

## OFFICIAL STATEMENT

**NEW ISSUE – Book-Entry Only**

**RATING: S&P “AA+”  
SEE “RATING” herein.**

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

**\$7,000,000**

**Texas Department of Housing and Community Affairs  
Multifamily Housing Revenue Bonds  
(Crosby Plaza Apartments), Series 2018**

**Dated: Date of Delivery**  
**Initial Interest Rate: 2.00%**  
**Initial Offering Price: 100%**

**Maturity Date: August 1, 2021**  
**Initial Mandatory Tender Date: February 1, 2020**  
**CUSIP: 88275A DK3**

Texas Department of Housing and Community Affairs (the “Issuer”) is issuing its Multifamily Housing Revenue Bonds (Crosby Plaza Apartments), Series 2018 (the “Bonds”) pursuant to a Trust Indenture dated as of June 1, 2018 (the “Indenture”), by and between the Issuer and Wilmington Trust, National Association, Dallas, Texas, as trustee (the “Trustee”). Proceeds of the Bonds will be loaned to Crosby Plaza 34, LLC, a Texas limited liability company (the “Borrower”), to enable the Borrower to pay a portion of the cost of acquiring, rehabilitating and equipping an 86-unit multifamily residential rental facility located in Crosby, Texas (the “Development”). See “THE DEVELOPMENT” herein.

The Bonds will bear interest at the Initial Interest Rate indicated above (the “Initial Interest Rate”) from their date to, but not including, the Initial Mandatory Tender Date indicated above (the “Initial Mandatory Tender Date”), payable on each February 1 and August 1, commencing February 1, 2019. See “THE BONDS” herein. The Bonds will be issued as fully registered bonds in denominations of \$5,000 and integral multiples of \$5,000 in excess thereof. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. DTC will act as securities depository of the Bonds. Purchases will be made only in book-entry form through DTC participants in the aforesaid authorized denominations, and no physical delivery of Bonds will be made to purchasers. Payments of principal of and premium, if any, and interest on the Bonds will be made to purchasers by DTC through its participants. See “BOOK-ENTRY ONLY SYSTEM” herein.

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

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

The Bonds are subject to redemption prior to maturity as set forth herein. See “THE BONDS — Redemption” herein.

**NOTWITHSTANDING ANYTHING IN THE INDENTURE TO THE CONTRARY, ANY OBLIGATION THAT THE ISSUER MAY INCUR UNDER THE INDENTURE OR UNDER ANY INSTRUMENT EXECUTED IN CONNECTION THEREWITH THAT SHALL ENTAIL THE EXPENDITURE OF MONEY SHALL NOT BE A GENERAL OBLIGATION OF THE ISSUER, BUT SHALL BE A SPECIAL LIMITED OBLIGATION PAYABLE SOLELY FROM THE TRUST ESTATE ESTABLISHED UNDER THE INDENTURE. THE BONDS SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE HOLDERS THEREOF AGAINST THE TRUST ESTATE, WHICH IS PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS (THE “BOND SERVICE CHARGES”) AND WHICH SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THE INDENTURE. THE BONDS, TOGETHER WITH INTEREST THEREON, SHALL BE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER GIVING RISE TO NO CHARGE AGAINST THE ISSUER’S GENERAL CREDIT AND PAYABLE SOLELY FROM, AND CONSTITUTE CLAIMS OF THE HOLDERS THEREOF AGAINST ONLY, THE TRUST ESTATE. THE BOND SERVICE CHARGES SHALL NOT BE DEEMED TO CONSTITUTE DEBT OF THE ISSUER (EXCEPT TO THE EXTENT OF THE TRUST ESTATE). THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS (THE “STATE”), OR ANY POLITICAL SUBDIVISION THEREOF, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH OR CREDIT OR TAXING POWER OF THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER.**

The Bonds are offered for delivery when, as and if issued and received by Red Capital Markets, LLC (the “Underwriter”) and subject to the approval of legality by Bracewell LLP, Austin, Texas, Bond Counsel, and by the Attorney General of the State of Texas and certain other conditions. Certain legal matters will be passed upon for the Underwriter by its counsel, Tiber Hudson LLC, Washington, D.C., for the Borrower by its counsel, The Law Offices of Claire G. Palmer, PLLC, Irving, Texas, and for the Issuer by McCall, Parkhurst & Horton L.L.P. and Mahomes Bolden PC, Dallas, TX. Certain financial advisory services will be provided to the Issuer by George K. Baum & Company. It is expected that the Bonds will be available in book-entry form through the facilities of DTC in New York, New York on or about June 27, 2018.

*This cover page contains limited information for ease of reference only. It is not a summary of the Bonds or the security therefor. The entire Official Statement, including the Appendices, must be read to obtain information essential to make an informed investment decision.*

Date: June 20, 2018

No broker, dealer, salesman or other person has been authorized by the Issuer to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale prior to the registration or qualification under the securities laws of any such jurisdiction. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made under the Indenture shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof.

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or owners of any of the Bonds. All statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The cover page hereof, inside front cover, and the appendices attached hereto are part of this Official Statement. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds shall under any circumstances create any implication that there has been no change in the affairs of the Issuer since the date hereof.

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

The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

Wilmington Trust, National Association, in each of its capacities, including but not limited to Trustee, bond registrar and paying agent, has not participated in the preparation of this Official Statement and assumes no responsibility for its content.

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

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

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## OFFICIAL STATEMENT

**\$7,000,000**

**Texas Department of Housing and Community Affairs  
Multifamily Housing Revenue Bonds  
(Crosby Plaza Apartments), Series 2018**

### INTRODUCTION

This Official Statement (this “Official Statement”), including the Appendices, has been prepared in connection with the issuance of the above-captioned Bonds (the “Bonds”) by the Texas Department of Housing and Community Affairs (the “Issuer”), a public and official agency of the State of Texas (the “State”). The Governing Board of the Issuer has authorized the issuance of the Bonds by a resolution adopted May 24, 2018 (the “Bond Resolution”), and the Bonds are issued pursuant to a Trust Indenture dated as of June 1, 2018 (the “Indenture”), by and between the Issuer and Wilmington Trust, National Association, as trustee (the “Trustee”). Certain capitalized terms that are used in this Official Statement and not otherwise defined shall have the definitions ascribed to them in “APPENDIX A – DEFINITIONS OF CERTAIN TERMS” hereto.

The Bonds are to be issued pursuant to the provisions of Chapter 2306, Texas Government Code, as amended (the “Act”), for the purpose of providing funds to make a loan (the “Loan”) to Crosby Plaza 34, LLC, a Texas limited liability company (the “Borrower”), to enable the Borrower to pay a portion of the cost of acquiring, rehabilitating and equipping an 86-unit multifamily residential rental facility located in Crosby, Texas, known as Crosby Plaza Apartments (the “Development”). See “PRIVATE PARTICIPANTS” and “THE DEVELOPMENT” herein.

The Loan will be made to the Borrower under a Loan Agreement dated as of June 1, 2018 (the “Loan Agreement”), by and between the Issuer and the Borrower. Pursuant to the Loan Agreement, the Borrower has agreed to make payments to the Issuer in amounts sufficient to pay the principal of, premium, if any, and interest on the Bonds when due (the “Bond Service Charges”) to the extent that amounts otherwise available for such payment are insufficient therefor. The Loan will be evidenced by a promissory note, together in the aggregate principal amount of \$7,000,000 (the “Note”) from the Borrower to the Issuer and assigned by the Issuer to the Trustee.

The Indenture establishes certain funds (collectively, the “Special Funds”), including a fund for the receipt and disbursement of Bond proceeds (the “Project Fund”), a fund for the receipt of amounts required to be received in exchange for disbursement of Bond proceeds (the “Collateral Fund”) and a fund for the payment of the Bonds (the “Bond Fund”) to pay interest on the Bonds. Amounts on deposit in the Special Funds are required to be invested in Eligible Investments (as defined in Appendix A). It is required that the aggregate funds on deposit in the Project Fund and the Collateral Fund will, at all times, equal the principal amount of Bonds Outstanding. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

At all times, the Bonds will be secured by amounts on deposit under the Indenture, which shall constitute Eligible Funds and shall be invested in Eligible Investments and such amounts shall be sufficient, without need for reinvestment, to pay all of the interest on the Bonds when due and to pay principal of the Bonds on the Initial Mandatory Tender Date or any Redemption Date, as further described herein.

The Bonds shall bear interest on the outstanding principal amount thereof at a rate equal to the Initial Interest Rate set forth on the cover page hereof (the “Initial Interest Rate”) from their date to, but not including, the Initial Mandatory Date, payable on each February 1 and August 1, commencing February 1, 2019 (each an “Interest Payment Date”).

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

The Bonds are subject to optional and mandatory redemption prior to maturity as set forth herein under “THE BONDS.”

As is described under “PLAN OF FINANCING” below, the Borrower expects to obtain permanent financing for its acquisition, rehabilitation and equipping of the Development from (a) a mortgage loan (the “Mortgage Loan”) to be made by Red Mortgage Capital, LLC, a Delaware limited liability company (the “Lender”), which Mortgage Loan will be insured by the Secretary of Housing and Urban Development acting by and through the Federal Housing Administration (“FHA”) under Section 221(d)(4) of the National Housing Act, as amended, and the regulations promulgated thereunder, and (b) proceeds from the capital contributions to be made to Crosby Plaza 34, LLC from Wincopin Circle LLLP, a Maryland limited liability limited partnership (the “Investor Member”).

To fund the Mortgage Loan, the Lender expects to issue and sell certain securities (the “GNMA Certificates”) which will be backed by the Mortgage Loan and guaranteed as provided therein by the Government National Mortgage Association (“GNMA”). Neither the Mortgage Loan nor any GNMA Certificates issued with respect to the Mortgage Loan will be pledged to secure the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” below. In connection with the Mortgage Loan, the Borrower will execute a note, security instrument, regulatory agreement and related documents (the “Mortgage Loan Documents”). In the event of conflict between the provisions of the Mortgage Loan Documents, the Indenture, the Loan Agreement, the Note or the Regulatory Agreement, the Mortgage Loan Documents will control. Neither the Holders of the Bonds nor the Trustee will have rights under the Mortgage Loan Documents. The Lender will also hold escrows for taxes, insurance and mortgage insurance premiums which will not be pledged to secure the Bonds. Furthermore, neither the Holders of the Bonds nor the Trustee will have a lien on the real estate on which the Development is located or in any funds, accounts or reserves established, maintained and/or collected by the Lender.

Prior to the disbursement of amounts drawn from the Project Fund to pay costs of the Development, a like amount of Eligible Funds on behalf of the Borrower (the “Collateral Payments”) must be deposited to the Collateral Fund. It is anticipated that, over time, the Lender will deliver Eligible Funds that constitute Collateral Payments in an amount equal to all or a portion of such disbursement to the Trustee for deposit into the Collateral Fund as security for the Bonds in exchange for a like amount of Bond proceeds from the Project Fund, which is to be disbursed by the Trustee to or at the direction of the Lender for purposes of paying costs of the Development, all in accordance with the Loan Agreement, the Disbursement Agreement (as defined below) and the Indenture.

The Borrower, the Trustee, the Issuer, the Secretary of HUD and the Lender will enter into a Bond Funding and Loan Disbursement Procedures Agreement, dated as of June 1, 2018 (the “Disbursement Agreement”), pursuant to which the Borrower will direct the Lender to make, and the Lender will agree to make Collateral Payments to the Trustee in the amounts of, and as a condition to the release of, requested disbursements of Bond proceeds from the Project Fund to pay costs of the Development.

Notwithstanding any provision of the Loan Agreement, the Disbursement Agreement or the Indenture to the contrary, the Trustee will not disburse funds from the Project Fund, other than to pay Bond Service Charges on the Bonds, unless and until (i) an amount equal to or greater than the requested disbursement amount has been deposited in the Collateral Fund in accordance with the provisions of the Indenture and (ii) the Trustee has determined that the sum of the amount then held in the Collateral Fund and the amount then on deposit in the Project Fund, less the anticipated amount of the disbursement from the Project Fund, is at least equal to the then outstanding principal amount of the Bonds. Upon receipt of a Collateral Payment, subject to the foregoing provisions, Trustee may disburse Bond proceeds to or at the direction of the Lender for use by the Borrower to pay costs of the Development, in accordance with the terms of the Loan Agreement.

The Development is subject to a Regulatory and Land Use Restriction Agreement (the “Regulatory Agreement”) dated as of June 1, 2018, by and among the Borrower, the Issuer and the Trustee. The Regulatory Agreement requires that at least 40% of Available Units (as defined therein) of the Development be occupied by persons or families having incomes at or below 60% of area median gross income during the longer of the Qualified Project Period or as long as any of the Bonds remain outstanding, in accordance with Section 142(d) of the Code. Failure to comply with these requirements could result in the loss of the federal tax exemption of the Bonds retroactive to their date of issuance. The Regulatory Agreement will also require that for the State Restrictive Period (as defined therein), 100% of the dwelling units in the Development (except for dwelling units reserved for a resident manager, security personnel and maintenance personnel) are reserved for tenants whose combined Annual Income (as defined

therein) does not exceed 60% of the Multifamily Tax Subsidy Program Income Limit (as defined therein), which is adjusted for family size. The Regulatory Agreement further requires that 5% of the units within the Development will be available for occupancy by Persons with Special Needs (as defined therein). See “TAX MATTERS” and “APPENDIX D — SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT.” In addition to the rental restrictions imposed upon the Development by the Regulatory Agreement, the Development will be further encumbered by a tax credit restrictive covenant, to be executed by the Borrower in connection with the federal low income housing tax credits (the “Federal Tax Credits”) anticipated to be granted for the Development (and allocated to the Investor Member in its capacity as a member of the Borrower) and in compliance with the requirements of Section 42 of the Code, and by the agreements entered into with regard to rental assistance payments applicable to the Development. See “THE DEVELOPMENT” and “THE PRIVATE PARTICIPANTS” herein.

Brief descriptions of the Issuer, the Borrower, the Lender, the Investor Member, the Mortgage Loan, the Development, the Bonds, the security for the Bonds, the Indenture, the Loan Agreement and the Regulatory Agreement are included in this Official Statement. The summaries herein do not purport to be complete and are qualified in their entireties by reference to such documents, agreements and programs as may be referred to herein, and the summaries herein of the Bonds are further qualified in their entireties by reference to the form of the Bonds included in the Indenture and the provisions with respect thereto included in the aforesaid documents.

## THE ISSUER

### General

The Issuer, a public and official governmental agency of the State and a body corporate and politic, was created pursuant to the Act, effective September 1, 1991. The Issuer is the successor agency to the Texas Housing Agency (the “Agency”) and the Texas Department of Community Affairs, both of which were abolished by the Act and their functions and obligations transferred to the Issuer. One of the purposes of the Issuer is to provide assistance to individuals and families of low and very low income and families of moderate income and persons with special needs to obtain decent, safe and sanitary housing. Pursuant to the Act, the Issuer may issue bonds, notes or other obligations to finance or refinance residential housing and to refund bonds previously issued by the Agency, the Issuer or certain other quasi-governmental issuers. The Act specifically provides that the revenue bonds of the Agency become revenue bonds of the Issuer.

The Issuer is subject to the Texas Sunset Act (Chapter 325, Texas Government Code, as amended, hereinafter referred to as the “Sunset Act”), and its continued existence is subject to a periodic review process that resulted in passage of legislation in the 2013 Texas legislative session which continues the Issuer in existence until September 1, 2025, at which time it will again be subject to review. The Sunset Act, however, recognizes the continuing obligation of the State to provide for the payment of bonded indebtedness incurred by a State agency abolished under the provisions thereof and provides that the Governor will designate an appropriate State agency to continue to carry out all covenants with respect to any bonds outstanding, including the payment of any bonds from the sources provided in the proceedings authorizing such bonds.

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

### Organization and Membership

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

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

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

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

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

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

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

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

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

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

Administrative Personnel. The Act provides that the Issuer is to be administered by an Executive Director to be employed by the Board with the approval of the Governor. The Executive Director serves at the pleasure of the Board, but may also be removed by a newly elected Governor who did not approve the Executive Director’s appointment by action taken within 90 days after such Governor takes office. The Executive Director is responsible for administering the Issuer and its personnel. The Executive Director may employ other employees necessary for the discharge of the duties of the Issuer, subject to the annual budget and the provisions of any resolution authorizing the issuance of the Issuer’s bonds.

Currently, the Issuer has 280 employees. The following is a biographical summary of certain of the Issuer’s senior staff members who have responsibility with respect to multi-family housing bond matters:

TIMOTHY IRVINE, Executive Director. Mr. Irvine joined the Issuer in January 2009, as Chief of Staff. On September 16, 2011, the Issuer selected Mr. Irvine to serve as Executive Director. He has responsibility for the oversight of all of the Issuer’s activities. His previous experience includes serving as general counsel for several large financial institutions, general counsel of the Texas Savings and Mortgage Lending Department, Executive Director of the Issuer’s Manufactured Housing Division, Administrator at the Texas Real Estate Commission, and Commissioner of the Texas Appraiser Licensing and Certification Board. He obtained his B.A. from Claremont McKenna College, and M.A. from Claremont Graduate University, and a J.D. from Willamette University. He has also practiced as a partner in a major law firm.

MONICA GALUSKI, Chief Investment Officer. Ms. Galuski has over 20 years of experience in municipal finance, including 14 years as a single family housing banker. She joined the Department in 2014. She is responsible for single family debt and portfolio management and oversees the Department’s Single Family Mortgage Revenue Bond Program and Taxable Mortgage Program, which finance the Department’s single family homeownership

programs. She is also responsible for ongoing compliance and monitoring, as well as disclosure requirements related to the Department's investments and single family and multifamily bond programs. Ms. Galuski received a Bachelor of Science in Financial Management from Arizona State University.

