

**OFFICIAL STATEMENT**

**NEW ISSUE – Book-Entry Only**

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

*Each of the Riverside Townhomes Bonds and the Oaks on Lamar Bonds will be treated as a separate issue of bonds for federal income tax purposes and compliance with the federal tax rules will be determined separately for each Bond issue. In the opinion of Bracewell LLP (“Bond Counsel”), assuming compliance with certain covenants and based on certain representations and as determined separately for each Bond issue, under existing law (i) interest on each Bond issue is excludable from gross income for federal income tax purposes, except with respect to interest on any Bond of such Bond issue for any period during which it is held by a “substantial user” of the related Project 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 each Bond issue is not an item of tax preference includable in alternative minimum taxable income for purposes of determining a taxpayer’s alternative minimum tax liability. See “TAX MATTERS” herein for a discussion of Bond Counsel’s opinions.*

**\$19,200,000**  
**Texas Department of Housing and Community Affairs**  
**Multifamily Housing Revenue Bonds**  
**(Fannie Mae MBS Collateralized Pass-Through –**  
**Riverside Townhomes), Series 2018**  
**Interest Rate: 3.55%; Initial Offering Price: 100%; CUSIP:**  
**88275ADM9**

**\$16,810,000**  
**Texas Department of Housing and Community Affairs**  
**Multifamily Housing Revenue Bonds**  
**(Fannie Mae MBS Collateralized Pass-Through –**  
**Oaks on Lamar), Series 2018**  
**Interest Rate: 3.55%; Initial Offering Price: 100%; CUSIP:**  
**88275ADN7**

**Dated: August 1, 2018**

**Maturity Date: September 1, 2034**

The Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Fannie Mae MBS Collateralized Pass-Through – Riverside Townhomes), Series 2018 (the “**Riverside Townhomes Bonds**”) will be issued pursuant to an Indenture of Trust dated as of August 1, 2018 (the “**Riverside Townhomes Indenture**”), between the Texas Department of Housing and Community Affairs (the “**Issuer**”) and Wilmington Trust, National Association, as trustee (the “**Riverside Townhomes Trustee**”). Pursuant to a Financing Agreement dated as of August 1, 2018 (the “**Riverside Townhomes Financing Agreement**”) by and among the Issuer, the Riverside Townhomes Trustee, Wells Fargo Bank, National Association (the “**Riverside Townhomes Lender**”) and THF Riverside Townhomes, LP, a Texas limited partnership (the “**Riverside Townhomes Borrower**”), proceeds of the Riverside Townhomes Bonds are being used to finance a portion of the cost of acquiring, rehabilitating and equipping a 128-unit (including 1 superintendent unit) multifamily residential rental project located in Austin, Texas, to be known as Riverside Townhomes (the “**Riverside Townhomes Project**”), and pay certain additional costs related thereto.

In addition to the Riverside Townhomes Bonds, the Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Fannie Mae MBS Collateralized Pass-Through – Oaks on Lamar), Series 2018 (the “**Oaks on Lamar Bonds**,” and together with the Riverside Townhomes Bonds, each, a “**Bond Issue**” and collectively, the “**Bonds**”) will be issued pursuant to an Indenture of Trust dated as of August 1, 2018 (the “**Oaks on Lamar Indenture**,” and together with the Riverside Townhomes Indenture, each, an “**Indenture**” and collectively, the “**Indentures**”), between the Issuer and Wilmington Trust, National Association (the “**Oaks on Lamar Trustee**,” and together with the Riverside Townhomes Trustee, the “**Trustee**”). Pursuant to a Financing Agreement dated as of August 1, 2018 (the “**Oaks on Lamar Financing Agreement**,” and together with the Riverside Townhomes Financing Agreement, each, a “**Financing Agreement**” and collectively, the “**Financing Agreements**”) by and among the Issuer, the Oaks on Lamar Trustee, Wells Fargo Bank, National Association (the “**Oaks on Lamar Lender**” and together with the Riverside Townhomes Lender, the “**Lender**”) and THF Oaks on Lamar, LP, a Texas limited partnership (the “**Oaks on Lamar Borrower**,” and together with the Riverside Townhomes Borrower, each, a “**Borrower**” and collectively, the “**Borrowers**”), the Oaks on Lamar Bonds are being used to finance a portion of the cost of acquiring, rehabilitating and equipping a 176-unit (including 1 superintendent unit) multifamily residential rental project located in Austin, Texas, to be known as Oaks on Lamar (the “**Oaks on Lamar Project**,” and together with the Riverside Townhomes Project, each, a “**Project**” and collectively, the “**Projects**”), and pay certain additional costs related thereto.

**While each Bond Issue is being offered by this Official Statement, and the provisions of each Bond Issue and the related Indenture and Financing Agreement will be substantially identical (except with respect to parties, principal amounts and certain other terms as described herein), each Bond Issue is separately secured by the related Financing Agreement and payments by the related Borrower thereunder, and the other collateral pledged under the related Indenture. The respective Bond Issues are not cross-defaulted or cross-collateralized. Purchasers of a particular Bond Issue shall have no rights to any revenues, funds or assets of the other Bond Issue. Each Bond Issue will be treated as a separate issue of bonds for federal income tax purposes and compliance with the federal tax rules will be determined separately for each Bond Issue. Except with respect to certain dollar amounts, percentages, and parties, the terms of the Indentures, Financing Agreements, and Regulatory Agreements are identical.**

The Bonds will be issued in book-entry form only, in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“**DTC**”), as fully registered bonds in the denomination of \$1.00 or any integral multiple thereof. Interest on the Bonds is payable on the Business Day following receipt of an interest payment under the Pass-Through Certificates (as hereinafter defined) and principal on the Bonds is payable on the Business Day following receipt of a principal payment or repayment under the Pass-Through Certificates. Interest on and principal of the Bonds will be payable by the Trustee to Cede & Co., as nominee of DTC, which will be responsible for remitting such principal and interest to its Participants, which will be responsible for remitting such principal and interest to the Beneficial Owners of the Bonds. Purchasers of the Bonds will not receive physical delivery of bond certificates. The Bonds will not be transferable or exchangeable, except for transfer to another nominee of DTC or otherwise as described herein. Any purchaser as a beneficial owner of a Bond must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of the principal of and interest on such Bond. See “THE BONDS – Book-Entry Only System” herein.

Upon the issuance of the Bonds, Bond proceeds in an amount equal to the interest thereon to October 30, 2018 (the “**Mandatory Redemption Date**”) (together with accrued interest, if any) will be deposited into the Collateral Security Interest Accounts under the Indentures, and the balance of the Bond proceeds will be deposited into the Proceeds Funds under the Indentures. Pursuant to the terms of the Financing Agreements, Bond proceeds deposited into the Proceeds Funds will (i) be used to pay or reimburse the Borrowers for payment of certain costs of the Projects or (ii) will be deposited into the Rehabilitation Accounts of the Proceeds Funds and used as directed by the Lender for rehabilitation of the Projects. Bond proceeds (other than amounts deposited into the Collateral Security Interest Accounts under the Indentures or deposited into the Collateral Security Principal Accounts under the Indentures) shall not be part of the Trust Estate securing repayment of the Bonds.

The Bonds will initially be collateralized by (i) the deposit into the Collateral Security Principal Accounts of the Collateral Security Funds of the proceeds received from the assignment to the Lender of Mortgage Loans to be made by the Issuer to the Borrowers, and fully funded in an amount equal to the original principal amount of the Bonds on the date of issuance (such assigned Mortgage Loans being referred to herein as the “**Assigned Loans**”), and (ii) the deposit into the Collateral Security Interest Accounts of the Collateral Security Funds of proceeds from the Bonds in an amount sufficient to pay the interest on the Bonds to the Mandatory Redemption Date. Upon the satisfaction of certain conditions described herein as set forth in the Indenture, the Trustee will use moneys on deposit in the Collateral Security Funds to acquire a guaranteed mortgage pass-through certificate with respect to each Bond Issue (collectively, the “**Pass-Through Certificates**”), backed by the Mortgage Loans on the Projects, and to be issued, upon satisfaction of the conditions set forth in the Indentures, by the Federal National Mortgage Association (“**Fannie Mae**”).

The Bonds are subject to mandatory redemption at the times and in the events set forth in the Indentures and described herein.

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

The Bonds are offered for delivery when, as and if issued and received by Wells Fargo Bank, National Association (the “**Underwriter**”) and subject to the delivery of the approving legal opinion of Bracewell LLP, Austin, Texas, counsel to the Issuer, and to certain other conditions. Certain legal matters will be passed upon for the Underwriter by its counsel, Tiber Hudson LLC, Washington, D.C.; for the Issuer by its counsel, McCall, Parkhurst and Horton LLP, Dallas, Texas, and Mahomes Bolden PC, Dallas, Texas; and for the Borrowers by their counsel, Levitt & Boccio, LLP, New York, New York, and Locke Lord LLP, Austin, Texas. Certain financial advisory services will be provided to the Issuer by George K. Baum & Company. It is expected that the Bonds will be available in book-entry form through the facilities of DTC in New York, New York on or about August 23, 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.

**WELLS FARGO SECURITIES**

Date: August 15, 2018

No broker, dealer, salesman or other person has been authorized by the Issuer, the Borrower, the Underwriter or Fannie Mae 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.

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

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

The Trustee has not participated in the preparation of this Official Statement and assumes no responsibility for the accuracy or completeness of any information contained in this Official Statement or the related transactions and documents or for any failure by any party to disclose events that may have occurred and may affect the significance or accuracy of such information.

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 and the appendices attached hereto are part of this Official Statement.

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

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

of

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

relating to its

<b>\$19,200,000</b>	<b>\$16,810,000</b>
<b>Texas Department of Housing and Community Affairs</b>	<b>Texas Department of Housing and Community Affairs</b>
<b>Multifamily Housing Revenue Bonds</b>	<b>Multifamily Housing Revenue Bonds</b>
<b>(Fannie Mae MBS Collateralized Pass-Through – Riverside Townhomes), Series 2018</b>	<b>(Fannie Mae MBS Collateralized Pass-Through – Oaks on Lamar), Series 2018</b>

INTRODUCTION

This Official Statement (which includes the cover pages and appendices hereto) (the “**Official Statement**”) provides certain information in connection with the issuance of the \$19,200,000 Texas Department of Housing and Community Affairs Multifamily Tax-Exempt Mortgage-Backed Bonds (Riverside Townhomes), Series 2018 (the “**Riverside Townhomes Bonds**”) and the \$16,810,000 Texas Department of Housing and Community Affairs Multifamily Tax-Exempt Mortgage-Backed Bonds (Oaks on Lamar), Series 2018 (the “**Oaks on Lamar Bonds**,” and together with the Riverside Townhomes Bonds, each, a “**Bond Issue**” and collectively, the “**Bonds**”) by the Texas Department of Housing and Community Affairs (the “**Issuer**”). The Bonds will be issued pursuant to Chapter 2306, Texas Government Code, as amended (the “**Act**”), that certain Resolution of the Issuer adopted on June 28, 2018 relating to the Riverside Townhomes Bonds (the “**Riverside Townhomes Bond Resolution**”), that certain Resolution of the Issuer adopted on June 28, 2018 relating to the Oaks on Lamar Bonds (the “**Oaks on Lamar Bond Resolution**,” and together with the Riverside Townhomes Bond Resolution, the “**Bond Resolutions**”), and secured by an Indenture of Trust dated as of August 1, 2018 (the “**Riverside Townhomes Indenture**”), by and between the Issuer and Wilmington Trust, National Association, as trustee (the “**Riverside Townhomes Trustee**”) and an Indenture of Trust dated as of August 1, 2018 (the “**Oaks on Lamar Indenture**,” and together with the Riverside Townhomes Indenture, the “**Indentures**”), by and between the Issuer and Wilmington Trust, National Association, as trustee (the “**Oaks on Lamar Trustee**,” and together with the Riverside Townhomes Trustee, the “**Trustee**”). Pursuant to the Indentures, the Bonds issued thereunder are equally and ratably secured by the pledges and covenants contained therein. **Each Bond Issue is separate and apart from the other Bond Issue. There is no cross-collateralization or cross-default between either of the Bond Issues. Purchasers of either Bond Issue shall have no rights to or under the other Bond Issue.** Certain capitalized terms that are used in this Official Statement and not otherwise defined herein shall have the definitions ascribed to them in “APPENDIX B — DEFINITIONS OF CERTAIN TERMS” hereto.

Pursuant to a Financing Agreement dated as of August 1, 2018 (the “**Riverside Townhomes Financing Agreement**”) by and among the Issuer, the Riverside Townhomes Trustee, Wells Fargo Bank, National Association (the “**Riverside Townhomes Lender**”) and THF Riverside Townhomes, LP, a Texas limited partnership (the “**Riverside Townhomes Borrower**”), proceeds of the Riverside Townhomes Bonds will be used on the Closing Date to make a first mortgage loan (the “**Riverside Townhomes Mortgage Loan**”) to the Riverside Townhomes Borrower to finance a portion of the cost of acquiring, rehabilitating and equipping a 128-unit (including 1 superintendent unit) multifamily residential rental project located in Austin, Texas, to be known as Riverside Townhomes (the “**Riverside Townhomes Project**”), and pay certain additional costs related thereto. Pursuant to a Financing Agreement dated as of August 1, 2018 (the “**Oaks on Lamar Financing Agreement**,” and together with the Riverside Townhomes Financing Agreement, the “**Financing Agreements**”) by and among the Issuer, the Oaks on Lamar Trustee, Wells Fargo Bank, National Association (the “**Oaks on Lamar Lender**” and together with the Riverside Townhomes Lender, the “**Lender**”) and THF Oaks on Lamar, LP, a Texas limited partnership (the “**Oaks on Lamar Borrower**,” and together with the Riverside Townhomes Borrower, the “**Borrowers**”), proceeds of the Oaks on Lamar Bonds will be used on the Closing Date to make a first mortgage loan (the “**Oaks on Lamar Mortgage Loan**,” and together with the Riverside Townhomes Mortgage Loan, the “**Mortgage Loans**”) to the Oaks on Lamar Borrower to finance a portion of the cost of acquiring, rehabilitating and equipping a 176-unit (including 1 superintendent unit) multifamily residential rental project located in Austin, Texas, to be known as Oaks on Lamar (the “**Oaks on Lamar Project**,” and together with the Riverside Townhomes Project, the “**Projects**”), and pay certain additional costs related thereto. See “PRIVATE PARTICIPANTS” and “THE PROJECTS” herein.

The Issuer, the Borrowers and Wells Fargo Bank, National Association (the “**Underwriter**”) have entered into a Bond Purchase Agreement (the “**Bond Purchase Agreement**”), pursuant to which the Issuer will agree to sell the Bonds to the Underwriter. The transactions entered into under the Bond Purchase Agreement will provide for the issuance and sale to the Underwriter of the Bonds in a specified principal amount, with a specified interest rate, on a specified date and at a specified price. The delivery of the Bonds is subject to the satisfaction of a number of conditions set forth in the Bond Purchase Agreement.

In order to provide security for the Bonds, the Trustee will purchase, as described below, a guaranteed mortgage pass-through certificate with respect to each Bond Issue (each, a “**Pass-Through Certificate**” and collectively, the “**Pass-Through Certificates**”) guaranteed as to principal and interest by Fannie Mae, if and when issued. The Pass-Through Certificates will not be available for purchase on the date of issuance of the Bonds (the “**Closing Date**”) but are expected to be available for acquisition by the Trustee prior to the Mandatory Redemption Date, as specified in the TERM SHEET in APPENDIX H hereto. The Pass-Through Certificates will be backed by the Mortgage Loans on the Projects, and the Mortgage Loans will be secured by mortgages constituting first liens on the Projects. See “THE MORTGAGE LOANS,” “APPENDIX A – FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM.”

The Bonds will initially be collateralized, in part, by the deposit into the Collateral Security Principal Accounts of the Collateral Security Funds under the Indentures of the proceeds received from the assignment to the Lender of the Mortgage Loans (such assigned Mortgage Loans being referred to herein as the “**Assigned Loans**”). The Bonds will be further collateralized by the deposit into the Collateral Security Interest Accounts of the Collateral Security Funds established under the Indentures of Bond proceeds in an amount sufficient to pay the interest on the Bonds to October 30, 2018 (the “**Mandatory Redemption Date**”), as may be extended pursuant to the Indenture. Prior to the Mandatory Redemption Date, the Trustee will use moneys on deposit in the Collateral Security Funds under the Indentures to acquire Pass-Through Certificates to be issued by Fannie Mae upon satisfaction of the conditions precedent to the issuance of the Pass-Through Certificates set forth in the commitments between Fannie Mae and the Lender. The commitments by Fannie Mae to deliver the Pass-Through Certificates are subject to the satisfaction of certain requirements and conditions and do not extend to the benefit of any other third party, including the beneficial owners of the Bonds, the Issuer or the Trustee. No representations or assurances can be provided as to whether or not such conditions can or will be satisfied.

