B Bonds, to fix and determine the interest rates, principal amounts and maturities of the Bonds, and the prices at which the Department will sell the Bonds to the Underwriters, all of which determinations shall be conclusively evidenced by the execution and delivery by an Authorized Representative of the Bond Purchase Agreement; provided, however, that: (a) the interest rate on each series of the Bonds shall not exceed 6.00% per annum; (b) the aggregate principal amount of the Series 2021A Bonds shall not exceed \$100,000,000; (c) the aggregate principal amount of the Series 2021B Bonds shall not exceed \$65,000,000; (d) the final maturity of the Series 2021A Bonds shall occur not later than January 1, 2053; (e) the final maturity of the Series 2021B Bonds shall occur not later than July 1, 2043; (f) the price at which the Bonds are sold to the Underwriters shall not exceed 108% of the aggregate principal amount thereof; (g) the Series 2021A Bonds shall be rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for a long-term debt instrument, and (h) the aggregate amount of payments to be made under the Series 2021B Bonds shall be less than the aggregate amount of payments that would have been made under the terms of the Refunded Bonds. In no event shall the interest rate on the Bonds (including any default interest rate) exceed the maximum interest rate permitted by applicable law.

Section 1.3 Approval, Execution and Delivery of the Supplemental Indentures. That the form and substance of the Supplemental Indentures are hereby approved and that the Authorized Representatives are hereby authorized to execute, and if requested, attest and affix the Department's seal to the Supplemental Indentures and to deliver the Supplemental Indentures to the Trustee.

Section 1.4 Approval, Execution and Delivery of the Bond Purchase Agreement. That the sale of the Bonds to the Underwriters pursuant to the Bond Purchase Agreement is hereby approved and that the Authorized Representatives are hereby authorized to execute, and if requested, attest and affix the Department's seal to the Bond Purchase Agreement and to deliver the Bond Purchase Agreement to the Underwriters.

Section 1.5 Official Statement. That the Official Statement, in substantially the form presented to the Board, is hereby approved; that prior to the execution of the Bond Purchase Agreement, the Authorized Representatives, acting for and on behalf of the Board, are hereby authorized and directed to finalize the Official Statement for distribution by the Underwriters to prospective purchasers of the Bonds, with such changes therein as an Authorized Representative may approve in order to permit such Authorized Representative, for and on behalf of the Board, to deem the Official Statement final as of its date, except for such omissions as are permitted by Rule 15c2-12 of the Securities and Exchange Commission (“Rule 15c2-12”), such approval to be conclusively evidenced by the distribution of such Official Statement; and that within seven business days after the execution of the Bond Purchase Agreement, the Authorized Representatives, acting for and on behalf of the Board, shall cause the final Official Statement, in substantially the form of the Official Statement attached hereto, with such changes as an Authorized Representative may approve, such approval to be conclusively evidenced by such Authorized Representative’s execution thereof, to be provided to the Underwriters in compliance with Rule 15c2-12.

Section 1.6 Approval of Depository Agreement. That the form and substance of the Depository Agreement are hereby authorized and approved and that the Authorized Representatives are hereby authorized to execute, and if requested, attest and affix the Department’s seal to the Depository Agreement and to deliver the Depository Agreement to the Trustee and to the Trust Company.

Section 1.7 Approval of Continuing Disclosure Agreement. That the form and substance of the Continuing Disclosure Agreement are hereby authorized and approved and that the Authorized Representatives are hereby authorized to execute, and if requested, attest and affix the Department’s seal to the Continuing Disclosure Agreement and to deliver the Continuing Disclosure Agreement to the Trustee.

Section 1.8 Redemption of Refunded Bonds. That the Executive Director or the Director of Bond Finance and Chief Investment Officer of the Department is hereby authorized and directed: (i) to instruct the Trustee to give notice of redemption and to redeem the outstanding Refunded Bonds with the proceeds of the Series 2021B Bonds, and (ii) to take all other actions necessary to cause such redemption and refunding to occur.

Section 1.9 Approval of GIC Broker; Approval of Investment in GICs. That the Executive Director or the Director of Bond Finance and Chief Investment Officer of the Department is hereby authorized to select a GIC broker, if any, and that the investment of funds held under the RMRB Indenture in connection with the Series 2021A Bonds in GICs is hereby approved and that the Executive Director or the Director of Bond Finance and Chief Investment Officer of the Department is hereby authorized to complete arrangements for such investment in GICs or such other investments as the Authorized Representatives may approve.

Section 1.10 Authority to Designate Series 2021A Bonds as Social Bonds. That the Executive Director or the Director of Bond Finance and Chief Investment Officer of the Department is hereby authorized to designate the Series 2021A Bonds as “social bonds,” and if

such designation occurs, “(Social Bonds)” shall be added at the end of the name of the Series 2021A Bonds.

Section 1.11 Execution and Delivery of Other Documents. That the Authorized Representatives are each hereby authorized to execute, attest, affix the Department’s seal to and deliver such other agreements, advance commitment agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, and to take such other acts, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, the RMRB Indenture, the Bonds, the Supplemental Indentures, the Bond Purchase Agreement, the Depository Agreement and the Continuing Disclosure Agreement.

Section 1.12 Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Authorized Representatives are each hereby authorized to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such Authorized Representative, or in the opinion of Bracewell LLP, Bond Counsel to the Department (“Bond Counsel”), may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the Authorized Representatives.

Section 1.13 Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

- Exhibit A – Supplemental Indentures
- Exhibit B – Bond Purchase Agreement
- Exhibit C – Official Statement
- Exhibit D – Depository Agreement
- Exhibit E – Continuing Disclosure Agreement

Section 1.14 Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department’s seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance and Chief Investment Officer of the Department, the Director of Texas Homeownership of the Department and the Secretary or Assistant Secretary to the Board. Such persons are referred to herein collectively as the “Authorized Representatives.” Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

Section 1.15 Department Contribution. That the contribution of Department funds in an amount not to exceed \$6,000,000 to be used for any purpose authorized under the Act and the RMRB Indenture, including to provide funds for the refunding of the Refunded Bonds, to

provide down payment and closing cost assistance, to make and acquire qualifying mortgage loans, including payment of lender compensation, through the purchase of Mortgage Certificates and to pay all or a portion of the costs of issuance of the Bonds is hereby authorized.

Section 1.16 Use of RMRB Indenture Funds. That the use of an amount not to exceed \$2,250,000 of funds on deposit under the RMRB Indenture to fund capitalized interest on the Series 2021A Bonds is hereby authorized.

ARTICLE 2

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1 Submission to the Attorney General of Texas. That the Board hereby approves the submission by Bond Counsel to the Attorney General of Texas, for his approval, of a transcript of the legal proceedings relating to the issuance, sale and delivery of the Bonds.

Section 2.2 Engagement of Other Professionals. That the Executive Director or the Director of Bond Finance and Chief Investment Officer is authorized to engage an accounting firm or firms to perform such functions, audits, yield calculations, verifications and subsequent investigations as necessary or appropriate to comply with the Bond Purchase Agreement and the requirements of the purchasers of the Bonds and Bond Counsel, provided such engagement is done in accordance with applicable State law.

Section 2.3 Certification of the Minutes and Records. That the Secretary and any Assistant Secretary to the Board are hereby authorized to certify and authenticate minutes and other records on behalf of the Department for its single family mortgage revenue bond program, the issuance of the Bonds and all other Department activities.

Section 2.4 Approval of Requests for Rating from Rating Agencies. That the Executive Director, the Director of Bond Finance and Chief Investment Officer and the Department's consultants are authorized to seek ratings from Moody's Investors Service, Inc. and S&P Global Ratings, a division of S&P Global Inc.

Section 2.5 Ratifying Other Actions. That all other actions taken or to be taken by the Executive Director, the Acting Director and the Department's staff in connection with the issuance of the Bonds are hereby ratified and confirmed.

Section 2.6 Authorized to Invest Funds. That pursuant to Section 1371.102 and the Act, the Executive Director, the Acting Director or the Director of Bond Finance and Chief Investment Officer is hereby authorized to undertake all appropriate actions required under the RMRB Indenture and the Depository Agreement and to provide for investment and reinvestment of all funds held under the RMRB Indenture in accordance with the RMRB Indenture.

ARTICLE 3
CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1 Purpose of Series 2021A Bonds. That the Board hereby determines that the purpose for which the Department may issue the Series 2021A Bonds constitutes “public works” as contemplated by Chapter 1371.

ARTICLE 4
GENERAL PROVISIONS

Section 4.1 Limited Obligations. That the Bonds and the interest thereon shall be limited obligations of the Department payable solely from the trust estate pledged under the RMRB Indenture to secure payment of the bonds issued under the RMRB Indenture and payment of the Department’s costs and expenses for its single family mortgage revenue bond program thereunder and under the RMRB Indenture, and under no circumstances shall the Bonds be payable from any other revenues, funds, assets or income of the Department.

Section 4.2 Non-Governmental Obligations. That the Bonds shall not be and do not create or constitute in any way an obligation, a debt or a liability of the State or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State.

Section 4.3 Purposes of Resolution. That the Board has expressly determined and hereby confirms that the issuance of the Bonds and the furtherance of the purposes contemplated by this Resolution accomplish a valid public purpose of the Department by providing for the housing needs of individuals and families of low, very low and extremely low income and families of moderate income in the State.

Section 4.4 Notice of Meeting. That this Resolution was considered and adopted at a meeting of the Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with Section 2306.032 of the Texas Government Code, and the March 16, 2020 action by the Governor of the State of Texas under Section 418.016, Texas Government Code, suspending certain provisions of the Texas Open Meetings Act, regarding meetings of the Board.

Section 4.5 Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 11th day of March, 2021.

EXHIBITS

ALL DOCUMENTS REFERRED TO IN THE FOREGOING RESOLUTION ARE ATTACHED TO THE ORIGINAL COPY OF SAID RESOLUTION, WHICH IS ON FILE IN THE OFFICIAL RECORDS OF THE DEPARTMENT, AND EXECUTED COUNTERPARTS OF SUCH EXHIBITS ARE INCLUDED IN THE OFFICIAL TRANSCRIPT OF PROCEEDINGS RELATING TO THE BONDS.

Exhibit A -- 34th Supplemental Trust Indenture

RMRB Series 2021A

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

THIRTY-FOURTH SUPPLEMENTAL RESIDENTIAL MORTGAGE
REVENUE BOND TRUST INDENTURE

BETWEEN

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

AND

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., AS TRUSTEE

AUTHORIZING

[\$ _____]
RESIDENTIAL MORTGAGE REVENUE BONDS, SERIES 2021A (SOCIAL BONDS)

Dated as of April 1, 2021

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**THIRTY-FOURTH SUPPLEMENTAL RESIDENTIAL MORTGAGE
REVENUE BOND TRUST INDENTURE**

THIS THIRTY-FOURTH SUPPLEMENTAL RESIDENTIAL MORTGAGE REVENUE BOND TRUST INDENTURE, dated as of April 1, 2021 (this “Series Supplement”), is made by and between the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas (together with any successor to its rights, duties, and obligations hereunder, the “Department”), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as trustee (as successor trustee to MTrust Corp, and together with any successor trustee hereunder, the “Trustee”).

RECITALS

WHEREAS, the Department and the Trustee have heretofore executed and delivered that certain Amended and Restated Residential Mortgage Revenue Bond Trust Indenture dated as of July 1, 2019, as amended and supplemented from time to time (the “Indenture”), providing for the issuance from time to time by the Department of one or more series of its Residential Mortgage Revenue Bonds (collectively, the “Bonds”); and

WHEREAS, the Department has been created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as such may be amended from time to time (together with other laws of the State of Texas (the “State”) applicable to the Department, (the “Act”), for the purpose, among others, of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide safe and sanitary housing for persons and families of low and very low income and families of moderate income (as described in the Act and as determined by the Governing Board of the Department from time to time) at prices they can afford; and

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

WHEREAS, Section 1002 of the Indenture authorizes the Department and the Trustee to execute and deliver a supplemental indenture, authorizing Bonds of a Series to include any other matters and things relative to such Bonds which are not inconsistent with or contrary to the Indenture, to add to the covenants of the Department, and to pledge other moneys, securities or funds as part of the Trust Estate; and

WHEREAS, the Department has determined to issue its Residential Mortgage Revenue Bonds, Series 2021A (Social Bonds) in an aggregate Principal Amount of \$[_____]

(the “Series 2021A Bonds”) pursuant to the Indenture and this Series Supplement to obtain funds to acquire Mortgage Certificates backed by Mortgage Loans secured by mortgages on residential housing in the State owned and occupied by persons and families of low and very low income and families of moderate income, all under and in accordance with the Constitution and the laws of the State; and

WHEREAS, the execution and delivery of this Series Supplement and the issuance of the Series 2021A Bonds have been in all respects duly and validly authorized by written resolution of the Governing Board of the Department; and

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

WHEREAS, except as provided herein, all acts and conditions and things required by the Constitution and laws of the State to happen, exist and be performed precedent to execution and delivery of this Series Supplement have happened, exist and have been performed as so required in order to make the Indenture, as supplemented by this Series Supplement, a valid, binding and legal instrument for the security of the Series 2021A Bonds and a valid and binding agreement in accordance with its terms;

NOW, THEREFORE, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Series 2021A Bonds by the holders thereof from time to time, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the further purpose of fixing and declaring the terms and conditions upon which the Series 2021A Bonds are to be issued, authenticated, delivered and accepted by the holders thereof from time to time, the Department and the Trustee do hereby mutually covenant and agree, for the equal and proportionate benefit of the respective holders from time to time of the Bonds, including the Series 2021A Bonds, as follows:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

Section 1.1. Supplemental Indenture. This Series Supplement is supplemental to, and is adopted in accordance with, Article III and Article X of the Indenture.

Section 1.2. Definitions.

1. Unless the context shall require otherwise, all defined terms contained in the Indenture shall have the same meanings in this Series Supplement (other than in the form of Series 2021A Bond set forth in Exhibit A hereto) as such defined terms are given in Section 101 of the Indenture.

2. As used in this Series Supplement (other than in the form of Series 2021A Bond set forth in Exhibit A hereto), unless the context shall otherwise require, the following terms shall have the following respective meanings:

“Account” or “Accounts” shall mean any one or more, as the case may be, of the separate special trust accounts pertaining to the Series 2021A Bonds created and established in Section 2.9 of this Series Supplement.

“Authorized Denomination” shall mean \$5,000 and any integral multiple thereof.

“Authorized Representative of the Department” shall mean the Chair or Vice Chair of the Board, the Executive Director or Acting Director of the Department, the Director of Administration of the Department, the Director of Bond Finance and Chief Investment Officer of the Department, the Director of Texas Homeownership of the Department and the Secretary or any Assistant Secretary to the Board or any officer or employee of the Department authorized to perform specific acts or duties by resolution duly adopted by the Department and as evidenced by a written certificate delivered to the Trustee containing the specimen signature of such person.

“Board” shall mean the Governing Board of the Department.

“Bond Counsel” shall mean a firm or firms of attorneys selected by the Department, and acceptable to the Trustee, experienced in the field of housing revenue bonds the interest on which is excludable from gross income for federal income tax purposes, and whose legal opinion on such bonds is acceptable in national bond markets.

“Bond Depository” shall mean The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, and any successor Bond Depository appointed pursuant to Section 913 of the Indenture and Section 2.6 hereof.

“Business Day” shall mean any day other than a (i) Saturday or Sunday, (ii) day on which banking institutions in New York, New York, the State, or the city in which the payment office of the Paying Agent is located are authorized or obligated by law or executive order to be closed for business, or (iii) day on which the New York Stock Exchange is closed.

“Certificate Accrued Interest” shall mean the amount of interest received in the month following the month of the purchase of a 2021A Mortgage Certificate by the Trustee which represents the number of days of interest on such 2021A Mortgage Certificate at the applicable Pass-Through Rate from the first day of the month of purchase to, but not including, the Certificate Purchase Date.

“Certificate Purchase Date” shall mean, with respect to a 2021A Mortgage Certificate, the date of purchase thereof by the Trustee on behalf of the Department in accordance with the Servicing Agreement.

“Certificate Purchase Period” shall mean the period from the Issuance Date to and including December 1, 202[___], but which may be extended to a date no later than [_____] 1, 202[___], in accordance with Section 5.2 of this Series Supplement.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any

corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“Compliance Agent” shall mean Housing and Development Services d/b/a eHousingPlus and its successors and assigns.

“Compliance Agreement” shall mean the Program Administration Agreement dated as of May 7, 2020, by and between the Department and the Compliance Agent, together with any amendments thereto.

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

“Computation Date” shall mean each Installment Computation Date and the Final Computation Date.

“Contract for Deed Exception” shall mean the exception from certain Mortgage Loan eligibility requirements available with respect to a Borrower possessing land under a contract for deed, as provided in Section 143(i)(1)(C) of the Code.

“Costs of Issuance” shall mean costs to the extent incurred in connection with, and allocable to, the issuance of an issuance of obligations within the meaning of Section 147(g) of the Code. For example, Costs of Issuance include the following costs, but only to the extent incurred in connection with, and allocable to, the borrowing: underwriters’ spread; counsel fees; financial advisory fees; fees paid to an organization to evaluate the credit quality of an issue; trustee fees; paying agent fees; bond registrar, certification and authentication fees; accounting fees; printing costs for bonds and offering documents; public approval process costs; engineering and feasibility study costs; guarantee fees, other than qualified guarantees; and similar costs.

“Counsel’s Opinion” shall mean a written opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds (who may also be counsel to the Department) selected by the Department and satisfactory to the Trustee.

“Depository” shall mean the Texas Treasury Safekeeping Trust Company, acting in accordance with the Depository Agreement, and any bank or trust company appointed pursuant to Section 914 of the Indenture and Section 5.7 hereof to act as depository of certain moneys and investments.

“Depository Agreement” shall mean that certain Twelfth Supplement to Amended and Restated Depository Agreement dated as of the date hereof, by and among the Department, the Trustee and the Depository relating to the Series 2021A Bonds and the Series 2021B Bonds, together with any amendments or supplements thereto.

“Depository Participant” shall mean a broker, dealer, bank, other financial institution or any other Person for whom from time to time a Bond Depository effects book-entry transfers and pledges of securities deposited with such Bond Depository.

“De Minimis Special Redemption” shall mean a one-time redemption of Series 2021A Bonds from unexpended Proceeds in an amount less than \$500,000 that is treated as a Special Redemption from Mortgage Loan Principal Payments in accordance with Section 2.7.2 hereof.

“DPA Loan” means a subordinated, no stated interest, thirty-year term loan for down payment and closing costs made to a mortgagor under the Program in an amount as identified in the commitment lot notice applicable to the 2021A Mortgage Loan, subject to adjustment from time to time at the direction of the Department. DPA Loans are not considered Mortgage Loans.

“Favorable Opinion of Bond Counsel” shall mean, with respect to any action, or omission of an action, the taking or omission of which requires such an opinion, an unqualified written opinion of Bond Counsel to the effect that, under existing law, such action or omission does not adversely affect the excludability of interest payable on the Series 2021A Bonds from gross income for federal income tax purposes (subject to the inclusion of any exceptions contained in the opinion of Bond Counsel delivered upon original issuance of the Series 2021A Bonds or other customary exceptions acceptable to the recipient thereof).

“Final Computation Date” shall mean the date on which final payment in full of the Series 2021A Bonds is made.

“Ginnie Mae” shall mean the Government National Mortgage Association, a wholly-owned corporate instrumentality of the United States of America within the Department of Housing and Urban Development, whose powers are prescribed generally by Title III of the National Housing Act of 1934, as amended (12 U.S.C. § 1716 et seq.), and any successor thereto.

“Ginnie Mae Certificate” shall mean a fully-modified, mortgage-backed, pass-through security issued by the Servicer in accordance with the applicable Ginnie Mae Guide bearing interest at the applicable Pass-Through Rate and representing the beneficial ownership interest in a Ginnie Mae pool, registered in the name of the Trustee and guaranteed as to timely payment of principal and interest by Ginnie Mae pursuant to Section 306(g) of Title III of the National Housing Act of 1934 and regulations promulgated thereunder backed by Mortgage Loans originated by Mortgage Lenders under the Program and packaged by the Servicer into a Ginnie Mae pool.

“Ginnie Mae Certificate Purchase Price” shall mean, with respect to the Program and the purchase of any Ginnie Mae Certificate thereunder by the Trustee on any Certificate Purchase Date, the total of 100% of the principal balance of the 2021A Mortgage Loans in the applicable Mortgage Pool on record with Ginnie Mae (subject to adjustment upon written notice from the Department) on the first day of the month in which the subject Certificate Purchase Date occurs, but shall not include any Certificate Accrued Interest thereon.

“Ginnie Mae Guaranty Agreement” shall mean, with respect to the Program, the Commitment to Guarantee Mortgage-Backed Securities (Form HUD-11704) (whether one or more) issued by Ginnie Mae to the Servicer, together with any amendments or supplements thereto or extensions thereof.

“Gross Proceeds” shall mean any Proceeds and any Replacement Proceeds.

“Indenture” shall mean the Amended and Restated Residential Mortgage Revenue Bond Trust Indenture dated as of July 1, 2019, between the Department and the Trustee, as supplemented and amended from time to time.

“Initial Bond” means the Series 2021A Bond approved by the Attorney General of the State of Texas and registered by the Comptroller.

“Installment Computation Date” shall mean the last day of the fifth Tax Bond Year and each succeeding fifth Tax Bond Year.

“Interest Payment Date” shall mean, with respect to the Series 2021A Bonds, each January 1 and July 1, commencing July 1, 2021, and any other date on which the Series 2021A Bonds are subject to redemption.

“Investment Proceeds” has the meaning set forth in Section 1.148-1(b) of the Regulations and, generally, consist of any amounts actually or constructively received from investing Proceeds.

“Issuance Date” shall mean April [____], 2021, the date of initial issuance and delivery of the Series 2021A Bonds to the Underwriters, as initial purchasers thereof, in exchange for payment of the purchase price of the Series 2021A Bonds.

“Letter of Instructions” shall mean, with respect to the Series 2021A Bonds, a written directive and authorization to the Trustee or any Depository specifying the period of time for which such directive and authorization shall remain in effect, executed by two Authorized Representatives of the Department.

“Letter of Representations” shall mean that certain DTC Blanket Issuer Letter of Representations executed by the Department and the Bond Depository.

“Mortgage Loan Principal Payments” shall mean all Mortgage Loan Principal Prepayments and all regularly scheduled payments of principal with respect to all Mortgage Loans included in the 2021A Mortgage Certificates.

“Mortgage Origination Agreement” shall mean the Master Mortgage Origination Agreement by and between the Department and a Mortgage Lender, together with any amendments thereto.

“Mortgage Pool” shall have the meaning assigned to the term “Pool” in the Servicing Agreement.

“Net Proceeds” means Sale Proceeds, less the portion of any Sale Proceeds invested in a reasonably required reserve or replacement fund.

“Nonpurpose Investment” shall mean any “investment property,” as defined in Section 148(b) of the Code, that is not a purpose investment acquired to carry out the governmental purpose of the Series 2021A Bonds.

“Optional Redemption Date” shall mean [_____] 1, 20[____].

“Other Obligated Person” shall mean a Person that is a mortgagor with respect to at least 20% in aggregate principal amount of the Mortgage Loans held under the Indenture.

“Pass-Through Rate” shall mean the interest rate accruing each month on a 2021A Mortgage Certificate, which will equal the mortgage rate of the 2021A Mortgage Loans backing the 2021A Mortgage Certificate less servicing and guaranty fees.

“Paying Agent” shall mean the Trustee.

“Premium PAC Term Bonds” shall mean the Series 2021A Bonds maturing on [_____] 1, 20[____], as shown in Section 2.4 of this Series Supplement.

“Premium PAC Term Bonds Outstanding Applicable Amount” shall mean the amounts identified as such in Exhibit (subject to adjustments as described below). Any special redemption of the Series 2021A Bonds from unexpended Proceeds pursuant to Section 2.7.1 hereof, other than a De Minimis Special Redemption, will reduce the Premium PAC Term Bonds Outstanding Applicable Amount for the Series 2021A Bonds for the current and each future monthly period on a proportionate basis. Thereafter, the Premium PAC Term Bonds Outstanding Applicable Amount shall be the remaining balance, if any, of the Premium PAC Term Bonds Outstanding Applicable Amount as adjusted from prior periods.

“Premium Serial Bonds” shall mean the Series 2021A Bonds maturing [_____] , as shown in Section 2.4 of this Series Supplement.

“Proceeds” shall mean any Sale Proceeds, Investment Proceeds and Transferred Proceeds.

“Program” shall mean the Department’s Single Family Mortgage Purchase Program as set forth and implemented through the Program Agreement.

“Program Agreement” shall mean, collectively, the Mortgage Origination Agreement, the Servicing Agreement, the Compliance Agreement and the Program Guidelines.

“Program Guidelines” shall mean the Program Guidelines for Texas Department of Housing and Community Affairs effective [_____] , 20[____] , relating to specific provisions of the Program, as amended from time to time.

“Purchase Agreement” shall mean the Bond Purchase Agreement dated February 6, 2019, between the Department and the Underwriters providing for the purchase of the Series 2021A Bonds by the Underwriters, as amended or supplemented from time to time.

“Rating Agency” shall mean: (i) S&P Global Ratings, a division of S&P Global Inc., and any successor thereto; and (ii) Moody’s Investors Service, Inc. and any successor thereto to the extent either agency then has a rating on the Bonds in effect at the request of the Department.

“Rebate Amount” has the meaning set forth in Section 1.148-3(b) of the Regulations and generally means the excess, as of any date, of the future value of all receipts on Nonpurpose Investments over the future value of all payments on Nonpurpose Investments, all as determined in accordance with Section 1.148-3 of the Regulations.

“Rebate Analyst” shall mean a person that is (a) qualified and experienced in the calculation of rebate payments under Section 148 of the Code, (b) chosen by the Department, and (c) engaged for the purpose of determining the Rebate Amount and the amount of required deposits, if any, to the Rebate Fund.

“Record Date” shall mean the close of business on the 15th day of the month (whether or not a Business Day) immediately preceding an Interest Payment Date.

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

“Replacement Proceeds” has the meaning set forth in Section 1.148-1(c) of the Regulations and, generally, consist of amounts that have a sufficiently direct nexus to an issue of obligations or the governmental purpose of an issue of obligations to conclude that the amounts would have been used for that governmental purpose if the Proceeds were not used or to be used for that governmental purpose.

“Revenues” shall mean in addition to those items defined as such in the Indenture, all amounts paid or required to be paid from time to time on the 2021A Mortgage Certificates, including any payments received from Ginnie Mae pursuant to the Ginnie Mae Certificates, all Mortgage Loan Principal Payments representing the same, all prepayment premiums or penalties received by or on behalf of the Department in respect of the 2021A Mortgage Certificates and all other net proceeds of such 2021A Mortgage Certificates.

“RHS” shall mean the United States Department of Agriculture, Rural Housing Service, formerly known as Farmer’s Home Administration, or any successor thereto.

“Sale Proceeds” has the meaning set forth in Section 1.148-1(b) of the Regulations and, generally, consist of any amounts actually or constructively received from the sale (or other disposition) of any obligation, including amounts used to pay underwriters’ discount or compensation and accrued interest other than pre-issuance accrued interest. Sale Proceeds also include amounts derived from the sale of a right that is associated with any obligation and that is described in Section 1.148-4(b)(4) of the Regulations.

“Series 2021A Bonds” shall mean the Bonds of the Department of the Series authorized by this Series Supplement.

“Series 2021B Bonds” shall mean the Department’s Residential Mortgage Revenue Refunding Bonds, Series 2021B (Taxable).

“Series Supplement” shall mean this Thirty-Fourth Supplemental Residential Mortgage Revenue Bond Trust Indenture by and between the Department and the Trustee, dated as of April 1, 2021, together with any amendments hereto.

“Servicer” shall mean Idaho Housing and Finance Association, or any successor thereto as servicer for the Program, including any designee to act as subservicer on its behalf.

“Servicing Agreement” shall mean the Mortgage Acquisition, Pooling and Servicing Agreement dated as of October 3, 2016, by and between the Department and the Servicer, together with any amendments thereto.

“Sinking Fund Installment” means the principal amount of the Series 2021A Bonds subject to scheduled mandatory redemption on the respective redemption dates set forth in Section 2.7.4 hereof.

“State” shall mean the State of Texas.

“Tax Bond Year” shall mean each one-year period that ends at the close of business on the day selected by the Department. The first and last Tax Bond Years may be short periods. If no day is selected by the Department before the earlier of the date the last Series 2021A Bond is discharged or the date that is five years after the Issuance Date, Tax Bond Years end on each anniversary of the Issuance Date and on the date the last Series 2021A Bond is discharged.

“Term Bonds” shall mean the Series 2021A Bonds maturing on July 1 in the years 2034, 2039 and 2044, and on January 1, 2050, as shown in Section 2.4 of this Series Supplement.

“Transferred Proceeds” shall mean the amounts described in Section 1.148-9 of the Regulations.

“2021A Administrative Subaccount” shall mean the 2021A Administrative Subaccount within the 2021A Mortgage Loan Account established pursuant to Section 2.9 hereof.

“2021A Bond Proceeds Fund” shall mean the 2021A Bond Proceeds Fund established pursuant to Section 2.9 hereof.

“2021A Cost of Issuance Account” shall mean the 2021A Costs of Issuance Account of the Cost of Issuance Fund established pursuant to Section 2.9 hereof.

“2021A Cumulative Applicable Amount” shall mean the amounts expressed on a cumulative basis in each of the monthly periods ending on the dates set forth in the table of 2021A Cumulative Applicable Amounts set forth in Exhibit C hereto (subject to adjustments as described below). Any special redemption of the Series 2021A Bonds from unexpended Proceeds pursuant to Section 2.7.1 hereof, other than a De Minimis Special Redemption, will reduce the 2021A Cumulative Applicable Amount for the Series 2021A Bonds for the current and each future monthly period on a proportionate basis. Thereafter, the 2021A Cumulative Applicable Amount shall be the remaining balance, if any, of the 2021A Cumulative Applicable Amount as adjusted from prior periods.

“2021A Down Payment Assistance Subaccount” shall mean the 2021A Down Payment Assistance Subaccount within the 2021A Mortgage Loan Account established pursuant to Section 2.9 hereof.

“2021A Expense Account” shall mean the 2021A Expense Account of the Expense Fund established pursuant to Section 2.9 hereof.

“2021A Interest Account” shall mean the 2021A Interest Account of the Interest Fund established pursuant to Section 2.9 hereof.

“2021A Mortgage Certificates” shall mean the Ginnie Mae Certificates that evidence beneficial ownership of and a participation in a Mortgage Pool, that satisfy the requirements of Section 2.15 hereof which are purchased by the Trustee from amounts available in the 2021A Mortgage Loan Account and pledged by the Department to the Trustee pursuant to the Indenture and this Series Supplement.

“2021A Mortgage Loan Account” shall mean the 2021A Mortgage Loan Account of the Mortgage Loan Fund established pursuant to Section 2.9 hereof.

“2021A Mortgage Loans” shall mean the Mortgage Loans included in each Mortgage Pool represented by a 2021A Mortgage Certificate.

“2021A Principal Account” shall mean the 2021A Principal Account of the Principal Fund established pursuant to Section 2.9 hereof.

“2021A Rebate Fund” shall mean the 2021A Rebate Fund established pursuant to Section 2.9 hereof.

“2021A Residual Revenues Account” shall mean the 2021A Residual Revenues Account of the Residual Revenues Fund established pursuant to Section 2.9 hereof.

“2021A Revenue Account” shall mean the 2021A Revenue Account of the Revenue Fund established pursuant to Section 2.9 hereof.

“2021A Special Redemption Account” shall mean the 2021A Special Redemption Account of the Special Redemption Fund established pursuant to Section 2.9 hereof.

“Underwriters” shall mean Jefferies LLC and the other underwriters named on the schedule attached to the Purchase Agreement.

“Yield” shall mean (i) with respect to the Series 2021A Bonds, yield as determined in accordance with Section 143(g)(2)(C) of the Code and (ii) with respect to the 2021A Mortgage Loans, the effective rate of mortgage interest as determined in accordance with Section 143(g)(2)(B) of the Code.

Section 1.3. Authority for This Series Supplement. This Series Supplement is adopted pursuant to the provisions of the Act and the Indenture, particularly Section 1002(1) thereof.

Section 1.4. Rules of Construction.

1. For all purposes of this Series Supplement unless the context requires otherwise, all references to designated Articles, Sections and other subdivisions are to the articles, sections and other subdivisions of this Series Supplement.

2. Except where the context otherwise requires, terms defined in this Series Supplement to impart the singular number shall be considered to include the plural number and vice versa.

3. Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa.

4. This Series Supplement and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this Series Supplement and the Indenture which it supplements.

Section 1.5. Interpretation. The Table of Contents, titles and headings of the Articles and Sections of this Series Supplement have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms of provisions hereof.

Section 1.6. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.7. Indenture to Remain in Force. Except as amended by this Series Supplement, the Indenture shall remain in full force and effect as to the matters covered therein.

Section 1.8. Successors and Assigns. All covenants and agreements in this Series Supplement by the Department and the Trustee shall bind their respective successors and assigns, whether so expressed or not.

Section 1.9. Separability Clause. In case any provision in this Series Supplement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 1.10. Benefits of Series Supplement. Nothing in this Series Supplement or in the Bonds, express or implied, shall give to any Person, other than the parties hereto, their successors hereunder, and the Holders of Bonds any benefit or any legal or equitable right, remedy or claim under this Series Supplement.

Section 1.11. Governing Law. This Series Supplement shall be construed in accordance with and governed by the laws of the State.

Section 1.12. Miscellaneous. Every “request,” “order,” “demand,” “application,” “notice,” “statement,” “certificate,” “consent,” “instruction,” or similar action hereunder shall, unless the form thereof is specifically provided herein, be in writing, and in the case of the Department signed by an Authorized Representative of the Department or in the case of any other Person signed by its President or Vice President, or other officer serving in similar capacities specifically authorized to execute such writing on behalf of any other Person, as the case may be.

Section 1.13. Granting Clause. In order to secure the payment of the principal of, premium, if any, and interest on the Bonds as the same become due and payable, whether at

maturity or by prior redemption, and the performance and observance of all of the covenants and conditions herein contained, and in consideration of the premises, the acceptance by the Trustee of the trust hereby created, the purchase and acceptance of the Bonds by the holders thereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Department does hereby GRANT, BARGAIN, CONVEY, ASSIGN, MORTGAGE, and PLEDGE to the Trustee and its successors in trust hereunder all rights, title and interest of the Department now owned or hereafter acquired in and to the DPA Loans and the 2021A Mortgage Certificates, all amounts that may be received with respect to the DPA Loans and the 2021A Mortgage Certificates and the Ginnie Mae Guaranty Agreement, any right of the Department under any Ginnie Mae Guaranty Agreement with respect to the 2021A Mortgage Certificates held under the Indenture, including any amendments, extensions, or renewals of the terms thereof, including, without limitation, all present and future rights of the Department to make claim for, collect and receive any income, revenues, issues, profits, insurance proceeds and other sums of money payable to the account of or receivable by the Department under the DPA Loans and the 2021A Mortgage Certificates, to bring actions and proceedings under the DPA Loans and the 2021A Mortgage Certificates, or for the enforcement thereof, and to do any and all things which the Department is or may become entitled to do under the 2021A Mortgage Certificates, and the holders of the Bonds are by such pledge and assignment afforded a beneficial interest in such DPA Loans and the 2021A Mortgage Certificates.

ARTICLE II

AUTHORIZATION AND TERMS OF SERIES 2021A BONDS

Section 2.1. Authorization, Original Principal Amount, Designation, and Series. In accordance with and subject to the terms, conditions, and limitations established in the Indenture and this Series Supplement, a Series of Bonds is hereby authorized to be issued in the original aggregate Principal Amount of \$[_____]. Each Bond of this Series of Bonds shall be entitled “Texas Department of Housing and Community Affairs Residential Mortgage Revenue Bond, Series 2021A.” The terms of the Series 2021A Bonds shall be as set forth in Article III of the Indenture and this Article II.

Section 2.2. Purposes. The Series 2021A Bonds are issued in accordance with subsection 1(3)(b) of Section 302 of the Indenture for the purpose of acquiring Mortgage Loans by purchasing Mortgage Certificates representing participations therein, including providing down payment and closing cost assistance.

Section 2.3. Dates, Denominations, Numbers, and Letters.

1. The Series 2021A Bonds shall be issuable only in the form of fully registered bonds without coupons and may not be exchanged into coupon bonds.

2. The Series 2021A Bonds shall be dated as of the date of authentication thereof by the Trustee, unless such date of authentication shall be an Interest Payment Date, in which case they shall be dated as of such Interest Payment Date; provided, however, that if the date of authentication shall be prior to the first Interest Payment Date or in the case of the Initial Bond, the Series 2021A Bonds shall be dated as of the Issuance Date.

3. The Series 2021A Bonds shall be issued in the Authorized Denominations.

4. Unless the Department shall direct otherwise, each Series 2021A Bond within a maturity of the Series 2021A Bonds shall be lettered and numbered separately from 00001 upward prefixed by the letter R, the letters Ja or Ju depending on whether the maturity is January or July, and the last two digits of the year of maturity, provided that the Initial Bond shall be numbered TR-1.

Section 2.4. Interest Payment Dates, Interest Rates and Maturities of the Series 2021A Bonds. The Series 2021A Bonds shall bear interest from the date thereof until maturity or prior redemption at the respective rates per annum set forth below. Interest on the Series 2021A Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months, payable on each Interest Payment Date until maturity or prior redemption. The Series 2021A Bonds shall mature and become payable on the dates and in the respective Principal Amounts set forth below, subject to prior redemption in accordance with Section 2.7 hereof and Article IV of the Indenture:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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Section 2.5. Paying Agent; Method and Place of Payment.

1. The Trustee is hereby appointed as Paying Agent for the Series 2021A Bonds and the Trustee hereby accepts such appointment. The Principal Amount and Redemption Price of the Series 2021A Bonds shall be payable upon the presentation and surrender thereof, as the same respectively become due and payable, at the applicable office of the Trustee. For purposes of this Section, “applicable office” shall mean the Trustee’s office presently located in Houston, Texas (or such other office designated by the Trustee) which will be utilized to perform payments and transfers with respect to the Bonds. The interest on each Series 2021A Bond shall be payable by check mailed on the Interest Payment Date to the Person in whose name such Series 2021A Bond is registered at the close of business on the Record Date immediately preceding the applicable Interest Payment Date, at the address of such Person as shown on the Bond registration books kept by the Trustee. The Principal Amount and Redemption Price of and interest on the Series 2021A Bonds shall also be payable at any other place that may be provided for such payment by the appointment of any other Paying Agent for the Series 2021A Bonds as permitted by the Indenture.

2. Notwithstanding the foregoing, for so long as the Bond Depository is the exclusive Holder of the Series 2021A Bonds and for Holders of not less than \$1,000,000 in aggregate

Principal Amount of the Series 2021A Bonds, and except for the final payment of principal of the Series 2021A Bonds at maturity, the Principal Amount, Redemption Price thereof and the interest thereon shall be payable by wire transfer in immediately available federal funds to the Bond Depository or such Holders to an account in the continental United States without the necessity of any immediate presentation and surrender of Series 2021A Bonds pursuant to written instructions from the Holder, or the Letter of Representations, as the case may be.

Section 2.6. Bond Depository; Book-Entry System.

1. Pursuant to Section 913 of the Indenture, the Department hereby appoints The Depository Trust Company, New York, New York, as Bond Depository for the Series 2021A Bonds. In accordance with the Letter of Representations, the Department shall cause the Series 2021A Bonds (other than the Initial Bond) to be registered in the name of Cede & Co., as nominee for the Bond Depository, and to be delivered on the Issuance Date to the Trustee to be held on behalf of the Bond Depository.

2. With respect to Series 2021A Bonds registered in the Bond registration books of the Department required to be maintained by the Trustee pursuant to Section 310 of the Indenture in the name of Cede & Co. or any successor Bond Depository, or a nominee therefor, the Department and the Trustee shall have no responsibility or obligation to any Depository Participant or to any Person on behalf of whom such Depository Participant holds an interest in Series 2021A Bonds. The Department and the Trustee may treat and consider the registered owner of any Series 2021A Bond as the holder and absolute owner of such Series 2021A Bond for the purpose of payment of the principal and Redemption Price of and interest with respect to such Series 2021A Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2021A Bond, for the purpose of registering transfers and exchanges with respect to such Series 2021A Bond, and for all other purposes whatsoever. The Trustee shall pay all the Principal Amount and Redemption Price of and interest on the Series 2021A Bonds only to or upon the order of the respective registered owners of the Series 2021A Bonds and all such payments shall be valid and effective with respect to such payments to the extent of the sum or sums so paid. The Department and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of The Depository Trust Company, any successor Bond Depository or any Depository Participant with respect to any ownership interest in Series 2021A Bonds, (ii) the delivery to any Depository Participant or any other Person, other than a registered owner of a Series 2021A Bond as shown in the Bond registration books required to be kept and maintained pursuant to Section 310 of the Indenture, of any notice with respect to the Series 2021A Bonds, including any notice of redemption, or (iii) the payment to any Depository Participant or any other Person, other than a registered owner of a Series 2021A Bond, of any amount with respect to any Series 2021A Bond. The rights of Depository Participants and Persons on behalf of whom any Depository Participant holds a beneficial interest in Series 2021A Bonds shall be limited to those established by law and agreements between such Depository Participants and other Persons and the applicable Bond Depository.

3. In the event that either (i) the Bond Depository that is, directly or through a nominee, the registered owner of all of the Outstanding Series 2021A Bonds notifies the Trustee and the Department that it is no longer willing or able to discharge its responsibilities as a Bond Depository or (ii) the Department determines that continuance of the existing book-entry system

for ownership of interests in the Series 2021A Bonds is not in the best interest of such owners of beneficial interests in the Series 2021A Bonds, then the Department shall direct the Bond Depository to terminate the existing book-entry system for ownership of interests in the Series 2021A Bonds. Upon such termination, the Department shall promptly select a substitute Bond Depository (and shall notify the Trustee in writing of such selection) to provide a system of book-entry ownership of beneficial interests in the Series 2021A Bonds, if one is available satisfactory to the Department, and the ownership of all Series 2021A Bonds shall be transferred on the Bond registration books required to be kept and maintained pursuant to Section 310 of the Indenture to such successor Bond Depository, or its nominee. In the alternative, the Department may direct the Trustee to, and if the Department fails to promptly designate a successor Bond Depository the Trustee, without further direction, shall, notify the Depository Participants, through the Bond Depository for the Series 2021A Bonds, of the availability of Series 2021A Bonds registered in the names of such Persons as are owners of beneficial interests in the Series 2021A Bonds and, upon surrender to the Trustee of the Outstanding Series 2021A Bonds held by the Bond Depository, accompanied by registration instructions from the Bond Depository, the Trustee shall, at the expense of the transferees, cause to be printed and authenticated Series 2021A Bonds, in Authorized Denominations, to the owners of beneficial interests in the Series 2021A Bonds as of the date of the termination of the existing book-entry ownership system for the Series 2021A Bonds. Neither the Department nor the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying upon, such instructions. So long as the Department has designated a Bond Depository to provide a system of book-entry ownership of the Series 2021A Bonds, all of the Series 2021A Bonds must be held under such book-entry system.

4. Notwithstanding any other provisions in Article II of this Series Supplement, the Department and the Trustee may, but shall not be required to, enter into separate agreements with one or more Bond Depositories which may provide for alternative or additional provisions with respect to the delivery of notices, payment of interest and/or principal, or any other matters.

Section 2.7. Redemption Prices and Terms. The Series 2021A Bonds shall not be subject to redemption prior to maturity except as follows:

1. Special Redemption from Unexpended Proceeds. The Series 2021A Bonds are subject to special redemption from amounts transferred to the 2021A Special Redemption Account in accordance with Section 5.2 hereof, at any time, prior to their stated maturities, in whole or in part, at a Redemption Price equal to 100% of the principal amount thereof; provided, that any redemption of Premium Serial Bonds, Premium Term Bonds and Premium PAC Term Bonds pursuant to this Section 2.7.1 shall be at the applicable Redemption Price, as set forth in Exhibit D hereto; plus in each case accrued interest thereon to, but not including, the date of redemption; except that a one-time redemption of Series 2021A Bonds from unexpended Proceeds in an amount less than \$500,000 (the “De Minimis Special Redemption”) shall be treated as a Special Redemption from Mortgage Loan Principal Payments and Series 2021A Bonds shall be redeemed in accordance with Section 2.7.2 hereof.

Such redemption shall occur on [_____] 1, 202[___], or as soon as practicable after receipt by the Trustee of a certification of the Department that such amounts will not be used to purchase 2021A Mortgage Certificates, unless the Certificate Purchase Period is extended in

accordance with this Supplemental Indenture. In no event will the redemption occur later than [] 1, 202[].

Except for the De Minimis Special Redemption, the 2020 Series A Bonds to be redeemed in accordance with this subsection shall be selected by the Trustee on a pro rata basis among all maturities unless otherwise directed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate.

2. Special Redemption from Mortgage Loan Principal Payments. The Series 2021A Bonds are subject to redemption prior to maturity and shall be redeemed, in whole or in part, from time to time on the first day of any month on or after [] 1, 202[], after giving notice as provided in Section 2.8 hereof, at a Redemption Price equal to 100% of the principal amount of the Series 2021A Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date, from amounts transferred to the 2021A Special Redemption Account in accordance with clauses (iii) and (iv) of Section 5.3.2 hereof.

In the event of a redemption pursuant to this Section 2.7.2 from Mortgage Loan Principal Payments relating to the 2021A Mortgage Certificates, the Trustee shall select the particular Series 2021A Bonds to be redeemed as follows:

(i) first, the Trustee shall redeem the Premium PAC Term Bonds, but only to the extent that the Outstanding principal amount of such Premium PAC Term Bonds following such redemption is not less than the Premium PAC Term Bonds Outstanding Applicable Amount as of such date;

(ii) amounts remaining following the redemptions described in clause (i) above shall be applied, unless otherwise directed by a Letter of Instructions accompanied by a Cashflow Certificate, (a) first to redeem the Series 2021A Bonds maturing [] 1, 20[], and (b) thereafter, to redeem all other Series 2021A Bonds (other than the Premium PAC Term Bonds and the Premium Serial Bonds), including the Premium Term Bonds, on a proportionate basis until the Outstanding principal amount of all Series 2021A Bonds has been reduced to the 2021A Cumulative Applicable Amount as of such date;

(iii) amounts remaining following the redemptions described in clauses (i) and (ii) above shall be applied monthly, unless otherwise directed by a Letter of Instructions accompanied by a Cashflow Certificate, (a) prior to the Optional Redemption Date, to redeem the Series 2021A Bonds, excluding the Premium Serial Bonds, but including the Premium PAC Term Bonds and the Premium Term Bonds, on a proportionate basis after taking into account the amounts applied to redeem the Series 2021A Bonds pursuant to the above-described redemptions.

Any special redemption of the Series 2021A Bonds pursuant to Section 2.7.1 hereof will reduce the Premium PAC Term Bonds Outstanding Applicable Amount and the 2021A Cumulative Applicable Amount for the current and each future semiannual period on a proportionate basis.

3. Special Redemption from Excess Revenues. The Series 2021A Bonds are subject to redemption prior to maturity and shall be redeemed, in whole or in part, from time to time on the first day of any month on or after [_____] 1, 202[____], after giving notice as provided in Section 2.8 hereof, at a Redemption Price equal to 100% of the principal amount of the Series 2021A Bonds or portions thereof to be redeemed, plus accrued interest to but not including the redemption date,, from amounts transferred to the 2021A Special Redemption Account from the Residual Revenues Fund in accordance with Section 5.4 hereof (whether or not derived in connection with the Series 2021A Bonds).

In the event of a redemption pursuant to this Section 2.7.3 from excess Revenues, the Trustee shall apply amounts transferred to the 2021A Special Redemption Account from the Residual Revenues Fund in accordance with Section 5.4 to redeem the Series 2021A Bonds Outstanding in the same manner provided in Section 2.7.2, unless otherwise instructed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate.

4. Scheduled Mandatory Redemption. The Series 2021A Bonds maturing on the respective dates specified below are subject to scheduled mandatory redemption prior to maturity and shall be redeemed, after giving notice as provided in Article IV of the Indenture, in the aggregate principal amounts and on the dates set forth in the following tables, at a Redemption Price equal to 100% of the principal amount of the Series 2021A Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date, from amounts that have been transferred to the 2021A Principal Account from the 2021A Revenue Account.

\$[_____] Term Bonds maturing [_____] 1, 20[_____]

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
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* Stated Maturity

[OTHER TERM BONDS TO BE ADDED]

\$[_____] Premium PAC Term Bonds maturing [_____] 1, 20[_____]

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
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* Stated Maturity

The principal amount of the Series 2021A Bonds to be redeemed on each such redemption date pursuant to mandatory sinking fund redemption shall be reduced by the principal amount of any Series 2021A Bonds having the same stated maturity and interest rate, which (A) at least 45 days prior to such mandatory sinking fund redemption date, (1) shall have been acquired by the Department and delivered to the Trustee for cancellation, or (2) shall have been acquired and canceled by the Trustee at the direction of the Department, or (3) shall have been redeemed other than pursuant to mandatory sinking fund redemption, and (B) shall have not been previously credited against a scheduled mandatory sinking fund redemption.

5. Optional Redemption. The Series 2021A Bonds are subject to redemption prior to maturity, in whole or in part, at any time and from time to time, on or after the Optional Redemption Date at the option of the Department after giving notice as provided in Section 2.8 hereof, at a Redemption Price equal to the Principal Amount of such Series 2021A Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date.

At least 45 days prior to, or such later date as the Trustee will accept, any redemption date described in the immediately preceding paragraph, or such later date as the Trustee will accept, the Department shall give a Letter of Instructions to the Trustee accompanied by a Cashflow Certificate specifying the Principal Amount of Series 2021A Bonds to be redeemed and the date of such redemption and identifying the Series 2021A Bonds by the maturity date of such Series 2021A Bonds and the source of funds to be utilized to redeem such Series 2021A Bonds.

Section 2.8. Notice of Redemption.

1. Subject to Section 2.6 hereof, notice of the call for any redemption other than pursuant to Section 2.7.1 hereof, identifying the Series 2021A Bonds or portions thereof to be redeemed, shall be given by the Trustee as provided in Section 405 of the Indenture.

2. Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the registered owner of such Series 2021A Bonds receives the notice.

Section 2.9. Creation of Additional Funds, Accounts and Subaccounts and Application Thereof.

1. Pursuant to the provisions of subsection 3 of Section 502 of the Indenture, there is established by this Section 2.9 for the Series 2021A Bonds, an Account in the Interest Fund and the Principal Fund. Each such Account shall be known and designated as the “2021A _____ Account”, with the blank containing an appropriate reference to the Fund to which such Account relates. There is also hereby established for the Series 2021A Bonds two additional Funds designated as the “2021A Bond Proceeds Fund” and the “2021A Rebate Fund.” Within each of the Cost of Issuance Fund, the Expense Fund, the Mortgage Loan Fund, the Revenue Fund, the

Special Redemption Fund and the Residual Revenues Fund, there is hereby established an Account to be known and designated as the “2021A _____ Account” with the blank containing an appropriate reference to the Fund to which such Account relates. Within the 2021A Mortgage Loan Account, there is also hereby established for the Series 2021A Bonds two additional subaccounts designated as the “2021A Down Payment Assistance Subaccount” and the “2021A Administrative Subaccount.”

2. Unless an Event of Default shall have occurred and be continuing, Revenues from the 2021A Mortgage Certificates or from the investment or reinvestment of moneys on deposit in each Account for the Series 2021A Bonds shall be kept separate and apart from the Revenues attributable to other Mortgage Certificates or attributable to the investment and reinvestment of the moneys on deposit under the Indenture with respect to any other Series. The Accounts shall be for the equal benefit of the Holders of all of the Bonds. The segregation of the Accounts as required by this Section 2.9 is for the purpose of making the calculations required by Sections 143(g) and 148 of the Code, and is not for the purpose of giving a priority or preference to the Bonds of one Series over that of another Series. Except as provided in this Section, the Revenues and proceeds of a Series shall continue to be used as provided in Article V of the Indenture.

Section 2.10. Initial Deposits. On the Issuance Date, as shall be more fully set forth in a Letter of Instructions, the Trustee shall deposit the proceeds of the Series 2021A Bonds into the 2021A Bond Proceeds Fund. There shall be transferred from the 2021A Bond Proceeds Fund the amounts specified in a Letter of Instructions authorizing the authentication and delivery of the Series 2021A Bonds, for deposit to the Funds and Accounts specified therein. After completion of such transfers, the 2021A Bond Proceeds Fund shall be closed. After payment of all costs, any funds remaining in the 2021A Cost of Issuance Account shall be transferred to the Residual Revenues Fund pursuant to a Letter of Instructions from the Department.

Section 2.11. Form of Series 2021A Bonds. (a) Each Series 2021A Bond shall be in substantially the form and tenor of Exhibit A attached hereto, which Exhibit A is incorporated herein as if fully set forth in this Series Supplement, with such omissions, insertions, and variations as permitted or required by the Indenture. The registration certificate of the Comptroller of Public Accounts of the State of Texas and the certificate of authentication of the Trustee shall be in the form set forth in Exhibit A. The Department is hereby authorized, in its discretion, to provide for the assignment of CUSIP numbers for the Series 2021A Bonds and to have such CUSIP numbers printed thereon, and the Department may direct the Trustee to use such CUSIP numbers in notices of redemption, provided that any such notice may state that no representation is made by the Trustee or the Department as to the correctness of such CUSIP number either as printed on the Series 2021A Bonds or as contained in any notice of redemption. There may be printed on or attached to each Series 2021A Bond registered in the name of the Bond Depository a schedule for the purpose of notation by the Bond Depository of the portion of the Principal Amount thereof which shall have been paid and the portion of the Principal Amount thereof which remains Outstanding and unpaid.