MARGARET "MARNI" HOLLOWAY, Director of the Multifamily Finance Division. Ms. Holloway joined the Issuer in May 2009 in the Neighborhood Stabilization Program. She moved to her current position in September 2015, where she is responsible for the oversight of the Issuer's Multifamily Finance allocation and award processes for multiple fund sources. Ms. Holloway has more than 15 years of experience in real estate finance and affordable housing production. She attended St. Edward's University.

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

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

THE BONDS, TOGETHER WITH INTEREST THEREON, ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES, RECEIPTS AND SECURITY PLEDGED THEREFOR UNDER THE INDENTURE. NONE OF THE UNITED STATES OF AMERICA, THE STATE, THE ISSUER, OR ANY OTHER POLITICAL SUBDIVISION OR BODY CORPORATE AND POLITIC OF THE STATE OR ANY AGENCY OF THE UNITED STATES OF AMERICA OR ANY ISSUER THEREOF, WILL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER OF THE ISSUER, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS WILL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF THE UNITED STATES OF AMERICA, THE STATE, THE ISSUER, OR ANY OTHER POLITICAL SUBDIVISION OR BODY CORPORATE AND POLITIC OF THE STATE, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE BONDS ARE NOT AN OBLIGATION, DEBT OR LIABILITY OF THE STATE, AND DO NOT CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH, CREDIT, OR TAXING POWER OF THE STATE.

#### **Other Indebtedness of the Issuer**

Single Family Mortgage Revenue Bonds. Since 1979, the year of creation of the Agency, through March 31, 2018, there have been issued by the Agency or the Issuer thirty-six series of Residential Mortgage Revenue Bonds, two series of GNMA Collateralized Home Mortgage Revenue Bonds, fifty-eight series of Single Family Mortgage Revenue Bonds, four series of Junior Lien Single Family Mortgage Revenue Bonds, eleven series of Collateralized Home Mortgage Revenue Bonds, and ten series of Single Family Mortgage Revenue Bonds (Collateralized Home Mortgage Revenue Bonds). As of March 31, 2018, the aggregate outstanding principal amount of bonded indebtedness of the Issuer for single family purposes was \$469,006,426.

Multifamily Housing Revenue Bonds. The Issuer and the Agency, through March 31, 2018, have issued two-hundred twenty-seven series of multifamily housing revenue bonds which have been issued pursuant to separate trust indentures and are secured by individual trust estates which are separate and distinct from each other. As of March 31, 2018, the aggregate outstanding principal amount of multifamily housing revenue bonds was \$902,617,038.

#### **THE BONDS**

The Bonds are available in book-entry only form. See "BOOK-ENTRY ONLY SYSTEM" below. So long as Cede & Co., as nominee of The Depository Trust Company, is the registered owner of the Bonds, references herein to the Bondholders or holders or registered owner or owners of the Bonds mean Cede & Co. and not the beneficial owners of the Bonds.



## **General**

The Bonds shall be issued in Authorized Denominations and shall mature on August 1, 2021 (the “Maturity Date”). The Bonds are dated their date of delivery and shall bear interest at the Initial Interest Rate from their date of delivery to but not including the Initial Mandatory Tender Date, payable on each Interest Payment Date, commencing February 1, 2019 and on each Redemption Date and on each Mandatory Tender Date. Interest will be calculated and be due on the basis of a 360-day year consisting of twelve 30-day months for the actual number of days elapsed. Principal of and interest on the Bonds will be payable by the Trustee to Cede & Co. as nominee of DTC. See “BOOK-ENTRY ONLY SYSTEM” below.

## **Special Obligations**

NOTWITHSTANDING ANYTHING IN THE INDENTURE TO THE CONTRARY, ANY OBLIGATION THAT THE ISSUER MAY INCUR UNDER THE INDENTURE OR UNDER ANY INSTRUMENT EXECUTED IN CONNECTION THEREWITH THAT SHALL ENTAIL THE EXPENDITURE OF MONEY SHALL NOT BE A GENERAL OBLIGATION OF THE ISSUER, BUT SHALL BE A SPECIAL LIMITED OBLIGATION PAYABLE SOLELY FROM THE TRUST ESTATE ESTABLISHED UNDER THE INDENTURE. THE BONDS SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE HOLDERS THEREOF AGAINST THE TRUST ESTATE, WHICH IS PLEDGED TO SECURE THE PAYMENT OF THE BOND SERVICE CHARGES AND WHICH SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THE INDENTURE. THE BONDS, TOGETHER WITH INTEREST THEREON, SHALL BE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER GIVING RISE TO NO CHARGE AGAINST THE ISSUER’S GENERAL CREDIT AND PAYABLE SOLELY FROM, AND CONSTITUTE CLAIMS OF THE HOLDERS THEREOF AGAINST ONLY, THE TRUST ESTATE. THE BOND SERVICE CHARGES SHALL NOT BE DEEMED TO CONSTITUTE DEBT OF THE ISSUER (EXCEPT TO THE EXTENT OF THE TRUST ESTATE). THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH OR CREDIT OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER.

## **Redemption**

Optional Redemption. The Bonds are subject to optional redemption in whole or in part by the Issuer at the written direction of the Borrower or any date on or after the later to occur of (i) the date a Development is placed in service or (ii) February 1, 2020 (the “Optional Redemption Date”), at a redemption price equal to 100% of the principal amount of the Bonds, plus accrued interest to the Redemption Date.

Mandatory Redemption. The Bonds shall be redeemed in whole at a redemption price of 100% of the principal amount of such Bonds, plus accrued interest to the Redemption Date, on any Mandatory Tender Date upon the occurrence of any of the following events: (i) the Borrower has previously elected not to cause the remarketing of the Bonds, (ii) the conditions to remarketing set forth in the Indenture have not been met by the dates and times set forth in the Indenture, or (iii) the proceeds of a remarketing on deposit in the Remarketing Proceeds Account at 11:00 a.m. Local Time on the Mandatory Tender Date are insufficient to pay the purchase price of the Outstanding Bonds on such Mandatory Tender Date. Bonds subject to redemption in accordance with this paragraph shall be redeemed from (i) amounts on deposit in the Collateral Fund, (ii) amounts on deposit in the Negative Arbitrage Account of the Bond Fund, if any, (iii) amounts on deposit in the Project Fund, and (iv) any other Eligible Funds available or made available for such purpose at the direction of the Borrower.

## **Notice of Redemption**

Notices of redemption are to be given as described in the Indenture. Unless waived by any Holder of Bonds to be redeemed, at least 30 days prior to the date fixed for redemption, the Trustee is to send official notice of redemption by first class mail, postage prepaid, to the Holder of each Bond to be redeemed, at the address of such Holder shown on the Register at the opening of business on the fifth day prior to such mailing. With respect to a mandatory redemption pursuant to the Indenture, the notice of Mandatory Tender provided to Holders pursuant to the Indenture shall serve as the notice of redemption described in this paragraph and shall satisfy the requirements of the Indenture and no further notice of redemption will be required to the Holders. A second notice of redemption is to be

given, as soon as practicable, by first class mail to the Holder of each Bond that has been so called for redemption (in whole or in part) but has not been presented and surrendered to the Trustee within 30 days following the date fixed for redemption. So long as DTC is the registered owner of the Bonds, notice of any redemption with respect to Bonds will be given only to DTC or its nominee in the manner required by DTC. Any failure of DTC to notify the Beneficial Owners of any such notice and its contents or effect will not affect the validity of such notice of any proceedings for the redemption of such Bonds. Failure to receive notice by mailing, or any defect in that notice regarding any Bond, shall not affect the validity of the proceedings for the redemption of any other Bond.

## **Mandatory Tender**

Purchase of Bonds on Mandatory Tender Dates. All Outstanding Bonds shall be subject to Mandatory Tender by the Holders for purchase in whole and not in part on each Mandatory Tender Date. The purchase price for each such Bond shall be payable in lawful money of the United States of America by wire, check or draft, shall equal 100% of the principal amount to be purchased and accrued interest, if any, to the Mandatory Tender Date, and shall be paid in full on the applicable Mandatory Tender Date.

Holding of Tendered Bonds. While tendered Bonds are in the custody of the Trustee pending purchase pursuant to the Indenture, the tendering Holders thereof shall be deemed the owners thereof for all purposes, and interest accruing on tendered Bonds through the day preceding the applicable Mandatory Tender Date is to be paid as if such Bonds had not been tendered for purchase.

Effect of Prior Redemption. Notwithstanding anything in the Indenture to the contrary, any Bond tendered under the Indenture will not be purchased if such Bond matures or is redeemed on or prior to the applicable Mandatory Tender Date.

Purchase of Tendered Bonds. The Trustee shall utilize amounts representing proceeds of remarketed Bonds on deposit in the Remarketing Proceeds Account to pay the principal amount, plus accrued interest, of Bonds tendered for purchase not later than 11:30 a.m. Local Time on the Mandatory Tender Date.

Cancellation of Remarketing. In the event the Bonds must be redeemed as a result of the occurrence of any of the events described above under the caption “Redemption – Mandatory Redemption,” the remarketing shall be cancelled and all Bonds Outstanding on the Mandatory Tender Date shall be redeemed as described under the above caption “Redemption – Mandatory Redemption.”

Undelivered Bonds. Bonds shall be deemed to have been tendered for purposes of the Indenture whether or not the Holders shall have delivered such Undelivered Bonds to the Trustee, and subject to the right of the Holders of such Undelivered Bonds to receive the purchase price of such Bonds on the Mandatory Tender Date, such Undelivered Bonds shall be null and void. If such Undelivered Bonds are to be remarketed, the Trustee shall authenticate and deliver new Bonds in replacement thereof pursuant to the remarketing of such Undelivered Bonds.

## **Notice of Mandatory Tender**

Notice to Holders. No later than the 30th day prior to a Mandatory Tender Date, the Trustee shall give written notice of a mandatory tender on the Mandatory Tender Date to the Holders of the Bonds then Outstanding (with a copy to the Borrower, the Issuer, the Investor Member and the Remarketing Agent) by first class mail, postage prepaid, at their respective addresses appearing on the Register stating:

- (i) the Mandatory Tender Date and that (A) if certain conditions are met, all Outstanding Bonds are subject to Mandatory Tender for purchase on the Mandatory Tender Date, (B) all Outstanding Bonds must be tendered for purchase no later than 9:00 a.m., Local Time, on the Mandatory Tender Date and (C) Holders will not have the right to elect to retain their Bonds;
- (ii) the address of the Designated Office of the Trustee at which Holders should deliver their Bonds for purchase and the date of the required delivery;
- (iii) that all Outstanding Bonds will be purchased on the Mandatory Tender Date at a price equal to the principal amount of the Outstanding Bonds plus interest accrued to the Mandatory Tender Date;

(iv) that if, in the event that the conditions to remarketing set forth in the Indenture are not met as set forth therein, or, if proceeds from the remarketing are insufficient to pay the purchase price of the Bonds on the Mandatory Tender Date, all of the Bonds will be redeemed, without further notice, on the Mandatory Tender Date; and

(v) that any Bonds not tendered will nevertheless be deemed to have been tendered and will cease to bear interest from and after the Mandatory Tender Date.

Second Notice. In the event that any Bond required to be delivered to the Trustee for payment of the purchase price of such Bond shall not have been delivered to the Trustee on or before the 30th day following a Mandatory Tender Date, the Trustee shall mail a second notice to the Holder of the Bond at its address as shown on the Register setting forth the requirements set forth in the Indenture for delivery of the Bond to the Trustee and stating that delivery of the Bond to the Trustee (or compliance with the provisions of the Indenture concerning payment of lost, stolen or destroyed Bonds) must be accomplished as a condition to payment of the purchase price applicable to the Bond.

Failure to Give Notice. Neither failure to give or receive any notice described in the Indenture, nor the lack of timeliness of such notice or any defect in any notice (or in its content) shall affect the validity or sufficiency of any action required or provided for in the Indenture.

### **No Additional Parity Bonds**

The Indenture does not permit the Issuer to issue additional indebtedness prior to or on a parity with the Bonds.

### **BOOK-ENTRY ONLY SYSTEM**

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

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of

ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Redemption proceeds, distributions and dividends ("debt charges payments") on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Issuer or 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, the Trustee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions or dividends ("debt charges") to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer 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 Issuer 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 to DTC.

The information above in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer and the Underwriter take no responsibility for the accuracy thereof. The Issuer has no role in the purchases, transfers or sales of book entry interests. The rights of Beneficial Owners to transfer or pledge their interests, and the manner of transferring or pledging those interests, may be subject to applicable state law. Beneficial Owners may want to discuss with their legal advisers the manner of transferring or pledging their book-entry interests. The Issuer has no responsibility or liability for any aspects of the records or notices relating to, or payments made on account of, beneficial ownership, or for maintaining, supervising or reviewing

any records relating to that ownership. The Issuer cannot and does not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute to the Beneficial Owners payments of debt charges on the Bonds made to DTC as the registered owner, or any redemption, if any, or other notices, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve or act in a manner described in this Official Statement.

*Direct Participants and Indirect Participants may impose service charges on Beneficial Owners in certain cases. Purchasers of book-entry interests should discuss that possibility with their brokers.*

## SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

**The Bonds will be secured by amounts on deposit under the Indenture, which shall constitute Eligible Funds and shall be invested in Eligible Investments and such amounts shall be sufficient, without need for reinvestment, to pay all of the interest on the Bonds when due and to pay principal of the Bonds on the earlier of the Initial Mandatory Tender Date or any Redemption Date, as further described herein.**

### General

The Indenture requires the Bonds to be secured at all times by Eligible Investments or other Eligible Funds sufficient, without need for reinvestment, to pay all of the interest on the Bonds when due and to pay the principal of the Bonds on the earlier of any Redemption Date or any Mandatory Tender Date, as further described herein.

To the extent provided in and except as otherwise permitted by the Indenture, the Bonds will be secured by all right, title and interest of the Issuer in the Trust Estate (as defined below), including, but not limited to (i) the Revenues, including, without limitation, all Loan Payments, Collateral Payments and other amounts receivable by or on behalf of the Issuer under the Loan Agreement in respect of repayment of the Loan, (ii) the Special Funds, including all accounts in those Special Funds and all money and securities deposited therein and (except for the Rebate Amount (as defined in the Tax Exemption Agreement required to be rebated to the United States of America under the Code in connection with the Bonds, as described in the Tax Exemption Agreement) the investment earnings thereon and the proceeds derived therefrom, (iii) the proceeds derived from the sale of the Bonds (subject to the provisions of the Bond Resolution), (iv) the Loan Agreement, including all amendments, extensions and renewals of the terms thereof, if any, (v) the Note, including all amendments, extensions and renewals thereof, if any, (vi) the Bond Mortgage, including all amendments, extensions and renewals thereof, if any, and (vii) any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind pledged, assigned or transferred, as and for additional security under the Indenture by the Issuer or by anyone in its behalf, or with its written consent, to the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture, except for the Reserved Rights (the foregoing collectively referred to as the “Trust Estate”). Revenues include the payments required to be made by the Borrower under the Loan Agreement and the Note; the Collateral Payments to be received by the Trustee as a prerequisite to the advance of Bond proceeds in the Project Fund; all other money received or to be received by the Trustee in respect of repayment of the Loan, including without limitation, all money and investments in the Bond Fund; any money and investments in the Project Fund and the Collateral Fund; and all income and profit from the investment of the foregoing money. The term “Revenues” does not include any money or investments in the Rebate Fund.

### Repayment of Loan

The Loan Agreement and the Note obligate the Borrower to cause to be paid to the Trustee amounts which shall be sufficient to pay Bond Service Charges coming due on each Bond Payment Date; however, at all times the Collateral Payments deposited in the Collateral Fund, amounts on deposit in the Bond Fund, and amounts on deposit in the Project Fund and the projected investment earnings thereon will be sufficient to pay such Bond Service Charges and such amounts will be a credit against the Borrower’s payment obligations under the Loan Agreement and the Note.

## **Investment of Special Funds; Eligible Investments**

On the Closing Date, all amounts on deposit in the Special Funds will be invested in Eligible Investments at the written direction of the Authorized Borrower Representative. It is anticipated that Bond Service Charges will be paid from amounts on deposit in the Special Funds and any investment earnings thereon.

## **PRIVATE PARTICIPANTS**

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

### **The Borrower**

The Borrower is Crosby Plaza 34, LLC, a Texas limited liability company (the “Borrower”), a single-asset entity formed for the sole purpose of owning and operating the Development. The managing member is Crosby Plaza 34 Partners, LLC, a Texas limited liability company (the “Managing Member”), which will have a 0.01% ownership interest in the Borrower. Wincopin Circle LLLP, a Maryland limited liability limited partnership (the “Investor Member”), will own a 99.99% interest in the Borrower.

### **The Investor Member**

Prior to the issuance of the Bonds, the Borrower expects to enter into a commitment with the Investor Member to sell to it a 99.99% ownership interest in the Borrower. The equity funding arrangements for such ownership interest will require that equity contributions be paid in stages during and after rehabilitation of the Development and are expected to be in the total amount set forth under “PLAN OF FINANCING” herein. These funding levels and the timing of the funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from those initially anticipated and neither the Issuer nor the Underwriter makes any representation as to the availability of such funds.

### **The Contractor**

The Contractor for the Development will be Camp Roofing, LTD., dba Camp Construction Services, a Texas limited partnership (the “Contractor”). The Contractor has over 20 years of experience in Texas. The Contractor’s projects include rehabilitation of multi-family, office, industrial, and retail. The Contractor has the financial strength to support the project and is comfortable working with tax credit and HUD projects.

### **The Architect**

The architect for the Development is Fitzgerald Associates (the “Architect”), which started in 1919 and demonstrates considerable affordable, LIHTC, HUD and senior housing experience. The Architect has designed the new construction or renovation of many rehabilitation, civic and commercial projects. The Architect’s principal clients are community groups and nonprofit organizations whose patronage accounts for more than 25% of the projects in their office.