The face amount of the Bonds will equal the face amount of the Pass-Through Certificates, if issued, which will equal the original aggregate principal amount of the Assigned Loans. The principal amount of the Bonds will equal from time to time the then-current principal amount of the Pass-Through Certificates, which will equal from time to time the product of the original aggregate principal amount of the Assigned Loans and the then-applicable factor posted by Fannie Mae as such Assigned Loans amortize or are prepaid (the “**Related Factor**”). With respect to the Pass-Through Certificates guaranteed by Fannie Mae, Related Factors will be published by Fannie Mae at <https://mbsdisclosure.fanniemae.com/PoolTalk2/index.html>.

The Bonds shall bear interest at the Pass-Through Rate set forth in APPENDIX H hereto, as applicable. Prior to the Purchase Date and in the month the Purchase Date occurs, interest payments on the Bonds will equal accrued interest on the Bonds to the next Payment Date. Following the Purchase Date, interest on the Bonds will be payable on the Business Day following receipt by the Trustee of an interest payment under the Pass-Through Certificates and principal on the Bonds will be payable on the Business Day following receipt by the Trustee of a principal payment or repayment under the Pass-Through Certificates. On and after the Purchase Date, payments on the Pass-Through Certificates will be remitted to the Trustee. The payment of interest on each Payment Date shall relate to the interest accrued during the preceding calendar month.

The Bonds are subject to mandatory redemption prior to maturity. If the Pass-Through Certificates are not acquired by the Trustee prior to the Mandatory Redemption Date (as such date may be extended pursuant to the Indenture), the Bonds will be redeemed at the Original Issue Price, plus accrued interest on the Bonds to the Mandatory Redemption Date (as such redemption date may be extended) from proceeds of the Bonds and other Preference Proof Moneys on deposit under the Indentures. See “THE BONDS” herein.

Brief descriptions of the Issuer, the Borrowers, the Projects, the Bonds, the security for the Bonds, the Indentures, the Financing Agreements and the Regulatory Agreements 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 Indentures and the provisions with respect thereto included in the aforesaid documents. Copies of the Indentures and the Financing Agreements are available for inspection at the office of the Issuer. The Borrower will provide certain information on an ongoing basis to the Municipal Securities Rulemaking Board (the “MSRB”). For a description of the Borrower’s undertaking with respect to ongoing disclosure, see “CONTINUING DISCLOSURE” herein.

## THE ISSUER

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

### 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. Head of Public Finance and Partner with Norton Rose Fulbright, Dallas, Texas. His term expires January 31, 2023.

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

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

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

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

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

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

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 INDENTURES. NONE OF THE UNITED STATES OF AMERICA, THE STATE, THE ISSUER, OR ANY OTHER POLITICAL SUBDIVISION OR BODY CORPORATE AND POLITIC OF THE STATE OR ANY AGENCY OF THE UNITED STATES OF AMERICA OR ANY ISSUER THEREOF, WILL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER OF THE ISSUER, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS WILL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF THE UNITED STATES OF AMERICA, THE STATE, THE ISSUER, OR ANY OTHER POLITICAL SUBDIVISION OR BODY CORPORATE AND POLITIC OF THE STATE, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE BONDS ARE NOT 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 February 28, 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 February 28, 2018, the aggregate outstanding principal amount of bonded indebtedness of the Issuer for single-family purposes was \$482,588,582.

Multifamily Housing Revenue Bonds. The Issuer and the Agency, through February 28, 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 February 28, 2018, the aggregate outstanding principal amount of multifamily housing revenue bonds was \$913,654,169.

### **THE BONDS**

*Each Bond Issue is separate and apart from the other Bond Issue. There is no cross-collateralization or cross-default between the Bond Issues. Purchasers of either Bond Issue shall have no rights to or under the other Bond Issue.*

#### **Terms of Bonds Generally**

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



The principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Principal and interest on the Bonds of each Bond Issue (including accrued interest, if any) will initially be paid from funds on deposit in the Collateral Security Fund for that Bond Issue until the month following the Purchase Date, at which time payments in an amount equal to the principal and interest paid on the related Pass-Through Certificate will be passed through to Bondholders on the Payment Date for that Bond Issue. "Payment Date" is defined as (i) the First Payment Date, (ii) prior to the Purchase Date and prior to the Mandatory Redemption Date, as such date may be extended pursuant to the Indenture, the 26<sup>th</sup> day of the month (or the next Business Day if the 26<sup>th</sup> is not a Business Day), and (iii) after the Purchase Date, one Business Day after each date on which payment of principal, interest, and/or premium, if any, is made pursuant to the Pass-Through Certificate (which shall be the 25<sup>th</sup> day of the month, or the next Business Day if the 25<sup>th</sup> is not a Business Day, after payment is due on the underlying Mortgage Loan). On the Closing Date, the Mandatory Redemption Date for each Bond Issue will be the same date; however, the Mandatory Redemption Date for one Bond Issue is not linked to the Mandatory Redemption Date for the other Bond Issue, and the Mandatory Redemption Date for each Bond Issue may be extended to different dates after the Closing Date. The payment of interest on a Payment Date shall relate to the interest accrued during the preceding calendar month. There shall be no further accrual of interest on the Bonds from the Maturity Date to the final Payment Date. After the Purchase Date for each Bond Issue, any balances remaining in the Collateral Security Interest Account of the Collateral Security Fund, after application of moneys therein to pay any accrued interest on the related Pass-Through Certificate or interest on the Bonds of such Bond Issue on the next Payment Date, as applicable, will be transferred to the Rehabilitation Account of the Proceeds Fund.

The Bonds will be dated and have a final maturity date and a final payment date on the respective dates identified in the Term Sheet attached hereto as APPENDIX H. The Bonds will bear interest from their dated date at the Pass-Through Rate set forth in the Term Sheets. Interest on the Bonds shall be computed for the actual number of days which have elapsed, on the basis of a 360-day year.

All payments of interest with respect to the Bonds will be paid to the Bondholders in proportion to the principal amount of each Bond owned by each such owner as set forth on the records of the Trustee at the close of business on the last day of the calendar month prior to the calendar month in which such payment occurs (the "**Record Date**"). So long as Cede & Co. or another nominee designated by DTC is the registered owner of the Bonds, principal and interest on the Bonds are payable by the Trustee to DTC, which will be responsible for remitting such principal and interest to its Participants, which will be responsible for remitting such principal and interest to the Beneficial Owners of the Bonds.

### **Mandatory Redemption of Bonds**

The Bonds shall be subject to redemption prior to the stated maturity thereof only as set forth in the Indenture as described under this caption.

Mandatory Redemption from Principal Payments or Prepayments. The Bonds are subject to mandatory redemption in the amounts and one Business Day after the dates (i) principal payments are received pursuant to the Pass-Through Certificates at a price equal to 100% of the principal amount received pursuant to the Pass-Through Certificates, plus interest received pursuant to the Pass-Through Certificates, (ii) prepayments are received with respect to the Pass-Through Certificates, at a price equal to 100% of the principal amount received pursuant to the Pass-Through Certificates, plus interest and premium, if any, received pursuant to the Pass-Through Certificates, or (iii) prior to the Purchase Date, redemption is otherwise required on any Payment Date in an amount equal to the amount set forth in the Mortgage Loan amortization schedules on the first day of the month in which such Payment Date occurs from amounts on deposit in the Collateral Security Funds, as provided in the Indentures. Such redemption shall be in an amount equal to the preceding month's principal amortization on the Mortgage Loan as set forth in the Mortgage Loan amortization schedule. Notwithstanding the provisions described under the caption "Notice of Redemption" below, no prior notice shall be a prerequisite to the effectiveness of any redemption under clause (i) or (ii) described in this paragraph, which redemption shall occur and be effective irrespective of whether the Trustee fulfills its obligation to provide the notice with respect to clause (ii) in this paragraph required by the provisions described under the caption "Notice of Redemption" below.

Mandatory Redemption upon Failure to Purchase the Pass-Through Certificates. The Bonds are subject to mandatory redemption in whole on October 30, 2018 (the "Mandatory Redemption Date") at a Redemption Price equal to the Original Issue Price of the Bonds plus interest accrued to the Mandatory Redemption Date (as such date may be extended under the Indenture) upon five (5) Business Days' notice if (i) a Purchase Date has not occurred by the last date on which timely notice of such redemption may be given preceding such Mandatory Redemption Date

(as such date may be extended under the Indentures) and (ii) the following steps have not been taken: (1) delivery to the Trustee of an Extension Deposit pursuant to the Indenture, such that the balance in the Collateral Security Fund is equal to the Original Issue Price of the Bonds plus interest accrued on the Bonds to the Mandatory Redemption Date (as such date may be extended under the Indenture), (2) delivery to the Trustee and the Rating Agency of a cash flow projection establishing the sufficiency of the Extension Deposit, and (3) delivery to the Trustee of confirmation by the Rating Agency of the then-current rating on the Bonds. The notice for any such mandatory redemption may be conditional, to the effect that if a Purchase Date occurs not later than the close of business on the second Business Day preceding such Mandatory Redemption Date (as such date may be extended under the Indenture), the noticed mandatory redemption shall not occur. In the event that the Pass-Through Certificates have not been purchased by the Trustee ten (10) Business Days prior to any Mandatory Redemption Date, the Trustee shall provide written notice to the Borrowers, the Issuer and the Tax Credit Investor of such non-purchase.

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

Notice of Redemption. When the Trustee shall receive notice of a prepayment under clause (ii) described under the caption "Redemption of Bonds—Mandatory Redemption from Principal Payments or Prepayments" above, that a Pass-Through Certificate will be prepaid, the Trustee, in accordance with the Indentures, shall use its best efforts to give not less than 20 nor more than 30 days' notice, in the name of the Issuer, of the redemption of the Bonds, which notice shall specify the following: (i) the maturity and principal amounts of the Bonds to be redeemed; (ii) the CUSIP number, if any, of the Bonds to be redeemed; (iii) the date of such notice; (iv) the issuance date of the Bonds; (v) the interest rate on the Bonds to be redeemed; (vi) the redemption date; (vii) any conditions to the occurrence of the redemption; (viii) the place or places where amounts due upon such redemption will be payable; (ix) the Redemption Price; (x) the Trustee's name and address with a contact person and a phone number; and (xi) that on the redemption date, the Redemption Price shall be paid. Such notice shall be sent to the holders of the Bonds by first-class mail, postage prepaid, at their respective addresses appearing on the Bond Register. Neither the giving of such notice by the Trustee nor the receipt of such notice by the Bondholders of the Bonds shall be a condition precedent to the effectiveness of any such redemption.

The Bonds to be redeemed pursuant to the provisions described under the caption "Mandatory Redemption of Bonds" above will be selected in accordance with the operational arrangements of DTC or any successor Substitute Depository, and any partial redemption pursuant thereto shall be made in accordance with the "Pro Rata Pass-Through Distributions of Principal" procedures of DTC or comparable procedures of any successor Substitute Depository.

Payment of Redemption Price. With respect to any redemption pursuant to the provisions described under the caption "Mandatory Redemption from Principal Payments or Prepayments" above, notice having been given in the manner described under the caption "Notice of Redemption" above (or not required to be given as a result of a redemption pursuant to clause (i) or (ii) under the caption "Mandatory Redemption from Principal Payments or Prepayments" above), and all conditions to the redemption contained in such notice, if applicable, having been met, the Bonds so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price specified under the caption "Mandatory Redemption from Principal Payments or Prepayments" above, and upon presentation and surrender thereof at the offices specified in such notice, together with, in the case of Bonds presented by other than the registered owner, a written instrument of transfer duly executed by the registered owner or its duly authorized attorney; provided, however, that so long as the Bonds are registered in the name of the Depository, payment for such redeemed Bonds shall be made in accordance with the Representation Letter of the Issuer. If, on the redemption date, moneys for the redemption of the Bonds to be redeemed, together with all accrued interest on the Bonds to be redeemed, which shall equal all interest accrued on the Pass-Through Certificates to the redemption date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as set forth in the Indenture, then, from and after the redemption date, interest on the Bonds so called for redemption shall cease to accrue.

#### **Optional Exchange of Bonds for Pass-Through Certificate**

A Beneficial Owner of Bonds may file with the Trustee a written request, in the form attached as an exhibit to the Indenture or such other form as may be approved by the Trustee and the Issuer (the “Request Notice”), to exchange Bonds for a like principal amount of the Pass-Through Certificate, provided, that (i) the principal amount of Bonds and Pass-Through Certificate exchanged will be no less than \$500,000, (ii) the Pass-Through Certificate will be, when delivered pursuant to any Exchange (as defined in the following paragraph), in a face amount equal to \$1.00 or a multiple of \$1.00 in excess thereof, and (iii) the Project is complete and placed in service by the Borrower as evidenced by a certificate of occupancy for the Project delivered by the Borrower to the Trustee accompanied by a letter from the Borrower confirming that the Project is placed in service for purposes of Section 42 of the Code. The Request Notice must be delivered to the Trustee and the Issuer at least ten (10) Business Days prior to the Exchange Date (as defined in the Request Notice).

Upon receipt of a Request Notice, the Trustee shall promptly provide a copy to the Issuer and the Lender. The Issuer shall then have up to six (6) Business Days, in its sole discretion, to provide written direction to the Trustee to either (i) deliver to the Beneficial Owner its proportional interest in the Pass-Through Certificate based upon such Beneficial Owner’s proportional interest in the Bond (the “Exchange”) or (ii) redeem the Beneficial Owner’s Bonds in accordance with the Indenture for an amount equal to the Cash Value (as defined below) as of the Exchange Date. The Issuer shall have no obligation to exercise either option, and failure by the Issuer to exercise either option is not an Event of Default; provided, however, that any failure of the Issuer to provide written direction to the Trustee within the six (6) Business Day period set forth above shall be deemed a direction to deliver the proportional interest in the Pass-Through Certificate in lieu of redeeming the Bonds. The Trustee shall notify such Beneficial Owner of the Issuer’s direction within four (4) Business Days of receipt or a deemed direction from the Issuer. Upon receipt of Bonds in the principal amount set forth in the Request Notice from the requesting Beneficial Owner and compliance with the requirements of the Indenture, the Trustee will promptly cancel the Bonds being exchanged or redeemed. Any Bonds so exchanged or redeemed will not be reissued.

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

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

= 4% during the sixth year;

= 3% during the seventh year;

= 2% during the eighth year;

= 1% during the ninth year; and

= 0% thereafter

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

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

In the event that the Issuer elects to redeem Bonds in lieu of an Exchange, the Trustee shall transfer a like principal amount of its interest in the Pass-Through Certificate to or upon the order of the Issuer in exchange for an

amount equal to the Cash Value plus accrued interest to the date of redemption (less any interest to be received by the Beneficial Owner on the next Payment Date if the redemption occurs between the Record Date and such Payment Date) and apply the proceeds of such transfer to the payment of the Redemption Price of the Bonds on the Payment Date by wiring such amount to the Beneficial Owner at its wire transfer instructions set forth on the Request Notice. The Issuer reserves the right to sell all or a portion of its interest in the Pass-Through Certificate in order to pay the Cash Value.

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

### **Transfer of Bonds**

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

At all times, the Issuer and the Trustee may treat the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond, whether such Bond shall be a book-entry security or not, for the purpose of receiving payment of the principal of, premium, if any, and interest on such Bond, for the purpose of giving redemption notices and other notices with respect to such Bond, and for all other purposes, including registering transfers with respect to the Bonds, and all such payments so made to, or upon the order of, any such registered owner shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

### **Book-Entry Only System**

*The following information on the Book-Entry System applicable to all Bonds has been supplied by DTC and neither the Issuer, the Borrowers nor the Underwriter make any representation, warranties or guarantees with respect to its accuracy or completeness.*

The Depository Trust Company (“DTC”), New York, NY, 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 issue of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

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

custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”). DTC has 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 (the “**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 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 registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within 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 Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant’s interest in the Bonds, on DTC’s records. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC’s records and followed by a book-entry credit of tendered Bonds to the Trustee DTC account.