(b) Notwithstanding the foregoing, the Initial Bond shall be in the form set forth in Exhibit A, with the following modifications:

forth in Section 4.6.1(ii). In calculating the Rebate Amount, the Department may rely upon a Counsel's Opinion or an opinion of an Rebate Analyst that the method of calculation utilized by the Department complies with the requirements of Section 148 of the Code and Section 1.148-3 of the Regulations. If, in making such calculations, the Department determines that there is an insufficient amount currently on deposit in the 2021A Rebate Fund to make the payment required by Section 4.6.1(ii) hereof, then the Department shall (i) immediately transfer the amount of such deficiency from any other account in the Expense Fund or (ii) instruct the Trustee to transfer such amount to the 2021A Rebate Fund from the Revenue Fund and the Trustee shall transfer from the 2021A Revenue Account to the 2021A Rebate Fund the amounts so specified, all in accordance with Section 505 of the Indenture. If, in making such calculations, the Department determines that there is a negative Rebate Amount, then the Department may direct the Trustee in writing to transfer from the 2021A Rebate Fund to the 2021A Revenue Account the amount then on deposit in the 2021A Rebate Fund.

2. All earnings resulting from the investment of amounts on deposit in the 2021A Rebate Fund shall be credited to the 2021A Rebate Fund.

3. No later than 55 day after each Computation Date for the Series 2021A Bonds, the Department shall deliver the items set forth in Section 4.6.1 to the Trustee. Not later than 60 days after each Computation Date for the Series 2021A Bonds, the Trustee shall withdraw from the 2021A Rebate Fund the amounts described in Section 4.6.1(ii) hereof and remit to the United States of America the amounts required to be paid to the United States of America in accordance with written instructions from the Department, which shall be in compliance with Sections 1.148-1 through 1.148-8 of the Regulations or any successor regulation.

4. If the Department discovers or is notified that any amount due to the United States of America in an amount described in Section 4.6.1(ii) has not been paid to the United States of America pursuant hereto as required or that any payment paid to the United States of America pursuant hereto has failed to satisfy any requirement of Section 148(f) of the Code or Section 1.148-3 of the Regulations (whether or not such failure shall be due to any default by the Department or the Trustee), the Department, shall immediate transfer any amounts due as set forth in Section 4.6.2 and shall deliver to the Trustee any documents required pursuant to Section 4.6.2. Upon receipt of such amount and documentation relating thereto, the Trustee shall withdraw from the 2021A Rebate Fund the amounts described in Section 4.6.2 and remit to the United States of America the amounts required to be paid in accordance with written instructions from the Department, which shall be in compliance with Regulations Sections 1.148-1 through 1.148-8 or any successor regulation.

5. Each payment required to be made to the United States of America pursuant to this Section shall be submitted to the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255 or such other address as provided by law or regulation and shall be accompanied by Internal Revenue Service Form 8038-T properly completed by the Department with respect to the Series 2021A Bonds.

Section 2.13. Transfers from 2021A Residual Revenues Account. Unless otherwise directed pursuant to a Letter of Instructions accompanied by a Cashflow Certificate, on each Interest Payment Date and each date fixed for the redemption of the Series 2021A Bonds, to the

extent funds are not available in the 2021A Revenue Account to pay interest or principal due on the Series 2021A Bonds, the Trustee shall transfer from the 2021A Residual Revenues Account to the 2021A Interest Account or the 2021A Principal Account an amount which, when added to any amounts already on deposit therein, will equal the amount of interest and principal to become due and payable on the Series 2021A Bonds on such date.

Section 2.14. 2021A Mortgage Loan Account. The 2021A Mortgage Loan Account established pursuant to Section 2.9 hereof shall be credited with all amounts deposited therein from whatever source. The amounts in such Account shall be used to purchase, on each Certificate Purchase Date within the Certificate Purchase Period, 2021A Mortgage Certificates. On [_____] 1, 202[____], unless the Certificate Purchase Period is extended in accordance with Section 5.2 hereof, unexpended proceeds of the Series 2021A Bonds shall be transferred from 2021A Mortgage Loan Account to the 2021A Special Redemption Account in accordance with Section 2.7.1 hereof.

Section 2.15. 2021A Mortgage Certificate Acquisition.

1. The Department has determined that the Supplemental Mortgage Security for the 2021A Mortgage Loans shall be the guaranty of timely payment of principal and interest provided by Ginnie Mae pursuant to the Ginnie Mae Certificates. Accordingly, the purchase of the 2021A Mortgage Loans shall be accomplished through the purchase of Ginnie Mae Certificates in accordance with the Program Agreement, and no 2021A Mortgage Loan shall be eligible for purchase unless it has been included in a Mortgage Pool and the beneficial ownership thereof is represented by a 2021A Mortgage Certificate.

2. On each applicable Certificate Purchase Date, the Trustee shall purchase Ginnie Mae Certificates at the Ginnie Mae Certificate Purchase Price from amounts available in the 2021A Mortgage Loan Account in accordance with this subsection 2 unless otherwise instructed by the Department in a Letter of Instructions.

3. Each 2021A Mortgage Certificate purchased shall bear interest at the applicable Pass-Through Rate. Ginnie Mae Certificates shall be accepted by the Trustee only if:

(i) The Ginnie Mae Certificates acquired by the Trustee on behalf of the Department shall be held at all times by the Trustee in trust for the benefit of the Bondholders and shall be registered in the name of the Trustee or its nominee or credited to the account of the Trustee at a clearing corporation as defined under and pursuant to the Uniform Commercial Code applicable to such corporation, which corporation shall be registered as a “Clearing Agency” pursuant to Section 17A of the Securities Exchange Act of 1934, as amended. For a Ginnie Mae Certificate that is in the form of a book-entry maintained on the records of the Participants Trust Corporation, or any successor depository institution (“PTC”) (“Book Entry Security”), the Trustee shall receive confirmation from PTC that PTC has made an appropriate entry in its records of the transfer of such Book Entry Security to a limited purpose account of the PTC Participant (defined below), and identifying such Book Entry Security as belonging to the Trustee, so that the Trustee at all times has a first priority perfected security interest in such Ginnie Mae Certificates. The “PTC Participant” (if not the Trustee) shall be a “financial intermediary”

(as defined in Section 8-313 of the Uniform Commercial Code as in effect in the state in which the Book Entry Security is deposited) which is a participant in PTC and which has a custody agreement with the Trustee with respect to the Ginnie Mae Certificate to be transferred as Book Entry Securities through PTC. In the custody agreement, the PTC Participant must agree (w) to act as agent of the Trustee for purposes of causing, upon instructions of the Trustee, the transfer of Book Entry Securities to the PTC account of the PTC Participant, (x) to issue to the Trustee confirmation of the transfer of each Book Entry Security to the PTC Participant, (y) to identify each such Book Entry Security in its records as belonging to the Trustee, and (z) to accept instructions only from the Trustee with respect to the transfer of such Book Entry Securities. The Ginnie Mae Certificate shall be identified on the records of the PTC Participant as being held by such PTC Participant solely and exclusively for the benefit of the Trustee. The PTC Participant shall send a confirmation to the Trustee of such transfer of the Ginnie Mae Certificate to the PTC Participant. The PTC Participant shall cause each Book Entry Security to be transferred to and held in a Limited Purpose Account (or such other account as may be created or identified in the PTC Rules (the "Rules") in which PTC does not have any lien on any Book Entry Security held therein). The Trustee shall have evidence that (xx) the receiving PTC Participant has delivered to PTC an irrevocable instruction to the effect that all fees arising in connection with the specified Limited Purpose Account are to be charged to another account maintained by PTC for the receiving PTC Participant, and (yy) PTC has delivered a certificate to the receiving PTC Participant to the effect that, based on the instruction regarding payment of PTC fees, PTC will not charge the specified Limited Purpose Account for so long as the instruction remains in effect. If the Trustee does not receive a payment or advice of payment on a Ginnie Mae Certificate when due (if the Ginnie Mae Certificates are held by the Trustee, on the fifteenth day of each month with regard to Ginnie Mae I Certificates, and twentieth day of each month with regard to Ginnie Mae II Certificates and if the Ginnie Mae Certificates are held by PTC, on the seventeenth day of each month with regard to Ginnie Mae I Certificates and twenty-second day of each month with regard to Ginnie Mae II Certificates), the Trustee shall promptly telephonically notify, and demand payment from Ginnie Mae, in the case of Ginnie Mae I Certificates, or Chemical Bank as paying agent for Ginnie Mae in the case of Ginnie Mae II Certificates. To the extent the Ginnie Mae Certificates are subject to book-entry transfer, the Trustee shall so notify PTC. Notwithstanding the foregoing, the Trustee shall comply with such procedures as are prescribed by Ginnie Mae from time to time.

(ii) Sufficient amounts are available in the appropriate Accounts to pay the applicable Ginnie Mae Certificate Purchase Price.

ARTICLE III

[RESERVED]

ARTICLE IV

FEDERAL INCOME TAX MATTERS

Section 4.1. General Tax Covenant. The Department covenants not to take any action, or knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the interest on the Series 2021A Bonds to be includable in gross income for federal income tax purposes. In furtherance thereof, the Department covenants to comply with section 103 and 141, 143, and 146 through 150 of the Code and the provisions set forth in the Federal Tax Certificate executed by the Department in connection with the Series 2021A Bonds. The Department and the Trustee may amend this Series Supplement to reflect the deletion or substitution of any such requirement specified in this Article IV in the manner provided in Section 1002 of the Indenture. The Department will not be required to comply with any of the federal tax covenants set forth in this Article IV if the Department has received a Favorable Opinion of Bond Counsel regarding such noncompliance.

Section 4.2. Use of Proceeds. The Department covenants that (a) all of the Proceeds of the Series 2021A Bonds (other than amounts used to pay Costs of Issuance of the Series 2021A Bonds) will be used to finance owner-occupied residences; (b) the Proceeds of the Series 2021A Bonds will not be used in a way that would cause the Series 2021A Bonds to meet the private business use tests set forth in Section 141(b) of the Code; (c) all Proceeds of the Series 2021A Bonds that are to be used to finance owner-occupied residences (i) will be used for such purpose within the 42-month period beginning on the Issuance Date of the Series 2021A Bonds or (ii) to the extent not so used, will be used to redeem Series 2021A Bonds within such period; and (d) no portion of the Proceeds of the Series 2021A Bonds will be used to finance any 2021A Mortgage Loan or DPA Loan or to acquire any Mortgage Certificate after the close of such period.

Section 4.3. Mortgage Eligibility Requirements.

1. The Department covenants: (i) to attempt in good faith to meet, with respect to each 2021A Mortgage Loan, before the execution thereof, the mortgage eligibility requirements of Section 143(c), (d), (e), (f) and (i) of the Code (as more fully described in subsections 2, 3, 4, 5 and 6, respectively, of this Section 4.3), by placing restrictions in the Program Agreement or other similar agreements that permit the origination and purchase of 2021A Mortgage Loans only in accordance with such requirements and by establishing reasonable procedures to ensure compliance with such requirements, including investigation by the Mortgage Lenders and the Servicer or the Department (or its agent) to determine that each 2021A Mortgage Loan meets such requirements; (ii) to use all due diligence to assure that all of the Proceeds of the Series 2021A Bonds that are applied to the financing of 2021A Mortgage Loans are applied to finance 2021A Mortgage Loans that, as of the date of execution thereof, meet all such requirements; and (iii) to correct any failure to meet such requirements within a reasonable period after such failure is first discovered by causing the non-qualifying 2021A Mortgage Loan to be accelerated or to be replaced with a 2021A Mortgage Loan that meets such requirements if the non-qualifying 2021A Mortgage Loan defect cannot be cured within such reasonable period. The Department covenants that each Mortgage Lender selected for participation in the Program that services Mortgage Loans under the Program shall be required to enter into an agreement or agreements containing, in addition to servicing requirements relating to the Mortgage Loans set forth in Section 710 of the Indenture,

that each Mortgage Lender shall represent and warranty that it: (i) maintains an Office of Foreign Assets Control (“OFAC”) compliance program, and (ii) is responsible for and best positioned to conduct OFAC scanning of all relevant data with respect to the serviced portfolio (including borrower names/addresses) in accordance with its OFAC compliance program. As used herein, “OFAC compliance program” shall refer to those programs, policies, procedures and measures designed to ensure compliance with, and prevent violations of, all economic sanctions, laws, rules, regulations, executive orders and requirements administered by OFAC, or any other applicable authority with jurisdiction over such Mortgage Lender. Each Mortgage Lender shall agree to, among other things: (i) perform effective and timely OFAC scanning in accordance with such Mortgage Lender’s OFAC compliance program of all relevant data with respect to the portfolio of assets serviced pursuant to the Indenture; (ii) if a Borrower at any time becomes or is otherwise determined to be an OFAC sanctions target that requires blocking or rejection of a portfolio asset held by the Trustee under or in connection with the Indenture, take all actions required by OFAC regulations, including, without limitation (a) conducting all necessary investigations and communications with OFAC (including reporting) concerning the portfolio assets that such Mortgages Lender determines are subject to OFAC restrictions, (b) blocking the assets of any OFAC sanctions target in such portfolio serviced by such Mortgages Lender (including any related payments from the same), and (c) obtain any licenses from OFAC necessary for such Mortgage Lender and the Trustee to perform their respective services under the Indenture with respect to sanctioned assets and/or borrowers; and (iii) promptly provide notice in writing to the Trustee of any portfolio assets that such Mortgages Lender determines are subject to OFAC restrictions and consult with the Trustee on the action plan to handle those assets.

2. The Department covenants to require, and the Program Agreement requires, with respect to each 2021A Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(c) of the Code, the residence being financed with the proceeds of such 2021A Mortgage Loan is a single-family residence located within the State that the Borrower reasonably expects to occupy as his or her principal residence within a reasonable time (e.g., 60 days) after the financing is provided.

3. The Department covenants to require, and the Program Agreement requires, with respect to each 2021A Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(d) of the Code, the Borrower has not had, within the three-year period ending on the date of execution of the applicable 2021A Mortgage Loan, a present ownership interest in a principal residence; provided, however, that (i) the Department may purchase 2021A Mortgage Loans that do not satisfy the foregoing requirement, so long as such purchase does not cause less than 95% of the Net Proceeds of the Series 2021A Bonds to have been used to finance such non-conforming loans; (ii) financings with respect to targeted area residences will be treated as meeting such requirement; (iii) financings described in the Contract For Deed Exception will be treated as meeting such requirement; and (iv) financings of any residence for any veteran (as defined in Section 101 of Title 38, United States Code), if such veteran has not previously qualified for and received financing pursuant to the exception, will be treated as meeting such requirement.

4. The Department covenants to require and the Program Agreement requires, with respect to each 2021A Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(e) of the Code, the acquisition cost

of the residence being financed with the proceeds of such 2021A Mortgage Loan does not exceed 90% of the average area purchase price applicable to such residence (110% in the case of a targeted area residence).

5. The Department covenants to require and the Program Agreement requires, with respect to each 2021A Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(f) of the Code, the Borrower's family income does not exceed: (i) for an individual or a family of two persons, 100% of the applicable median family income (120% in the case of a Borrower acquiring a targeted area residence); or (ii) for a family of three or more persons, 115% of the applicable median family income (140% in the case of a Borrower acquiring a targeted area residence).

6. The Department covenants to require and the Program Agreement requires, with respect to each 2021A Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(i) of the Code, the 2021A Mortgage Loan is not made for the purpose of acquiring or replacing an existing mortgage (i.e., that the Borrower does not have an existing mortgage (whether or not paid off) on the residence securing the 2021A Mortgage Loan at any time prior to the execution of the 2021A Mortgage Loan), except for a mortgage falling within the Contract for Deed Exception or a mortgage securing a construction period loan, a bridge loan or other similar temporary initial financing having a term of 24 months or less. The Department further covenants and agrees not to permit the assumption of any 2021A Mortgage Loan unless the requirements described in subsection 2, 3, 4 and 5, respectively, of this Section 4.3 are met with respect to such assumption. Borrowers described in the Contract for Deed Exception shall be treated as meeting the requirements of this paragraph 6.

7. The Department covenants to require and the Program Agreement requires, that each 2021A Mortgage Loan include provisions for acceleration in the event that the Department discovers that any of such mortgage eligibility requirements have not been met with respect to such 2021A Mortgage Loan.

8. The following terms used in this Section 4.3 shall have the respective meanings set forth in Section 143 of the Code and the Regulations promulgated thereunder: acquisition cost, applicable median family income, average area purchase price, family income, mortgage, present ownership interest, principal residence, residence, single family residence, and targeted area residence.

Section 4.4. Targeted Area Residences. The Department covenants that an amount equal to at least 20% of the proceeds of the Series 2021A Bonds that are made available for the purchase of 2021A Mortgage Loans have been or will be made available for at least one year after the date on which owner-financing was first made available with respect to targeted area residences (within the meaning of Section 143(j) of the Code). The Department will attempt with reasonable diligence to use such proceeds to purchase mortgage loans pertaining to such targeted area residences by conducting an advertising campaign reasonably designed to inform the general public of the availability of such proceeds, and shall take such other and further actions to assure that, to the maximum extent practicable, such proceeds are used for such purpose.

Section 4.5. Mortgage Rate. The Department will take all actions necessary to ensure that the blended Yield on the 2021A Mortgage Loans properly allocable under Sections 1.148-1 through 1.148-10 of the Regulations to the Series 2021A Bonds will not exceed the Yield on the Series 2021A Bonds (all as computed by or on behalf of the Department in accordance with Section 143(g) of the Code and Sections 1.148-1 and 1.148-10 of the Regulations) by more than 1.125%. To the extent that the Yield on the 2021A Mortgage Loans exceeds the Yield on the Series 2021A Bonds by more than 1.125%, the Department will make yield reduction payments (“Yield Reduction Payments”) to the federal government as set forth in Section 1.148-5(c) of the Regulations and as set forth below.

Section 4.6. Rebate Requirement. The Department covenants to comply with the requirement that “rebateable arbitrage earnings” on the investment of the Gross Proceeds of the Series 2021A Bonds, within the meaning of Section 148(f) of the Code, be rebated to the federal government.

1. Delivery of Documents and Money on Computation Dates. The Department shall deliver to the Trustee, within 55 days after each Computation Date for the Series 2021A Bonds,

(i) a statement, signed by an Authorized Representative of the Department, stating the Rebate Amount for the Series 2021A Bonds as of such Computation Date and the amount of any Yield Reduction Payment due;

(ii) (A) if such Computation Date is an Installment Computation Date, an amount which, together with any amount then held in the 2021A Rebate Fund, is equal to at least 90% of the Rebate Amount as of such Installment Computation Date, less any “previous rebate payments” (determined in accordance with Section 1.148-3(f)(1) of the Regulations), made to the United States of America with respect to the Series 2021A Bonds and Yield Reduction Payments, or (B) if such Computation Date is a Final Computation Date, an amount which, together with any amount then held for the credit of the 2021A Rebate Fund is equal to the Rebate Amount as of such Final Computation Date, less any “previous rebate payments” (determined in accordance with Section 1.148-3(f)(1) of the Regulations), made to the United States of America with respect to the Series 2021A Bonds and Yield Reduction Payments; and

(iii) an Internal Revenue Service Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate (“Form 8038-T”) properly signed and completed as of such Computation Date.

2. Correction of Underpayments. If the Department discovers or is notified that any amount due to the United States of America in an amount described in Section 4.6.1(ii) above has not been paid as required pursuant to Section 2.12 hereof or that any payment paid to the United States of America pursuant hereto has failed to satisfy any requirement of Section 148(f) of the Code or Section 1.148-3 of the Regulations (whether or not such failure shall be due to any default by the Department or the Trustee), the Department will (i) deliver to the Trustee (for deposit to the 2021A Rebate Fund) and cause the Trustee to pay to the United States of America from the 2021A Rebate Fund (A) the Rebate Amount or Yield Reduction Payments that the Department failed to pay, plus any interest specified in Section 1.148-3(h)(2) of the Regulations, if such correction

payment is delivered to and received by the Trustee within 175 days after such discovery or notice, or (B) if such correction payment is not delivered to and received by the Trustee within 175 days after such discovery or notice, the amount determined in accordance with clause (A) of this subparagraph plus the 50 percent penalty required by Section 1.148-3(h)(1) of the Regulations, and (ii) deliver to the Trustee and the Department a Form 8038-T completed as of such date. If such Rebate Amount or Yield Reduction Payments, together with any penalty and/or interest due, is not paid to the United States of America in the amount and manner and by the time specified in the Regulations, the Department will take such steps as are necessary to prevent the Series 2021A Bonds from becoming an “arbitrage bond” within the meaning of Section 148 of the Code. The Trustee shall not be liable for any penalties incurred with respect to the calculation and payment of the Rebate Amount or Yield Reduction Payments.

3. Records. The Department will retain all of its accounting records relating to the Funds, Accounts and Subaccounts and all calculations made in preparing the statements described in this Section 4.6 for at least three years after the later of (i) the final maturity of the Series 2021A Bonds or (ii) the first date on which no Series 2021A Bonds is Outstanding.

4. Fees and Expenses. The Department agrees to pay all of the fees and expenses of a nationally recognized bond counsel, a certified public accountant and any Rebate Analyst or other necessary consultant employed by the Department or the Trustee in connection with computing the Yield Reduction Payments and Rebate Amount.

5. No Diversion of Rebateable Arbitrage. The Department will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the Gross Proceeds of the Series 2021A Bonds that is not purchased at fair market value (as defined in Section 1.148-5(d)(6)(iii) of the Regulations) or includes terms that the Department would not have included if the Series 2021A Bonds were not subject to Section 148(f) of the Code.

6. Rebate Not Required in Certain Circumstances.

(i) Notwithstanding the foregoing, the Department will not be required to perform the obligations set forth in this Section 4.6, except for the obligation to retain accounting records and the payment of expenses as described herein, if (A) the Yield on the Mortgage Loans does not exceed the Yield on the Bonds by more than 1.125% or (B) the Department has not earned any “rebateable arbitrage earnings” and, therefore, is not subject to the rebate obligation set forth in Section 148(f) of the Code. To the extent that the Department will not be required to perform such obligations, the Department will send written notice to the Trustee within 55 days after the applicable Computation Date.

(ii) Notwithstanding anything to the contrary in this Supplemental Indenture requiring a payment to be made based on the Rebate Analyst’s calculations showing a rebate being due, no payment will be made by the Trustee to the United States of America if the Department furnishes to the Trustee a Favorable Opinion of Bond Counsel.

Section 4.7. No-Arbitrage Covenant. The Department covenants that it will make such use of the Gross Proceeds of the Series 2021A Bonds and related Revenues, regulate investments

of proceeds of the Series 2021A Bonds and related Revenues, and take such other and further action as may be required so that the Series 2021A Bonds will not be “arbitrage bonds” within the meaning of Section 148(a) of the Code. The Department hereby expressly reserves the right to direct the Trustee or any Depository to make specific investments to ensure compliance with this Section 4.7 and Section 4.8.

Section 4.8. Limitations on Investment of Reserve Amounts. The Department covenants that at no time will the aggregate amount of money held in any reasonably required reserve for the Series 2021A Bonds that is invested in Nonpurpose Investments and at a yield higher than the yield on such Series 2021A Bonds, exceed the least of (i) 10% of the Sale Proceeds of the Series 2021A Bonds; (ii) the maximum annual principal and interest requirements on the issue, or (iii) 125 percent of the average annual principal and interest requirements on the issue.

Section 4.9. Limitations on Costs of Issuance. The Department covenants and agrees that the Costs of Issuance financed with the Proceeds of the Series 2021A Bonds will not exceed two percent of the Sale Proceeds of the Series 2021A Bonds.

Section 4.10. No Federal Guaranty. The Department covenants not to take any action, or knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause any of the Series 2021A Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code, except as permitted by Section 149(b) of the Code.

Section 4.11. Information Reporting. The Department covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Series 2021A Bonds are issued, an information statement concerning the Series 2021A Bonds, all under and in accordance with Section 149(e) of the Code, and that it will file or cause to be filed such additional information reports as may be required by Section 149(e) of the Code.

Section 4.12. Changes in Use of Mortgaged Property. The Department acknowledges that the provisions of Section 150(b) of the Code (relating to changes in use of property financed with the proceeds of private activity bonds) apply to the 2021A Mortgage Loans (including Mortgage Loans represented by Mortgage Certificates), and covenants to advise each Borrower with respect to a Mortgage Loan of such provisions.

Section 4.13. Use of Repayments to Redeem Series 2021A Bonds. So long as any of the Series 2021A Bonds are Outstanding, the Department covenants that each Mortgage Loan Principal Payment with respect to a 2021A Mortgage Loan received on or after the tenyear anniversary of the Issuance Date will be used to redeem Series 2021A Bonds not later than the close of the first semiannual period beginning after the date such Mortgage Loan Principal Payment is received, unless the Department has received a Favorable Opinion of Bond Counsel and the Department has fulfilled the other requirements of Section 2.7 hereof with respect to the use of such payments to redeem other Bonds.

Section 4.14. Recapture. The Department covenants and agrees to comply with the provisions of Section 143(m) of the Code (regarding the recapture of a portion of the federal subsidy from the use of qualified mortgage bonds) with respect to each 2021A Mortgage Loan.

Section 4.15. Bonds are not Hedge Bonds. The Department covenants and agrees that not more than 50% of the Sale Proceeds of the Series 2021A Bonds will be invested in Nonpurpose Investments having a substantially guaranteed yield for four years or more within the meaning of Section 149(g)(3)(A)(ii) of the Code, and the Department reasonably expects that at least 85% of the spendable proceeds of the Series 2021A Bonds will be used to carry out the governmental purposes of the Series 2021A Bonds within the three-year period beginning on the Issuance Date.

Section 4.16. Sale of 2021A Mortgage Certificates. Notwithstanding any other provision of the Indenture, the Department may sell the 2021A Mortgage Certificates in whole or in part only upon delivery by the Department of (i) a Counsel's Opinion that such sale will not cause all or any portion of the 2021A Mortgage Certificates, or the Series 2021A Bonds to be classified as a "taxable mortgage pool" within the meaning of Section 7701(i) of the Code; and (ii) written confirmation from each Rating Agency that such sale will not adversely affect the then current ratings on the Bonds (determined without regard to any bond insurance or similar credit enhancement).

Section 4.17. Record Retention. The Department will retain all pertinent and material records relating to the use and expenditure of the proceeds of the Series 2021A Bonds until three years after the last Series 2021A Bond is redeemed or paid at maturity, or such other period as authorized by subsequent guidance issued by the Department of Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the Department to retrieve and reproduce such books and records in the event of an examination of the Series 2021A Bonds by the Internal Revenue Service.

Section 4.18. Continuing Obligation. Notwithstanding any other provision of this Supplemental Indenture, the Department's obligations under the covenants and provisions of this Article IV will survive the defeasance and discharge of the Series 2021A Bonds for as long as such matters are relevant to the excludability of interest on the Series 2021A Bonds from gross income for federal income tax purposes.

ARTICLE V

OTHER MATTERS

Section 5.1. [Reserved].

Section 5.2. Transfer of Unexpended Proceeds. Upon receipt by the Trustee of a certification from the Department as described in Section 2.7.1 hereof, the Trustee shall transfer the amounts set forth in such certification to the 2021A Special Redemption Account to redeem Series 2021A Bonds pursuant to Section 2.7.1. Any amounts in the 2021A Mortgage Loan Account remaining unexpended for acquisition of 2021A Mortgage Certificates on the last day of the Certificate Purchase Period (or such earlier date as directed in writing by the Department), as such date may be extended as provided herein, shall be transferred to the 2021A Special Redemption Account and applied to the redemption of Series 2021A Bonds pursuant to Section

2.7.1. The Certificate Purchase Period for amounts in the 2021A Mortgage Loan Account may be extended to a date certain as set out in a Letter of Instructions to the Trustee, but not later than [_____] 1, 202[____], upon delivery to the Trustee no later than 30 days prior to the last day of the then existing Certificate Purchase Period of the following:

- (i) a Favorable Opinion of Bond Counsel; and
- (ii) confirmation from each Rating Agency that such extension will not adversely affect the rating on the Series 2021A Bonds assigned by such Rating Agency.

The Department shall provide written notice to the Servicer at least thirty (30) days prior to the last day of the then existing Certificate Purchase Period of any such proposed extension of the Certificate Purchase Period.

Section 5.3. Application of Amounts in 2021A Revenue Account.

1. Unless otherwise directed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate and a confirmation from each Rating Agency of the then current ratings on the Series 2021A Bonds, all Revenues received with respect to the 2021A Mortgage Certificates shall be deposited in the 2021A Revenue Account.

2. Pursuant to subsection 3 of Section 505 of the Indenture, the Trustee shall transfer from the Revenue Fund amounts on deposit therein in the following order of priority:

(i) First, on each Interest Payment Date or any other date for the redemption of the Series 2021A Bonds, to the 2021A Interest Account, to the extent required so that the balance in said account equals the amount of interest which will be due and payable on the Series 2021A Bonds on such Interest Payment Date or redemption date;

(ii) Second, monthly, upon receipt of Mortgage Loan Principal Payments, to the 2021A Principal Account, one-sixth of the amount required to pay maturing principal and the unsatisfied balance of any Sinking Fund Installment on any Series 2021A Bonds on the next Interest Payment Date;

(iii) Third, monthly, upon receipt of Mortgage Loan Principal Payments, to the 2021A Special Redemption Account, the amount required to reduce the Outstanding principal amount of the Premium PAC Term Bonds to the Premium PAC Term Bonds Outstanding Applicable Amount for such monthly period, and the Trustee shall use such funds either on the next Interest Payment Date, or if the Outstanding Series 2021A Bonds as of such Interest Payment Date are less than the Series 2021A Cumulative Applicable Amount, on the first day of the next month for which notice can be given following such Interest Payment Date to redeem Series 2021A Bonds pursuant to Section 2.7.2 hereof; and

(iv) Fourth, monthly, upon receipt of Mortgage Loan Principal Payments, to the 2021A Special Redemption Account, any remaining Mortgage Loan Principal Payments to be applied monthly to the redemption of Series 2021A Bonds pursuant to Section 2.7.2 hereof.

Section 5.4. Application of Residual Revenues. Pursuant to subsection 1 of Section 512 of the Indenture, the Trustee shall transfer all amounts from the 2021A Residual Revenues Account to the 2021A Special Redemption Account to redeem Series 2021A Bonds in accordance with Section 2.7.3 hereof, unless otherwise directed by a Letter of Instructions accompanied by a Cashflow Certificate.

Section 5.5. Limitations on Mortgage Loans. The Department covenants and agrees that each Mortgage Loan contained in a mortgage pool represented by a 2021A Mortgage Certificate shall satisfy the following requirements:

- (i) each 2021A Mortgage Loan shall bear interest (which interest shall be payable in arrears) at the applicable rate in accordance with the Program Agreement;
- (ii) each 2021A Mortgage Loan shall have a term of 30 years and shall provide for level monthly payments and full amortization over the term thereof;
- (iii) each 2021A Mortgage Loan shall be secured by a Mortgage creating a first lien on the residence being financed with the proceeds of such 2021A Mortgage Loan;
- (iv) each 2021A Mortgage Loan shall be (A) insured by the FHA pursuant to Section 203, 221(d)(2) or 234(c) of the National Housing Act of 1934, as amended, in accordance with the applicable standards of the FHA, (B) guaranteed by the VA under the Servicemen's Readjustment Act of 1945, as amended, in accordance with applicable standards of the VA, or (C) guaranteed by RHS under the Cranston-Gonzales National Affordable Housing Act of 1990;
- (v) each 2021A Mortgage Loan shall be further secured by Supplemental Mortgage Security in the form of the guaranty provided by Ginnie Mae pursuant to a Ginnie Mae Certificate;
- (vi) each residence financed with a 2021A Mortgage Loan shall be a single family attached or detached house, a single unit in a condominium development or a planned unit development or a qualifying duplex (but not a triplex or fourplex or manufactured housing that is not permanently affixed to real property owned by the Borrower);
- (vii) each 2021A Mortgage Certificate shall be acquired by the Department with moneys disbursed from the 2021A Mortgage Loan Account during the Certificate Purchase Period; and
- (viii) such other requirements as may be set forth in the Program Agreement.

The Department covenants and agrees that each DPA Loan meets the requirements set forth in the Program Guidelines.

Section 5.6. Covenant Relating to the Program Agreement. The Department represents and covenants that the Program Agreement incorporates the requirements set forth in Article IV and Section 5.5 of this Series Supplement. The Department further covenants and agrees to obtain,

prior to or upon any amendment thereof, a Counsel's Opinion that: (i) the form and substance of such amendment are consistent with the requirements of the Indenture and this Series Supplement; and (ii) that the execution and delivery of such amendment by the Department, the Trustee and one or more Mortgage Lenders, and the consummation of the transactions contemplated thereby, will not adversely affect the exclusion of the interest on the Series 2021A Bonds from the gross income of the Holders thereof for purposes of federal income taxation.

Section 5.7. Depository. In accordance with Section 914 of the Indenture, the Department hereby appoints the Texas Treasury Safekeeping Trust Company as Depository for the purpose of holding, administering and investing the moneys and securities required to be credited to all Accounts, all as more fully provided in the Depository Agreement.

Section 5.8. Certain Requirements Applicable to Cashflow Statements. The Department covenants and agrees, with respect to each Cashflow Statement filed with the Trustee, that such Cashflow Statement shall demonstrate the sufficiency of the anticipated Revenues (as more fully set forth in Section 711 of the Indenture).

Section 5.9. Certain Conditions of Issuance of the Series 2021A Bonds. The Series 2021A Bonds shall be executed by the Department and, except for the Initial Bond, shall be delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered by it to the Department or upon its order, but only upon receipt by the Trustee of the following (in addition to the documents required under the Indenture):

- (i) an executed counterpart of this Series Supplement;
- (ii) a certificate of an Authorized Representative of the Department to the effect that, on the basis of all facts and estimates and circumstances (including covenants of the Department contained in the Indenture) reasonably expected to be in existence on the Issuance Date, it is not expected that the proceeds of the Series 2021A Bonds will be used in a manner that would cause the Series 2021A Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code and applicable Regulations thereunder, and such certificate shall set forth such facts, estimates, and circumstances (including covenants of the Department contained in the Indenture), which may be in brief and summary terms, and shall state that to the best of the knowledge and belief of such Authorized Representative of the Department there are no other facts, estimates, or circumstances that would materially change such expectation;
- (iii) an executed counterpart of the Depository Agreement in satisfaction of the requirements of subsection 1 of Section 914 of the Indenture, together with an opinion of counsel to the Depository regarding the enforceability thereof; and
- (iv) the amounts specified in this Series Supplement to be deposited in the Accounts as required therein.

Section 5.10. Sale of Series 2021A Bonds. The Series 2021A Bonds shall be sold to the Underwriters subject to the terms and conditions set forth in the Purchase Agreement, and upon the basis of the representations therein set forth.

Section 5.11. Execution in Several Counterparts. This Series Supplement may be simultaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

Section 5.12. Certain Duties of the Department. The Department covenants and agrees that, in addition to such other duties as may be required under the Indenture and this Series Supplement, the Department will not voluntarily take any action or fail to take any action that will impair the ability of the Department to satisfy the asset test set forth in subsection 2 of Section 512 of the Indenture during any period in which the Series 2021A Bonds remain Outstanding.

Section 5.13. No Recourse on Series 2021A Bonds. No recourse shall be had for payment of the principal or Redemption Price of or interest on the Series 2021A Bonds or for any claim based thereon or on this Series Supplement against any Board member, officer or employee of the Department or the Trustee or any person executing or authenticating the Series 2021A Bonds, and neither the Board members, officers or employees of the Department or the Trustee, nor any person executing or authenticating the Series 2021A Bonds shall be liable personally on the Series 2021A Bonds by reason of the issuance thereof.

Section 5.14. Protection of Trust Estate.

1. At the request of the Trustee, the Department will from time to time execute and deliver all such supplements and amendments hereto and all such financing statements, continuation statements, instruments of further assurance and other instruments, and will take such other action as may be necessary or advisable to:

- (i) grant more effectively all or any portion of the Trust Estate;
- (ii) maintain or preserve the lien of the Indenture and this Series Supplement or carry out more effectively the purposes hereof;
- (iii) perfect, publish notice of or protect the validity of any grant made or to be made by the Indenture or this Series Supplement;
- (iv) enforce any of the documents executed in connection with this Series Supplement;
- (v) preserve and defend title to the Trust Estate and the rights of Trustee and of owners of the Series 2021A Bonds in the other property held as part of the Trust Estate against the claims of all Persons and parties; or
- (vi) pay all taxes or assessments levied or assessed upon the Trust Estate when due.

2. The Department hereby designates the Trustee as its agent and attorney-in-fact to execute any financing statement, continuation statement or other instrument required pursuant to this Section 5.14; provided, however, that such designation shall not be deemed to create a duty on the Trustee to monitor the compliance of the Department with the foregoing covenants and provided further, that the duty of the Trustee to execute any instrument required pursuant to this

Section 5.14 shall arise only if the Trustee has actual knowledge or has been notified in writing of any failure of the Department to comply with the provisions of this Section 5.14. Such power-of-attorney is coupled with an interest and is irrevocable, and the Department hereby ratifies and confirms all that the Trustee may do by virtue thereof. The Department shall be responsible for all reasonable costs incurred by the Trustee in the preparation and filing of all such continuation statements hereunder. Notwithstanding anything to the contrary contained herein or in the Indenture, the Trustee shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto, the perfection of any such security interest, the accuracy or sufficiency of any description of collateral in such initial filings or the filing of any modifications or amendments to the initial filings required by any amendments to Chapter 9 of the Texas Business and Commerce Code. Unless the Trustee shall have been notified in writing by the Department that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in relying on such initial filing and the information contained therein when filing any continuation statements or modifications thereto pursuant to this Section 5.14 or Section 1205 of the Indenture and when filing any continuation statements in the same filing offices as the initial filings were made.

Section 5.15. Continuing Disclosure Relating to Other Obligated Persons. The Board hereby determines that an Other Obligated Person would be an “obligated person” (as defined in Rule 15c2-12 (the “Rule”)), for whom financial information and operating data would be presented in any final official statement relating to the Series 2021A Bonds had such Person been known at the time of the offering thereof. Based upon the objective criteria specified in the definition of Other Obligated Person, the Board concludes that no Borrower eligible to participate in the Program would be an Other Obligated Person.

Section 5.16. Agreement Regarding Assumption of Certain Home Loans. The Board agrees not to permit the assumption of any Mortgage Loan that would cause any Person to become an Other Obligated Person.

Section 5.17. Responsibilities of Trustee. Notwithstanding anything to the contrary in the Indenture: (a) subject to the provisions of subsection 2 of Section 902 of the Indenture, the Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct; and (b) the Trustee may act through agents or attorneys and shall not be responsible for the misconduct or negligence of such agents or attorneys appointed with due care. Subject to the provisions of Section 902 of the Indenture, the Department further agrees, to the extent permitted by law, to indemnify and save the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to the Trustee’s negligence or willful misconduct. If the Trustee renders any service hereunder not provided for in the Indenture or this Series Supplement or related financing documents or institutes interpleader proceedings relative hereto, the Trustee shall be compensated reasonably by the Department for such extraordinary services and reimbursed for any and all claims, liabilities, losses, damages, fines, penalties, and expenses, including out of pocket and incidental expenses and legal fees and expenses occasioned thereby. The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Trustee, and shall have no responsibility for

compliance with any state or federal securities laws in connection with the Bonds. The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty.

Section 5.18. Compliance with Texas Government Code. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Series Supplement, the Depository Agreement and the Continuing Disclosure Agreement dated as of April 1, 2021, between the Department and the Trustee (the “Disclosure Agreement”), and such representation is hereby incorporated by reference into each of the documents referenced herein. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, “boycott Israel” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Trustee understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Trustee understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

Section 5.19. Instructions via Electronic Means. The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”), given pursuant to the Indenture and delivered using Electronic Means; provided, however, that the Department shall provide to the Trustee an incumbency certificate listing Authorized Representatives of the Department with the authority to provide such Instructions and containing specimen signatures of such Authorized Representative of the Department, which incumbency certificate shall be amended by the Department whenever a person is to be added or deleted from the listing. “Electronic Means” as used herein shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder. If the Department elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion

elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Department understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by or on behalf of an Authorized Representative listed on the incumbency certificate provided to the Trustee have been sent by or on behalf of such Authorized Representative. The Department shall be responsible for ensuring that only Authorized Representatives of the Department transmit or authorize the transmission of such Instructions to the Trustee and that the Department and all Authorized Representatives of the Department are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Department. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Department agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception or misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by Department; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 5.20. Letter of Instructions. The Trustee may conclusively rely on any Letter of Instructions or written instructions delivered to the Trustee and shall not be responsible for any loss or liability resulting from the investment of funds or otherwise, but only so long as the Trustee follows such Letter of Instructions or written instructions in all material respects.

[signature pages follow]

IN WITNESS WHEREOF, the Department and the Trustee have caused this Series Supplement to be signed, sealed, and attested on their behalf by their duly authorized representatives, all as of the date first hereinabove written.

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: _____
Director of Bond Finance and
Chief Investment Officer

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF BOND

UNITED STATES OF AMERICA

STATE OF TEXAS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
RESIDENTIAL MORTGAGE REVENUE BOND
SERIES 2021A (SOCIAL BONDS)

THE ORIGINAL PRINCIPAL AMOUNT OF THIS BOND IS SUBJECT TO
REDUCTION UPON PAYMENT OF AMOUNTS CAUSING A PARTIAL
REDEMPTION OF THIS BOND AS PROVIDED HEREIN; THE
OUTSTANDING PRINCIPAL AMOUNT OF THIS BOND WILL BE AS
SHOWN ON THE REGISTRY BOOKS KEPT BY THE WITHIN-NAMED
TRUSTEE

[THE STATED PRINCIPAL AMOUNT OF THIS BOND WHILE
REGISTERED IN THE NAME OF THE DEPOSITORY TRUST COMPANY,
NEW YORK, NEW YORK, OR ITS NOMINEE MAY BE REDUCED BY THE
AMOUNT OF REDEMPTIONS OF ANY BONDS OR PORTIONS THEREOF]¹

No. _____ \$ _____

Interest Rate: _____ Dated Date: _____ CUSIP: _____ Maturity Date: _____

Registered Owner: _____

Principal Amount: _____ DOLLARS

The TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (herein called the "Department"), a public and official agency of the State of Texas, acknowledges itself indebted to, and FOR VALUE RECEIVED, hereby promises to pay to the registered owner named above or registered assigns, but solely from the sources and in the manner hereinafter provided, on the maturity date specified above, unless redeemed prior thereto as hereinafter provided, the Principal Amount set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such Principal Amount in like coin or currency from the Dated Date (as defined below) of this Bond or from the most recent date to which interest on this Bond (or any Bond in exchange for, or in lieu of, which this Bond was issued), has been paid at the interest rate per annum set forth

¹ To be deleted from the Initial Bond, and be included only in Series 2021A Bonds registered in the name of DTC or its nominee.

above, calculated on the basis of a 360-day year composed of twelve 30-day months, payable on July 1, 2021, and each January 1 and July 1 thereafter (each, an “Interest Payment Date”) to the date of maturity or earlier redemption, until the Department’s obligation with respect to the payment of such Principal Amount shall be discharged. The Principal Amount or Redemption Price of this Bond shall be payable upon presentation and surrender of this Bond, at the applicable office of The Bank of New York Mellon Trust Company, N.A. (such bank and any successor in such capacity being referred to as the “Trustee”). [MORE TEXT TO COME]

The Act provides that neither the officers or directors of the Department nor any person executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof.

It is hereby certified and recited that all conditions, acts, and things required by law and the Indentures to exist, to have happened, and to have been performed precedent to and in the issuance of this Bond, exist, have happened, and have been performed and that the issuance of this Bond and the series of Bonds of which it is a part are duly authorized by the laws of the State of Texas.

This Bond shall not be entitled to any benefit under the Indentures or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Trustee of the Trustee’s Certificate or the execution by the Comptroller of Public Accounts of the State of Texas of the Comptroller’s Registration Certificate hereon.

IN WITNESS WHEREOF, the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its duly authorized representative, and its corporate seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved, or otherwise reproduced and attested by the manual or facsimile signature of its Secretary.

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: _____
Chair

Attest:

Secretary

(SEAL)

[FORM OF COMPTROLLER'S REGISTRATION
CERTIFICATE ON INITIAL BOND]

STATE COMPTROLLER'S REGISTRATION CERTIFICATE

OFFICE OF COMPTROLLER

Register No. _____

STATE OF TEXAS

I HEREBY CERTIFY that there is on file and of record in my office a certificate of the Attorney General of the State of Texas approving this Bond and certifying that this Bond and the proceedings for the issuance thereof have been examined by him as required by law, and that he finds that this Bond has been issued in accordance with law and that it is a valid and binding limited obligation of the Texas Department of Housing and Community Affairs, payable from the revenues and other funds pledged to its payment by and in the proceedings authorizing the same, and I do further certify that this Bond has this day been registered by me as Comptroller.

WITNESS MY HAND AND SEAL OF OFFICE this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION
ON EACH BOND OTHER THAN THE INITIAL BOND]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is to certify that the initial Bonds of this Series were approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this Bond is one of the Bonds delivered pursuant to the within-mentioned Indenture.

Date of Authentication:

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., Trustee

By: _____
Authorized Officer

[FORM OF ASSIGNMENT]

ASSIGNMENT

For value received, the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature(s) on this assignment must correspond in every particular with the name(s) of the registered owner(s) appearing on the face of the within Bond.

Signature guaranteed by:

NOTICE: Signature must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements will include membership or participation in STAMP or such other signature guaranty program as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT B

**PREMIUM PAC TERM BONDS
OUTSTANDING APPLICABLE AMOUNT**

[TO COME]

EXHIBIT C

2021A CUMULATIVE APPLICABLE AMOUNT

[TO COME]

EXHIBIT D

**UNEXPENDED PROCEEDS REDEMPTION PRICE FOR
PREMIUM SERIAL BONDS, PREMIUM TERM BONDS
AND PREMIUM PAC TERM BONDS**

[TO COME]

Exhibit A -- 35th Supplemental Trust Indenture

RMRB Series 2021B

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

THIRTY-FIFTH SUPPLEMENTAL RESIDENTIAL MORTGAGE
REVENUE BOND TRUST INDENTURE

BETWEEN

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

AND

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., AS TRUSTEE

AUTHORIZING

\$_[]
RESIDENTIAL MORTGAGE REVENUE REFUNDING BONDS
SERIES 2021B (TAXABLE)

Dated as of April 1, 2021

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**THIRTY-FIFTH SUPPLEMENTAL RESIDENTIAL MORTGAGE
REVENUE BOND TRUST INDENTURE**

THIS THIRTY-FIFTH SUPPLEMENTAL RESIDENTIAL MORTGAGE REVENUE BOND TRUST INDENTURE, dated as of April 1, 2021 (this “Series Supplement”), is made by and between the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas (together with any successor to its rights, duties, and obligations hereunder, the “Department”), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as trustee (together with any successor trustee hereunder, the “Trustee”).

RECITALS

WHEREAS, the Department and the Trustee have executed and delivered that certain Amended and Restated Residential Mortgage Revenue Bond Trust Indenture dated as of July 1, 2019, as amended and supplemented from time to time (the “Indenture”), providing for the issuance from time to time by the Department of one or more series of its Residential Mortgage Revenue Bonds (collectively, the “Bonds”); and

WHEREAS, the Department has been created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as such may be amended from time to time (together with other laws of the State of Texas (the “State”) applicable to the Department, the “Act”), for the purpose, among others, of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide safe and sanitary housing for persons and families of low and very low income and families of moderate income (as described in the Act and as determined by the Governing Board of the Department from time to time) at prices they can afford; and

WHEREAS, the Department is authorized under the Act to issue bonds to refund its outstanding obligations and is authorized under the Indenture to issue bonds to refund Bonds issued under the Indenture; and

WHEREAS, Section 1207.002, Texas Government Code, as amended, authorizes the Department to issue refunding bonds to refund all or any part of the Department’s outstanding bonds, notes or other general or special obligations; and

WHEREAS, Section 1002 of the Indenture authorizes the Department and the Trustee to execute and deliver a supplemental indenture, authorizing Bonds of a Series to include any other matters and things relative to such Bonds which are not inconsistent with or contrary to the Indenture, to add to the covenants of the Department, and to pledge other moneys, securities or funds as part of the Trust Estate; and

WHEREAS, the Department has determined to issue its Residential Mortgage Revenue Refunding Bonds, Series 2021B (Taxable) in an aggregate Principal Amount of \$[] (the “Series 2021B Bonds”) pursuant to the Indenture and this Series Supplement for the purpose of refunding its Outstanding Residential Mortgage Revenue Bonds, Series 2009C-1 (Taxable), Series 2009C-2, Series 2011A and Series 2011B (collectively, the “Refunded Bonds”), all under and in accordance with the Constitution and the laws of the State; and

WHEREAS, the execution and delivery of this Series Supplement and the issuance of the Series 2021B Bonds have been in all respects duly and validly authorized by a written resolution of the Governing Board of the Department; and

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

WHEREAS, except as provided herein, all acts and conditions and things required by the Constitution and laws of the State to happen, exist and be performed precedent to execution and delivery of this Series Supplement have happened, exist and have been performed as so required in order to make the Indenture, as supplemented by this Series Supplement, a valid, binding and legal instrument for the security of the Series 2021B Bonds and a valid and binding agreement in accordance with its terms;

NOW, THEREFORE, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Series 2021B Bonds by the holders thereof from time to time, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the further purpose of fixing and declaring the terms and conditions upon which the Series 2021B Bonds are to be issued, authenticated, delivered and accepted by the holders thereof from time to time, the Department and the Trustee do hereby mutually covenant and agree, for the equal and proportionate benefit of the respective holders from time to time of the Bonds, including the Series 2021B Bonds, as follows:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

Section 1.1. Supplemental Indenture. This Series Supplement is supplemental to, and is adopted in accordance with, Article III and Article X of the Indenture.

Section 1.2. Definitions.

1. Unless the context shall require otherwise, all defined terms contained in the Indenture shall have the same meanings in this Series Supplement (other than in the form of Series 2021B Bond set forth in Exhibit A hereto) as such defined terms are given in Section 101 of the Indenture.

2. As used in this Series Supplement (other than in the form of Series 2021B Bond set forth in Exhibit A hereto), unless the context shall otherwise require, the following terms shall have the following respective meanings:

“Account” or “Accounts” shall mean any one or more, as the case may be, of the separate special trust accounts pertaining to the Series 2021B Bonds created and established in Section 2.9 hereof.

“Authorized Denomination” shall mean \$1.00 and any integral multiple thereof.

“Authorized Representative of the Department” shall mean the Chair or Vice Chair of the Board, the Executive Director or Acting Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance and Chief Investment Officer of the Department, the Director of Texas Homeownership of the Department and the Secretary or any Assistant Secretary to the Board or any officer or employee of the Department authorized to perform specific acts or duties by resolution duly adopted by the Department and as evidenced by a written certificate delivered to the Trustee containing the specimen signature of such person.

“Board” shall mean the Governing Board of the Department.

“Bond Depository” shall mean The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, and any successor Bond Depository appointed pursuant to Section 913 of the Indenture and Section 2.6 hereof.

“Business Day” shall mean any day other than a (i) Saturday or Sunday, (ii) day on which banking institutions in New York, New York, the State, or the city in which the payment office of the Paying Agent is located are authorized or obligated by law or executive order to be closed for business, or (iii) day on which the New York Stock Exchange is closed.

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

“Depository” shall mean the Texas Treasury Safekeeping Trust Company, acting in accordance with the Depository Agreement, and any bank or trust company appointed pursuant to Section 914 of the Indenture and Section 3.5 hereof to act as depository of certain moneys and investments.

“Depository Agreement” shall mean that certain Twelfth Supplement to Amended and Restated Depository Agreement dated as of the date hereof, by and among the Department, the Trustee and the Depository relating to the Series 2021A Bonds and the Series 2021B Bonds, together with any amendments or supplements thereto.

“Depository Participant” shall mean a broker, dealer, bank, other financial institution or any other Person for whom from time to time a Bond Depository effects book-entry transfers and pledges of securities deposited with such Bond Depository.

“Escrow Agent” shall mean the Trustee, in its capacity as escrow agent under the Escrow Agreement.

“Escrow Agreement” shall mean the Escrow Agreement dated as of April 1, 2021, between the Department and the Escrow Agent.

“Ginnie Mae” shall mean the Government National Mortgage Association, a wholly-owned corporate instrumentality of the United States of America within the Department of Housing and Urban Development, whose powers are prescribed generally by Title III of the National Housing Act of 1934, as amended (12 U.S.C. § 1716 et seq.), and any successor thereto.

“Indenture” shall mean the Amended and Restated Residential Mortgage Revenue Bond Trust Indenture dated as of July 1, 2019, between the Department and the Trustee, as supplemented and amended from time to time.

“Initial Bond” means the Series 2021B Bond approved by the Attorney General of the State of Texas and registered by the Comptroller.