### **The Managing Agent**

The Development will be managed by Orion Real Estate Services, Inc. (the “Managing Agent”). The Managing Agent currently manages more than 10,000 multifamily housing units throughout the United States. The Managing Agent is not affiliated with the Borrower. The Borrower has entered into a Management Agreement with the Managing Agent to engage the Managing Agent to manage the Project. Under the Management Agreement, the Managing Agent will manage the day-to-day operations of the Project.

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

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

The obligations and liabilities of the Borrower under the Loan Agreement and the Note are of a non-recourse nature and are limited to the Development and money derived from the operation of the Development. Neither the Borrower nor its member have any personal liability for payments on the Note to be applied to pay the principal of and interest on the Bonds. Furthermore, no representation is made that the Borrower has substantial funds available for the Development. Accordingly, neither the Borrower's financial statements nor those of its members are included in this Official Statement.

### The Lender

Red Mortgage Capital, LLC, a Delaware limited liability company (the "Lender"), will upon satisfaction of certain conditions precedent make the Mortgage Loan to the Borrower. The Lender is a mortgage banking firm specializing in FHA-insured construction and permanent mortgage loans, Fannie Mae forward commitments and permanent mortgage loans, and both Fannie Mae and FHA bond credit enhancements for multifamily and seniors housing developments across the United States. The Lender has been approved by HUD as an eligible issuer and servicer of mortgage-based securities guaranteed by GNMA. To be approved by GNMA to issue GNMA guaranteed certificates with respect to long-term mortgages on multifamily developments, the Lender is required to have a net worth (based on audited financial statements) equal to at least \$500,000 plus 0.2% of any securities outstanding in excess of \$35 million.

## THE DEVELOPMENT

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

The Development consists of an 86-unit multifamily housing facility (which may include contiguous and non-contiguous sites) located in the State. The proceeds of the Bonds will be loaned to the Borrower for purposes of acquiring, rehabilitating and equipping the Development pursuant to the Loan Agreement. The following is a brief description of the Development:

Crosby Plaza Apartments is located on a site of approximately 3.8 acres in Crosby, Harris County, Texas. Crosby Plaza Apartments consists of five apartment buildings, containing 86 residential units. Project amenities include a community center with on-site services, playground area, computer center, and laundry room. Unit amenities include all kitchen appliances, dishwasher, central HVAC, ceiling fan. There is a total of 86 covered parking spaces, 45 open parking spaces, and 9 handicap parking spaces. Rehabilitation of the Development is expected to commence in June 2018 and is expected to be completed within approximately 12 months thereafter.

The unit mix of the Development is as follows:

<u>Unit Type</u>	<u>Number</u>	<u>Approximate Square Feet</u>
1BR	36	700
2BR	36	850
3BR	14	950
<b>Total</b>	<b>86</b>	

## **Section 8 Assistance**

The Borrower will receive the benefit of a Section 8 Housing Assistance Payment Contract (the “HAP Contract”) for 86 of the 86 units (100%) in the Development (the “Section 8 Units”). The HAP Contract, which will be in place for 20 years from November 30, 2017, will be assigned to the Borrower in conjunction with the closing of the Mortgage Loan.

The HAP Contract provides for HUD to fund certain rental assistance payments on behalf of Eligible Tenants in the Section 8 Units based on certain rents determined by HUD (“Contract Rents”). Eligible Tenants are defined generally as those households whose income does not exceed 80% (on a scale weighted to reflect family size) of the median income for an area as determined by HUD. The HAP Contract will also require that preference be given to leasing to very low-income tenants (tenants having incomes that do not exceed 50%, on a weighted scale, of the median incomes for the area). Eligible Tenants pay a maximum of 30% of their monthly adjusted gross income as rent with the HAP Contract contributing the remaining difference between the tenant share and the HUD determined monthly rental rate. The HAP Contract is expected to have a term as described above, although the funds to make the assistance payments under the HAP Contract are subject to annual appropriations by Congress. Housing assistance payments are subject to abatement or termination if dwelling units are not properly maintained or occupied and the HAP Contract may be terminated in the event of a default thereunder by the Borrower.

## **Development Regulation**

In order to maintain the tax-exempt status of the Bonds, the Development will be operated as a “qualified residential rental project” with at least 40% of the residential units in the Development occupied by Qualified Tenants during the Qualified Project Period, in accordance with Section 142(d) of the Code.

In addition to the rental restrictions imposed upon the Development by the Regulatory Agreement, the Development will be further encumbered by a tax credit restrictive covenant, to be executed by the Borrower in connection with the low-income housing tax credits (the “LIHTCs”) anticipated to be granted for the Development and in compliance with the requirements of Section 42 of the Code. Section 42 of the Code will restrict the income levels of 100% of the units in the Development (the “Tax Credit Units”). The Tax Credit Units shall be held available for rental to persons whose adjusted family income is equal to or less than 60% of the AMI adjusted for family size and the rents which may be charged for occupancy of units in the Development will be restricted to not more than 30% of 60% of AMI, adjusted for family size and none of the Tax Credit Units shall be held available for rental to persons whose adjusted family income is equal to or less than 50% of the AMI adjusted for family size and the rents which may be charged for occupancy of units in the Development will be restricted to not more than 30% of 50% of AMI adjusted for family size.

The Borrower will execute the HUD Regulatory Agreement with respect to the Development in order to provide for, among other things, a reserve fund for replacements, which will be held by the Lender. The Lender will hold a reserve for replacements as well as escrows for taxes, insurance and mortgage insurance premiums. In the event of conflict between the provisions of the Mortgage Note, the Mortgage, the HUD Regulatory Agreement and certain other documents required by FHA or the Lender (collectively, the “Mortgage Loan Documents”) and the Indenture, the Agreement, the Note or the Regulatory Agreement, the Mortgage Loan Documents will control. Additional restrictions on rent and occupancy are imposed on the Development pursuant to the HUD Regulatory Agreement and the HAP Contract. See “APPENDIX D — SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT”.



## PLAN OF FINANCING

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

The estimated sources and uses of funds for the Development are projected to be approximately as follows:

### **Sources of Funds:**

Bond Proceeds	\$7,000,000
Mortgage Loan	9,775,000
Tax Credit Equity	3,481,000
Deferred Developer Fee	904,966
Net Operating Income	<u>400,370</u>
<b>Total Sources</b>	<b><u>\$21,561,336</u></b>

### **Uses of Funds:**

Acquisition Costs	\$6,040,000
Rehabilitation Costs	3,950,476
Costs of Issuance	354,120
FHA/GNMA Costs	2,141,650
Developer Fee	1,570,640
Reserves and Escrow	504,450
Repayment of Bond Principal	<u>7,000,000</u>
<b>Total Uses</b>	<b><u>\$21,561,336</u></b>

*The Mortgage Loan.* The Development will utilize a mortgage loan in the aggregate amount of \$9,775,000 (the "Mortgage Loan") insured by the Federal Housing Administration ("FHA") under Section 221(d)(4) of the National Housing Act of 1934, as amended, and applicable regulations promulgated thereunder. The Mortgage Loan is expected to bear interest at the rate of 4.08% per annum. The Mortgage Loan proceeds will be disbursed by the Mortgage Lender to the Borrower based upon approved advances. Such advances will be evidenced by the Mortgage Note, secured by a Leasehold Mortgage on the land on which the Development is located and a Fee Simple Mortgage on the buildings and improvements for the Development, and the Mortgage Lender will issue, with respect to the Mortgage Note, fully amortized mortgage-backed securities ("GNMA Securities") guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("GNMA"). In connection with each advance of the Mortgage Loan, funds from the Mortgage Lender will be deposited into the Collateral Fund (along with other Collateral Payments), thereby permitting the Trustee to transfer a like amount of Bond proceeds from the Project Fund pursuant to the Indenture. The Mortgage Loan will be amortized over 40 years.

*The Tax Credit Equity.* In addition to the proceeds of the Bonds, the Development will be financed with tax credit equity, which will pay for the costs of issuance and a portion of several other costs of the Developments. The Investor Member will own in the aggregate a 99.99% membership interest in the Borrower. In connection with this interest, the Tax Credit Equity expected to be contributed is approximately \$3,481,000. The funding levels and the timing of the funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the projections set forth above and neither the Issuer nor the Underwriter makes any representation as to the availability of such funds.

## CERTAIN BONDHOLDERS' RISKS

The following is a summary of certain risks associated with a purchase of the Bonds. There are other possible risks not discussed below. The Bonds are payable from the payments to be made by the Borrower under the Loan Agreement and the Note, and from amounts on deposit in the Special Funds and the interest earnings thereon. The Borrower's obligation to make payments pursuant to the Loan Agreement and the Note are nonrecourse obligations with respect to which the Borrower and its members have no personal liability (except as otherwise provided in the Note) and as to which the Borrower and its members have not pledged any of their respective assets.

## **General**

Payment of the Bond Service Charges, and the Borrower's obligations with respect to the Bond Service Charges, will be primarily secured by and payable from Bond proceeds held in the Project Fund and money deposited into the Collateral Fund and the Bond Fund. Although the Borrower will execute the Note to evidence its obligation to repay the Loan, it is not expected that any revenues from the Development or other amounts, except money in the Special Funds, will be available to satisfy that obligation. The Indenture requires the Trustee to verify, before any disbursement of funds from the Project Fund, that the sum of the funds on deposit in the Project Fund, less the requested disbursement amount, and the Collateral Fund is at least equal to the then outstanding principal amount of the Bonds. At all times, funds on deposit in the Collateral Fund, the Bond Fund and the Project Fund, and the interest earnings thereon will be sufficient to pay Bond Service Charges.

## **Limited Security for Bonds**

The Bonds are special limited obligations of the Issuer payable solely from the Trust Estate, which includes certain funds pledged to and held by the Trustee pursuant to the Indenture.

The Bonds are offered solely on the basis of the amounts held under the Indenture and are not offered on the basis of the credit of the Borrower, the feasibility of the Development or any other security. As a consequence, limited information about the Development and no information about the financial condition or results of operations of the Borrower is included in this Official Statement. The Bonds are offered only to investors who, in making their investment decision, rely solely on the amounts held under the Indenture and not on the credit of the Borrower, the feasibility of the Development or any other security.

The principal of and interest on the Bonds are payable from and secured by certain revenues and funds pledged thereto under the Indenture. On the date of delivery of the Bonds, an amount equal to the principal amount of the Bonds is to be deposited in the Project Fund. Such amounts are to be invested in Eligible Investments pursuant to the Indenture.

The Trustee is required to invest amounts held in the Special Funds in Eligible Investments, as defined in the Indenture. See "THE INDENTURE — Investment of Funds." Debt Service on the Bonds has been scheduled assuming that the amounts held in the Special Funds earn no interest prior to the Maturity Date. Failure to receive a return of the amounts so invested could affect the ability to pay the principal of and interest on the Bonds

The Bonds are not secured by the Mortgage Loan or any GNMA Certificate. The Bonds are secured by the Bond Mortgage, but any security provided by the Bond Mortgage is severely limited (see "Substantial Limitations on Bond Mortgage" below). Investors should look exclusively to amounts on deposit in the Special Funds under the Indenture and investment earnings on each as the source of payment of debt service on the Bonds.

## **Early Redemption of the Bonds**

Any person who purchases a Bond should consider the fact that the Bonds are subject to redemption prior to their stated maturity date, upon the occurrence of certain events. See "THE BONDS – Optional Redemption."

## **Future Determination of Taxability of the Bonds**

The Bonds would not be subject to redemption, and the rate of interest on the Bonds would not be subject to adjustment, if the interest on the Bonds were to become included in gross income for purposes of federal income taxation. Such event could occur if the Borrower (or any subsequent owner of the Development) does not comply with the provisions of the Regulatory Agreement, the Tax Exemption Agreement and the Loan Agreement that are designed, if complied with, to satisfy the continuing compliance requirements of the Code in order for the interest on the Bonds to be excludable from gross income for purposes of federal income tax.

## **Substantial Limitations on Bond Mortgage**

Although the Borrower will deliver the Bond Mortgage to the Issuer (to be assigned to the Trustee) in order to comply with the requirements of the Act, the Bond Mortgage is subordinate to the Mortgage Loan and the Trustee

will have little or no practical means to realize any proceeds by foreclosing on the Bond Mortgage in the event of a default on the Bonds. Accordingly, prospective owners of the Bonds should not look at the value of the Development, but solely to the other security for the Bonds in making an investment decision with respect to the Bonds.

### **Enforceability of Remedies upon an Event of Default**

The remedies available to the Trustee and the owners of the Bonds upon an Event of Default under the Indenture, the Loan Agreement, the Regulatory Agreement or any other document described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited, and the Borrower will have no personal liability for the satisfaction of any obligation of the Borrower under such agreements or of any claim against the Borrower arising out of such agreements or the Indenture.

If a default in the payment of the Loan occurs and is continuing, the Issuer has agreed with the Borrower and the Lender not to commence foreclosure proceedings with respect to the Development or exercise any other rights or remedies it may have under the Note or the Loan Agreement, including, but not limited to, accelerating the Loan, without the Lender's prior written consent.

The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

### **Secondary Markets and Prices**

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

### **Eligible Investments**

Proceeds of the Bonds deposited into the Project Fund and money received by the Trustee for deposit into the Collateral Fund are required to be invested in Eligible Investments at the direction of the Borrower. See "APPENDIX A — Definitions of Certain Terms" hereto and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein for the definition of Eligible Investments. There can be no assurance that there will not be a loss resulting from any investment held for the credit of the Project Fund or the Collateral Fund.

### **Subordination to Mortgage Loan Documents**

The Indenture, the Loan Agreement, the Note and the Regulatory Agreement contain provisions regarding subordination of such documents to the Mortgage Loan Documents and the Controlling HUD and GNMA Requirements. No assurance can be given that such provisions will not impair the excludability of interest on the Bonds from gross income for federal income tax purposes. See "HUD AND GNMA REQUIREMENTS TO CONTROL" herein.

### **Future Legislation; IRS Examination**

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

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

## **Summary**

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement and the Appendices hereto.

## **UNDERWRITING**

Red Capital Markets, LLC (the “Underwriter”) has entered into a Bond Purchase Agreement to purchase all of the Bonds, if any of the Bonds are to be purchased, at the price of par (100% of the original principal amount). The Bond Purchase Agreement provides that the Underwriter will receive compensation for its services from the Borrower in the amount of \$70,000 plus \$2,600 for certain fees and expenses. The obligations of the Underwriter to pay for the Bonds are subject to certain terms and conditions set forth in the Bond Purchase Agreement. The Borrower has agreed to indemnify the Underwriter and the Issuer as to certain matters in connection with the Bonds.

The Underwriter may offer and sell Bonds that it purchases to certain dealers including dealer banks and dealers depositing Bonds into investment trusts and others at prices lower than the public offering prices stated on the cover of this Official Statement. The initial public offering prices may be changed from time to time by the Underwriter.

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

## **FINANCIAL ADVISOR**

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

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

## TAX MATTERS

### Tax Exemption

#### *In General*

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

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

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

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

Except as stated above, Bracewell LLP will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Indenture upon the advice or with the approving opinion of nationally-recognized bond counsel. Bracewell LLP will express no opinion with respect to Bracewell LLP’s future ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Bonds from gross income for federal income tax purposes.

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

## *Operation of the Development*

In the case of tax-exempt bonds used to provide “qualified residential rental projects,” such as the Bonds, Section 142 of the Code requires that such bonds satisfy the tenant eligibility requirements applicable to “qualified residential rental projects” under Section 142(d) of the Code. Subject to a transition period allowed to certain rehabilitation projects, Section 142(d) of the Code requires that, at all times during the “qualified project period,” a certain percentage of the available units (the “low-income set aside requirement”) in the Development be occupied by individuals with income below certain levels pursuant to the Issuer’s election made under Section 142(d)(1) of the Code. The “qualified project period” for the Development will commence on the first day on which 10% of the residential units in the Development are occupied (which date may be the Closing Date) and will end on the latest of the following: (1) the date that is 15 years after the date on which 50% of the residential units in the Development are occupied (which date may be the Closing Date); (2) the first day on which no tax-exempt private activity bond (as defined in Section 141 of the Code) with respect to the Development remains outstanding; or (3) the first date on which any assistance provided with respect to the Development under Section 8 of the United States Housing Act of 1937, as amended, terminates. Treasury Regulations (the “Regulations”) setting forth requirements for compliance with a comparable provision of the predecessor of Section 142 of the Code require, among other things, that (1) the low-income set aside requirement must be met on a continuous basis during the “qualified project period,” and (2) all of the units in the Development must be rented or available for rental to the general public on a continuous basis during such period. Under the Regulations, the failure to satisfy the foregoing requirements on a continuous basis or the failure to satisfy any of the other requirements of the Regulations, unless corrected within a reasonable period of not more than 60 days after such non-compliance is first discovered or would have been discovered by the exercise of reasonable diligence, will cause interest on the Bonds to be includable in gross income for federal income tax purposes as of the date of their original issue, irrespective of the date such non-compliance actually occurred.

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

Bracewell LLP’s opinions assume continuous compliance with all covenants and requirements set forth in the Regulatory Agreement pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. Prospective purchasers should be aware that the United States Department of Housing and Urban Development (“HUD”) has required the inclusion of a rider to the Regulatory Agreement (the “HUD Rider”) that provides that any action taken under the Regulatory Agreement may not conflict with the Mortgage Loan Documents and the Program Obligations (as defined in the HUD Rider). The HUD Rider also provides that the Regulatory Agreement will terminate in the event of foreclosure of the Development. Bracewell LLP expresses no opinion as to whether any of the covenants and requirements set forth in the Regulatory Agreement conflict with the Mortgage Loan Documents and Program Obligations. Furthermore, Bracewell LLP expresses no opinion as to the initial and continuing exclusion of interest on the Bonds from gross income for federal income tax purposes in the event that (i) the provisions of the HUD Rider preclude compliance with any of the covenants or requirements of the Regulatory Agreement or (ii) the Regulatory Agreement terminate as the result of a foreclosure of the Development.