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

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

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

## THE MORTGAGE LOAN

The Indentures authorizes the Issuer to issue the Bonds to finance a portion of the cost of the acquisition, rehabilitation and equipping of the Projects and pay certain additional costs related thereto. The Bonds will be secured initially by the proceeds from the assignment by the Issuer to the Lender of the Mortgage Loans (to be funded from sources other than the proceeds of the Bonds in an amount equal to the original principal amount of the Bonds), deposited into the Collateral Security Funds, as described herein and then by the Pass-Through Certificates, if issued. Fannie Mae is expected to deliver the Pass-Through Certificates to the Trustee on the Purchase Date, as described herein. The Lender has undertaken to certify that the Pass-Through Certificates have terms consistent with the Term Sheets and meet the requirements set forth in the Indentures, on which certification the Trustee may rely and act without further investigation. The Mortgage Loans are to be evidenced by Mortgage Notes, executed by the Borrowers in favor of the Issuer and assigned to the Lender and each secured by a Multifamily Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (each, a "Mortgage"). The Borrowers are required under the Mortgage Notes to make monthly payments sufficient in the aggregate to pay debt service on the Mortgage Loans.

Each Mortgage Loan provides for payment of a prepayment premium on the Mortgage Loan, based on a yield maintenance formula, if the Borrower elects to prepay the Mortgage Loan on any date from and including the Closing Date through and including August 31, 2028, or based on a fee maintenance formula equal to 1% of the related Mortgage Loan amount outstanding if the Borrower elects to prepay the related Mortgage Loan on any date from and including September 1, 2028 through and including August 31, 2033. See "APPENDIX H – TERM SHEET" herein. As set forth in the form of MBS Prospectus Supplement, the Trustee, as holder of the Pass-Through Certificate, would receive a portion of that payment, as further described in the MBS Prospectus Supplement under "**PREPAYMENT OF A MORTGAGE LOAN – Voluntary Prepayment – Yield Maintenance Premiums Payable during Yield Maintenance Term and Calculation of Total Yield Maintenance Prepayment Premiums.**" Any premium received by the Trustee will be passed through to Bondholders. **Fannie Mae does not guarantee to any trust the payment of any prepayment premiums.** "See "APPENDIX A – FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM" hereto.

## SECURITY FOR AND SOURCES OF PAYMENT FOR THE BONDS

In order to secure the payment of the principal of, the premium, if any, and interest on the Bonds, the Issuer has pledged to the Trust Estate for the Bonds, subject to terms and provisions of the Indentures, the following:

- (i) all right, title and interest of the Issuer in and to amounts on deposit in the Collateral Security Funds to be funded at closing in an amount equal to the principal amount of the Bonds and premium, if any;
- (ii) all right, title and interest of the Issuer now owned or hereafter acquired in, to and under the Financing Agreements (except Reserved Rights) and the Regulatory Agreements;
- (iii) upon the delivery of the Pass-Through Certificates, if issued by Fannie Mae and acquired by the Trustee in exchange for amounts on deposit in the Collateral Security Funds, 100% of the beneficial ownership interest in the Pass-Through Certificates;
- (iv) all payments made under and pursuant to the Pass-Through Certificates (the "**Pass-Through Certificate Revenues**") and (ii) all amounts deposited into the Operating Funds from amounts paid under the Financing Agreements (the "**Operating Revenues**," and together with the Pass-Through Certificate Revenues, the "**Revenues**"); and

- (v) all other property which by the express provisions of the Indentures is required to be subject to the lien thereof, and any additional property that, from time to time, by delivery or by writing of any kind, may be subjected to the lien of the Indentures, by the Issuer or by anyone on its behalf, and the Trustee is thereby authorized to receive the same at any time as additional security under the Indentures.

Each Bond is being issued by the Issuer to finance a portion of the cost of the acquisition and rehabilitation of the related Project, and pay certain additional costs related thereto. Each Bond Issue will initially be secured by the deposit of the proceeds received from the assignment by the Issuer to the related Lender of the related Mortgage Loan in an amount sufficient to pay the principal of the Bonds of that Bond Issue plus interest thereon to the Mandatory Redemption Date, into certain funds and accounts under the related Indenture, as further described herein. Upon the satisfaction of certain conditions set forth in the Indentures, the Trustee will transfer the proceeds of the respective Assigned Loans to acquire the related Pass-Through Certificate, backed by the related Mortgage Loan on the Project, and to be issued, upon satisfaction of the conditions to the issuance thereof, by Fannie Mae.

It is expected that the Pass-Through Certificates will be acquired by the Trustee prior to the First Payment Date, and in any event prior to the Mandatory Redemption Date, unless such Purchase Date is extended as provided in the related Indenture. Principal and interest on the Bonds will initially be paid from funds (including accrued interest, if any) on deposit in the Collateral Security Funds until the month following the Purchase Date, at which time payments in an amount equal to the principal and interest paid on the Pass-Through Certificates will be passed through to Bondholders on the Payment Date.

If the Pass-Through Certificate relating to a Bond Issue is not acquired by the Trustee prior to the Mandatory Redemption Date (as such date may be extended pursuant to the related Indenture), the Bonds will be redeemed at the related Original Issue Price, plus accrued interest on such Bonds to the Mandatory Redemption Date (as such redemption date may be extended) from amounts on deposit under the related Indenture and other Preference Proof Moneys on deposit under the related Indenture. See “THE BONDS” herein.

IF THE PASS-THROUGH CERTIFICATES ARE ISSUED BY FANNIE MAE AND ACQUIRED BY THE TRUSTEE AS COLLATERAL FOR THE BONDS, FANNIE MAE’S OBLIGATIONS WILL BE SOLELY AS PROVIDED IN THE PASS-THROUGH CERTIFICATES AND IN THE FANNIE MAE MBS PROSPECTUS AND THE FORM OF PROSPECTUS SUPPLEMENT FOR MBS CERTIFICATE. THE OBLIGATIONS OF FANNIE MAE UNDER THE PASS-THROUGH CERTIFICATES WILL BE OBLIGATIONS SOLELY OF FANNIE MAE, A FEDERALLY CHARTERED CORPORATION, AND WILL NOT BE BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA. THE BONDS ARE NOT AND WILL NOT BE A DEBT OF THE UNITED STATES OF AMERICA OR ANY OTHER AGENCY OR INSTRUMENTALITY OF THE UNITED STATES OF AMERICA OR OF FANNIE MAE. THE BONDS ARE NOT AND WILL NOT BE GUARANTEED BY THE FULL FAITH AND CREDIT OF FANNIE MAE OR THE UNITED STATES OF AMERICA.

## 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 Borrowers

THF Riverside Townhomes, LP, a Texas limited partnership (the “**Riverside Townhomes Borrower**”) is a single-purpose entity formed to acquire, rehabilitate and operate the Riverside Townhomes Project. The Riverside Townhomes Borrower’s general partner is THF Riverside Townhomes GP, LLC, a Texas limited liability company (the “**Riverside Townhomes General Partner**”). The Riverside Townhomes Borrower’s Special Limited Partner is Riverside Townhomes Affordable Special, LLC (the “**Riverside Townhomes Special Limited Partner**”).

THF Oaks on Lamar, LP, a Texas limited partnership (the “**Oaks on Lamar Borrower**”) and together with the Riverside Townhomes Borrower, the “**Borrowers**”) is a single-purpose entity formed to acquire, rehabilitate and operate the Oaks on Lamar Project. The Oaks on Lamar Borrower’s general partner is THF Oaks on Lamar GP, LLC, a Texas limited liability company (the “**Oaks on Lamar General Partner**”) and together with the Riverside

Townhomes General Partner, the “**General Partners**”). The Oaks on Lamar Borrower’s Special Limited Partner is Oaks on Lamar Affordable Special, LLC (the “**Oaks on Lamar Special Limited Partner**” and together with the Riverside Townhomes Special Limited Partner, the “**Special Limited Partners**”).

The managing member of the General Partners is an affiliate of THF Realty (“**THF**”). Founded in 2005, THF has been in the business of acquiring, owning, developing and managing affordable apartment complexes for more than 12 years. THF has been involved in the development of more than 1,700 low income housing tax credit units in Texas.

The managing member of the Special Limited Partners is an affiliate of The Related Companies, L.P. Operating through an affiliated group of companies referred to collectively as “Related” or “Related Companies”, The Related Companies, L.P. has been active in real estate acquisition, development, financial services, and property/asset management since 1972. Today, Related is a fully integrated real estate firm with expertise in acquisition/development, financial services and property/asset management. Related’s principal offices are in New York City, New York; Irvine, California; Chicago, Illinois; and Miami, Florida.

### **Tax Credit Investor**

Simultaneously with the issuance of the Bonds, the Borrowers expect to admit Wells Fargo Affordable Housing Community Development Corporation (the “**Tax Credit Investor**”) as a 99.99% limited partner in the each Borrower. The funding of the federal low income housing tax credit (“**LIHTC**”) equity by the Tax Credit Investor is expected to total approximately \$9,400,000 in connection with the Riverside Townhomes Project and approximately \$9,200,000 in connection with the Oaks on Lamar Project. The equity funding arrangements for such ownership interests will require that equity contributions be paid in stages during and after rehabilitation of the Projects. 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 the projections set forth below, and neither the Issuer nor the Underwriter makes any representation as to the availability of such funds.

### **Limited Assets and Obligation of Borrowers, General Partners, Special Limited Partners and Tax Credit Investor**

The Borrowers, the General Partners, and the Special Limited Partners have no substantial assets other than the Projects and do not intend to acquire any other substantial assets or to engage in any substantial business activities other than those related to the ownership of the Projects. However, the member(s) of the General Partners, the Special Limited Partners, the Tax Credit Investor, and their affiliates are engaged in and will continue to engage in the acquisition, development, ownership and management of similar types of housing projects. They may be financially interested in, as officers, partners, member or otherwise, and devote substantial times to, business and activities that may be inconsistent or competitive with the interests of the Projects.

The Borrowers and their partners will not be personally liable for payments on the Mortgage Notes, the payments on which are to be applied to pay the principal of and interest on the Bonds; nor will the Borrowers or their partners be personally liable under the other documents executed in connection with the issuance of the Bonds and the making of the Mortgage Loans. Furthermore, no representation is made that the Borrowers will have substantial funds available for the Projects. Accordingly, neither the Borrowers’ financial statements nor those of their partners are included in this Official Statement.

### **The Architect**

The Architect is Kelly Grossman Architects (the “**Architect**”), which started in 1995, and demonstrates considerable affordable, LIHTC, and family housing experience. The Architect has designed the new construction or renovation of many affordable and market-rate multifamily housing projects.

### **The General Contractor**

The Borrowers will enter into construction contracts with THF, an affiliate of the General Partners (the “**General Contractor**”). Concurrently, THF will enter into master subcontracts with ETC Companies, LLC (the “**Master Subcontractor**”) for the entire scope of the renovation for the Projects. The Master Subcontractor has over



10 years of experience in renovating residential multifamily housing developments, and its principals have over 30 years of such experience. The Master Subcontractor has completed over 10,000 multifamily units in 17 states, including Texas.

**The Property Manager**

Related Management Company, L.P., a New York limited partnership (the “**Property Manager**”), will manage the Projects following the acquisition and rehabilitation of the Projects by the Borrowers. The Property Manager presently manages approximately 17,800 affordable housing units in 16 states. The Property Manager has 26 years of experience managing affordable housing supported by various federal, state and local subsidies including HUD, tax-exempt obligations and federal low income housing tax credits.

**THE PROJECTS**

*The following information concerning the Projects has been provided by representatives of the Borrowers 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.*

**Riverside Townhomes**

The Riverside Townhomes Project is located in Austin, Texas, on an approximately 8.8-acre site. The Riverside Townhomes Project contains 128 apartment units (including 1 superintendent unit) located in 17 buildings, with community space located in a separate building. Rehabilitation of the Riverside Townhomes Project is anticipated to commence in August 2018 and be completed approximately 12 months later.

The buildings’ construction consists of wood frame buildings, including 128 residential units with community space. Upon completion of renovations the units will contain: energy star dishwashers, ranges, range hoods, microwaves and refrigerators, window coverings, and energy-efficient light fixtures and ceiling fans. Common area improvements will include: renovated community room and the addition of a fitness room and a business center. There are 269 parking spaces for resident and staff use only.

The unit mix of the Riverside Townhomes Project is as follows:

<u>Unit Type</u>	<u>Number</u>	<u>Approximate Square Feet</u>
1 BD	16	525
2 BD	48	675
3 BD	48	875
4 BD	<u>16</u>	1,040
<b>Total</b>	<b>128</b>	

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## Plan of Financing

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

<b>Sources of Funds</b>	
Bond Proceeds	\$19,200,000
Tax Credit Equity	9,550,000
Deferred Developer Fee	<u>230,000</u>
<b>Total</b>	<b><u>\$28,980,000</u></b>
<b>Uses of Funds</b>	
Acquisition	\$14,300,000
Construction/Rehabilitation	6,350,000
Hard Cost Contingency	634,000
Developer Fee	3,490,000
Soft Costs	<u>4,206,000</u>
<b>Total</b>	<b><u>\$28,980,000</u></b>

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

*The Mortgage Loan and the Bonds.* The Riverside Townhomes Project will utilize the Riverside Townhomes Mortgage Loan in the original principal amount of \$19,200,000 from the Issuer, which loan shall be assigned to the Riverside Townhomes Lender. The obligation to repay the Riverside Townhomes Mortgage Loan will be set forth in a promissory note from the Riverside Townhomes Borrower to the Issuer, which note shall also be assigned to the Riverside Townhomes Lender. The Riverside Townhomes Mortgage Loan is expected to bear interest at the rate of 4.51% per annum and will be amortized over 35 years. As described herein, following the Closing Date, Fannie Mae is expected to deliver the Riverside Townhomes Pass-Through Certificate to the Trustee in exchange for funds in the Collateral Security Fund in an amount equal to the Riverside Townhomes Pass-Through Certificate Purchase Price. Following the Purchase Date, payments on the Riverside Townhomes Bonds will be payable by the Trustee from payments received by the Trustee pursuant to the Riverside Townhomes Pass-Through Certificate.

*The Tax Credit Equity.* On or about the date of the issuance of the Bonds, the Riverside Townhomes Borrower expects to offer the Tax Credit Investor a 99.99% ownership interest in the Riverside Townhomes Borrower. Pursuant to the sale, the funding of the LIHTC equity is expected to total approximately \$9,550,000, with an initial contribution of approximately \$950,000, which will be funded on the Closing Date. 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.

*Deferred Developer Fee.* The Riverside Townhomes Project will also utilize deferred developer fee in the anticipated amount of \$230,000 as a source of funding. The deferred fee will be repaid through surplus cash.

### **Oaks on Lamar**

The Oaks on Lamar Project is located in Austin, Texas, on an approximately 14.6-acre site. The Oaks on Lamar Project contains 176 apartment units (including one superintendent unit) located in 32 buildings with community space located in a separate building. Rehabilitation of the Oaks on Lamar Project is anticipated to commence in August 2018 and be completed approximately 12 months later.

The buildings' construction consists of wood frame buildings, including 176 residential units with community space. Upon completion of the renovation, the units will contain: energy star dishwashers, ranges, range hoods, microwaves and refrigerators, window coverings, and energy-efficient light fixtures and ceiling fans. Common

area improvements will include: renovated community room and the addition of a fitness room and a business center. There are 319 parking spaces for resident and staff use only.

The unit mix of the Oaks on Lamar Project is as follows:

<u>Unit Type</u>	<u>Number</u>	<u>Approximate Square Feet</u>
1 BD	28	630
2 BD	102	730
3 BD	<u>46</u>	860
<b>Total</b>	<b>176</b>	

#### *Plan of Financing*

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

<b>Sources of Funds</b>	
Bond Proceeds	\$16,810,000
Tax Credit Equity	\$9,200,000
Deferred Developer Fee	<u>\$2,000,000</u>
<b>Total</b>	<b><u>\$28,010,000</u></b>
<b>Uses of Funds</b>	
Acquisition	\$13,000,000
Construction/Rehabilitation	\$7,180,000
Hard Cost Contingency	\$718,000
Developer Fee	\$3,320,000
Soft Costs	<u>\$3,792,000</u>
<b>Total</b>	<b><u>\$28,010,000</u></b>

All costs of issuing the Oaks on Lamar Bonds, including the Underwriter's fee, will be paid by the Borrower.