“Interest Payment Date” shall mean, with respect to the Series 2021B Bonds, the first day of each month, commencing [May] 1, 2021, and any other date on which the Series 2021B Bonds are subject to redemption.

“Issuance Date” shall mean April [____], 2021, the date of initial issuance and delivery of the Series 2021B Bonds to the Underwriters, as initial purchasers thereof, in exchange for payment of the purchase price of the Series 2021B Bonds.

“Letter of Instructions” shall mean, with respect to the Series 2021B Bonds, a written directive and authorization to the Trustee or any Depository specifying the period of time for which such directive and authorization shall remain in effect, executed by two Authorized Representatives of the Department.

“Letter of Representations” shall mean that certain DTC Blanket Issuer Letter of Representations executed by the Department and the Bond Depository.

“Mortgage Loan Principal Payments” shall mean all Mortgage Loan Principal Prepayments and all regularly scheduled payments of principal with respect to all Mortgage Loans included in the 2021B Transferred Mortgage Certificates.

“Optional Redemption Date” shall mean [_____] 1, 20[_____].

“Other Obligated Person” shall mean a Person that is a mortgagor with respect to at least 20% in aggregate principal amount of the Mortgage Loans held under the Indenture.

“Paying Agent” shall mean the Trustee.

“Purchase Agreement” shall mean the Bond Purchase Agreement dated [_____] 2021, between the Department and the Underwriters providing for the purchase of the Series 2021B Bonds by the Underwriters, as amended or supplemented from time to time.

“Rating Agency” shall mean: (i) S&P Global Ratings, a division of S&P Global Inc., and any successor thereto; and (ii) Moody’s Investors Service, Inc. and any successor thereto to the extent either agency then has a rating on the Bonds in effect at the request of the Department.

“Record Date” shall mean the close of business on the 15th day of the month (whether or not a Business Day) immediately preceding an Interest Payment Date.

“Refunded Bonds” shall mean all of the Department’s Outstanding Residential Mortgage Revenue Bonds, Series 2009C-1 (Taxable), Series 2009C-2, Series 2011A and Series 2011B.

“Revenues” shall mean in addition to those items defined as such in the Indenture, all amounts paid or required to be paid from time to time on the 2021B Transferred Mortgage Certificates, including any payments received from Ginnie Mae pursuant to its guaranty of the Ginnie Mae Certificates, all Mortgage Loan Principal Payments representing the same, all prepayment premiums or penalties received by or on behalf of the Department in respect of the 2021B Transferred Mortgage Certificates and all other net proceeds of such 2021B Transferred Mortgage Certificates.

“Series 2021A Bonds” shall mean the Department’s Residential Mortgage Revenue Bonds, Series 2021A (Social Bonds).

“Series 2021B Bonds” shall mean the Bonds of the Department authorized by this Series Supplement.

“Series Supplement” shall mean this Thirty-Fifth Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of April 1, 2021, by and between the Department and the Trustee, together with any amendments hereto.

“State” shall mean the State of Texas.

“2021B Bond Proceeds Fund” shall mean the 2021B Bond Proceeds Fund established pursuant to Section 2.9 hereof.

“2021B Costs of Issuance Account” shall mean the 2021B Costs of Issuance Account of the Cost of Issuance Fund established pursuant to Section 2.9 hereof.

“2021B Expense Account” shall mean the 2021B Expense Account of the Expense Fund established pursuant to Section 2.9 hereof.

“2021B Interest Account” shall mean the 2021B Interest Account of the Interest Fund established pursuant to Section 2.9 hereof.

“2021B Mortgage Loan Account” shall mean the 2021B Mortgage Loan Account of the Mortgage Loan Fund established pursuant to Section 2.9 hereof.

“2021B Principal Account” shall mean the 2021B Principal Account of the Principal Fund established pursuant to Section 2.9 hereof.

“2021B Residual Revenues Account” shall mean the 2021B Residual Revenues Account of the Residual Revenue Funds established pursuant to Section 2.9 hereof.

“2021B Revenue Account” shall mean the 2021B Revenue Account of the Revenue Fund established pursuant to Section 2.9 hereof.

“2021B Special Redemption Account” shall mean the 2021B Special Redemption Account of the Special Redemption Fund established pursuant to Section 2.9 hereof.

“2021B Transferred Mortgage Certificates” shall mean the Mortgage Certificates allocated to the 2021B Mortgage Loan Account as described in Exhibit B hereto.

“Underwriters” shall mean Jefferies LLC and the other underwriters named on the schedule attached to the Purchase Agreement.

Section 1.3. Authority for This Series Supplement. This Series Supplement is adopted pursuant to the provisions of the Act and the Indenture, particularly Section 1002(1) thereof.

Section 1.4. Rules of Construction.

1. For all purposes of this Series Supplement, unless the context requires otherwise, all references to designated Articles, Sections and other subdivisions are to the articles, sections and other subdivisions of this Series Supplement.

2. Except where the context otherwise requires, terms defined in this Series Supplement to impart the singular number shall be considered to include the plural number and vice versa.

3. Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa.

4. This Series Supplement and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this Series Supplement and the Indenture which it supplements.

Section 1.5. Interpretation. The Table of Contents, titles and headings of the Articles and Sections of this Series Supplement have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms of provisions hereof.

Section 1.6. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.7. Indenture to Remain in Force. Except as amended by this Series Supplement, the Indenture shall remain in full force and effect as to the matters covered therein.

Section 1.8. Successors and Assigns. All covenants and agreements in this Series Supplement by the Department and the Trustee shall bind their respective successors and assigns, whether so expressed or not.

Section 1.9. Separability Clause. In case any provision in this Series Supplement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 1.10. Benefits of Series Supplement. Nothing in this Series Supplement or in the Bonds, express or implied, shall give to any Person, other than the parties hereto, their successors

hereunder and the Holders of Bonds any benefit or any legal or equitable right, remedy or claim under this Series Supplement.

Section 1.11. Governing Law. This Series Supplement shall be construed in accordance with and governed by the laws of the State.

Section 1.12. Miscellaneous. Every “request,” “order,” “demand,” “application,” “notice,” “statement,” “certificate,” “consent,” “instruction,” or similar action hereunder shall, unless the form thereof is specifically provided herein, be in writing, and in the case of the Department signed by an Authorized Representative of the Department or in the case of any other Person signed by its President or Vice President, or other officer serving in similar capacities specifically authorized to execute such writing on behalf of any other Person, as the case may be.

ARTICLE II

AUTHORIZATION AND TERMS OF SERIES 2021B BONDS

Section 2.1. Authorization, Principal Amount, Designation, and Series. In accordance with and subject to the terms, conditions, and limitations established in the Indenture and this Series Supplement, a Series of Bonds is hereby authorized to be issued in the original aggregate Principal Amount of \$[_____]. Each Bond of this Series of Bonds shall be entitled “Texas Department of Housing and Community Affairs Residential Mortgage Revenue Refunding Bond, Series 2021B (Taxable).” The terms of the Series 2021B Bonds shall be as set forth in Article III of the Indenture and this Article II.

Section 2.2. Purposes. The Series 2021B Bonds are issued in accordance with subsection 1(3)(b) of the Indenture to provide funds for the purpose of refunding the Refunded Bonds.

Section 2.3. Dates, Denominations, Numbers, and Letters.

1. The Series 2021B Bonds shall be issuable only in the form of fully registered bonds without coupons and may not be exchanged into coupon bonds. The Initial Bond shall be registered to Jefferies LLC.

2. The Series 2021B Bonds shall be dated as of the date of authentication thereof by the Trustee, unless such date of authentication shall be an Interest Payment Date, in which case they shall be dated as of such Interest Payment Date; provided, however, that if the date of authentication shall be prior to the first Interest Payment Date or in the case of the Initial Bond, the Series 2021B Bonds shall be dated as of the Issuance Date.

3. The Series 2021B Bonds shall be issued in Authorized Denominations.

4. Unless the Department shall direct otherwise, each Series 2021B Bond shall be lettered and numbered separately from R-1 upward, provided that the Initial Bond shall be numbered TR-1.

Section 2.4. Interest Payment Dates, Interest Rate and Maturity of the Series 2021B Bonds. The Series 2021B Bonds shall mature on [_____] 1, 20[____], and shall bear interest from the date thereof until maturity or prior redemption at the rate of [____]% per annum, calculated on the basis of a 360-day year composed of twelve 30-day months, payable on each Interest Payment Date until maturity or prior redemption. The Series 2021B Bonds shall be subject to prior redemption in accordance with Section 2.7 hereof and Article IV of the Indenture.

Section 2.5. Paying Agent; Method and Place of Payment.

1. The Trustee is hereby appointed as Paying Agent for the Series 2021B Bonds and the Trustee hereby accepts such appointment. The Principal Amount and Redemption Price of the Series 2021B Bonds shall be payable upon the presentation and surrender thereof, as the same respectively become due and payable, at the applicable office of the Trustee. For purposes of this Section, “applicable office” shall mean the Trustee’s office presently located in Houston, Texas (or such other office designated by the Trustee) which will be utilized to perform payments and transfers with respect to the Bonds. The interest on each Series 2021B Bond shall be payable by check mailed on the Interest Payment Date to the Person in whose name such Series 2021B Bond is registered at the close of business on the Record Date immediately preceding the applicable Interest Payment Date, at the address of such Person as shown on the Bond registration books kept by the Trustee. The Principal Amount and Redemption Price of and interest on the Series 2021B Bonds shall also be payable at any other place that may be provided for such payment by the appointment of any other Paying Agent for the Series 2021B Bonds as permitted by the Indenture.

2. Notwithstanding the foregoing, for so long as the Bond Depository is the exclusive Holder of the Series 2021B Bonds and for Holders of not less than \$1,000,000 in aggregate Principal Amount of the Series 2021B Bonds, and except for the final payment of principal of the Series 2021B Bonds at maturity, the Principal Amount, Redemption Price thereof and the interest thereon shall be payable by wire transfer in immediately available federal funds to the Bond Depository or such Holders to an account in the continental United States without the necessity of any immediate presentation and surrender of Series 2021B Bonds pursuant to written instructions from the Holder, or the Letter of Representations, as the case may be.

Section 2.6. Bond Depository; Book-Entry System.

1. Pursuant to Section 913 of the Indenture, the Department hereby appoints The Depository Trust Company, New York, New York, as Bond Depository for the Series 2021B Bonds. In accordance with the Letter of Representations, the Department shall cause the Series 2021B Bonds (other than the Initial Bond) to be registered in the name of Cede & Co., as nominee for the Bond Depository, and to be delivered on the Issuance Date to the Trustee to be held on behalf of the Bond Depository.

2. With respect to Series 2021B Bonds registered in the Bond registration books of the Department required to be maintained by the Trustee pursuant to Section 310 of the Indenture in the name of Cede & Co. or any successor Bond Depository, or a nominee therefor, the Department and the Trustee shall have no responsibility or obligation to any Depository Participant or to any Person on behalf of whom such Depository Participant holds an interest in Series 2021B Bonds. The Department and the Trustee may treat and consider the registered owner of any Series

2021B Bond as the holder and absolute owner of such Series 2021B Bond for the purpose of payment of the principal and Redemption Price of and interest with respect to such Series 2021B Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2021B Bond, for the purpose of registering transfers and exchanges with respect to such Series 2021B Bond, and for all other purposes whatsoever. The Trustee shall pay all the Principal Amount and Redemption Price of and interest on the Series 2021B Bonds only to or upon the order of the respective registered owners of the Series 2021B Bonds and all such payments shall be valid and effective with respect to such payments to the extent of the sum or sums so paid. The Department and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of The Depository Trust Company, any successor Bond Depository or any Depository Participant with respect to any ownership interest in Series 2021B Bonds, (ii) the delivery to any Depository Participant or any other Person, other than a registered owner of a Series 2021B Bond as shown in the Bond registration books required to be kept and maintained pursuant to Section 310 of the Indenture, of any notice with respect to the Series 2021B Bonds, including any notice of redemption, or (iii) the payment to any Depository Participant or any other Person, other than a registered owner of a Series 2021B Bond, of any amount with respect to any Series 2021B Bond. The rights of Depository Participants and Persons on behalf of whom any Depository Participant holds a beneficial interest in Series 2021B Bonds shall be limited to those established by law and agreements between such Depository Participants and other Persons and the applicable Bond Depository.

3. In the event that either (i) the Bond Depository that is, directly or through a nominee, the registered owner of all of the Outstanding Series 2021B Bonds notifies the Trustee and the Department that it is no longer willing or able to discharge its responsibilities as a Bond Depository or (ii) the Department determines that continuance of the existing book-entry system for ownership of interests in the Series 2021B Bonds is not in the best interest of such owners of beneficial interests in the Series 2021B Bonds, then the Department shall direct the Bond Depository to terminate the existing book-entry system for ownership of interests in the Series 2021B Bonds. Upon such termination, the Department shall promptly select a substitute Bond Depository (and shall notify the Trustee in writing of such selection) to provide a system of book-entry ownership of beneficial interests in the Series 2021B Bonds, if one is available satisfactory to the Department, and the ownership of all Series 2021B Bonds shall be transferred on the Bond registration books required to be kept and maintained pursuant to Section 310 of the Indenture to such successor Bond Depository, or its nominee. In the alternative, the Department may direct the Trustee to, and if the Department fails to promptly designate a successor Bond Depository the Trustee, without further direction, shall, notify the Depository Participants, through the Bond Depository for the Series 2021B Bonds, of the availability of Series 2021B Bonds registered in the names of such Persons as are owners of beneficial interests in the Series 2021B Bonds and, upon surrender to the Trustee of the Outstanding Series 2021B Bonds held by the Bond Depository, accompanied by registration instructions from the Bond Depository, the Trustee shall, at the expense of the transferees, cause to be printed and authenticated Series 2021B Bonds, in Authorized Denominations, to the owners of beneficial interests in the Series 2021B Bonds as of the date of the termination of the existing book-entry ownership system for the Series 2021B Bonds. Neither the Department nor the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying upon, such instructions. So long as the Department has designated a Bond Depository to provide a system of book-entry

ownership of the Series 2021B Bonds, all of the Series 2021B Bonds must be held under such book-entry system.

4. Notwithstanding any other provisions in Article II of this Series Supplement, the Department and the Trustee may, but shall not be required to, enter into separate agreements with one or more Bond Depositories which may provide for alternative or additional provisions with respect to the delivery of notices, payment of interest and/or principal, or any other matters.

Section 2.7. Redemption Prices and Terms. The Series 2021B Bonds shall not be subject to redemption prior to maturity except as follows:

1. Redemption from Mortgage Loan Principal Payments. The Series 2021B Bonds are subject to redemption prior to maturity and shall be redeemed, in whole or in part, on the first day of each month at a Redemption Price equal to 100% of the principal amount of the Series 2021B Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date, from amounts transferred to the 2021B Special Redemption Account in accordance with Section 3.3.2 hereof. NO NOTICE OF REDEMPTION WILL BE GIVEN TO ANY BONDHOLDER OR BENEFICIAL OWNER OF THE DATE OR AMOUNT OF REDEMPTION FROM MORTGAGE LOAN PRINCIPAL PAYMENTS.

2. Special Redemption from Excess Revenues. The Series 2021B Bonds are subject to redemption prior to maturity on or after [_____] 1, 20[____], in whole or in part, from time to time after giving notice as provided herein, at a Redemption Price equal to 100% of the principal amount of the Series 2021B Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date, from amounts transferred to the 2021B Special Redemption Account from the Residual Revenues Fund in accordance with Section 3.4 hereof (whether or not derived in connection with the Series 2021B Bonds).

3. Optional Redemption. The Series 2021B Bonds are subject to redemption prior to maturity, in whole or in part, at any time and from time to time on or after the Optional Redemption Date, at the option of the Department, after giving notice as provided herein, at a Redemption Price equal to the Principal Amount of such Series 2021B Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date.

At least 45 days prior to, or such later date as the Trustee will accept, any redemption date described in the immediately preceding paragraph, or such later date as the Trustee will accept, the Department shall give a Letter of Instructions to the Trustee accompanied by a Cashflow Certificate specifying the Principal Amount of Series 2021B Bonds to be redeemed and the date of such redemption and identifying the source of funds to be utilized to redeem such Bonds.

4. Selection of Series 2021B Bonds for Redemption in Part. In the event Series 2021B Bonds are to be redeemed in part as provided in this Section 2.7, the Series 2021B Bonds to be redeemed shall be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate. A portion of any Series 2021B Bond may be redeemed, but only in an Authorized Denomination. While the Series 2021B Bonds are held by the Bond Depository, Series 2021B Bonds shall be selected for redemption as described in Section 2.6 hereof.

Section 2.8. Notice of Redemption.

1. Notice of the call for any redemption other than pursuant to Section 2.7.1 hereof, identifying the Series 2021B Bonds or portions thereof to be redeemed, shall be given by the Trustee as provided in Section 405 of the Indenture.

2. Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the registered owner of such Series 2021B Bonds receives the notice.

Section 2.9. Creation of Additional Funds and Accounts and Application Thereof.

1. Pursuant to the provisions of subsection 3 of Section 502 of the Indenture, there is established by this Section 2.9 for the Series 2021B Bonds, an Account in the Interest Fund and the Principal Fund. Each such Account shall be known and designated as the “2021B _____ Account”, with the blank containing an appropriate reference to the Fund to which such Account relates. There is also hereby established for the Series 2021B Bonds an additional Fund designated as the “2021B Bond Proceeds Fund.” Within each of the Cost of Issuance Fund, the Expense Fund, the Mortgage Loan Fund, the Revenue Fund, the Special Redemption Fund and the Residual Revenues Fund, there is hereby established an Account to be known and designated as the “2021B _____ Account” with the blank containing an appropriate reference to the Fund to which such Account relates.

2. Unless an Event of Default shall have occurred and be continuing, Revenues from the 2021B Transferred Mortgage Certificates or from the investment or reinvestment of moneys on deposit in each Account for the Series 2021B Bonds shall be kept separate and apart from the Revenues attributable to other Mortgage Certificates or attributable to the investment and reinvestment of the moneys on deposit under the Indenture with respect to any other Series. The Accounts shall be for the equal benefit of the Holders of all of the Bonds. The segregation of the Accounts as required by this Section 2.9 is for the purpose of making the calculations required by Sections 143(g) and 148 of the Internal Revenue Code of 1986, as amended, and is not for the purpose of giving a priority or preference to the Bonds of one Series over that of another Series. Except as provided in this Section, the Revenues and proceeds of a Series shall continue to be used as provided in Article V of the Indenture.

Section 2.10. Initial Deposits. On the Issuance Date, as shall be more fully set forth in a Letter of Instructions, the Trustee shall deposit the proceeds of the Series 2021B Bonds into the 2021B Bond Proceeds Fund. There shall be transferred from the 2021B Bond Proceeds Fund the amounts specified in a Letter of Instructions authorizing the authentication and delivery of the Series 2021B Bonds, for deposit to the Funds and Accounts specified therein. After completion of such transfers, the 2021B Bond Proceeds Fund shall be closed. After payment of all costs, any funds remaining in the 2021B Cost of Issuance Account shall be transferred to the Residual Revenues Fund pursuant to a Letter of Instructions from the Department.

Section 2.11. Transfer of and Representations and Covenants Relating to 2021B Transferred Mortgage Certificates. All 2021B Transferred Mortgage Certificates are hereby allocated to the 2021B Mortgage Loan Account. The Department represents and covenants that each of the 2021B Transferred Mortgage Certificates is a Mortgage Loan that, at the date of acquisition, met the requirements set forth in Section 705 of the Indenture.

Section 2.12. Form of Series 2021B Bonds. Each Series 2021B Bond shall be in substantially the form and tenor of Exhibit A attached hereto, which Exhibit A is incorporated herein as if fully set forth in this Series Supplement, with such omissions, insertions, and variations as permitted or required by the Indenture. The registration certificate of the Comptroller of Public Accounts of the State of Texas and the certificate of authentication of the Trustee shall be in the form set forth in Exhibit A. The Department is hereby authorized, in its discretion, to provide for the assignment of CUSIP numbers for the Series 2021B Bonds and to have such CUSIP numbers printed thereon, and the Department may direct the Trustee to use such CUSIP numbers in notices of redemption, provided that any such notice may state that no representation is made by the Trustee or the Department as to the correctness of such CUSIP number either as printed on the Series 2021B Bonds or as contained in any notice of redemption. There may be printed on or attached to each Series 2021B Bond registered in the name of the Bond Depository a schedule for the purpose of notation by the Bond Depository of the portion of the Principal Amount thereof which shall have been paid and the portion of the Principal Amount thereof which remains Outstanding and unpaid.

Notwithstanding the foregoing, the Initial Bond shall be in the form set forth in Exhibit A, except that the CUSIP number shall not be required.

Section 2.13. Transfers from 2021B Residual Revenues Account. Unless otherwise directed pursuant to a Letter of Instructions accompanied by a Cashflow Certificate, on each Interest Payment Date and each date fixed for the redemption of the Series 2021B Bonds, to the extent funds are not available in the 2021B Revenue Account to pay interest or principal due on the Series 2021B Bonds, the Trustee shall transfer from the 2021B Residual Revenues Account to the 2021B Interest Account or the 2021B Principal Account an amount which, when added to any amounts already on deposit therein, will equal the amount of interest and principal to become due and payable on the Series 2021B Bonds on such date.

ARTICLE III

OTHER MATTERS

Section 3.1. Redemption of Refunded Bonds. The Department has instructed the Trustee to redeem the Refunded Bonds.

Section 3.2. Sale of 2021B Transferred Mortgage Certificates. Notwithstanding any other provision of the Indenture, the Department may sell the 2021B Transferred Mortgage Certificates in whole or in part only upon delivery by the Department of written confirmation from each Rating Agency that such sale will not adversely affect the then current ratings on the Bonds (determined without regard to any bond insurance or similar credit enhancement).

Section 3.3. Application of Amounts in 2021B Revenue Account.

1. Unless otherwise directed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate and a confirmation from each Rating Agency of the then current ratings on the Series 2021B Bonds, all Revenues received with respect to the 2021B Transferred Mortgage Certificates shall be deposited in the 2019A Revenue Account.

2. Pursuant to subsection 3 of Section 505 of the Indenture, the Trustee shall set aside monthly in the 2021B Revenue Account, all Mortgage Loan Principal Payments relating to the 2021B Transferred Mortgage Certificates to be used to redeem Series 2021B Bonds in accordance with Section 2.7.1 hereof unless otherwise directed by a Letter of Instructions accompanied by a Cashflow Statement giving effect to the actions directed in such Letter of Instructions.

Section 3.4. Application of Residual Revenues. Pursuant to subsection 1 of Section 512 of the Indenture, the Trustee shall transfer all amounts from the 2021B Residual Revenues Account to the 2021B Special Redemption Account to redeem Series 2021B Bonds in accordance with Section 2.7.2 hereof, unless otherwise directed by a Letter of Instructions accompanied by a Cashflow Certificate.

Section 3.5. Depository. In accordance with Section 914 of the Indenture, the Department hereby appoints the Texas Treasury Safekeeping Trust Company as Depository for the purpose of holding, administering and investing the moneys and securities required to be credited to all Accounts, all as more fully provided in the Depository Agreement.

Section 3.6. Certain Requirements Applicable to Cashflow Statements. The Department covenants and agrees, with respect to each Cashflow Statement filed with the Trustee, that such Cashflow Statement shall demonstrate the sufficiency of the anticipated Revenues (as more fully set forth in Section 711 of the Indenture).

Section 3.7. Certain Conditions of Issuance of the Series 2021B Bonds. The Series 2021B Bonds shall be executed by the Department and, except for the Initial Bond, shall be delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered by it to the Department or upon its order, but only upon receipt by the Trustee of the following (in addition to the documents required under the Indenture):

- (i) an executed counterpart of this Series Supplement;
- (ii) an executed counterpart of the Depository Agreement in satisfaction of the requirements of subsection 1 of Section 914 of the Indenture, together with an opinion of counsel to the Depository regarding the enforceability thereof; and
- (iii) the amounts specified in this Series Supplement to be deposited in the Accounts as required therein.

Section 3.8. Sale of Series 2021B Bonds. The Series 2021B Bonds shall be sold to the Underwriters subject to the terms and conditions set forth in the Purchase Agreement and upon the basis of the representations therein set forth.

Section 3.9. Execution in Several Counterparts. This Series Supplement may be simultaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

Section 3.10. Certain Duties of the Department. The Department covenants and agrees that, in addition to such other duties as may be required under the Indenture and this Series Supplement, the Department will not voluntarily take any action or fail to take any action that will impair the ability of the Department to satisfy the asset test set forth in the subsection 2 of Section 512 of the Indenture during any period in which the Series 2021B Bonds remain Outstanding.

Section 3.11. No Recourse on Series 2021B Bonds. No recourse shall be had for payment of the principal or Redemption Price of or interest on the Series 2021B Bonds or for any claim based thereon or on this Series Supplement against any Board member, officer or employee of the Department or the Trustee or any person executing or authenticating the Series 2021B Bonds, and neither the Board members, officers or employees of the Department or the Trustee, nor any person executing or authenticating the Series 2021B Bonds shall be liable personally on the Series 2021B Bonds by reason of the issuance thereof.

Section 3.12. Protection of Trust Estate.

1. At the request of the Trustee, the Department will from time to time execute and deliver all such supplements and amendments hereto and all such financing statements, continuation statements, instruments of further assurance and other instruments, and will take such other action as may be necessary or advisable to:

- (i) grant more effectively all or any portion of the Trust Estate;
- (ii) maintain or preserve the lien of the Indenture and this Series Supplement or carry out more effectively the purposes hereof;
- (iii) perfect, publish notice of or protect the validity of any grant made or to be made by the Indenture or this Series Supplement;
- (iv) enforce any of the documents executed in connection with this Series Supplement;
- (v) preserve and defend title to the Trust Estate and the rights of Trustee and of owners of the Series 2021B Bonds in the other property held as part of the Trust Estate against the claims of all Persons and parties; or
- (vi) pay all taxes or assessments levied or assessed upon the Trust Estate when due.

2. The Department hereby designates the Trustee as its agent and attorney-in-fact to execute any financing statement, continuation statement or other instrument required pursuant to this Section 3.12; provided, however, that such designation shall not be deemed to create a duty on the Trustee to monitor the compliance of the Department with the foregoing covenants and

provided further, that the duty of the Trustee to execute any instrument required pursuant to this Section 3.12 shall arise only if the Trustee has actual knowledge by notice in writing of any failure of the Department to comply with the provisions of this Section 3.12. Such power-of-attorney is coupled with an interest and is irrevocable, and the Department hereby ratifies and confirms all that the Trustee may do by virtue thereof. The Department shall be responsible for all reasonable costs incurred by the Trustee in the preparation and filing of all such continuation statements hereunder. Notwithstanding anything to the contrary contained herein or in the Indenture, the Trustee shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto, the perfection of any such security interest, the accuracy or sufficiency of any description of collateral in such initial filings or the filing of any modifications or amendments to the initial filings required by any amendments to Chapter 9 of the Texas Business and Commerce Code. Unless the Trustee shall have been notified in writing by the Department that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in relying on such initial filing and the information contained therein when filing any continuation statements or modifications thereto pursuant to this Section 3.12.2 or Section 1205 of the Indenture and when filing any continuation statements in the same filing offices as the initial filings were made.

Section 3.13. Continuing Disclosure Relating to Other Obligated Persons. The Board hereby determines that an Other Obligated Person would be an “obligated person” (as defined in Rule 15c2-12 (the “Rule”)) for whom financial information and operating data would be presented in any final official statement relating to the Series 2021B Bonds had such Person been known at the time of the offering thereof. Based upon the objective criteria specified in the definition of Other Obligated Person, the Board concludes that no Borrower eligible to participate in the Program would be an Other Obligated Person.

Section 3.14. Agreement Regarding Assumption of Certain Home Loans. The Board agrees not to permit the assumption of any Mortgage Loan that would cause any Person to become an Other Obligated Person.

Section 3.15. Responsibilities of the Trustee. Notwithstanding anything to the contrary in the Indenture: (a) subject to the provisions of subsection 2 of Section 902 of the Indenture, the Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct; and (b) the Trustee may act through agents or attorneys and shall not be responsible for the misconduct or negligence of such agents or attorneys appointed with due care. Subject to the provisions of Section 902 of the Indenture, the Department further agrees, to the extent permitted by law, to indemnify and save the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to the Trustee’s negligence or willful misconduct. If the Trustee renders any service hereunder not provided for in the Indenture or this Series Supplement or related financing documents or institutes interpleader proceedings relative hereto, the Trustee shall be compensated reasonably by the Department for such extraordinary services and reimbursed for any and all claims, liabilities, losses, damages, fines, penalties, and expenses, including out of pocket and incidental expenses and legal fees and expenses occasioned thereby. The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Trustee, and shall have no

responsibility for compliance with any state or federal securities laws in connection with the Bonds. The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty.

Section 3.16. Compliance with Texas Government Code. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Series Supplement, the Depository Agreement and the Continuing Disclosure Agreement dated as of April 1, 2021, between the Department and the Trustee, and such representation is hereby incorporated by reference into each of the documents referenced herein. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, ‘boycott Israel’ means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Trustee understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Trustee understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

Section 3.17. Instructions via Electronic Means. The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”), given pursuant to the Indenture and delivered using Electronic Means; provided, however, that the Department shall provide to the Trustee an incumbency certificate listing Authorized Representatives of the Department with the authority to provide such Instructions and containing specimen signatures of such Authorized Representative of the Department, which incumbency certificate shall be amended by the Department whenever a person is to be added or deleted from the listing. “Electronic Means” as used herein shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder. If the Department

elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Department understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by or on behalf of an Authorized Representative listed on the incumbency certificate provided to the Trustee have been sent by or on behalf of such Authorized Representative. The Department shall be responsible for ensuring that only Authorized Representatives of the Department transmit or authorize the transmission of such Instructions to the Trustee and that the Department and all Authorized Representatives of the Department are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Department. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Department agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception or misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by Department; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 3.18. Letter of Instructions; Written Instructions. The Trustee may conclusively rely on any Letter of Instructions or written instructions delivered to the Trustee and shall not be responsible for any loss or liability resulting from the investment of funds or otherwise, but only so long as the Trustee follows such Letter of Instructions or written instructions in all material respects.

[signature pages follow]

IN WITNESS WHEREOF, the Department and the Trustee have caused this Series Supplement to be signed on their behalf by their duly authorized representatives, all as of the date first hereinabove written.

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: _____
Director of Bond Finance and
Chief Investment Officer

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By: _____
Authorized Officer

EXHIBIT A
FORM OF BOND

UNITED STATES OF AMERICA
STATE OF TEXAS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
RESIDENTIAL MORTGAGE REVENUE REFUNDING BOND
SERIES 2021B (TAXABLE)

**THE ORIGINAL PRINCIPAL AMOUNT OF THIS BOND IS SUBJECT TO
REDUCTION UPON PAYMENT OF AMOUNTS CAUSING A PARTIAL
REDEMPTION OF THIS BOND AS PROVIDED HEREIN; THE OUTSTANDING
PRINCIPAL AMOUNT OF THIS BOND WILL BE AS SHOWN ON THE
REGISTRY BOOKS KEPT BY THE WITHIN-NAMED TRUSTEE**

**[THE STATED PRINCIPAL AMOUNT OF THIS BOND WHILE REGISTERED IN
THE NAME OF THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK,
OR ITS NOMINEE MAY BE REDUCED BY THE AMOUNT OF REDEMPTIONS
OF ANY BONDS OR PORTIONS THEREOF]¹**

No. R- _____ \$ _____

Interest Rate	Dated Date:	CUSIP:	Maturity Date:

Registered Owner: _____

Principal Amount: _____ DOLLARS

The TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (herein called the "Department"), a public and official agency of the State of Texas, acknowledges itself indebted to, and FOR VALUE RECEIVED, hereby promises to pay to the registered owner named above or registered assigns, but solely from the sources and in the manner hereinafter provided, on the maturity date specified above, unless redeemed prior thereto as hereinafter provided, the Principal Amount set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such Principal Amount in like coin or currency from the Dated Date (as defined below) of this Bond or from the most recent date to which interest on this Bond (or any Bond in exchange for, or in lieu of, which this Bond was issued), has been paid at the interest rate per annum set forth

¹ To be included only in Series 2021B Bonds registered in the name of DTC or its nominees.

above, calculated on the basis of a 360-day year composed of twelve 30-day months, payable on the first day of each month, commencing [May] 1, 2021, and on any other date on which this Bond is subject to redemption (each, an “Interest Payment Date”) to the date of maturity or earlier redemption, until the Department’s obligation with respect to the payment of such Principal Amount shall be discharged. The Principal Amount or Redemption Price of this Bond shall be payable upon presentation and surrender of this Bond at the applicable office of The Bank of New York Mellon Trust Company, N.A. (such bank and any successor in such capacity being referred to as the “Trustee”). [MORE TEXT TO COME]

The Act provides that neither the officers nor directors of the Department nor any person executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof.

It is hereby certified and recited that all conditions, acts, and things required by law and the Indentures to exist, to have happened, and to have been performed precedent to and in the issuance of this Bond, exist, have happened, and have been performed and that the issuance of this Bond and the series of Bonds of which it is a part are duly authorized by the laws of the State of Texas.

This Bond shall not be entitled to any benefit under the Indentures or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Trustee of the Trustee’s Certificate or the execution by the Comptroller of Public Accounts of the State of Texas of the Comptroller’s Registration Certificate hereon.

IN WITNESS WHEREOF, the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its duly authorized representative, and its corporate seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved, or otherwise reproduced and attested by the manual or facsimile signature of its Secretary.

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: _____
Chair

Attest:

Secretary

(SEAL)

[FORM OF COMPTROLLER'S REGISTRATION CERTIFICATE
ON THE INITIAL BOND]

STATE COMPTROLLER'S REGISTRATION CERTIFICATE

OFFICE OF COMPTROLLER

Register No. _____

STATE OF TEXAS

I HEREBY CERTIFY that there is on file and of record in my office a certificate of the Attorney General of the State of Texas approving this Bond and certifying that this Bond and the proceedings for the issuance thereof have been examined by him as required by law, and that he finds that this Bond has been issued in accordance with law and that it is a valid and binding limited obligation of the Texas Department of Housing and Community Affairs, payable from the revenues and other funds pledged to its payment by and in the proceedings authorizing the same, and I do further certify that this Bond has this day been registered by me as Comptroller.

WITNESS MY HAND AND SEAL OF OFFICE this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION
ON EACH BOND OTHER THAN THE INITIAL BOND]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is to certify that the initial Bonds of this Series were approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this Bond is one of the Bonds delivered pursuant to the within-mentioned Indenture.

Date of Authentication:

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., Trustee

By: _____
Authorized Officer

[FORM OF ASSIGNMENT]

ASSIGNMENT

For value received, the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated:		
		NOTICE: The signature(s) on this assignment must correspond in every particular with the name(s) of the registered owner(s) appearing on the face of the within Bond.
Signature guaranteed by:		
NOTICE: Signature must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Trustee, which requirements will include membership or participation in STAMP or such other signature guaranty program as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.		

Exhibit B -- Bond Purchase Agreement

DRAFT OF FEBRUARY 26, 2021
RMRB SERIES 2021AB – BPA

§ _____
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
RESIDENTIAL MORTGAGE REVENUE BONDS
SERIES 2021A
AND
RESIDENTIAL MORTGAGE REVENUE REFUNDING BONDS
SERIES 2021B (TAXABLE)

BOND PURCHASE AGREEMENT

April __, 2021

Governing Board
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Ladies and Gentlemen:

The undersigned, Jefferies LLC (“*Jefferies*”), acting on behalf of itself and the other underwriters named on Schedule I hereto (each, an “*Underwriter*” and collectively, the “*Underwriters*”), hereby offers to enter into this Bond Purchase Agreement (this “*Purchase Agreement*”) with the Texas Department of Housing and Community Affairs (the “*Issuer*”). Upon execution of this Purchase Agreement by the Representative (as hereinafter defined) and the Issuer, this Purchase Agreement will be binding upon the Issuer and the Underwriters. This offer is made subject to the execution of this Purchase Agreement by the Issuer and the delivery of three (3) duly executed copies of this Purchase Agreement to Jefferies, at or prior to 5:00 p.m., Austin, Texas time, on the date hereof unless otherwise agreed to by the Issuer and the Representative (as hereinafter defined). Capitalized terms used in this Purchase Agreement and not otherwise defined shall have the meanings given to them in the Official Statement (as hereinafter defined) or the Resolution (as hereinafter defined).

This Purchase Agreement relates to the issuance of the Issuer’s (i) Residential Mortgage Revenue Bonds, Series 2021A (the “*Series 2021A Bonds*”) and (ii) Residential Mortgage Revenue Refunding Bonds, Series 2021B (Taxable) (the “*Series 2021B Bonds*”) and together with the Series 2021A Bonds, the “*Bonds*”).

The Issuer acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm’s-length commercial transaction between the Issuer and the Underwriters, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of this transaction, the Underwriters are and have been acting solely as principals and are not acting as a municipal advisor (within the meaning of Section 15B of the Securities Exchange Act of 1934, as amended), financial advisor or fiduciary to the Issuer,

(iii) the Underwriters have not assumed (individually or collectively) any advisory or fiduciary responsibility in favor of the Issuer with respect to this Purchase Agreement, the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (regardless of whether any Underwriter or any affiliate of an Underwriter has provided other services or are currently providing other services to the Issuer on other matters) and the Underwriters have no obligation to the Issuer with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Agreement, (iv) the Underwriters have financial and other interests that differ from those of the Issuer and (v) the Issuer has consulted its own legal, accounting, tax, financial and other advisors to the extent it has deemed appropriate.

1. *Purchase Price; Description of the Bonds.* Subject to the terms and conditions and in reliance upon the representations and warranties hereinafter set forth, the Underwriters jointly and severally hereby agree to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all of the (i) Series 2021A Bonds at a purchase price of \$ _____, which price represents the par amount of the Series 2021A Bonds of \$ _____, [plus a net premium of \$ _____], and (ii) Series 2021B Bonds at a purchase price of \$ _____, which price represents the par amount of the Series 2021B Bonds, and which represent the public offering prices of the Bonds as reflected on the inside cover page of the Official Statement (as hereinafter defined). The Issuer and the Underwriters acknowledge and agree that the purchase, sale and delivery of each series of Bonds is not contingent upon the purchase, sale and delivery of the other series. The Bonds shall accrue interest from the date of their initial delivery to the Underwriters and shall mature on the dates and in the amounts and bear interest at the rates as set forth in *Schedule II* hereto.

Upon Closing (as hereinafter defined) the Issuer shall pay underwriting fees and expenses of (i) \$ _____ to the Underwriters with respect to their purchase of the Series 2021A Bonds and (ii) \$ _____ to the Underwriters with respect to their purchase of the Series 2021B Bonds.

The Bonds shall be as described in, and authorized for issuance pursuant to the provisions of, a resolution adopted by the Governing Board of the Issuer (the “*Governing Board*”) on March 11, 2021 (the “*Resolution*”). Pursuant to the Resolution, the Issuer has also authorized the execution and delivery of the (i) Thirty-Fourth Supplemental Residential Mortgage Revenue Bond Trust Indenture, dated as of April 1, 2021 (the “*Thirty-Fourth Supplemental Indenture*”), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the “*Trustee*”) and (ii) Thirty-Fifth Supplemental Residential Mortgage Revenue Bond Trust Indenture, dated as of April 1, 2021 (the “*Thirty-Fifth Supplemental Indenture*” and together with the Thirty-Fourth Supplemental Indenture, the “*Supplemental Indentures*”), between the Issuer and the Trustee, each further supplementing the Amended and Restated Residential Mortgage Revenue Bond Trust Indenture dated as of July 1, 2019, as amended and supplemented prior to the date hereof (the “*Indenture*”), between the Issuer and the Trustee. The Indenture and the Supplemental Indentures are referred to herein collectively as the “*Trust Indenture.*” The Bonds shall be subject to redemption as provided in the Trust Indenture and as described in the Official Statement (as hereinafter defined).

2. *Authorized Representative of the Underwriters.* The Underwriters have designated Jefferies (sometimes referred to herein as the “*Representative*”) to act as their representative, and the Representative hereby represents that it has been duly authorized to execute this Purchase

Agreement for and on behalf of the Underwriters and to take such actions it may deem advisable with respect to all matters pertaining to this Purchase Agreement. Each Underwriter is registered as a municipal securities dealer under the Securities Exchange Act of 1934, as amended, and is a member in good standing of the Financial Industry Regulatory Authority and the Municipal Securities Rulemaking Board (the “MSRB”).

3. *Public Offering.* The Underwriters agree to make a bona fide public offering of all the Bonds at prices no higher than or yields no lower than the initial offering prices to the public or yields as set forth in *Schedule II* hereto. Subsequent to such initial offering to the public, but expressly subject to the provisions of Paragraph 7 hereof relating to the establishment of the issue price of the Series 2021A Bonds, the Underwriters reserve the right to change the initial offering prices to the public or yields as the Underwriters and the Issuer deem necessary in connection with the marketing of the Bonds. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the initial offering price to the public or prices set forth in *Schedule II* hereto. The Issuer and the Underwriters acknowledge, with respect to each of the Series 2021A Bonds and the Series 2021B Bonds, that the entire aggregate principal amount of the respective series of Bonds to be sold pursuant to Paragraph 1 hereof shall be sold and delivered by the Issuer and purchased, accepted and paid for by the Underwriters.

4. *Official Statement; Continuing Disclosure.* The Issuer shall deliver to the Underwriters at the sole expense of the Issuer as many copies of the Official Statement dated the date hereof reflecting certain terms relating to the initial offering of the Bonds by the Underwriters, in substantially the form approved by an Authorized Representative of the Issuer pursuant to the Resolution (the Official Statement, together with all appendices thereto and any supplement or amendment thereto which are approved by the Issuer and the Representative pursuant to Paragraph 11 hereof, is referred to herein as the “*Official Statement*”), as will be required to permit the Underwriters to comply with applicable rules of the MSRB and Rule 15c2-12 of the Securities and Exchange Commission (“*Rule 15c2-12*”) and all other rules applicable to them. The Issuer hereby authorizes the use of the Official Statement and the information therein contained by the Underwriters in connection with the public offering and the sale of the Bonds. The Issuer also approves of and ratifies the use by the Underwriters prior to the date hereof of the Preliminary Official Statement dated March __, 2021 (the “*Preliminary Official Statement*”). The Issuer hereby represents and warrants that the Preliminary Official Statement was deemed final by the Issuer as of its date, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12.

The Issuer shall provide, or cause to be provided, to the Underwriters as soon as practicable after the date of the Issuer’s acceptance of this Purchase Agreement (but, in any event, not later than within seven (7) business days after the Issuer’s acceptance of this Purchase Agreement and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement which are complete as of the date of delivery to the Underwriters in such quantity as the Representative shall request in order for the Underwriters to comply with Section (b)(4) of Rule 15c2-12 and the rules of the Securities and Exchange Commission (the “*SEC*”) and the MSRB.

The Issuer authorizes the Representative to file, to the extent required by applicable SEC or MSRB rule, and the Representative agrees to file or cause to be filed, the Official Statement with the MSRB or its designee (including submission to the MSRB's Electronic Municipal Market Access system ("*EMMA*")). If an amended Official Statement is prepared in accordance with Paragraph 11 during the Amendment Period (as defined in Paragraph 11 hereof) and if required by applicable SEC or MSRB rule, the Representative also shall make the required submission of the amended Official Statement to EMMA.

The Preliminary Official Statement and/or the Official Statement may be delivered in printed and/or electronic form to the extent permitted by applicable rules of the MSRB and as may be agreed by the Issuer and the Representative. If the Preliminary Official Statement and/or the Official Statement is prepared for distribution in electronic form, the Issuer hereby confirms that it does not object to its distribution in electronic form.

The Issuer has agreed in the Continuing Disclosure Agreement to provide certain annual financial information and operating data, audited financial statements and timely notices of material events and noncompliance in accordance with Rule 15c2-12 as described in the Official Statement under the caption "CONTINUING DISCLOSURE OF INFORMATION." The Underwriters' obligations to accept and pay for their purchases of the Bonds is conditioned upon delivery to the Underwriters or their agent of an original executed copy of the Continuing Disclosure Agreement containing the agreements described under such heading.

5. *Delivery of the Bonds.* At 10:00 a.m., Austin, Texas time, on April __, 2021 or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the Issuer and the Underwriters (the "*Closing Date*"), the Issuer will deliver or cause to be delivered to the Trustee, as agent for The Depository Trust Company, New York, New York ("*DTC*"), for the account of Jefferies, as the Representative of the Underwriters, or at such other place as may be designated by the Representative, the Bonds in definitive form, duly executed and authenticated, together with the other documents hereinafter mentioned; and the Underwriters will accept such delivery and pay the purchase price thereof as set forth in Paragraph 1 hereof in federal or other immediately available funds to or upon the order of the Issuer or to the Trustee for the account of the Issuer (the "*Closing*"). Electronic copies of the Bonds shall be registered in the name of Cede & Co., as nominee and registered owner for DTC. The Bonds and closing documents will be made available for inspection by the Underwriters at least one (1) business day prior to the Closing.

Jefferies, as the Representative, has delivered to the Issuer its corporate good-faith check payable to the order of the Issuer in the amount of \$_____ (the "*Good-Faith Check*"). In the event the Issuer does not accept this offer, the Good-Faith Check shall be promptly returned to Jefferies. Upon the Issuer's acceptance and countersignature of this offer, the Good-Faith Check (a) shall not be cashed or negotiated, but shall be held and retained in safekeeping by the Issuer as security for the performance by the Underwriters of their obligations, subject to the terms and conditions herein set forth, to purchase and accept delivery of the Bonds at the Closing and (b) shall be applied and disposed of by the Issuer solely as provided in this Purchase Agreement.

In the event of the Underwriters' compliance with such obligation to purchase and accept delivery of the Bonds at the Closing, the Good-Faith Check shall be returned to Jefferies at the Closing. In the event of the failure by the Issuer to deliver the Bonds at the Closing, or if the Issuer

shall be unable to satisfy the conditions to the obligations of the Underwriters contained in this Purchase Agreement with respect to the Bonds, or if the obligations of the Underwriters with respect to the Bonds shall be terminated for any reason permitted by this Purchase Agreement, the Good-Faith Check shall be returned promptly to Jefferies. In the event that the Underwriters fail (other than for a reason permitted hereunder), to purchase and accept delivery of the Bonds at the Closing, then the Issuer shall notify Jefferies of such failure by written notice delivered to Jefferies as provided in Paragraph 16 hereof. At any time after noon, Austin, Texas time, on the second business day following the date on which the Issuer shall so notify Jefferies, the Issuer shall become entitled to cash or negotiate the Good-Faith Check, the proceeds thereof shall be retained by the Issuer as and for full liquidated damages for such failure and for any and all defaults on the part of the Underwriters and such proceeds shall constitute a full release and discharge of all claims and damages for such failure and for any and all such defaults with respect to the Bonds. The Underwriters and the Issuer understand that in such event the Issuer's actual damages may be greater or may be less than such amount. Accordingly, the Underwriters hereby waive any right to claim that the Issuer's actual damages are less than such amount, and the Issuer's acceptance of this offer shall constitute waiver of any right the Issuer may have to additional damages from the Underwriters. The Representative shall not stop payment on the Good-Faith Check.

6. *Issuer's Representations, Warranties and Covenants.* The Issuer hereby represents, warrants and covenants, as applicable, to each of the Underwriters that:

(a) *Existence; Power; Authority.* The Issuer is a duly organized and existing public and official agency of the State of Texas (the "*State*") organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended (together with other laws of the State of Texas applicable to the Issuer, including particularly with respect to the Series 2021B Bonds, Chapter 1207, Texas Government Code, the "*Act*"), and has full legal right, power and authority to enter into this Purchase Agreement and upon receipt of the approving legal opinion and opinion of the Attorney General of the State of Texas, will have at the Closing full legal right, power and authority to: (i) enter into the Supplemental Indentures, the Twelfth Supplement to Amended and Restated Depository Agreement (and together with the Amended and Restated Depository Agreement (as defined in the Twelfth Supplement to Amended and Restated Depository Agreement), the "*Depository Agreement*") and the Continuing Disclosure Agreement; (ii) adopt the Resolution; (iii) issue, sell and deliver the Bonds to the Underwriters pursuant to the Trust Indenture, as provided herein; (iv) purchase, pledge and assign and thereby convey a beneficial interest in the Trust Estate (as defined in the Trust Indenture), all in the manner described in the Resolution, the Trust Indenture and the Official Statement; (v) use the amounts made available by the issuance of the Bonds for the purpose of providing funds to (A) with respect to the Series 2021A Bonds, (x) make and acquire qualifying mortgage loans (including payment of lender compensation with respect to the related mortgage loans) through the purchase of mortgage-backed securities (the "*Mortgage Certificates*") issued and guaranteed by the Government National Mortgage Association and (y) provide down payment and closing cost assistance, (B) with respect to the Series 2021B Bonds, refund the Issuer's outstanding Residential Mortgage Revenue Bonds, Series 2009C-1 (Taxable), Residential Mortgage Revenue Bonds, Series 2009C-2, Residential Mortgage Revenue Bonds, Series 2011A and Residential Mortgage Revenue Bonds, Series 2011B, and (C) pay a portion of the costs of issuance of the Bonds; and (vi) carry out, give effect

to and consummate all the other transactions on its part contemplated by this Purchase Agreement, the Depository Agreement, the Continuing Disclosure Agreement, the Resolution and the Trust Indenture (collectively hereinafter referred to as the “*Issuer Documents*”) and the Official Statement;

(b) *Compliance With Documents.* The Issuer, at the time of Closing, will be in compliance, in all material respects, with the Issuer Documents and the Act with respect to the Bonds;

(c) *Due Authorization of Documents.* The Issuer has duly and validly adopted the Resolution, has duly authorized and approved the execution and delivery of this Purchase Agreement, the Bonds, the Supplemental Indentures, the Continuing Disclosure Agreement, the Twelfth Supplement to Amended and Restated Depository Agreement and the Official Statement, and the Issuer has duly authorized and approved the performance by the Issuer of its obligations contained in and the taking of any and all action as may be necessary to carry out, give effect to and consummate the transactions on its part contemplated by each of such documents and the Trust Indenture;

(d) *All Required Actions of Issuer Authorized.* The Issuer has duly authorized all actions on its part necessary to be taken for: (i) the issuance and sale of the Bonds upon the terms set forth herein and in the Official Statement; (ii) the execution and delivery of the Supplemental Indentures, the Continuing Disclosure Agreement, the Twelfth Supplement to Amended and Restated Depository Agreement and this Purchase Agreement; (iii) the appointment of the Trustee, as trustee, paying agent and bond registrar under the Trust Indenture; (iv) the approval and execution of the Official Statement; and (v) the execution, delivery, receipt and due performance of its obligations under the Bonds, the Supplemental Indentures, the Continuing Disclosure Agreement, the Twelfth Supplement to Amended and Restated Depository Agreement, this Purchase Agreement and any and all other agreements and documents as may be required to be executed, delivered and received by it in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement;

(e) *No Indebtedness of the State.* The issuance of the Bonds and use of the proceeds in the manner described in the Resolution and the Trust Indenture does not constitute an indebtedness or lending of the credit of the State or any governmental agency or political subdivision thereof;

(f) *No Defaults.* The Issuer is not in breach of or in default under any applicable law or administrative rule or regulation of the State, the United States of America or of any department, division, agency or instrumentality of either thereof, or any applicable court or administrative decree or order or, to the best of its knowledge after due inquiry, any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Issuer is a party or is otherwise subject or bound which in any way, directly and adversely affects the issuance of the Bonds or the validity thereof, the Trust Indenture, the Continuing Disclosure Agreement and this Purchase Agreement; the adoption of the Resolution and the execution and delivery of the Bonds, the Supplemental Indentures, the Continuing Disclosure Agreement, the Twelfth Supplement to Amended and Restated

Depository Agreement, this Purchase Agreement and other instruments contemplated by any of such documents to which the Issuer is a party, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, the United States of America or of any department, division, agency or instrumentality of either thereof, or any applicable court of administrative decree or order or any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Issuer is a party or is otherwise subject or bound;

(g) *All Approvals.* All approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, board, agency or issuer having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Issuer of its obligations under the Trust Indenture, the Depository Agreement, the Continuing Disclosure Agreement, this Purchase Agreement and the Bonds have been obtained and are in full force and effect or are expected to be obtained prior to the Closing;

(h) *Validity of the Bonds.* The Bonds, when issued, delivered, authenticated, to the extent required, and paid for as herein and in the Trust Indenture provided, will have been duly authorized and issued and will (i) constitute valid and binding limited obligations of the Issuer entitled to the benefits of the security of the Trust Indenture, on an equal and ratable basis, and (ii) be enforceable in accordance with their terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, insolvency or other similar laws or equitable principles affecting the enforcement of creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion;

(i) *Accuracy of Information in Official Statement Supplied by Issuer.* The information supplied by and pertaining to the Issuer and contained in the Official Statement relating to the Bonds under the captions "INTRODUCTION," "PLAN OF FINANCE," "SOURCES AND USES OF FUNDS," "THE SERIES 2021 BONDS" (but excluding the information contained therein under the subheading "DTC and Book-Entry"), "THE 2021B TRANSFERRED MORTGAGE CERTIFICATES," "SECURITY FOR THE BONDS," "INVESTMENT CONSIDERATIONS—Termination of Mortgage Loans and Mortgage Certificates and—Non-Origination of Mortgage Loans," "THE DEPARTMENT," "THE PROGRAM AND THE MORTGAGE LOANS," "CONTINUING DISCLOSURE OF INFORMATION," "FINANCIAL STATEMENTS," "LITIGATION MATTERS" and APPENDICES B-1, B-2, D-1, D-2, E, F, G and H does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(j) *Financial Statements.* Both at the time of execution hereof and at the Closing Date, except as disclosed in the Official Statement, the financial statements described in the Official Statement under the caption "FINANCIAL STATEMENTS" and incorporated by reference therein (the "*Financial Statements*") and the unaudited interim financial statements for the ___-month period ended _____, 20___ described in the Official Statement under the caption "FINANCIAL STATEMENTS" and incorporated by reference therein, fairly represent, in conformity with generally accepted accounting

principles, the financial condition of the Issuer as of the respective dates of such statements and for the respective periods covered, and since _____, 20____, except as disclosed in the Official Statement, there has been no material adverse change in the financial condition or general affairs of the Issuer;

(k) *Accuracy of Preliminary Official Statement, Official Statement.* Nothing has come to the attention of the Issuer which would lead it to believe that (i) the Preliminary Official Statement, at the date thereof and at all times subsequent thereto during the Amendment Period (as defined in Paragraph 11 hereof), contained, contains or will contain any untrue statement of a material fact or omitted, omits or will omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or (ii) that at the time of approval thereof and at all times subsequent thereto during the Amendment Period, the final Official Statement contained, contains or will contain any untrue statement of a material fact or omitted, omits or will omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, however,* that the Issuer makes no representation or warranty as to the information contained in or omitted from the Preliminary Official Statement or the final Official Statement under the section entitled “UNDERWRITING” in reliance upon and in conformity with information furnished in writing to the Issuer by or on behalf of the Underwriters through the Representative specifically for inclusion therein;

(l) *No Required Consents.* No consent, approval, authorization or order of or filing, registration or declaration with, any court or governmental agency or body that is not expected to be obtained by the Closing is required for the issuance, delivery or sale of the Bonds or the consummation of the other transactions affected or contemplated therein or hereby, except for such actions as may be necessary to be taken to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriters may designate;

(m) *No Litigation.* As of the date hereof, except to the extent, if any, disclosed in the Official Statement, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or public body pending and of which the Issuer has notice or (to the knowledge of the Issuer) threatened against the Issuer: (i) in any way affecting the existence of the Issuer or in any way challenging the powers of the several offices of the officials of the Issuer or the titles of the officials holding those respective offices; (ii) seeking to restrain or enjoin the issuance or delivery of any of the Bonds, or the collection of revenues or assets of the Issuer pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Trust Indenture, the Depository Agreement, the Continuing Disclosure Agreement, this Purchase Agreement and the other Issuer Documents; or (iii) in which a final adverse decision would (A) adversely affect the ability of the Issuer to issue the Bonds or to disburse the proceeds of the Bonds as described in the Official Statement, (B) adversely affect the exclusion from gross income for federal income tax purposes of interest to be paid on the Series 2021A Bonds or (C) declare this

Purchase Agreement to be invalid or unenforceable in whole or in material part; nor will there be any basis therefor;

(n) *Notification of Untrue Statements.* If, between the date of this Purchase Agreement and the Closing, the Issuer has knowledge of a fact or event which would cause the Official Statement to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Issuer shall notify the Representative and, if in the opinion of the Representative and the Issuer such event requires an amendment or supplement to the Official Statement, the Issuer will amend or supplement the Official Statement in a form and in a manner approved by an Authorized Representative of the Issuer and the Representative;

(o) *Application of Proceeds.* The Issuer will direct the Trustee to apply the proceeds of the Bonds in accordance with the Resolution and the Trust Indenture;

(p) *Valid Pledge of Revenues and Other Moneys.* Upon execution and delivery of the Supplemental Indentures, the Trust Indenture will create a valid pledge of (i) the Revenues (as defined in the Trust Indenture) and the income therefrom and (ii) all other money, securities and property held under the Trust Indenture, subject in all cases to the provisions of the Trust Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein;

(q) *Authorized Representative of Issuer.* Any certificate signed by an Authorized Representative of the Issuer, and delivered by the Issuer to the Underwriters shall be deemed a representation and warranty by the Issuer to the Underwriters as to the statements made therein;

(r) *Prohibition on Other Obligations.* Between the date of this Purchase Agreement and the Closing, the Issuer will not, without the prior written consent of the Representative, issue any bonds, notes or other obligations for borrowed money secured in whole or in part by all or any portion of the Trust Estate, and, subsequent to the respective dates as of which information is given in the Official Statement up to and including the Closing Date, the Issuer has not incurred and will not incur any material liabilities, direct or contingent, secured in whole or in part by all or any portion of the Trust Estate, except as contemplated by the Official Statement or as approved by the Representative;

(s) *Prohibition on Future Action.* The Issuer will not take any action after the date hereof which would cause the Bonds not to conform in all material respects to the description thereof contained in the Official Statement;

(t) *Issuer's Cooperation.* The Issuer will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may reasonably request in order to (i) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate and (ii) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions,

and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; *provided, however*, that nothing herein contained shall require the Issuer to execute a special or general consent to the service of process in any jurisdiction other than Texas;

(u) *Compliance with Rule 15c2-12.* During the previous five (5) years, the Issuer has not failed to comply in any material respects with its previous undertakings required pursuant to Rule 15c2-12; and

(v) *Certificates of Interested Parties.* The Issuer acknowledges receipt from each Underwriter of (i) a completed and executed Form 1295 submitted to the Issuer pursuant to the provisions of Section 2252.908, Texas Government Code (collectively, the “*Certificates of Interested Parties*”) and has notified the Texas Ethics Commission, in the electronic format prescribed by the Texas Ethics Commission, of the receipt of the Certificates of Interested Parties in accordance with the provisions of Section 2252.908, Texas Government Code or (ii) evidence satisfactory to the Issuer regarding such Underwriter’s exemption from the requirements of Section 2252.908, Texas Government Code.