## **Tax Legislative Changes**

Public Law No. 115-97 (i.e., Tax Cuts and Jobs Act), which makes significant changes to the Code, including changing certain provisions affecting tax-exempt obligations, such as the Bonds, was signed into law on December

22, 2017. The changes include, among others, changes to the federal income tax rates for individuals and corporations and the alternative minimum tax for tax years beginning after December 31, 2017. Further, current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any recently enacted, proposed, pending or future legislation.

### **Additional Federal Income Tax Considerations**

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

### **RATING**

The Bonds have been assigned the rating set forth on the cover hereof by Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”).

The rating assigned to the Bonds described above reflects only the view of S&P at the time the rating was received, and an explanation of the significance of such rating may be obtained from S&P at 55 Water Street, 38th Floor, New York, New York 10041-0003. There is no assurance that the rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P if in the judgment of S&P circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

The Underwriter and the Issuer have undertaken no responsibility after issuance of the Bonds to assure the maintenance of the rating or to oppose any such revision or withdrawal. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

### **CONTINUING DISCLOSURE**

Prior to the issuance of the Bonds, the Borrower will execute and deliver a Continuing Disclosure Agreement pursuant to which the Borrower will agree to provide ongoing disclosure pursuant to the requirements of Rule 15c2-12 of the Securities and Exchange Commission (the Rule). Financial statements will be provided at least annually to the Municipal Securities Rulemaking Board (the MSRB) and notices of certain events will be issued pursuant to the Rule. Information will be filed with the MSRB through its Electronic Municipal Market Access (EMMA) system, unless otherwise directed by the MSRB. A form of the Continuing Disclosure Agreement is attached hereto as Appendix E.

A failure by the Borrower to comply with the Continuing Disclosure Agreement will not constitute an Event of Default under the Indenture. Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by a broker or dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price and the ability of the Issuer to issue and sell bonds in the future.

The Borrower has not previously been subject to the continuing disclosure requirements of the Rule.

## **CERTAIN LEGAL MATTERS**

Certain legal matters relating to the authorization and validity of the Bonds will be subject to the approval of legality by Bracewell LLP, Austin, Texas, Bond Counsel, and by the Attorney General of the State of Texas. The form of the opinion of Bond Counsel is attached hereto as Appendix F. Certain legal matters will be passed upon for the Borrower by The Law Offices of Claire G. Palmer, PLLC, Irving, Texas, for the Underwriter by Tiber Hudson LLC, Washington, D.C., and for the Issuer by McCall, Parkhurst & Horton L.L.P. and Mahomes Bolden PC, Dallas, TX. Payment of the fees of certain counsel to the transaction is contingent upon the issuance and delivery of the Bonds as described herein.

## **ABSENCE OF LITIGATION**

### **The Issuer**

It is a condition to the Underwriter's acceptance of the Bonds on the date of delivery that the Issuer deliver a certificate to the effect that there is no litigation pending or, to the knowledge of the Issuer, threatened, against the Issuer that in any way questions or affects the validity of the Bonds or any proceedings or transactions relating to their issuance.

### **The Borrower**

It is a condition to the Underwriter's acceptance of the Bonds on the date of delivery that the Borrower delivers a certificate to the effect that there are no legal proceedings pending or, to the Borrower's knowledge threatened, to restrain or enjoin the issuance, sale or delivery 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 Indenture or in any way contesting or affecting any authority for or the validity of the Bonds or the Indenture.

## **HUD AND GNMA REQUIREMENTS AND MORTGAGE LOAN DOCUMENTS TO CONTROL**

To the extent there is any conflict, inconsistency or ambiguity between or among the provisions of the Indenture, the Loan Agreement, the Regulatory Agreement and the Controlling HUD and GNMA Requirements or the Mortgage Loan Documents, then in such event the Controlling HUD and GNMA Requirements or Mortgage Loan documents will be deemed to be controlling and any such ambiguity or inconsistency will be resolved in favor of and pursuant to the Controlling HUD and GNMA Requirements or the provisions of the Mortgage Loan Documents.

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

If the Indenture, the Regulatory Agreement or the Loan Agreement contain any provision requiring the Issuer, the Borrower, the Trustee or any other party to the transaction to take any action necessary to preserve the tax exemption of interest on the Bonds, or prohibiting any such party to the transaction from taking any action that might jeopardize such tax exemption, such provision is qualified to except any actions required (or prohibited) by HUD or GNMA pursuant to Controlling HUD and GNMA Requirements and the Mortgage Loan documents.

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



## **ADDITIONAL INFORMATION**

The summaries and explanation of, or references to, the Act, the Indenture and the Bonds included in this Official Statement do not purport to be comprehensive or definitive. Such summaries, references and descriptions are qualified in their entirety by reference to each such document, copies of which are on file with the Trustee.


The information contained in this Official Statement is subject to change without notice and no implication shall be derived therefrom or from the sale of the Bonds that there has been no change in the affairs of the Issuer from the date hereof.

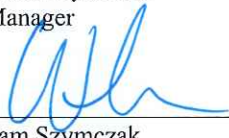
This Official Statement is submitted in connection with the offering of the Bonds and may not be reproduced or used, as a whole or in part, for any other purpose. Any statements in the Official Statement involving matters of opinion or estimate, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Issuer and the owners of any of the Bonds.

The execution and delivery of this Official Statement and the incorporation of the appendices hereto have been duly authorized by the Borrower.

**CROSBY PLAZA 34, LLC,**  
a Texas limited liability company

By: CROSBY PLAZA 34 PARTNERS, LLC,  
a Texas limited liability company,  
its Managing Member

By:   
Name: Christian Szymczak  
Title: Co-Manager

By:   
Name: William Szymczak  
Title: Co-Manager

[Borrower Signature Page to Official Statement]

## APPENDIX A

### DEFINITIONS OF CERTAIN TERMS

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

“*Act*” means Chapter 2306, Texas Government Code, as amended from time to time, and other applicable provisions of law.

“*Act of Bankruptcy*” means notice to the Trustee that the Borrower has become insolvent or has failed to pay its debts generally as such debts become due or has admitted in writing its inability to pay any of its indebtedness or has consented to or has petitioned or applied to any court or other legal authority for the appointment of a receiver, liquidator, trustee or similar official for itself or for all or any substantial part of its properties or assets or that any such trustee, receiver, liquidator or similar official has been appointed or that a petition in bankruptcy, insolvency, reorganization or liquidation proceedings (or similar proceedings) have been instituted by or against the Borrower; provided that, if in the case of an involuntary proceeding, such proceeding is not dismissed within 90 days after commencement thereof.

“*Administrative Expenses*” means the Ordinary Trustee Fees and Expenses, the Dissemination Agent Fee and the Issuer’s Fees.

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

“*Authorized Borrower Representative*” means any person who, at any time and from time to time, is designated as the Borrower’s authorized representative by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by or on behalf of any authorized general partner of the Borrower if the Borrower is a general or limited partnership, by any authorized managing member of the Borrower if the Borrower is a limited liability company, or by any authorized officer of the Borrower if the Borrower is a corporation, which certificate may designate an alternate or alternates. The Trustee may conclusively presume that a person designated in a written certificate filed with it as an Authorized Borrower Representative is an Authorized Borrower Representative until such time as the Borrower files with it (with a copy to the Issuer) a written certificate revoking such person’s authority to act in such capacity.

“*Authorized Denomination*” means \$5,000, or any integral multiple of \$5,000 in excess thereof.

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

“*Beneficial Owner*” means, with respect to the Bonds, the Person owning the Beneficial Ownership Interest therein, as evidenced to the satisfaction of the Trustee.

“*Beneficial Ownership Interest*” means the right to receive payments and notices with respect to the Bonds held in a Book Entry System.

“*Bond Counsel*” means any counsel nationally recognized as having an expertise in connection with the exclusion of interest on obligations of states and local governmental units from the gross income of the holders thereof for federal income tax purposes, and initially shall mean Bracewell LLP, as bond counsel.

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

“*Bond Mortgage*” means the subordinate Multifamily Deed of Trust, Security Agreement and Fixture Filing, dated of even date with the Indenture, from the Borrower to Dayna L. Smith for the benefit of the Trustee and the Issuer, as amended or supplemented from time to time.

“*Bond Payment Date*” means each Interest Payment Date and any other date Bond Service Charges on the Bonds are due, including any Redemption Date or any Mandatory Tender Date.

“*Bond Purchase Agreement*” means the Purchase Contract, dated June 20, 2018, among the Underwriter, the Issuer and the Borrower.

“*Bond Resolution*” means the certain resolution relating to the issuance and sale of the Bonds, adopted by the governing Board of the Issuer on May 24, 2018.

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

“*Bonds*” means the Issuer’s Multifamily Housing Revenue Bonds (Crosby Plaza Apartments), Series 2018 authorized in the Bond Resolution and the Indenture in the original aggregate principal amount of \$7,000,000.

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

“*Borrower*” means Crosby Plaza 34, LLC, a Texas limited liability company.

“*Borrower Documents*” means the Financing Documents and the Mortgage Loan Documents to which the Borrower is a party.

“*Business Day*” means a day that is not a Saturday or a Sunday, or a day on which (a) banking institutions in the City of New York or in the city in which the Designated Office of the Trustee or Remarketing Agent is located are authorized or obligated by law or executive order to be closed, or (b) The New York Stock Exchange is closed, and on which the United States Government makes payments of principal and interest on its Treasury obligations.

“*Closing Date*” means June 27, 2018.

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

“*Collateral Fund*” means the Collateral Fund created in the Indenture.

“*Collateral Payments*” means Eligible Funds paid for the benefit of the Borrower in respect to the repayment of the Loan, to the Trustee for deposit into the Collateral Fund pursuant to the Loan Agreement and the Indenture as a prerequisite to the disbursement of money held in the Project Fund; provided that such amounts shall not include proceeds of the Bonds.

“*Completion Certificate*” means the certificate of the Borrower in the form attached as an exhibit to the Loan Agreement.

“*Completion Date*” means the date the Development is substantially completed and available and suitable for use as multifamily housing, as set forth in the Completion Certificate.

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

“*Controlling HUD and GNMA Requirements*” means the National Housing Act and any applicable HUD or GNMA regulations, and related HUD or GNMA administrative requirements and prohibitions, including “Program Obligations” as defined in the HUD Regulatory Agreement.

“*Costs of Issuance*” means costs to the extent incurred in connection with, and allocable to, the issuance of the Bonds 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 directly incurred in connection with the borrowing.

“*Costs of Issuance Fund*” means the Costs of Issuance Fund created in the Indenture.

“*Designated Office*” means, with respect to the Trustee or the Remarketing Agent, the office of the Trustee or the Remarketing Agent at the respective notice address set forth in the Indenture or, solely for purposes of presentation for transfer, payment or exchange of the Bonds, the designated corporate trust operations or agency office of the Trustee in St. Paul, Minnesota, or at such other address as may be specified in writing by the Trustee or the Remarketing Agent, as applicable, as provided in the Indenture.

“*Development*” means the 86-unit residential rental housing development known as Crosby Plaza Apartments, located at 6616 FM 2100 Road, Crosby, Harris County, TX 77532.

“*Disbursement Agreement*” means the Bond Funding and Loan Disbursement Procedures Agreement, dated as of June 1, 2018, among the Issuer, the Lender, the Borrower, the Secretary of HUD and the Trustee, as amended or supplemented from time to time.

“*Dissemination Agent*” means the Trustee, or any successor, as Dissemination Agent under the Continuing Disclosure Agreement.

“*Dissemination Agent Fee*” means the fee payable to the Dissemination Agent as compensation for its services and expenses in performing its obligations under the Continuing Disclosure Agreement; payable annually in advance on each June 1, beginning June 1, 2019 initially in an amount equal to \$500; provided that, on the Closing Date, the Borrower will pay the Dissemination Agent Fee in advance to the Dissemination Agent for the period from the Closing Date to June 1, 2019; and provided further that, the amount of the Dissemination Agent Fee payable under the Indenture is limited to money withdrawn from the Expense Fund and the Borrower will be responsible to pay the remaining amount of the Dissemination Agent Fee pursuant to the Loan Agreement.

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

- (a) the proceeds of the Bonds;
- (b) money received by the Trustee (i) from the Lender or (ii) representing advances to the Borrower (or an Affiliate) of funds from other third parties representing loans or grants of money earmarked for the Project;
- (c) the proceeds of any Underwriter Advance;
- (d) remarketing proceeds of the Bonds (including any additional amount paid by the Remarketing Agent received from the Remarketing Agent or any purchaser of Bonds (other than funds provided by the Borrower, the Issuer, or any Affiliate of either the Borrower or the Issuer);
- (e) any other amounts, including the proceeds of refunding bonds, for which the Trustee has received an Opinion of Counsel (which opinion may assume that no Holder or Beneficial Owner of Bonds is an “insider” within

the meaning of the Bankruptcy Code) to the effect that (A) the use of such amounts to make payments on the Bonds would not violate Section 362(a) of the Bankruptcy Code or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court and (B) payments of such amounts to Holders would not be avoidable as preferential payments under Section 547 or 550 of the Bankruptcy Code should the Issuer or the Borrower become a debtor in proceedings commenced under the Bankruptcy Code;

(f) the proceeds of draws by the Trustee on any letter of credit provided to the Trustee for the benefit of the Borrower;

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

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

“*Eligible Investments*” means any of the following investments to the extent authorized under State law which mature (or are redeemable at the option of the Trustee without penalty) at such time or times as to enable timely disbursements to be made from the fund in which such investment is held or allocated in accordance with the terms of the Indenture:

(a) Government Obligations; and

(b) to the extent authorized in the Indenture, shares or units in any money market mutual fund rated “AAAm” by S&P at the time of purchase and whose investment portfolio consists solely of Government Obligations including, without limitation, any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, advisor, administrator, shareholder, servicing agent and/or custodian or subcustodian.

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

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

“*Expense Fund*” means the Expense Fund created in the Indenture.

“*Extraordinary Services*” and “*Extraordinary Expenses*” mean all services rendered and all reasonable expenses properly incurred by the Trustee under the Indenture or the other Financing Documents, other than Ordinary Services and Ordinary Expenses. Extraordinary Services and Extraordinary Expenses shall specifically include but are not limited to services rendered or expenses incurred by the Trustee in connection with, or in contemplation of, an Event of Default.

“*Favorable Opinion of Bond Counsel*” means, with respect to any action, or omission of any action, the taking or omitting of which requires such an opinion, an unqualified written opinion of Bond Counsel to the effect that such action or omission will not adversely affect the Federal Tax Status of the Bonds (subject to the inclusion of any exceptions contained in the opinion delivered upon the original issuance of the Bonds or such other customary exceptions that are acceptable to the recipient(s) thereof).

“*Federal Tax Status*” means, as to the Bonds, the status of the interest on the Bonds as excludable from gross income for federal income tax purposes under existing law (except on any Bond for any period during which it is held by a “substantial user” of the Development or a “related person” to such a “substantial user,” each within the meaning of Section 147(a) of the Code).

“*FHA*” means the Federal Housing Administration of HUD or any successor entity and any authorized representatives or agents thereof, including the Secretary of HUD, the Federal Housing Commissioner and their representatives or agents.

“*FHA Commitment*” means the Commitment for Insurance of Advances issued by FHA with respect to FHA Insurance on a Mortgage Loan, as the same may be amended.

“*FHA Insurance*” means the insurance of a Mortgage Loan by FHA pursuant to Section 221(d)(4) of the National Housing Act.

“*Financing Documents*” means the Indenture, the Bonds, the Loan Agreement, the Note, the Bond Mortgage, the Tax Exemption Agreement, the Regulatory Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Disbursement Agreement, the Remarketing Agreement and any other instrument or document executed in connection with the Bonds, together with all modifications, extensions, renewals and replacements thereof, but excluding the GNMA Documents and the Mortgage Loan Documents.

“*GNMA*” means the Government National Mortgage Association, an organizational unit within HUD, or any successor entity and any authorized representatives or agents thereof, including the Secretary of HUD and his representatives or agents.

“*GNMA Certificate*” means a mortgage backed security issued by the Lender, guaranteed as to timely payment of principal and interest by GNMA pursuant to the National Housing Act, and issued with respect to and backed by the Mortgage Loan.

“*GNMA Documents*” means any GNMA Certificate, the commitment issued by GNMA to the Lender to guarantee the GNMA Certificate and all other documents, certifications and assurances executed and delivered by the Lender, GNMA or the Borrower in connection with the GNMA Certificate.

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

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

“*HUD*” means the United States Department of Housing and Urban Development.

“*HUD Regulatory Agreement*” means the U.S. Department of Housing and Urban Development Regulatory Agreement for Multifamily Housing Projects between the Borrower and HUD with respect to the Development, as the same may be supplemented, amended or modified from time to time.

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

“*Initial Interest Rate*” means 2.00% per annum.

“*Initial Mandatory Tender Date*” means February 1, 2020.

“*Initial Remarketing Date*” means the Initial Mandatory Tender Date, but only if the conditions for remarketing the Bonds on such date as provided in the Indenture are satisfied.

“*Interest Payment Date*” means (a) February 1 and August 1 of each year beginning February 1, 2019, (b) each Redemption Date and (c) each Mandatory Tender Date. In the case of payment of defaulted interest, “*Interest Payment Date*” also means the date of such payment established pursuant to the Indenture.

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

“*Investor Member*” means Wincopin Circle LLLP, a Maryland limited liability limited partnership, and its lawful successors and assigns.

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

“*Issuer Administration Fee*” means the fee payable annually in advance to the Issuer on each June 1, in the amount of 0.10% per annum of the aggregate principal amount of Bonds Outstanding at the inception of each payment period. On the Closing Date, the Borrower will pay the Issuer Administration Fee in advance to the Issuer for the period from the Closing Date to May 31, 2020. The Trustee will remit to the Issuer (upon receipt of an invoice from the Issuer), payable solely from funds provided by the Borrower, all payments of the Issuer Administration Fee due on or after June 1, 2020.