*The Mortgage Loan and the Bonds.* The Oaks on Lamar Project will utilize the Oaks on Lamar Mortgage Loan in the original principal amount of \$16,810,000 from the Issuer, which loan shall be assigned to the Oaks on Lamar Lender. The obligation to repay the Oaks on Lamar Mortgage Loan will be set forth in a promissory note from the Oaks on Lamar Borrower to the Issuer, which note shall also be assigned to the Oaks on Lamar Lender. The Oaks on Lamar Mortgage Loan is expected to bear interest at the rate of 4.51% per annum and will be amortized over 35 years. As described herein, following the Closing Date, Fannie Mae is expected to deliver the Oaks on Lamar Pass-Through Certificate to the Trustee in exchange for funds in the Collateral Security Fund in an amount equal to the Oaks on Lamar Pass-Through Certificate Purchase Price. Following the Purchase Date, payments on the Oaks on Lamar Bonds will be payable by the Trustee from payments received by the Trustee pursuant to the Oaks on Lamar Pass-Through Certificate.

*The Tax Credit Equity.* On or about the date of the issuance of the Bonds, the Oaks on Lamar Borrower expects to offer the Tax Credit Investor a 99.99% ownership interest in the Oaks on Lamar Borrower. Pursuant to the sale, the funding of the LIHTC equity is expected to total approximately \$9,200,000, with an initial contribution of approximately \$920,000, which will be funded on the Closing Date. 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.

*Deferred Developer Fee.* The Oaks on Lamar Project will also utilize deferred developer fee in the anticipated amount of \$2,000,000 as a source of funding. The deferred fee will be repaid through surplus cash.

## The HAP Contracts

The Riverside Townhomes Borrower has a new Housing Assistance Payment Contract (the “**Riverside Townhomes HAP Contract**”) covering all of the 128 units at the Riverside Townhomes Project that will be entered into on or prior to the Closing Date for a term of 20 years. The Oaks on Lamar Borrower has a new HAP Contract (the “**Oaks on Lamar HAP Contract**”) and together with the Riverside Townhomes HAP Contract, the “**HAP Contracts**”) covering 74 of the 176 units at the Oaks on Lamar Project that was entered into on or prior to the Closing Date for a term of 20 years. In addition, the Oaks on Lamar Borrower entered into an Agreement to Enter into a Housing Assistance Payments Contract from the Marble Falls Housing Authority (“MFHA”) on August 6, 2018, which covers an additional 22 units.

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

## Project Regulation

The Borrowers intend to rehabilitate and operate the Projects each as a “qualified residential rental project” in accordance with the provisions of Section 142(d) of the Code. At the time of the issuance of the Bonds, the Borrowers, the Issuer, THF, and the Trustee will enter into Regulatory and Land Use Restriction Agreements with respect to the Projects (collectively, the “**Regulatory Agreements**”). Under the Regulatory Agreements, the Borrowers will agree that, at all times during the Qualified Project Period, the Borrowers will rent at least 40% of the units in each Project to persons whose adjusted family income (determined in accordance with the provisions of the Code) is less than 60% of AMI (adjusted for family size) (“Low Income Tenants”). In addition, the Regulatory Agreements require the Borrowers to make 5% of the units in each Project (which may consist of the same units being encumbered in the previous sentence) available to Persons with Special Needs, as more fully described in the Regulatory Agreements. The remaining units within the Projects that are not occupied by Low Income Tenants must be occupied, or held open for occupancy, by Eligible Tenants (as defined and more fully described in the Regulatory Agreements). For the Projects, the Qualified Project Period commences on the Closing Date and continues until the latest of (a) the date which is fifteen (15) years after the Closing Date, (b) the first date on which no tax-exempt private activity bonds with respect to the Projects are outstanding for federal income tax purposes, or (c) the date on which any assistance provided with respect to the Projects under Section 8 of the Housing Act of 1937 terminates. The failure of the Borrowers to comply with the Regulatory Agreements could cause interest on the Bonds to be included in gross income for federal income tax purposes. In addition to the Regulatory Agreements, each Project is subject to a Regulatory and Land Use Restriction Agreements with the Austin Housing Finance Corporation, entered into by a previous owner in connection with a previous bond financing, which requires each Project to be operated as a

“qualified residential rental project” in accordance with the provisions of Section 142 of the Code and such other restrictions set forth therein.

Each Project will also be encumbered by a Tax Credit Restrictive Covenant required by Section 42 of the Code relating to the Tax Credits, which is expected to (a) restrict the income levels of 100% of the revenue generating units in the Projects to amounts not greater than 60% of AMI, adjusted for family size, and (b) restrict the rents which may be charged for occupancy of such units to not more than 30% of 60% of AMI, adjusted for family size. Additionally, each Project is subject to a Declaration of Land Use Restrictive Covenants for Low-Income Housing Credits required by Section 42 of the Code in connection with previous allocation of tax credits.

In connection with the HAP Contracts, the Borrowers will enter into new Section 8 Use Agreements that encumber the Projects and require the Borrowers to maintain the Projects as affordable housing for low-income families for a period of twenty (20) years in accordance with the Section 8 Program.

Additional restrictions are imposed on the operation of the Projects pursuant to the HAP Contracts. See “The HAP Contracts.”

### **Real Estate Tax Exemption**

The Projects are expected to qualify for a 100% ad valorem tax exemption pursuant to certain exemption statutes. In order to qualify for this exemption, THF, which is a regional housing authority, must among other things (i) hold legal title to the land underlying the Projects, which it will lease to the Borrowers through a 99-year ground lease for the Projects; (ii) hold an equitable ownership of the Projects through a purchase option and right of first refusal for acquisition of the Projects; and (iii) control the general partners of the Borrowers through its affiliated entity that will serve as the sole member of the general partners. The Borrowers expect the tax exemption to be granted for the Projects subsequent to the issuance of the Bonds and once granted the exemption is expected to relate back to the date of commencement of the ground lease. Such tax exemption is expected to remain in effect throughout the term of the ground lease; provided, however, certain events such as a withdrawal or removal of the general partner or THF’s affiliate entity as the sole member of the general partners of the Borrowers, THF’s loss of its acquisition rights under the purchase option and right of first refusal, or the failure of THF to remain qualified as a regional housing authority will cause a termination of such tax exemption. The Projects’ failure to maintain their exemption may adversely affect the Borrowers’ ability to pay operating expenses, including the repayment of principal and interest on the Mortgage Loans.

## **CERTAIN BONDHOLDERS’ RISKS**

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

The Borrowers will covenant and agree, pursuant to the Regulatory Agreements, to comply with the provisions of the Code relating to the exclusion from gross income for federal income tax purposes of the interest payable on the Bonds. In particular, the Borrowers are required to rent at least forty percent (40%) of the apartment units in each Project to certain qualified tenants whose income does not exceed sixty percent (60%) of the area average median income where the Projects are located. The Borrowers’ failure to comply with such provisions will not constitute a default under the Bonds and will not give rise to a redemption or acceleration of the Bonds and is not the basis for an increase in the rate of interest payable on the Bonds. Furthermore, the Borrowers’ failure to comply with the Regulatory Agreements will not give rise to a prepayment or acceleration of amounts due under the Pass-Through Certificates or the Mortgages, unless directed by Fannie Mae in its sole discretion. Consequently, interest on the Bonds may become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Bonds by reason of the Borrowers’ failure to comply with the requirements of federal tax law.

### **Pass-Through Certificates**

If the Pass-Through Certificates are issued by Fannie Mae and acquired by the Trustee as collateral for the Bonds, Fannie Mae’s obligations will be solely as provided in the Pass-Through Certificates and in the Fannie Mae MBS Prospectus and the form of Prospectus Supplement for MBS Certificate. The obligations of Fannie Mae under the Pass-Through Certificates will be obligations solely of Fannie Mae, a federally chartered corporation, and will not be backed by the full faith and credit of the United States of America. The Bonds are not and will not be a debt of the

United States of America or any other agency or instrumentality of the United States of America or of Fannie Mae. The Bonds are not and will not be guaranteed by the full faith and credit of Fannie Mae or the United States of America.

It is possible, in the event of the insolvency of Fannie Mae, or the occurrence of some other event precluding Fannie Mae from honoring its obligations to make payments as stated in the Pass-Through Certificates, if issued, that the financial resources of the Borrowers will be the only source of payment on the Bonds. There can be no assurance that the financial resources of the Borrowers will be sufficient to pay the principal of, premium if any, and interest on the Bonds in the event the Trustee is forced to seek recourse against the Borrowers.

### **Limited Liability of Issuer**

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

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

### **Mandatory Redemption of Bonds**

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

### **Payment of the Mortgage Loans**

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

Failure of the Borrowers to make payments when due under the Mortgage Loans will result in an event of default under the Mortgage Loans and the Financing Agreements and may result in a mandatory prepayment of all or a portion of the Bonds. The Mortgage Loans will not be accelerated unless directed by Fannie Mae in its sole discretion, in which case the Bonds will remain outstanding and will remain secured by the Pass-Through Certificates. See “SECURITY FOR AND SOURCES OF PAYMENT OF BONDS” herein.

The Mortgage Loans are non-recourse obligations of the Borrowers with respect to which neither the Borrowers nor their partners or members have personal liability and as to which neither the Borrowers nor their partners or members have pledged for the benefit of the Lender any of their respective assets, other than the Projects and its rents, profits and proceeds.

### **Bonds are Pass-Through Bonds; Interest Payment Lag**

As described elsewhere herein, except under certain circumstances described under the caption “CERTAIN BONDHOLDERS’ RISKS – Mandatory Redemption of Bonds,”, the Bonds are pass-through securities designed to pass through to registered owners of the Bonds principal and interest payments on the Pass-Through Certificates one Business Day after receipt by the Trustee of such payments on the Pass-Through Certificates. Interest payments on the Bonds will equal interest accrued on the Bonds during the prior calendar month and shall be made from interest payments received by the Trustee on the Pass-Through Certificates, which payments on the Pass-Through Certificates shall be made on the 25th day of each month, or the next Business Day if the 25th is not a Business Day. Although interest accrues on the Pass-Through Certificates during a calendar month, Fannie Mae will not distribute interest to the Trustee until the Business Day following the 25th day in the following calendar month. The Bonds mature on September 1, 2034; however, the final principal payment on the Pass-Through Certificates will occur on September 25, 2034, and such payment will be passed through to Bondholders on September 26, 2034. Because of these delays, the effective yield on the Bonds will be lower than the Pass-Through Rate on the Pass-Through Certificates and the stated interest rate on the Bonds.

### **Performance of the Projects and Estimated Rental Revenue Vacancies**

The economic feasibility of the Projects depends in large part upon the Projects’ being substantially occupied at rentals adequate to cover all operating expenses of the Projects and debt service on the Mortgage Loans as well as continued funding of the HAP Contracts by HUD and/or MFHA. Although representatives of the Borrowers believe, based on surveys of the area where the Projects are located, that a substantial number of persons currently need housing facilities such as the Projects, occupancy of the Projects may be affected by competition from existing housing facilities or from housing facilities which may be constructed in the areas served by the Projects. While the Borrowers believe the Projects are needed, there may be difficulties in keeping them substantially occupied. Furthermore, no assurance can be given that the low-income tenants are able to afford the rental rates of each of the Projects, notwithstanding the HAP Contracts and albeit at below market rental rates. The rent and affordability restrictions may adversely affect the revenues of each of the Projects.

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

The Projects, their 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 Estates created under the Indentures, the Projects, or the financial condition of or ability of the Borrowers to comply with their obligations under the various transaction documents.

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

### **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.

### **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.

## 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*

Each Bond Issue will be treated as a separate issue of bonds for federal income tax purposes and compliance with the federal tax rules will be determined separately for each Bond Issue. In the opinion of Bond Counsel, assuming compliance with certain covenants and based on certain representations, under existing law (i) interest on the Bonds is excludable from gross income for federal income tax purposes, except with respect to interest on the Bonds for any period during which they are held by a “substantial user” of the Projects or a “related person” of such a “substantial user” within the meaning of Section 147(a) of the Code, and (ii) interest on the Bonds is not an item of tax preference includable in alternative minimum taxable income for purposes of calculating a taxpayer’s alternative minimum tax liability.

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

Bond Counsel’s opinion will assume continuing compliance with the covenants of the Indentures, Financing Agreements, Tax Exemption Agreements and Regulatory Agreements 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, each of the Borrowers, the Financial Advisor, the Lender and the Underwriter with respect to matters solely within the knowledge of the Issuer, the Borrowers, the Financial Advisor, the Lender and the Underwriter, respectively, which Bond Counsel has not independently verified. If the Issuer or the Borrowers should fail to comply with the covenants in the Indentures, Financing Agreements, Tax Exemption Agreements and Regulatory Agreements or if the foregoing representations should be determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income for federal income tax purposes from the date of original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

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

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



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

### *Operation of the Projects*

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

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

Bond Counsel's opinions assume continuous compliance with all covenants and requirements set forth in the Regulatory Agreements and the Tax Exemption Agreements pertaining to those sections of the Code that affect the exclusion of interest on the Bonds from gross income for federal income tax purposes. Prospective purchasers should be aware that the Federal National Mortgage Association ("**Fannie Mae**") has required the inclusion of a section in the Regulatory Agreements (the "**Fannie Mae Requirements**") that provides that any action taken under Regulatory Agreements may not conflict with applicable Fannie Mae requirements. Bond Counsel expresses no opinion as to

whether any of the covenants and requirements set forth in the Regulatory Agreements conflict with such Fannie Mae requirements. Furthermore, Bond Counsel expresses no opinion as to whether the interest on the Bonds will be excludable from gross income for federal income tax purposes in the event that the Fannie Mae Requirements preclude compliance with any other of the covenants or requirements of the Regulatory Agreements.

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

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

### **Tax Legislative Changes**

Public Law No. 115-97 (i.e., Tax Cuts and Jobs Act), which makes significant changes to the Code, including changing certain provisions affecting tax-exempt obligations, such as the Bonds, was signed into law on December 22, 2017. The changes include, among others, changes to the federal income tax rates for individuals and corporations and the alternative minimum tax for tax years beginning after December 31, 2017. Further, current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any recently-enacted, proposed, pending or future legislation.

## **UNDERWRITING**

Wells Fargo Bank, National Association (the “**Underwriter**”), a “participating underwriter” as defined in 15c2-12 and an “underwriter” as defined in Section 2(a)(11) of the Securities Act of 1933, as amended, has entered into the Bond Purchase Agreement to purchase all of the Bonds, if any of the Bonds are to be purchased, at a price equal to the principal amount thereof. The Bond Purchase Agreement provides that the Underwriter will receive compensation for its services from the Borrowers as specified in the Term Sheet attached hereto as APPENDIX H. The obligation of the Underwriter to pay for the Bonds is subject to certain terms and conditions set forth in the Bond Purchase Agreement. The Borrowers have agreed to indemnify the Underwriter and the Issuer as to certain matters in connection with the Bonds.

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

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934. Wells Fargo Bank, National Association (“**WFBNA**”), the sole underwriter of the Bonds, has entered into an agreement (the “**WFA Distribution Agreement**”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“**WFA**”), for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting compensation with respect to the Bonds with WFA. WFBNA has also entered into an agreement (the “**WFSLLC Distribution Agreement**”) with its affiliate Wells Fargo Securities, LLC (“**WFSLLC**”), for the distribution of municipal securities offerings, including the Bonds. Pursuant to the WFSLLC Distribution Agreement,

WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Wells Fargo Bank, National Association and its affiliates are serving as Underwriter, Lender, Tax Credit Investor and mortgage servicer in connection with the Bonds and will be compensated separately for serving in each capacity.

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

## **RATING**

S&P Global Ratings ("S&P") has assigned to the Bonds the rating set forth on the cover hereof.

The rating assigned to the Bonds described above reflects only the view of S&P, 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.

## **CONTINUING DISCLOSURE**

The Borrowers will execute and deliver Continuing Disclosure Agreements pursuant to which the Borrowers will agree to provide ongoing disclosure pursuant to the requirements of the Rule (the "Rule"). Financial statements and other operating data 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 Continuing Disclosure Agreement is attached hereto as APPENDIX F.

A failure by the Borrowers to comply with the Continuing Disclosure Agreements will not constitute an Event of Default under the Indentures. 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.

## **CERTAIN LEGAL MATTERS**

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Bracewell LLP, Bond Counsel to the Issuer. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix G hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the Borrowers by Levitt & Boccio, LLP, New York, New York and Locke Lord LLP, Austin, Texas; for the Issuer by McCall, Parkhurst and Horton LLP, Dallas, Texas, and Mahomes Bolden PC, Dallas, Texas; and for the Underwriter by Tiber Hudson LLC, Washington, D.C. Payment of the fees of certain counsel to the transaction is contingent upon the issuance and delivery of the Bonds as described herein.