7. *Establishment of Issue Price of the Series 2021A Bonds.* Notwithstanding any provision of this Purchase Agreement to the contrary, the following provisions related to the establishment of the issue price of the Series 2021A Bonds apply:

(a) *Definitions.* For purposes of this Paragraph 7, the following definitions apply:

(i) “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than a Tax Law Underwriter or a Related Party to a Tax Law Underwriter.

(ii) “*Related Party*” means any two or more persons who are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interest or profits interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(iii) “*Sale Date*” means the date of execution of this Purchase Agreement by all parties.

(iv) “*Tax Law Underwriter*” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the Representative to form an underwriting syndicate) to participate in the initial sale of the Series 2021A Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2021A Bonds to the

Public (including a member of a selling group or a party to a third-party distribution agreement (e.g. a retail distribution agreement) participating in the initial sale of the Series 2021A Bonds to the Public).

(b) *Issue Price Certificate.* The Representative, on behalf of the Underwriters, agrees to assist the Issuer in establishing the issue price of the Series 2021A Bonds and shall execute and deliver to the Issuer at Closing an “issue price” or similar certificate, substantially in the form attached hereto as *Exhibit A*, together with the supporting pricing wires or equivalent communications, with such modifications as may be deemed appropriate or necessary, in the reasonable judgment of the Representative, the Issuer and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series 2021A Bonds (the “*Issue Price Certificate*”). All actions to be taken by the Issuer under this Paragraph 7 to establish the issue price of the Series 2021A Bonds may be taken on behalf of the Issuer by the Issuer’s municipal advisor identified herein and any notice or report to be provided to the Issuer may be provided to the Issuer’s municipal advisor.

(c) *Public Offering.* The Representative confirms that, on the Sale Date, the Underwriters offered the Series 2021A Bonds to the Public at the offering price or prices (each, an “*Initial Offering Price*”), or at the corresponding yield or yields, set forth in *Schedule II* attached hereto.

(d) *10% Test.* Except as otherwise set forth in the Issue Price Certificate, the Issuer will determine the issue price of the Series 2021A Bonds based on the first price at which 10% of each maturity of the Series 2021A Bonds is sold to the Public (the “*10% Test*”) (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% Test). The Issue Price Certificate will set forth the maturities, if any, of the Series 2021A Bonds for which the issue price will be the applicable Initial Offering Price because the 10% Test was satisfied as of the Sale Date.

(e) *Hold-The-Offering-Price Rule.* The Issue Price Certificate will set forth, the maturities, if any, of the Series 2021A Bonds for which the 10% Test was not satisfied as of the Sale Date and for which the Issuer and the Representative, on behalf of the Underwriters, agree that the restrictions in the next sentence will apply (each such maturity of the Series 2021A Bonds being referred to as a “*Held Maturity*”), which will allow the Issuer to treat the Initial Offering Price to the Public of each such Held Maturity as the issue price of that Held Maturity (the “*Hold-the-Offering-Price Rule*”). For any maturity identified as a Held Maturity, the Underwriters will neither offer nor sell unsold Series 2021A Bonds of such Held Maturity to any person at a price that is higher than the applicable Initial Offering Price of such Held Maturity during the period starting on the Sale Date and ending on the earlier of the following:

- (i) the close of the fifth business day after the Sale Date; or
- (ii) the date on which the Tax Law Underwriters have sold at least 10% of such Held Maturity to the Public at a price that is no higher than the Initial Offering Price of such Held Maturity.

The Representative will promptly advise the Issuer when the Tax Law Underwriters have sold 10% of each such Held Maturity to the Public at a price that is no higher than the applicable Initial Offering Price of such Held Maturity, if that occurs prior to the close of the fifth business day after the Sale Date. On or after the sixth business day after the Sale Date, if requested by the Issuer or Bond Counsel, the Representative also will promptly confirm that the Tax Law Underwriters have complied with the Hold-the-Offering-Price Rule. If at any time the Representative becomes aware of any noncompliance by a Tax Law Underwriter with respect to the Hold-the-Offering Price Rule, the Representative will promptly report such noncompliance to the Issuer.

The Issuer acknowledges that, in making the representation that each Underwriter will comply with the Hold-the-Offering Price Rule with respect to any Held Maturity, the Representative is relying on (A) the agreement of each Underwriter to comply with the Hold-the-Offering-Price Rule, as set forth in an agreement among underwriters and the related pricing wires, (B) in the event a selling group has been created in connection with the initial sale of the Series 2021A Bonds to the Public, the agreement of each dealer who is a member of the selling group to comply with the Hold-the-Offering-Price Rule, as set forth in a selling group agreement and the related pricing wires, and (C) in the event that an Underwriter is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Series 2021A Bonds to the Public, the agreement of each broker-dealer that is a party to such agreement to comply with the Hold-the-Offering-Price Rule, as set forth in the third-party distribution agreement and the related pricing wires. The Issuer further acknowledges that each Tax Law Underwriter will be solely liable for its failure to comply with its agreement regarding the Hold-the-Offering Price Rule and that no Tax Law Underwriter will be liable for the failure of any other Tax Law Underwriter to comply with its corresponding agreement regarding the Hold-the-Offering-Price Rule as applicable to the Series 2021A Bonds.

(f) The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the Series 2021A Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Series 2021A Bonds of each maturity allotted to it until it is notified by the Representative that either the 10% test has been satisfied as to the Series 2021A Bonds of that maturity or all Series 2021A Bonds of that maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the Representative and as set forth in the related pricing wires, and

(ii) any agreement among underwriters relating to the initial sale of the Series 2021A Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Series 2021A Bonds to the Public to require each broker-dealer that is a party to such third-

party distribution agreement to (A) report the prices at which it sells to the Public the unsold Series 2021A Bonds of each maturity allotted to it until it is notified by the Representative or the Underwriter that either the 10% test has been satisfied as to the Series 2021A Bonds of that maturity or all Series 2021A Bonds of that maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the Representative or the Underwriter as set forth in the related pricing wires.

(g) *Sale to Related Party not a Sale to the Public.* The Underwriters acknowledge that sales of any Series 2021A Bonds to any person that is a Related Party to a Tax Law Underwriter do not constitute sales to the Public for purposes of this Paragraph 7.

8. *Certain Conditions to the Underwriters' Obligations.* The Underwriters have entered into this Purchase Agreement in reliance upon the representations and warranties of the Issuer contained herein, and the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the Closing Date; *provided, however*, that the Underwriters acknowledge and agree that neither the Issuer nor its consultants have the ability to verify the information included in the Certificates of Interested Parties, if any (other than the contract identification number and description provided by the Issuer) or the basis for an exemption from the requirements of Section 2252.908, Texas Government Code asserted by an Underwriter, and neither the Issuer nor its consultants have an obligation, nor have undertaken any responsibility for advising the Underwriters with respect to the proper completion of the Certificates of Interested Parties (other than the contract identification number and description provided by the Issuer) or the availability of an exemption from the requirements of Section 2252.908, Texas Government Code.

The Underwriters' obligations under this Purchase Agreement are and shall be subject to the following further conditions as of the Closing Date:

(a) *Accuracy of Issuer's Representations and Warranties.* The representations and warranties of the Issuer contained herein shall be true, complete and correct on the date hereof and on and as of the Closing Date, as if made on and as of the Closing Date; the statements made in all certificates and other documents delivered to the Underwriters at the Closing pursuant hereto shall be true, complete and correct in all material respects on and as of the Closing Date; and the Issuer shall be in compliance in all material respects with each of the agreements made by it in this Purchase Agreement.

(b) *Performance of Obligations.* At the time of the Closing, (i) the Official Statement, the Trust Indenture, the Depository Agreement, the Continuing Disclosure Agreement, this Purchase Agreement and the other Issuer Documents shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to by the Representative; (ii) the proceeds of the sale of the Bonds shall be applied as required by the Trust Indenture and as described in the Official Statement; (iii) all actions which, in the opinion of Bracewell LLP, bond counsel ("*Bond Counsel*"), shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and (iv) the Issuer shall perform or have performed all of its obligations required under or specified in the Trust Indenture, the

Depository Agreement, the Continuing Disclosure Agreement, this Purchase Agreement, the other Issuer Documents and the Official Statement to be performed at or prior to the Closing.

(c) *Documents To Be Received by the Underwriters.* At or prior to the Closing, the Issuer shall have performed all of its obligations required under or specified in this Purchase Agreement, the Official Statement and under the Indenture to be performed at or prior to the Closing, and Underwriters shall receive each of the following documents:

(i) *Issuer Documents.* The Indenture, including the Supplemental Indentures, each fully executed, with such modifications or supplements as may have been agreed to by the Representative, the Official Statement approved by the Issuer and fully executed copies of the other Issuer Documents;

(ii) *Bond Counsel's Opinion.* The unqualified approving opinion of Bond Counsel, dated the Closing Date, substantially in the form included as *Appendix C* to the Official Statement;

(iii) *Supplemental Bond Counsel's Opinion.* The supplemental opinion of Bond Counsel, dated the Closing Date and addressed to the Issuer, the Trustee and the Underwriters, substantially in the form attached hereto as *Exhibit B*;

(iv) *Opinion of Counsel to the Issuer.* An opinion of general counsel to the Issuer, substantially in the form attached hereto as *Exhibit C*;

(v) *Opinion of Disclosure Counsel.* The opinion of the Issuer's disclosure counsel, McCall, Parkhurst & Horton L.L.P. ("*Disclosure Counsel*"), substantially in the form attached hereto as *Exhibit D*, together with a reliance letter addressed to the Underwriters, to the effect that such opinion addressed to the Issuer may be relied upon by the Underwriters to the same extent as if such opinion was addressed to them.

(vi) *Opinion of Trustee's Counsel.* An opinion of counsel to the Trustee, dated the Closing Date and addressed to the Issuer, Bond Counsel, and the Underwriters, to the effect that:

A. the Trustee is a national banking association formed under the laws of the United States and is authorized thereunder to transact the business of banking and exercise of fiduciary powers;

B. the Trustee has full right, power, and authority to enter into the Indenture, the Supplemental Indentures, the Continuing Disclosure Agreement and the Twelfth Supplement to Amended and Restated Depository Agreement and to perform its obligations under, and to carry out and consummate all of the transactions involving the Trustee contemplated by the Trust Indenture, the Continuing Disclosure Agreement and the Depository Agreement; and

C. the Indenture, the Supplemental Indentures, the Continuing Disclosure Agreement and the Twelfth Supplement to Amended and Restated Depository Agreement have been duly authorized, executed and delivered by the Trustee and constitute, together with the Depository Agreement, valid, legal and binding obligations of the Trustee, enforceable in accordance with their respective terms, except (a) as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws affecting the enforcement of creditors' rights generally, (b) as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered a proceeding at law or in equity), (c) as the exculpation provisions and rights to indemnification thereunder may be limited by federal and state securities laws and public policy considerations and (d) as the waiver of rights and defenses contained in the Supplemental Indentures, the Continuing Disclosure Agreement and the Twelfth Supplement to Amended and Restated Depository Agreement may be limited by applicable law;

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

(viii) *Issuer's Closing Certificate.* A certificate, dated the Closing Date, signed by the Chair or Vice Chair of the Governing Board or other Authorized Representative named as such in the Resolution, in form and substance reasonably satisfactory to the Representative, Underwriters' Counsel and Bond Counsel, to the effect that (i) the representations and warranties of the Issuer contained herein are true, complete and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (ii) the Indenture, the Supplemental Indentures, the Continuing Disclosure Agreement, the Twelfth Supplement to Amended and Restated Depository Agreement, this Purchase Agreement and the other Issuer Documents have been entered into or properly

adopted and are in full force and effect and constitute valid and binding obligations of the Issuer; (iii) no litigation is pending or, to his or her knowledge, threatened (A) to restrain or enjoin the issuance, sale or delivery of any of the Bonds or the payment, collection or application of the proceeds thereof or of the Revenues and other money and securities pledged or to be pledged under the Trust Indenture, (B) in any way contesting or affecting the authority for or the validity of the Bonds or the validity of the Trust Indenture, the Continuing Disclosure Agreement, the Twelfth Supplement to Amended and Restated Depository Agreement, this Purchase Agreement or the other Issuer Documents, (C) in any way contesting the existence or powers of the Issuer to carry out the transactions contemplated by this Purchase Agreement or (D) contesting in any way the completeness or accuracy of the Official Statement; (iv) the Official Statement (including the financial statements and other financial and statistical data included therein) does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements and information therein, in light of the circumstances under which they were made, not misleading; (v) no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement so that it does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (vi) the Issuer has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing;

(ix) *Attorney General's Opinion.* The approving opinion (or opinions) of the Attorney General of the State of Texas with an executed registration certificate (or certificates) from the Comptroller of Public Accounts of the State of Texas attached thereto in respect of the Bonds;

(x) *Bond Review Board Approval.* A certificate or other appropriate documentation evidencing approval of the Bonds by the Bond Review Board of the State;

(xi) *Rating Letters.* Proof of receipt of ratings on the Bonds of at least “___” from S&P Global Ratings and at least “___” from Moody's Investors Service, Inc.;

(xii) *Trustee's Certificate.* A certificate, dated the Closing Date, signed by an authorized officer of the Trustee, in form and substance satisfactory to the Representative, Underwriters' Counsel and Bond Counsel, to the effect that (i) the Trustee is a national banking association formed under the laws of the United States and is authorized thereunder to transact the business of banking and exercise of fiduciary powers, as described in the Trustee Documents (as hereinafter defined), (ii) the Trustee has duly authorized, executed and delivered the Supplemental Indentures, the Twelfth Supplement to Amended and Restated Depository Agreement and the Continuing Disclosure Agreement (collectively, the “*Trustee Documents*”) in multiple counterparts and, if required by a particular document, attested and affixed the corporate seal of the Trustee thereto, (iii) the Trustee

Documents have been entered into or properly adopted by the Trustee, (iv) the officer who executed the Trustee Documents on behalf of the Trustee was at the time of such execution, and as of the Closing Date is, the duly elected, qualified and acting incumbent of the office set forth by his or her signature, and the signature appearing after his or her name in the Certificate of Incumbency attached thereto, is his or her genuine signature, and (v) attached to such certificate is an extract of the Trustee's corporate documents, which evidences the authority of the officers referred to above to act on behalf of the Trustee; said corporate documents were in effect on the date or dates said officers acted and remain in full force and effect on the Closing Date;

(xiii) *Verification of Mathematical Computations.* A letter from Causey Demgen & Moore, Inc., the verification agent, concerning the verification of the mathematical accuracy of the computations relating to the yield on the Series 2021A Bonds and the yield on the Mortgage Certificates contained in the schedules provided to and used by Bond Counsel in their determination that interest on the Series 2021A Bonds is excludable from the gross income for federal income taxation purposes of the owners thereof;

(xiv) *Issuer Certification.* A certificate of the Issuer in form and substance reasonably satisfactory to Bond Counsel and Underwriters' Counsel (1) setting forth the facts, estimates and circumstances in existence on the Closing Date, which establish that it is not expected that the proceeds of the Series 2021A Bonds will be used in a manner that would cause the Series 2021A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed) issued pursuant to the Code, and (2) certifying that there are no other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate;

(xv) *Internal Revenue Service Form 8038.* A completed Internal Revenue Service Form 8038, Information Return for Private Activity Bond Issues with respect to the Series 2021A Bonds;

(xvi) *Program Documents.* Forms of the Program documents, including the Servicing Agreement, the Compliance Agreement and the Program Guidelines, in form and substance reasonably acceptable to the Representative;

(xvii) *DTC Blanket Letter of Representation.* A copy of the Blanket Letter of Representations to DTC relating to the Bonds signed by the Issuer;

(xviii) *Additional Certificates, Instruments and Opinions.* Such additional legal opinions, certificates, proceedings, instruments and other documents as the Representative, Bond Counsel, Disclosure Counsel or Underwriters' Counsel may reasonably request to evidence compliance by the Issuer with the legal requirements relating to the issuance of the Bonds, the truth and accuracy, as of the time of Closing, of the representations of the Issuer herein contained and of the Official

Statement and the due performance or satisfaction by the Issuer at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer; and

(xix) *Additional Information.* Such additional certificates, instruments, or opinions as Underwriters' Counsel may deem necessary or desirable to evidence the due authorization, execution, and delivery of the Bonds and the conformity of the Bonds, the Trust Indenture, the Continuing Disclosure Agreement, the Depository Agreement, the Resolution and this Purchase Agreement, with the terms thereof as outlined in the Official Statement.

(d) *Compliance of Documents.* To the extent not otherwise provided herein, (i) the Official Statement, the Indenture, the Supplemental Indentures, the Continuing Disclosure Agreement, the Depository Agreement and the Resolution and all the opinions, letters, certificates, instruments and all other documents mentioned in this Paragraph 8 or elsewhere herein shall be deemed to be in compliance with the provisions hereof if, but only if, in final form as hereinafter agreed upon, they are in form and substance satisfactory to the Representative on behalf of the Underwriters and Underwriters' Counsel, each of which shall have the right to waive any condition set forth in this Paragraph 8 relating to the Bonds, and (ii) the Representative, the Underwriters and Underwriters' Counsel may rely on all the opinions, letters, certificates, instruments and other documents mentioned in this Paragraph 8 or elsewhere herein and not addressed to the Representative or to the Underwriters and Underwriters' Counsel as fully and to the same extent as if said documents were addressed to them.

(e) *Compliance With Trust Indenture.* At or prior to the Closing, all of the requirements for the issuance of the Bonds set forth in the Trust Indenture will have been met.

(f) *Investments.* Evidence in a form satisfactory to the Issuer and the Underwriters of an agreement to invest the proceeds of the Bonds (including transferred proceeds, if any) held in the Mortgage Loan Fund and the Revenue Fund in a manner permitted under the Trust Indenture, the Depository Agreement and the Act.

9. *Termination of Purchase Agreement by the Underwriters.* The Underwriters may terminate at their absolute discretion (except for Paragraph 9(f) below which termination shall be at their reasonable discretion) their obligations under this Purchase Agreement by notification to the Issuer in writing of their election to do so between the date hereof and the Closing Date, inclusive, if at any time hereafter and prior to and including the Closing Date:

(a) *Future Federal Legislation.* A tentative decision with respect to legislation shall be reached by a committee of the House of Representatives or the Senate of the Congress of the United States of America, or legislation shall be favorably reported by such a committee or be introduced by amendment or otherwise, in, or be passed by, the House of Representatives or the Senate, or recommended to the Congress of the United States of America, or be enacted by the Congress of the United States of America, or a decision by a court established under Article III of the Constitution of the United States of

America, or the Tax Court of the United States of America, shall be rendered, or a ruling, regulation or order of the Treasury Department of the United States of America or the Internal Revenue Service shall be made or proposed having the purpose or effect of imposing federal income taxation, or any other event shall have occurred which results in the imposition of federal income taxation, upon revenue or other income of the general character to be derived by the owners of the Series 2021A Bonds or upon interest received on obligations of the general character of the Series 2021A Bonds, which, in the Underwriters' opinion, materially adversely affects the market price of or market for the Series 2021A Bonds;

(b) *Future State Legislation.* Any legislation, ordinance, rule or regulation shall be introduced in or be enacted by any governmental body, department or agency in the State of Texas, or any interpretation by the Attorney General of the State, or a decision by any court of competent jurisdiction within the State shall be rendered which, in the Underwriters' opinion, materially affects the market price of or prevents the structure of the Bonds as set forth in the Official Statement;

(c) *Actions by the Securities and Exchange Commission.* A stop order, ruling, regulation or official statement by, or on behalf of, the United States Securities and Exchange Commission (the "SEC") or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of the obligations of the general character of the Bonds or the other outstanding single family mortgage revenue bond obligations of the Issuer, or the issuance, offering or sale of the Bonds or the other outstanding single family mortgage revenue bond obligations of the Issuer, including any of the underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of any provision of the federal securities laws, including the registration provisions of the Securities Act of 1933, as amended, and as then in effect, or the registration provisions of the Securities Exchange Act of 1934, as amended and as then in effect, including Rule 15c2-12 adopted by the SEC pursuant thereto, or the qualification provisions of the Trust Indenture Act of 1939, as amended and as then in effect, or any other proceedings shall be pending or threatened by the SEC against the Issuer;

(d) *Legislation Regarding Registration.* Legislation shall be enacted by the Congress of the United States of America or shall have been favorably reported out of committee or be pending in committee, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision by a court of the United States of America shall be rendered to the effect that obligations of the general character of the Bonds, including any of the underlying obligations, are not exempt from registration under or from other requirements of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or the qualifications provisions of the Trust Indenture Act of 1939, as amended and as then in effect, or would violate any provision of the federal securities laws;

(e) *Adverse Effect on Tax Status of Issuer, Its Property, Income, Securities, Etc.* Any amendment to the Constitution of the United States of America or of the State or action

by any federal or State court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the Issuer, its property, income, securities (or interest thereon), the validity or enforceability of the Bonds, the Trust Indenture, the Continuing Disclosure Agreement, the Depository Agreement, this Purchase Agreement or the Program documents;

(f) *Events Affecting Information in the Official Statement.* Any event shall have occurred, or information shall have become known, which makes untrue in any materially adverse respect any statement or information contained in the Official Statement (other than the information under the section entitled “UNDERWRITING”), or has the effect that the Official Statement as originally circulated contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading and, in either such event, the Issuer refuses to permit the Official Statement to be supplemented to and supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price of or market for the Bonds;

(g) *Additional Restrictions on Trading in Securities.* A suspension of trading or additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange;

(h) *Additional Restrictions on Extension of Credit.* Any national securities exchange or any governmental authority shall impose, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriters;

(i) *General Banking Moratorium.* A general banking moratorium shall have been established by federal authorities, or by authorities of the State of Texas or the State of New York;

(j) *Downgrade of Bond Rating.* Any rating on the Bonds or any other bonds or obligations secured on a parity basis by a pledge or application of the Trust Estate shall have been downgraded or withdrawn or placed on credit watch with negative outlook by a national credit rating service which, in the Underwriters’ opinion, materially adversely affects the market price of the Bonds;

(k) *Declaration of War.* The United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak of hostilities or a State, national or international calamity or crisis or escalation thereof in the financial markets of the United States being such as, in the opinion of the Representative, would affect materially and adversely the ability of the Underwriters to market the Bonds;

(l) *Failure To Timely Provide the Official Statement.* Failure of the Issuer to provide, within seven (7) business days of the date hereof, an Official Statement in form and substance satisfactory to the Underwriters; or

(m) *Certain Disruptions.* A material disruption in commercial banking or securities settlement, payment or clearance services shall have occurred.

10. *Termination of Obligations Under the Purchase Agreement.* If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriters contained in this Purchase Agreement (and such conditions are not waived by the Underwriters) with respect to either of the Series 2021A Bonds or the Series 2021B Bonds or if such obligations of the Underwriters shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate with respect to such series of Bonds and the Underwriters and the Issuer shall have no further obligations hereunder, except for the obligations regarding the return of the Good-Faith Check described in Paragraph 5 hereof.

11. *Amendment of the Official Statement.* After the Closing Date and during the shorter of the period (the “*Amendment Period*”) ending on (a) 90 days from the “end of the underwriting period” (as defined in Rule 15c2-12) for the Bonds or (b) the time when the Official Statement is available to any person from the MSRB, but in no event less than 25 days after the “end of the underwriting period” for the Bonds, (i) the Issuer will not adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Representative shall object in writing or which shall be disapproved by Underwriters’ Counsel and (ii) if any event relating to or affecting the Issuer shall occur as a result of which it is necessary, in the opinion of the Representative, to amend or supplement the Official Statement so that it does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Issuer shall forthwith prepare and furnish to the Underwriters a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Issuer and the Representative) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. The Issuer and the Representative will promptly notify each other of the occurrence of any event which, in their respective opinions, is an event described in clause (ii) of the immediately preceding sentence.

12. *Payment of Expenses.*

(a) *Expenses Paid by Issuer.* In addition to the underwriting fees set forth in Paragraph 1 above, the Issuer shall pay, or cause to be paid, and the Underwriters shall be under no obligation to pay, the following expenses in connection with the issuance of the Bonds: (i) the cost of the preparation and reproduction of the Indenture, the Supplemental Indentures and any and all other documents relating to the issuance of the Bonds; (ii) the cost of the preparation, printing and shipping of the Bonds; (iii) the fees and disbursements of Bond Counsel, counsel to the Trustee and Disclosure Counsel; (iv) the initial fees of the Trustee; (v) the fees for bond ratings for the Bonds; (vi) the cost of preparation, production, printing and distributing the Preliminary Official Statement and any amendment of or thereto; (vii) the cost of preparation, production, printing and distributing the Official

Statement and any amendment of or thereto; (viii) all fees and expenses of the issuance of the Bonds incurred in connection with the Closing; (ix) the cost of the preparation and publication of a supplement or amendment to the Official Statement referenced in Paragraph 11 hereof which, in the opinion of the Representative, is required to be prepared; (x) the fees to the Texas State Auditor's Office related to the reference and use of their opinion in the Official Statement with regard to the audited financial statements of the Issuer for the fiscal year ended August 31, 2020; (xi) the fees and expenses of Causey Demgen & Moore, Inc. related to the verification of the mathematical accuracy of the computations described in Paragraph 8(c)(xiii) hereof; (xii) the financial advisory fees and expenses incurred in connection with the issuance of the Bonds; and (xiii) any other expenses mutually agreed to by the Issuer and the Underwriters to be reasonably considered expenses of the Issuer, including, but not limited to, meals, transportation, lodging, and entertainment of Issuer's employees which are incident to the transactions contemplated hereby and ordinary and reasonable meals hosted by the Underwriters that are directly related to the offering contemplated by this Purchase Agreement.

(b) *Expenses Paid by Underwriters.* The Underwriters shall pay, and the Issuer shall not be under any obligation to pay: (i) fees and expenses relating to the public offering and distribution of the Bonds, including commissions, risk and management fees; (ii) fees and disbursements of Underwriters' Counsel, expenses of advertising, costs of preparation and reproduction of any Blue Sky survey, fees in connection with the qualification of the Bonds under the Blue Sky laws of any jurisdiction which the Underwriters elect to qualify the Bonds, and all other expenses incurred by them or any of them in connection with their public offering and distribution of the Bonds; (iii) all expenses in relation to the printing of CUSIP numbers on the Bonds and the CUSIP Service Bureau charge for the assignment of such numbers; (iv) the fees of DTC if the Bonds are not in certificated form; and (v) the fees due to the Municipal Advisory Council of Texas.

13. *Representative Not Engaged with Foreign Terrorist Organizations.* Each of the Underwriters represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>;
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>; or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the respective Underwriter and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. Each Underwriter understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the respective Underwriter and exists to make a profit. The co-managers listed on *Schedule I* hereto

have made representations to this effect to the Representative in the Certificate attached as Exhibit E hereto.

14. *Anti-Boycott Verification.* Each of the Underwriters verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Purchase Agreement is a contract for goods or services, will not boycott Israel during the term of this Purchase Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, ‘boycott Israel’ means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. Each Underwriter understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the respective Underwriter and exists to make a profit. The co-managers listed on *Schedule I* hereto have made representations to this effect to the Representative in the Certificate attached as Exhibit E hereto.

15. *Survival of Representations and Warranties.* All representations, warranties and agreements herein shall remain operative and in full force and effect, regardless of any investigations made by or the Underwriters on their behalf, and shall survive delivery of the Bonds to the Underwriters.

16. *Notices.* Any notice or other communication to be given pursuant to this Purchase Agreement to the Issuer may be given by mailing or delivering the same in writing to the Texas Department of Housing and Community Affairs, 221 East 11th Street, Austin, Texas 78701, Attention: Executive Director, with a copy to the Issuer’s Director of Bond Finance and Chief Investment Officer at the same address. Any notice or other communication to be given to the Underwriters under this Purchase Agreement may be given by delivering the same in writing to Jefferies LLC, 520 Madison Avenue, 7th Floor, New York, New York 10022, Attention: Alan Jaffe.

17. *Benefits of Representations and Warranties.* This Purchase Agreement is made solely for the benefit of the signatories hereto (including their successors and assigns), and no other person shall acquire or have any rights hereunder or by virtue hereof. By acceptance hereof, each of the signatories hereto agrees to the terms of the Bonds as set forth herein and agrees to be bound by this Purchase Agreement and by the terms of any agreements herein to which such signatory is a party. The Issuer may not assign this Purchase Agreement.

18. *Governing Law.* This Purchase Agreement shall be governed by and construed in accordance with the law of the State of Texas.

19. *Counterparts.* This Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same documents.

20. *No Personal Liability.* None of the members of the Governing Board of the Issuer or any officer, agent or employee of the Issuer shall be charged personally by the Underwriters

with any liability, or be held liable to the Underwriters under any term or provision of this Purchase Agreement, or because of its execution or attempted execution, or because of any breach, or attempted or alleged breach, of this Purchase Agreement.

21. *Severability.* If any provision of this Purchase Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term hereof, such provision shall be fully severable, and this Purchase Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision never comprised a part hereof and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom. Furthermore, in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as part of this Purchase Agreement a provision as similar in its terms and effect to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

22. *Entire Agreement.* This Purchase Agreement constitutes the entire agreement, understanding, representations, warranties and obligations of the parties hereto with respect to the transactions contemplated hereby and shall become effective upon the acceptance of this offer by the execution and the counter execution hereof as provided, and shall be valid and enforceable as of the time of such acceptance.

23. *Headings.* The headings of the paragraphs of this Purchase Agreement are inserted for convenience only and shall not be deemed to be a part hereof.

24. *Effective Date.* This Purchase Agreement is to be effective on the day and year first written above.

[Remainder of Page Intentionally Left Blank]

If you agree with the foregoing, please sign the enclosed counterpart of this Purchase Agreement and return it to the Representative. This Purchase Agreement shall become a binding agreement between you and the Underwriters when at least the counterpart of this Purchase Agreement shall have been signed by or on behalf of each of the parties hereto.

Very truly yours,

JEFFERIES LLC,
as Representative of the Underwriters

By _____
Alan Jaffe
Managing Director

ACCEPTED at ____:____.m. Austin, Texas time
this ____ day of April, 2021

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By _____
Monica Galuski
Director of Bond Finance and
Chief Investment Officer

SCHEDULE I

LIST OF UNDERWRITERS

Book-Running Senior Manager: Jefferies LLC

Co-Managers:
Barclays Capital Inc.
J.P. Morgan Securities LLC
RBC Capital Markets, LLC
Morgan Stanley & Co. LLC
Piper Sandler & Co.
Ramirez & Co., Inc.

SCHEDULE II

**SCHEDULE OF MATURITIES, PRINCIPAL AMOUNTS,
INTEREST RATES AND PRICES**

EXHIBIT A

FORM OF ISSUE PRICE CERTIFICATE

I, the undersigned officer of Jefferies LLC (the “Representative”), acting on behalf of itself and Barclays Capital Inc., J.P. Morgan Securities LLC, RBC Capital Markets, LLC, Morgan Stanley & Co. LLC, Piper Sandler & Co. and Ramirez & Co., Inc. (collectively, the “Underwriting Group”), make this certification in connection with the \$ _____ Residential Mortgage Revenue Bonds, Series 2021A (the “Bonds”) issued by the Texas Department of Housing and Community Affairs (the “Issuer”).

1. I hereby certify as follows in good faith as of the Issue Date of the Bonds:

(a) I am the duly chosen, qualified and acting officer of the Representative for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Underwriting Group. I am the officer of the Representative charged, along with other officers of the Underwriting Group, with responsibility for the Bonds.

(b) [Except with respect to the maturities of the Bonds set forth in 1(c) below,] the first price at which at least 10% of each maturity was sold to the Public is the price for each such maturity set forth on the inside cover of the Official Statement prepared in connection with the Bonds (each, an “Actual Sales Price”).

[(c) For Bonds maturing on [_____] (each, a “Held Maturity”), the Underwriting Group on or before the Sale Date offered for purchase each such maturity to the Public at the applicable initial offering price set forth on the inside cover of the Official Statement prepared in connection with the Bonds (each, an “Initial Offering Price”). A copy of the pricing wire evidencing the Initial Offering Prices is attached hereto as Attachment I. In connection with the offering of the Bonds, each member of the Underwriting Group agreed in writing that (i) during the Hold Period, it would neither offer nor sell any Held Maturity to any person at a price higher than the applicable Initial Offering Price (the “Hold-the-Offering-Price Rule”) and (ii) any selling group agreement would contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement would contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, that, during the Hold Period, such party would comply with the Hold-the-Offering-Price Rule. In accordance with such agreements, no Underwriter has offered or sold any of the Held Maturities at a price higher than the applicable Initial Offering Price for such Held Maturity during the Hold Period.]

(d) The aggregate of the Actual Sales Prices and the Initial Offering Prices is \$ _____.

2. For purposes of this Issue Price Certificate, the following definitions apply:

(a) “Hold Period” means, with respect to a Held Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date or (ii) the date on which the Underwriters have sold at least 10% of such Held Maturity to the Public at a price no higher than the applicable Initial Offering Price.

(b) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

(c) “Related Party” means any two or more persons who are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interest or profits interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(d) “Sale Date” means the first day on which there is a binding contract in writing for the sale or exchange of the Bonds. The Sale Date of the Bonds is April ___, 2021.

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

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative’s interpretation of any laws, including specifically sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bracewell LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038, and other federal income tax advice it may give to the Issuer from time to time relating to the Bonds. Notwithstanding the foregoing, we remind you that we are not accountants or actuaries, nor are we engaged in the practice of law. The representations set forth herein are not necessarily based on personal knowledge and, in certain cases, the undersigned in relying on representations made by the other members of the Underwriting Group. Except as expressly set forth above, the certifications set forth herein may not be relied or used by any third party or for any other purpose.

EXECUTED as of this ____ day of April, 2021.

JEFFERIES LLC

By _____
Alan Jaffe
Managing Director

By _____
Name: _____
Title: _____

ATTACHMENT 1 TO ISSUE PRICE CERTIFICATE

FINAL PRICING WIRE

[See Attached]

EXHIBIT B

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

[Closing Date]

Texas Department of Housing and
Community Affairs
221 East 11th Street
Austin, Texas 78701

The Bank of New York Mellon Trust
Company, N.A., as Trustee
10161 Centurion Parkway North
Jacksonville, Florida 32256

Jefferies LLC,
as Representative of the Underwriters
520 Madison Avenue, 7th Floor
New York, New York 10022

Re: Texas Department of Housing and Community Affairs
Residential Mortgage Revenue Bonds, Series 2021A

Texas Department of Housing and Community Affairs
Residential Mortgage Revenue Refunding Bonds, Series 2021B (Taxable)

Ladies and Gentlemen:

We have acted as Bond Counsel to the Texas Department of Housing and Community Affairs (the “Department”) in connection with the issuance, sale and delivery by the Department of its Residential Mortgage Revenue Bonds, Series 2021A (the “Series 2021A Bonds”) and its Residential Mortgage Revenue Refunding Bonds, Series 2021B (Taxable) (the “Series 2021B Bonds and together with the Series 2021A Bonds, the “Bonds”). Jefferies LLC, as representative of a group of underwriters named in the hereinafter described Purchase Agreement (the “Underwriters”), has agreed to purchase the Bonds from the Department pursuant to the Bond Purchase Agreement dated April __, 2021 (the “Purchase Agreement”) between the Department and the Underwriters. All capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned to such terms in the Amended and Restated Residential Mortgage Revenue Bond Trust Indenture dated as of July 1, 2019 (as amended and supplemented from time to time, the “Indenture”), between the Department and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), the Thirty-Fourth Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of April 1, 2021, between the Department and the Trustee (the “Thirty-Fourth Supplemental Indenture”) and the Thirty-Fifth Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of April 1, 2021, between the Department and the Trustee (the “Thirty-Fifth Supplemental Indenture” and collectively with the Indenture and the Thirty-Fourth Supplemental Indenture, the “Trust Indenture”).

This opinion is rendered pursuant to Paragraph 8(c)(iii) of the Purchase Agreement. In connection therewith, we have examined and are familiar with (i) certified or original executed

counterparts of the documents referred to in our opinion of even date herewith relating to the Bonds, and the Official Statement dated April ___, 2021 (the “Official Statement”) and (ii) such other documents, instruments, certificates and opinions as we have deemed necessary to enable us to render this opinion.

You have authorized us to assume without independent verification (i) the genuineness of certificates, records and other documents (collectively, “Documents”) and the accuracy and completeness of the statements of fact contained therein; (ii) the due authorization, execution and delivery of the Documents described above by the other parties thereto; (iii) that all Documents submitted to us as originals are accurate and complete; and (iv) that all Documents submitted to us as copies are true and correct copies of the originals thereof.

Based on said examination, it is our opinion that under existing laws, the Bonds may be offered and sold without registration under the Securities Act of 1933, as amended, and neither the Indenture, the Thirty-Fourth Supplemental Indenture nor the Thirty-Fifth Supplemental Indenture is required to be qualified under the Trust Indenture Act of 1939, as amended.

We have reviewed the statements contained in the Official Statement under the captions “THE SERIES 2021 BONDS” (but excluding the phrases “that maintains the original yield to maturity of such Premium Serial Bonds ” and “that maintains the original yield to the optional redemption date of March 1, 20___ of such Premium Serial Bonds” under the subheading “—Redemption Provisions—Series 2021A Bonds—Special Redemption from Unexpended Proceeds of Series 2021A Bonds” and the information under the subheadings “—Average Life and Prepayment Speeds” and “—DTC and Book-Entry”), “SECURITY FOR THE BONDS” (but excluding the information contained therein under the subheadings “—Prior Bonds,” “—Mortgage Loans and Mortgage Certificates,” “—Investment of Funds” and “—Certain Information as to Revenues, Investments, Debt Service and Department Expenses”), “THE PROGRAM AND THE MORTGAGE LOANS” (but excluding the information contained therein under the subheadings “—Servicing” and “—The Master Servicers”), “THE TRUST INDENTURE,” “TEXAS TREASURY SAFEKEEPING TRUST COMPANY,” “TAX MATTERS RELATING TO THE SERIES 2021A BONDS,” “TAX MATTERS RELATING TO THE SERIES 2021B BONDS,” “LEGALITY FOR INVESTMENT” and “APPROVAL OF LEGALITY” and in Appendix A and Appendix C to the Official Statement. Such statements, insofar as they purport to summarize certain provisions of the Act, the laws of the State of Texas, the Indenture, the Thirty-Fourth Supplemental Indenture, the Thirty-Fifth Supplemental Indenture, the Depository Agreement, the Bonds and the federal tax implications with respect to the Bonds, present a fair and accurate summary of such matters. Other than as set forth above, we were not requested to participate in and did not take part in the preparation of any information in the Official Statement and do not assume responsibility with respect thereto.

The opinions expressed above are expressed only insofar as the laws of the State of Texas and the United States of America may be applicable. This opinion speaks only as of its date and only in connection with the Bonds and may not be applied to any other transaction. The opinions set forth above 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. Further, this opinion

is furnished by us solely to the addressees, and is solely for your benefit, and no one else is entitled to rely upon this opinion.

Very truly yours,

EXHIBIT C

FORM OF OPINION OF ISSUER'S COUNSEL

[Closing Date]

Bracewell LLP
111 Congress Avenue
Austin, Texas 78701

The Bank of New York Mellon Trust
Company, N.A., as Trustee
10161 Centurion Parkway North
Jacksonville, Florida 32256

Jefferies LLC,
as Representative of the Underwriters
520 Madison Avenue, 7th Floor
New York, New York 10022

Re: Texas Department of Housing and Community Affairs
Residential Mortgage Revenue Bonds, Series 2021A

Texas Department of Housing and Community Affairs
Residential Mortgage Revenue Refunding Bonds, Series 2021B (Taxable)

Ladies and Gentlemen:

I am the General Counsel of the Texas Department of Housing and Community Affairs (the "Department") and have acted as such during certain proceedings relating to the issuance, sale and delivery by the Department of its Residential Mortgage Revenue Bonds, Series 2021A (the "Series 2021A Bonds") and its Residential Mortgage Revenue Refunding Bonds, Series 2021B (Taxable) (the "Series 2021B Bonds" and together with the Series 2021A Bonds, the "Bonds"). Jefferies LLC, as representative of a group of underwriters named in the hereinafter described Purchase Agreement (the "Underwriters"), has agreed to purchase the Bonds from the Department pursuant to a Bond Purchase Agreement dated April __, 2021 (the "Purchase Agreement") between the Department and the Underwriters. The Bonds are being issued pursuant to an Amended and Restated Residential Mortgage Revenue Bond Trust Indenture dated as of July 1, 2019 (as amended and supplemented from time to time, the "Indenture"), between the Department and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), a Thirty-Fourth Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of April 1, 2021, between the Department and the Trustee (the "Thirty-Fourth Supplemental Indenture") and a Thirty-Fifth Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of April 1, 2021, between the Department and the Trustee (the "Thirty-Fifth Supplemental Indenture" and together with the Indenture and the Thirty-Fourth Supplemental Indenture, the "Trust Indenture"). All capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned to such terms in such Purchase Agreement or in the Trust Indenture.

In my capacity as the General Counsel of the Department, I have examined and am familiar with the enabling legislation of the Department which has been codified as Chapter 2306, Texas Government Code, as amended (the "Act"), and certain copies or original counterparts of the Resolution of the Governing Board of the Department, which was adopted on March 11, 2021, Resolution No. 21- ____ (the "Approving Resolution"), authorizing the issuance, sale and delivery of the Bonds and approving the form and substance of and authorizing the execution and delivery of documents and instruments relating thereto.

You have authorized me to assume without independent verification (i) the genuineness of certificates, records and other documents (collectively, "Documents") and the accuracy and completeness of the statements of fact contained therein; (ii) the due authorization, execution and delivery of the Documents described above by the other parties thereto; (iii) that all Documents submitted to me as originals are accurate and complete; and (iv) that all Documents submitted to me as copies are true and correct copies of the originals thereof.

In addition, I examined such other materials (including the Department Documents as hereinafter defined) as was necessary to enable me to express the opinions set forth below.

Based upon the foregoing, and subject to the qualifications set forth below, I am of the opinion that:

1. The Department is a public and official agency of the State of Texas duly organized, validly existing and in good standing under the laws of the State of Texas and as such, has full legal right, power and authority to carry out and effectuate the transactions contemplated by the Bonds, the Indenture, the Thirty-Fourth Supplemental Indenture, the Thirty-Fifth Supplemental Indenture, the Depository Agreement, the Continuing Disclosure Agreement dated as of April 1, 2021, between the Department and the Trustee, the Purchase Agreement and the Approving Resolution (collectively, the "Department Documents").

2. The terms and provisions of the Department Documents comply in all material respects with the requirements of the Act.

3. The Department Documents have each been duly authorized, executed and delivered by the Department, and assuming due authorization, execution and delivery by the other parties thereto, constitute valid and legally binding agreements of the Department enforceable in accordance with their respective terms and the terms of the Indenture, subject to any applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights generally and further subject to the availability of equitable remedies, including specific performance, under the Department Documents potentially being limited by general principles of equity that permit the exercise of judicial discretion, and by principles of sovereign immunity. Furthermore, the enforceability of the indemnification provisions contained in any of the Department Documents may be limited by applicable securities law and public policy and the Texas Constitution.

4. The Department has duly approved and authorized the distribution of the Preliminary Official Statement and approved and authorized the execution and distribution of the Official Statement.

5. Without having undertaken any additional review of information other than that information contained in the Department's records, there is no action, suit, proceeding, investigation at law or in equity before or by any court, public board or public body pending or, to the best of my knowledge, threatened, against or affecting the Department wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Official Statement or the validity of the Department Documents.

6. The execution and delivery of the Department Documents and compliance with the provisions thereof, under the circumstances contemplated thereby, to the best of my knowledge, do not and will not in any material respect conflict with or constitute on the part of the Department a breach or default under any agreement or other instrument to which the Department is a party or existing law, ordinance, administrative regulation, court order or consent decree to which the Department is subject.

7. The Department is empowered to use the proceeds of the Bonds as provided in the Department Documents and to secure the Bonds as provided in the Approving Resolution and the Trust Indenture.

8. The issuance of the Bonds has been approved by the Department pursuant to the Approving Resolution, which Approving Resolution is in full force and effect in the form adopted; and no further action is required to be taken by the Department to authorize the issuance and delivery of the Bonds and the performance by the Department of its obligations thereunder; provided, however, that there is delivered at Closing an opinion or opinions of the Attorney General of the State of Texas with an executed registration certificate or certificates from the Comptroller of Public Accounts of the State of Texas attached.

9. The statements contained in the Official Statement under the captions "THE DEPARTMENT" and "LITIGATION MATTERS" present a fair and accurate description of such matters; such statements under such captions are true and accurate in all material respects and do not omit any matter which, in my opinion, should be included or referred to therein and which is not included elsewhere in the Official Statement; and based upon the information contained in the files maintained by me in the Department's office, and without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, nothing has come to my attention which would lead me to believe that the Official Statement contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, it being understood that in rendering such opinion I am not expressing an opinion with respect to the Financial Statements and other financial and statistical data included in the Official Statement.

10. The Department will be entitled under the Act to invest funds held under the Trust Indenture in investments authorized in the Trust Indenture, subject to the limitations on investments permitted by the Depository Agreement.

11. To the best of my knowledge, and except with respect to recent Securities and Exchange Commission pronouncements and rules regarding the registration of municipal advisors, all approvals, consents, authorizations and registrations with any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Department of its obligations under the Department Documents, have been obtained and are in full force and effect.

No opinion is expressed herein with respect to compliance with the securities laws of any jurisdiction, whether federal or state.

No opinion is expressed and no comment is made with respect to the sufficiency of the security for or the marketability of the Bonds.

This letter is delivered in connection with the issuance, sale and delivery of the Bonds. It is furnished to you solely for your benefit, and no other party is entitled to rely hereon without written permission from the Department's General Counsel.

Respectfully,

James "Beau" Eccles
General Counsel

EXHIBIT D

FORM OF OPINION OF DISCLOSURE COUNSEL

[Closing Date]

Texas Department of Housing and
Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: Texas Department of Housing and Community Affairs
Residential Mortgage Revenue Bonds, Series 2021A

Texas Department of Housing and Community Affairs
Residential Mortgage Revenue Refunding Bonds, Series 2021B (Taxable)

Ladies and Gentlemen:

We have acted as Disclosure Counsel for the Texas Department of Housing and Community Affairs (the “Department”) in connection with the issuance, sale and delivery of its Residential Mortgage Revenue Bonds, Series 2021A (the “Series 2021A Bonds”) and its Residential Mortgage Revenue Refunding Bonds, Series 2021B (Taxable) (the “Series 2021B Bonds” and together with the Series 2021A Bonds, the “Bonds”). The Bonds were issued pursuant to an Amended and Restated Residential Mortgage Revenue Bond Trust Indenture dated as of July 1, 2019 (the “Indenture”), between the Department and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), the Thirty-Fourth Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of April 1, 2021, between the Department and the Trustee (the “Thirty-Fourth Supplemental Indenture”) and the Thirty-Fifth Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of April 1, 2021, between the Department and the Trustee (the “Thirty-Fifth Supplemental Indenture” and collectively with the Indenture and the Thirty-Fourth Supplemental Indenture, the “Trust Indenture”). All capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned to such terms in the Trust Indenture and the Bond Purchase Agreement dated April ___, 2021, between Jefferies LLC, as representative of a group of underwriters named therein and the Department.

We have examined such documents and satisfied ourselves as to such matters as we have deemed necessary in order to enable us to express the opinions set forth herein.

The primary purpose of our professional engagement as your counsel was not to establish factual matters. Many of the determinations involved in the preparation of the Official Statement, dated April ___, 2021 (the “Official Statement”), are wholly or partially nonlegal in character. Therefore, we have not verified and are not passing upon, and do not assume any responsibility for, the accuracy, completeness or fairness of the statements contained in the Official Statement.