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

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

“*Lender*” means Red Mortgage Capital, LLC, a Delaware limited liability company, its successors and assigns.

“*Loan*” means the mortgage loan secured by the Bond Mortgage by the Issuer to the Borrower of the proceeds received from the sale of the Bonds.

“*Loan Agreement*” means the Loan Agreement dated as of June 1, 2018, between the Issuer and the Borrower and assigned by the Issuer, except for Reserved Rights, to the Trustee, as amended or supplemented from time to time.

“*Loan Payments*” means the amounts required to be paid by the Borrower in repayment of the Loan pursuant to the provisions of the Loan Agreement, the Note and the Bond Mortgage.

“*Local Time*” means central time (daylight or standard, as applicable) in Austin, Texas.

“*Mandatory Tender*” means a tender of Bonds required by the Indenture.

“*Mandatory Tender Date*” means (a) the Initial Mandatory Tender Date and (b) if the Bonds Outstanding on the Initial Mandatory Tender Date or on any subsequent Mandatory Tender Date are remarketed pursuant to the Indenture for a Remarketing Period that does not extend to the final maturity of the Bonds, the day after the last day of the Remarketing Period.

“*Maturity Date*” means August 1, 2021.

“*Mortgage Loan*” means the mortgage loan to be made from the Lender to the Borrower in the principal amount of \$9,775,000 with respect to the Development, as described and provided for in the FHA Commitment.

“*Mortgage Loan Documents*” means the mortgage, the mortgage note, the HUD Regulatory Agreement and all other documents required by the Lender and/or FHA in connection with the Mortgage Loan.

“*National Housing Act*” means the National Housing Act of 1937, as amended, and the applicable regulations thereunder.

“*Negative Arbitrage Account*” means the Negative Arbitrage Account of the Bond Fund created in the Indenture.



“*Nonpurpose Investment*” means any “investment property,” within the meaning of Section 148(b) of the Code, that is not a purpose investment acquired to carry out the governmental purpose of the Bonds.

“*Note*” means the promissory note of the Borrower, dated as of June 1, 2018 in connection with the Bonds, in the form attached to the Loan Agreement as an exhibit and in the aggregate principal amount of \$7,000,000, evidencing the obligation of the Borrower to make Loan Payments.

“*Opinion of Counsel*” means an opinion from an attorney or firm of attorneys, acceptable to the Trustee, with experience in the matters to be covered in the opinion.

“*Optional Redemption Date*” means February 1, 2020.

“*Ordinary Services*” and “*Ordinary Expenses*” mean those services normally rendered, and those expenses normally incurred, by a trustee under instruments similar to the Indenture.

“*Ordinary Trustee Fees and Expenses*” means amounts due to the Trustee for the Ordinary Services and the Ordinary Expenses of the Trustee incurred in connection with its duties under the Indenture, payable annually in advance on each June 1, beginning June 1, 2019 and ending on the Redemption Date of the Bonds, initially in an amount equal to \$5,000; provided that, the amount of Ordinary Trustee Fees and Expenses payable under the Indenture is limited to money withdrawn from the Expense Fund, and the Borrower will be responsible to pay the remaining amount of the Ordinary Trustee Fees and Expenses pursuant to the Loan Agreement. The Trustee’s first annual fee shall be paid on the Closing Date for the period through May 31, 2019. In addition, all amounts due to the Trustee for Extraordinary Services and all Extraordinary Expenses of the Trustee will be paid as provided in the Indenture or directly by the Borrower pursuant to the Loan Agreement.

“*Organizational Documents*” means First Amended and Restated Operating Agreement, dated as of June 1, 2018.

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

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

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

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

“*Rating Agency*” means any national rating agency then maintaining a rating on the Bonds, and initially means S&P.

“*Rebate Amount*” has the meaning specified for such term in the Tax Exemption Agreement.

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

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

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

“*Regular Record Date*” means, with respect to any Bond, the close of business on the 5th day of the calendar month next preceding each Interest Payment Date, whether or not such date is a Business Day.

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

“*Regulatory Agreement*” means the Regulatory and Land Use Restriction Agreement, dated as of June 1, 2018, by and among the Issuer, the Trustee and the Borrower, as amended or supplemented from time to time.

“*Remarketing Agent*” means initially Red Capital Markets, LLC, and thereafter any successor Remarketing Agent (which meets the requirements of the Indenture) that may be appointed by the Authorized Borrower Representative.

“*Remarketing Agreement*” means the Remarketing Agreement, dated as of June 1, 2018, by and between the Borrower and the Remarketing Agent, as amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

“*Remarketing Date*” means the Initial Remarketing Date and, if the Bonds Outstanding on such date or on any subsequent Remarketing Date are remarketed pursuant to the Indenture for a Remarketing Period that does not extend to the final maturity of the Bonds, the day after the last day of the Remarketing Period.

“*Remarketing Period*” means the period beginning on a Remarketing Date and ending on the last day of the term for which Bonds are remarketed pursuant to the Indenture or the final Maturity Date of the Bonds, as applicable.

“*Remarketing Proceeds Account*” means the Remarketing Proceeds Account of the Bond Fund created in the Indenture.

“*Remarketing Rate*” means the interest rate or rates established pursuant to the Indenture and borne by the Bonds then Outstanding from and including each Remarketing Date to, but not including, the next succeeding Remarketing Date or the final Maturity Date of the Bonds, as applicable.

“*Reserved Rights*” of the Issuer means (a) all of the Issuer’s right, title and interest in and to all reimbursement, costs, expenses and indemnification; (b) the right of the Issuer to amounts payable to it pursuant to the Loan Agreement, including the Issuer’s Fees; (c) all rights of the Issuer to receive any Rebate Amount; (d) all rights of the Issuer to receive notices, reports or other information, and to make determinations and grant approvals or consent under the Indenture and under the other Financing Documents; (e) all rights of the Issuer of access to the Development and documents related thereto and to specifically enforce the representations, warranties, covenants and agreements of the Borrower set forth in the Tax Exemption Agreement and in the Regulatory Agreement; (f) any and all rights, remedies and limitations of liability of the Issuer set forth in the Indenture, the Loan Agreement, the Tax Exemption Agreement, the Regulatory Agreement, the Bond Mortgage or the Note, as applicable, regarding (1) the negotiability, registration and transfer of the Bonds, (2) the loss or destruction of the Bonds, (3) the limited liability of the Issuer as provided in the Act, the Indenture, the Loan Agreement, the Tax Exemption Agreement, the Regulatory Agreement, the Bond Mortgage or the Note, (4) the maintenance of insurance by the Borrower, (5) no liability of the Issuer to third parties, and (6) no warranties of suitability or merchantability by the Issuer; (g) all rights of the Issuer in connection with any amendment to or modification of the Indenture, the Loan Agreement, the Tax Exemption Agreement, the Regulatory Agreement, the Bond Mortgage and the Note, (h) any and all limitations of the Issuer’s liability and the Issuer’s disclaimers of warranties set forth in the Indenture, the Regulatory Agreement, the Tax Exemption Agreement or the Loan Agreement, and the Issuer’s right to inspect and audit the books, records and permits of the Borrower and the Development, and (i) any and all rights under the Loan Agreement and the Regulatory Agreement required for the Issuer to enforce or to comply with Section 2306.186 of the Texas Government Code.

“*Revenues*” means (a) the Loan Payments, (b) the Collateral Payments, (c) all other money received or to be received by the Trustee in respect of repayment of the Loan, including without limitation, all money and investments in the Bond Fund, (d) any money and investments in the Project Fund and the Collateral Fund, and (e) all income and profit from the investment of the foregoing money. The term “*Revenues*” does not include any money or investments in the Rebate Fund.

“*S&P*” means S&P Global Ratings, and its successors and assigns, or if it shall for any reason no longer perform the functions of a securities rating agency, then any other nationally recognized rating agency designated by the Borrower and acceptable to the Trustee and the Remarketing Agent.

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

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

“*State*” means the State of Texas.

“*Supplemental Indenture*” means any indenture supplemental to the Indenture entered into between the Issuer and the Trustee in accordance with the requirements of the Indenture.

“*Surplus Cash*” has the meaning specified in the HUD Regulatory Agreement.

“*Tax Exemption Agreement*” means the Tax Exemption Agreement, dated as of even date with the Indenture, by and among the Issuer, the Trustee and the Borrower as amended and supplemented from time to time.

“*Tendered Bond*” means any Bond which has been tendered for purchase pursuant to a Mandatory Tender.

“*Trust Estate*” means the property rights, money, securities and other amounts pledged and assigned to the Trustee under the Indenture pursuant to the Granting Clauses thereof.

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

“*Undelivered Bond*” means any Bond that is required under the Indenture to be delivered to the Remarketing Agent or the Trustee for purchase on a Mandatory Tender Date or a Redemption Date but that has not been received on the date such Bond is required to be so delivered

“*Underwriter*” means Red Capital Markets, LLC.

## APPENDIX B

### SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

*The following is a brief summary of certain provisions of the Indenture. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Indenture, copies of which are on file with the Issuer and the Trustee.*

#### **Establishment of Funds**

The following funds are to be established and maintained by the Trustee under the Indenture:

- (a) the Bond Fund (including the Negative Arbitrage Account and the Remarketing Proceeds Account therein, but only at such times as money is to be deposited or held in such accounts as provided in the Indenture);
- (b) the Project Fund;
- (c) the Costs of Issuance Fund;
- (d) the Collateral Fund;
- (e) the Expense Fund; and
- (f) the Rebate Fund.

Each fund and account therein shall be maintained by the Trustee as a separate and distinct trust fund or account to be held, managed, invested, disbursed and administered as provided in the Indenture and the Tax Exemption Agreement. All money deposited in the funds and accounts created under the Indenture shall be used solely for the purposes set forth in the Indenture and the Tax Exemption Agreement. The Trustee shall keep and maintain adequate records pertaining to each fund and account, and all disbursements therefrom, in accordance with its general practices and procedures in effect from time to time. The Trustee in its sole discretion may also terminate funds and accounts that are no longer needed.

The Trustee shall, at the written direction of an Authorized Borrower Representative, and may, in its sole discretion, establish such additional accounts within any fund, and subaccounts within any of the accounts, as the Issuer or the Trustee may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from that fund and its accounts, or for the purpose of complying with the requirements of the Code, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of the Indenture with respect to a deposit or use of money in the Special Funds or the Rebate Fund, or result in commingling of funds not permitted under the Indenture.

Pursuant to the Tax Exemption Agreement, the Trustee shall cause to be kept and maintained adequate records pertaining to the investment of all proceeds of the Bonds sufficient to permit the Borrower, on behalf of the Issuer, to determine the Rebate Amount, if any, with respect to the Bonds required to be paid to the United States of America pursuant to Section 148 of the Code. The Trustee shall have no responsibility to make such determination.

#### **Bond Fund**

So long as there are any Outstanding Bonds, to the extent the Borrower has not received a credit against Loan Payments, all Loan Payments under the Loan Agreement are to be paid on or before each Bond Payment Date directly to the Trustee, and deposited in the Bond Fund, in at least the amount necessary to pay the Bond Service Charges due on the Bonds on such Bond Payment Date.

The Bond Fund (and the account therein for which provision is made in the Indenture) and the money and Eligible Investments therein are to be used solely and exclusively for the payment of Bond Service Charges as they become due.

Bond Service Charges will be payable as they become due, in the following order: (i) from money on deposit in the Negative Arbitrage Account of the Bond Fund (but only to pay the interest portion of any Bond Service Charges), (ii) from money on deposit in the Bond Fund, other than the Negative Arbitrage Account, (iii) from money on deposit in the Collateral Fund and transferred as necessary to the Bond Fund, (iv) from money on deposit in the Project Fund and transferred as necessary to the Bond Fund and (v) from money on deposit in the Negative Arbitrage Account of the Bond Fund (to pay all Bond Service Charges).

### **Project Fund**

Money in the Project Fund is to be disbursed in accordance with the provisions of the Indenture and the Loan Agreement. Upon the deposit of Collateral Payments in the Collateral Fund as provided in the Indenture, the Trustee may disburse the Bond proceeds on deposit in the Project Fund in accordance with the Loan Agreement for use by the Borrower to pay costs of the Development.

To the extent money is not otherwise available to the Trustee, including money on deposit in the Bond Fund or the Collateral Fund, the Trustee is to transfer from the Project Fund to the Bond Fund sufficient money to pay Bond Service Charges on each Bond Payment Date without further written direction.

Notwithstanding any provision of the Loan Agreement or the Disbursement Agreement or any other provision of the Indenture to the contrary, the Trustee is not to disburse money from the Project Fund, other than to pay Bond Service Charges on the Bonds, unless and until Collateral Payments or other Eligible Funds in an amount equal to or greater than the requested disbursement amount have been deposited in the Collateral Fund. Prior to making any disbursement (except to pay Bond Service Charges), the Trustee shall determine that the aggregate amount that will be held in (a) the Collateral Fund and (b) the Project Fund, after the anticipated disbursement, is at least equal to the then-Outstanding principal amount of the Bonds; provided, however, notwithstanding any provision to the contrary in the Indenture or in the other Financing Documents, that upon receipt of a Collateral Payment from the Lender, the Trustee shall be obligated to either (i) disburse Bond proceeds in like amount, or (ii) return the Collateral Payment to the Lender within one Business Day after receipt of the Collateral Payment.

On any Redemption Date, the Trustee will transfer amounts then on deposit in the Project Fund into the Bond Fund to pay Bond Service Charges on the Bonds. The Trustee shall have no liability for any losses incurred in connection with Eligible Investments.

Upon the occurrence and continuance of an Event of Default under the Indenture because of which the principal amount of the Bonds has been declared to be due and immediately payable, any money remaining in the Project Fund is to be promptly transferred by the Trustee to the Bond Fund.

Any money in the Project Fund remaining after the completion of the Development and payment in full of the costs of the Development shall be promptly paid into the Bond Fund and used to redeem Bonds on the earliest date on which such Bonds are subject to optional redemption.

### **Collateral Fund**

The Trustee is to deposit in the Collateral Fund all Collateral Payments received pursuant to the Disbursement Agreement and the Loan Agreement and any other Eligible Funds received by the Trustee for deposit into the Collateral Fund. The Loan Agreement requires the Borrower to cause the Lender, pursuant to the terms of the Disbursement Agreement, to make Collateral Payments to the Trustee for deposit into the Collateral Fund in a principal amount equal to, and as a prerequisite to the disbursement of, an equal amount of Bond proceeds on deposit in the Project Fund to be disbursed by the Trustee to pay costs of the Development.

The Collateral Payments deposited into the Collateral Fund will be promptly invested in its entirety by the Trustee solely and exclusively in Eligible Investments by reallocating such Eligible Investments from the Project Fund to the Collateral Fund pursuant to the Indenture. Upon reallocation, such Collateral Payments shall be deemed

deposited in the Collateral Fund, and the Trustee shall transfer funds in the amount of such Collateral Payments to the Project Fund for disbursement pursuant to the Indenture. Each deposit into the Collateral Fund will constitute an irrevocable deposit solely for the benefit of the Holders, subject to the provisions of the Indenture.

The Trustee shall transfer money in the Collateral Fund on each Bond Payment Date, to the Bond Fund, in an amount necessary to pay Bond Service Charges due on such Bond Payment Date (to the extent money is not otherwise available to the Trustee, including money on deposit in the Bond Fund).

Amounts on deposit in the Collateral Fund in excess of the amount required to pay Bond Service Charges after payment in full of the Bonds may be transferred to the Project Fund and used to pay costs of the Development.

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

### **Investment of Special Funds and Rebate Fund**

Money in the Special Funds and the Rebate Fund is to be invested and reinvested by the Trustee at the written direction of the Authorized Borrower Representative. In the absence of instructions from the Borrower, the Trustee is to invest money in the Special Funds and Rebate Fund in Eligible Investments described in paragraph (b) of the definition of Eligible Investments. At no time is the Authorized Borrower Representative to direct that any funds constituting Gross Proceeds of the Bonds (as defined in the Tax Exemption Agreement) be used in any manner that would constitute failure of compliance with Section 148 of the Code.

Investments of money in the Bond Fund and the Collateral Fund are to be made as directed by the Authorized Borrower Representative only in Eligible Investments that mature or are redeemable at the option of the Trustee at the times and in the amounts necessary to provide money to pay Bond Service Charges on the Bonds as they become due on each Bond Payment Date.

Investment of money in the Project Fund is to be made as directed by the Borrower only in Eligible Investments that are described in paragraph (b) of the definition of “Eligible Investments.”

Any investments may be purchased from or sold to the Trustee, or any bank, trust company or savings and loan association which is an affiliate of the Trustee. The Trustee is to sell or redeem investments credited to the Bond Fund to produce sufficient money applicable to and at the times required for the purposes of paying Bond Service Charges when due as aforesaid, and is to do so without necessity for any order on behalf of the Issuer and without restriction by reason of any order.

Investments of money in the Bond Fund and the Collateral Fund shall mature or be redeemable at the times and in the amounts necessary to provide money to pay Bond Service Charges on the Bonds as they become due on each Bond Payment Date.

Ratings of Eligible Investments are to be determined at the time of purchase of such Eligible Investments and without regard to rating subcategories.