## **NO LITIGATION**

### **The Issuer**

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

### **The Borrowers**

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

### **ADDITIONAL INFORMATION**

The summaries and explanation of, or references to, the Act, the Indentures 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. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

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.

[Remainder of page intentionally left blank]

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

**THF RIVERSIDE TOWNHOMES, LP,**  
a Texas limited partnership

By: THF Riverside Townhomes GP, LLC,  
a Texas limited liability company,  
its General Partner

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

By: /s/ Mark Mayfield  
Mark Mayfield  
President

**THF OAKS ON LAMAR, LP,**  
a Texas limited partnership

By: THF Oaks on Lamar GP, LLC,  
a Texas limited liability company,  
its General Partner

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

By: /s/ Mark Mayfield  
Mark Mayfield  
President

**APPENDIX A**  
**FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM**

*This summary of the Fannie Mae Mortgage Backed Securities Program, the Fannie Mae Certificates and the documents referred to herein has not been provided or approved by Fannie Mae, does not purport to be comprehensive and is qualified in its entirety by reference to the Fannie Mae MBS Prospectus (Multifamily Fixed-Rate Yield Maintenance) for Guaranteed Mortgage Pass-Through Certificates (the “Fannie Mae MBS Prospectus”) which will be available if and when the Pass-Through Certificate is issued. The template for the Multifamily Fixed-Rate Yield Maintenance MBS Prospectus, as of the date of this Official Statement, can be found at <http://www.fanniemae.com/portal/funding-the-market/mbs/multifamily/dus-disclose-information-center.html>. The Fannie Mae MBS Prospectus, if and when available, will consist of the template for Fannie Mae MBS Prospectus applicable at the time of the issuance of the Pass-Through Certificate with the cover page completed with the Pass-Through Certificate-specific information, an Additional Disclosure Addendum substantially in the form attached as Schedule I to this Appendix A, and an Annex A containing information substantially consistent with the Term Sheet attached hereto as Appendix H.*

General..... Fannie Mae is a government-sponsored enterprise that was chartered by the U.S. Congress in 1938 under the name “Federal National Mortgage Association” to support liquidity and stability in the secondary mortgage market, where existing mortgage loans are purchased and sold. The address of its principal office is 3900 Wisconsin Avenue NW, Washington, DC 20016; the telephone number is 202-752-7000.

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

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

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

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

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

Distribution Date..... The “Distribution Date” is the 25th day of each month which is the date designated for payments to the Trustee as holder of the Pass-Through Certificate, if issued. If that day is not a Business Day, payments will be made on the next Business Day. The first Distribution Date for the Pass-Through Certificate will occur in the month following the month in which the Pass-Through Certificate is issued.

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

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

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

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

On each Distribution Date, Fannie Mae will pass through principal of the Pass-Through Certificate, if issued, as follows:

- the aggregate amount of the scheduled principal due on the Mortgage Loan in the pool during the related due period;

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

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

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

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

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

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

- the aggregate amounts of scheduled and unscheduled principal payments described in “—Principal” above, and



- an amount equal to one month’s interest on the Pass-Through Certificate, as described in “—Interest” above.

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

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

Optional Prepayment  
Premium.....

Each Mortgage Loan provides for payment of a prepayment premium on such Mortgage Loan, based on a yield maintenance formula, if the Borrower elects to prepay the Mortgage Loan on any date from and including the Closing Date through and including August 31, 2028, or based on a fee maintenance formula equal to 1% of the related Mortgage Loan amount outstanding if the Borrower elects to prepay the related Mortgage Loan on any date from and including September 1, 2028 through and including August 31, 2033. See “APPENDIX H – TERM SHEET” herein. As set forth in the form of MBS Prospectus Supplement, the Trustee, as holder of the Pass-Through Certificate, would receive a portion of that payment, as further described in the MBS Prospectus Supplement under “**PREPAYMENT OF A MORTGAGE LOAN – Voluntary Prepayment – Yield Maintenance Premiums Payable during Yield Maintenance Term and Calculation of Total Yield Maintenance Prepayment Premiums.**” Any premium received by the Trustee will be passed through to Certificateholders. **Fannie Mae does not guarantee to any trust the payment of any prepayment premiums.**

Business Day.....

For the Pass-Through Certificate, if issued, any day other than a Saturday or Sunday, a day when the fiscal agent or paying agent is closed, a day when the Federal Reserve Bank of New York is closed, or a day when the Federal Reserve Bank is closed in a district where a certificate account is located if the withdrawal is being made from that certificate account.

Trust Agreement .....	If issued, the Pass-Through Certificate will be issued pursuant to the 2017 Multifamily Master Trust Agreement effective as of December 1, 2017, as supplemented by an issue supplement for that issuance. Certain pertinent provisions of the trust agreement in the Fannie Mae MBS Prospectus will apply. The trust agreement may be found on Fannie Mae's Web site: <a href="http://www.fanniemae.com">http://www.fanniemae.com</a>
Paying Agent.....	The Federal Reserve Bank of New York currently serves as Fannie Mae's paying agent for certificates such as the Pass-Through Certificate.
The Mortgage Loans .....	The Mortgage Loans backing the Pass-Through Certificates are secured by first mortgage liens, are in the original principal amount of the respective Pass-Through Certificates; bear interest at a rate of 4.51% per annum; amortize over a period and have a balloon maturity as set forth in the TERM SHEET attached hereto as APPENDIX H.

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## SCHEDULE I

### FORM OF PROPOSED ADDITIONAL DISCLOSURE ADDENDUM

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

The mortgaged property is subject to affordable housing regulatory agreements that impose income restrictions on tenants of the mortgaged property and is an Affordable Housing Loan. See “The Mortgage Loans—Affordable Housing Loans”; “RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—Prepayment Relating to Specific Types of Mortgage Loans and Properties—The successful operation of a mortgaged property securing and affordable housing mortgage loan may depend upon additional factors”; and “RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—Prepayment Relating to Specific Types of Mortgage Loans and Properties—An affordable housing mortgage loan may be secured by a mortgaged property that has received an allocation of low-income housing tax credits but that fails to remain in compliance with the requirements for maintaining eligibility to receive the tax credits due to operations of the property or a casualty on the property.” The mortgaged property also benefits from a tax abatement that reduces property taxes on the property during a portion of the term of the mortgage loan. See “RISK FACTORS—CHARACTERISTICS OF MULTIFAMILY PROPERTIES— Mortgage Loan Secured by Property Receiving Real Estate Tax Benefits”; and “RISK FACTORS- CHARACTERISTICS OF MULTIFAMILY PROPERTIES- Affordable Housing Loans.”

The Pass-Through Certificates will serve as collateral for a tax-exempt issue of multifamily housing bonds (the “Bonds”) issued by the Texas Department of Housing and Community Affairs (the “Issuer”) pursuant to and secured by an indenture of trust by and between the Issuer and Wilmington Trust, National Association, as trustee. The mortgage loan documents provide that the mortgage loan is cross-defaulted with certain agreements relating to the Bonds entered into at the time of the issuance of the Bonds, including but not limited to the indenture authorizing the Bonds and any housing regulatory agreements that limit rents, impose income restrictions or otherwise restrict the use of the property.

Because the mortgage loan documents provide that the mortgage loan is cross-defaulted with certain of the agreements relating to the Bonds, a default under any of the cross-defaulted documents may trigger an event of default on the mortgage loan. If Fannie Mae accelerates the mortgage loan as a result of any event of default under the mortgage loan, the mortgage loan will be paid in full, and the stated principal balance of the certificates will be passed through to the holder of the certificates. In this case, no yield maintenance or other prepayment premiums will be payable to the holder of the certificates.

In addition to the matters described above, the eligible multifamily lender originating the mortgage loan may request the disclosure of additional matters relating to the mortgage loan or, upon delivery of the mortgage loan to Fannie Mae, in Fannie Mae’s discretion, it may determine that matters identified in the Term Sheet attached as Appendix H or otherwise may need to be disclosed in the Additional Disclosure Addendum provided in connection with the issuance of the Pass-Through Certificates.

## APPENDIX B

### DEFINITIONS OF CERTAIN TERMS

*Certain capitalized terms used in this Official Statement are defined below. The following is subject to all the terms and provisions of each of the Indentures, to which reference is hereby made and copies of which are available from the Issuer or the Trustee. Except with respect to certain dollar amounts, percentages, and parties, the terms of the Indentures, Financing Agreements and Regulatory Agreements are substantially identical.*

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

“**Assigned Loan**” means each Mortgage Loan assigned to the Lender by the Issuer on the Closing Date.

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

“**Authorized Officer**” means the Chair or Vice Chair of the Governing Body, the Executive Director of the Issuer, the Deputy Executive Directors of the Issuer, the Chief Investment Officer of the Issuer, the Manager of Multifamily Bonds, the Director of Texas Homeownership of the Issuer and the Secretary or any Assistant Secretary to the Governing Body.

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

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

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

“**Bond Documents**” means the Financing Agreements, the Regulatory Agreements, the Tax Exemption Agreements, the Indentures, the Subordinate Mortgages and the Bond Purchase Agreements.

“**Bond Fund**” means the Fund of that name created and so designated in each Indenture.

“**Bond Register**” means the registration books of the Issuer maintained by the Trustee as provided in each Indenture on which registration and transfer of the related Bonds is to be recorded.

“**Bond Registrar**” means the related Trustee.

“**Bond Purchase Agreement**” means the Bond Purchase Agreement, dated as of August 15, 2018, among the Underwriter, the Issuer and the Borrowers.

“**Bond Resolution**” means, collectively, the Oaks on Lamar Bond Resolution and the Riverside Townhomes Bond Resolution, and individually, each Bond Resolution.

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

“**Bonds**” means, collectively, the Oaks on Lamar Bonds and the Riverside Townhomes Bonds.

“**Borrower**” or “**Borrowers**” means, collectively, the Oaks on Lamar Borrower and the Riverside Townhomes Borrower, and individually, each Borrower.

“**Business Day**” means, with respect to each Pass-Through Certificate and the related Bonds, any day other than a Saturday or Sunday, a day when the fiscal agent or paying agent is closed, a day when the Federal Reserve Bank

of New York is closed, or a day when the Federal Reserve Bank is closed in a district where a certificate account is located if the related withdrawal is being made from that certificate account, and, with respect to the Bonds, any such day that is also a day on which the related Trustee is open for business.

“**Closing Date**” means August 23, 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 Security Fund**” means the Collateral Security Fund created and so designated in each Indenture.

“**Collateral Security Interest Account**” means the Account of that name created and so designated within the Collateral Security Fund in each Indenture.

“**Collateral Security Principal Account**” means the Account of that name created and so designated within the Collateral Security Fund in each Indenture.

“**Completion Certificate**” means the certificate attached as an exhibit to each of the Financing Agreements.

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

“**Costs of Issuance**” has the meaning given such term in each Tax Exemption Agreement.

“**Costs of Issuance Fund**” means the Costs of Issuance Fund created and so designated in each Indenture.

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

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

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

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

“**Event of Default**” means any occurrence or event specified as such in each Indenture.

“**Extension Deposit**” means the deposit of Preference Proof Moneys described in each Indenture.

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

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

“**Fee Owner**” means Texas Housing Foundation, a Texas regional housing authority.

**“Financing Agreement”** or **“Financing Agreements”** means, collectively, the Oaks on Lamar Financing Agreement and the Riverside Townhomes Financing Agreement, and individually, each Financing Agreement.

**“First Payment Date”** means September 26, 2018, or the next Business Day if September 26, 2018 is not a Business Day.

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

**“Governing Body”** means the members of the governing board of the Issuer, or any governing body that succeeds to the functions of the governing board of the Issuer.

**“Government Obligations”** means direct obligations of, and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by, the full faith and credit of the United States of America.

**“Highest Rating Category”** has the meaning, with respect to an Investment, given in this definition. If the Bonds are rated by a Rating Agency, the term “Highest Rating Category” means, with respect to an Investment, that the Investment is rated by each Rating Agency in the highest rating given by that Rating Agency for that general category of security. If at any time the Bonds are not rated (and, consequently, there is no Rating Agency), then the term “Highest Rating Category” means, with respect to an Investment, that the Investment is rated by S&P or Moody’s in the highest rating given by that rating agency for that general category of security. By way of example, the Highest Rating Category for tax-exempt municipal debt established by S&P is “A-1+” for debt with a term of one year or less and “AAA” for a term greater than one year, with corresponding ratings by Moody’s of “MIG-1” (for fixed rate) or “VMIG-1” (for variable rate) for one year or less and “Aaa” for greater than one year. If at any time (i) the Bonds are not rated, (ii) both S&P and Moody’s rate an Investment and (iii) one of those ratings is below the Highest Rating Category, then such Investment will, nevertheless, be deemed to be rated in the Highest Rating Category if the lower rating is no more than one rating category below the highest rating category of that rating agency. For example, an Investment rated “AAA” by S&P and “Aa3” by Moody’s is rated in the Highest Rating Category. If, however, the lower rating is more than one full rating category below the Highest Rating Category of that rating agency, then the Investment will be deemed to be rated below the Highest Rating Category. For example, an Investment rated “AAA” by S&P and “A1” by Moody’s is not rated in the Highest Rating Category.

**“Indenture”** or **“Indentures”** means, collectively, the Oaks on Lamar Indenture and the Riverside Townhomes Indenture, and individually, each Indenture.

**“Investment”** means any Permitted Investment and any other investment held under each Indenture that does not constitute a Permitted Investment.

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

**“Issuer Administration Fee”** means the fee payable annually in advance to the Issuer on each August 1, in the amount of .10% per annum of the expected principal amount of the Mortgage Loan at the inception of each payment period based on the original Mortgage Loan balance and projected amortization. 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 July 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 August 1, 2020. A schedule of the Issuer Administration Fee is attached as an exhibit to the Indenture.

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

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

“**Lender**” or “**Lenders**” means, collectively, the Oaks on Lamar Lender and the Riverside Townhomes Lender, and individually, each Lender.

“**Mandatory Redemption Date**” means October 30, 2018, as such date may be extended for each Bond Issue pursuant to each Indenture.

“**Maturity Date**” means September 1, 2034, subject to final payment of principal with respect to each Pass-Through Certificate on September 25, 2034, which will be passed through to the related Bondholders on September 26, 2034.

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

“**Mortgage**” means the Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, for each Project, dated the Closing Date, together with all riders and exhibits, securing the related Mortgage Note, executed by the related Borrower and the related Fee Owner with respect to the property described in the Mortgage, as it may be amended, supplemented or restated from time to time, or any security instrument executed in substitution therefor, as such substitute security instrument may be amended, supplemented or restated from time to time.

“**Mortgage Loan**” or “**Mortgage Loans**” means, collectively, the Oaks on Lamar Mortgage Loan and the Riverside Townhomes Mortgage Loan, and individually, each Mortgage Loan.

“**Mortgage Loan Documents**” means, collectively, each Mortgage Note, each Mortgage and all other documents, agreements and instruments evidencing, securing or otherwise relating to that Mortgage Loan, as each such document, agreement or instrument may be amended, supplemented or restated from time to time. Neither the Financing Agreements nor the Regulatory Agreements constitute Mortgage Loan Documents and neither the Financing Agreements nor the Regulatory Agreements are secured by the Mortgages.

“**Mortgage Note**” or “**Mortgage Notes**” means, collectively, the Oaks on Lamar Mortgage Note and the Riverside Townhomes Mortgage Note, and individually, each Mortgage Note.

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

“**Oaks on Lamar Bond Resolution**” means the resolution of the Issuer adopted on June 28, 2018, authorizing the issuance and sale of the Oaks on Lamar Bonds.

“**Oaks on Lamar Bonds**” means the Issuer’s Multifamily Housing Revenue Bonds (Fannie Mae MBS Collateralized Pass-Through — Oaks on Lamar), Series 2018, in the principal amount of \$16,810,000, including any bond or bonds, as the case may be, authorized under and secured by, and issued pursuant to, the Riverside Townhomes Indenture.

“**Oaks on Lamar Borrower**” means THF Oaks on Lamar, LP, a Texas limited partnership.

“**Oaks on Lamar Financing Agreement**” means the Financing Agreement dated as of the date of the Oaks on Lamar Indenture among the Issuer, the Oaks on Lamar Borrower, the Oaks on Lamar Lender and the Oaks on Lamar Trustee, as it may be amended from time to time.

“**Oaks on Lamar Indenture**” means the Indenture of Trust between the Issuer and the Oaks on Lamar Trustee as it may from time to time be amended, modified or supplemented by Supplemental Indentures.

“**Oaks on Lamar Lender**” means Wells Fargo Bank, National Association, a national banking association, and its successors and assigns.