We have, however, participated in the preparation of the Official Statement. Such participation included, among other things, general discussions and inquiries concerning various legal and related subjects, and the review of certain records, documents and proceedings. We also participated in conferences, or had conversations, with (i) representatives of the Department and its financial advisor and (ii) Bracewell LLP, Bond Counsel, regarding the contents of the Official Statement.

Based upon the foregoing, it is our opinion that the information contained in the Official Statement under the captions “THE DEPARTMENT” and “CONTINUING DISCLOSURE OF INFORMATION” presents a fair and accurate summary of the matters referred to therein, and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statement therein, in the light of the circumstances under which they were made, not misleading. Further, based upon the information made available to us during the course of our participation of the Official Statement, no facts came to our attention which would lead us to believe that the Official Statement (except for the financial statements and other financial and statistical data contained therein, including particularly, without limitation, that contained under the caption “SECURITY FOR THE BONDS” and in “APPENDIX B-1,” “APPENDIX B-2,” “APPENDIX D-1,” “APPENDIX D-2,” “APPENDIX E,” “APPENDIX F,” “APPENDIX G” and “APPENDIX H” and the information contained under the caption “TAX MATTERS RELATING TO THE SERIES 2021A BONDS” AND “TAX MATTERS RELATING TO THE SERIES 2021B BONDS” as to which no view is expressed), as of its date, contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

We express no opinion and make no comment with respect to the sufficiency of the security for the Bonds.

This letter is furnished to you solely for your benefit and no other party is entitled to rely hereon without our written permission.

Respectfully,

EXHIBIT E

CERTIFICATE

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
RESIDENTIAL MORTGAGE REVENUE BONDS, SERIES 2021A
AND
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
RESIDENTIAL MORTGAGE REVENUE REFUNDING BONDS, SERIES 2021B (TAXABLE)

Reference is hereby made to that certain Bond Purchase Agreement dated April __, 2021 (the “*Agreement*”), among Jefferies LLC (“*Jefferies*”), acting on behalf of itself and Barclays Capital Inc. (“*Barclays*”), J.P. Morgan Securities LLC (“*JPMS*”), RBC Capital Markets, LLC (“*RBCCM*”), Morgan Stanley & Co. LLC (“*Morgan Stanley*”), Piper Sandler & Co. (“*Piper*”) and Ramirez & Co., Inc. (“*Ramirez*”), and the Texas Department of Housing and Community Affairs.

1. In connection with the representation made in Paragraph 2 of the Agreement, each of Barclays, JPMS, RBCCM, Morgan Stanley, Piper and Ramirez represents to Jefferies, solely with respect to itself that it is registered as a municipal securities dealer under the Securities Exchange Act of 1934, as amended, and is a member in good standing of the Financial Industry Regulatory Authority and the Municipal Securities Rulemaking Board.

2. In connection with the representations contained in Paragraph 13 and Paragraph 14 of the Agreement, each of Barclays, JPMS, RBCCM, Morgan Stanley, Piper and Ramirez, solely with respect to itself that:

(a) Neither it nor any of its parent company, wholly- or majority-owned subsidiaries and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such office’s internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes it and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. It understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with it and exists to make a profit; and

(b) It and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent the Agreement is a contract for goods or services, will not boycott Israel during the term of the Agreement. The foregoing representation is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing representation, ‘boycott Israel’ means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. It understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with it and exists to make a profit.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, this Certificate has been executed by the undersigned as of the date first written above.

BARCLAYS CAPITAL INC.

By _____
Name: _____
Title: _____

J.P. MORGAN SECURITIES LLC

By _____
Name: _____
Title: _____

RBC CAPITAL MARKETS, LLC

By _____
Name: _____
Title: _____

MORGAN STANLEY & Co. LLC

By _____
Name: _____
Title: _____

PIPER SANDLER & Co.

By _____
Name: _____
Title: _____

RAMIREZ & Co., INC.

By _____
Name: _____
Title: _____

Exhibit C -- Official Statement

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2021

NEW ISSUES – BOOK ENTRY ONLY

RATINGS:
Moody's: "Aaa"
S & P: "AA+"
See "RATINGS" herein

Bracewell LLP, Bond Counsel, is of the opinion that, subject to certain conditions described herein and under existing law, (i) interest on the Series 2021A Bonds is excludable from gross income for federal income tax purposes and (ii) interest on the Series 2021A Bonds is not a specific preference item subject to the alternative minimum tax. See "TAX MATTERS RELATING TO THE SERIES 2021A BONDS" herein. Interest on the Series 2021B Bonds is **not** excludable from gross income for federal tax purposes under existing law. See "TAX MATTERS RELATING TO THE SERIES 2021B BONDS" herein.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[Kestrel Logo]

\$ _____
**Residential Mortgage
Revenue Bonds
Series 2021A (Non-AMT)
(Social Bonds)**

\$ _____
**Residential Mortgage
Revenue Refunding Bonds
Series 2021B (Taxable)
(Mortgage-Backed Securities
Pass-Through Bonds)**

[Social Bond Logo]

Dated Date/Delivery Date: _____, 2021

Due: January 1 and July 1, as shown on the inside cover.

Interest Payment Dates: Interest accrued on the Series 2021A Bonds will be payable on each January 1 and July 1, commencing July 1, 2021 as described herein. Interest accrued on the Series 2021B Bonds will be payable on the first day of each month, commencing _____, 2021 as described herein.

Interest Rates: Payable at the rates as shown on the inside cover.

Redemption: The Series 2021 Bonds are subject to redemption on the dates and at the Redemption Prices more fully described herein. See "THE SERIES 2021 BONDS – Redemption Provisions."

Denominations: The Series 2021A Bonds will be available to purchasers in book-entry form only in \$5,000 or any integral multiple thereof as described herein. The Series 2021B Bonds will be available to purchasers in book-entry form only in denominations of \$1.00 and any integral multiple thereof as described herein.

Tax Matters: Bracewell LLP, Bond Counsel, is of the opinion that, subject to certain conditions described herein and under existing law, (i) interest on the Series 2021A Bonds is excludable from gross income for federal income tax purposes and (ii) interest on the Series 2021A Bonds is not a specific preference item subject to the alternative minimum tax. See "TAX MATTERS RELATING TO THE SERIES 2021A BONDS" herein. Interest on the Series 2021B Bonds is **not** excludable from gross income for federal tax purposes under existing law. See "TAX MATTERS RELATING TO THE SERIES 2021B BONDS" herein.

Purpose: The Series 2021 Bonds are being issued for the primary purpose of providing funds for the purchase of mortgage-backed, pass-through certificates (the "Mortgage Certificates"). The Mortgage Certificates purchased with the proceeds of the Series 2021A Bonds will be guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("Ginnie Mae") ("Ginnie Mae Certificates" or "GNMA Certificates"). See "APPENDIX B-1 – GNMA AND THE GNMA CERTIFICATES." The Series 2021B Bonds are being issued for the primary purpose of refunding the Department's outstanding Residential Mortgage Revenue Bonds, Series 2009C-1 (Taxable), Series 2009C-2, Series 2011A and Series 2011B (collectively, the "Refunded Bonds").

Security: The Series 2021 Bonds, the Prior Bonds (as defined herein), and, unless subordinated, all Bonds subsequently issued under the Trust Indenture (as defined herein) are equally and ratably secured by the Trust Estate (as defined herein) held by the Trustee under the Trust Indenture. The Series 2021 Bonds are limited obligations of the Department and are payable solely from the revenues and funds pledged for the payment thereof as more fully described herein. Neither the State of Texas (the "State") nor any agency of the State, other than the Department, nor the United States of America or any agency, department or other instrumentality thereof, including Ginnie Mae, is obligated to pay the principal or Redemption Price of or interest on the Series 2021 Bonds. Neither the faith and credit nor the taxing power of the state or the United States of America is pledged, given or loaned to such payment. The Department has no taxing power. Ginnie Mae guarantees only the payment of the principal of and interest on the Ginnie Mae Certificates when due and does not guarantee the payment of the Series 2021 Bonds or any other obligations issued by the Department. See "SECURITY FOR THE BONDS" and "THE TRUST INDENTURE."

Book-Entry Only System: The Series 2021 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). See "APPENDIX I – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – DTC and Book-Entry."

Trustee: The Bank of New York Mellon Trust Company, N.A.

Bond Counsel: Bracewell LLP

Disclosure Counsel: McCall, Parkhurst & Horton L.L.P.

Underwriter's Counsel: Chapman and Cutler LLP

Financial Advisor: Stifel, Nicolaus & Co., Inc.

Jefferies

**Barclays
Morgan Stanley**

**J.P. Morgan
Piper Sandler & Co.**

**RBC Capital Markets
Ramirez & Co., Inc.**

MATURITY SCHEDULE

\$ _____ Series 2021A Serial Bonds (Non-AMT) (Social Bonds)

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP</u>
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\$ _____ % Series 2021A Term Bonds due _____ Price ____ % CUSIP _____
\$ _____ % Series 2021A Term Bonds due _____ Price ____ % CUSIP _____
\$ _____ % Series 2021A Term Bonds due _____ Price ____ % CUSIP _____
\$ _____ % Series 2021A Premium PAC Term Bonds due _____ Price _____ % CUSIP _____

(Interest Accrues from Date of Delivery)

\$ _____ Series 2021B Bonds (Taxable)

\$ _____ % Series 2021B Term Bonds due _____ Price ____ % CUSIP _____

(Interest Accrues from Date of Delivery)

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), this document constitutes a Preliminary Official Statement of the Department with respect to the Series 2021 Bonds that has been "deemed final" by the Department as of its date except for the omission of no more than the information permitted by the Rule.

This Official Statement does not constitute, and is not to be used in connection with, an offer to sell or the solicitation of an offer to buy the Series 2021 Bonds in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth in this Official Statement has been obtained from the Department and other sources which are believed to be reliable. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions or matters of opinion, or as to the likelihood that they will be realized. Any information and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made under such document shall, under any circumstances, create any implications that there has been no change in the affairs of the Department or other matters described herein since the date hereof.

Neither the Department nor the Underwriters make any representation as to the accuracy, completeness, or adequacy of the information supplied by The Depository Trust Company for use in this Official Statement.

The Trustee assumes no responsibility for this Official Statement and has not reviewed or undertaken to verify any information contained herein.

Many statements contained in this Official Statement, including the appendices and the documents included by specific cross-reference, that are not historical facts are forward-looking statements, which are based on the Department's beliefs, as well as assumptions made by, and information currently available to, the management and staff of the Department. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. The words "anticipate," "assume," "estimate," "expect," "objective," "projection," "plan," "forecast," "goal," "budget" or similar words are intended to identify forward-looking statements. The words or phrases "to date," "now," "currently," and the like are intended to mean as of the date of this Official Statement.

The Department's projections set forth in this Official Statement were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of the Department's management, were prepared on a reasonable basis, reflect the best currently available estimates and judgments, and present, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of the Department. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this Official Statement are cautioned not to place undue reliance on the prospective financial information. Neither the Department's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2021 BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH ARE INTENDED TO STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2021 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING EFFORTS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2021 BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENTS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED HEREIN, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

The Series 2021 Bonds have not been registered under the Securities Act of 1933, as amended, nor has the Trust Indenture or any other document been qualified under the Trust Indenture Act of 1939, as amended, in reliance

upon exemptions contained in such acts. Any registration or qualification of the Series 2021 Bonds in accordance with applicable provisions of the securities laws or the states in which the Series 2021 Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, nor any agency or department thereof, has passed upon the merits of the Series 2021 Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

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OFFICIAL STATEMENT

Relating to

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

\$ _____
Residential Mortgage
Revenue Bonds
Series 2021A (Non-AMT)
(Social Bonds)

\$ _____
Residential Mortgage
Revenue Refunding Bonds
Series 2021B (Taxable)
(Mortgage-Backed Securities
Pass-Through Bonds)

INTRODUCTION

This Official Statement provides certain information concerning the Texas Department of Housing and Community Affairs (the "Department") in connection with the issuance of its Residential Mortgage Revenue Bonds, Series 2021A (the "Series 2021A Bonds") and Residential Mortgage Revenue Refunding Bonds, Series 2021B (Taxable) (the "Series 2021B Bonds," and together with the Series 2021B Bonds, the "Series 2021 Bonds"). Capitalized terms used but not otherwise defined herein shall have the respective meanings for such terms as set forth in "APPENDIX A – GLOSSARY."

The Department, a public and official agency of the State of Texas (the "State"), was created and organized pursuant to and in accordance with the provisions of the Chapter 2306, Texas Government Code, as amended (together with other laws of the State applicable to the Department, collectively, the "Act") for the purpose of, among other things, financing sanitary, decent and safe housing for individuals and families of low and very low income and families of moderate income. The Department is the successor agency to the Texas Housing Agency (the "Agency") and the Texas Department of Community Affairs (the "TDCA"), both of which were abolished by the Act and all functions and obligations of which were transferred to the Department pursuant to the Act. Under the Act, the Department may issue bonds, notes and other obligations to finance or refinance residential housing and multi-family developments located in the State and to refund bonds previously issued by the Agency, the Department or certain other quasi-governmental issuers. See "THE DEPARTMENT."

The Series 2021 Bonds are authorized to be issued pursuant to the Act, a resolution adopted by the Governing Board of the Department on March 11, 2021 (the "Bond Resolution"), an Amended and Restated Residential Mortgage Revenue Bond Trust Indenture, dated as of July 1, 2019 (the "Master Indenture" and as amended and supplemented from time to time, collectively, the "Trust Indenture") between the Department and The Bank of New York Mellon Trust Company, N.A., Houston, Texas, as trustee (the "Trustee"), and a Thirty-Fourth Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of _____, 2021 (the "Thirty-Fourth Supplemental Indenture"), with respect to the Series 2021A Bonds, and a Thirty-Fifth Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of _____, 2021 (the "Thirty-Fifth Supplemental Indenture," and together with the Thirty-Fourth Supplemental Indenture, the "2021 Supplemental Indentures"), with respect to the Series 2021A Bonds. The Trust Indenture authorizes the Department to issue bonds to provide funds (i) to acquire or refinance single family mortgage loans or participations therein ("Mortgage Loans") that are made to Eligible Borrowers, as determined from time to time by the Department, (ii) to purchase mortgage-backed securities (the "Mortgage Certificates") that are backed by Mortgage Loans and guaranteed by the Government National Mortgage Association ("GNMA" or "Ginnie Mae"), (iii) to refund the Refunded Bonds (defined below), and (iv) to pay costs associated therewith.

The Department has previously issued multiple series of single family mortgage revenue bonds (the "Prior Bonds") under the Trust Indenture of which \$223,415,000 in aggregate principal amount was Outstanding as of January 31, 2021. See "APPENDIX I – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – Prior Bonds."

The Series 2021 Bonds, the Prior Bonds and, unless subordinated, all bonds subsequently issued pursuant to the Trust Indenture (collectively, the "Bonds") are equally and ratably secured by the Trust Estate held by the Trustee pursuant to the Trust Indenture. See "THE TRUST INDENTURE" and "SECURITY FOR THE BONDS – Additional Bonds."

The Series 2021A Bonds are being issued for the primary purpose of providing funds for the purchase of Mortgage Certificates guaranteed as to timely payment of principal and interest by Ginnie Mae (the "2021A Mortgage Certificates") which represent beneficial ownership of pools of Mortgage Loans. See "PLAN OF FINANCE." The Series 2021B Bonds are being issued for the purpose of refunding and redeeming the Department's Residential Mortgage Revenue Bonds, Series 2009C-1 (Taxable), Series 2009C-2, Series 2011A and Series 2011B (collectively, the "Refunded Bonds"). The Mortgage Certificates originally funded with proceeds of the Refunded Bonds will become 2021B Transferred Mortgage Certificates. The 2021B Transferred Mortgage Certificates are Ginnie Mae Certificates and Fannie Mae Certificates. For more detailed data regarding the 2021B Transferred Mortgage Certificates, see "APPENDIX H – DATA REGARDING THE 2021B TRANSFERRED MORTGAGE CERTIFICATES."

The Series 2021 Bonds are on a parity in all respects with all Outstanding Prior Bonds and, unless subordinated, any Bonds subsequently issued. The Prior Bonds are payable solely from and are secured by a pledge of and lien on the Revenues, Mortgages, Mortgage Loans (including Mortgage Certificates), Investment Securities, moneys held in the Funds (excluding the Rebate Fund) and other property pledged under the Trust Indenture (collectively, the "Trust Estate"). The Trust Estate currently includes, among other things, Mortgage Certificates which were purchased with the proceeds of the Prior Bonds. These Mortgage Certificates are guaranteed by GNMA or Fannie Mae. See "SECURITY FOR THE BONDS – Mortgage Loans and Mortgage Certificates." There is no requirement that proceeds of subsequent issues of Bonds be used to purchase Mortgage Certificates. All payments with respect to principal of and interest on Mortgage Loans (net of servicing fees) and on Mortgage Certificates (net of servicing and guaranty fees) received by the Department and the earnings on investments of Funds and accounts held pursuant to the Trust Indenture constitute Revenues. The pledge of and lien on the Trust Estate is subject to discharge if moneys or qualified securities sufficient to provide for the payment of all Outstanding Bonds are deposited and held in trust for such payment. See "SECURITY FOR THE BONDS."

THE SERIES 2021 BONDS ARE LIMITED OBLIGATIONS OF THE DEPARTMENT AND ARE PAYABLE SOLELY FROM THE REVENUES AND FUNDS PLEDGED FOR THE PAYMENT THEREOF AS MORE FULLY DESCRIBED HEREIN. NEITHER THE STATE NOR ANY AGENCY OF THE STATE, OTHER THAN THE DEPARTMENT, NOR THE UNITED STATES OF AMERICA OR ANY AGENCY, DEPARTMENT OR OTHER INSTRUMENTALITY THEREOF, INCLUDING GNMA AND FANNIE MAE, IS OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2021 BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR THE UNITED STATES OF AMERICA IS PLEDGED, GIVEN OR LOANED TO SUCH PAYMENT. THE DEPARTMENT HAS NO TAXING POWER. GNMA AND FANNIE MAE GUARANTEE ONLY THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE GNMA CERTIFICATES AND FANNIE MAE CERTIFICATES, RESPECTIVELY, WHEN DUE AND DO NOT GUARANTEE THE PAYMENT OF THE SERIES 2021 BONDS OR ANY OTHER OBLIGATIONS ISSUED BY THE DEPARTMENT.

There follows in this Official Statement a brief description of the plan of finance, the Department and its bond programs, together with summaries of certain terms of the Series 2021 Bonds, the Trust Indenture, and certain provisions of the Act, as well as other matters. All references herein to the Act, the Trust Indenture, and other agreements are qualified in their entirety by reference to each such document, copies of which are available from the Department, and all references to the Series 2021 Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the Trust Indenture.

For information concerning the Prior Bonds and the Mortgage Loans and Mortgage Certificates acquired with proceeds of the Prior Bonds, see "SECURITY FOR THE BONDS – Prior Bonds" and "APPENDIX D-1 – ADDITIONAL INFORMATION CONCERNING MORTGAGE CERTIFICATES." For information concerning other single family and multi-family programs of the Department, see "APPENDIX D-2 – BOND SUMMARY OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS."

DESIGNATION OF THE SERIES 2021A BONDS AS SOCIAL BONDS

General

Kestrel Verifiers, a division of Kestrel 360, Inc. ("**Kestrel Verifiers**") has designated the Series 2021A Bonds as "Social Bonds". The information under the subcaptions "Social Bond Designation" and "Independent Second Party Opinion on Social Bond Designation and Disclaimer" below has been provided by Kestrel Verifiers.

None of the Department, the Underwriters, Stifel, Nicolaus & Co., Inc., Bond Counsel or Disclosure Counsel, has independently confirmed or verified the information below or assumed any obligation to ensure that the Series 2021A Bonds comply with any legal or other standards or principles that may be related to Social Bonds. "Social Bonds" is an entirely self-designating label lacking any objective guidelines or criteria, and the Department has designated the Series 2021A Bonds as Social Bonds based solely on their designation as Social Bonds by Kestrel Verifiers. The designation of the Series 2021A Bonds as Social Bonds does not entitle the Owner of any Series 2021A Bond to any benefit under the Internal Revenue Code. Owners of the Series 2021A Bonds do not have any security other than as described under "SECURITY FOR THE BOND."

Social Bond Designation

Per the International Capital Market Association ("**ICMA**"), Social Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Social Projects and which are aligned with the four core components of the Social Bonds Principles. The four core components are: 1. Use of Proceeds; 2. Process for Project Evaluation and Selection; 3. Management of Proceeds; and 4. Reporting.

- Kestrel Verifiers has determined that: (a) the Series 2021A Bonds are in conformance with the four pillars of the ICMA Social Bond Principles, as described in Kestrel Verifiers' Second Party Opinion, (the "**Second Party Opinion**") which is attached hereto as APPENDIX M and (b) the uses of the proceeds of the Series 2021A Bonds align with the Affordable Housing eligible project category by financing mortgages for low- and moderate-income families.

- Upon the expenditure of the proceeds of the Series 2021A Bonds deposited into the Mortgage Loan Account, the Department expects to prepare a report regarding the 2021A Mortgage Loans consisting of the information set forth in APPENDIX L – USE OF PROCEEDS REPORT. Such reporting obligations is not included and not a part of the Department’s obligations under the Rule as described under the caption “CONTINUING DISCLOSURE OF INFORMATON.”

Independent Second Party Opinion on Social Bond Designation and Disclaimer

For 20 years, Kestrel Verifiers has been a consultant in environmental finance. As an Approved Verifier by the Climate Bonds Initiative (CBI), and an Observer for the ICMA Green Bond Principles, Kestrel Verifiers is qualified to verify transactions in all asset classes worldwide for alignment with ICMA Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines and the Climate Bonds Initiative Standards and Criteria. Kestrel Verifiers is one of 40 Climate Bonds Initiative Approved Verifiers worldwide, (at the time of printing this document).

The Second Party Opinion issued by Kestrel Verifiers does not and is not intended to make any representation or give any assurance with respect to any other matter relating to the Series 2021A Bonds. The Social Bond designation provided by Kestrel Verifiers is not a recommendation to any person to purchase, hold, or sell the Series 2021A Bonds and the Social Bond designation does not address the market price or suitability of the Series 2021A Bonds for a particular investor and does not and is not in any way intended to address the likelihood of timely payment of interest or principal when due.

In issuing the Second Party Opinion, Kestrel Verifiers has assumed and relied upon the accuracy and completeness of the information made publicly available by the Department or that was otherwise made available to Kestrel Verifiers.

PLAN OF FINANCE

Proceeds of the Series 2021A Bonds will be deposited to the 2021A Mortgage Loan Account of the Mortgage Loan Fund and used to purchase 2021A Mortgage Certificates, to fund down payment assistance, and to pay lender compensation related to the 2021A Mortgage Loans.

Proceeds of the Series 2021B Bonds will be applied to refund and redeem the Refunded Bonds.

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SOURCES AND USES OF FUNDS

The sources of funds and the uses in connection with the Series 2021 Bonds are expected to be approximately as set forth below.

	<u>SERIES 2021A</u>	<u>SERIES 2021B</u>	<u>TOTAL</u>
<u>SOURCES OF FUNDS</u>			
Bond Proceeds			
Refunded Bonds			
Revenue Fund			
Issuer Contribution ⁽¹⁾			
TOTAL SOURCES			
<u>USES OF FUNDS</u>			
Redemption of Refunded Bonds			
2021A Mortgage Loan Account ⁽²⁾			
Underwriter Compensation			
Costs of Issuance			
TOTAL USES			

⁽¹⁾ An additional amount of up to \$ _____ of Trust Indenture funds may be used for capitalized interest related to the Series 2021A Bonds.

⁽²⁾ Includes the purchase of 2021A Mortgage Certificates, down payment assistance funds, lender compensation, and servicing fees for second mortgage loans.

THE SERIES 2021 BONDS

General

The Series 2021 Bonds will be dated the date of delivery. The Series 2021 Bonds are issuable only as fully registered bonds, without coupons, and will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as the Bond Depository for the Series 2021 Bonds. The Series 2021A Bonds will be available to purchasers in book-entry form only in denominations of \$5,000 or any integral multiple thereof, as more fully described herein. The Series 2021B Bonds will be available to purchasers in book-entry form only in denominations of \$1.00 and any integral multiple thereof, as more fully described herein. The principal or Redemption Price of, and interest on, the Series 2021 Bonds will be payable by the Trustee to DTC, which will be responsible for making such payments to DTC Participants (hereinafter defined) for subsequent remittance to the owners of beneficial interests in the Series 2021 Bonds or their nominees. See "APPENDIX I – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – DTC and Book-Entry."

The Series 2021 Bonds mature on the dates and in the amounts set forth on the inside cover hereof.

Interest Rates

The Series 2021 Bonds will accrue interest from the date of delivery, until maturity or prior redemption at the respective per annum rates of interest set forth on the inside cover page hereof. Interest accrued on the Series 2021A Bonds will be payable on July 1, 2021, and semiannually on each January 1 and July 1 thereafter until maturity or prior redemption. Interest accrued on the Series 2021B Bonds will be payable on the first day of each month, commencing _____, 2021 until maturity or prior redemption. Interest on the Series 2021 Bonds will be calculated on the basis of a 360-day year composed of twelve 30-day months.

Redemption Provisions

Series 2021A Bonds

The Series 2021A Bonds are subject to optional redemption, special redemption, and mandatory sinking fund redemption at various times prior to their scheduled maturities at various Redemption Prices as described below. **The Department anticipates that a significant portion of the Series 2021A Bonds will be redeemed prior to their scheduled maturities as the result of the receipt by the Department of amounts representing Mortgage Loan Principal Payments (all amounts representing scheduled payments of principal and any Mortgage Loan Principal Prepayments) and from excess Revenues (including residual Trust Indenture revenues whether or not derived in connection with the Series 2021A Bonds).**

Special Redemption from Unexpended Proceeds of Series 2021A Bonds

The Series 2021A Bonds are subject to special redemption from unexpended proceeds of the Series 2021A Bonds, at any time and from time to time, prior to their stated maturities, in whole or in part. The Redemption Price of the Serial Bonds and Term Bonds shall be equal to 100% of the principal amount thereof.

The redemption of the Premium PAC Term Bonds (as shown on the inside of cover page) shall be at the applicable Redemption Price, as set forth in "APPENDIX G – UNEXPENDED PROCEEDS REDEMPTION PRICE FOR [PREMIUM SERIAL BONDS AND] PREMIUM PAC TERM BONDS," that maintains the original yield to the average life of such Premium PAC Term Bonds.

[The redemption of the Premium Serial Bonds maturing after March 1, ____ (as shown on the inside of cover page) shall be at the applicable Redemption Price, as set forth in "APPENDIX G – UNEXPENDED PROCEEDS REDEMPTION PRICE FOR PREMIUM SERIAL BONDS AND PREMIUM PAC TERM BONDS," that maintains the original yield to the optional redemption date of March 1, ____ of such Premium Serial Bonds.]

Each of the above redemptions from unexpended proceeds shall also include accrued interest to, but not including, the date of redemption; and excepting that for a one-time redemption from unexpended proceeds of the Series 2021A Bonds in a cumulative amount of less than \$500,000, the Redemption Price shall be equal to 100% of the principal amount thereof. Such redemptions shall occur on _____, or as soon as practicable after receipt by the Trustee of a certification of the Department that such amounts will not be used to purchase 2021A Mortgage Certificates, unless the Certificate Purchase Period is extended in accordance with the Trust Indenture. In no event will the redemption occur later than September 1, 2024.

As described in "INVESTMENT CONSIDERATIONS – Non-Origination of Mortgage Loans," over the past year, the Department has averaged over \$8 million per month in GNMA mortgage-backed securities issued that are backed by tax-exempt bond eligible mortgage loans, exclusive of loans for which a mortgage credit certificate was issued. The Department has not had an unexpended proceeds call since November 1, 2010.

The Series 2021A Bonds to be redeemed as described in this subcaption shall be selected by the Trustee on a pro rata basis among all maturities unless otherwise directed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate.

Special Redemption From Mortgage Loan Principal Payments

The Series 2021A Bonds are subject to redemption prior to maturity on or after _____, and all Series 2021A Bonds are subject to redemption prior to maturity on or after _____. The Series 2021A Bonds subject to redemption as described in the immediately preceding sentence shall be redeemed, in whole or in part, from time to time after giving notice as provided in the Trust Indenture, at a Redemption Price equal to 100% of the principal amount of the Series 2021A Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date, from amounts transferred to the 2021A Special Redemption Account in accordance with the Trust Indenture.

In the event of a redemption from Mortgage Loan Principal Payments, the Trustee shall select the particular Series 2021A Bonds, be redeemed as follows:

- (a) first, the Trustee shall redeem the Premium PAC Term Bonds, but only to the extent that the Outstanding principal amount of the Premium PAC Term Bonds following such redemption is not less than the Premium PAC Term Bonds Outstanding Applicable Amount as of such date;

The Premium PAC Term Bonds Outstanding Applicable Amount is as follows:

<u>Date</u>	<u>Premium PAC Term Bonds Outstanding Applicable Amount</u>
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(b) amounts remaining following the redemptions described in clause (a) above shall be applied, unless otherwise directed by a Letter of Instructions accompanied by a Cashflow Certificate, (i) prior to _____, to redeem all the Series 2021A Bonds (other than the Premium Serial Bonds and Premium PAC Term Bonds) on a proportionate basis until the Outstanding principal amount of all Series 2021A Bonds has been reduced to the Series 2021A Cumulative Applicable Amount as of such date; and (ii) on or after _____, to redeem all the Premium Serial Bonds (proportionate among such Premium Serial Bonds), including the Premium Term Bonds, on a proportionate basis until the Outstanding principal amount of all Series 2021A Bonds has been reduced to the Series 2021A Cumulative Applicable Amount as of such date.

The Series 2021A Cumulative Applicable Amount is as follows:

<u>Date</u>	<u>Series 2021A Cumulative Applicable Amount</u>
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(c) amounts remaining following the redemptions described in clauses (a) and (b) above shall be applied, unless otherwise directed by a Letter of Instructions accompanied by a Cashflow Certificate, (i) prior to _____, to redeem all Series 2021A Bonds (excluding Premium Serial Bonds, but including the Premium PAC Term Bonds and Premium Term Bonds), on a proportionate basis after taking into account the amounts applied to redeem the Series 2021A Bonds pursuant to the above-described redemptions.

If any Series 2021A Bonds are redeemed pursuant to the provisions of the Trust Indenture described above in "Special Redemption from Unexpended Proceeds," the Premium PAC Term Bonds Outstanding Applicable Amount and the Series 2021A Cumulative Applicable Amount described above for the current and each future semiannual period will be reduced on a proportionate basis.

Special Redemption From Excess Revenues

The Series 2021A Bonds are subject to redemption prior to maturity on or after _____, and all Series 2021A Bonds are subject to redemption prior to maturity on or after _____. The Series 2021A Bonds subject to redemption as described in the immediately preceding sentence shall be redeemed, in whole or in part, from time to time after giving notice as provided in the Trust Indenture, at a Redemption Price equal to 100% of the principal amount of the Series 2021A Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date, from excess Revenues (including residual Trust Indenture revenues whether or not derived in connection with the Series 2021A Bonds).

In general, excess Revenues will consist of funds remaining on each Interest Payment Date, in the case of the Series 2021 Bonds, in the 2021A Revenue Account of the Revenue Fund after taking into account (1) the provision for payment of debt service on the Series 2021 Bonds on such Interest Payment Date, (2) the required transfers of amounts to the 2021A Special Redemption Account and the 2021A Principal Account, and (3) the payment of Department Expenses in accordance with the Trust Indenture; and such excess Revenues will be transferred to the 2021A Special Redemption Account and used to redeem Series 2021 Bonds unless otherwise directed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate. See "THE TRUST INDENTURE – Revenue Fund" and "— Residual Revenues Fund."

In the event of a redemption from excess Revenues as described above, the Trustee will apply amounts transferred from the Residual Revenues Fund to the 2021A Special Redemption Account to redeem the Series 2021 Bonds Outstanding in the same manner described in "Special Redemption from Mortgage Loan Principal Payments" above, unless otherwise instructed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate.

Optional Redemption

The Series 2021A Bonds (except for the Premium PAC Term Bonds) are subject to redemption prior to maturity, in whole or in part, at any time and from time to time, on and after _____, at the option of the Department after giving notice as provided in the Trust Indenture, at a Redemption Price equal to 100% of the principal amount of such Series 2021A Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date.

The Premium PAC Term Bonds are subject to redemption prior to maturity, in whole or in part at any time and from time to time, on and after _____, at the option of the Department after giving notice as provided in the Trust Indenture, at the Redemption Prices set forth below (expressed as a percentage of the principal amount to be redeemed), in each case together with interest accrued thereon to the redemption date:

Redemption Date

Redemption Price

If the Premium PAC Term Bonds are redeemed on a date other than a redemption date listed above, the Redemption Price, as of such redemption date, will be determined by the Department using straight-line interpolation between the Redemption Prices for the redemption dates listed above immediately preceding and succeeding such redemption date.

Mandatory Sinking Fund Redemption

The Series 2021A Bonds maturing on the dates specified below are subject to scheduled mandatory redemption prior to maturity and shall be redeemed after giving notice as provided in the Trust Indenture, in the aggregate principal amounts and on the dates set forth in the following tables, at a Redemption Price equal to 100% of the principal amount of Series 2021A Bonds or portions thereof to be redeemed, plus accrued interest if any, to, but not including, the redemption date:

\$ _____ Term Bonds Maturing _____

<u>Date</u>	<u>Principal Amount (\$)</u>	<u>Date</u>	<u>Principal Amount (\$)</u>
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*Final Maturity

\$ _____ Term Bonds Maturing _____

<u>Date</u>	<u>Principal Amount (\$)</u>	<u>Date</u>	<u>Principal Amount (\$)</u>
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*Final Maturity

\$ _____ Term Bonds Maturing _____

<u>Date</u>	<u>Principal Amount (\$)</u>	<u>Date</u>	<u>Principal Amount (\$)</u>
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*Final Maturity

\$ _____ Term Bonds Maturing _____

<u>Date</u>	<u>Principal Amount (\$)</u>	<u>Date</u>	<u>Principal Amount (\$)</u>
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*Final Maturity

\$ _____ Premium PAC Term Bonds Maturing _____

<u>Date</u>	<u>Principal Amount (\$)</u>	<u>Date</u>	<u>Principal Amount (\$)</u>
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*Final Maturity

The principal amount of the Series 2021A Bonds to be redeemed on each such redemption date pursuant to mandatory sinking fund redemption shall be reduced by the principal amount of any Series 2021 Bonds having the same maturity and interest rate, which (A) at least 45 days prior to such mandatory sinking fund redemption date, (1) shall have been acquired by the Department and delivered to the Trustee for cancellation, or (2) shall have been acquired and canceled by the Trustee at the direction of the Department, or (3) shall have been redeemed other than pursuant to scheduled mandatory redemption, and (B) shall have not been previously credited against a scheduled mandatory sinking fund redemption.

Series 2021B Bonds

Redemption From Mortgage Loan Principal Payments

The Series 2021B Bonds are subject to redemption prior to maturity and shall be redeemed, in whole or in part, on the first day of each month at a Redemption Price equal to 100% of the principal amount of the Series 2021B Bonds or portions thereof to be redeemed plus accrued interest to, but not including, the redemption date from Mortgage Loan Principal Payments on the 2021B Transferred Mortgage Certificates received through the end of the prior month and transferred to the 2021B Redemption Subaccount.

NO NOTICE OF REDEMPTION WILL BE GIVEN FOR REDEMPTIONS DESCRIBED IN THIS SUBCAPTION.

Optional Redemption

The Series 2021B Bonds are subject to redemption prior to maturity, in whole or in part, at any time and from time to time on and after _____ at the option of the Department, after giving notice as provided in the Trust Indenture, at a Redemption Price equal to 100% of the principal amount of the Series 2021B Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date.

Redemption From Excess Revenues

The Series 2021B Bonds are subject to redemption, in whole or in part, from excess Revenues (including Surplus Indenture Revenues) beginning on and after _____, after giving notice as provided in the Trust Indenture, at a Redemption Price equal to 100% of the principal amount of the Series 2021B Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date.

In general, excess Revenues will consist of funds remaining on each Interest Payment Date, in the case of the Series 2021B Bonds, in the 2021B Revenue Account of the Revenue Fund after taking into account (1) the provision for payment of debt service on the Series 2021B Bonds on such Interest Payment Date, (2) the required transfers of amounts to the 2021B Special Redemption Account and the 2021B Principal Account, and (3) the payment of Department Expenses in accordance with the Trust Indenture; and such excess Revenues will be transferred to the 2021B Special Redemption Account and used to redeem Series 2021B Bonds unless otherwise directed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate. See "THE TRUST INDENTURE – Revenue Fund" and "— Residual Revenues Fund."

In the event of a redemption from excess Revenues as described above, the Trustee will apply amounts transferred from the Residual Revenues Fund to the 2021B Special Redemption Account to redeem the Series 2021 Bonds Outstanding in the same manner described in "Special Redemption from Mortgage Loan Principal Payments" above, unless otherwise instructed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate.

Partial Redemption

Except as described in "THE SERIES 2021 BONDS – Redemption Provisions – Series 2021A Bonds – Special Redemption from Unexpended Proceeds of Series 2021A Bonds," "– Special Redemption from Mortgage Loan Principal Payments" and "– Special Redemption from Excess Revenues," the particular Series 2021 Bonds within a maturity to be redeemed in part shall be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate. A portion of any Series 2021 Bond may be redeemed, but only in an Authorized Denomination. Upon surrender of any Series 2021 Bond for redemption in part, the Trustee will authenticate and deliver an exchange Series 2021 Bond in an Authorized Denomination in an aggregate principal amount equal to the unredeemed portion of the surrendered Series 2021 Bond. See "APPENDIX I – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – DTC and Book-Entry."

Notice of Redemption

The Trustee shall give notice, in the name of the Department, of the redemption of Series 2021 Bonds to the holders thereof, which notice shall specify the maturity and interest rates of the Series 2021 Bonds to be redeemed, the redemption date and the method and place or places where amounts due upon such redemption will be payable and, if less than all of the Series 2021 Bonds are to be redeemed, the letters and numbers or other distinguishing marks of such Series 2021 Bonds so to be redeemed, and, in the case of Series 2021 Bonds to be redeemed in part only, such notices shall also specify the respective portions of the principal amounts thereof to be redeemed. Such notice shall further state any conditions that must be satisfied prior to the redemption date and that on such date there shall become due and payable upon each Series 2021 Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal amount thereof, in the case of Series 2021 Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. If applicable, such notice shall provide that the redemption of the Series 2021 Bonds is conditioned upon moneys being available for such purpose on the redemption date or such other conditions as may be set forth in such notice. See "THE SERIES 2021 BONDS – Conditional Notices of Redemption."

The Trustee shall mail a copy of such notice by first class mail, postage prepaid, not less than 30 days, nor more than 60 days prior to the redemption date to the holders of any Series 2021 Bonds or portions thereof which are to be redeemed, at the address shown on the registration books maintained by the Trustee.

Conditional Notices of Redemption

The Department reserves the right to give notice of its election or direction to redeem Series 2021 Bonds conditioned upon the occurrence of subsequent events.

Payment of Redeemed Bonds

Notice having been given as provided in the Trust Indenture, the Series 2021 Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date. If there shall be called for

redemption less than all of a Series 2021 Bond, the Department shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Series 2021 Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Series 2021 Bond so surrendered, Series 2021 Bonds of like maturity, interest rate and aggregate principal amount in any Authorized Denomination. If, on the redemption date, moneys for the redemption of all the Series 2021 Bonds or portions thereof of any like maturity to be redeemed, together with interest to the redemption date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as specified in the Trust Indenture, then, from and after the redemption date, interest on the Series 2021 Bonds or portions thereof of like maturity so called for redemption shall cease to accrue and become payable. If such moneys shall not be available on the redemption date, such Series 2021 Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Purchase in Lieu of Redemption

The Trust Indenture permits the purchase of Bonds, including the Series 2021 Bonds, in the open market in lieu of redemption of such Bonds. Any such purchase may be at a price not exceeding the then applicable Redemption Price for such Bonds.

Average Life and Prepayment Speeds

Prepayments on mortgage loans are commonly measured relative to a prepayment standard or model. The SIFMA Prepayment Model represents an assumed monthly rate of prepayment of the then outstanding principal balance of a pool of new mortgage loans. The SIFMA Prepayment Model does not purport to be either an historical description of the prepayment of any pool of mortgage loans or a prediction of the anticipated rate of prepayment of any pool of mortgage loans, including the 2021A Mortgage Certificates and the 2021B Transferred Mortgage Certificates. One hundred percent (100%) of the SIFMA Prepayment Model assumes prepayment rates of 0.2 percent per year of the then unpaid principal balance of such mortgage loans in the first month of the life of the mortgage loans and an additional 0.2 percent per year in each month thereafter (for example, 0.4 percent per year in the second month) until the 30th month. Beginning in the 30th month and in each month thereafter during the life of the mortgage loans, 100 percent of the SIFMA Prepayment Model assumes a constant prepayment rate of six percent per year. Multiples will be calculated from this prepayment rate speed e.g., 200 percent of the SIFMA Prepayment Model assumes prepayment rates will be 0.4 percent per year on month one, 0.8 percent per year in month two, reaching 12 percent per year in month 30 and remaining constant at 12 percent per year thereafter. The amounts shown in the tables under "THE SERIES 2021 BONDS—Redemption Provisions—Series 2021A Bonds" above for Premium PAC Term Bonds Outstanding Applicable Amount and for Series 2021A Cumulative Applicable Amount are based on many assumptions, including (i) receipt of prepayments on the 2021A Mortgage Loans equal to 100 percent of SIFMA's standard prepayment model (as further described below) (the "SIFMA Prepayment Model") in the case of Premium PAC Term Bonds Outstanding Applicable Amount and 400 percent of the SIFMA Prepayment Model in the case of the Series 2021A Cumulative Outstanding Applicable Amount; and (ii) that 100 percent of the moneys on deposit in the 2021A Mortgage Loan Account attributable to the proceeds of the Series 2021A Bonds will be used to purchase 2021A Mortgage Certificates.

The following table assumes, among other things, that (i) all amounts in the 2021A Mortgage Loan Account will be used to purchase 2021A Mortgage Loans, all proceeds of the Series 2021B Bonds will be used to refund the Refunded Bonds, and the Mortgage Certificates securing the Refunded Bonds will be transferred into the 2021B Mortgage Loan Account; (ii) 2021A Mortgage Loans will be purchased on average on _____; (iii) 2021A Mortgage Loans will have an original term of 30 years with 4 points of DPA and have an average interest rate of ___% per annum, (v) the remaining weighted average maturity of 2021B Transferred Mortgage Certificates is 160 months and the weighted average mortgage rate of

2021B Transferred Mortgage Certificates is ____%; (vi) Trustee's fees will be .02% per annum of Series 2021A Bonds outstanding with an annual minimum of \$3,500 payable monthly; (vii) 2021A Mortgage Loans and 2021B Transferred Mortgage Certificates prepay at the indicated percentage of the SIFMA Prepayment Model; (viii) all 2021A Mortgage Loans are pooled and assigned to GNMA upon the issuance to the Trustee of GNMA Certificates and payments on such Mortgage Certificates are timely made and used on a timely basis to redeem the Series 2021A Bonds; (ix) the Series 2021A Bonds are not redeemed pursuant to unexpended proceeds redemption; (x) the Series 2021 Bonds, other than the Premium PAC Term Bonds where noted, are not redeemed pursuant to optional redemption; (xi) no amounts allocable to any other series of Bonds are used to cross-call the Series 2021 Bonds and no amounts allocable to the Series 2021A Bonds are used to cross-call any other series of Bonds; (xii) the Investment Securities held in the 2021A Mortgage Loan Account will pay interest at the rate of 0% per annum and the Investment Securities held in the Revenue Fund will pay interest at the rate of 0% per annum for the first three years and 0.05% per annum thereafter; (xiii) Series 2021 Bonds will be redeemed as described under "THE SERIES 2021 BONDS – Redemption Provisions – Series 2021A Bonds – Special Redemption from Mortgage Loan Principal Payments" for the respective Series 2021A Bonds or "THE SERIES 2021 BONDS – Redemption Provisions – Series 2021B Bonds – Redemption from Mortgage Loan Principal Payments" for the respective Series 2021B Bonds above, assuming Series 2021 Bonds are redeemed monthly and (xiv) Series 2021A Bonds will be redeemed semi-annually as described under "Redemption from Excess Revenues."

Based on the foregoing and other assumptions, some or all of which may not reflect actual experience, the table below indicates the projected weighted average lives of the Premium PAC Term Bonds and the Term Bonds.

Projected Weighted Average Life (in Years) ⁽¹⁾

Prepayment Speed of Mortgage Loans (SIFMA)	Term Bonds Due _/_/20__	Term Bonds Due _/_/20__	Term Bonds Due _/_/20__	Term Bonds Due _/_/20__	Prem PAC Term Bonds Due _/_/20__
0%					
50%					
75%					
100%					
125%					
150%					
175%					
200%					
300%					
400%					
500%					

¹⁾The weighted average life of a bond is determined by (i) multiplying the amount of each principal payment by the number of years from the date of issuance of the bonds to the related principal payment date, (ii) adding the results and (iii) dividing the sum by the total principal paid on the bond.

In addition to the table above, APPENDIX F sets forth a table of additional average life-related data at various prepayment speeds.

The holder of less than all of the Outstanding principal amount of a Premium PAC Term Bond or a Term Bond may not achieve the results indicated above. The Department does not undertake to update this table or any other projections contained in this Official Statement based on the Department's actual experience with respect to repayment and prepayment of the Series 2021A Bonds.

The SIFMA Prepayment Model does not purport to be a prediction of the anticipated rate of prepayments of Mortgage Loans, and there is no assurance that the prepayments of the Mortgage Loans will conform to any of the assumed prepayment rates. The Department makes no representation as to the percentage of the principal balance of the Mortgage Loans that will be paid as of any date, as to the overall rate of prepayment or as to the projections or methodology set forth under this caption.

THE 2021B TRANSFERRED MORTGAGE CERTIFICATES

Upon delivery of the Series 2021B Bonds, for the purpose of refunding the Refunded Bonds, the 2021B Transferred Mortgage Certificates will be allocated to the 2021B Mortgage Loan Account. Mortgage Loan Principal Payments on the 2021B Transferred Mortgage Certificates will be used to redeem the Series 2021B Bonds as described herein under "THE SERIES 2021 BONDS – Redemption Provisions – Series 2021B Bonds – Redemption from Mortgage Loan Principal Payments." The Trust Indenture does not grant a priority in the 2021B Mortgage Loan Account to the Series 2021B Bonds over any other Series of Bonds.

Based upon _____ factors, the outstanding principal amount of the 2021B Transferred Mortgage Certificates, as of _____, _____, is \$_____. Substantially all of the 2021B Transferred Mortgage Certificates were acquired between _____, _____ and _____, _____. The Mortgage Loans underlying the 2021B Transferred Mortgage Certificates had original terms of thirty years. The following table reflects summary information with respect to the 2021B Transferred Mortgage Certificates:

<u>Mortgage Certificates</u>	<u>Outstanding Principal</u> *	<u>Weighted Average Pass-Through Rate</u> *	<u>Weighted Average Mortgage Rate</u> *	<u>Weighted Average Remaining Term (in months)</u> *
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* Based upon _____ factors.

For detailed data regarding the 2021B Transferred Mortgage Certificates see "APPENDIX H – DATA REGARDING THE 2021B TRANSFERRED MORTGAGE CERTIFICATES."

SECURITY FOR THE BONDS

Pledge of Trust Indenture

The Series 2021 Bonds, the Prior Bonds and, unless subordinated, all bonds subsequently issued pursuant to the Trust Indenture are equally and ratably secured by the Trust Indenture for the equal benefit, protection and security of the owners of the Bonds, each of which, regardless of time of issuance or maturity, is to be of equal rank without preference, priority or distinction, except as otherwise provided in the Trust Indenture.

Principal or Redemption Price of and interest on all Bonds are payable solely from and are secured by a pledge of and lien on the Trust Estate, which consists generally of the Revenues, Mortgages, Mortgage Loans (including Mortgage Certificates), money, and Investment Securities held in the Funds (excluding the Rebate Fund), and other property pledged under the Trust Indenture and any Supplemental Indenture. Revenues include all payments with respect to the Mortgage Loans (net of servicing, accounting and collection fees) which include Mortgage Certificates (net of servicing and guaranty fees) and the earnings on investments of amounts held under the Trust Indenture and any Supplemental Indenture. Revenues do not include payments made in order to obtain or maintain mortgage insurance and fire and other hazard insurance with respect to Mortgage Loans (including Mortgage Certificates), and any payments required to be made with respect to Mortgage Loans (including Mortgage Certificates) for taxes, other governmental charges, and other similar charges customarily required to be escrowed on mortgage loans or commitment fees or other financing charges paid by a Mortgage Lender or the Master Servicer to the Department in connection with a commitment to sell and deliver Mortgage Loans (including Mortgage Certificates) to the Department.

The structure of Program 97 allows the Eligible Borrower to choose between a non-assisted loan bearing interest at an annual rate announced from time to time by the Department, or an Assisted Loan bearing interest at an annual rate announced from time to time by the Department that is higher than the corresponding non-assisted loan rate. All Assisted Loans are accompanied by a second lien loan with no stated interest, due on sale, refinancing, or maturity, and a 30-year term (the "DPA Loans") in an amount equal to a percentage of the original principal amount of the related first lien Assisted Loan.

The Series 2021 Bonds are limited obligations of the Department and are payable solely from the Revenues and funds pledged for the payment thereof as more fully described herein. Neither the State nor any agency of the State, other than the Department, nor the United States of America nor any agency, department or other instrumentality thereof, including GNMA, and Fannie Mae, is obligated to pay the principal or Redemption Price of, or interest on, the Series 2021 Bonds. Neither the faith and credit nor the taxing power of the State or the United States of America is pledged, given or loaned to such payment. The Department has no taxing power. GNMA and Fannie Mae guarantee only the payment of the principal of and interest on the GNMA Certificates and Fannie Mae Certificates, respectively, when due and do not guarantee the payment of the Series 2021 Bonds or any other obligations issued by the Department.

Supplemental Mortgage Security

The Trust Indenture requires that each Mortgage Loan be further secured by Supplemental Mortgage Security, if any, as provided in the Supplemental Indenture authorizing the Series of Bonds used to purchase such Mortgage Loan. Pursuant to the Thirty-Fourth Supplemental Indenture, the Department has determined that the Supplemental Mortgage Security for the 2021A Mortgage Loans shall be the guaranty of timely payment of principal and interest provided by Ginnie Mae pursuant to the Ginnie Mae Certificates.

Cashflow Statement and Asset Test

The Department is required to deliver periodically a "Cashflow Statement" prepared or verified by a nationally-recognized firm experienced in preparing mortgage revenue bond cashflows, comparing estimates of Revenues with the debt service requirements and Department Expenses with respect to Outstanding Bonds, which Cashflow Statement must demonstrate the sufficiency of such Revenues to pay scheduled debt service on the Bonds and Department Expenses at their respective requirements under each of the scenarios required by the Rating Agencies. Under the terms of the Trust Indenture, such Cashflow Statements must incorporate certain assumptions concerning Mortgage Loan Principal Prepayments,

reinvestment rates, expenses and certain other assumptions as required by the Rating Agencies. The Cashflow Statement is required to be prepared (i) upon the issuance of a Series of Bonds; (ii) upon the adjustment of the interest rate or rates on a Series of Bonds, unless otherwise required by the applicable Series Supplement; (iii) upon the purchase or redemption of Bonds other than as assumed in the Cashflow Statement most recently filed with the Trustee; (iv) upon the application of Mortgage Loan Principal Payments other than as assumed in the Cashflow Statement most recently filed with the Trustee; (v) upon the application of amounts in the Residual Revenues Fund other than as assumed in the Cashflow Statement most recently filed with the Trustee; (vi) at such times, if any, as may be required by a Supplemental Indenture; and (vii) not later than two and one-half years after the date of filing of the most recent Cashflow Statement. The Department, at its option, may file a revised or amended Cashflow Statement with the Trustee at any time.

The Department has covenanted in the Trust Indenture that it will not make, acquire, refinance or sell Mortgage Loans or Mortgage Certificates or purchase or redeem Bonds, including the Series 2021 Bonds, or take certain other actions permitted under the Trust Indenture, unless such actions are consistent with the assumptions set forth in its most recent Cashflow Statement.

Moneys held under the Trust Indenture in excess of the amounts required by the Asset Test (hereinafter described) may, at the written direction of the Department accompanied by a Cashflow Certificate, be transferred to the Department to be used for any purpose authorized or permitted by the Act, free and clear of the pledge and lien of the Trust Indenture. In general, the Asset Test is deemed satisfied if the outstanding principal balance of the Mortgage Loans and Mortgage Certificates and money and Investment Securities held in all Funds (other than the Cost of Issuance Fund, Expense Fund, Rebate Fund and any mortgage pool self-insurance reserve established by the Department with respect to Mortgage Loans) is at least equal to 102% of the principal amount of Bonds Outstanding. See "THE TRUST INDENTURE – Residual Revenues Fund."