### **Allocation and Reallocation of Government Obligations Deposited to the Collateral Fund and the Project Fund**

On the Closing Date, the Trustee shall allocate ownership of the Government Obligations acquired pursuant to the Indenture and deposited for the benefit of the Project Fund and the Collateral Fund as follows: The Trustee shall allocate to the Collateral Fund a percentage of such Government Obligations equal to the amount of Available Money presented to the Trustee for deposit to the Collateral Fund on the Closing Date divided by the aggregate Outstanding principal amount of the Bonds and multiplied by 100 (the “Initial Collateral Fund Percentage”) and the remainder (i.e., 100% minus the Initial Collateral Fund Percentage, referred to as the “Initial Project Fund Percentage”) shall be allocated to the Project Fund. On each subsequent month when additional Available Money is presented to the Trustee for deposit to the Collateral Fund (the “Subsequent Allocation Date”), the dollar amount of such Available Money shall be added to all prior Available Money so deposited, and the percentage of such Government Obligations

allocated to the Collateral Fund shall be adjusted to that percentage equal to the aggregate Available Money so deposited through such date divided by the aggregate Outstanding principal amount of the Bonds and multiplied by 100 (the “Collateral Fund Percentage”) and the remainder (i.e., 100% minus the Collateral Fund Percentage, referred to as the “Project Fund Percentage”) shall be allocated to the Project Fund. On each Subsequent Allocation Date, the Trustee shall be deemed to have liquidated that portion of the Governmental Obligations allocated to the Project Fund and purchased equivalent Governmental Obligations to be allocated to the Collateral Fund.

### **Defaults; Events of Default**

Each of the following is an “Event of Default” under the Indenture:

- (a) Payment of any interest on any Bond is not made when and as that interest becomes due and payable;
- (b) Payment of the principal of any Bond is not made when and as that principal becomes due and payable, whether at stated maturity, upon acceleration or otherwise;
- (c) Failure by the Issuer to observe or perform any other covenant, agreement or obligation on its part required to be observed or performed as set forth in the Indenture, the Tax Exemption Agreement or in the Bonds, which failure has continued for a period of 30 days after notice of default in accordance with the Indenture specifying the failure and requiring that it be remedied; and
- (d) The occurrence and continuance of an Event of Default as defined in the Loan Agreement.

The term “default” or “failure” as used above means (i) a default or failure by the Issuer in the observance or performance of any of the covenants, agreements or obligations on its part to be observed or performed contained in the Indenture or in the Bonds, or (ii) a default or failure by the Borrower under the Loan Agreement, exclusive of any period of grace or notice required to constitute an Event of Default, as provided in the Loan Agreement.

### **Acceleration**

Upon the occurrence of an Event of Default described in (a) and (b) under the caption “Events of Default” above, the Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding must, subject to the terms of the Indenture, by a written notice delivered to the Borrower, the Rating Agency and the Issuer, declare the principal of all Bonds then Outstanding (if not then due and payable), and the interest accrued thereon, to be due and payable immediately; provided, however, that the Trustee is to make such declaration only if the Trustee has determined that it will have sufficient funds available to pay the full amount of principal and accrued but unpaid interest to the Holders as of the date of acceleration. If the Trustee is unable to determine that sufficient funds will be available, the Trustee is to declare the principal of all of the Bonds immediately due and payable, but only upon the written direction of the Holders of all of the Bonds then Outstanding. Upon the occurrence of any Event of Default other than those described in (a) and (b) under the caption “Events of Default” above, the Trustee may, and upon the written request of all Holders of Bonds then Outstanding, must, subject to the terms of the Indenture, declare by a notice in writing delivered to the Borrower and the Issuer, the principal of all Bonds then Outstanding (if not then due and payable), and the interest thereon, to be due and payable immediately. Upon such declaration, principal and interest will become and be due and payable immediately. Interest on the Bonds will accrue to the date determined by the Trustee for the tender of payment to the Holders pursuant to that declaration; provided that interest on any unpaid principal of Bonds Outstanding will continue to accrue from the date determined by the Trustee for the tender of payment to the Holders of those Bonds.

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

- (i) all sums payable under the Indenture (except the principal of and interest on Bonds that have not reached their stated maturity dates but which are due and payable solely by reason of that declaration of acceleration), plus interest to the extent permitted by law on any overdue installments of interest at the rate borne by the Bonds in respect of which the Event of Default has occurred, have been duly paid or provision has been duly made therefor by deposit with the Trustee, and

- (ii) all existing Events of Default have been cured,

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

The Investor Member shall be entitled to cure any default or Event of Default under the Indenture within the time frame provided to the Borrower under the Indenture. The Issuer and the Trustee have agreed in the Indenture that a cure of any default or Event of Default made or tendered by the Investor Member shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

### **Other Remedies; Rights of Holders**

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

If, upon the occurrence and continuance of an Event of Default, the Trustee is requested so to do by the Holders of at least a majority in aggregate principal amount of Bonds Outstanding, the Trustee (subject to the provisions of the Indenture), is to exercise any rights and powers conferred by the Indenture.

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

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

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

### **Right of Holders to Direct Proceedings**

The Holders of a majority in aggregate principal amount of Bonds then Outstanding will have the right at any time to direct, by an instrument or document in writing executed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or any other proceedings thereunder; provided, that (i) any direction is not to be other than in accordance with the provisions of law and of the Indenture, (ii) the Trustee is indemnified as provided in the Indenture, and (iii) the Trustee may take any other action that it deems to be proper and that is not inconsistent with the direction.

### **Application of Money**

If at any time after the occurrence of an Event of Default, the money held by the Trustee under the Indenture (other than amounts in the Rebate Fund) is not sufficient to pay the principal of and interest on the Bonds as the same become due and payable, such money, together with any money then available or thereafter becoming available for such purpose, whether through the exercise of remedies in the Indenture or otherwise, is to be applied by the Trustee as described below. After payment of any costs, expenses, liabilities and advances paid, incurred or made by the Trustee in the collection of money and to all Ordinary Trustee Fees and Expenses and fees of the Trustee for Extraordinary Services and Extraordinary Expenses pursuant to any right given or action taken under the provisions of the Indenture, all money received by the Trustee on deposit in the Special Funds is to be applied as follows, subject to the Indenture:



(a) Unless the principal of all of the Bonds has become, or has been declared to be, due and payable, all of such money is to be deposited in the Bond Fund and applied:

First — To the payment to the Holders entitled thereto of all installments of interest then due on the Bonds, in the order of the dates of maturity of the installments of that interest, beginning with the earliest date of maturity and, if the amount available is not sufficient to pay in full any particular installment, then to the payment thereof ratably, according to the amounts due on that installment, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds; and

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

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

(c) If the principal of all of the Bonds has been declared to be due and payable, and if that declaration thereafter has been rescinded and annulled, subject to the provisions described in paragraph (b) above in the event that the principal of all of the Bonds becomes due and payable later, such money on deposit in the Special Funds is to remain in such funds and be applied in accordance with the provisions of the Indenture.

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

### **Rights and Remedies of Holders**

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

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

(b) the Holders of at least a majority in aggregate principal amount of Bonds then Outstanding have made written request to the Trustee and have afforded the Trustee reasonable opportunity to proceed to

exercise the remedies, rights and powers granted under the Indenture or to institute the suit, action or proceeding in its own name, and have furnished indemnity to the Trustee as provided in the Indenture, and

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

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

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

### **Waivers of Events of Default**

Except for those Events of Default described in (a) or (b) under “Events of Default” above, at any time, in its discretion, the Trustee may waive any Event of Default and its consequences and may rescind and annul any declaration of maturity of principal of or interest on the Bonds, and the Trustee must do so upon the written request of the Holders of at least a majority in aggregate principal amount of all Bonds then Outstanding.

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

### **Supplemental Indentures Not Requiring Consent of Holders**

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

- (a) to cure any ambiguity, inconsistency or formal defect or omission in the Indenture;
- (b) to grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority that lawfully may be granted to or conferred upon the Holders or the Trustee;
- (c) to assign additional revenues under the Indenture;
- (d) to accept additional security and instruments and documents of further assurance with respect to the Development;
- (e) to add to the covenants, agreements, obligations and rights of the Issuer under the Indenture, other covenants, agreements and obligations to be observed or rights to be exercised for the protection of the Holders, or to surrender or limit any right, power or authority reserved to or conferred upon the Issuer in the Indenture;
- (f) to evidence any succession to the Issuer and the assumption by its successor of the covenants, agreements and obligations of the Issuer under the Indenture, the Loan Agreement and the Bonds;

(g) to facilitate (i) the transfer of Bonds issued by the Issuer under the Indenture and held in Book Entry Form from one depository to another and the succession of depositories, or (ii) the withdrawal of Bonds issued by the Issuer under the Indenture and delivered to a depository for use in a Book Entry System and the issuance of replacement Bonds in fully registered form and in the form of physical certificates to others than a depository;

(h) to permit the Trustee to comply with any obligations imposed upon it by law;

(i) to specify further the duties and responsibilities of the Trustee;

(j) to achieve compliance of the Indenture with any applicable federal securities or tax law;  
and

(k) to make amendments to the provisions of the Indenture relating to arbitrage matters under Section 148 of the Code, if, in the opinion of Bond Counsel, those amendments would not adversely affect the Federal Tax Status of the Bonds, which amendments may, among other things, change the responsibility for making the relevant calculations, provided that in no event is such amendment to delegate to the Trustee, without its consent, in its sole discretion, the obligation to make or perform the calculations required under Section 148 of the Code.

### **Supplemental Indentures Requiring Consent of Holders**

Exclusive of Supplemental Indentures described above and subject to the terms, provisions and limitations described below, and not otherwise, with the consent of the Holders of not less than a majority of the aggregate principal amount of the Bonds Outstanding, and with the consent of the Borrower (if required by the Indenture), the Issuer and the Trustee may execute and deliver Supplemental Indentures adding any provisions to, changing in any manner or eliminating any of the provisions of the Indenture or any Supplemental Indenture or restricting in any manner the rights of the Holders. Nothing in the Indenture is to permit, however, or be construed as permitting,

(a) without the consent of the Holder of each Bond so affected: (i) an extension of the maturity of the principal of or the interest on any Bond, or (ii) a reduction in the principal amount of any Bond or the rate of interest thereon;

(b) without the consent of the Holders of all Bonds then Outstanding, (i) the creation of a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (ii) a reduction in the aggregate principal amount of the Bonds required for consent to a Supplemental Indenture.

If the Issuer requests that the Trustee execute and deliver any Supplemental Indenture for any of the purposes described under this caption, upon (i) being satisfactorily indemnified with respect to its expenses in connection therewith, and (ii) if required by the Indenture, receipt of the Borrower's consent to the proposed execution and delivery of the Supplemental Indenture, the Trustee is to cause notice of the proposed execution and delivery of the Supplemental Indenture to be mailed by first-class mail, postage prepaid, to the Holders of Bonds then Outstanding at their addresses as they appear on the Register at the close of business on the fifteenth day preceding that mailing.

The Trustee will not be subject to any liability to any Holder by reason of the Trustee's failure to mail, or the failure of any Holder to receive, the notice described above. Any failure of that nature will not affect the validity of the Supplemental Indenture when there has been consent thereto as described above. The notice is to set forth briefly the nature of the proposed Supplemental Indenture and state that copies thereof are on file at the designated office of the Trustee for inspection by all Holders.

If the Trustee receives, within a period prescribed by the Borrower, of not less than 60 days, but not exceeding one year, following the mailing of the notice, an instrument or document or instruments or documents, in form to which the Trustee does not reasonably object, purporting to be executed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding (which instrument or document or instruments or documents refers to the proposed Supplemental Indenture in the form described in the notice and specifically consents to the Supplemental Indenture in substantially that form), the Trustee is to execute and deliver the Supplemental

Indenture in substantially the form to which reference is made in the notice as being on file with the Trustee, without liability or responsibility to any Holder, regardless of whether that Holder has consented thereto.

Any consent will be binding upon the Holder giving the consent and, anything in the Indenture to the contrary notwithstanding, upon any subsequent Holder of that Bond and of any Bond issued in exchange therefor (regardless of whether the subsequent Holder has notice of the consent to the Supplemental Indenture). A consent may be revoked in writing, however, by the Holder who gave the consent or by a subsequent Holder of the Bond by a revocation of such consent received by the Trustee prior to the execution and delivery by the Trustee of the Supplemental Indenture. At any time after the Holders of the required percentage of Bonds have filed their consents to the Supplemental Indenture, the Trustee is to make and file with the Issuer a written statement that the Holders of the required percentage of Bonds have filed those consents. That written statement will be conclusive evidence that the consents have been so filed.

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

### **Consent of Borrower**

Anything contained in the Indenture to the contrary notwithstanding, a Supplemental Indenture that affects in any material respect any rights or obligations of the Borrower will not become effective unless and until the Borrower and Investor Member have consented in writing to the execution and delivery of that Supplemental Indenture.

### **Release of Indenture**

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

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

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

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

### **Payment and Discharge of Bonds**

All or any part of the Bonds shall be deemed to have been paid and discharged within the meaning of the Indenture, including without limitation, as described in the caption "Release of the Indenture" above, if the Trustee as paying agent shall have received, in trust for and irrevocably committed thereto (i) sufficient money or (ii) noncallable Government Obligations which are certified by an independent public accounting firm of national reputation to be of such maturities or redemption dates and interest payment dates, and to bear such interest, as will be sufficient, together with any money described in clause (i) above, without further investment or reinvestment of either the principal

amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so committed, except as provided in the Indenture), for the payment of all Bond Service Charges on those Bonds to their maturity.

Any money held by the Trustee as described under this caption may be invested by the Trustee only in noncallable Government Obligations having maturity dates, or having redemption dates which, at the option of the holder of those obligations, shall be not later than the date or dates at which money will be required for the purposes described above. To the extent that any income or interest earned by, or increment to, the investments held as described under this heading is determined from time to time by the Trustee to be in excess of the amount required to be held by the Trustee for the payment and discharge of the Bonds, that income, interest or increment shall be transferred at the time of that determination in the manner provided in the Indenture for transfers of amounts remaining in the Bond Fund.

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

### **Mortgage Loan Documents and Regulations Control**

In the event of any conflict and to the extent that there is any inconsistency or ambiguity between the provisions of the Indenture and the provisions of the Controlling HUD and GNMA Requirements or the Mortgage Loan Documents, the Controlling HUD and GNMA Requirements and Mortgage Loan Documents will be deemed to be controlling, and any such ambiguity or inconsistency will be resolved in favor of, and pursuant to the terms of, the Controlling HUD and GNMA Requirements and Mortgage Loan Documents, as applicable. The Trustee shall conclusively rely upon an Opinion of Counsel regarding any such conflict, and absent receipt of such Opinion of Counsel, the Trustee shall conclusively presume no conflict exists.

Enforcement of the covenants in the Indenture will not result in, and neither the Issuer nor the Trustee has or shall be entitled to assert, any claim against the Development, the Mortgage Loan proceeds (other than the amounts deposited with the Trustee as provided in the Indenture), any reserves or deposits required by HUD in connection with the Mortgage Loan transaction, or the rents or deposits or other income of the Development other than available "Surplus Cash" as defined in the HUD Regulatory Agreement.

Failure of the Issuer or the Borrower to comply with any of the covenants set forth in the Indenture, the Loan Agreement, the Note, the Bond Mortgage or the Regulatory Agreement will not serve as a basis for default on the Mortgage Loan, the underlying mortgage, or any of the other Mortgage Loan Documents.

## APPENDIX C

### SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

*The following is a summary of certain provisions of the Loan Agreement. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Loan Agreement, copies of which are on file with the Issuer and the Trustee.*

#### **General Terms of the Financing**

To provide funds to make the Loan, the Issuer will issue, sell and deliver the Bonds to the Underwriter. The Bonds will be issued pursuant to the Indenture in the aggregate principal amount, will bear interest, will be subject to redemption and mandatory tender, and will mature as set forth therein. Under the Loan Agreement, the Borrower approve the terms and conditions of the Indenture and the Bonds, and the terms and conditions under which the Bonds will be issued, sold and delivered.

#### **Mortgage Loan to Borrower**

The Borrower shall have obtained the Mortgage Loan from the Lender prior to or simultaneously with the execution and delivery of the Loan Agreement, and the Borrower shall enter into the Disbursement Agreement with the Lender, the Secretary of Housing and Urban Development, the Issuer and the Trustee simultaneously with the execution and delivery of the Loan Agreement to provide for the delivery of a portion of the Collateral Payments.

The Borrower has represented that the Mortgage Loan is insured by FHA pursuant to and in accordance with the provisions of Section 221(d)(4) of the National Housing Act and applicable regulations thereunder, and that the Mortgage Loan is in the maximum aggregate original principal amount of \$9,775,000. The Mortgage Loan is secured on a non-recourse basis pursuant to the Mortgage Loan Documents, subject however, to certain non-recourse carveouts.

In connection with the Mortgage Loan, the Borrower shall execute and deliver such documents as may be customarily utilized for insured mortgage loans under the provisions of Section 221(d)(4) of the National Housing Act and applicable regulations thereunder, with such omissions, insertions and variations as may be permitted by such regulations and as may be consistent with the terms and provisions of the Loan Agreement.

The Lender will make available certain Eligible Funds to the Trustee, from time to time, as required, for deposit into the Collateral Fund, and, upon each such deposit into the Collateral Fund, an equal amount of Bond proceeds will be disbursed from the Project Fund to or at the direction of the Lender to pay the costs set forth in an approved Disbursement Request; notwithstanding any provision to the contrary in the Loan Agreement or in the other Financing Documents, upon receipt of a Collateral Payment from Lender, the Trustee shall be obligated to either (i) disburse Bond proceeds in like amount, or (ii) return the Collateral Payment to the Lender within one Business Day after receipt of the Collateral Payment.

#### **Disbursements from the Project Fund**

Subject to the provisions described below and in the Tax Exemption Agreement and so long as no Event of Default under the Loan Agreement has occurred and is continuing for which the principal amount of the Bonds has been declared to be immediately due and payable pursuant to the Loan Agreement and the Indenture, and the Bonds have maintained their Federal Tax Status, disbursements from the Project Fund shall be made only to pay any of the following costs:

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

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

(c) Taxes, assessments and other governmental charges in respect of the Development that may become due and payable during the rehabilitation period.