**“Oaks on Lamar Mortgage Loan”** means the mortgage loan made to the Oaks on Lamar Borrower by the Issuer with respect to the Oaks on Lamar Project on the Closing Date and assigned to the Oaks on Lamar Lender.

**“Oaks on Lamar Mortgage Note”** means that certain Multifamily Note from the Oaks on Lamar Borrower payable to the order of the Issuer and endorsed by the Issuer, without recourse, to the order of the Oaks on Lamar Lender, evidencing the Oaks on Lamar Borrower’s obligation to repay the Oaks on Lamar Mortgage Loan.

**“Oaks on Lamar Original Issue Price”** means the price of \$16,810,000 paid upon the issuance of the Oaks on Lamar Bonds.

**“Oaks on Lamar Pass-Through Certificate”** means the Guaranteed Mortgage Pass-Through Certificate with respect to the Oaks on Lamar Mortgage Loan bearing interest at the Pass-Through Rate, to be issued to and registered in the name of the Oaks on Lamar Trustee by Fannie Mae pursuant to the Oaks on Lamar Indenture.

**“Oaks on Lamar Pass-Through Certificate Purchase Price”** means the principal amount outstanding on the Oaks on Lamar Mortgage Loan plus accrued interest on the Oaks on Lamar Pass-Through Certificate at the Pass-Through Rate. Such amount shall equal the original principal amount of the Oaks on Lamar Mortgage Loan (\$16,810,000) less any scheduled principal payments on or prepayments of the Oaks on Lamar Mortgage Loan prior to the Purchase Date.

**“Oaks on Lamar Pass-Through Rate”** means 3.55% per annum.

**“Oaks on Lamar Project”** means the multifamily rental housing development, known as Oaks on Lamar, located in Austin, Texas, on the site described in the related Mortgage.

**“Oaks on Lamar Regulatory Agreement”** means the Regulatory and Land Use Restriction Agreement dated as of August 1, 2018, by the Issuer, the Oaks on Lamar Trustee, the Fee Owner and the Oaks on Lamar Borrower, as it may be amended, supplemented or restated from time to time.

**“Oaks on Lamar Subordinate Mortgage”** means the Subordinate Multifamily Leasehold Deed of Trust, Security Agreement and Fixture Filing dated as of August 1, 2018 from the Oaks on Lamar Borrower for the benefit of the Oaks on Lamar Trustee and the Issuer as security for the Oaks on Lamar Borrower’s obligations under the Oaks on Lamar Financing Agreement other than repayment of principal and interest on the Oaks on Lamar Mortgage Note.

**“Oaks on Lamar Tax Exemption Agreement”** means that certain Tax Exemption Agreement dated as of the date of the Oaks on Lamar Indenture, by and among the Issuer, the Oaks on Lamar Borrower and the Oaks on Lamar Trustee, as in effect on the Closing Date and as it may thereafter be amended or supplemented or restated in accordance with its terms.

**“Oaks on Lamar Term Sheet”** means the Term Sheet relating to the terms of the Oaks on Lamar Mortgage Loan and, when and if issued, the Oaks on Lamar Pass-Through Certificate, dated the Closing Date and attached hereto as APPENDIX H.

**“Oaks on Lamar Trustee”** means Wilmington Trust, National Association and its successors and any successor trustee under the Oaks on Lamar Indenture.

**“Original Issue Price”** means, collectively, the Riverside Townhomes Original Issue Price and the Oaks on Lamar Original Issue Price.

**“Operating Fund”** means the Fund created and so designated in each Indenture.

**“Operating Revenues”** means all amounts deposited into the related Operating Fund from amounts paid under each Financing Agreement.

**“Outstanding”** means, when used with reference to the Bonds and as of any particular date, all Bonds theretofore and thereupon being delivered except (a) any Bond cancelled by the Trustee or delivered to the Trustee for cancellation; (b) any Bond for the payment or redemption of which either (i) moneys equal to the principal amount or



Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, or (ii) specified types of Permitted Investments or moneys in the amounts, of the maturities and otherwise as described and required under each Indenture, shall have theretofore been deposited with the related Trustee in trust (whether upon or prior to maturity or the redemption date of such Bond) and, except in the case of a Bond to be paid at maturity, as to which a redemption notice shall have been given or provided for in accordance with the related Indenture, and (c) any Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to the related Indenture.

**“Pass-Through Certificate”** or **“Pass-Through Certificates”** means, collectively, the Oaks on Lamar Pass-Through Certificate and the Riverside Townhomes Pass-Through Certificate, and individually, each Pass-Through Certificate.

**“Pass-Through Certificate Purchase Price”** means each of the Oaks on Lamar Pass-Through Certificate Purchase Price and the Riverside Townhomes Pass-Through Certificate Purchase Price.

**“Pass-Through Certificate Revenues”** means all payments made under and pursuant to the related Pass-Through Certificate.

**“Pass-Through Rate”** means, collectively, the Oaks on Lamar Pass-Through Rate and the Riverside Townhomes Pass-Through Rate, and individually, each Pass-Through Rate.

**“Payment Date”** means (i) the First Payment Date, (ii) prior to the Purchase Date and prior to the Mandatory Redemption Date, as such date may be extended pursuant to each Indenture, the 26th day of the month (or the next Business Day if the 26th is not a Business Day), and (iii) after the Purchase Date, one Business Day after each date principal, interest, or premium, if any, payment is made pursuant to related Pass-Through Certificate (which shall be the 25th day of the month (or the next Business Day if the 25th is not a Business Day) after payment is due on the related underlying Mortgage Loan). The payment of interest on a Payment Date shall relate to the interest accrued during the preceding calendar month. There shall be no further accrual of interest from the Maturity Date to the final Payment Date.

**“Permitted Investments”** means, to the extent authorized by law for investment of moneys of the Issuer:

(a) Government Obligations; and

(b) Subject to the ratings requirements set forth in this definition, shares in any money market mutual fund (including those of the Trustee or any of its affiliates) registered under the Investment Company Act of 1940, as amended, that have been rated AAAM-G or AAAM by S&P or Aaa by Moody’s so long as the portfolio of such money market mutual fund is limited to Government Obligations and agreements to repurchase Government Obligations. If the Bonds are rated by a Rating Agency, the money market mutual fund must be rated AAAM-G or AAAM by S&P, if S&P is a Rating Agency, or Aaa by Moody’s, if Moody’s is a Rating Agency. If at any time the Bonds are not rated (and, consequently, there is no Rating Agency), then the money market mutual fund must be rated AAAM-G or AAAM by S&P or Aaa by Moody’s. If at any time (i) the Bonds are not rated, (ii) both S&P and Moody’s rate a money market mutual fund and (iii) one of those ratings is below the level required by this paragraph, then such money market mutual fund will, nevertheless, be deemed to be rated in the Highest Rating Category if the lower rating is no more than one rating category below the highest rating category of that rating agency.

**“Person”** means any natural person, firm, partnership, association, limited liability company, corporation or public body.

**“Preference Proof Moneys”** means (i) moneys drawn on a letter of credit, (ii) proceeds of the Bonds, (iii) proceeds of each Mortgage Loan or (iv) moneys in connection with which the Trustee shall have been delivered an opinion of bankruptcy counsel acceptable to it to the effect that the use of such moneys would not be avoidable as a preference under Section 547 of the United States Bankruptcy Code or give rise to a stay under Section 362(a) of the United States Bankruptcy Code.

**“Proceeds Fund”** means the Fund created and so designated in each Indenture.

**“Project”** or **“Projects”** means, individually or collectively, as the context may dictate, the Oaks on Lamar Project and the Riverside Townhomes Project.

**“Purchase Date”** means the date on which funds in each Collateral Security Fund are applied by the related Trustee to the purchase of the related Pass-Through Certificate.

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

**“Rebate Fund”** means the Rebate Fund created and so designated in each Indenture.

**“Record Date”** means the fifteenth day of the month (regardless of whether a Business Day) immediately preceding each Payment Date.

**“Redemption Price,”** when used with respect to a Bond or portion thereof redeemed pursuant to a mandatory redemption from principal payments or prepayments, means the principal amount of the related Pass-Through Certificate or portion prepaid, plus premium, if any, paid and interest received pursuant to the related Pass-Through Certificate as provided in each Indenture, and with respect to a Bond or portion thereof redeemed upon a failure to purchase the Pass-Through Certificate, means the principal amount thereof to be redeemed plus interest thereon as provided in each Indenture to be paid from amounts in the related Collateral Security Fund.

**“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”** or **“Regulatory Agreements”** means, collectively, the Riverside Townhomes Regulatory Agreement and the Oaks on Lamar Regulatory Agreement, and individually, each of the Regulatory Agreements.

**“Rehabilitation Account”** means the Account of that name created and so designated within each Proceeds Fund.

**“Related Factor”** means the applicable factor posted by Fannie Mae with respect to each Pass-Through Certificate from time to time as the related Assigned Loan amortizes.

**“Representation Letter”** has the meaning given such term in each Indenture.

**“Reserved Rights”** of the Issuer means (a) all of the Issuer’s right, title and interest in and to all reimbursement, costs, expenses and indemnification; (b) the right of the Issuer to amounts payable to it pursuant to the Financing Agreements, including the Issuer’s Fees; (c) all rights of the Issuer to receive any Rebate Amount (as defined in the Tax Exemption Agreements) required to be rebated to the United States of America under the Code in connection with the Bonds, as described in the Tax Exemption Agreements; (d) all rights of the Issuer to receive notices, reports or other information, and to make determinations and grant approvals or consent under the Indentures, the Financing Agreements, the Regulatory Agreements and the Tax Exemption Agreements; (e) all rights of the Issuer of access to the Projects and documents related thereto and to specifically enforce the representations, warranties, covenants and agreements of the Borrowers set forth in the Financing Agreements, the Tax Exemption Agreements and in the Regulatory Agreements; (f) any and all rights, remedies and limitations of liability of the Issuer set forth in the Indentures, the Financing Agreements, the Regulatory Agreements, the Tax Exemption Agreements, the Mortgages, or the Subordinate Mortgages, 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 Indentures, the Financing Agreements, the Regulatory Agreements, the Tax Exemption Agreements, the Mortgages, the Subordinate Mortgages or the Mortgage Notes, (4) no liability of the Issuer to third parties, and (5) no warranties of suitability or merchantability by the Issuer; (g) all rights of the Issuer in connection with any amendment to or modification of the Indentures, the Financing Agreements, the Regulatory Agreements, the Tax Exemption Agreements, the Mortgages, Subordinate Mortgages and the Mortgage Notes; (h) any and all limitations of the Issuer’s liability and the Issuer’s disclaimers of warranties set forth in the Indentures, the Regulatory Agreements, the Tax Exemption Agreements or the Financing Agreements, and the Issuer’s right to inspect and audit the books, records and permits of the Borrowers

and the Projects; and (i) any and all rights under the Financing Agreements and the Regulatory Agreements required for the Issuer to enforce or to comply with Section 2306.186 of the Texas Government Code.

**“Responsible Officer”** means any Vice President or Assistant Vice President of the Trustee having regular responsibility for corporate trust matters and direct responsibility for the administration of each Indenture.

**“Revenues”** means the Pass-Through Certificate Revenues and the Operating Revenues.

**“Riverside Townhomes Bond Resolution”** means the resolution of the Issuer adopted on June 28, 2018, authorizing the issuance and sale of the Riverside Townhomes Bonds.

**“Riverside Townhomes Bonds”** means the Issuer’s Multifamily Housing Revenue Bonds (Fannie Mae MBS Collateralized Pass-Through — Riverside Townhomes), Series 2018, in the principal amount of \$19,200,000, including any bond or bonds, as the case may be, authorized under and secured by, and issued pursuant to, the Riverside Townhomes Indenture.

**“Riverside Townhomes Borrower”** means THF Riverside Townhomes, LP, a Texas limited partnership.

**“Riverside Townhomes Financing Agreement”** means the Financing Agreement dated as of the date of the Riverside Townhomes Indenture among the Issuer, the Riverside Townhomes Borrower, the Riverside Townhomes Lender and the Riverside Townhomes Trustee, as it may be amended from time to time.

**“Riverside Townhomes Indenture”** means the Indenture of Trust between the Issuer and the Riverside Townhomes Trustee as it may from time to time be amended, modified or supplemented by Supplemental Indentures.

**“Riverside Townhomes Lender”** means Wells Fargo Bank, National Association, a national banking association, and its successors and assigns.

**“Riverside Townhomes Mortgage Loan”** means the mortgage loan made on the Closing Date by the Issuer to the Riverside Townhomes Borrower with respect to the Riverside Townhomes Project and assigned to the Riverside Townhomes Lender.

**“Riverside Townhomes Mortgage Note”** means that certain Multifamily Note from the Riverside Townhomes Borrower payable to the order of the Issuer and endorsed by the Issuer, without recourse, to the order of the Riverside Townhomes Lender, evidencing the Riverside Townhomes Borrower’s obligation to repay the Riverside Townhomes Mortgage Loan.

**“Riverside Townhomes Original Issue Price”** means the price of \$19,200,000 paid upon the issuance of the Riverside Townhomes Bonds.

**“Riverside Townhomes Pass-Through Certificate”** means the Guaranteed Mortgage Pass-Through Certificate with respect to the Riverside Townhomes Mortgage Loan bearing interest at the Pass-Through Rate, to be issued to and registered in the name of the Riverside Townhomes Trustee by Fannie Mae pursuant to the Riverside Townhomes Indenture.

**“Riverside Townhomes Pass-Through Certificate Purchase Price”** means the principal amount outstanding on the Riverside Townhomes Mortgage Loan plus accrued interest on the Riverside Townhomes Pass-Through Certificate at the Pass-Through Rate. Such amount shall equal the original principal amount of the Riverside Townhomes Mortgage Loan (\$19,200,000) less any scheduled principal payments on or prepayments of the Riverside Townhomes Mortgage Loan prior to the Purchase Date.

**“Riverside Townhomes Pass-Through Rate”** means 3.55% per annum.

**“Riverside Townhomes Project”** means the multifamily rental housing development, known as Riverside Townhomes, located in Austin, Texas, on the site described in the related Mortgage.

**“Riverside Townhomes Regulatory Agreement”** means the Regulatory and Land Use Restriction Agreement dated as of August 1, 2018, by the Issuer, the Riverside Townhomes Trustee, the Fee Owner and the Riverside Townhomes Borrower, as it may be amended, supplemented or restated from time to time.

**“Riverside Townhomes Subordinate Mortgage”** means the Subordinate Multifamily Leasehold Deed of Trust, Security Agreement and Fixture Filing dated as of August 1, 2018 from the Riverside Townhomes Borrower for the benefit of the Riverside Townhomes Trustee and the Issuer as security for the Riverside Townhomes Borrower’s obligations under the Riverside Townhomes Financing Agreement other than repayment of principal and interest on the Riverside Townhomes Mortgage Note.

**“Riverside Townhomes Tax Exemption Agreement”** means that certain Tax Exemption Agreement dated as of the date of the Riverside Townhomes Indenture, by and among the Issuer, the Riverside Townhomes Borrower and the Riverside Townhomes Trustee, as in effect on the Closing Date and as it may thereafter be amended or supplemented or restated in accordance with its terms.

**“Riverside Townhomes Term Sheet”** means the Term Sheet relating to the terms of the Riverside Townhomes Mortgage Loan and, when and if issued, the Riverside Townhomes Pass-Through Certificate, dated the Closing Date and attached hereto as APPENDIX H.

**“Riverside Townhomes Trustee”** means Wilmington Trust, National Association and its successors and any successor trustee under the Riverside Townhomes Indenture.

**“S&P”** means S&P Global Ratings, and its successors and assigns, or if it is dissolved or no longer assigns credit ratings, then any other nationally recognized statistical rating agency, designated by Fannie Mae, as assigns credit ratings.

**“State”** means the State of Texas.

**“Subordinate Mortgage”** means, collectively, the Oaks on Lamar Subordinate Mortgage and the Riverside Townhomes Subordinate Mortgage, and individually, each Subordinate Mortgage.

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

**“Supplemental Indenture”** means any indenture thereafter duly authorized and entered into between the Issuer and the related Trustee amending or supplementing each Indenture in accordance with the provisions thereof.

**“Tax Credit Investor”** means Wells Fargo Affordable Housing Community Development Corporation, a North Carolina corporation, and its successors and assigns.

**“Tax Exemption Agreement”** means, collectively, the Oaks on Lamar Tax Exemption Agreement and the Riverside Townhomes Tax Exemption Agreement, and individually, each Tax Exemption Agreement.