Additional Bonds

Various series of Bonds, including refunding Bonds, may be issued as provided in the Trust Indenture on a parity with the Bonds of all other Series, secured by a pledge of and lien on the Trust Estate. As a condition to the issuance of additional Bonds, including refunding Bonds, the Department must deliver various items to the Trustee including the opinions of Bond Counsel to the effect that, among other things, the series of Bonds is validly issued in accordance with the Trust Indenture and the Act. The Department must also deliver to the Trustee a Cashflow Statement which gives effect to the issuance of such additional Bonds as described above under "Cashflow Statement and Asset Test" and a written confirmation from each Rating Agency that the issuance of Bonds of each Series will not adversely affect the rating then in effect on any Outstanding Bonds (determined without regard to any Credit Agreement). The Department has reserved the right to adopt one or more other bond indentures and to issue other obligations payable from sources other than the Trust Estate or, payable from the Trust Estate, including the Revenues, if the pledge of and lien on the Trust Estate and the Revenues is junior to or subordinate to the pledge of and lien on the Trust Estate and the Revenues.

Outstanding Subordinate Lien Obligation

The Department entered into a Loan Agreement dated September 28, 2016 (the "Subordinate Loan Agreement"), with Woodforest National Bank ("Woodforest") for a secured draw down credit facility in an aggregate principal amount not to exceed \$10,000,000 as evidenced by a promissory note (the "Subordinate Note") from the Department to Woodforest. The Department has drawn the full \$10,000,000 authorized amount under the Subordinate Loan Agreement, all of which currently is outstanding. The Subordinate Note bears interest at 1.0% per annum and no scheduled interest or principal payments are payable until the

stated maturity date of September 28, 2026. The Subordinate Note is secured by and payable solely from a lien on and pledge of the Trust Estate established by the Trust Indenture, which lien and pledge expressly is subordinate to the lien and pledge of the Trust Estate securing the Series 2021 Bonds and the Outstanding Prior Bonds. Proceeds from the Subordinate Note were used to make down payment assistance loans to qualified borrowers. Upon the occurrence of an event of default under the terms of the Subordinate Loan Agreement (which includes whenever the amount determined pursuant to the Asset Test is less than 102% plus the then outstanding amount of the Subordinate Note), the Subordinate Note will bear interest at a per annum rate of 6.0% and the outstanding principal amount thereof may be declared to be immediately due and payable. Upon the Trustee's receipt of written notice from Woodforest that the Department has failed to pay the Subordinate Note in full when due, the Trustee will transfer the unpaid amount from the Residual Revenues Fund to Woodforest to the extent permitted by the provisions of the Trust Indenture described in the last paragraph under "THE TRUST INDENTURE – Residual Revenues Fund."

Sale of Mortgage Certificates and Mortgage Loans

The Department may, at its election, sell, assign, transfer or otherwise dispose of any Mortgage Loan or Mortgage Certificate, in whole or in part, or any of the rights of the Department with respect to any Mortgage Loan or Mortgage Certificate, in whole or in part, free and clear of the lien of the Trust Indenture, but only if a Cashflow Statement establishes that such sale, assignment, transfer or other disposition will not adversely affect the ability of the Department to pay when due the principal or Redemption Price of and interest on the Bonds and the Rating Agency shall have confirmed that such sale, assignment, transfer or other disposition will not have an adverse effect on the rating then in effect on the Bonds. The Department may also sell any Mortgage Loan, Mortgage Certificate or other obligation evidencing or securing a Mortgage Loan if it is necessary for the Department to take such action in order to maintain the excludability of interest on any of the Bonds from gross income for federal income tax purposes. If proceeds from the sale of the Mortgage Certificates are to be applied to the redemption of Series 2021 Bonds, such Series 2021 Bonds must be redeemed under the applicable redemption provision of the Trust Indenture. See "THE SERIES 2021 BONDS – Redemption Provisions."

Certain Information as to Revenues, Investments, Debt Service and Department Expenses

On the basis of the Cashflow Statement prepared in connection with the issuance of the Series 2021 Bonds, the Department expects that the scheduled payments, together with Mortgage Loan Principal Prepayments received, if any, of the principal of and interest on the Mortgage Loans and the Mortgage Certificates and amounts held under the Trust Indenture and the earnings thereon, will be sufficient to pay the principal or Redemption Price of and interest on the Series 2021 Bonds and all other Prior Bonds Outstanding when due. In arriving at the foregoing conclusions, the Department has included all Series 2021 Bonds and Prior Bonds but has not considered the issuance of additional Bonds or the application or investment of the proceeds thereof. Since obligations issued under the Trust Indenture, unless subordinated, will rank equally and ratably with the Series 2021 Bonds and the Prior Bonds with respect to the security afforded by the Trust Indenture, the availability of money for repayment thereof could be significantly affected by the issuance, application and investment of proceeds of additional Bonds.

The maturity of and mandatory sinking fund installments of the Series 2021 Bonds have been established on the basis of the consolidated scheduled payments of the Mortgage Loans (including Mortgage Certificates) under the Trust Indenture. The interest rates on the Mortgage Loans acquired with moneys made available from the issuance of the Series 2021 Bonds will be established so that, together with payments of principal of and interest on the Mortgage Loans and the Mortgage Certificates outstanding under the Trust Indenture and moneys on deposit in the various funds and accounts under the Trust Indenture (as well as income derived from investments thereof), sufficient Revenues will be expected to be available to pay on a timely basis the principal of and interest on all Bonds outstanding under the Trust

Indenture, including the Series 2021 Bonds and certain other amounts required to be paid under the Trust Indenture. Such expectation is based on, among others, the following assumptions:

- (a) moneys held in the Mortgage Loan Fund, the Revenue Fund and the Residual Revenues Fund will be invested at the rates per annum applicable to each (a portion of the earnings from which may be subject to rebate to the United States Department of Treasury), and timely payments will be made to the Trustee of amounts due under such investments;
- (b) the payments on the Mortgage Loans (including the Mortgage Certificates) will be made in full and received by or on behalf of the Department on the 30th day following their scheduled payment dates;
- (c) the Mortgage Lenders, the servicers, and the Master Servicers will perform their duties in a timely manner;
- (d) all future expenses with respect to the Bonds and administering and servicing the Mortgage Loans, including the Trustee's fees and payment of Department Expenses, will be paid in full on a timely basis from interest paid on the Mortgage Loans and the Mortgage Certificates and investment income on funds held by the Trustee;
- (e) all of the lendable proceeds of the Series 2021A Bonds will be used to purchase Mortgage Certificates representing Mortgage Loans with terms of thirty (30) years that will provide for payment of principal and interest in approximately equal monthly installments; and
- (f) the proceeds of the Series 2021A Bonds will be used to provide for the purchase of Mortgage Certificates, all of of which are projected to be GNMA Certificates.

The Department makes no assurances that the foregoing assumptions can be realized, particularly in times of market turmoil. In particular, the Department establishes the interest rates on the Mortgage Loans (including Mortgage Certificates) on an ongoing basis as the Department deems necessary and appropriate, subject to the requirements of the Trust Indenture, including the Cashflow Statement. Interest rates are determined by reference to conventional mortgage rates, availability of mortgage funding alternatives, historical interest rate patterns and the Department's cost of funds.

INVESTMENT CONSIDERATIONS

COVID-19

The outbreak of a new strain of coronavirus (“COVID-19”), an upper respiratory tract illness first identified in Wuhan, China, has spread to numerous countries across the globe, including the United States. The World Health Organization has characterized COVID-19 as a pandemic. The worldwide outbreak of COVID-19 has caused significant disruptions to the world and United States economies.

As a result of the COVID-19 pandemic, the U.S. government, the State of Texas and Texas local governments have imposed restrictions on travel, public gatherings and large group events, ordered residents to stay at home, promoted work-at-home, and ordered closure of schools, restaurants, bars, and other public venues. The President of the United States has declared a state of emergency and the Governor of the State of Texas has declared a state of disaster as a result of the COVID-19 pandemic.

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) to address the crisis created by the COVID-19 pandemic. Direct aid to

citizens was included among the relief measures in the CARES Act. Among other things, the CARES Act provides that (a) lenders are prohibited from foreclosing all mortgage loans which are FHA insured, VA, HUD or Rural Housing guaranteed, or purchased or securitized by Fannie Mae or Freddie Mac (collectively, “Federal Single Family Loans”) for a period of 60-days commencing March 18, 2020, and (b) until the sooner of the termination of the pandemic or December 31, 2020, Federal Single Family Loan borrowers directly or indirectly facing economic difficulties as a result of the coronavirus can seek up to 360 days of payment forbearance. The CARES Act does not allow fees, penalties or additional interest to be charged as a result of delayed payments.

The CARES Act also directs the Federal Reserve Bank to provide liquidity to the financial system through a new facility to purchase certain new issuances of securities by eligible issuers, including housing finance agencies and other state and local governments. Such injection of liquidity follows recent actions by the Federal Reserve, including the purchase of U.S. Treasury securities and Ginnie Mae, Fannie Mae and Freddie Mac mortgage-backed securities, facilitating the flow of credit to municipalities by expanding its Money Market Mutual Fund Liquidity Facility to include a wider range of securities, including municipal variable rate demand notes (such as variable rate demand obligations of housing finance agencies).

Separately, Ginnie Mae has announced a program to assist Ginnie Mae seller/servicers which experience financial hardships in meeting their obligations to advance funds and/or repurchase loans due to the forbearance provisions of the CARES Act. Ginnie Mae stated it will implement a “pass-through assistance program” through which Ginnie Mae seller/servicers with payment shortfalls may request that Ginnie Mae advance (subject to Ginnie Mae approval) the difference between available funds and the scheduled payments to investors. Ginnie Mae stated that the program would apply initially to seller/services of single family loans and that it anticipated the program subsequently applying to multifamily loans, as well.

On March 29, 2020, President Trump extended the Coronavirus Guidelines for America, calling upon Americans to take actions to slow the spread of COVID-19 in the United States, through April 30, 2020. On March 31, 2020, the Governor of Texas issued additional executive orders that, among other items, extended his prior order closing schools for in-person classes through May 4, 2020. On April 17, 2020, the Governor issued several executive orders to begin the process of lifting certain restrictions related to COVID-19, including authorizing certain retail and healthcare facilities to open under certain guidelines; however, extended the temporary closure of in-person classes for the remainder of the 2019-20 school year.

The pandemic is an ongoing situation. At this time, the Department cannot determine the overall impact the pandemic, including the federal and State responses thereto, will have on its programs, the Trust Estate or the operations of the Department.

Termination of Mortgage Loans and Mortgage Certificates

The maturity and sinking fund redemption installments of the Series 2021A Bonds were determined on the basis of the assumption that there will be no early terminations of the Mortgage Loans or the Mortgage Certificates relating to the Series 2021A Bonds. The Department expects Mortgage Loans and Mortgage Certificates relating to the Series 2021A Bonds will be terminated prior to final maturity as a result of Mortgage Loan Principal Prepayments. All Mortgage Loan Principal Prepayments relating to the Series 2021A Bonds will be deposited in the Revenue Fund and transferred to the 2021A Special Redemption Account for use to redeem Series 2021A Bonds or other Bonds in accordance with the Trust Indenture or used to acquire new Mortgage Loans or participations therein. **Accordingly, the Department anticipates that a significant portion of the Series 2021A Bonds will be redeemed prior to their scheduled maturity.**

Mortgage Loan Principal Prepayments

The Department anticipates that the Trustee will receive Mortgage Loan Principal Prepayments on the Mortgage Certificates. Mortgage Loan Principal Prepayments are usually the result of the resale of the premises securing a Mortgage Loan or the refinancing of a Mortgage Loan due to changes in mortgage interest rates. Therefore, economic and financial market conditions may have a significant short-term effect on the rate of prepayments. The Department is not aware of any means which would allow it to accurately predict the actual level of prepayments it will receive from the Mortgage Certificates. Mortgage Loan Principal Prepayments on the Mortgage Certificates may be applied to the prepayment of the Series 2021 Bonds or used to acquire new Mortgage Loans or participations therein. See "THE SERIES 2021 BONDS—Redemption Provisions—Series 2021A Bonds—Special Redemption from Mortgage Loan Principal Payments and "– Series 2021B Bonds – Redemption from Mortgage Loan Principal Payments."

Non-Origination of Mortgage Loans

One of the principal factors in originating Mortgage Loans is the availability of funds to make such loans at interest rates and on other terms that prospective borrowers can afford and will find attractive. The Department has determined that there is a shortage of funds in the State to make such loans at interest rates and on terms that a substantial number of potential borrowers within the State can afford. Should mortgage interest rate levels decline, or should one or more alternative governmental programs become available at below market rates, mortgage loans could become available at rates competitive with or lower than the rate specified for the Mortgage Loans, and the total amount of Mortgage Loans anticipated to be originated under the Program may not be so originated.

The failure to originate Mortgage Loans, or the inability to deliver Mortgage Certificates to the Trustee in the amounts contemplated from proceeds of the Series 2021A Bonds, will result in redemption of the Series 2021A Bonds prior to their stated maturities. See "THE SERIES 2021 BONDS – Redemption Provisions – Series 2021A Bonds – Special Redemption from Unexpended Proceeds of Series 2021A Bonds."

Over the past year, the Department has averaged over \$__ million per month in GNMA and Fannie Mae mortgage-backed securities issued that are backed by tax-exempt bond eligible mortgage loans, exclusive of loans for which a mortgage credit certificate was issued. The Department has not had an unexpended proceeds call since November 1, 2010.

Availability of Remedies

The remedies available to the owners of the Series 2021 Bonds upon an Event of Default under the Trust Indenture or other documents described herein are in certain respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code, the remedies specified by the federal bankruptcy laws, the Trust Indenture and the various Program documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2021 Bonds will, therefore, be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency, or other similar laws affecting the rights of creditors generally and by general principles of equity which permit the exercise of judicial discretion, and by principles of sovereign immunity.

THE DEPARTMENT

General

The Department, a public and official agency of the State of Texas (the "State") was created pursuant to and in accordance with Chapter 2306, Texas Government Code, as amended from time to time (together with other laws of the State applicable to the Department, the "Act"). The Department is the successor agency to the Texas Housing Agency (the "Agency") and the Texas Department of Community Affairs (the "TDCA"), both of which were abolished by the Act and their functions and obligations transferred to the Department. One of the purposes of the Department is to provide for the housing needs of individuals and families of low, very low and extremely low income and families of moderate income in the State. Pursuant to the Act, the Department may issue bonds, notes or other obligations to finance or refinance residential housing and to refund bonds previously issued by the Agency, the Department or certain other quasi-governmental issuers. The Act specifically provides that the revenue bonds of the Agency become revenue bonds of the Department.

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

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

Governing Board

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

The Governor of the State designates a member of the Board to serve as the presiding officer (the "Chair") of the Board at the pleasure of the Governor. The Chair presides at all meetings and performs such other duties as may be prescribed from time to time by the Board and by the Act. In addition, the members of the Board elect one of its members as assistant presiding officer (the "Vice Chair") to perform the duties of the Chair when the Chair is not present or is incapable of performing such duties. The Board also elects

a Secretary and a Treasurer (which offices may be held by one individual and neither office-holder must be a Board member) to perform the duties prescribed by the Board.

The current members of the Board, their occupations and their terms of office are as follows:

LEO VASQUEZ, Chair and Board Member. Corporate finance and business management consultant, Houston, Texas. His term expires January 31, 2023.

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

BRANDON BATCH, Board Member. Business Development Manager for Ventura Management, Midland, Texas. His term expires January 31, 2021.

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

AJAY THOMAS, Board Member. Executive Vice President and U.S. Head of Public Finance for FHN Financial, a division of First Horizon Bank, Austin, Texas. His term expires January 31, 2025.

SHARON THOMASON, Board Member. President of S Arthur Services, Lubbock, Texas. Her term expires January 31, 2021.

[VACANT]

All of the above Board members have been appointed by the Governor and confirmed by the State Senate. Any Board member whose term has expired or who has tendered his or her resignation continues to serve until his or her successor has been appointed.

Administrative Personnel

The Act provides that the Department is to be administered by an Executive Director to be employed by the Board with the approval of the Governor. The Executive Director serves at the pleasure of the Board, but may also be removed by a newly elected Governor who did not approve the Executive Director's appointment by action taken within 90 days after such Governor takes office. The Executive Director is responsible for administering the Department and its personnel. The Executive Director may, within the limitations established by the General Appropriations Act, employ other employees necessary for the discharge of the duties of the Department, subject to the annual budget and the provisions of any resolution authorizing the issuance of the Department's bonds.

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

ROBERT WILKINSON, Executive Director. Mr. Wilkinson was hired by the Governing Board to serve as the Executive Director at the Board meeting of July 25, 2019, and he began his tenure on August 15, 2019. Most recently, Mr. Wilkinson served as the Deputy Budget Director to Texas Governor Greg Abbott. Mr. Wilkinson served in the Budget and Policy Division within the Office of the Governor for the first three legislative sessions of Governor Abbott's administration; 2015, 2017, and 2019. His duties included the development of the Governor's proposed budgets, the analysis and tracking hundreds of filed bills including the General Appropriations Act, the development of policy, and the coordination of

governance with executive state agencies. Housing and TDHCA were important elements of Mr. Wilkinson's portfolio of responsibility from 2014 (under former Governor Rick Perry) through 2019. Before 2014, Mr. Wilkinson held other positions within the Office of the Governor and worked in the private sector in various capacities including a stint as a project manager at a large commercial electrical contractor. Mr. Wilkinson received his Bachelor of Arts from the University of Texas at Austin.

MONICA GALUSKI, Director of Bond Finance and Chief Investment Officer. Ms. Galuski joined the Department in 2014. She has 20 years of experience in municipal housing finance in both the public and private sectors. Ms. Galuski oversees the Department's TBA program, single family bond program, multifamily bond program, and homeownership activities. Ms. Galuski received a Bachelor of Science in Financial Management from Arizona State University.

CATHY GUTIERREZ, Director of the Texas Homeownership Division. Cathy began her career at the Texas Department of Housing and Community Affairs in 1992. Her first position was with the Finance and Accounting Division in Loan Administration and progressed through several positions in the Community Affairs, Housing Finance, and HOME Divisions. In 2003 she joined the Texas Homeownership Division. During her 12 year tenure in the Division, Cathy served as the Business Development Officer and Program Manager, assisting in new program structure, marketing, lender and Realtor trainings, business development, lender participation process, and consumer related inquires. In April 2015, Cathy became the Director of the Texas Homeownership Division. She is responsible for the development and administration of the Single Family Homeownership and Mortgage Credit Certificate programs.

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

THE TRUST INDENTURE

General

The Trust Indenture, which includes the Master Indenture and each of the Series Supplements and amendments thereto relating to the Bonds, contains various covenants and security provisions, certain of which are summarized below. In addition, the Trust Indenture contains requirements for the purchase of Mortgage Loans and certain covenants with respect to applicable provisions of federal income tax law. See "TAX MATTERS RELATED TO THE SERIES 2021A BONDS." Reference should be made to the Trust Indenture, a copy of which may be obtained from the Department, for a full and complete statement of its provisions.

Funds and Accounts

The following Funds have been established under the Master Indenture: Mortgage Loan Fund; Cost of Issuance Fund; Revenue Fund; Interest Fund; Principal Fund; Special Redemption Fund; Residual Revenues Fund; and Expense Fund and the 1998/1999A Special Mortgage Loan Fund established under the Tenth Series Supplement. The Series Supplements create within each Fund separate accounts for each Series or related Series of Bonds. The Thirty-Fourth Supplemental Indenture and the Thirty-Fifth Supplemental Indenture each creates an account for the related Series of Series 2021 Bonds within each listed Fund. The accounts so created do not grant a priority of one Series of Bonds over that of any other

Series of Bonds, but are for accounting purposes only. In addition, the Thirty-Fourth Supplemental Indenture establishes a 2021A Rebate Fund.

Mortgage Loan Fund

The Trustee is required to apply amounts in the Mortgage Loan Fund to pay the costs of making, acquiring, or refinancing Mortgage Loans (including the acquisition of Mortgage Certificates), and accrued interest thereon, if so directed in a Letter of Instructions from the Department. Any such disbursements are required to be within the certificate purchase period relating to the particular Series of Bonds. The Trustee is required to transfer amounts in the Mortgage Loan Fund relating to an account established for each Series of the Bonds to the Special Redemption Fund at the end of each Mortgage Loan origination period for such Series to pay the Redemption Price of Bonds of each Series to be redeemed or the purchase price of Bonds to be purchased. To the extent required by the provisions of the Master Indenture summarized below under the subheading "Withdrawals from Funds to Pay Debt Service", amounts in the Mortgage Loan Fund may be applied to the payment of principal or Redemption Price of and interest on the Bonds. See "SECURITY FOR THE BONDS –Sale of Mortgage Certificates and Mortgage Loans" and "THE PROGRAM AND THE MORTGAGE LOANS –Mortgage Loans."

Cost of Issuance Fund

Amounts credited to the Cost of Issuance Fund may be applied to pay Costs of Issuance. If at any time amounts on deposit in the Cost of Issuance Fund are in excess of the amounts reasonably required to pay Costs of Issuance (and do not represent proceeds of the Series 2021 Bonds), the Department may transfer such excess to the Department.

Revenue Fund

All Revenues are required to be deposited into the Revenue Fund promptly upon receipt by the Department. Prior to the transfer of any other amount from the Revenue Fund, the Department may transfer from the Revenue Fund an amount equal to any rebatable arbitrage to the Rebate Fund. On or before each interest payment date on the Bonds, the Trustee will transfer from the Revenue Fund to the Interest Fund an amount which, when added to any amounts already on deposit therein, will equal the amount of interest to become due and payable on the Bonds on such interest payment date.

On or before each maturity date, and each date fixed for the redemption of Bonds, the Trustee is required to transfer amounts on deposit in the Revenue Fund representing Mortgage Loan Principal Payments at the Department's direction or as required by a Series Supplement to either the Principal Fund, the Mortgage Loan Fund, or the Special Redemption Fund. Pursuant to the Master Indenture and the Series Supplements, unless otherwise directed in accordance with the requirements of the Series Supplement, the Trustee is required to set aside monthly Mortgage Loan Principal Payments **[in an amount equal to one-sixth of the amount required to make the scheduled mandatory redemptions of Bonds on the following January 1 or July 1]**, and to transfer all remaining Mortgage Loan Principal Payments relating to a Series of Bonds to the Special Redemption Account for such Series of Bonds. Notwithstanding the foregoing sentence, the Department may direct the applications of such Mortgage Loan Principal Payments and Mortgage Loan Principal Prepayments otherwise within six months of receipt of such amounts by a Letter of Instructions accompanied by a Cashflow Certificate. The Trustee also must transfer from the Revenue Fund the other amounts on deposit therein in the following order of priority:

(a) first, to the Interest Fund, an amount, if any, which, when added to any amounts already on deposit therein, will equal the amount of interest to become due and payable on the Bonds on such maturity date or redemption date;

(b) second, to the Principal Fund, an amount which, when added to any amounts already on deposit therein, will equal the principal amount of all Bonds maturing on such date and the Redemption Price of all Bonds becoming subject to scheduled mandatory redemption on such redemption date;

(c) third, to the Expense Fund, the amount or amounts specified in the Series Supplements applicable to the Bonds then Outstanding as being necessary to pay Department Expenses consisting of amounts, if any, to be paid to obtain or maintain Supplemental Mortgage Security;

(d) fourth, to the Expense Fund, the amount then required for the payment of Department Expenses (other than as described in clause (c) above), but not in excess of the maximum amount specified in the applicable Series Supplements applicable to the Bonds then Outstanding;

(e) fifth, to the Special Mortgage Loan Fund, the amount, if any, specified in the most recent Cashflow Statement as required by the Series Supplement to maintain the tax-exempt status of the Bonds; and

(f) finally, to the Residual Revenues Fund, the portion, if any, of the amount remaining in the Revenue Fund on such maturity date or redemption date after the foregoing transfers, which the Department directs to be so transferred. Any such amounts transferred to the Residual Revenues Fund constitute excess Revenues. See "THE TRUST INDENTURE – Residual Revenues Fund."

Interest Fund and Principal Fund

The Trustee is required to pay out of the Interest Fund by each interest payment date or date fixed for redemption of Bonds, the amount required for the interest payment due on such date. The Trustee is required to pay out of the Principal Fund by each date on which Bonds mature or become subject to scheduled mandatory redemption, the amount required for the payment of the principal amount of Bonds maturing and the Redemption Price of the Bonds subject to scheduled mandatory redemption on such date.

The Trustee, at any time at the direction of the Department in a Letter of Instructions accompanied by a Cashflow Certificate, is required to apply amounts available in the Principal Fund to pay the purchase price of Bonds.

Special Redemption Fund

Amounts in the Special Redemption Fund are required to be applied by the Trustee to pay the Redemption Price of the Bonds becoming subject to redemption (other than by scheduled mandatory redemption) or, at the direction of the Department, may be transferred to the Revenue Fund if notice of redemption has not been given or such amounts have not been committed to the purchase of Bonds. The Trustee, at any time at the direction of the Department in a Letter of Instructions accompanied by a Cashflow Certificate, is required to apply amounts available in the Special Redemption Fund to pay the purchase price of Bonds.

Expense Fund

Amounts in the Expense Fund may be paid out from time to time by the Department for Department Expenses, taxes, insurance, foreclosure fees, including appraisal and legal fees, security, repairs and other expenses incurred by the Department in connection with the protection and enforcement of its rights in any Mortgage Loan and the preservation of the mortgaged property securing such Mortgage Loans. Excess amounts in the Expense Fund may be transferred to the Revenue Fund at the direction of the Department.

Residual Revenues Fund

During such time as the Department is not meeting the asset test described in the next paragraph (the "Asset Test"), amounts in the Residual Revenues Fund are required to be retained in the Residual Revenues Fund or transferred to the Mortgage Loan Fund or the Special Redemption Fund, as directed by a Letter of Instructions from the Department accompanied by a Cashflow Certificate or, in the absence of such instructions, as may be required by the applicable Series Supplements.

The Department will be deemed to have met the Asset Test if: (i) the Department has on file with the Trustee a Cashflow Statement giving effect to a transfer and release proposed as described in the next paragraph; and (ii) as of the date of such Cashflow Statement, the sum of the outstanding principal balance of the Mortgage Loans and the Mortgage Certificates, and the money and Investment Securities (valued at their amortized values as required by the Trust Indenture) held in all Funds (other than the Cost of Issuance Fund, the Expense Fund and any mortgage pool self-insurance reserve established by the Department with respect to the Mortgage Loans) is at least equal to 102% of the aggregate principal amount of Bonds then Outstanding.

If at any time the Department meets the Asset Test, the Trustee is required to apply amounts in the Residual Revenues Fund (in excess of those required to be maintained under the Trust Indenture in order to permit the Department to continue to meet the Asset Test) as follows: (i) the Trustee is required to transfer such amounts to the Mortgage Loan Fund or the Special Redemption Fund or remit such amounts to the Department to be used for any purpose authorized or permitted by the Act, free and clear of the pledge and lien of the Trust Indenture, if so directed by a Letter of Instructions from the Department; or (ii) in the absence of such instructions, the Trustee is required to retain such amounts in the Residual Revenues Fund.

Rebate Fund

Funds on deposit in the Rebate Fund are required to be withdrawn periodically by the Department and set aside to pay any amounts required to be rebated to the United States under applicable provisions of federal income tax law.

Withdrawals from Funds to Pay Debt Service

If on any interest payment date on the Bonds, after giving effect to the transfers from the Revenue Fund described above, the amount in the Interest Fund or the Principal Fund is less than the amount required to make interest and principal payments then due, the Trustee shall transfer from the following Funds in the following order of priority the amount of such deficit and apply such amount to pay interest and principal as necessary: (i) Residual Revenues Fund; (ii) Special Redemption Fund; and (iii) Mortgage Loan Fund.

None of the following are deemed available under the Trust Indenture for the payment of debt service on the Bonds: (i) the moneys in the Special Redemption Fund which are to be used to redeem Bonds as to which notice of redemption has been given or committed to the purchase of Bonds; (ii) moneys in the Mortgage Loan Fund which are to be used to make, acquire, or refinance Mortgage Loans with respect to which the Department has entered into commitments with borrowers, Mortgage Lenders or others; or (iii) Mortgage Loans credited to the Mortgage Loan Fund.

Investments

Moneys held in the Mortgage Loan Fund, the Revenue Fund, the Interest Fund, the Principal Fund, the Special Redemption Fund, and the Residual Revenues Fund are required to be invested and reinvested

by the Trustee or by any Depository holding all or a portion of the moneys in such Funds, in accordance with instructions from the Department and moneys held in the Cost of Issuance Fund and the Expense Fund are required to be invested and reinvested by the Department or by any Depository holding all or a portion of the moneys in such Funds, in accordance with instructions from the Department, to the fullest extent practicable and if permitted by the Act, in Investment Securities the principal of which the Department estimates will be received not later than such times as will be necessary to provide moneys when needed for payments to be made from each such Fund. See "SECURITY FOR THE BONDS – Investment of Funds" and "APPENDIX I – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – Texas Treasury Safekeeping Trust Company."

Interest earned from investing any moneys in any Fund or profits realized from any investments in any Fund are required to be retained in such Fund until it contains the amount required by the Trust Indenture to be deposited therein; thereafter such earnings and profits, net of any losses (except that which represents a return of accrued interest paid in connection with the purchase by the Department, the Trustee or any Depository of any investment), are required to be transferred to the Revenue Fund.

Other Department Covenants

The Department is required to keep proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries must be made of its transactions in accordance with generally accepted accounting principles. The Department is required to file annually, within 180 days after the close of each Bond Year, with the Trustee, and otherwise as provided by law, a copy of an annual report for such year, accompanied by an accountant's certificate, including the following statements in reasonable detail: a statement of financial position as of the end of such Bond Year; and a statement of Revenues and Department Expenses for such Bond Year. The Department at all times is required to appoint, retain and employ competent personnel for the purpose of carrying out its programs and must establish and enforce reasonable rules, regulations, tests and standards governing the employment of such personnel at reasonable compensation, salaries, fees and charges, and all persons employed by the Department must be qualified for their respective positions.

Events of Default

Each of the following events is an "Event of Default" under the Trust Indenture: (i) default in the due and punctual payment of the principal or Redemption Price of any Bond when due; (ii) default in the due and punctual payment of any installment of interest on any Bond when due; (iii) default by the Department in the performance or observance of any other of its covenants, agreements, or conditions in the Trust Indenture or in the Bonds, and the continuance of such default for a period of 60 days after written notice thereof to the Department by the Trustee or to the Department and to the Trustee by the owners of not less than 10% in principal amount of the Bonds then Outstanding; or (iv) the commencement of various proceedings involving the Department in bankruptcy or seeking reorganization, arrangement, readjustment or composition of its debts or for any other relief under the federal bankruptcy laws or under any other insolvency act or law, state or federal, now or hereafter existing, or seeking the involuntary appointment of a receiver or trustee of the Department or for all or a substantial part of its property, and unless commenced by or consented to by the Department, their continuation for 90 days undismissed or undischarged.

Bondholders' Rights in the Event of Default

If an Event of Default occurs and is continuing, then the Trustee may and, upon the written request of the owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, must, by written notice delivered to the Department, declare the principal of the Bonds then Outstanding and the interest accrued thereon immediately due and payable; subject, however, to the right of the owners of more

than 50% in aggregate principal amount of the Bonds then Outstanding, by written notice to the Department and to the Trustee, to annul such declaration and destroy its effect at any time if all Events of Default, other than those arising from nonpayment of principal or interest due solely as a result of such acceleration, have been cured. Such annulment will not extend to nor affect any subsequent Event of Default nor impair or exhaust any right or power consequent thereon.

If any Event of Default occurs and is continuing, then the Trustee may and, upon the written request of the owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, must: (i) by mandamus or other suit, action or proceeding at law or in equity require the Department to perform its covenants, representations and duties under the Trust Indenture; (ii) bring suit upon the Bonds; (iii) by action or suit in equity require the Department to account as if it were the trustee of a trust for the owners of the Bonds; (iv) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the owners of the Bonds; or (v) take such other steps to protect and enforce its rights and the rights of the owners of the Bonds, whether by action, suit or proceeding in aid of the execution of any power granted in the Trust Indenture or for the enforcement of any other appropriate legal or equitable remedy.

If any Event of Default occurs and is continuing, then the Trustee may, and upon written request by the owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction, must, proceed by suit or suits, at law or in equity or by any other appropriate legal or equitable remedy, to enforce payment of the principal of and interest on the Bonds under a judgment or decree of a court or courts of competent jurisdiction or by the enforcement of any other appropriate legal or equitable remedy, as the Trustee deems most effectual to protect and enforce any of its rights or the rights of the Bondholders under the Trust Indenture.

Application of Proceeds

The proceeds received by the Trustee in case of an Event of Default, together with all securities and other moneys which may then be held by the Trustee as a part of the Trust Estate, are required to be applied in order, as follows:

- (a) to the payment of the reasonable and proper charges, expenses and liabilities of the Trustee;
- (b) to the payment of the interest and principal then due on the Bonds, as follows:
 - (i) unless the principal of all the Bonds has become or has been declared due and payable, to the payment to the persons entitled thereto of: first, all installments of interest then due, in order of maturity, and, if the amount available is not sufficient to pay in full any installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, without any discrimination or preference; and second, the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available is not sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the principal amount or Redemption Price due on such date, without any discrimination or preference; and
 - (ii) if the principal of all the Bonds has become or has been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest or of any Bond over any

other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference; and

(c) to the payment of the amounts required for reasonable and necessary Department Expenses.

Trustee

The Bank of New York Mellon Trust Company, N.A., is currently the Trustee for all Series of Bonds issued under the Trust Indenture.

The Department is required to pay reasonable compensation to the Trustee, any Depositories and any paying agent (other than the GNMA Paying Agent) for all services rendered under the Trust Indenture, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and for the performance of their powers and duties under the Trust Indenture.

The Trustee may be removed, with or without cause, if so requested by the holders of at least a majority in aggregate principal amount of the Bonds then Outstanding. In addition, the Trustee may be removed, with or without cause, at any time (unless an Event of Default has occurred and is continuing) by resolution of the Governing Board of the Department; provided, that all holders of Bonds be given notice of such action and the Department shall not have received, within 60 days after such notice, written objections to such action by the holders of at least a majority in aggregate principal amount of the Bonds then Outstanding. The Trustee may also resign, upon appropriate notice. In either event, a successor is required to be appointed. Any successor Trustee must be a bank or trust company organized under the laws of the United States of America or any state thereof or a national banking association doing business, and having capital stock and surplus aggregating at least \$75,000,000, which is willing and able to accept the office on reasonable and customary terms and which is authorized by law to perform all the duties imposed on it by the Trust Indenture.

So long as the Department's Series 2009C-2 Bonds are Outstanding (which constitute Prior Bonds), no successor Trustee under the Trust Indenture may be appointed under the Trust Indenture without the prior written consent of Fannie Mae and Freddie Mac.

Depositories

The Department may appoint one or more depositories to hold all or a designated portion of the moneys and investments subject to the lien and pledge of the Trust Indenture (other than moneys and securities required to be held in the Interest Fund, the Principal Fund and the Special Redemption Fund). Any depository appointed by the Department must be: (i) the State Comptroller, acting by and through the Texas Treasury Safekeeping Trust Company, a special-purpose corporate trust company organized under the laws of the State of Texas; or (ii) a bank or trust company organized under the laws of the United States or any state thereof and having capital stock and surplus of at least \$50,000,000 which the Department determines to be capable of properly discharging its duties in such capacity and which is acceptable to the Trustee. See " APPENDIX I – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – Texas Treasury Safekeeping Trust Company."

All moneys and securities deposited with any Depository under the provisions of the Trust Indenture are required to be held in trust for the Trustee or the Department, as applicable, and the Bondholders, and may not be applied in any manner that is inconsistent with the provisions of the Trust Indenture.

Any Depository may at any time resign and be discharged of its duties and obligations under the Trust Indenture by giving at least 60 days' written notice to the Department and the Trustee. Any Depository may be removed at any time by the Department by resolution of the Governing Board of the Department.

Supplemental Indentures without Consent of Bondholders

For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture may be executed and delivered by the Department and the Trustee, without the consent of any Bondholders: (i) to authorize Bonds of a Series and to specify the matters relative to such Bonds which are not contrary to or inconsistent with the Trust Indenture; (ii) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Trust Indenture; (iii) to insert such provisions clarifying matters or questions arising under the Trust Indenture as are necessary or desirable and are not contrary to or inconsistent with the Trust Indenture as theretofore in effect; (iv) to grant to or confer upon the Trustee for the benefit of the Bondholder any additional rights, remedies, powers, authority or security that may be lawfully granted to or conferred upon the Trustee; (v) to close the Trust Indenture against, or provide limitations on, the delivery of Bonds; (vi) to add to the covenants of the Department in the Trust Indenture other covenants which are not inconsistent with the Trust Indenture; (vii) to add to the restrictions in the Trust Indenture other restrictions to be observed by the Department which are not inconsistent with the Trust Indenture; (viii) to surrender any right, power or privilege reserved to or conferred upon the Department by the terms of the Trust Indenture that is not inconsistent with the Trust Indenture; (ix) to confirm the subjection to any lien or pledge created by the Trust Indenture of the Trust Estate or any other moneys; (x) to modify any of the provisions of the Trust Indenture in any other respect, effective only after all Bonds of any Series Outstanding at the date of adoption of such Supplemental Indentures shall cease to be outstanding; (xi) to amend the Trust Indenture to permit its qualification under the Trust Indenture Act of 1939 or any state blue sky law; (xii) to add to the definition of Investment Securities in accordance with the provisions of such definition; or (xiii) to make any other change in the Trust Indenture which does not, in the opinion of the Trustee, materially and adversely affect the rights of the holders of the Bonds.

Amendment of Trust Indenture with Consent of Bondholders

The Department and the Trustee, at any time and from time to time, may execute and deliver a Supplemental Indenture for the purpose of making any modification or amendment to the Trust Indenture, but only with the prior written consent of the holders of at least 2/3 in aggregate principal amount of the Bonds then Outstanding at the time such consent is given, and in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the holders of at least 2/3 in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular Series and maturity remain Outstanding, the consent of the holders of such Bonds will not be required and such Bonds will not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under the Trust Indenture. Notwithstanding the foregoing, no modification or amendment contained in any such Supplemental Indenture may permit any of the following, without the consent of each Bondholder whose rights are affected thereby: (i) a change in the terms of maturity or redemption of any Bond or of any installment of interest thereon; (ii) a reduction in the principal amount or Redemption Price of any Bond or in the rate of interest thereon; (iii) the creation of a lien on or a pledge of the Revenues or any part thereof, other than the lien and pledge of the Trust Indenture or as permitted by the Trust Indenture; (iv) the granting of a preference or priority of any Bond or Bonds over any other Bond or Bonds; or (v) a reduction in the aggregate principal amount or classes of Bonds of which the consent of the holders is required to effect any such modification or amendment. For the purposes of the Trust Indenture, a Series is deemed to be affected by a modification or amendment of the Trust Indenture if the same adversely affects or diminishes the rights of the owners of Bonds of such Series. The Trustee is required to determine whether or not in accordance with the foregoing powers of amendment Bonds of any

particular Series would be affected by any modification or amendment of the Trust Indenture and any such determination will be binding and conclusive on the Department and all holders of Bonds.

Defeasance

If the Department pays irrevocably or causes to be paid irrevocably, or there otherwise is paid, to the owners of all Bonds the principal amount or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Trust Indenture, then the pledge of the Trust Estate under the Trust Indenture and all covenants, agreements and other obligations of the Department to the Bondholders, will thereupon terminate.

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Bonds or interest installments for the payment or redemption of which moneys are held in trust by the Trustee or any paying agent at the maturity or redemption date thereof will be deemed to have been paid within the meaning of the Trust Indenture. In addition, all Outstanding Bonds of any Series will be deemed to have been paid within the meaning of the Trust Indenture if: (i) in case any of the Bonds are to be redeemed on any date prior to their maturity, the Department has given to the Trustee irrevocable instructions to give notice of redemption of such Bonds on said date; (ii) there has been deposited with the Trustee or any paying agent either moneys in an amount which are sufficient, or Government Obligations not subject to redemption prior to the maturity thereof, the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee or any paying agent at the same time, are sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be; and (iii) in the event said Bonds are not to be redeemed within the next succeeding 60 days, the Department has given the Trustee irrevocable instructions to give a notice to the owners of such Bonds that the deposit required by (ii) above has been made with the Trustee or paying agent and that said Bonds are deemed to have been paid in accordance with the Trust Indenture and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds.

Any moneys held for the payment of any of the Bonds which remain unclaimed for three years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption must, at the written request of the Department, be repaid to the Department, free from trust, and the Bondholders thereafter may look only to the Department for the payment of such Bonds.

TAX MATTERS RELATING TO THE SERIES 2021A BONDS

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Series 2021A Bonds should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Series 2021A Bonds.

Tax Exemption

In the opinion of Bracewell LLP, Bond Counsel, subject to certain conditions set forth in the opinion and under existing law, (i) interest on the Series 2021A Bonds is excludable from gross income for federal income tax purposes and (ii) interest on the Series 2021A Bonds is not a specific preference item subject to the alternative minimum tax. A copy of the proposed form of opinion of Bond Counsel is attached hereto as APPENDIX C.

The Code imposes a number of requirements that must be satisfied in order for interest on state or local obligations, such as the Series 2021A Bonds, to be excludable from gross income for federal income tax purposes. These requirements include the various mortgage eligibility, arbitrage, targeted area, recapture, use of proceeds and information reporting requirements discussed more fully below under the caption "Federal Income Tax Requirements." The Department has covenanted in the Trust Indenture that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the procedures, safeguards and covenants of the Master Servicer and the covenants of the Department in the Trust Indenture and the Program Agreements pertaining to those sections of the Code that affect the excludability of the interest on the Series 2021A Bonds from gross income for federal income tax purposes, and in addition, will rely on representations by the Department, the Department's Financial Advisor, the

Master Servicer, the Mortgage Lenders and the Underwriters with respect to matters solely within the knowledge of the Department, the Department's Financial Advisor, the Master Servicer, the Mortgage Lenders and the Underwriters, respectively, which representations Bond Counsel has not independently verified. If the Department, a Mortgage Lender, or the Master Servicer fails to comply with such procedures, safeguards and covenants or if such representations should be determined to be inaccurate or incomplete, interest on the Series 2021A Bonds could become includable in gross income from the date of original delivery thereof, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, Bond Counsel will express no opinion as to the amount of interest on the Series 2021A Bonds or any federal, state or local tax consequences resulting from the receipt or accrual of interest on, acquisition, ownership or disposition of the Series 2021A 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 its attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Series 2021A Bonds. If an audit is commenced, in accordance with its current published procedures, the Service is likely to treat the Department as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Series 2021A Bonds could adversely affect the value and liquidity of the Series 2021A Bonds, regardless of the ultimate outcome of the audit.

Collateral Tax Consequences

Prospective purchasers of the Series 2021A 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 Series 2021A Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Series 2021A Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Series 2021A Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium

The issue price of the Series 2021A Bonds may exceed the stated Redemption Price payable at

maturity of such Series 2021A Bonds. Such Series 2021A Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Tax Accounting Treatment of Original Issue Discount

The issue price of all or a portion of the Series 2021A Bonds may be less than the stated Redemption Price payable at maturity of such Series 2021A Bonds (the "OID Bonds"). In such case, the difference between (i) the amount payable at the maturity of each OID Bond, and (ii) the initial offering price to the public of such OID Bond constitutes original issue discount with respect to such OID Bond in the hands of any owner who has purchased such OID Bond in the initial public offering of the Series 2021A Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such OID Bond equal to that portion of the amount of such original issue discount allocable to the period that such OID Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Series 2021A Bonds under the captions "TAX MATTERS RELATING TO THE SERIES 2021A BONDS – Tax Exemption,"– Collateral Tax Consequences" and "– Tax Legislative Changes" generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

In the event of the redemption, sale or other taxable disposition of such OID Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such OID Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such OID Bond was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the Underwriter has purchased the Series 2021A Bonds for contemporaneous sale to the public and (ii) all of the Series 2021A Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Official Statement. Neither the Department nor Bond Counsel has made any investigation or offers any comfort that the OID Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each OID Bond accrues daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Series 2021A Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such OID Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (i) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (ii) the amounts payable as current interest during such accrual period on such Series 2021A Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of OID Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of OID Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of interest accrued upon redemption, sale or other disposition of such OID Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such OID Bonds.

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Series 2021A Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Series 2021A Bonds. Prospective purchasers of the Series 2021A Bonds should consult with their own tax advisors with respect to any recently-enacted, proposed, pending or future legislation.

Federal Income Tax Requirements

General

Sections 103 and 143 of the Code and applicable regulations thereunder provide that the interest on bonds the proceeds of which are used directly or indirectly to finance owner-occupied residences, will not be excludable from gross income for federal income tax purposes unless such bonds are part of a "qualified mortgage issue." A "qualified mortgage issue" must meet the following requirements: (i) all proceeds of the issue (exclusive of issuance costs and a reasonably required reserve fund) are to be used to finance owner-occupied residences, (ii) the mortgages financed by the issue satisfy certain mortgage eligibility requirements, as set forth more fully below under the subheading "Mortgage Eligibility Requirements," (iii) certain arbitrage limitations described more fully below under the subheading "Requirements Related to Arbitrage" must be satisfied, (iv) a specified portion of the lendable proceeds of such issue must be made available for a minimum period of time for owner financing of residences located within certain targeted areas, as described more fully below under the subheading "Targeted Area Requirement," (iv) mortgagors must be informed regarding the recapture of a portion of the proceeds from the disposition of certain residences, as described more fully below under the subheading "Recapture Requirements," (v) the issue must not meet the private business tests, as described more fully below under the subheading "Private Business Use Limitations," (vi) amounts received as repayment of principal on the Mortgage Loans ten years after the date of issuance of the bonds must be used to redeem bonds that are part of the issue, as described more fully under the subheading "Redemption

Requirements" below and (vii) the issue must meet certain reporting requirements, as set forth more fully below under the subheading "Reporting Requirements."

In addition, to be "qualified mortgage bonds," the bonds must be approved by (i) the Governing Board of the Department and (ii) an "applicable elected representative" of the State after a public hearing following reasonable public notice. Further, the costs of issuance financed by an issue of bonds cannot exceed two percent of the proceeds of such issue. Additionally, the amount of such an issue of bonds, other than certain refunding bonds, when added to the amount of all other private activity bonds issued within the State during calendar year of issuance must not exceed the unified volume cap for private activity bonds imposed by the Code and applicable regulations.

Mortgage Eligibility Requirements

The Code contains six basic mortgage eligibility requirements that must be met at the time a mortgage is executed or assumed.

Residence Requirement. The Code requires that each home financed by a mortgage loan is a single family residence (i) that can reasonably be expected to become the principal residence of the mortgagor within a reasonable time after financing is provided and (ii) located in the jurisdiction of the Department.

First-time Homebuyer Requirement. The Code requires that at least 95% of the net proceeds of an issue be used to finance residences of mortgagors who have not had a present ownership interest in their principal residences at any time during the three-year period prior to execution of the mortgage loan; provided, however, that the three-year requirement does not apply (i) to financings with respect to Targeted Area Residences, (ii) in the case of land possessed under a "contract for deed" by a mortgagor whose principal residence is located on such land and whose family income is not more than 50% of the area median family income (the "Contract for Deed Exception"), or (iii) financing of any residence of a qualified veteran, if such veteran has not previously qualified for and received such financing by reason of this exception. For purposes of the Contract for Deed Exception, the term "contract for deed" means a seller-financed contract for the conveyance of land under which legal title does not pass to the purchaser until the consideration under the contract is fully paid to the seller, and the seller's remedy for nonpayment is forfeiture rather than judicial or nonjudicial foreclosure.

Purchase Price Limitations. The Code requires that the acquisition cost of the residence may not exceed 90% of the "average area purchase price" applicable to such residence, or, in the case of Targeted Area Residences, 110% of the applicable "average area purchase price." The Service has published "safe harbor rules" identifying purchase price limitations in the State that are considered to be in compliance with the requirements of the Code. The Department has determined to rely on the safe harbor figures for purposes of the Series 2021A Bonds.

Income Requirements. The Code requires that all the mortgage loans financed with the proceeds of an issue be provided to borrowers whose family income does not exceed 115% (100% in the case of individuals or families of two) of the greater of the statewide median income or the median income of the area in which the residence is located. For Targeted Area Residences, the percentages in the foregoing sentence are 140% and 120%, respectively, and one-third of the financings may be provided without regard to such limits.

Requirements as to Assumptions of Mortgages. The Code provides that a mortgage loan may be assumed only if the assuming mortgagor complies with the residence requirement, first-time homebuyer requirement, purchase price limitations and income requirements, as if the loan were being made to the

assuming mortgagor for the first time.

New Mortgage Requirement. The Code requires that no part of the proceeds of an issue of qualified mortgage bonds may be used to acquire or replace an existing mortgage (whether or not paid off) on the residence at any time prior to the execution of the new mortgage. An exception from the new mortgage requirement is provided for (i) the replacement of construction period loans, bridge loans or other similar temporary initial financing having a term not exceeding 24 months and (ii) certain residences described within the Contract for Deed Exception.

Requirements Related to Arbitrage and Rebate

Sections 143 and 148 of the Code provide that: (i) the effective interest rate on the mortgage loans financed with the proceeds of an issue of qualified mortgage bonds may not exceed the yield on such bonds by more than 1.125 percentage points; provided that, the Department may meet this requirement by the payment of yield reduction payments as set forth in the regulations promulgated under the Code; (ii) no more than 10% of the proceeds of an issue of bonds may be invested in any reserve or replacement fund; (iii) no more than the lesser of 5% of the proceeds of an issue of bonds or \$100,000 (other than amounts invested for certain temporary periods or in a "reasonably required reserve fund") may be invested at a yield materially higher than the yield on such bonds; and (iv) the amount of funds held in certain accounts (other than amounts held for certain temporary periods) for an issue of bonds invested at a yield greater than the yield on such bonds may not exceed 150% of the current year's debt service on such bonds appropriately reduced as mortgage loans are prepaid. In calculating the effective interest rate on the mortgages, all amounts borne by the mortgagor either directly or indirectly must be taken into account.

The Code also requires the issuer to make rebate payments to the federal government in connection with certain investment earnings on non-mortgage investments, to the extent that such investment earnings exceed the amount that would have been earned on such investments if the investments were earning a return equal to the yield on the tax-exempt bonds to which such non-mortgage investments relate.

Targeted Area Requirement

The Code requires that either an amount equal to (a) at least 20% of the lendable proceeds of an issue of qualified mortgage bonds or (b) 40% of the average annual aggregate principal amount of mortgages executed during the immediately preceding three calendar years for single family, owner-occupied residences in targeted areas within the Department's jurisdiction, if such amount is less, must be reserved, for at least one year from the date on which owner-financing is first made available with respect to residences located within one or more targeted areas ("Targeted Area Residences"). Targeted Areas consist of (i) census tracts identified by the United States Treasury Department as having a substantial concentration of lower-income persons or (ii) areas of chronic economic distress designated by the State and approved by HUD. The State, at the request of the Department, has designated and HUD and the Secretary of the Treasury have approved, certain "areas of chronic economic distress" within the State. In addition, the Department has determined that there are "qualified census tracts" within the State.

Recapture Requirements

The Code subjects to a tax any mortgagor who disposes of an interest in a residence with respect to which there is or was any federally-subsidized indebtedness (i.e., a mortgage loan), the payment for which the mortgagor was liable in whole or in part. Specifically, such a mortgagor is subject to the payment of an additional tax reflecting the "recapture amount" with respect to such indebtedness. This

recapture amount is determined pursuant to a formula established in the Code based on the "federally-subsidized amount," the time of disposition and certain family income limits applicable to the mortgagor. This recapture provision does not apply to any disposition of an interest in a residence by reason of death or any such disposition that is more than nine years after the date the mortgage loan is made.

In order to facilitate the collection of the recapture amount from mortgagors, the Code requires that the issuer of any issue of qualified mortgage bonds, at the time of settlement of a mortgage loan, provide a written statement informing the mortgagor of the potential recapture under the Code. Furthermore, the Code requires that the issuer, not later than 90 days after the date each such mortgage is closed, provide a written statement to the mortgagor specifying the federally-subsidized amount with respect to such mortgage loan and the applicable income limits.

Private Business Use Limitations

The Code provides that an issue of qualified mortgage bonds must not meet the private business use test and the private security or payment tests set out in sections 141(b)(1) and (2) of the Code. The private business use test limits, subject to certain exceptions, the amounts of proceeds that can be used, directly or indirectly, in a trade or business carried on by any person (other than a natural person) that is not a state or local governmental unit to no more than 10% of the proceeds of the issue. The private security or payment test provides that, subject to certain exceptions, the payment of principal of, or the interest on, more than 10% of the proceeds of an issue be, directly or indirectly, (i) secured by any interest in property used or to be used for a private business use or payments in respect of such property or (ii) be derived from payments in respect of such property.

Redemption Requirements

The Code contains two redemption requirements that must be satisfied in order for an issue of bonds to be treated as "qualified mortgage bonds." The Code requires that all proceeds of an issue of qualified mortgage bonds in an amount of \$250,000 or more that are not expended to finance residences within 42 months of the date of issuance of such bonds must be used within such 42-month period to redeem bonds that are part of such issue of bonds. The Code also requires that all amounts of \$250,000 or more that are received by the issuer and representing complete repayments of mortgage loans or prepayments of principal of mortgage loans must be used to redeem bonds of the same issue not later than the close of the first semiannual period beginning after the date the prepayment or complete repayment is received; provided that, such requirement does not apply to amounts received within 10 years after the date of issuance of the original bonds.