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

(e) Subject to the limitations set forth in the Loan Agreement, Costs of Issuance of the Bonds.

(f) Any other costs, expenses, fees and charges properly chargeable to the cost of acquisition, rehabilitation, improvement and equipping of the Development.

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

(h) Payments to the Rebate Fund.

Any disbursements from the Project Fund for the payment of costs described above shall be made by the Trustee only upon the receipt by the Trustee of: (a) a disbursement request in the form attached to the Loan Agreement as an exhibit and (b) Collateral Payments in an amount equal to the amount of any such disbursement request for deposit in the Collateral Fund as provided in the Loan Agreement. The Borrower acknowledges and agrees that it shall submit disbursement requests to the Trustee no more frequently than once each calendar month. Each such disbursement request shall be consecutively numbered.

The Borrower's right to request disbursements from the Project Fund is limited to the principal amount of the Loan.

After the Completion Date and payment, or provision for payment, in full of the costs of the Development described above, the Authorized Borrower Representative promptly shall direct the Trustee to transfer any money remaining in the Project Fund to the Bond Fund, which money shall be used to redeem Bonds in accordance with the Indenture on the earliest date on which such Bonds are subject to optional redemption, as set forth in the Indenture.

Notwithstanding any provision of the Loan Agreement or any provision of the Indenture to the contrary, the Trustee shall not disburse funds from the Project Fund unless and until the Trustee confirms that amounts on deposit in the Collateral Fund plus amounts on deposit in the Project Fund, less the amount of the requested disbursement from the Project Fund, is at least equal to the then-Outstanding principal amount of the Bonds; provided, however, notwithstanding any provision to the contrary in the Loan Agreement or in the other Financing Documents, that upon receipt of a Collateral Payment from Lender, Trustee shall be obligated to either (i) disburse Bond proceeds in like amount, or (ii) return the Collateral Payment to Lender within one Business Day after receipt of the Collateral Payment.

### **Disbursement Agreement**

In accordance with the terms of the Disbursement Agreement, the Borrower will direct the Lender to deliver Eligible Funds to the Trustee as Collateral Payments for deposit into the Collateral Fund in exchange for the Trustee disbursing an equal amount of Bond proceeds from the Project Fund under the Indenture pursuant to and consistent with the Loan Agreement and the Indenture.

### **Collateral Payments**

In consideration of and as a condition to the disbursement of Bond proceeds in the Project Fund for Development costs, and to secure the Borrower's obligation to make Loan Payments, the Borrower shall direct the Lender, pursuant to the terms of the Disbursement Agreement, to deliver or cause to be delivered to the Trustee at least one Business Day before each such disbursement, Collateral Payments equal to the amount of such disbursement from the Project Fund. All such Collateral Payments shall be paid to the Trustee for the account of the Issuer and shall be held in the Collateral Fund and disbursed in accordance with the provisions of the Indenture. Collateral

Payments will not be used to pay for Development costs. Notwithstanding any provision to the contrary in the Loan Agreement or in the other Financing Documents, upon receipt of a Collateral Payment from the Lender, the Trustee shall be obligated to either (i) disburse Bond proceeds in like amount, or (ii) return the Collateral Payment to the Lender within one Business Day after receipt of the Collateral Payment.

## **Tax Matters**

The Borrower represents, warrants and covenants in the Loan Agreement that it will not take any action or omit to take any action which, if taken or omitted, respectively, would adversely affect the Federal Tax Status of the Bonds.

## **Borrower's Obligation upon Tender of Bonds**

If any Tendered Bond is not remarketed on any Mandatory Tender Date and a sufficient amount is not available in the Collateral Fund, the Negative Arbitrage Account of the Bond Fund, and the Project Fund as provided in the Indenture for the purpose of paying the purchase price of such Bond, the Borrower will cause to be paid to the Trustee by the applicable times provided in the Indenture, an amount equal to the amount by which the principal amount of all Bonds tendered and not remarketed, together with interest accrued to the Mandatory Tender Date, exceeds the amount otherwise available pursuant to the Indenture.

## **Events of Default**

Each of the following is an "Event of Default" with respect to either Borrower under the Loan Agreement:

(a) The Borrower fails to pay any Loan Payment on or prior to the date on which that Loan Payment is due and payable to the extent amounts on deposit in the Bond Fund, including amounts transferred from the Collateral Fund and the Project Fund, are insufficient to pay the Bond Service Charges due on the next Bond Payment Date;

(b) The Borrower fails to observe and perform any other agreement, term or condition contained in the Loan Agreement or any other Financing Document and the continuation of such failure for a period of 30 days after written notice thereof has been given to the Borrower and the Investor Member by the Issuer or the Trustee, or for such longer period as the Issuer and the Trustee may agree to in writing; provided, that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, that failure will not constitute an Event of Default so long as the Borrower institutes curative action within the applicable period and diligently pursue that action to completion, which must be resolved within 180 days after the aforementioned notice;

(c) The Borrower: (i) admits in writing their inability to pay their debts generally as they become due; (ii) has an order for relief entered in any case commenced by or against them under the federal bankruptcy laws, as now or hereafter in effect, which is not dismissed within 90 days; (iii) commences a proceeding under any other federal or state bankruptcy, insolvency, reorganization or similar law, or have such a proceeding commenced against them and either have an order of insolvency or reorganization entered against them or have the proceeding remain undismissed and unstayed for 90 days; (iv) make an assignment for the benefit of creditors; or (v) has a receiver or trustee appointed for them or for the whole or any substantial part of their property which appointment is not vacated within a period of 90 days;

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

(e) There occurs an "Event of Default" (as defined in the Indenture) by the Borrower or an event of default beyond applicable notice and cure periods under the Regulatory Agreement.

Notwithstanding the foregoing, if, by reason of Force Majeure, the Borrower is unable to perform or observe any agreement, term or condition of the Loan Agreement which would give rise to an Event of Default under subsection (b) above, the Borrower shall not be deemed in default during the continuance of such inability. However, the Borrower shall promptly give notice to the Trustee and the Issuer of the existence of an event of Force Majeure



and shall use commercially reasonable efforts to remove the effects thereof; provided that the settlement of strikes or other industrial disturbances shall be entirely within its discretion.

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

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

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

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

### **Amendments and Supplements**

Except as otherwise expressly provided in the Loan Agreement or the Indenture, subsequent to the issuance of the Bonds and prior to all conditions provided for in the Indenture for release of the Indenture having been met, the Loan Agreement, the Regulatory Agreement and the Note may not be effectively amended, changed, modified, altered or terminated except in accordance with the provisions of the Indenture, as applicable.

### **Mortgage Loan Documents and Regulations Control**

In the event of any conflict and to the extent that there is any inconsistency or ambiguity between the provisions of the Loan Agreement and the provisions of the Controlling HUD and GNMA Requirements or the Mortgage Loan Documents, the Controlling HUD and GNMA Requirements and Mortgage Loan Documents will be deemed to be controlling, and any such ambiguity or inconsistency will be resolved in favor of, and pursuant to the terms of, the Controlling HUD and GNMA Requirements and Mortgage Loan Documents, as applicable.

Enforcement of the covenants in the Loan Agreement will not result in, and neither the Issuer nor the Trustee has or shall be entitled to assert, any claim against the Development, the Mortgage Loan proceeds (other than the amounts deposited with the Trustee as provided in the Indenture), any reserves or deposits required by HUD in connection with the Mortgage Loan transaction, or the rents or deposits or other income of the Development other than available Surplus Cash.

Failure of the Issuer or the Borrower to comply with any of the covenants set forth in the Loan Agreement will not serve as a basis for default on the Mortgage Loan, the underlying mortgages, or any of the other Mortgage Loan Documents.

## APPENDIX D

### SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT

*The following is a summary, which does not purport to be complete, of certain of the terms and provisions of the Regulatory Agreement; however, it is not a comprehensive description, and reference is made to the full text of the Regulatory Agreement for a complete recital of its terms.*

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

#### **Tax-Exempt Status of the Bonds**

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

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

(i) that the Development will be comprised of residential Units and facilities functionally related and subordinate thereto, in accordance with Section 142(d) of the Code;

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

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

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

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

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

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

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

(ix) that except, if applicable, during the 12-month “transition period” beginning on the Closing Date, as provided under Revenue Procedure 2004-39, 2004-2 C.B. 49, the Development will meet the Set Aside Requirement. For the purposes of this paragraph, a vacant Unit that was most recently occupied by a Low Income Tenant is treated as rented and occupied by a Low Income Tenant until reoccupied, at which time the character of such Unit must be redetermined. No tenant qualifying as a Low Income Tenant will be denied continued occupancy of a Unit because, after the most recent Tenant Income Certification, such tenant’s Annual Income increases to exceed the qualifying limit for Low Income Tenants; provided, however, that, should a Low Income Tenant’s Annual Income, as of the most recent determination thereof, exceed 140% of the then applicable income limit for a Low Income Tenant of the same family size and such Low Income Tenant constitutes a portion of the Set Aside Requirement, then such tenant will only continue to qualify for so long as no Unit of comparable or smaller size in the Development is rented to a tenant that does not qualify as a Low Income Tenant;

(x) that the Borrower will obtain, complete and maintain on file (A) Tenant Income Certifications and supporting documentation from all Low Income Tenants dated immediately prior to the initial occupancy of such Low Income Tenants in the Development and (B) thereafter, annual certification regarding, at a minimum, information regarding household composition and student status in the form available on the Issuer’s website; provided that, if any of the Units in the Development are ever made available to tenants who are not Low-Income Tenants, then the Borrower will obtain, complete and maintain annual Tenant Income Certifications in accordance with Section 142(d)(3)(A) of the Code. The Borrower will obtain such additional information as may be required in the future by Section 142(d) of the Code, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations that are tax-exempt private activity bonds described in Section 142(d) of the Code. The Borrower will make a diligent and good-faith effort to determine that the income information provided by an applicant in any certification is accurate by taking steps required under Section 142(d) of the Code pursuant to provisions of the Housing Act. As part of the verification, the Borrower will document income and assets in accordance with HUD Handbook 4350.3 and the Issuer’s Compliance Monitoring Rules;

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

(xii) that the Borrower will prepare and submit the Unit Status Report in the form available on the Issuer’s website at the time of such submission to the Issuer (via the electronic filing system available on the Issuer’s website) in accordance with the Regulatory Agreement.

(b) That the Borrower will maintain complete and accurate records pertaining to the Low-Income Units and will permit, at all reasonable times during normal business hours and upon reasonable notice, and subject to the rights of tenants in lawful possession, any duly authorized representative of the Issuer, the Trustee, the Department of the Treasury or the Internal Revenue Service to enter upon the Development Site to examine and inspect the Development and to inspect and photocopy the books and records of the Borrower pertaining to the Development, including those records pertaining to the occupancy of the Low-Income Units. The Borrower will retain all records

maintained in accordance with the requirements described under this caption until the date that is three years after the end of the Qualified Project Period.

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

(d) That the Borrower will prepare and submit to the Issuer, within 60 days prior to the last day of the Qualified Project Period, a certificate setting forth the date on which the Qualified Project Period will end, which certificate must be in recordable form.

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

### **Housing Development During the State Restrictive Period**

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

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

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

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

(c) to obtain a Tenant Income Certification from each tenant in the Development (other than resident managers, security personnel and maintenance personnel) not later than the date of such tenant’s initial occupancy of a Unit in the Development, and, if required as described in the Regulatory Agreement, at least annually thereafter in the manner as described in the Regulatory Agreement, and to maintain a file of all such Tenant Income Certifications, together with all supporting documentation, for a period of not less than three years after the end of the State Restrictive Period;

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

(e) to cause to be prepared and submitted to the Issuer (via the electronic filing system available on the Issuer’s website) by the tenth calendar day of each January, April, July and October or other schedule as determined by the Issuer with written notice to the Borrower, a certified quarterly Unit Status Report in a form available on the

Issuer's website at the time of submission or in such other form as the Issuer may reasonably prescribe in writing to the Borrower with the first quarterly report due on the first quarterly reporting date after leasing activity commences;

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

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

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

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

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

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

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

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

(n) to ensure that Units intended to satisfy the Set Aside Requirement will be distributed evenly throughout the Development and will include a reasonably proportionate amount of each type of Unit available in the Development; and

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

### **Sale or Transfer of the Development or Change in Managing Member**

The Borrower has covenanted and agreed not to sell, transfer or otherwise dispose of the Development, prior to the expiration of the Qualified Project Period (other than pursuant to the lease of Units to Eligible Tenants), without (a) providing 30 days prior written notice to the Issuer, (b) complying with any applicable provisions of the Regulatory Agreement, the Loan Agreement, the Tax Exemption Agreement and the other Loan Documents and (c) obtaining the prior written consent of the Issuer. Such consent of the Issuer will not be unreasonably withheld and will be given if certain conditions to the sale or other disposition set forth in the Regulatory Agreement are met or waived in writing by the Issuer. The foregoing provisions do not apply to transfer by foreclosure or deed in lieu of foreclosure or other

similar involuntary transfers, but such provisions apply to any transfer subsequent to such involuntary transfers. Notwithstanding anything to the contrary contained in the Regulatory Agreement, and subject to the consent of FHA as required by the Controlling HUD and GNMA Requirements or the Mortgage Loan Documents, the following shall be permitted and shall not require the prior written approval of Issuer or Trustee, provided that written notice thereof has been provided to the Issuer, (a) the transfer by an Investor Member of its interest in the Borrower in accordance with the terms of such Borrower's Organizational Documents, (b) the removal of the managing member of the Borrower in accordance with such Borrower's Organizational Documents and the replacement thereof with an Investor Member or any of its affiliates, (c) the transfer of ownership interests in an Investor Member, (d) upon the expiration of the tax credit compliance period, the transfer of the interests of an Investor Member in the Borrower to such Borrower's managing member or any of its affiliates, (e) any pledge by an Investor Member of its interest in the Borrower in order to finance such Investor Member's capital contributions to the Borrower pursuant to the Borrower's Organizational Documents, and (f) any amendment to the Organizational Documents to memorialize the transfers or removal described above. The Borrower has expressly stipulated and agreed that any sale, transfer or other disposition of the Development in violation of the provisions described under this heading will be ineffective to relieve the Borrower of its obligations under the Regulatory Agreement. Upon any sale, transfer or other disposition of the Development in compliance with the Regulatory Agreement, the Borrower so selling, transferring or otherwise disposing of the Development will have no further liability for obligations under the Loan Agreement, the Regulatory Agreement or any of the other Loan Document arising after the date of such disposition. The foregoing notwithstanding, the duties of the Borrower as set forth in the Loan Agreement, the Regulatory Agreement or any other Loan Document with respect to matters arising prior to the date of such sale, transfer or other disposition will not terminate upon the sale, transfer or other disposition of the Development.

No transfer of the Development will release the Borrower from its obligations under the Regulatory Agreement arising prior to the date of such transfer, but any such transfer will relieve the Borrower of further liability for obligations under the Loan Agreement and the Regulatory Agreement arising after the date of such transfer.

Except as described above, the Borrower will not change its managing member by transfer, sale or otherwise without the prior written consent of the Issuer, which consent will not be unreasonably withheld. A change in the Borrower's managing member includes any transfer of any controlling ownership interest in the managing member other than by death or incapacity.

## **Term**

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

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

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

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

### **Covenants To Run With the Land**

The Borrower has subjected the Development (including the Development Site) to the covenants, reservations and restrictions set forth in the Regulatory Agreement. The Issuer, the Trustee and the Borrower have declared that the covenants, reservations and restrictions set forth in the Regulatory Agreement are covenants running with the land and will pass to and be binding upon the Borrower's successors in title to the Development; provided, however, that upon the termination of the Regulatory Agreement said covenants, reservations and restrictions will expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Development or any portion thereof prior to the termination of the Regulatory Agreement will conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

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

### **HUD Rider**

In the event of a conflict between any provision in the Regulatory Agreement and any provision of the HUD rider, the provisions of the HUD rider will govern and control any conflicting provisions of the Regulatory Agreement.

The Borrower and Issuer acknowledge that the Borrower's failure to comply with the covenants contained in the Regulatory Agreement does not and shall not serve as a basis for default under the terms of the HUD Requirements, unless a default also arises under the HUD Requirements.

**APPENDIX E**  
**FORM OF CONTINUING DISCLOSURE AGREEMENT**

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**CONTINUING DISCLOSURE AGREEMENT**

Dated as of June 1, 2018

by and between

**CROSBY PLAZA 34, LLC,**  
as Borrower

and

**WILMINGTON TRUST, NATIONAL ASSOCIATION,**  
as Dissemination Agent

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Relating to:

\$7,000,000  
Texas Department of Housing and Community Affairs  
Multifamily Housing Revenue Bonds  
(Crosby Plaza Apartments), Series 2018

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THIS CONTINUING DISCLOSURE AGREEMENT (the “Agreement”) is made and entered into as of the 1st day of June, 2018, between Crosby Plaza 34, LLC, a Texas limited liability company (the “Borrower”) and Wilmington Trust, National Association, a national banking association, as dissemination agent (the “Dissemination Agent”).