**“Term Sheet”** means, collectively, the Oaks on Lamar Term Sheet and the Riverside Townhomes Term Sheet.

**“Trust Estate”** with respect to each Bond Issue means all the property, rights, moneys, securities and other amounts pledged and assigned to the related Trustee pursuant to the Granting Clauses in the related Indenture.

**“Trustee”** or **“Trustees”** means, collectively, the Oaks on Lamar Trustee and the Riverside Townhomes Trustee, and individually, each Trustee.

**“Underwriter”** means Wells Fargo Bank, National Association.

## APPENDIX C

### **SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

*The following is a brief summary of certain provisions of the Riverside Townhomes Indenture. Except with respect to certain dollar amounts, percentages and parties, the Oaks on Lamar Indenture is substantially identical to the Riverside Townhomes Indenture. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Riverside Townhomes Indenture, copies of which, along with copies of the Oaks on Lamar Indenture, are on file with the Trustee.*

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

#### Establishment of Funds

In addition to the Proceeds Fund established under the Indenture, the Trustee shall establish, maintain and hold in trust the following funds, each of which shall be disbursed and applied only as authorized in the Indenture:

- (a) Bond Fund;
- (b) Operating Fund;
- (c) Costs of Issuance Fund;
- (d) Collateral Security Fund (and therein, the Collateral Security Interest Account and the Collateral Security Principal Account; and
- (e) Rebate Fund.

#### Application of Revenues

All Pass-Through Certificate Revenues shall be deposited by the Trustee, promptly upon receipt thereof, to the Bond Fund.

### Application of Operating Fund

All Operating Revenues shall be deposited into the Operating Fund. Amounts in the Operating Fund shall be withdrawn by the Trustee and used solely to pay first, any amount required to be deposited in the Rebate Fund in accordance with the provisions of the Tax Exemption Agreement to the extent sufficient funds are not otherwise made available to the Trustee for such purposes, second, on each August 1 (beginning August 1, 2020), the Issuer Administration Fee, third, on each August 1 (beginning August 1, 2021), the Issuer Compliance Fee, fourth on each Payment Date the fees and expenses of the Trustee, and fifth, the fees and expenses incurred in connection with the determination of rebatable arbitrage in accordance with the provisions of the Tax Exemption Agreement. In the event the amounts in the Operating Fund are not equal to the amounts payable from the Operating Fund on any date on which such amounts are due and payable to fund such deficiency, the Trustee shall give notice to the Borrower of such deficiency and of the amount of such deficiency and request payment within five Business Days to the Trustee of the amount of such deficiency. No amount shall be charged against the Operating Fund except as expressly described under this caption.

### Application of Bond Fund

The Trustee shall disburse from the Bond Fund, on each Payment Date an amount equal to the amount of the principal, including prepayments, interest and premium, if any, received on the Pass-Through Certificate on or immediately prior to such Payment Date.

### Investment of Funds

The moneys held by the Trustee shall constitute trust funds for the purposes of the Indenture, which moneys shall be managed, invested, disbursed and administered as provided in the Indenture and the Tax Exemption Agreement. Any moneys attributable to each of the Funds under the Indenture shall be invested by the Trustee at the written direction of the Borrower in Permitted Investments which mature or are redeemable at par on the date on which such funds are expected to be needed for the purposes for which they are held, subject in all cases to the restrictions of the Tax Exemption Agreement. Notwithstanding anything in the Indenture to the contrary, (i) prior to the Purchase Date, all amounts in the Bond Fund shall be invested in Permitted Investments, (ii) all amounts in the Proceeds Fund shall be held uninvested, (iii) all amounts in the Collateral Security Fund shall be invested solely in Permitted Investments and (iv) following the Purchase Date, amounts in the Bond Fund shall be held uninvested. The Trustee may conclusively rely on the written direction of the Borrower that any investment directed by the Borrower is a Permitted Investment and otherwise meets the requirements of the provisions described under this caption. If the Trustee does not receive written direction from the Borrower regarding the investment of funds, the Trustee shall invest solely in Permitted Investments. The Trustee may make any and all such investments through its own banking department or the banking department of any affiliate. Notwithstanding any provision of the Indenture to the contrary, at no time shall the Borrower direct that any funds constituting Gross Proceeds of the Bonds (as defined in the Tax Exemption Agreement) be used in any manner as would constitute failure of compliance with Section 148 of the Code.

Permitted Investments representing an investment of moneys attributable to any Fund shall be deemed at all times to be a part of such Fund. Such investments shall be sold at the best price obtainable (at least par) whenever it shall be necessary to do so in order to provide moneys to make any transfer, withdrawal, payment or disbursement from such Fund. In the case of any required transfer of moneys to another such Fund, such investments may be transferred to that Fund in lieu of the required moneys if permitted by the Indenture as an investment of moneys in that Fund.

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

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

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

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

#### Rebate Fund

The Rebate Fund is for the sole benefit of the United States of America and shall not be subject to the claim of any other person, including without limitation, the Issuer. The Rebate Fund is established for the purpose of complying with Section 148 of the Code. The money deposited in the Rebate Fund, together with all investments thereof and income from investments therefrom, is held in trust and applied solely as provided in the Tax Exemption Agreement. Moneys and securities held by the Trustee in the Rebate Fund are not pledged or otherwise subject to any security interest in favor of the Trustee to secure the Bonds or any other payments required to be made under the Indenture or any other document executed and delivered in connection with the issuance of the Bonds. The Trustee will make deposits to and disbursements from the Rebate Fund, as well as investments of the amounts therein, in accordance with the written directions received from the Borrower, all in accordance with the provisions of the Tax Exemption Agreement. Notwithstanding the foregoing, the Trustee with respect to the Rebate Fund is afforded all the rights, protections and immunities otherwise accorded to it under the Indenture.

#### Costs of Issuance Fund

On or before the Closing Date the Borrower shall deliver to the Trustee for deposit into the Costs of Issuance Fund, amounts to pay Costs of Issuance. The Trustee shall use amounts in the Costs of Issuance Fund to pay the Costs of Issuance on the Closing Date or as soon as practicable thereafter in accordance with written instructions to be given to the Trustee by the Issuer, upon delivery to the Trustee of appropriate invoices for such expenses. Any unexpended amounts attributable to deposits made by the Borrower remaining on deposit in the Costs of Issuance Fund three months after the Closing Date shall be returned to the Borrower.

#### Collateral Security Fund

(a) There shall be established within the Collateral Security Fund two Accounts: (i) a Collateral Security Principal Account, and (ii) a Collateral Security Interest Account.

(b) On the Closing Date, (i) the payment received by the Trustee from the Lender for the Assigned Loan in an amount equal to the principal amount of the Bonds shall be deposited into the Collateral Security Principal Account, (ii) accrued interest on the Bonds shall be deposited into the Collateral Security Interest Account, and (iii) Bond proceeds in an amount equal to the interest on the Bonds from the Closing Date to but not including the Mandatory Redemption Date shall be deposited into the Collateral Security Interest Account.

(c) Moneys on deposit in the Collateral Security Fund (derived from the amount on deposit in the Collateral Security Principal Account and an amount on deposit in the Collateral Security Interest Account equal to the accrued interest on the Pass-Through Certificate) shall be applied by the Trustee to purchase the Pass-Through Certificate on the Purchase Date.

(d) If the Purchase Date occurs in the same month as the Closing Date (i.e., August 2018), or in a subsequent month following the Payment Date for such month, then following the Purchase Date the Trustee shall, in the case of Bond proceeds, transfer the remaining balance in the Collateral Security Interest Account to the Rehabilitation Account of the Proceeds Fund, or otherwise disburse such funds to the Borrower (after application of moneys therein to pay the accrued interest on the Pass-Through Certificate).

(e) If the Purchase Date occurs in the month following the Closing Date (i.e., September 2018) and on or prior to the Payment Date for such month, then the Trustee shall retain the amount on deposit in the Collateral Security Interest Account and apply moneys from such Account to pay the interest on the Bonds on the next Payment

Date. So long as payment has already been made or provided for with respect to the Payment Date in the month in which the Purchase Date occurs, any balance in the Collateral Security Interest Account following such Payment Date shall be, in the case of Bond proceeds, transferred to the Rehabilitation Account of the Proceeds Fund, or otherwise disbursed to the Borrower (after application of moneys therein to pay the accrued interest on the Pass-Through Certificate).

(f) The Borrower or the Tax Credit Investor may at any time (not later than the last day for which notice of redemption must be given pursuant to the Indenture) extend the Mandatory Redemption Date by (i) depositing Preference Proof Moneys to the credit of the Collateral Security Interest Account in an amount sufficient to pay the interest on the Bonds from the last Payment Date to the extended Mandatory Redemption Date (an "Extension Deposit"), (ii) delivering to the Trustee and the Rating Agency a cash flow projection establishing the sufficiency of the Extension Deposit, and (iii) delivering to the Trustee confirmation by the Rating Agency of the then-current rating on the Bonds.

(g) Extension Deposits shall continue to be made by the Borrower or the Tax Credit Investor until the Purchase Date occurs or the Borrower or the Tax Credit Investor declines to make an Extension Deposit resulting in the mandatory redemption of the Bonds upon failure to purchase the Pass-Through Certificate.

(h) If a Purchase Date has not yet occurred and the Borrower or the Tax Credit Investor has deferred the Mandatory Redemption Date by making an Extension Deposit, the Trustee shall apply amounts on deposit in the Collateral Security Interest Account to pay the preceding month's accrual of interest on the Bonds on the next Payment Date. Whether or not the Purchase Date has been extended, on any Payment Date, the Trustee shall also apply amounts on deposit in the Collateral Security Principal Account equal to the amount set forth in the Mortgage Loan amortization schedule on the first day of the month in which such Payment Date occurs as included in the Term Sheet to redeem principal of the Bonds on such Payment Date; such redemption shall be in an amount equal to the preceding month's principal amortization on the Mortgage Loan as set forth in the Mortgage Loan amortization schedule included in the Term Sheet.

(i) After the Purchase Date, the Trustee shall remit to the Borrower any moneys on deposit in the Bond Fund deriving from the Mortgage Loan that are not needed to pay debt service on or the Redemption Price of the Bonds due to the operation of the Collateral Security Interest Account.

(j) Moneys on deposit in the Collateral Security Fund shall be uninvested or invested as described under the caption "Investment of Funds" above and the Tax Exemption Agreement.

#### Optional Exchange of Bonds for Pass-Through Certificate

A Beneficial Owner of Bonds may file with the Trustee a written request, in the form attached as an exhibit to the Indenture or such other form as may be approved by the Trustee and the Issuer (the "Request Notice"), to exchange Bonds for a like principal amount of the Pass-Through Certificate, provided, that (i) the principal amount of Bonds and Pass-Through Certificate exchanged will be no less than \$500,000, (ii) the Pass-Through Certificate will be, when delivered pursuant to any Exchange (as defined in the following paragraph), in a face amount equal to \$1.00 or a multiple of \$1.00 in excess thereof, and (iii) the Project is complete and placed in service by the Borrower as evidenced by a certificate of occupancy for the Project delivered by the Borrower to the Trustee accompanied by a letter from the Borrower confirming that the Project is placed in service for purposes of Section 42 of the Code. The Request Notice must be delivered to the Trustee and the Issuer at least ten (10) Business Days prior to the Exchange Date (as defined in the Request Notice).

Upon receipt of a Request Notice, the Trustee shall promptly provide a copy to the Issuer and the Lender. The Issuer shall then have up to six (6) Business Days, in its sole discretion, to provide written direction to the Trustee to either (i) deliver to the Beneficial Owner its proportional interest in the Pass-Through Certificate based upon such Beneficial Owner's proportional interest in the Bond (the "Exchange") or (ii) redeem the Beneficial Owner's Bonds in accordance with the Indenture for an amount equal to the Cash Value (as defined below) as of the Exchange Date. The Issuer shall have no obligation to exercise either option, and failure by the Issuer to exercise either option is not an Event of Default; provided, however, that any failure of the Issuer to provide written direction to the Trustee within the six (6) Business Day period set forth above shall be deemed a direction to deliver the proportional interest in the Pass-Through Certificate in lieu of redeeming the Bonds. The Trustee shall notify such Beneficial Owner of the Issuer's direction within four (4) Business Days of receipt or a deemed direction from the Issuer. Upon receipt of Bonds in the



principal amount set forth in the Request Notice from the requesting Beneficial Owner and compliance with the requirements of the Indenture, the Trustee will promptly cancel the Bonds being exchanged or redeemed. Any Bonds so exchanged or redeemed will not be reissued.

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

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

= 4% during the sixth year;

= 3% during the seventh year;

= 2% during the eighth year;

= 1% during the ninth year; and

= 0% thereafter

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

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

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

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

#### Defeasance

(a) If all Bonds shall be paid and discharged as described under this caption, then all obligations of the Trustee and the Issuer under the Indenture with respect to all Bonds shall cease and terminate, except only (i) the obligation of the Trustee to pay or cause to be paid to the owners thereof all sums due with respect to the Bonds and to register, transfer and exchange Bonds pursuant to the Indenture, (ii) the obligation of the Issuer to pay the fees, charges and expenses owing to the Trustee under the Indenture from the Trust Estate, and (iii) the obligation of the Issuer to comply with the provisions of the Indenture and the Tax Exemption Agreement with respect to federal tax and arbitrage

matters. Any funds held by the Trustee at the time of such termination which are not required for payment to Bondholders or for payment to be made by the Issuer, shall be paid as provided in the Indenture.

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

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

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

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

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

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

(ii) the maturity of such Bond.

(c) The Trustee shall be entitled to receive a report from a nationally recognized accounting firm to provide for the payment of all Bonds to be defeased pursuant to the provisions of the Indenture described under this caption.

#### No Release of Pass-Through Certificate

Except as described under this caption, under the caption "Optional Exchange of Bonds for Pass-Through Certificate," above, and under the caption "Transfer of Pass-Through Certificate" below, the Trustee shall not release and discharge the Pass-Through Certificate from the lien of the Indenture until the principal of, premium, if any, and interest on the Bonds shall have been paid or duly provided for under the Indenture. The Trustee shall not release or assign its interest in the Pass-Through Certificate to any person other than a successor Trustee so long as Fannie Mae shall not be in default thereunder.

#### Transfer of Pass-Through Certificate

The Trustee shall maintain the Pass-Through Certificate in book entry form in the name of the Trustee and may not sell, assign, transfer or otherwise dispose of its interest in the Pass-Through Certificate except as provided under the caption "No Release of Pass-Through Certificate," above, and in accordance with the caption "Optional Exchange of Bonds for Pass-Through Certificate," above.

#### Modification of Mortgage Terms

To the extent allowed by applicable State law, the Issuer shall consent to the modification of, or modify, the amount of time or payment of any installment of principal or interest on any Mortgage Loan or the security for or any

terms or provisions of any Mortgage Loan or Mortgage or the security for the same or the rate or rates of interest on the Mortgage Loans, solely to the extent required by federal or State law or regulations.

#### Events of Default

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

- (a) Failure by Fannie Mae to pay principal, interest or premium, if any, due under the Pass-Through Certificate;
- (b) Failure to pay the principal, interest or premium, if any, on the Bonds when the same shall become due; or
- (c) Default in the observance or performance of any other covenant, agreement or condition on the part of the Issuer in the Indenture or the Tax Exemption Agreement and the continuation of such default for a period of 90 days after written notice to the Issuer from the Trustee or the registered owners of at least 75% in aggregate principal amount of the Bonds Outstanding at such time specifying such default and requiring the same to be remedied.

The Trustee, upon any failure by Fannie Mae to distribute to the Trustee any payment required to be made under the terms of the Pass-Through Certificate, shall notify Fannie Mae not later than the next Business Day (all such notices to be promptly confirmed in writing) requiring the failure to be remedied.

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

#### Acceleration; Rescission of Acceleration

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

The acceleration of the Bonds will not constitute a default under, or by itself cause the acceleration of, the Pass-Through Certificate.

If at any time after the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, the Issuer, the Borrower or Fannie Mae, as applicable, shall pay to or deposit with the Trustee a sum sufficient to pay all principal of the Bonds then due (other than solely by reason of such declaration) and all unpaid installments of interest (if any) on all the Bonds then due with interest at the rate borne by the Bonds on such overdue principal and (to the extent legally enforceable) on such overdue installments of interest, and the reasonable expenses of the Trustee shall have been made good or cured or adequate provisions shall have been made therefor, and all other defaults under the Indenture have been made good or cured or

waived in writing by the holders of a majority in principal amount of the Bonds then Outstanding, then and in every case, the Trustee on behalf of the holders of all the Bonds shall rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent Event of Default, nor shall it impair or exhaust any right or power consequent thereon.