Reporting Requirements

An issuer of qualified mortgage bonds is required to file with the Secretary of the Treasury an informational report containing various data regarding such bonds and the mortgages financed with the proceeds thereof.

Compliance with Tax Requirements

With respect to the mortgage eligibility requirements described above, the Code provides that such requirements will be treated as having been met if: (i) the issuer attempts in good faith to meet such requirements before the mortgage loans are executed; (ii) 95% or more of the lendable proceeds were used for mortgage loans that met all the mortgage eligibility requirements at the time of execution or assumption; and (iii) any failure to meet such requirements is corrected within a reasonable period of time after such failure is discovered. In determining whether or not 95% of the mortgage loans satisfy

the mortgage eligibility requirements, the issuer is entitled to rely upon affidavits of the mortgagors and sellers of residences financed with the mortgage loans and upon federal income tax returns of the mortgagors, even if the relevant information in such affidavits and returns ultimately proves to be false, unless the issuer knows or has reason to know that such information is false.

The Code provides that the requirements related to arbitrage, Targeted Area Residences and recapture will be treated as having been met if: (i) the issuer attempts in good faith to meet such requirements and (ii) any failure to meet such requirements is due to inadvertent error after having taken reasonable steps to comply with such requirements.

The Department has covenanted in the Trust Indenture and the Mortgage Lenders and the Master Servicer have covenanted in the Program Agreements to (i) comply with the above-described requirements of the Code with respect to the proceeds of the Series 2021A Bonds and (ii) establish and follow procedures and safeguards sufficient to ensure compliance with such requirements. Nevertheless, if the Department, a Mortgage Lender, or the Master Servicer should fail to comply with such covenants, interest on the Series 2021A Bonds could become includable in gross income for federal income tax purposes from the date of issuance thereof, regardless of the date on which the event causing such inclusion occurs.

TAX MATTERS RELATING TO THE SERIES 2021B BONDS

This discussion of material U.S. federal income tax considerations is provided for general information only and is not intended as tax advice to any particular investor. Persons considering the purchase of Series 2021B Bonds are urged to consult their tax advisors with regard to the application of U.S. federal income or other tax laws (including estate and gift tax laws) to their particular situations as well as any tax consequences arising under the laws of any state, local, or foreign taxing jurisdiction or under any applicable tax treaty.

The following discussion is a summary of the material U.S. federal income tax considerations relevant to the purchase, ownership and disposition of the Series 2021B Bonds offered in this offering. This summary is based upon current provisions of the Code, existing and proposed Treasury Regulations promulgated thereunder, IRS rulings and pronouncements, and judicial decisions, all as in effect on the date hereof, and all of which are subject to change, possibly on a retroactive basis, at any time by legislative, judicial or administrative action. The Department cannot assure you that the IRS will not challenge the conclusions stated below, and no ruling from the IRS or an opinion of counsel has been or will be sought on any of the matters discussed below.

This discussion is limited to holders who are the initial purchasers of the Series 2021B Bonds for cash at their original purchase price, which will equal the first price to the public (not including bondhouses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of the Series 2021B Bonds is sold for cash (the "Issue Price") and who hold the Series 2021B Bonds as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment). This summary does not address all U.S. federal income tax consequences relative to a holder's particular circumstances, including the impact of the Medicare contribution tax on net investment income. In addition, it does not address consequences relevant to holders subject to special rules, including, without limitation: U.S. expatriates and former citizens or long-term residents of the United States; persons subject to the alternative minimum tax; U.S. Holders (as defined below) whose functional currency is not the U.S. dollar; persons holding the Series 2021B Bonds as part of a hedge, straddle, or other risk reduction strategy or as part of a conversion transaction, or other

integrated investment; banks, insurance companies or other financial institutions; real estate investment trusts or regulated investment companies; brokers, dealers or traders in securities or currencies; “controlled foreign corporations”, “passive foreign investment companies” and corporations that accumulate earnings to avoid U.S. federal income tax; S corporations, partnerships and other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein); persons subject to special accounting rules as a result of any items of gross income with respect to the Series 2021B Bonds being taken into account in an applicable financial statement; tax-exempt organizations or governmental organizations; persons who elect to use a mark-to-market method of accounting for security holdings; and individual retirement accounts or qualified pension plans. This summary does not address all U.S. federal income tax consequences relevant to a holder’s particular circumstances and does not discuss the effect of any U.S. state, local income or other tax laws, any U.S. federal estate and gift tax laws, or any non-U.S. tax laws.

If a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds the Series 2021B Bonds, the tax treatment of such partnership or a partner of such partnership generally will depend upon the tax status of the partner and the tax treatment of the partnership. Partnerships acquiring Series 2021B Bonds and partners of partnerships acquiring the Series 2021B Bonds should consult their own tax advisors about the U.S. federal income tax consequences to them of the purchase, ownership and disposing of the Series 2021B Bonds.

Consequences to U.S. Holders

The following discussion summarizes certain material U.S. federal income tax consequences to U.S. holders of the purchase, ownership, and disposition of the Series 2021B Bonds. As used herein “U.S. holder” means a beneficial owner of a Series 2021B Bond who or that is for U.S. federal income tax purposes: (i) an individual who is a citizen of the United States or resident alien of the United States; (ii) a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof including the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust, or if a valid election is in effect under U.S. Treasury Regulations to be treated as a United States person.

Interest on the Series 2021B Bonds -- A U.S. Holder will be required to recognize as ordinary income all interest paid or accrued on the Series 2021B Bonds in accordance with such U.S. Holder’s method of accounting for U.S. federal income tax purposes.

Original Issue Discount -- If the Issue Price of the Series 2021B Bonds of any stated maturity is less than their face amount by more than one quarter of one percent times the number of complete years to maturity, the Series 2021B Bonds of such maturity will be treated as being issued with “original issue discount.” The amount of the original issue discount will equal the excess of the principal amount payable on such Series 2021B Bonds at maturity over the Issue Price, and such amount will be amortized over the life of the Series 2021B Bonds using the “constant yield method” provided in the U.S. Treasury Regulations. The original issue discount accrues under the constant yield method and the beneficial owners of the Series 2021B Bonds, regardless of their regular method of accounting, must include such accrued amount in their gross income as interest. This can result in taxable income to the beneficial owners

of such Series 2021B Bonds that exceeds actual cash interest payments to the beneficial owners in a taxable year.

The amount of the original issue discount that accrues on such Series 2021B Bonds each taxable year will be reported annually to the IRS and to the beneficial owners. The portion of the original issue discount included in each beneficial owner's gross income while the beneficial owner holds such Series 2021B Bonds will increase such beneficial owner's adjusted tax basis of such Series 2021B Bonds.

Premium -- If the Issue Price of the Series 2021B Bonds of any stated maturity is greater than its stated redemption price at maturity, such beneficial owner will be considered to have purchased such Series 2021B Bond with "amortizable bond premium" equal in amount to such excess. A beneficial owner may elect to amortize such premium using a constant yield method over the remaining term of such Series 2021B Bond and may offset interest otherwise required to be included in respect of such Series 2021B Bond during any taxable year by the amortized amount of such excess for the taxable year. Series 2021B Bond premium on such Series 2021B Bond held by a beneficial owner that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of such Series 2021B Bond. However, if such Series 2021B Bond may be optionally redeemed after the beneficial owner acquires it at a price in excess of its stated redemption price at maturity, special rules would apply under the U.S. Treasury Regulations which could result in a deferral of the amortization of some Series 2021B Bond premium until later in the term of such Series 2021B Bond. Any election to amortize Series 2021B Bond premium applies to all taxable debt instruments held by the beneficial owner on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of a Series 2021B Bond -
- A U.S. Holder generally will recognize gain or loss on the sale, exchange, redemption, retirement or other taxable disposition of a Series 2021B Bond measured by the difference, if any, between (i) the amount of cash and the fair market value of any property received (except to the extent that the cash or other property received in respect of a Series 2021B Bond is attributable to accrued and unpaid interest on the Series 2021B Bond, which amount will be taxable as ordinary interest income to the extent not previously included in gross income) and (ii) the U.S. Holder's adjusted tax basis in the Series 2021B Bond.

A U.S. Holder's adjusted tax basis in the Series 2021B Bonds generally will equal the amount the U.S. Holder paid for the Series 2021B Bonds, increased by any original issue discount previously included in the holder's income and decreased by the amount of the Series 2021B Bond premium that has been previously amortized. Any gain or loss will be capital gain or loss and will be treated as long-term capital gain or loss if, at the time of the sale, exchange, redemption, retirement or other taxable disposition, the Series 2021B Bonds have been held by the U.S. Holder for more than one year. Long-term capital gains recognized by non-corporate U.S. Holders, including individuals, generally will be subject to a reduced rate of tax. The deductibility of capital losses is subject to certain limitations. U.S. Holders of the Series 2021B Bonds should consult their tax advisors regarding the treatment of capital gains and losses.

Information Reporting and Backup Withholding -- Information reporting generally will apply to payments of interest on, and the proceeds of the sale, exchange, redemption, retirement or other disposition of, the Series 2021B Bonds held by U.S. Holders, and backup withholding may apply unless the U.S. Holder provides the applicable withholding agent with a taxpayer identification number, certified under penalties of perjury, as well as certain other information or otherwise establishes an exemption from

backup withholding. Any amount withheld under the backup withholding rules is allowable as a credit against the U.S. Holder's U.S. federal income tax liability, if any, and a refund may be obtained if the amounts withheld exceed the U.S. Bondholder's actual U.S. federal income tax liability and the U.S. Holder timely provides the required information or appropriate claim to the IRS.

Tax Consequences to Non-U.S. Holders

The following discussion summarizes certain material U.S. federal income tax consequences to Non-U.S. Holders of the purchase, ownership and disposition of the Series 2021B Bonds. For purposes of this discussion, a "Non-U.S. Holder" is a beneficial owner of Series 2021B Bonds that is neither classified for U.S. federal income tax purposes as a partnership nor is a U.S. Holder (as defined above).

Interest on the Series 2021B Bonds -- Subject to the discussions below regarding backup withholding and FATCA withholding, payments of interest on a Series 2021B Bond to a Non-U.S. Holder that are not effectively connected with such Non-U.S. Holder's U.S. trade or business generally will not be subject to U.S. federal income tax and will be exempt from U.S. federal withholding tax under the portfolio interest exemption provided that:

- the Non-U.S. Holder is not an actual or constructive owner of 10% or more of the total combined voting power of all classes of our voting stock;
- the Non-U.S. Holder is not a controlled foreign corporation for U.S. federal income tax purposes that is related, directly or indirectly, to us through stock ownership); and
- the Non-U.S. Holder is not a bank that acquired the Series 2021B Bonds in consideration for the extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business.
- the Non-U.S. Holder provides its name and address and certifies, under penalties of perjury, that it is not a United States person as defined under the Code (which certification may be made on an IRS Form W-8BEN or W-8BEN-E (or other applicable form)); (ii) the non-U.S. Bondholder holds its Series 2021B Bonds through certain foreign intermediaries and it satisfies the certification requirements of applicable Treasury Regulations; or (iii) a securities clearing organization, bank, or other financial institution that holds customers' securities in the ordinary course of its trade or business holds the Series 2021B Bonds on behalf of the Non-U.S. Holder and such securities clearing organization, bank, or other financial institution satisfies the certification requirements of applicable Treasury Regulations.

If the payments of interest on a Series 2021B Bond are effectively connected with the conduct by a Non-U.S. Holder of a trade or business in the United States (and, in the event that an income tax treaty is applicable, if the payments of interest are attributable to a U.S. permanent establishment maintained by the Non-U.S. Holder), such payments will not be subject to withholding of U.S. federal income tax so long as the Non-U.S. Holder provides the applicable withholding agent with a properly completed IRS Form W-8ECI (or other applicable form), signed under penalties of perjury. However, such payments will be subject to U.S. federal income tax on a net income basis at regular graduated income tax rates generally in the same manner as if it were a U.S. Holder (as defined above), subject to any modifications provided under an applicable income tax treaty. In addition, if the non-U.S. Holder is a foreign corporation for federal income tax purposes, such payments of interest may also be subject to a branch profits tax at the rate of 30% (or lower applicable treaty rate) of such holder's earnings and profits for the taxable year,

subject to certain adjustments, including earnings and profits from an investment in the Series 2021B Bonds, that are effectively connected with its conduct of a trade or business in the United States.

A non-U.S. Holder that does not qualify for the exemption from U.S. federal withholding tax under the preceding paragraphs generally will be subject to U.S. federal withholding tax at the rate of 30% on payments of interest on the Series 2021B Bonds, unless such non-U.S. Holder provides the applicable withholding agent with a properly executed IRS Form W-8BEN or W-8BEN-E (or other applicable form) claiming exemption from or a reduction of withholding under the benefit of an applicable tax treaty. Income tax treaties may provide for a lower rate of withholding tax, exemption from or reduction of branch profits tax, or other rules different from those described above. Non-U.S. Bondholders should consult with their advisors regarding any applicable income tax treaties.

Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of a Taxable Bond -- Subject to the discussions below on backup withholding and FATCA withholding, any gain realized by a Non-U.S. Holder on the sale, exchange, redemption, retirement or other taxable disposition of a Series 2021B Bond generally will not be subject to U.S. federal income tax or withholding tax, unless:

- Such gain is effectively connected with the conduct by such Non-U.S. Holder of a U.S. trade or business in the United States (and, in the event that an income tax treaty is applicable, such gain is attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States),
- the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition and certain other conditions are satisfied.

If a Non-U.S. Holder is engaged in a trade or business in the United States and gain on a Series 2021B Bond is effectively connected with the conduct of such trade or business (and, if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by the Non-U.S. Holder within the United States), the Non-U.S. Holder will be subject to U.S. federal income tax at regular graduated income tax rates in the same manner as if it were a U.S. Holder, subject to any modification provided under an applicable income tax treaty. If the Non-U.S. Holder is a foreign corporation for U.S. federal income tax purposes, such gain may also be subject to a branch profits tax at the rate of 30%, or lower applicable treaty rate, of its earnings and profits for the taxable year, subject to adjustments, that are effectively connected with its conduct of a trade or business in the United States.

If a Non-U.S. Holder is an individual who is present or deemed to be present in the United States for 183 days or more during the taxable year of the disposition of a Series 2021B Bond and certain other requirements are met, such Non-U.S. Holder generally will be subject to U.S. federal income tax at a flat rate of 30% (unless a lower applicable income tax treaty rate applies), on any such gain.

Information Reporting and Backup Withholding -- Payments to Non-U.S. Holders of interest on a Series 2021B Bond, and amounts withheld from such payments, if any, generally will be required to be reported to the IRS and to the Non-U.S. Holder. Copies of these information returns also may be made available to the tax authorities of the country in which the Non-U.S. Holder resides or is established under the provisions of a specific treaty or agreement. These reporting requirements apply regardless of whether withholding was reduced or eliminated by an applicable income tax treaty. Backup withholding generally will not apply to payments of principal and interest on Series 2021B Bonds if the Non-U.S. Holder furnishes a certification as to its Non-U.S. status or the Non-U.S. Holder otherwise establishes an

exemption, provided that the applicable withholding agent does not have actual knowledge or reason to know that the Non-U.S. Holder is a United States person.

Payment of the proceeds of a disposition of a Series 2021B Bond effected by the U.S. office of a United States or foreign broker will be subject to information reporting and backup withholding unless the Non-U.S. Holder properly certifies under penalties of perjury as to its foreign status and certain other conditions are met or the Non-U.S. Holder otherwise establishes an exemption. Information reporting requirements and backup withholding generally will not apply to any payment of the proceeds of the disposition of a Series 2021B Bond effected outside the United States by a foreign office of a broker. However, unless such a broker has documentary evidence in its records of the Non-U.S. Holder's foreign status and certain other conditions are met, or the Non-U.S. Holder otherwise establishes an exemption, information reporting will apply to a payment of the proceeds of the sale of a Series 2021B Bond effected outside the United States by such a broker if it has certain relationships with the United States.

U.S. backup withholding tax is not an additional tax. Any amount withheld under the backup withholding rules is allowable as a credit against the U.S. Holder's U.S. federal income tax liability, if any, and a refund may be obtained if the amounts withheld exceed the U.S. Bondholder's actual U.S. federal income tax liability and the U.S. Holder timely provides the required information or appropriate claim to the IRS.

FATCA Withholding

The Foreign Account Tax Compliance Act, or "FATCA," imposes a 30% withholding tax on certain types of payments made to foreign financial institutions, or "FFIs," and certain other non-U.S. entities, unless certain due diligence, reporting, withholding, and certification requirements are satisfied. As a general matter, FATCA imposes a 30% withholding tax on interest payments on a Series 2021B Bond, and (subject to the proposed United States Treasury regulations discussed below) payments of gross proceeds from the sale or other disposition of a Series 2021B Bond, that are made to an FFI or non-financial foreign entity unless (i) the foreign entity is an FFI that undertakes certain due diligence, reporting, withholding, and certification obligations, or in the case of an FFI that is a resident in a jurisdiction that has entered into an intergovernmental agreement to implement FATCA, the entity complies with the diligence, reporting, and other requirements of such an agreement, (ii) the foreign entity is not an FFI and either certifies that it does not have any "substantial" U.S. owners or furnishes identifying information regarding each substantial U.S. owner, or (iii) the foreign entity qualifies for an exemption from these rules. In certain cases, a "substantial" U.S. owner can mean an owner of any interest in the foreign entity.

As noted above, withholding under FATCA can apply to payments of gross proceeds from the sale or other disposition of a Series 2021B Bond, in addition to interest payments. However, United States Treasury regulations have been proposed that would entirely eliminate FATCA withholding on payments of gross proceeds. Taxpayers generally may rely on these proposed United States Treasury regulations until the promulgation of final United States Treasury regulations.

Prospective investors are encouraged to consult with their tax advisors regarding the possible implications of FATCA on their investment in the Series 2021B Bonds.

CONTINUING DISCLOSURE OF INFORMATION

In the Continuing Disclosure Agreement, dated as of _____, 2021 (the "Disclosure Agreement"), between the Trustee and the Department, the Department has made the following agreement for the benefit of the holders and beneficial owners of the Series 2021 Bonds. The Department is required to observe the Disclosure Agreement for so long as it remains obligated to advance funds to pay the Series 2021 Bonds. Under the Disclosure Agreement, the Department will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB").

No Eligible Borrower is an "obligated person" (as defined in Rule 15c2-12 of the United States Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended (the "Rule")) for whom financial information or operating data would be presented in this Official Statement had such Eligible Borrower been known at the time of the offering of the Series 2021 Bonds.

The Department's Bond Finance Division has policies and procedures in place to assist the Department in complying with continuing disclosure undertakings such as the Disclosure Agreement. The Department's policies and procedures and the Disclosure Agreement have been amended in response to the two new notice events added, effective February 27, 2019, to the list of events for which notice is required by the Rule. See "—Event Notices."

Annual Reports

The Department will provide certain updated financial information and operating data to the MSRB annually within six months after the end of its Fiscal Year. The information to be updated includes all quantitative financial information and operating data with respect to the Department of the general type included in this Official Statement in "APPENDIX D-1 – ADDITIONAL INFORMATION CONCERNING MORTGAGE CERTIFICATES" and "APPENDIX D-2 – BOND SUMMARY OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS" and the annual financial statements of the Texas Department of Housing and Community Affairs – Revenue Bond Enterprise Fund for the Fiscal Year ended August 31, 2020 and for each subsequent Fiscal Year (financial statements for the last completed Fiscal Year will be unaudited, unless an audit is performed in which event the audited financial statements will be made available). The Department will update and provide this information within six months after the end of each Fiscal Year ending on or after August 31, 2021. The Department will provide the updated information to the MSRB.

The Department may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by the Rule. The updated information will include audited financial statements, if the Department commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Department will provide unaudited financial statements within the required time and audited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in under "FINANCIAL STATEMENTS" or such other accounting principles as the Department may be required to employ from time to time pursuant to state law or regulation.

The Department's current Fiscal Year ends on August 31, 2021. Accordingly, it will provide updated information to the MSRB in the electronic format prescribed by the MSRB, if any, by the last day of February in the year 2022 and will be required to provide updated information to the MSRB by the last day of February in each year thereafter, unless the Department changes its Fiscal Year. If the Department changes its Fiscal Year, it will notify the MSRB of the change.

The Department determined in 2017 that the annual disclosure of information regarding the Residential Mortgage Revenue Bond Program ("RMRB Program") would no longer include certain annual information since the RMRB Program has no whole mortgage loans and over 99% of the mortgage-backed certificates are Ginnie Mae Certificates. As such, information related to: (i) whole mortgage loans and (ii) mortgage-backed certificate type and delinquency data are immaterial to the current RMRB Program and were and will be omitted in its annual disclosure. Based on the changing make-up of the pledged assets under the Department's various indentures, the Department will determine materiality of disclosure items and may modify its disclosure accordingly in the future.

Event Notices

The Department will provide notice to the MSRB of any of the following events with respect to the Series 2021 Bonds, if such event is material within the meaning of the federal securities laws: (1) non-payment related defaults; (2) modifications to rights of securities holders; (3) Series 2021 Bond calls, if material, and tender offers; (4) release, substitution, or sale of property securing repayment of the Series 2021 Bonds; (5) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; (6) appointment of a successor or additional trustee or the change of name of a trustee; and (7) incurrence of a financial obligation of the Department, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Department, any of which affect security holders.

The Department will also provide notice to the MSRB of any of the following events with respect to the Series 2021 Bonds without regard to whether such event is considered material within the meaning of the federal securities laws: (1) principal and interest payment delinquencies; (2) unscheduled draws on debt service reserves reflecting financial difficulties; (3) unscheduled draws on credit enhancements reflecting financial difficulties; (4) substitution of credit or liquidity providers, or their failure to perform; (5) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Series 2021A Bonds, or other events affecting the tax-exempt status of the Series 2021A Bonds; (6) defeasances; (7) rating changes; and (8) bankruptcy, insolvency, receivership or similar event of an obligated person; and (9) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Department, any of which reflect financial difficulties.

For the purposes of the above described event notices, the term "financial obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii); provided however, that a "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule. The Department intends the words used in (7) in the first paragraph of this subcaption and item (9) immediately above and the definition of "financial obligation" to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

The Department will provide notice of the aforementioned events to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event). The Department will also provide timely notice of any failure by the Department to provide annual financial information in accordance with their agreement described above under "Annual Reports."

Availability of Information from MSRB

The Department has agreed to provide the foregoing information only to the MSRB. The information will be available to holders of Series 2021 Bonds only if the holders comply with the procedures and pay any charges that may be established by the MSRB such information vendors or obtain the information through securities brokers who do so. Such information is available at no charge at www.emma.msrb.org.

Limitations and Amendments

The Department has agreed to update information and to provide notices of material events only as described above. The Department has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The Department makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Series 2021 Bonds at any future date. The Department disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its Disclosure Agreement or from any statement made pursuant to its Disclosure Agreement, although holders of Series 2021 Bonds may seek a writ of mandamus to compel the Department to comply with its Disclosure Agreement.

The Disclosure Agreement may be amended by the Department and the Trustee from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Department, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell any Series 2021 Bonds in the primary offering of the Series 2021 Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Disclosure Agreement that authorizes such an amendment) of the Outstanding Series 2021 Bonds consent to such amendment or (b) a person that is unaffiliated with the Department (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Series 2021 Bonds. If the Department so amends the Disclosure Agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of any change in the type of financial information and operating data so provided. The Department may also amend or repeal the provisions of the Disclosure Agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling any Series 2021 Bonds in the primary offering of such Series 2021 Bonds.

Notwithstanding the foregoing, under current state law, the Department is required to have an audit performed annually by independent accountants, which audit is available to any person who makes a request to the Department and upon payment of the cost of copying thereof.

Duties, Immunities, and Liabilities of Trustee

The Trust Indenture is made applicable to the Disclosure Agreement as if the Disclosure Agreement were (solely for this purpose) contained in the Trust Indenture. The Trustee shall have only such duties as are specifically set forth in the Disclosure Agreement, and no implied covenants shall be read into the Disclosure Agreement against the Trustee.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings, a division of Standard and Poor's Financial Services, LLC. ("S&P"), have assigned ratings to the Series 2021 Bonds of "Aaa" and "AA+," respectively. An explanation of the significance of such ratings may be obtained from the companies furnishing the ratings. The ratings do not represent recommendations to buy, sell, or hold the Series 2021 Bonds. The ratings reflect only the respective views of such organizations at the time such ratings were assigned and the Department makes no representation as to the appropriateness of the ratings.

There is no assurance that any ratings assigned to the Series 2021 Bonds will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2021 Bonds.

UNDERWRITING

The Series 2021 Bonds are being purchased from the Department by the Underwriters listed on the cover page of this Official Statement. Pursuant to the bond purchase agreement for the Series 2021A Bonds and the Series 2021B Bonds (the "Bond Purchase Agreement"), the Underwriters have agreed to purchase the Series 2021A Bonds at a total purchase price of \$_____ (including \$_____ of net premium) and the Series 2021B Bonds at a total purchase price of \$_____. The Underwriters will receive a fee of \$_____ in connection with the purchase of the Series 2021A Bonds and a fee of \$_____ in connection with the Series 2021B Bonds. The Bond Purchase Agreement provides, among other things, that the Underwriters' obligations to make their respective purchases are subject to certain terms and conditions set forth in such Bond Purchase Agreement, including the approval of certain legal matters by their counsel and certain other conditions. The initial public offering prices of the Series 2021 Bonds may be changed, from time to time, by the Underwriters. The Underwriters may offer and sell the Series 2021 Bonds to certain dealers (including dealers depositing the Series 2021 Bonds into unit investment trusts, certain of which may be sponsored or managed by one or more of the Underwriters) and others at prices other than the public offering prices stated on the inside front cover hereof.

Jefferies LLC, an underwriter of the Series 2021 Bonds, has entered into an agreement (the "Agreement") with E*TRADE Securities LLC ("E*TRADE") for the retail distribution of municipal securities. Pursuant to the Agreement, Jefferies LLC will sell the Series 2021 Bonds to E*TRADE and will share a portion of its selling concession compensation with E*TRADE.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series 2021 Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Series 2021 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2021 Bonds that such firm sells.

Morgan Stanley & Co. LLC, one of the Underwriters of the Series 2021 Bonds, has entered into a retail distribution agreement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution agreement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2021 Bonds.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the Department and to persons and entities with relationships with the Department, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps, and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Department (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Department.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

FINANCIAL ADVISOR

Stifel, Nicolaus & Co., Inc. (the "Financial Advisor") has served as financial advisor to the Department for purposes of assisting the Department with the development and implementation of the bond program in connection with the Series 2021 Bonds. The Financial Advisor has not been engaged by the Department to compile, create or interpret any information in this Official Statement relating to the Department, including (without limitation) any of the Department's financial and operating data, whether historical or projected. Any information contained in this Official Statement concerning the Department, 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 Department 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 Series 2021A Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

FINANCIAL STATEMENTS

The financial statements of the Texas Department of Housing and Community Affairs-Revenue Bond Enterprise Fund as of and for the fiscal year ended August 31, 2020, have been audited

by the Texas State Auditor's Office, independent auditors, as stated in their report rendered in connection therewith and are incorporated by reference in this Official Statement.

The financial data as of and for the ___ months ended _____, which is incorporated by reference in this Official Statement, has been derived from the unaudited internal records of the Department. The Department's independent auditors have not reviewed, examined, or performed any procedures with respect to the unaudited financial information, nor have they expressed an opinion or any other form of assurance on such information, and assume no responsibility for, and disclaim any association with the unaudited information. The unaudited information is preliminary and is subject to change as a result of the audit and may materially differ from the audited financial statements when they are released.

The TDHCA FY2020 Audited Financial Statements (Revenue Bond Enterprise Fund) as of August 31, 2020 are available for inspection at the Department's offices, upon request, or at:

<https://www.tdhca.state.tx.us/finan.htm>

The TDHCA Interim Financial Statements as of _____ are available for inspection at the Department's offices, upon request, or at:

[To Come]

THE SERIES 2021 BONDS ARE SECURED ONLY BY THE ASSETS AND REVENUES DESCRIBED UNDER THE CAPTION "SECURITY FOR THE BONDS" AND NOT BY ANY OTHER SOURCE.

LITIGATION MATTERS

The Department is expected to deliver a certificate upon the delivery of the Series 2021 Bonds stating that there is no controversy or litigation of any nature pending or, to its knowledge, threatened to restrain or enjoin the delivery of the Series 2021 Bonds, or in any way contesting or affecting the validity of the Series 2021 Bonds, the Trust Indenture, or any proceedings of the Department taken with respect to the delivery of the Series 2021 Bonds, or the existence or powers of the Department insofar as they relate to the delivery of the Series 2021 Bonds or such pledge or application of moneys and security.

APPROVAL OF LEGALITY

Legal matters incident to the delivery of the Series 2021 Bonds are subject to the approving opinion of Bracewell LLP, Bond Counsel. Certain legal matters will be passed upon for the Department by its General Counsel, James "Beau" Eccles, Esq., and by its Disclosure Counsel, McCall, Parkhurst & Horton L.L.P. Certain legal matters will be passed upon for the Underwriters by their counsel Chapman and Cutler LLP.

In its capacity as Bond Counsel, Bracewell LLP has reviewed the information appearing in this Official Statement describing the Series 2021 Bonds, the security therefor and the federal income tax status thereof, appearing under "THE SERIES 2021 BONDS" (but excluding the information contained therein under the subheading "Average Life and Prepayment Speeds"), "SECURITY FOR THE BONDS" (but excluding the information set forth under the subheading "Certain Information as to Revenues, Investments, Debt Service and Department Expenses"), "THE TRUST INDENTURE," "TAX MATTERS RELATING TO THE SERIES 2021A BONDS," "TAX MATTERS RELATING TO THE SERIES 2021B BONDS" and "APPROVAL OF LEGALITY," APPENDIX A, APPENDIX C and APPENDIX I, to this Official Statement solely to determine whether such information fairly and accurately describes or summarizes the provisions of the Act, the laws of the State, the Trust Indenture, the Thirty-Fourth

Supplemental Indenture, the Thirty-Fifth Supplemental Indenture, the Depository Agreement, the Series 2021 Bonds and the federal tax implications with respect to the Series 2021 Bonds. Bond Counsel was not requested to participate and did not take part in the preparation of any other information contained herein and did not assume responsibility with respect thereto or undertake independently to verify the accuracy of any of such information. Except as set forth above, Bond Counsel does not pass upon the fairness, accuracy or completeness of this Official Statement, and no person is entitled to rely upon such firm's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of the information contained herein.

ADDITIONAL INFORMATION

Certain provisions of the Act and the Trust Indenture are summarized in this Official Statement. Such summaries do not purport to be comprehensive or definitive. The information contained above is subject to change without notice and no implication is to be derived therefrom or from the sale of the Series 2021 Bonds that there has been no change in the affairs of the Department from the date hereof.

This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Department and the purchasers or owners of any of the Series 2021 Bonds.

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TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: _____
Chair and Member
Governing Board

By: _____
Executive Director

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APPENDIX A

GLOSSARY

Unless otherwise provided in the text of this Official Statement, capitalized terms used in this Official Statement shall have the following definitions:

"Act" shall mean the Chapter 2306, Government Code, as amended from time to time (together with other laws of the State applicable to the Department).

"Assisted Loan" shall mean a Mortgage Loan that includes a DPA Loan.

"Authorized Denominations" shall mean \$5,000 and integral multiples thereof.

"Authorized Representative of the Department" shall mean the Executive Director of the Department or any other employee or officer or member of the Governing Board of the Department authorized to perform specific acts or duties by resolution duly adopted by the Governing Board of the Department, a copy of which shall be filed with the Trustee.

"Board" shall mean the Governing Board of the Department.

"Bond Counsel" shall mean nationally recognized bond counsel selected by the Department.

"Bond Year" shall mean each twelve-month period that ends on December 31.

"Bonds" shall mean, unless subordinated, any bond or bonds, as the case may be, authenticated and delivered pursuant to the Trust Indenture.

"Business Day" shall mean any day other than a (i) Saturday or Sunday, (ii) day on which banking institutions in New York, New York, the State, or the city in which the payment office of the Paying Agent are authorized or obligated by law or executive order to be closed for business, or (iii) day on which the New York Stock Exchange is closed.

"Cashflow Certificate" shall mean a written certificate signed by an Authorized Representative of the Department stating that the action described in the Letter of Instructions to which such certificate pertains is consistent with the assumptions used in the Cashflow Statement most recently filed with the Trustee.

"Cashflow Statement" shall mean a cashflow statement conforming to the requirements of the Trust Indenture.

"Certificate Purchase Period" shall mean the period from the date of initial delivery of the Series 2021A Bonds to and including _____, _____, but which may be extended to a date no later than _____, _____, in accordance with the Thirty-Third Supplemental Indenture.

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

"Costs of Issuance" shall mean the items of expense payable or reimbursable directly or indirectly by the Department and related to the authorization, sale, issuance and remarketing of Bonds, which items of expense shall include without limiting the generality of the foregoing: travel expenses; printing costs; costs of reproducing documents; computer fees and expenses; filing and recording fees; initial fees and charges of the Fiduciaries; bond discounts; underwriting fees and remarketing fees; legal fees and charges; consulting fees and charges; auditing fees and expense; financial advisory fees; credit rating fees; initial amounts paid to obtain Supplemental Mortgage Security or a Credit Agreement; fees and charges for execution, transportation and safekeeping of Bonds; and other administrative or other costs of issuing, carrying, repaying, and remarketing Bonds and investing the Bond proceeds and costs incurred in marketing or advertising the Program.

"Credit Agreement" shall mean (i) any agreement of the Department entered into in connection with and for the purpose of (A) enhancing or supporting the creditworthiness of a Series of Bonds or (B) providing liquidity with respect to Bonds which by their terms are subject to tender for purchase, and (ii) a Swap Agreement. A determination by the Department that an agreement constitutes a Credit Agreement under this definition shall be conclusive.

"Credit Agreement Obligations" shall mean any amounts payable by the Department under and pursuant to a Credit Agreement other than amounts payable as a Termination Payment.

"Department" shall mean the Texas Department of Housing and Community Affairs and its successors and assigns.

"Department Expenses" shall mean the Department's expenses of carrying out and administering its powers, duties and functions in connection with mortgage loans and shall include without limiting the generality of the foregoing: salaries, supplies, utilities, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus; expenses for data processing, insurance premiums, legal, accounting, management, consulting and banking services and expenses; the fees and expenses of the Fiduciaries; mortgage loan servicing fees; costs of issuance not paid from proceeds of bonds; payments to pension, retirement, health and hospitalization funds; amounts paid to obtain and maintain Supplemental Mortgage Security; Credit Agreement Obligations; and any other expenses required or permitted to be paid by the Department under the provisions of the Act, the Master Indenture and any Supplemental Indenture.

"Depository" shall mean the Texas Treasury Safekeeping Trust Company, acting in accordance with the Depository Agreement, and any bank or trust company appointed pursuant to the Trust Indenture and the Thirty-Third Supplemental Indenture to act as depository of certain moneys and investments.

"DPA Loan" means a subordinated, no stated interest, thirty year term loan for down payment and closing costs made to a Mortgagor under the Program in an amount as identified in the commitment lot notice applicable to the 2021A Mortgage Loan, subject to adjustment from time to time at the direction of the Department.

"Eligible Borrower" shall mean eligible borrowers who meet the criteria described under "THE PROGRAM AND THE MORTGAGE LOANS – Eligible Borrowers."

"Fannie Mae" shall mean the Federal National Mortgage Association, a federally-chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. §1716 et seq.

"Fannie Mae Certificate" shall mean a guaranteed mortgage pass-through Fannie Mae Mortgage-Backed Security bearing interest at the applicable Pass-Through Rate, issued by Fannie Mae in book-entry form, transferred to the account of the Trustee or its nominee (or any successor or transferee), guaranteed as to

timely payment of principal and interest by Fannie Mae and backed by conventional Mortgage Loans in the related Fannie Mae pool.

"FDIC" shall mean the Federal Deposit Insurance Corporation or any successor agency or instrumentality of the United States of America.

"FHA" shall mean the Federal Housing Administration or its successors.

"Fiduciaries" shall mean the Trustee, the Depository, and any bond depository and any paying agent.

"Freddie Mac" shall mean the Federal Home Loan Mortgage Corporation, a corporation organized and existing under the laws of the United States of America, or its successor.

"Fund" shall mean the Mortgage Loan Fund, the Cost of Issuance Fund, the Revenue Fund, the Interest Fund, the Principal Fund, the Special Redemption Fund, the Rebate Fund, the Expense Fund, the Residual Revenues Fund and the Special Mortgage Loan Fund established under the Trust Indenture.

"Ginnie Mae" or "GNMA" shall mean the Government National Mortgage Association, a government sponsored enterprise organized and existing under the laws of the United States.

"Ginnie Mae Certificate" or "GNMA Certificate" shall mean a fully-modified, mortgage-backed, pass-through security (a GNMA I Mortgage Pass-Through Certificate or a GNMA II Mortgage Pass-Through Certificate) issued by the Master Servicer in accordance with the applicable GNMA Guide bearing interest at the applicable Pass-Through rate and representing the beneficial ownership interest in a GNMA pool, registered in the name of the Trustee and guaranteed as to timely payment of principal and interest by GNMA pursuant to Section 306(g) of Title III of the National Housing Act of 1934 and regulations promulgated thereunder backed by Mortgage Loans originated by Mortgage Lenders under the Program and packaged by the Master Servicer into a GNMA pool.

"Ginnie Mae Guide" means the GNMA II Mortgage Backed Securities Guide (Ginnie Mae 5500.3), as supplemented from time to time.

"Ginnie Mae Paying Agent" shall mean JPMorgan Chase Bank, New York, New York, in its capacity as the central transfer and paying agent pursuant to the Ginnie Mae Guide, or its successors or assigns.

"Government Obligations" shall mean direct obligations of, or obligations the principal of and interest on which are guaranteed by the full faith and credit of, the United States of America.

"Investment Securities" shall mean and include any one or more of the following securities, if and to the extent the same are at the time legal for investment of Department funds:

- (a) Government Obligations;
- (b) FHA debentures;
- (c) Obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any agency or instrumentality of the United States of America acting pursuant to authority granted by the Congress of the United States, including, without limitation the following: Fannie Mae (excluding mortgage-backed securities valued at greater than par on the portion of unpaid principal and mortgage-backed securities representing payment of principal only or interest only with respect to the underlying loans); Freddie Mac, GNMA, Student Loan Marketing Association, or other successor agencies;

(d) Obligations issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(e) Debt obligations (excluding obligations that do not have a fixed par value and/or the terms of which do not provide for payment of a fixed dollar amount at maturity or redemption) of any person, but only if such debt obligations are rated by each Rating Agency in a category at least as high as the rating then assigned to the Bonds by each such Rating Agency;

(f) Federal funds, unsecured certificates of deposit, time deposits and banker's acceptances (in each case, having maturities not in excess of one year) of any bank the short-term unsecured debt obligations of which are rated by each Rating Agency in the highest category for short-term obligations.

(g) Certificates of deposit and time deposits which are fully insured as to principal and interest by the FDIC;

(h) Commercial paper having maturities not in excess of one year rated by each Rating Agency in the highest category for short-term obligations;

(i) Money market funds rated by each Rating Agency in the highest category for money market funds;

(j) Repurchase agreements the subject of which are obligations described in clauses (a), (b), (c) or (d) above, with: (i) any Person whose long-term unsecured general indebtedness is rated by each Rating Agency in a category at least as high as the rating then assigned to the Bonds by each such Rating Agency, or if the term of such repurchase agreement does not exceed one year, whose short-term unsecured general indebtedness is rated by each Rating Agency in the highest category for short-term obligations; and (ii) with any member of the Association of Primary Dealers;

(k) Investment agreements secured or unsecured as required by the Department, with any Person whose long-term unsecured general indebtedness is rated by each Rating Agency in a category at least as high as the rating then assigned to the Bonds by each such Rating Agency or, if the term of such investment agreement does not exceed one year, whose short-term unsecured general indebtedness is rated by each Rating Agency in the highest category for short-term obligations⁽¹⁾; and

(l) Investment securities described in any Supplemental Indenture the inclusion of which in the definition of Investment Securities for purposes of the Trust Indenture will not adversely affect, in and of itself, any rating then assigned to the Bonds by a Rating Agency, as evidenced by a letter from each such Rating Agency.

"Letter of Instructions" shall mean any written directive or authorization to the Trustee or any Depository specifying the period of time for which such directive and authorization shall remain in effect, executed by an Authorized Representative of the Department.

(1) The Department may enter into other investment agreements if the requirements of paragraph (1) of this definition of "Investment Securities" are satisfied.

"Master Servicer" shall mean, with respect to Program 97, the Idaho Housing Finance Association, or any successor thereto as a servicer for such program, including any designee to act on its behalf.

"Master Indenture" shall mean the Residential Mortgage Revenue Bond Trust Indenture, dated as of November 1, 1987, pursuant to which the Bonds of each Series are authorized to be issued.

"Mortgage" shall mean any mortgage or deed of trust securing a Mortgage Loan.

"Mortgage Certificate" shall mean a mortgage-backed security that evidences beneficial ownership of a mortgage pool, that satisfies the requirements of the applicable Series Supplement and that is purchased from amounts identified in the applicable Series Supplement and pledged by the Department to the Trustee pursuant to the Trust Indenture.

"Mortgage Lender" shall mean any bank or trust company, mortgage banker approved by Fannie Mae or Freddie Mac, national banking association, savings bank, savings and loan association, non-profit corporation, mortgage company, the Department, any financial institution or governmental agency and any other entity approved by the Department; provided such mortgage lender is authorized to make mortgage loans satisfying the requirements of the Trust Indenture.

"Mortgage Loan" shall mean (i) any loan evidenced by a Mortgage Note and secured by a Mortgage which satisfies the requirements of the Trust Indenture, which is made, acquired or refinanced, directly or indirectly, from amounts in the Mortgage Loan Fund or other moneys of the Department (including amounts derived from temporary indebtedness incurred in anticipation of the issuance of Bonds), and which is pledged by the Department to the Trustee pursuant to the Trust Indenture; and (ii) any evidence of a participation in a loan described above, including a Mortgage Certificate. In the proper context, Mortgage Loan may mean and include a Mortgage Certificate.

"Mortgage Loan Principal Payment" shall mean, with respect to any Mortgage Loan, all amounts representing (i) scheduled payments of principal thereof and (ii) Mortgage Loan Principal Prepayments other than portions, if any, of Mortgage Loan Principal Prepayments representing any penalty, fee, premium or other additional charge for the prepayment of principal which may be paid pursuant to the terms of a Mortgage Loan.

"Mortgage Loan Principal Prepayment" shall mean any moneys received or recovered by the Department from any payment of or with respect to principal (including any penalty, fee, premium or other additional charge for prepayment of principal which may be provided by the terms of a Mortgage Loan) on any Mortgage Loan other than the scheduled payments of principal called for by such Mortgage Loan, whether (i) by voluntary prepayment made by the borrower, (ii) as a consequence of the damage, destruction or condemnation of the mortgaged premises or any part thereof (other than insurance moneys received or recovered and used in accordance with the provisions of the Trust Indenture to repair or reconstruct the mortgaged premises which were the subject of insurance proceeds), (iii) by the sale, assignment, endorsement or other disposition of such Mortgage Loan by the Department, (iv) in the event of a default thereon by the borrower, by the acceleration, sale, assignment, endorsement or other disposition of such Mortgage Loan by the Department or by any other proceedings take by the Department, (v) from any special hazard insurance policy or standard hazard insurance policy covering mortgaged premises, (vi) from any Supplemental Mortgage Security, or (vii) from any proceeds received from any private mortgage insurer, the FHA, the VA, the RDA or any other agency or instrumentality of the United States of America in respect of any primary mortgage insurance or guaranty of a Mortgage Loan.

"Mortgage Note" shall mean any note, bond or other instrument evidencing borrower's obligation to repay a Mortgage Loan.

"Mortgage Pool" shall mean, with respect to a Mortgage Certificate, the pool of Mortgage Loans the beneficial ownership of which is represented by such Mortgage Certificate, as described in the schedule of pooled Mortgage Loans pertaining to such Mortgage Certificate.

"Outstanding" shall mean, when used with reference to Bonds, as of any date, Bonds theretofore or thereupon being authenticated and delivered under the Trust Indenture except:

- (a) Bonds canceled by the Trustee or delivered to the Trustee for cancellation at or prior to such date;
- (b) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Trust Indenture; and
- (c) Bonds deemed to have been paid as provided in the Trust Indenture.

"Pass-Through Rate" shall mean the interest rate accruing each month on a 2021A Mortgage Certificate, which will equal the mortgage rate of the 2021A Mortgage Loans backing the 2021A Mortgage Certificate less a servicing fee, which fee is retained by the Master Servicer.

"Person" shall mean an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organization, including a governmental or political subdivision or an agency or instrumentality thereof.

"Premium Serial Bonds" shall mean the Series 2021A Bonds maturing in the years ____ through ____, inclusive, which were sold at a premium as shown on the inside cover page.

"Premium PAC Term Bonds" shall mean the Term Bonds due _____, which were sold at a premium as shown on the inside cover page.

"Premium Term Bonds" shall mean the Term Bonds due _____, which were sold at a premium as shown on the inside cover page.

"Program 97" shall mean the program established by the Department pursuant to which the Department makes, acquires or refinances, directly or indirectly, Mortgage Loans or Mortgage Certificates related to the Series 2021A Bonds.

"Rating Agency" shall mean: (i) S&P Global Ratings, and any successor thereto; and (ii) Moody's Investors Service Inc., and any successor thereto to the extent either agency then has a rating on the Bonds in effect at the request of the Department.

"RDA" shall mean the Rural Development Agency of the United States Department of Agriculture or its successors.

"Rebate Fund" shall mean, collectively, the Rebate Funds established pursuant to the Series Supplements into which amounts to be paid to the United States of America will be deposited until disbursed.

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

"RHS" shall mean the United States Department of Agriculture, Rural Housing Service, formerly known as Farmers Home Administration, and any successor thereto.

"Serial Bonds" shall mean the Series 2021A Bonds titled as such on the inside cover page of this Official Statement.

"Series" shall mean all Bonds designated as a Series in a Series Supplement and which are authenticated and delivered on original issuance in a simultaneous transaction, and all Bonds delivered in exchange for or in lieu of such Bonds.

"Series Supplement" shall mean the Supplemental Indenture providing for the issuance of a Series of Bonds, as the same may be amended from time to time.

"Series 2021A Bonds" shall mean the Department's Residential Mortgage Revenue Bonds, Series 2021A issued under the Master Indenture and the Thirty-Fourth Supplemental Indenture.

"Series 2021B Bonds" shall mean the Department's Residential Mortgage Revenue Refunding Bonds, Series 2021B issued under the Master Indenture and the Thirty-Fifth Supplemental Indenture.

"State" shall mean the State of Texas.

"Supplemental Indenture" shall mean any trust indenture supplemental to or amendatory of the Trust Indenture, executed and delivered by the Agency or the Department and the Trustee in accordance with the Master Indenture.

"Swap Agreement" shall mean an agreement with respect to a Series of Bonds providing for an interest rate exchange or other interest rate hedge for the purpose of converting in whole or in part the Department's fixed or variable interest rate liability on all or a portion of such Bonds to a fixed or variable rate liability, including converting a variable rate liability to a different variable rate liability.

"Tenth Series Supplement" shall mean the Tenth Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of November 1, 1988 between the Department and the Trustee.

"Term Bonds" shall mean the Series 2021A Bonds titled as such on the inside cover page of this Official Statement.

"Termination Payment" shall mean an amount owed by the Department to a counterparty pursuant to a Swap Agreement incurred in connection with the termination of the Swap Agreement and which, on the date of execution of the Swap Agreement, is not an amount representing a regularly-scheduled payment under the Swap Agreement.

"Thirty-Fifth Supplemental Indenture" shall mean the Thirty-Fifth Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of _____, 2021, by and between the Department and the Trustee, together with any amendments.

"Thirty-Fourth Supplemental Indenture" shall mean the Thirty-Fourth Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of _____, 2021, by and between the Department and the Trustee, together with any amendments.

"2021A Mortgage Certificates" shall mean the Ginnie Mae Certificates or Fannie Mae Certificates that evidence beneficial ownership of and a participation in a Mortgage Pool, that satisfy the requirements of the Thirty-Third Supplemental Indenture which are purchased by the Trustee from amounts available in the 2021A Mortgage Loan Account and pledged by the Department to the Trustee pursuant to the Trust Indenture.

"2021A Mortgage Loan Account" shall mean the 2021A Mortgage Loan Account of the Mortgage Loan Fund.

"2021A Mortgage Loans" shall mean the loans included in each Mortgage Pool represented by a 2021A Mortgage Certificate.

"2021A Principal Account" shall mean the 2021A Principal Account of the Principal Fund.

"2021A Revenue Account" shall mean the 2021A Revenue Account of the Revenue Fund.

"2021A Special Redemption Account" shall mean the 2021A Special Redemption Account of the Redemption Fund.

"2021B Interest Account" shall mean the 2021B Interest Account of the Interest Fund.

"2021B Mortgage Loan Account" shall mean the 2021B Mortgage Loan Account of the Mortgage Loan Fund.

"2021B Principal Account" shall mean the 2021B Principal Account of the Principal Fund.

"2021B Revenue Account" shall mean the 2021B Revenue Account of the Revenue Fund.

"2021B Special Redemption Account" shall mean the 2021B Special Redemption Account of the Special Redemption Fund.

"2021B Transferred Mortgage Certificates" shall mean the Mortgage Certificates allocated to the 2021B Mortgage Loan Account as described in Appendix I hereto.

"Treasury" shall mean the United States Department of the Treasury.

"VA" shall mean the United States Department of Veterans Affairs or its successors.

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APPENDIX B-1 GNMA AND THE GNMA CERTIFICATES

This summary of the GNMA Mortgage Backed Securities Program, the GNMA Certificates and the documents referred to herein does not purport to be comprehensive and is qualified in its entirety by reference to the GNMA Mortgage Backed Securities Guide published by GNMA and to said documents for full and complete statement of their provisions. The following summary is of the GNMA I Program and the GNMA II Program, as amended.

Government National Mortgage Association ("GNMA") is a wholly-owned corporate instrumentality of the United States within the Department of Housing and Urban Development ("HUD") with its principal office in Washington, D.C.

To issue GNMA Certificates, the Master Servicer must first apply to and receive from GNMA the Commitment to Guarantee Mortgage Backed Securities (the "MBS Agreement"). The MBS Agreement authorizes the Master Servicer to apply to GNMA for the issuance of Mortgage-Backed Securities to be eligible for guaranty by GNMA up to a stated date and issue GNMA Certificates up to a stated amount during a one-year period following the date of the MBS Agreement. Each MBS Agreement is valid for a 12-month period from the date of commitment.

Each GNMA Certificate is to be backed by a mortgage pool consisting of Mortgage Loans in a minimum aggregate amount of \$250,000 (or such lesser amount as may be approved by GNMA). Each GNMA I Certificate will be a "mortgage loan pass-through" certificate which will require the Master Servicer to pass through to the paying and transfer agent therefor (the "GNMA Paying Agent") by the fifteenth day of each month (or the sixteenth day, if such day is not a business day, provided that, if neither the fifteenth nor the sixteenth day is a business day, the first business day prior to the fifteenth day of the month), the regular monthly payments on the Mortgage Loans (less the GNMA Guaranty Fee and the Master Servicer's servicing fee, more fully described herein), whether or not the Master Servicer receives such payments, plus any prepayments of principal of the Mortgage Loans received by the Master Servicer in the previous month. Each GNMA II Certificate will require the Master Servicer to pass through to the GNMA Paying Agent for the GNMA II Program, by the nineteenth day of each month (or the twentieth day, if such day is not a business day; provided that, if neither the nineteenth nor the twentieth day is a business day, then the first business day prior to the nineteenth day of the month), the regular monthly payments on the Mortgage Loans (less the GNMA Guaranty Fee and the Master Servicer's servicing fee, more fully described herein), whether or not the Master Servicer received such payments, plus any prepayments on the Mortgage Loan received by the Master Servicer in the previous month. The GNMA Paying Agent is then required to pass through to the Trustee on or before the third business day following the nineteenth day of each month the scheduled payments received from the Master Servicer. GNMA guarantees timely payment of principal of and interest with respect to the GNMA Certificate.

GNMA is authorized by Section 306(g) of Title III of the National Housing Act of 1934, as amended (the "Housing Act"), to guarantee the timely payment of the principal of, and interest on, securities that are based on and backed by a pool of mortgage loans insured by FHA under the Housing Act, or guaranteed by RDA under Title V of the Housing Act of 1949, or guaranteed by VA under the Servicemen's Readjustment Act of 1944, as amended, or Chapter 37 of Title 38, United States Code. Section 306(g) further provides that "the full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection." An opinion, dated October 12, 1969, of an Assistant Attorney General of the United States, states that such guarantees under Section 306(g) of mortgage backed certificates of the type

being delivered to the Trustee on behalf of the Department are authorized to be made by GNMA and "would constitute general obligations of the United States backed by its full faith and credit."