### **RECITALS**

WHEREAS, Texas Department of Housing and Community Affairs (the “Issuer”) has issued its \$7,000,000 Multifamily Housing Revenue Bonds (Crosby Plaza Apartments), Series 2018 (the “Bonds”) pursuant to a Trust Indenture dated as of June 1, 2018 (the “Indenture”) between the Issuer and Wilmington Trust, National Association, as trustee (the “Trustee”); and

WHEREAS, the Issuer has agreed to loan the proceeds of the Bonds to the Borrower pursuant to a Loan Agreement dated as of June 1, 2018 (the “Loan Agreement”) between the Borrower and the Issuer for the purpose of financing costs of acquiring, rehabilitating and equipping an 86-unit residential rental housing development known as Crosby Plaza Apartments, located in Crosby, Texas (the “Development”) and paying certain financing costs pertaining thereto, including costs of issuance of the Bonds; and

WHEREAS, the Bonds have been offered and sold pursuant to a Preliminary Official Statement dated June 14, 2018, and a final Official Statement dated June 20, 2018 (collectively, the “Offering Document”); and the Issuer has entered into a Purchase Contract, dated June 20, 2018 (the “Bond Purchase Agreement”), with respect to the sale of the Bonds, with the Borrower and the Participating Underwriter, as hereinafter defined; and

WHEREAS, the Borrower wishes to provide for the disclosure of certain information concerning the Bonds, the Development and other matters on an on-going basis as set forth herein for the benefit of Bondholders (as hereinafter defined) in accordance with the provisions of Securities and Exchange Commission Rule 15c2-12, as amended from time to time (the “Rule”), and the Dissemination Agent has agreed to serve as dissemination agent hereunder;

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

#### **Section 1. Definitions; Scope of this Agreement.**

(A) All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Indenture and the Loan Agreement, as those agreements are amended and supplemented from time to time. Notwithstanding the foregoing, the term “Dissemination Agent” shall originally mean the Trustee, or any successor trustee under the Indenture; any such successor dissemination agent shall automatically succeed to the rights and duties of the Dissemination Agent hereunder, without any amendment hereto. The following capitalized terms shall have the following meanings:

“*Annual Financial Information*” shall mean a copy of the annual audited financial information prepared for the Borrower which shall include, if prepared, a balance sheet, a statement of revenue and expenditure and a statement of changes in fund balances. If the Borrower’s audited financial statements are not available by the time the Annual Financial Information is required to be filed, then the Annual Financial Information will contain unaudited financial statements, and the audited financial statements will be filed in the same manner as the Annual Financial Information when and if they become available. All such financial information shall be prepared using generally accepted accounting principles, provided, however, that the Borrower may change the accounting principles used for preparation of such financial information so long as the Borrower includes as information provided to the public a statement to the effect that different accounting principles are being used, stating the reason for such change and how to compare the financial information provided by the differing financial accounting principles.

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

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

“*Borrower’s Representative*” shall have the meaning set forth in the Indenture.

“*EMMA System*” shall mean the Electronic Municipal Market Access System maintained by the MSRB at [www.emma.msrb.org](http://www.emma.msrb.org).

“*Event*” shall mean any of the following events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the obligated person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);
- (xiii) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

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

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

“*Force Majeure Event*” means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the EMMA System; or (iii) to the extent beyond the Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological applicable, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Dissemination Agent from performance of its obligations under this Agreement.

“*MSRB*” shall mean the Municipal Securities Rulemaking Board.

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

“*SEC*” shall mean the Securities and Exchange Commission.

“*State*” shall mean the State of Texas.

“*Turn Around Period*” shall mean (i) five (5) business days, with respect to Annual Financial Information delivered by the Borrower to the Dissemination Agent; (ii) two (2) business days with respect to Event occurrences disclosed by the Borrower by written notice to the Dissemination Agent; or (iii) two (2) business days with respect to the failure, on the part of the Borrower, to deliver Annual Financial Information to the Dissemination Agent which period commences upon written notification by the Borrower to the Dissemination Agent of such failure, or upon the Dissemination Agent's actual knowledge of such failure.

(B) This Agreement applies to the Bonds and any additional bonds issued under the Indenture.

(C) The Dissemination Agent shall have no obligation to make disclosure about the Bonds or the Development except as expressly provided herein; provided that nothing herein shall limit the duties or obligations of the Dissemination Agent in its separate capacity as Trustee under the Indenture or the duties of the Borrower under the Loan Agreement. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Borrower, apart from the relationship created by the Indenture or the Loan Agreement, shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition, except as may be provided by written notice from the Borrower. The services provided under this Agreement solely relate to the execution of instructions received from the Borrower and do not constitute “advice” within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). The Dissemination Agent will not provide any advice or recommendation to the Borrower or anyone on the Borrower’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary. Notwithstanding anything to the contrary contained herein, a written certificate of compliance or direction signed by the Borrower’s Representative must accompany each document submitted to the Dissemination Agent by the Borrower under this Agreement and must include the full name and CUSIP numbers for all Bonds to which the document relates. The Disclosure Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Dissemination Agent uses reasonable efforts to make any such filing as soon as possible. The Dissemination Agent is under no obligation to notify the Borrower’s Representative of an event that may constitute an Event.

## **Section 2. Disclosure of Information.**

(A) General Provisions. This Agreement governs the Borrower’s direction to the Dissemination Agent with respect to information to be made public. In its actions under this Agreement, the Dissemination Agent is acting

not as Trustee but as the Borrower's agent; provided that the Dissemination Agent shall be entitled to the same protection in so acting under this Agreement as it has in acting as Trustee under the Indenture as fully as if the applicable provisions of the Indenture and the Loan Agreement were set forth herein. The Borrower and the Dissemination Agent acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Agreement, and has no liability to any Person, including any Bondholder, with respect to any such reports, notices or disclosures.

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

(1) *Annual Financial Information.* Annual Financial Information at least annually not later than 180 days after the end of each fiscal year of the Borrower beginning with the fiscal year ending December 31, 2018, and continuing with each fiscal year thereafter for which the information is provided, taking into account the Turn Around Period.

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

(3) *Failure to Provide Annual Financial Information.* Notice of the failure of Borrower to provide the Annual Financial Information by the date required herein.

(C) Information Provided by Dissemination Agent to Public.

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

(a) the Annual Financial Information received from the Borrower;

(b) Event occurrences of which the Dissemination Agent receives notice from the Borrower;

(c) the notices of failure to provide information which the Borrower has agreed to make public pursuant to subsection (B)(3) of this Section 2 to the extent of the Dissemination Agent's actual knowledge thereof;

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

(2) The information which the Borrower has agreed to make public shall be delivered electronically to the Dissemination Agent pursuant to instructions delivered by the Dissemination Agent to the Borrower.

(3) The Dissemination Agent shall make public the Annual Financial Information received from the Borrower, the Event occurrences and notice of the failure to provide the Annual Financial Information of which the Dissemination Agent has actual knowledge within the applicable Turn Around Period. Notwithstanding the foregoing, Annual Financial Information and notice of Events shall be made public on the same day as notice thereof is given to the Bondholders of outstanding Bonds, if required in the Indenture, and in any event shall not be made public before the date of such notice. If on any such date, information required to be provided by the Borrower to the Dissemination Agent has not been provided on a

timely basis, the Dissemination Agent shall make such information public as soon thereafter as it is provided to the Dissemination Agent.

(D) Means of Making Information Public.

(1) Information shall be deemed to be made public by the Borrower or the Dissemination Agent under this Agreement if it is transmitted as provided in subsection (D)(2) of this Section 2 to the MSRB in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB (a description of such format and information as presently prescribed by the MSRB is included in Exhibit A hereto).

(2) Information shall be transmitted to the following:

(a) to the MSRB; and

(b) to the extent the Borrower is obligated to file any Annual Financial Information with the MSRB pursuant to this Agreement, such Annual Financial Information may be set forth in the document or set of documents transmitted to the MSRB, or may be included by specific reference to documents available to the public on the EMMA System or filed with the SEC.

Nothing in this subsection shall be construed to relieve the Dissemination Agent, as Trustee, of its obligation to provide notices to the holders of all Bonds if such notice is required by the Indenture.

With respect to requests for periodic or occurrence information from Bondholders, the Dissemination Agent may require that any such requests be in writing and may require payment by requesting of holders a reasonable charge for duplication and transmission of the information and for the Dissemination Agent's administrative expenses incurred in providing the information.

Nothing in this Agreement shall be construed to require the Dissemination Agent to interpret or provide an opinion concerning the information made public. If the Dissemination Agent receives a request for an interpretation or opinion, the Dissemination Agent may refer such request to the Borrower for response.

(E) Dissemination Agent Compensation. The Borrower shall pay or reimburse the Dissemination Agent for its fees and expenses for the Dissemination Agent's services rendered in accordance with this Agreement as provided in the Loan Agreement and the Indenture.

(F) Indemnification of Dissemination Agent. In addition to any and all rights of the Dissemination Agent or the Issuer to reimbursement, indemnification and other rights pursuant to the Indenture or the Loan Agreement or under law or equity, the Borrower shall indemnify and hold harmless the Dissemination Agent and the Issuer and their respective officers, directors, employees and agents from and against any and all actual claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including reasonable attorney fees actually incurred) which such indemnified party incurs by reason of or in connection with the Dissemination Agent's performance under this Agreement; provided that the Borrower shall not be required to indemnify the Dissemination Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the misconduct or negligence of the Issuer or its officers, directors, employees or agents or the misconduct or negligence of the Dissemination Agent or any of its officers, directors, employees or agents in such disclosure of information hereunder. The obligations of the Borrower under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Borrower's obligations to indemnify the Issuer are governed by the terms of the Loan Agreement.

**Section 3. Amendment or Waiver.**

Notwithstanding any other provision of this Agreement, the Borrower and the Dissemination Agent may amend this Agreement (and the Dissemination Agent shall agree to any reasonable amendment requested by the

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

#### **Section 4. Miscellaneous.**

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

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

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

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

(E) Termination. This Agreement may be terminated by any party to this Agreement upon thirty days' written notice of termination delivered to the other party or parties to this Agreement; provided the termination of this Agreement is not effective until (i) the Borrower, or its successor, enters into a new continuing disclosure agreement with a dissemination agent who agrees to continue to provide, to the MSRB and the Bondholders of the Bonds, all information required to be communicated pursuant to the rules promulgated by the SEC or the MSRB, (ii) nationally recognized bond counsel or counsel expert in federal securities law provides an opinion that the new continuing disclosure agreement is in compliance with all State and Federal Securities laws, (iii) notice of the termination of this Agreement is provided to the MSRB and (iv) the Borrower shall have paid to the Dissemination Agent its fees due hereunder to and including the effective date of such termination of this Agreement.

This Agreement shall terminate when all of the Bonds are or are deemed to be no longer outstanding by reason of redemption or legal defeasance or at maturity and the Borrower shall have paid to the Dissemination Agent its fees due hereunder to and including the effective date of such termination of this Agreement.

(F) Defaults: Remedies. A party shall be in default of its obligations hereunder if it fails to carry out or perform its obligations hereunder.

If an event of default occurs and continues beyond a period of thirty (30) days following notice of default given in writing to such defaulting party by any other party hereto or by a beneficiary hereof as identified in Section 4(G), the non-defaulting party or any such beneficiary may enforce the obligations of the defaulting party under this Agreement; provided, however, the sole remedy available in any proceeding to enforce this Agreement shall be an action in mandamus, for specific performance or similar remedy to compel performance.

The occurrence of any event of default as provided in this Agreement shall not constitute an event of default under the Indenture or the Loan Agreement.

(G) Beneficiaries. This Agreement is entered into by the parties hereof and shall inure solely to the benefit of the Issuer, the Borrower, the Trustee, the Dissemination Agent, the Participating Underwriter and Bondholders, and shall create no rights in any other Person.

**Section 5. Additional Disclosure Obligations.**

The Borrower acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933, the Securities Exchange Act of 1934 and the Rule, may apply to the Borrower, and that under some circumstances compliance with this Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Borrower under such laws.

**Section 6. Notices.**

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

To the Borrower:	Crosby Plaza 34, LLC c/o Think Housing Development LLC 1601 Pacific Coast Hwy, Suite 290 Hermosa Beach, CA 90254 Attention: Christian Szymczak
To the Dissemination Agent:	Wilmington Trust, National Association 15950 North Dallas Parkway, Suite 550 Dallas, TX 75248 Attention: Dayna L. Smith

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

**Section 7. HUD Requirements.**

In the event of any conflict between the provisions of this Agreement and the National Housing Act, as amended, the regulations and administrative requirements promulgated thereto or the Mortgage Loan Documents, such acts, regulations, administrative requirements and Mortgage Loan Documents shall control. No amendment of this Agreement shall conflict with any such acts, regulations, administrative requirements or Mortgage Loan Documents. This Agreement and the restrictions hereunder are subordinate to the Mortgage Loan Documents. This Agreement is subject to the provisions of Section 12.12 of the Indenture.

[Remainder of page intentionally left blank]

**IN WITNESS WHEREOF**, the Dissemination Agent and the Borrower have each caused their duly authorized officers or authorized agents to execute this Agreement, as of the day and year first above written.

**CROSBY PLAZA 34, LLC,**  
a Texas limited liability company

By: CROSBY PLAZA 34 PARTNERS, LLC,  
a Texas limited liability company,  
its Managing Member

By: \_\_\_\_\_  
Name: Christian Szymczak  
Title: Co-Manager

By: \_\_\_\_\_  
Name: William Szymczak  
Title: Co-Manager

[Signatures continue on the next page]



[SIGNATURE PAGE OF DISSEMINATION AGENT]

**WILMINGTON TRUST, NATIONAL ASSOCIATION,**  
Dissemination Agent

By: \_\_\_\_\_  
Name: Dayna L. Smith  
Title: Vice President

[Signature page to Continuing Disclosure Agreement]

## EXHIBIT A

### **MSRB Procedures for Submission of Continuing Disclosure Documents and Related Information**

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

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

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

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

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

**APPENDIX F**

**FORM OF BOND COUNSEL OPINION**

*The form of the approving legal opinion of Bracewell LLP, bond counsel, is set forth below. The actual opinion will be delivered on the date of delivery of the bonds referred to therein and may vary from the form set forth below to reflect circumstances both factual and legal at the time of such delivery.*

[Letterhead of Bracewell LLP]

June 20, 2018

Texas Department of Housing and  
Community Affairs  
Austin, Texas

Wilmington Trust, National Association,  
as Trustee  
Dallas, Texas

Red Capital Markets, LLC  
San Diego, California

Ladies and Gentlemen:

We have represented the Texas Department of Housing and Community Affairs (the “Issuer”) in connection with the issuance by the Issuer of its \$7,000,000 Multifamily Housing Revenue Bonds (Crosby Plaza Apartments), Series 2018 (the “Bonds”) pursuant to a resolution adopted by the Governing Board of the Issuer on May 24, 2018 (the “Bond Resolution”) and a Trust Indenture dated as of June 1, 2018 (the “Indenture”), by and between the Issuer and Wilmington Trust, National Association, as trustee (the “Trustee”). The Bonds bear interest, mature on the date, and are subject to redemption and mandatory tender prior to maturity as provided in the Indenture. Capitalized terms used herein and not otherwise defined are used with the meanings assigned to such terms in the Indenture, in a Loan Agreement dated as of June 1, 2018 (the “Loan Agreement”) between the Issuer and Crosby Plaza 34, LLC, a Texas limited liability company (the “Borrower”), in the Regulatory and Land Use Restriction Agreement dated as of June 1, 2018 (the “Regulatory Agreement”), among the Issuer, the Trustee, and the Borrower, or in the Tax Exemption Agreement dated as of June 1, 2018 (the “Tax Exemption Agreement”), among the Issuer, the Trustee and the Borrower.

The Bonds are being issued for the purpose of obtaining funds to make a mortgage loan (the “Loan”) to the Borrower to finance the acquisition, equipping and rehabilitation of an 86-unit multifamily residential rental development located in Crosby, Texas (the “Development”), to be occupied by individuals and families of low, very low and extremely low income and families of moderate income, as determined by the Issuer, and persons with special needs, all as required by the Act, and to be occupied at least partially (at least forty percent of the Units) by Low-Income Tenants.

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

The scope of our representation extends solely to an examination of the facts and law incident to rendering an opinion with respect to the legality and validity of the Bonds and the security therefor and with respect to the excludability of interest on the Bonds from gross income for federal income tax purposes. We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material

relating to the Bonds and we express no opinion relating thereto (excepting only the matters set forth as our supplemental opinion of Bond Counsel of even date herewith). We have not assumed any responsibility with respect to the financial condition or capability of the Issuer or the Borrower, or the disclosure thereof. We have participated in the preparation of and have examined a transcript of certain materials pertaining to the Bonds, including certain certified proceedings of the Issuer, the State of Texas, the Trustee and the Borrower, and customary certificates, opinions, affidavits and other documents executed by officers, agents and representatives of the Issuer, the State of Texas, the Trustee, the Borrower and others. We have also examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, Treasury Regulations and published rulings of the Internal Revenue Service (the "Service") as we have deemed relevant. We have also examined the fully-executed Bond numbered I-1.

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

1. The Issuer has duly authorized the issuance, execution and delivery of the Bonds. The Bonds constitute legal, valid and binding special limited obligations of the Issuer and are entitled to the benefit and security of the Indenture.

2. Interest on the Bonds is excludable from gross income for federal income tax purposes, except with respect to the interest on any Bond for any period during which such Bond is held by a "substantial user" of the Development or a "related person" of such a "substantial user," as those terms are defined for purposes of Section 147(a) of the Code.

3. Interest on the Bonds is not an item of tax preference includable in alternative minimum taxable income for purposes of determining a taxpayer's alternative minimum tax liability.

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

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

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

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

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

Prospective purchasers should be aware that the United States Department of Housing and Urban Development ("HUD") has required the inclusion of a rider to the Regulatory Agreement (the "HUD Rider") providing that the provisions of the Regulatory Agreement are subordinate to the Mortgage Loan Documents and the Program Obligations (as defined in the HUD Rider). The HUD Rider also provides that the Regulatory Agreement will

terminate in the event of foreclosure of the Development. We express no opinion as to whether any of the covenants and requirements set forth in the Regulatory Agreement conflict with the Mortgage Loan Documents and the Program Obligations. Furthermore, we express no opinion as to the initial and continuing excludability of interest on the Bonds from gross income for federal income tax purposes in the event that (i) the provisions of the HUD Rider preclude compliance with any of the covenants or requirements of the Regulatory Agreement or (ii) the Regulatory Agreement terminates as a result of a foreclosure of the Development.

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

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

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

Very truly yours,