GNMA, upon execution of the GNMA Guaranty appended to the GNMA Certificate and upon delivery of the GNMA Certificate to the Master Servicer, will have guaranteed to the Trustee as holder of the GNMA Certificate the timely payment of principal of and interest on the GNMA Certificate. In order to meet its obligations under such guaranty, GNMA, in its corporate capacity under Section 306(g) of Title III of the Housing Act, may issue its general obligations to the United States Treasury Department in an amount outstanding at any one time sufficient to enable GNMA, with no limitations as to amount, to perform its obligations under its guaranty of the timely payment of the principal of and interest on the GNMA Certificate. The Treasury is authorized to purchase any obligation so issued by GNMA and has indicated in a letter dated February 13, 1970, from the Secretary of the Treasury to the Secretary of HUD that the Treasury will make loans to GNMA, if needed, to implement the aforementioned guaranty.

GNMA is required to warrant to the Trustee as the holder of the GNMA Certificate, that, in the event it is called upon at any time to make payment on its guaranty of the principal of and interest on the GNMA Certificate, it will, if necessary, in accordance with Section 306(d) of Title III of the Housing Act, apply to the Treasury Department of the United States for a loan or loans in amounts sufficient to make payments of principal and interest.

The Master Servicer will be responsible for servicing and otherwise administering the Mortgage Loans in accordance with generally accepted practices of the mortgage banking industry and the GNMA Mortgage Backed Securities Guide (the "Guide").

It is expected that interest and principal payments on the Mortgage Loans received by the Master Servicer will be the source of payments on the GNMA Certificates. If such payments are less than what is due the Master Servicer is obligated to advance its own funds to ensure timely payment of all amounts coming due on the GNMA Certificates. GNMA guarantees such timely payment in the event of the failure of the Master Servicer to pay an amount equal to the scheduled payments (whether or not made).

The Master Servicer is required to advise GNMA in advance of any impending default on scheduled payments so that GNMA as guarantor will be able to continue such payments as scheduled on the third business day following the twentieth day of each month. If, however, such payments are not received as scheduled, the Trustee has recourse directly to GNMA.

The GNMA Guaranty Agreement to be entered into by GNMA and the Master Servicer upon issuance of the GNMA Certificates (the "GNMA Guaranty Agreement") will provide that, in the event of a default by the Master Servicer, GNMA will have the right, by letter to the Master Servicer, to effect and complete the extinguishment of the Master Servicer's interest in the Mortgage Loans, and the Mortgage Loans are to thereupon become the absolute property of GNMA, subject only to the unsatisfied rights of the holder of the GNMA Certificate. In such event, the GNMA Guaranty Agreement will provide that GNMA will be the successor in all respects to the Master Servicer in its capacity under the GNMA Guaranty Agreement and the transaction and arrangements set forth or arranged for therein. At any time, GNMA may enter into an agreement with an institution approved by GNMA under which such institution undertakes and agrees to assume any part or all of such duties, and no such agreement will detract from or diminish the responsibilities, duties or liabilities of GNMA in its capacity as guarantor.

Payment of principal and interest on the GNMA Certificate is required to be made in monthly installments on or before the third business day following the twentieth of each month commencing the month following the date of issue of the GNMA Certificate.

Each installment on the GNMA Certificate is required to be applied first to interest and then in reduction of the principal balance then outstanding on the GNMA Certificate. Interest is to be paid at the specified rate on the unpaid portion of the principal of the GNMA Certificate. The amount of principal due on the GNMA Certificate is to be in an amount at least equal to the scheduled principal amortization currently due on the Mortgage Loans subject to adjustment by reason of unscheduled recoveries of principal on the Mortgage Loans. In any event, the Master Servicer is required to pay to the Trustee, as holder of the GNMA Certificate, monthly installments of not less than the interest due on the GNMA Certificate at the rate specified in the GNMA Certificate, together with any scheduled installments of principal, whether or not such interest or principal is collected from the Mortgagor, and any prepayments or early recovery of principal. Final payment is to be made upon surrender of the outstanding GNMA Certificate.

The Office of Inspector General (OIG) is required to conduct an annual audit of GNMA under the provisions of the Chief Financial Officers (CFO) Act of 1990 ("CFO Act"). The complete OIG report is included in the separate management report of GNMA prepared pursuant to the CFO Act which is available upon request from GNMA at Government National Mortgage Association, 451 Seventh Street, SW, Washington, D.C. 20410-9000.

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APPENDIX B-2
FANNIE MAE AND THE FANNIE MAE CERTIFICATES

General

Fannie Mae is a federally chartered and stockholder owned corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. 1716 et seq. Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market and became a stockholder owned and privately managed corporation by legislation enacted in 1968.

Fannie Mae purchases, sells, and otherwise deals in mortgages in the secondary market rather than as a primary lender. It does not make direct mortgage loans but acquires mortgage loans originated by others. In addition, Fannie Mae issues mortgage backed securities ("MBS"), primarily in exchange for pools of mortgage loans from lenders. Fannie Mae receives guaranty fees for its guarantee of timely payment of principal of and interest on MBS certificates.

The securities of Fannie Mae are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any agency or instrumentality thereof other than Fannie Mae.

Information on Fannie Mae and its financial condition is contained in periodic reports that are filed with the Securities and Exchange Commission (the "SEC"). The SEC filings are available at the SEC's website at <http://www.sec.gov>. The periodic reports filed by Fannie Mae with the SEC are also available on Fannie Mae's website at <http://www.fanniemae.com/portal/about-fm/investor-relations/quarterly-annual-results.html> or from Fannie Mae at the Office of Investor Relations at 202-752-7115.

Fannie Mae is incorporating by reference in this Official Statement the documents listed below that Fannie Mae publishes from time to time. This means that Fannie Mae is disclosing information to you by referring you to those documents. Those documents are considered part of this Reoffering Circular, so you should read this Reoffering Circular, and any applicable supplements or amendments, together with those documents before making an investment decision.

You should rely only on the information provided or incorporated by reference in this Official Statement and any applicable supplement, and you should rely only on the most current information.

Fannie Mae makes no representation as to the contents of this Official Statement, the suitability of the Bonds for any investor, the feasibility of performance of any program, or compliance with any securities, tax or other laws or regulations.

Fannie Mae currently is required to file periodic financial disclosures with the U.S. Securities and Exchange Commission (the "SEC"), including Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, together with any required exhibits. These reports and other information can be read and copied at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. The SEC currently maintains a website (<http://www.sec.gov>) that contains reports, proxy statements and other information that Fannie Mae has filed with the SEC. The Senior Preferred Stock Purchase Agreement between the Treasury and Freddie Mac requires Freddie Mac to provide the Treasury with annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K. The Department makes no representation regarding the content, accuracy or availability of any such reports or information filed by Fannie Mae or Freddie Mac with the SEC, or any information provided at such website. The SEC's website is not part of this Official Statement.

Mortgage-backed Securities Program

Fannie Mae is a federally chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act (12 U.S.C. Section 1716 et seq.). Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market, and was transferred into a stockholder-owned and privately managed corporation by legislation enacted in 1968. The Secretary of Housing and Urban Development exercises general regulatory power over Fannie Mae. Fannie Mae provides funds to the mortgage market by purchasing mortgage loans from lenders, thereby replenishing their funds for additional lending. Fannie Mae acquires funds to purchase mortgage loans from many capital market investors that may not ordinarily invest in mortgage loans, thereby expanding the total amount of funds available for housing. In addition, Fannie Mae issues mortgage-backed securities primarily in exchange for pools of mortgage loans from lenders.

Although the Secretary of the Treasury of the United States has certain discretionary authority to purchase obligations of Fannie Mae, neither the United States nor any agency or instrumentality thereof is obligated to finance Fannie Mae's obligations or assist Fannie Mae in any manner.

Fannie Mae has implemented a mortgage-backed securities program pursuant to which Fannie Mae issues securities (the "Fannie Mae Certificates") backed by pools of mortgage loans (the "MBS Program"). The obligations of Fannie Mae, including its obligations under the Fannie Mae Certificates, are obligations solely of Fannie Mae and are not backed by, or entitled to, the full faith and credit of the United States.

The terms of the MBS Program are governed by the Fannie Mae Selling and Servicing Guides (the "Fannie Mae Guides") published by Fannie Mae, as modified by the Pool Purchase Contract (as hereinafter described), and, in the case of mortgage loans such as the Mortgage Loans, a Trust Indenture dated as of November 1, 1981, as amended (the "Fannie Mae Trust Indenture"), and a supplement thereto to be issued by Fannie Mae in connection with each pool.

The summary of the MBS Program set forth herein does not purport to be comprehensive and is qualified in its entirety by reference to the Fannie Mae Guides, the Fannie Mae prospectus and the other documents referred to herein.

Pool Purchase Contract

It is expected that Fannie Mae and the Master Servicer will enter into a Pool Purchase Contract, pursuant to which the Servicer will be permitted to deliver, and Fannie Mae will agree to purchase mortgage loans in exchange for Fannie Mae Certificates. The purpose of the Pool Purchase Contract is to provide for certain additions, deletions and changes to the Fannie Mae Guides relating to the purchase of mortgage loans. In the event of a conflict between the Pool Purchase Contract and the Fannie Mae Guides, the Pool Purchase Contract will control. The description set forth below assumes that the Pool Purchase Contract will be executed substantially in the form presented by Fannie Mae to the Master Servicer as of the date hereof.

The Pool Purchase Contract obligates the Servicer to service the mortgage loans in accordance with the requirements of the Fannie Mae Guides and the Pool Purchase Contract.

Fannie Mae Certificates

Each Fannie Mae Certificate will represent the entire interest in a specified pool of Mortgage Loans purchased by Fannie Mae from the Servicer and identified in records maintained by Fannie Mae.

Fannie Mae will guarantee to the registered holder of the Fannie Mae Certificates that it will distribute amounts representing scheduled principal and interest at the applicable pass-through rate on the Mortgage Loans in the pools represented by such Fannie Mae Certificates, whether or not received, and the full balance of any foreclosed or other finally liquidated Mortgage Loan, whether or not such principal balance is actually received. The obligations of Fannie Mae under such guarantees are obligations solely of Fannie Mae and are not backed by, nor entitled to, the faith and credit of the United States. If Fannie Mae were unable to satisfy such obligations, distributions to the Trustee, as the registered holder of Fannie Mae Certificates, would consist solely of payments and other recoveries on the underlying Mortgage Loans and, accordingly, monthly distributions to the Trustee, as the holder of Fannie Mae Certificates, would be affected by delinquent payments and defaults on such Mortgage Loans.

Payments on Mortgage Loans; Distributions on Fannie Mae Certificates

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

For purposes of distributions, a Mortgage Loan will be considered to have been prepaid in full if, in Fannie Mae's reasonable judgment, the full amount finally recoverable on account of such Mortgage Loan has been received, whether or not such full amount is equal to the stated principal balance of the Mortgage Loan. Fannie Mae may, in its discretion, include with any distribution principal prepayments, both full and partial, received during the month prior to the month of distribution but is under no obligation to do so.

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APPENDIX C

FORM OF PROPOSED OPINION OF BOND COUNSEL

APPENDIX D-1

ADDITIONAL INFORMATION CONCERNING MORTGAGE CERTIFICATES

APPENDIX D-2

**BOND SUMMARY OF THE TEXAS DEPARTMENT OF HOUSING
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APPENDIX E

APPLICABLE MEDIAN FAMILY INCOMES AND MAXIMUM ACQUISITION

COST LIMITATIONS

APPENDIX F

**TABLE OF PROJECTED WEIGHTED AVERAGE LIFE DATA
AT VARIOUS PREPAYMENT SPEEDS**

APPENDIX G

**UNEXPENDED PROCEEDS REDEMPTION PRICE FOR
PREMIUM SERIAL BONDS
AND PREMIUM PAC TERM BONDS**

APPENDIX H

DATA REGARDING THE 2021B TRANSFERRED MORTGAGE CERTIFICATES

APPENDIX I

**SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS
AND OTHER MATTERS**

DTC and Book-Entry

DTC will act as securities depository for the Series 2021 Bonds. The Series 2021 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Series 2021 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Series 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2021 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' Records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2021 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2021 Bonds, except in the event that use of the book-entry system for the Series 2021 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2021 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2021 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2021 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2021 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2021 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2021 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Series 2021 Bonds may wish to ascertain that the nominee holding the Series 2021 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2021 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2021 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Department as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2021 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments on the Series 2021 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Department or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the Department, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Department or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2021 Bonds at any time by giving reasonable notice to the Department or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Department, or the Trustee.

The Department, the Underwriters and the Trustee cannot and do not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Series 2021 Bonds (i) payments of principal of or interest and premium, if any, on the Series 2021 Bonds, (ii) certificates representing an ownership interest or other confirmation of beneficial ownership interest in

Series 2021 Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2021 Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities Exchange Commission, and the current "Procedures" of DTC to be followed in dealing with Direct Participants are on file with DTC.

NEITHER THE DEPARTMENT, THE UNDERWRITERS NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON WITH RESPECT TO: (1) THE SERIES 2021 BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2021 BONDS; (4) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE TRUST INDENTURE TO BE GIVEN TO OWNERS OF SERIES 2021 BONDS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF SERIES 2021 BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS A BONDHOLDER.

Discontinuation of Book-Entry-Only System

In the event that the book-entry-only system is discontinued by DTC or the Department, the following provisions will be applicable to the Series 2021 Bonds. Series 2021 Bonds may be exchanged for an equal aggregate principal amount of Series 2021 Bonds in other Authorized Denominations of the same Series and maturity upon surrender thereof at the applicable corporate trust office of the Trustee with a duly executed assignment in form satisfactory to the Trustee. The transfer of any Series 2021 Bond may be registered on the books maintained by the Trustee for such purpose only upon the surrender of such Series 2021 Bond to the Trustee with a duly executed assignment in form satisfactory to the Trustee. For every exchange or transfer of registration of Series 2021 Bonds, the Department or the Trustee may make a charge sufficient to reimburse it or them for any tax, fee, or other governmental charge required to be paid with respect to such exchange or registration of transfer, as well as the administrative expenses, if any, charged by the Trustee for the transfer or exchange. The Trustee will not be required to transfer or exchange any Series 2021 Bond for a period of 20 days next preceding an interest payment date on such Series 2021 Bonds or next preceding any selection of Series 2021 Bonds to be redeemed or thereafter until after mailing of any notice of redemption on any Series 2021 Bonds called for redemption, or transfer or exchange any Series 2021 Bonds called for redemption. The Department and the Trustee may treat the Person in whose name a Series 2021 Bond is registered as the absolute owner thereof for all purposes, whether such Series 2021 Bond is overdue or not, for the purpose of receiving payment of, or on account of the principal of, interest on, such Series 2021 Bond. If any Series 2021 Bond is not presented for payment when the principal or the Redemption Price therefor becomes due, and if moneys sufficient to pay such Series 2021 Bond (or the portion thereof called for redemption) or such interest, as is applicable, have been deposited under the Trust Indenture, all liability of the Department to the owner thereof for the payment of such Series 2021 Bonds (or portion thereof) or such interest, as applicable, will be discharged, and thereupon it shall be the duty of the Trustee to hold such money for the benefit of the owner of the applicable Series 2021 Bond, who will thereafter be restricted exclusively to such money, for any claim on his part under the Trust Indenture or on or with respect to, such principal, Redemption Price and/or interest. Money not claimed within three years will be turned over to the Comptroller of Public Accounts of the State of Texas (the "Comptroller"), in accordance with Title 6, Texas Property Code.

THE PRIOR BONDS

In addition to the Series 2021 Bonds to be issued, thirty-seven series of Prior Bonds have been issued pursuant to the Master Indenture. As of January 31, 2021, \$223,415,000 in aggregate principal amount of such Prior Bonds were Outstanding in the following principal amounts:

Series	Original Issue Amount	Bonds Outstanding
2009C-1	\$ 89,030,000	\$ 23,765,000
2009C-2	60,080,000	17,220,000
2011A	60,000,000	8,100,000
2011B	87,955,000	15,965,000
2019A	166,350,000	158,365,000

For a more detailed description of the Prior Bonds, please refer to "APPENDIX D-1 – ADDITIONAL INFORMATION CONCERNING MORTGAGE CERTIFICATES."

Mortgage Loans and Mortgage Certificates

Mortgage Loans and Mortgage Certificates held under the Residential Mortgage Revenue Bond Program as of January 31, 2021 were as follows:

Prior Mortgage Certificates:	
Ginnie Mae	219,087,872.32
Fannie Mae	9,652,252.33
TOTAL	228,740,124.65

For a detailed examination of the Mortgage Loans and Mortgage Certificates acquired with proceeds of the Prior Bonds, please refer to "APPENDIX D-1 – ADDITIONAL INFORMATION CONCERNING MORTGAGE CERTIFICATES." Unless otherwise specified, all information is as of January 31, 2021.

TEXAS TREASURY SAFEKEEPING TRUST COMPANY

The Department has entered into a Depository Agreement relating to the Bonds (as amended and supplemented, the "Depository Agreement"), by and among the Department, the Trustee, and the Texas Treasury Safekeeping Trust Company, a special-purpose trust company organized under the laws of the State of Texas (the "Trust Company"). Pursuant to the Depository Agreement, the Trust Company will hold all moneys and securities required to be credited to all Funds (other than the Special Mortgage Loan Fund). All money and securities required by the Trust Indenture to be credited to such Funds and Accounts are required to be remitted to the Trust Company from time to time by the Department and the Trustee. The Trust Company is required to remit amounts from the appropriate accounts held by it to the Trustee at such times as are necessary to pay the principal or Redemption Price of and interest on the Bonds when due. Moneys held in the accounts held by the Trust Company are required to be invested by the Trust Company pursuant to instruction from the Department as described herein under "THE TRUST INDENTURE – Investments." The Trust Company is required to hold all moneys and securities delivered to it under the Depository Agreement in trust for the benefit of the Department, the Trustee and the owners of the Bonds.

The Department has agreed to pay the Trust Company a fee for performing its duties under the Depository Agreement. The Department has the right to remove the Trust Company as Depository under the Depository Agreement at any time by filing a written notice with the Trustee and the Trust Company to that effect. The Trust Company may resign as Depository under the Depository Agreement by giving at least 60 days' written notice to the Department and the Trustee of its determination to resign. Upon any such removal or resignation, the Trust Company is required to deliver all moneys and securities held by it under the Depository Agreement to its successor thereunder, or, if there is no successor, to the Trustee.

LEGALITY FOR INVESTMENT

The Act provides that all obligations issued by the Department are legal and authorized investments for banks, savings banks, trust companies, savings and loan associations, insurance companies, fiduciaries, trustees, guardians, and the sinking and other public funds of the State, municipalities, counties, school districts, and other political subdivisions and public agencies of the State.

The Act also provides that all obligations issued by the Department are eligible and lawful security for all deposits of public funds of the State and all public agencies to the extent of the par or market value thereof, whichever is greater.

To the extent that the Series 2021 Bonds constitute "collateralized mortgage obligations that have a stated final maturity of greater than 10 years" within the meaning of the Texas Public Funds Investment Act, the Series 2021 Bonds are not an "authorized investment" for a state agency, a local government, or other investing entity subject to the provisions of the Public Funds Investment Act.

No representation is made that the Series 2021 Bonds will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes. The Department has made no investigation of other laws, rules, regulations or investment criteria which might apply to any such persons or entities or which might otherwise limit the suitability of the Series 2021 Bonds for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Series 2021 Bonds for such purposes.

THE PROGRAM AND THE MORTGAGE LOANS

The Program

The Department has established a single family mortgage purchase program ("Program") pursuant to the Act for the purpose of assisting in financing the costs of acquisition of residences within the State of Texas by Eligible Borrowers (as described below). The component of the Program relating to the Series 2021A Bonds has been designated as the Department's Bond Program No. 97 ("Program 97"). In connection with the issuance of the Series 2021A Bonds and the Prior Bonds and any additional Bonds, the Department purchased or shall purchase certain qualified Mortgage Loans (or participations therein) or Mortgage Certificates backed by Mortgage Loans originated by commercial banks, savings and loan associations, mortgage companies, non-profit corporations, and other qualified financial institutions (the "Mortgage Lenders"). As a result of the issuance of the Series 2021A Bonds, the Trustee, on behalf of the Department, has agreed to purchase 2021A Mortgage Certificates.

Mortgage Loans evidenced by the 2021 Mortgage Certificates will bear interest at rates established from time to time by the Department pursuant to the provisions of the Trust Indenture. Shown in "SECURITY FOR THE BONDS—Mortgage Loans and Mortgage Certificates. 2021 Mortgage Certificates are expected to be comprised of GNMA Certificates. The purchase price for such GNMA Certificates will be 100% of par (plus accrued interest).

The guidelines adopted by the Department from time to time in connection with the Program establish the eligibility of lenders to participate in the Program, time limitations with respect to commitments for and originations of Mortgage Loans, the types of Mortgage Loans eligible for purchase by the Servicer, the eligibility of mortgagors, the requirements for dwellings which secure Mortgage Loans, the fees which a Mortgage Lender may charge to originate a Mortgage Loan, the fees which a lending institution may charge for servicing a Mortgage Loan, as well as other aspects of the Program. In connection with each phase of the Program, the Department executed or will execute origination, sale and servicing agreements or mortgage origination agreements and program supplements (collectively, the "Agreement") with the respective Mortgage Lenders. The Agreement obligated or will obligate the Mortgage Lenders to use their best efforts to originate and sell to the Department Mortgage Loans in conformity with the guidelines. Each Mortgage Loan was or will be reviewed prior to acquisition by the Compliance Agent designated by the Department for compliance with applicable provisions of the Program as set forth in the guidelines and with applicable provisions of federal income tax laws. The procedures set forth in the Agreement are established by the Department after consideration of standards and requirements customary in the secondary mortgage market. The Department anticipates that it may revise its procedures from time to time to conform with changes in the procedures followed by Fannie Mae, RHS, Ginnie Mae, VA or other major secondary mortgage market institutions.

Mortgage Lender Reservations – First-Come, First-Served

No funds made available through Program 97 will be allocated to any specific Mortgage Lenders. All funds will be made available to Mortgage Lenders on a controlled first-come, first-served basis.

Low Income Reservation

For the first one-year period of Program 97, the Department is requiring that 30% of the funds made available through the issuance of the Series 2021A Bonds be reserved for Mortgage Loans for individuals and families of low income (not exceeding 80% of applicable median family income ("AMFI")).

Since _____, over ___% of Mortgage Loans originated by the Department that were eligible for inclusion in a tax-exempt bond issue and securitized into GNMA Certificates were made to borrowers at or below 80% of AMFI.

Low and Moderate Income Reservation

The remaining lendable funds will be made available for Mortgage Loans to Eligible Borrowers of low and moderate incomes whose family income does not exceed, for families of three persons or more, one hundred fifteen percent (115%) (one hundred forty percent (140%) in targeted areas) of AMFI, and, for individuals and families of two persons, one hundred percent (100%) (one hundred twenty percent (120%) in targeted areas) of AMFI.

Eligible Borrowers

Each Mortgage Loan is required to be made to a person whose family income does not exceed certain income limits. In addition, to be eligible for a Mortgage Loan an applicant must be a person: (i) who intends to occupy the residence to be financed with such Mortgage Loan as his or her principal residence within a reasonable period after financing is provided; (ii) who, except in the case of certain targeted area loans, certain qualified veterans, certain exception loans hereinafter described, and certain homes falling into the Contract for Deed Exception, has not had a present ownership interest in a principal residence at any time during the three-year period preceding the date of execution of the Mortgage; and (iii)

who has not had an existing mortgage on the residence (other than a mortgage falling into the Contract for Deed Exception) to be financed with such Mortgage Loan at any time prior to the execution of the Mortgage, other than certain permitted temporary financing mortgages. The Department, subject to the requirements of applicable provisions of federal income tax law and applicable regulations, may approve a limited number of exception loans that do not satisfy the requirement described in clause (ii) in the immediately preceding sentence. The maximum income for Eligible Borrowers varies according to family size and location.

Eligible Property

Each residence financed with a Mortgage Loan must consist of real property and improvements permanently affixed thereon which is located within the State of Texas. Each residence must be a single-family, owner-occupied attached or detached structure, a single-family condominium unit or a single unit in a planned unit development or a qualifying duplex, triplex, or four-plex. Each residence financed with a Mortgage Loan must have an acquisition cost (the "Maximum Acquisition Cost") not exceeding certain acquisition cost limits established by the Department from time to time. The Maximum Acquisition Cost varies according to location.

Mortgage Loans

The Department may, at its election, sell, assign, transfer or otherwise dispose of any Mortgage Loan or Mortgage Certificate in accordance with the terms and provisions of the Trust Indenture, as more particularly described in "SECURITY FOR THE BONDS – Sale of Mortgage Certificates and Mortgage Loans." The Department shall not consent or agree to or permit any amendment or modification of any Mortgage Loan which will in any manner materially impair or materially adversely affect the rights or security of the Bondholders under the Trust Indenture in such Mortgage Loan except for amendments and modifications made in connection with settling any default on any Mortgage Loan which are consistent with the Cashflow Statement most recently filed with the Trustee, or in connection with a refinancing of a Mortgage Loan. See "SECURITY FOR THE BONDS – Cashflow Statement and Asset Test."

Compliance with Tax Law and Program Guidelines

Each Mortgage Lender was required or will be required to follow certain procedures in the origination of Mortgage Loans to insure compliance with the mortgage eligibility requirements of applicable federal income tax laws and other requirements applicable to the Mortgage Loans. These procedures will include, but may not be limited to, the following: (i) obtaining affidavits of the borrower and seller and certificates of the real estate agent, if any, providing and certifying certain information regarding borrower income, home acquisition cost, and other loan information; (ii) reviewing the contents of the affidavits and certificates with the persons executing them prior to the execution thereof; (iii) except in the case of certain targeted area loans or certain other exception loans, obtaining signed or certified copies of the borrower's federal income tax returns for the preceding three years to verify that the borrower did not claim deductions for taxes or interest on indebtedness with respect to real property constituting his or her principal residence or a borrower's affidavit that he or she was not required to file such a return during one or more of the preceding three years; (iv) performing such additional investigations as may be appropriate under the circumstances to verify that the requirements of applicable federal income tax laws are satisfied as of the date of the execution of the Mortgage; (v) reviewing the draft settlement statement to assure that all fees and charges and settlement and financing costs comply with the applicable requirements; (vi) preparing, executing, and delivering a certificate relating to compliance with the requirements set forth immediately above; and (vii) carrying out such additional verification procedures as may be reasonably requested by the Department, its designated compliance agent, or the Trustee. If any Mortgage Loan fails

to meet the guidelines established by the Department, the originating Mortgage Lender will be required to correct such failure within a reasonable time after such failure is discovered by either repurchasing the non-qualifying Mortgage Loan in full or by replacing the non-qualifying Mortgage Loan with a Mortgage Loan which meets the applicable requirements.

Servicing

The Master Servicer may deduct its servicing fees directly from amounts received on such Mortgage Loans. As compensation for its duties as servicer of Mortgage Loans, the Master Servicer will be entitled to receive a monthly servicing fee.

Servicing of the Mortgage Loans is required to be carried out in accordance with generally accepted practices in the mortgage lending industry and in accordance with the servicing standards set forth in the GNMA Guide or the Fannie Mae Guides, as applicable. In particular, the Master Servicer will be required to pursue collection on the applicable Mortgage Loans with prudence and diligence, manage foreclosure or assignment procedures, and file, process and receive the proceeds from FHA mortgage insurance, VA or RHS guaranty claims, or private mortgage insurance.

The Master Servicer, as servicer of the Mortgage Loans, must provide to the Department and such other person specified in a Supplemental Indenture, audited financial statements on an annual basis and monthly reports relating to Mortgage Loan originations and purchases. The Master Servicer may not resign from its servicing duties unless it is determined that its duties are no longer permissible under applicable laws and then only upon the assumption of the servicing duties by a successor servicer acceptable to FHA, VA, Ginnie Mae, Fannie Mae and the Department. In the event the Master Servicer is in material breach of its servicing obligations imposed by Ginnie Mae, Fannie Mae or the Department or a material adverse change has occurred in the financial condition of the Master Servicer, the Department, with the approval of Ginnie Mae, and Fannie Mae, may terminate the Master Servicer's servicing rights and transfer and assign those rights to another Fannie Mae-, and Ginnie Mae-approved servicer.

The Master Servicers

Idaho Housing and Finance Association ("Idaho HFA") will serve as Master Servicer of Mortgage Loans related to the Series 2021 Bonds.

Under the terms of the servicing agreement relating to the Series 2021 Bonds (the "Servicing Agreement"), the Department may terminate the Servicing Agreement without cause upon 120 days advance written notice to the Idaho HFA. The Department may terminate the Servicing Agreement (subject to any applicable cure period) upon the occurrence of certain events. The Servicing Agreement has an approximately one-year initial term with up to three one-year extensions as mutually agreed. If the Department terminates the Servicing Agreement for cause, then all power of the Idaho HFA under the Servicing Agreement shall be vested in the substitute Master Servicer.

If the Department terminates the Servicing Agreement for cause pursuant to its terms, the Idaho HFA shall, consistent with GNMA and Fannie Mae standards, make a full accounting and transfer and deliver to the Department, or its designee, all documents and moneys relating to the eligible mortgage loans which are then in the Idaho HFA's possession or under its custody or control, and thereupon all rights and duties of the Idaho HFA and its rights to further compensation shall cease.

Bank of America, N.A. ("Bank of America") is the Master Servicer for various Mortgage Loans financed pursuant to the Trust Indenture. As of January 31, 2021, Bank of America participates as Master

Servicer for the Department for approximately 752 Mortgage Loans financed with the proceeds of the Prior Bonds, which Mortgage Loans had an outstanding principal balance of \$68,230,992.53.

US Bank National Association ("US Bank") is the Master Servicer for various Mortgage Loans financed pursuant to the Trust Indenture. As of January 31, 2021, US Bank participates as Master Servicer for the Department for approximately 42 Mortgage Loans financed with the proceeds of the Prior Bonds, which Mortgage Loans had an outstanding principal balance of \$4,063,194.86.

Idaho HFA is the Master Servicer for various Mortgage Loans financed pursuant to the Trust Indenture. As of January 31, 2021, Idaho HFA services approximately 956 Mortgage Loans financed with the proceeds of the Prior Bonds, which Mortgage Loans had an outstanding principal balance of \$156,445,937.27.

Investment of Funds

Moneys in all Funds established pursuant to the Trust Indenture will be invested in Investment Securities pursuant to the Depository Agreement with the Texas Treasury Safekeeping Trust Company. See "APPENDIX I – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS AND OTHER MATTERS – Texas Treasury Safekeeping Trust Company." Moneys held or invested in all Funds and accounts (except for the Rebate Fund) under the Trust Indenture are for the equal and ratable benefit of all owners of the Bonds.

The following table summarizes certain information as of _____, 2021, regarding yields (calculated on the basis of stated maturity) on existing investments (valued at par) within particular Trust Indenture funds relating to Prior Bonds:

Fund or Account	Approximate Amount Invested (Par Value)	Investment Rate (%)	Investment Maturity Date	Investment Security/ Investment Agreement Provider
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Proceeds of the Series 2021 Bonds deposited into the 2021 Mortgage Loan Account will be invested in Investment Securities.

The ability of the Department to make timely payments of principal of and interest on the Series 2021 Bonds and the Prior Bonds could be affected if the parties to the various investment agreements for the Series 2021 Bonds or the Prior Bonds do not honor their obligations thereunder to repay such moneys and the interest thereon at the times and rates set forth in the respective investment agreements.

The Department has adopted an investment policy (the "Investment Policy") which applies to all financial assets of the Department. The Investment Policy's objectives, in the order of priority, are as follows: (1) safety of principal, (2) sufficient liquidity to meet Department cashflow needs, (3) achievement of a market rate of return on investments, and (4) conformance with all applicable State statutes, particularly

the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended. With respect to bond proceeds, the Investment Policy provides that such proceeds should be invested as permitted by the applicable trust indenture.

APPENDIX J

KESTREL VERIFIERS' SECOND PARTY OPINION

APPENDIX K

USE OF PROCEEDS REPORT

Exhibit D -- Depository Agreement

RMRB Series 2021AB-DEPOS

TWELFTH SUPPLEMENT TO AMENDED AND RESTATED DEPOSITORY AGREEMENT

Relating to

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

\$_[_____]

Residential Mortgage Revenue Bonds, Series 2021A (Social Bonds)

and

\$_[_____]

Residential Mortgage Revenue Refunding Bonds, Series 2021B (Taxable)

This Agreement is the Twelfth Supplement (the “Twelfth Supplement”) to Amended and Restated Depository Agreement, dated as of April 1, 2021, among the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas (as successor to the Texas Housing Agency and together with its successors and assigns, the “Department”); THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association (as successor trustee to MTrust Corp, National Association and together with its successors in trust under the Indenture referred to below, the “Trustee”); and the COMPTROLLER OF PUBLIC ACCOUNTS OF THE STATE OF TEXAS (the “State Comptroller”), acting by and through the Texas Treasury Safekeeping Trust Company, a special-purpose trust company organized under the laws of the State of Texas (together with its successors in such capacity, the “Trust Company”).

Preamble

The Department, the Trustee and the Trust Company entered into the Second Amended and Restated Depository Agreement, dated as of November 1, 1998 (as amended and supplemented from time to time, the “Amended and Restated Depository Agreement”), relating to the Department’s Residential Mortgage Revenue Bonds issued pursuant to that certain Residential Mortgage Revenue Bond Trust Indenture, dated as of November 1, 1987 (as amended and supplemented from time to time, the “Indenture”), between the Department and the Trustee.

The Department and the Trustee entered into that certain Amended and Restated Residential Mortgage Revenue Bond Trust Indenture, dated as of July 1, 2019 (as amended and supplemented from time to time, the “Amended and Restated RMRB Indenture”), amending and restating the Indenture for the purpose of consolidating amendments previously made to the Indenture and making certain other changes to the Indenture.

Section 8.02 of the Amended and Restated Depository Agreement provides that it may be amended in any respect by an instrument in writing executed by the Department, the Trustee and the Trust Company and, in particular, that it may be amended in connection with the issuance of one or more additional Series of Bonds; provided that the Trustee shall have received with respect to such amendment, a Counsel’s Opinion that such amendment is not inconsistent with the provisions of the Indenture and the Texas Government Code, as amended, Chapters 404 and 2306, and does not materially and adversely affect the rights of the holders of the Bonds.

The Department is in the process of issuing its \$_[_____] Residential Mortgage Revenue Bonds, Series 2021A (Social Bonds) (the “Series 2021A Bonds”), pursuant to the Thirty-Fourth Supplemental Residential Mortgage Revenue Bond Trust Indenture, dated as of April 1, 2021 (the “Thirty-

Fourth Supplemental Indenture”), between the Department and the Trustee, and its \$[_____] Residential Mortgage Revenue Refunding Bonds, Series 2021B (Taxable) (the “Series 2021B Bonds,” and together with the Series 2021A Bonds, the “Series 2021A/B Bonds”), pursuant to the Thirty-Fifth Supplemental Residential Mortgage Revenue Bond Trust Indenture, dated as of April 1, 2021 (the “Thirty-Fifth Supplemental Indenture,” and together with the Thirty-Fourth Supplemental Indenture, the “2021A/B Supplemental Indentures,” and the 2021A/B Supplemental Indentures and the Amended and Restated RMRB Indenture are collectively referred to herein as the “Trust Indenture”), between the Department and the Trustee.

The Department desires and has requested the Trustee and the Trust Company to enter into this Twelfth Supplement to supplement the Amended and Restated Depository Agreement to create Accounts under the Amended and Restated Depository Agreement corresponding to the Accounts being created under the Trust Indenture in connection with the issuance of the Series 2021A/B Bonds.

Agreement

In consideration of the mutual agreements contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Department, the Trustee and the Trust Company agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.01. Definitions. Unless the context requires otherwise, all defined terms contained in the Amended and Restated RMRB Indenture, the 2021A/B Supplemental Indentures and the Amended and Restated Depository Agreement have the same meanings in this Twelfth Supplement as such defined terms are given in each of the foregoing documents.

Section 1.02. Interpretation. This Twelfth Supplement and all of the terms and provisions in it shall be liberally construed to effectuate the purposes hereof and to achieve the purpose of providing additional security for the Series 2021A/B Bonds.

Section 1.03. Titles and Headings. The titles and headings of the Articles and Sections of this Twelfth Supplement have been inserted for convenience and reference only. They are not to be considered hereof and will not in any way modify or restrict the terms of this Twelfth Supplement.

Section 1.04. Amended and Restated Depository Agreement to Remain in Force. Except as supplemented by this Twelfth Supplement, the Amended and Restated Depository Agreement remains in full force and effect as to the matters covered by it.

Section 1.05. Continuing Binding Effect. The terms and provisions of the Amended and Restated Depository Agreement are in all respects binding upon and applicable to the parties to this Twelfth Supplement. Further, deposits, withdrawals and transfers to, from and among the Accounts described in Exhibit “A” of moneys and securities pertaining to the Series 2021A/B Bonds, and the investment of the moneys and securities in all respects, including the maintaining of records and the providing of reports, shall be governed by the terms and provisions of the Amended and Restated Depository Agreement, a copy of which is attached as Exhibit “B” hereto.

Section 1.06. Authority. This Twelfth Supplement is executed and delivered pursuant to the Act and the Amended and Restated Depository Agreement.

Section 1.07. Successors and Assigns. All covenants and agreements in this Twelfth Supplement among the Department, the Trustee and the Trust Company shall bind their respective successors and assigns, whether so expressed or not.

Section 1.08. Severability Clause. In case any provision in this Twelfth Supplement is found by a court to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired by such finding.

Section 1.09. Benefits of Twelfth Supplement. Nothing in this Twelfth Supplement, the Trust Indenture, or the Series 2021A/B Bonds, express or implied, gives to any Person, other than the parties to this Agreement, their successors under it, and the owners of Bonds, any benefit or any legal or equitable right, remedy or claim under this Twelfth Supplement.

Section 1.10. Governing Law. This Twelfth Supplement is governed by the laws of the State of Texas.

Section 1.11. Execution in Several Counterparts. This Twelfth Supplement may be simultaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

ARTICLE II

CREATION AND OPERATION OF ACCOUNTS

Section 2.01. Creation of Accounts. In accordance with Section 8.02 of the Amended and Restated Depository Agreement, the Department hereby creates and establishes with the Trust Company, but not within the Treasury of the State of Texas, a number of separate, special trust accounts relating to the Series 2021A/B Bonds to be known and designated by the respective names set forth on Exhibit "A" attached hereto. Each Account shall correspond to the Trust Indenture Account of the same name.

Section 2.02. Investment of Certain Funds. The Department instructs the Trustee and the Trust Company to invest funds relating to the Series 2021A/B Bonds in accordance with the Department's written instructions to the Trustee and the Trust Company.

(SIGNATURE PAGES FOLLOW)

EXECUTED as of the date first above written.

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: _____
Director of Bond Finance and Chief Investment Officer

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By: _____
Authorized Officer

TEXAS TREASURY SAFEKEEPING TRUST
COMPANY

By: _____
Name: _____
Title: _____

EXHIBIT “A”

Accounts

1. 2021A Cost of Issuance Account of the Cost of Issuance Fund (Section 2.9 of Thirty-Fourth Supplement)
2. 2021A Expense Account of the Expense Fund (Section 2.9 of Thirty-Fourth Supplement)
3. 2021A Mortgage Loan Account of the Mortgage Loan Fund (Section 2.9 of Thirty-Fourth Supplement)
4. 2021A Administrative Subaccount, within the 2021A Mortgage Loan Account (Section 2.9 of Thirty-Fourth Supplement)
5. 2021A Down Payment Assistance Subaccount, within the 2021A Mortgage Loan Account (Section 2.9 of Thirty-Fourth Supplement)
6. 2021A Interest Account of the Interest Fund (Section 2.9 of the Thirty-Fourth Supplement)
7. 2021A Principal Account of the Principal Fund (Section 2.9 of Thirty-Fourth Supplement)
8. 2021A Special Redemption Account of the Special Redemption Fund (Section 2.9 of Thirty-Fourth Supplement)
9. 2021A Rebate Fund (Section 2.9 of Thirty-Fourth Supplement)
10. 2021A Residual Revenues Account of the Residual Revenues Fund (Section 2.9 of Thirty-Fourth Supplement)
11. 2021A Revenue Account of the Revenue Fund (Section 2.9 of Thirty-Fourth Supplement)
12. 2021B Cost of Issuance Account of the Cost of Issuance Fund (Section 2.9 of Thirty-Fifth Supplement)
13. 2021B Expense Account of the Expense Fund (Section 2.9 of Thirty-Fifth Supplement)
14. 2021B Mortgage Loan Account of the Mortgage Loan Fund (Section 2.9 of Thirty-Fifth Supplement)
15. 2021B Interest Account of the Interest Fund (Section 2.9 of the Thirty-Fifth Supplement)
16. 2021B Principal Account of the Principal Fund (Section 2.9 of Thirty-Fifth Supplement)
17. 2021B Special Redemption Account of the Special Redemption Fund (Section 2.9 of Thirty-Fifth Supplement)
18. 2021BA Residual Revenues Account of the Residual Revenues Fund (Section 2.9 of Thirty-Fifth Supplement)
19. 2021B Revenue Account of the Revenue Fund (Section 2.9 of Thirty-Fifth Supplement)

EXHIBIT “B”

Amended and Restated Depository Agreement

Exhibit E -- Continuing Disclosure Agreement

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement"), dated as of April 1, 2021, is executed and delivered by the Texas Department of Housing and Community Affairs (the "Department") and The Bank of New York Trust Mellon Company, N.A., as Trustee, in connection with the issuance of the Department's Residential Mortgage Revenue Bonds, Series 2021A (the "Series 2021A Bonds") and Residential Mortgage Revenue Refunding Bonds, Series 2021B (Taxable) (the "Series 2021B Bonds," collectively, the "Series 2021 Bonds"). The Series 2021 Bonds are being issued pursuant to an Amended and Restated Residential Mortgage Revenue Bond Trust Indenture, dated as of July 1, 2019 (the "Master Indenture" and as amended and supplemented from time to time, collectively, the "Trust Indenture"), between the Department and The Bank of New York Mellon Trust Company, N.A., Houston, Texas, as Trustee, Paying Agent, and Registrar for the Series 2021 Bonds issued by the Department thereunder (the "Trustee"). All capitalized terms not defined in this Agreement shall have the meanings assigned to them in the Trust Indenture. For good and valuable consideration, the Department and the Trustee, covenant and agree as follows:

SECTION 1. *Annual Reports.*

The Department undertakes to and shall provide annually to the MSRB, in an electronic format as prescribed by the MSRB, within six months after the end of its fiscal year which ends August 31, 2021, and each fiscal year thereafter, financial information and operating data with respect to the Department of the general type included in the final Official Statement relating to the Series 2021 Bonds, being information of the general type described in Exhibit A hereto. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in Exhibit A hereto, or such other accounting principles as the Department may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the Department commissions an audit of such statements and the audit is completed within the period during which it must be provided. If the audit of such financial statements is not complete within such period, then the Department shall provide to the MSRB, in an electronic format as prescribed by the MSRB, unaudited financial statements within the required time period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

If the Department changes its fiscal year, it will notify the Trustee and the MSRB in writing of the change (and of the date of the new fiscal year end) prior to the next date by which the Department otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be incorporated by specific reference to any document or specific part thereby that is available to the public on the MSRB's website or filed with the SEC. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 2. *Material Event Notices.*

(a) (a) The Department agrees to disclose in a timely manner pursuant to the terms hereof and subject to the time limitation below, if the Department Disclosure Representative determines, pursuant to subsection (c) below, that such events are "material" under applicable federal securities laws and regulations promulgated thereunder.

- (1) Non-payment related defaults;
- (2) Modifications to rights of bondholders;
- (3) Series 2021 Bond calls, if material, and tender offers;
- (4) Release, substitution, or sale of property securing repayment of the Series 2021 Bonds;
- (5) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
- (6) Appointment of a successor or additional trustee or the change of name of a trustee; and
- (7) Incurrence of a financial obligation of the Department, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material.

(b) The Department agrees to provide notice to the MSRB of any of the following events with respect to the Series 2021 Bonds without regard to whether such event is considered material within the meaning of the federal securities laws

- (1) Principal and interest payment delinquencies;
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) Substitution of credit or liquidity providers, or their failure to perform;
- (5) Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Series 2021B Bonds, or other events affecting the tax-exempt status of the Series 2021B Bonds;
- (6) Defeasances;
- (7) Rating changes;
- (8) Bankruptcy, insolvency, receivership or similar event of an obligated person; and
- (9) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Department, any of which reflect financial difficulties.

For the purposes of the above described event notices, the term “financial obligation” means a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii); provided however, that a “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule. The Department intends the words used in Sections 2(a)(7) and 2(b)(9) and the definition of “financial obligation” to have the meanings ascribed to them in SEC Release No. 34-83885.

The Department shall provide notice of events stated in (a) and (b) immediately above, to the extent required, in a timely manner (but not in excess of ten business days after the occurrence of the event). The Department will also provide timely notice of any failure by the Department to provide annual financial information in accordance with their agreement described above under Section 1. Such notices shall be filed in an electronic format as prescribed by the MSRB.

(c) Whenever the Department obtains knowledge of the occurrence of one of the above events in Section 2(a), whether because of a notice from the Trustee pursuant to subsection (e) or otherwise, the Department Disclosure Representative shall, in a timely manner, determine if such event would constitute material information for Bondholders.

(d) If the Department determines that the occurrence of one of the above events in Section 2(a) is material within the meaning of applicable federal securities laws and regulations promulgated thereunder or an event listed under Section 2(b) has occurred, the Department Disclosure Representative shall promptly file a notice in an electronic format as prescribed by the MSRB of such occurrence with the MSRB. All documents provided to the MSRB pursuant to this Section 2 shall be accompanied by identifying information as prescribed by the MSRB. To the extent permitted by law, notwithstanding the requirements of this subsection, the disclosure of an event described in Section 2(b)(8) and Section 2(b)(7) need not be given earlier than the notice, if any, of the underlying event is given to the Bondholders of affected Bonds pursuant to the Trust Indenture.

(e) The Trustee shall, within three (3) Business Days of a Responsible Officer's obtaining actual knowledge of the occurrence of any of the events enumerated below, notify the Department Disclosure Representative of such event. It is agreed and understood that the Trustee has agreed to give the foregoing notice to the Department as an accommodation to assist it in monitoring the occurrence of such events, but is under no obligation to investigate whether any of such events has occurred. As used above, "actual knowledge" means the actual fact or statement of knowing, without any duty to make any investigation with respect thereto. The Department agrees to and does hereby hold harmless the Trustee and any officer, director, official, employee, agent, or attorney against any and all losses, claims, damages, or liabilities suffered by the Department as a result of a failure by the Trustee to give such notice pursuant to the terms hereof. The Trustee shall notify the Department Disclosure Representative of any of the following events:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves;
- (4) Unscheduled draws on credit enhancements;

- (5) Substitution of credit or liquidity providers, or their failure to pay principal, interest, or purchase price on the Series 2021 Bonds pursuant to applicable agreements;
- (6) Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Series 2021B Bonds, or other events affecting the tax-exempt status of the Series 2021B Bonds;
- (7) Modifications in the Trust Indenture to the rights of the Bondholders;
- (8) Bond calls (except sinking fund redemptions, if any);
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Series 2021 Bonds;
- (11) Rating changes; and
- (12) Appointment of a successor or additional trustee or the change of name of a trustee.

SECTION 3. *Limitations, Disclaimers, and Amendments.*

The Department shall be obligated to observe and perform the covenants specified in this Agreement for so long as, but only for so long as, the Department remains an "obligated person" with respect to the Series 2021 Bonds within the meaning of the Rule, except that the Department in any event will give notice of any deposit made in accordance the Trust Indenture that causes Series 2021 Bonds no longer to be Outstanding.

The provisions of this Agreement are for the sole benefit of (and may be enforced by) the Bondholders and beneficial owners of the Series 2021 Bonds, and nothing in this Agreement, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other Person. The Department undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Agreement and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Department's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Agreement or otherwise, except as expressly provided herein. The Department does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Series 2021 Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE DEPARTMENT OR THE TRUSTEE BE LIABLE TO THE BONDHOLDER OR BENEFICIAL OWNER OF ANY SERIES 2021 BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE DEPARTMENT OR TRUSTEE, RESPECTIVELY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED

TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE. THE TRUSTEE IS UNDER NO OBLIGATION NOR IS IT REQUIRED TO BRING SUCH AN ACTION.

No default by the Department in observing or performing its obligations under this Agreement shall comprise a breach of or default under the Trust Indenture for purposes of any other provision of this Agreement. The Trustee has no obligation or duty to enforce the Department's obligations under this Agreement.

Nothing in this Agreement is intended or shall act to disclaim, waive, or otherwise limit the duties of the Department under federal and state securities laws.

The provisions of this Agreement may be amended with the written consent of the Department and Trustee from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Department, but only if (1) the provisions of this Agreement, as so amended, would have permitted an underwriter to purchase or sell Series 2021 Bonds in the primary offering of the Series 2021 Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Agreement that authorizes such an amendment) of the Outstanding Series 2021 Bonds consent to such amendment or (b) an entity that is unaffiliated with the Department (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Bondholders and beneficial owners of the Series 2021 Bonds and is permitted by the terms of this Agreement. If the Department so amends the provisions of this Agreement in connection with the financial information or operating data which it is required to disclose under Section 1 hereof, the Department shall provide a notice of such amendment to be filed in accordance with Section 2(b) hereof, together with an explanation, in narrative form, of the reason for the amendment and the impact of any change in the type of financial information or operating data to be provided by the Department pursuant to the terms of this Agreement. The Department may also amend or repeal the provisions of this Agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Series 2021 Bonds in the primary offering of the Series 2021 Bonds.

SECTION 4. *Duties, Immunities and Liabilities of Trustee.*

Article IX of the Trust Indenture is hereby made applicable to this Agreement as if this Agreement were (solely for this purpose) contained in the Trust Indenture. The Trustee shall have only such duties as are specifically set forth in this Agreement and no implied covenants shall be read into this Agreement against the Trustee. Nothing in this Agreement shall be construed to mean or imply that the Trustee is an "obligated person" under the Rule. The Trustee shall have no obligation to make the disclosure required herein with respect to the Series 2021 Bonds or the Department or any other matter except as expressly provided herein. The fact that the Trustee may have a banking relationship with the Department or any Person with whom the Department contracts in connection with the transactions described in the Trust Indenture, apart from the relationship created by the Trust Indenture or this Agreement, shall not be construed to mean that the Trustee or a Responsible Officer thereof has actual knowledge of any event described in Section 2(e) above except as may be provided by written notice to the Trustee pursuant to this Agreement or the Trust Indenture. The Trustee shall in no event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any questions relating to the duties and responsibilities of the Trustee hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the

Trustee and believed to be genuine and to have been signed or presented by the proper party or parties. The Trustee may from time to time consult with legal counsel 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 duties hereunder, and it shall incur no liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

SECTION 5. *Definitions.*

As used in this Agreement, the following terms have the meanings ascribed to such terms below:

"*Department Disclosure Representative*" means the Compliance and Disclosure Manager of the Department or a designee, or such other officer or employee as the Department shall designate in writing to the Trustee from time to time.

"*MSRB*" means the Municipal Securities Rulemaking Board and any successor to its duties.

"*Responsible Officer*" means, when used with respect to the Trustee, the president, any vice president, any corporate trust officer or assistant corporate trust officer, or any other officer of the Trustee within its Corporate Trust Department customarily performing functions similar to those performed by any of the above-designated officers, and in each case, who is working at the designated office of the Trustee, and also means, with respect to a particular corporate trust matter, any other officer of the Trustee to whom such matter is referred because of his or her knowledge of or familiarity with a particular subject.

"*Rule*" means SEC Rule 15c2-12, as amended from time to time.

"*SEC*" means the United States Securities and Exchange Commission and any successor to its duties.

SECTION 6. *Miscellaneous.*

A. Representations.

Each of the parties hereto represents and warrants to each other party that (i) it has duly authorized the execution and delivery of this Agreement by the officers of such party whose signatures appear on the execution pages hereto, (ii) it has all requisite power and authority to execute, deliver and perform this Agreement under applicable law and any resolutions or other actions of such party now in effect, (iii) the execution and delivery of this Agreement, and performance of the terms hereof, do not and will not violate any law, regulation, ruling, decision, order, indenture, decree, agreement or instrument by which such party is bound, and (iv) such party is not aware of any litigation or proceeding pending, or, to the best of such party's knowledge, threatened, contesting or questioning its existence, or its power and authority to enter into this Agreement, or its due authorization, execution and delivery of this Agreement, or otherwise contesting or questioning the issuance of the Series 2021 Bonds.

B. Governing Law.

This Agreement shall be governed by and interpreted in accordance with the laws of the State of Texas and applicable federal law.

C. Severability.

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

D. Counterparts.

This Agreement may be executed in one or more counterparts, each and all of which shall constitute one and the same instrument.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the Department and the Trustee have each caused their duly authorized officers to execute this Agreement as of the day and year first above written.

TEXAS DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

By: _____
Director of Bond Finance and
Chief Investment Officer

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.,
as Trustee

By: _____
Authorized Officer

**Exhibit A
to
Agreement**

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 1 of this Agreement.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the Department to be provided annually in accordance with such Section are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

AUDITED FINANCIAL STATEMENTS OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS REVENUE BOND PROGRAM FOR THE FISCAL YEAR ENDED AUGUST 31, 2021 (financial statements for the last completed fiscal year which will be unaudited, unless an audit is performed in which event the audited financial statements will be made available.)

Appendices D-1 – ADDITIONAL INFORMATION CONCERNING MORTGAGE CERTIFICATES and D-2 – BOND SUMMARY OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Accounting Principles

The accounting principles referred to in such Section are the accounting principles described in the notes to the financial statements referred to above.