#### Other Remedies; Rights of Bondholders

Subject to the provisions described under the caption “No Interference or Impairment of Pass-Through Certificate” below, upon the happening and continuance of an Event of Default the Trustee in its own name and as trustee of an express trust, on behalf and for the benefit and protection of the holders of all Bonds, may also proceed to protect and enforce any rights of the Trustee and, to the full extent that the holders of such Bonds themselves might do, the rights of such Bondholders under the laws of the State or under the Indenture by such of the following remedies as the Trustee shall deem most effectual to protect and enforce such rights:

- (a) By pursuing any available remedies under the Financing Agreement, the Regulatory Agreement or the Pass-Through Certificate, and prior to the Purchase Date, the Mortgage;
- (b) Upon an Event of Default as described in clause (a) of “Events of Default” above only, by realizing or causing to be realized through sale or otherwise upon the security pledged under the Indenture (including the sale or disposition of the Pass-Through Certificate); and
- (c) By action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the holders of the Bonds and to execute any other papers and documents and do and perform any and all such acts and things as may be necessary or advisable in the opinion of the Trustee in order to have the respective claims of the Bondholders against the Issuer allowed in any bankruptcy or other proceeding.

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

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

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

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

#### Application of Moneys After Default

All moneys collected by the Trustee at any time pursuant to the Indenture after an Event of Default shall, except to the extent, if any, otherwise directed by a court of competent jurisdiction, be credited by the Trustee to the Bond Fund. Such moneys so credited to the Bond Fund and all other moneys from time to time credited to the Bond Fund shall at all times be held, transferred, withdrawn and applied as prescribed by the provisions of the Indenture.

Subject in all instances to the provisions of the Indenture, in the event that at any time the moneys credited to the Bond Fund, or any other funds held by the Issuer or the Trustee available for the payment of interest or principal then due with respect to the Bonds, shall be insufficient for such payment, such moneys and funds (other than funds held for the payment or redemption of particular Bonds as provided in the Indenture) shall be applied as follows:

(a) Only in the event that there has been an Event of Default under the Indenture pursuant to clause (a) of “Events of Default” above as a result of a failure by Fannie Mae to make payments under the Pass-Through Certificate, for payment of all amounts due to the Trustee incurred in performance of its duties under the Indenture and the other documents executed in connection therewith, including, without limitation, the payment of all reasonable fees and expenses of the Trustee incurred in exercising any remedies under the Indenture and the other documents executed in connection with the Indenture;

(b) Unless the principal of all of the Bonds shall have become, or shall have been declared due and payable:

First – To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available is not sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

Second – To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any Bonds which shall have become due, whether at maturity or by call for redemption, in the order in which they became due and payable, and if the amount available is not sufficient to pay in full all the principal of and premium, if any, on the Bonds so due on any date, then to the payment of principal ratably, according to the amounts due on such date, to the persons entitled thereto, without any discrimination or preference, and then to the payment of any premium due on the Bonds, ratably, according to the amounts due on such date, to the persons entitled thereto, without any discrimination or preference; and

(c) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal of, premium, if any, and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or 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 persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

#### Control of Proceedings

In the case of an Event of Default as described in clause (a) under “Events of Default” above, the holders of 75% in aggregate principal amount of the Bonds then Outstanding shall have the right, subject to the provisions of the Indenture, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee; provided, however, that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not be taken lawfully, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or otherwise adversely affect the Trustee or be unjustly prejudicial to Bondholders not parties to such direction.

#### No Interference or Impairment of Pass-Through Certificate

Notwithstanding any other provision of the Indenture to the contrary, so long as the Pass-Through Certificate remains outstanding and Fannie Mae is not in default in its payment obligations thereunder, neither the Issuer, the Trustee nor any person under their control shall, without the prior written consent of Fannie Mae, exercise any remedies or direct any proceedings under the Indenture other than to (a) enforce rights under the Pass-Through Certificate, (b) enforce the tax covenants in the Indenture, the Tax Exemption Agreement and the Financing Agreement, or (c) enforce rights of specific performance under the Regulatory Agreement; provided, however, that any enforcement under (b) or (c) above shall not include seeking monetary damages other than actions for Issuer Fees or the Trustee’s fees and expenses.

Nothing contained in the Indenture shall affect or impair the right of any Bondholder to enforce the payment of the principal of, the premium, if any, and interest on any Bond at the maturity thereof or the obligation of the Trustee to pay the principal of, premium, if any, and interest on the Bonds issued under the Indenture to the respective holders thereof, at the time, in the place, from the sources and in the manner expressed in the Indenture and in said Bonds.

### Supplemental Indentures Effective Upon Acceptance

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

- (a) To add to the covenants or agreements of the Issuer contained in the Indenture other covenants or agreements to be observed by the Issuer or to otherwise revise or amend the Indenture in a manner which are/is not materially adverse to the interests of the Bondholders;
- (b) To add to the limitations or restrictions contained in the Indenture other limitations or restrictions to be observed by the Issuer which are not contrary to or inconsistent with the provisions of the Indenture as theretofore in effect;
- (c) To surrender any right, power or privilege reserved to or conferred upon the Issuer in the Indenture, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Issuer contained in the Indenture and is not materially adverse to the interests of the Bondholders;
- (d) To confirm, as further assurance, any pledge of the Trust Estate under the Indenture and the subjection to any lien on or pledge of the Trust Estate created or to be created by the Indenture;
- (e) To appoint a co-trustee or successor Trustee or successor co-trustee;
- (f) To cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision in the Indenture;
- (g) To insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable and are not materially adverse to the interests of the Bondholders; and
- (h) To make such changes and modifications that are necessary or desirable to provide for all interest, principal and premium paid with respect to the Bonds are in the exact respective amounts of the payments of interest, principal and premium paid under and pursuant to the Pass-Through Certificate.

### Supplemental Indentures Requiring Consent of Bondholders

In addition to those amendments to the Indenture which are authorized by the provisions described under the caption "Supplemental Indentures Effective Upon Acceptance" above, any modification or amendment of the Indenture may be made by a Supplemental Indenture with the written consent, given as provided in the Indenture, of Fannie Mae and the holders of at least two thirds in aggregate principal amount of the Bonds Outstanding at the time such consent is given; provided, however, that no such modification or amendment shall (a) permit a change in the terms of redemption or maturity of the principal amount of any Outstanding Bond or an extension of the date for payment of any installment of interest thereon or a reduction in the principal amount of, premium, if any, or the rate of interest on any Outstanding Bond without the consent of the holder of such Bond, (b) reduce the proportion of Bonds the consent of the holders of which is required to effect any such modification or amendment or to effectuate an acceleration of the Bonds prior to maturity, (c) permit the creation of a lien on the Trust Estate pledged under the Indenture prior to or on a parity with the lien of the Indenture, (d) deprive the holders of the Bonds of the lien created by the Indenture upon the Trust Estate (except as expressly provided in the Indenture), without (with respect to (b) through (d)) the consent of the holders of all Bonds then Outstanding, or (e) change or modify any of the rights or obligations of the Trustee without the written consent thereto of the Trustee.

## APPENDIX D

### SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT

*The following is a summary of certain provisions of the Riverside Townhomes Financing Agreement. Except with respect to certain dollar amounts, percentages and parties, the Oaks on Lamar Agreement is substantially identical to the Riverside Townhomes Financing Agreement. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Riverside Townhomes Financing Agreement, copies of which, along with copies of the Oaks on Lamar Financing Agreement, are on file with the Trustee.*

#### **Amount and Source of Mortgage Loan**

Upon the issuance and delivery of the Bonds, pursuant to the Indenture the Issuer will make the Mortgage Loan to the Borrower and the Borrower will apply the proceeds of the Bonds as provided in the Indenture to pay Project costs. The Trustee shall apply the proceeds of the Assigned Loan as described in “APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Collateral Security Fund” to secure the Bonds until the Purchase Date and then to purchase the Pass-Through Certificate. The Borrower will accept the Mortgage Loan from the Issuer, upon the terms and conditions set forth in the Financing Agreement, in the Mortgage Loan Documents and in the Indenture, and subject to the terms and conditions of the Tax Exemption Agreement and the Regulatory Agreement. The Issuer will cause the proceeds of the Assigned Loan to be provided to the Trustee for deposit to the Collateral Security Principal Account of the Collateral Security Fund. The Borrower has acknowledged its obligation to pay all amounts necessary to pay principal and interest on the Bonds. The Borrower has made arrangements for the delivery to the Trustee of the Pass-Through Certificate and of certain other Preference Proof Moneys as contemplated in the Financing Agreement and in the Indenture. Payments on the Pass-Through Certificate received by the Trustee shall be credited to amounts due from the Borrower for payment of principal and interest on the Bonds.

#### **Payment of Fees and Expenses**

In addition to all fees, costs, expenses and other amounts required to be paid by the Borrower under the Mortgage Note, the Borrower shall pay, without duplication, the following fees and expenses:

- (a) All amounts required to (i) pay the fees of the Trustee for its duties and services as Trustee in connection with the Bonds (as such duties and services are set out in the Indenture), and (ii) reimburse the Trustee for all out-of-pocket expenses, fees, costs and other charges, including reasonable counsel fees and taxes (excluding income, value added and similar business taxes), reasonably and necessarily incurred by the Trustee in performing its duties as Trustee under the Indenture and the Tax Exemption Agreement. All payments for fees and expenses shall be made by the Borrower not later than ten (10) days after receipt of invoices or other statements rendered to the Borrower by the Trustee.
- (b) The Issuer Fees.
- (c) The fees of the Rebate Analyst (as defined in the Tax Exemption Agreement) and any other consultant as required by the Tax Exemption Agreement and, upon receipt of an appropriately completed invoice, all out-of-pocket expenses of the Rebate Analyst and any other consultant.
- (d) The annual rating maintenance fee, if any, of any Rating Agency then rating the Bonds.
- (e) All Costs of Issuance of the Bonds, including, but not limited to, Rating Agency fees, printing expenses, attorneys’ fees and underwriters’ fees, and all expenses of originating the Mortgage Loan by the Lender and assigning and delivering the Mortgage Loan to Fannie Mae, the Borrower acknowledging that all such fees, costs and expenses must be paid by the Borrower separate and apart from payments due under the Mortgage Loan and will not be included in the Mortgage Note Rate.

(f) The Costs of Issuance deposit to be made to the Costs of Issuance Fund on the Closing Date pursuant to the Indenture.

The Borrower shall either pay the foregoing items directly or, to the extent such items are to be paid by the Trustee under the Indenture, shall pay as Operating Revenue to the Trustee for deposit to Operating Fund under the Indenture amounts sufficient to enable the Trustee to pay the foregoing items in a timely manner.

The Borrower shall pay through the Lender all fees and expenses not included within the Mortgage Note Rate. All fees and expenses not included in the Mortgage Note Rate shall not be secured by the Mortgage, and shall be subordinate to the Borrower's obligations under the Mortgage Loan in all respects and shall be secured by the Subordinate Mortgage subject to the provisions of the Subordination Agreement. No such fees or expenses payable to the Issuer or the Trustee shall be paid from the proceeds of the Pass-Through Certificate, except with respect to the Trustee to the extent set forth in the Indenture.

### **Notification of Prepayment of Mortgage Note**

The Lender shall notify the Trustee promptly of the receipt of any prepayment of the Mortgage Note, whether upon acceleration, by reason of application of insurance or condemnation proceeds, optional prepayment or otherwise, unless the Lender has received written evidence that the Borrower has notified the Trustee of such prepayment. If such prepayment results in revisions to the amortization schedule included in the Term Sheet, Lender shall provide the revised amortization schedule to the Trustee.

### **Term Sheet**

The Lender will deliver on the Closing Date the Term Sheet in the form attached as APPENDIX H hereto and will certify by its execution of the Financing Agreement that the information set forth therein is accurate as of the Closing Date. The Lender has agreed that it will promptly advise the Issuer, the Trustee and the Underwriter in writing of any changes which occur in the information set forth in the Term Sheet after the Closing Date and before the date on which the Pass-Through Certificate is acquired by the Trustee pursuant to the provisions of the Indenture; provided, however, that such changes may only be made to cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision in the Term Sheet.

### **Indemnification**

To the fullest extent permitted by applicable law, the Borrower has covenanted and agreed as follows: to protect, indemnify and save the Issuer and its governing board members, directors, officers, agents and employees harmless from and against all liability, losses, damages, costs, expenses (including reasonable attorneys' fees), taxes, causes of action, suits, claims, demands and judgments of any nature or form, by or on behalf of any person arising in any manner from the transaction of which the Financing Agreement is a part or arising in any manner in connection with the Project or the financing of the Project including, without limiting the generality of the foregoing, arising from (i) the work done on the Project or the operation of the Project during the term of the Financing Agreement or (ii) any breach or default on the part of the Borrower in the performance of any of its obligations under the Financing Agreement, or (iii) the Project or any part thereof, or (iv) any violation of contract, agreement or restriction relating to the Project excluding the payment of the principal, premium, if any, and interest on the Bonds, or (v) any liability, violation of law, ordinance or regulation affecting the Project or any part thereof or the ownership or occupancy or use thereof. Upon notice from the Issuer or any of its respective governing board members, directors, officers, agents or employees, the Borrower shall defend the Issuer or any of its respective governing board members, directors, officers, agents or employees in any action or proceeding brought in connection with any of the above; provided, however, that the Issuer shall have the right to employ separate counsel in any action described in the preceding sentence at the expense of the Borrower.

It is the intention of the parties to the Financing Agreement that the Issuer and its respective governing board members, directors, officers, agents and employees shall not incur pecuniary liability by reason of the terms of the Financing Agreement or by reason of the undertakings required of the Issuer and its respective governing board members, directors, officers, agents and employees in connection with the issuance of the Bonds, including but not



limited to the execution and delivery of the Indenture, the Financing Agreement, the Tax Exemption Agreement, the Regulatory Agreement, and all other instruments and documents required to close the transaction; the performance of any act required of the Issuer and its respective governing board members, directors, officers, agents and employees by the Financing Agreement; or the performance of any act requested of the Issuer and its respective governing board members, directors, officers, agents and employees by the Borrower or in any way arising from the transaction of which the Financing Agreement is a part or arising in any manner in connection with the Project or the financing of the Project, including but not limited to the execution and delivery of the Indenture, the Financing Agreement, the Tax Exemption Agreement, the Regulatory Agreement and all other instruments and documents required to close the transaction; nevertheless, if the Issuer or its respective governing board members, directors, officers, agents and employees should incur any such pecuniary liability with respect to events occurring after the date of the Financing Agreement, then in such event the Borrower shall indemnify and hold the Issuer and its respective governing board members, directors, officers, agents and employees harmless against all claims by or on behalf of any person, arising out of the same, and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon timely notice from the Issuer the Borrower shall defend the Issuer and its respective governing board members, directors, officers, agents and employees in any such action or proceeding, and provide competent counsel satisfactory to the Issuer and the Borrower shall pay the Issuer expenses including payment of the counsel used by the Issuer; provided however that the Issuer shall have the right to employ separate counsel in any action described in the preceding sentence at the expense of the Borrower.

Notwithstanding any provision of the Financing Agreement to the contrary, the Issuer shall be indemnified by the Borrower with respect to liabilities arising from the Issuer's own gross negligence, negligence or breach of contractual duty, but not for any liabilities arising from the Issuer's own bad faith, fraud or willful misconduct.

Notwithstanding any provision of the Financing Agreement to the contrary the Borrower's obligations with respect to indemnification will not be secured by the Project and shall be personal obligations of the Borrower and any successor owner of the Project by foreclosure, deed in lieu of foreclosure or otherwise shall not be responsible for or incur any liability with respect to any indemnification obligations described in the Financing Agreement.

The Borrower has covenanted and agreed to indemnify, hold harmless and defend the Trustee, the Lender and their respective officers, members, directors, officials, agents and employees and each of them (each an "indemnified party") from and against, (a) any and all claims, joint or several, by or on behalf of any person arising from any cause whatsoever in connection with transactions contemplated by the Financing Agreement or otherwise in connection with the Project, the Bonds or the execution or amendment of any document relating thereto; (b) any and all claims, joint or several, arising from any cause whatsoever in connection with the approval of refinancing for the Project or the making of the Mortgage Loan; (c) any and all claims, joint or several, arising from any act or omission of the Borrower or any of its agents, servants, employees or licensees, in connection with the Mortgage Loan or the Project; (d) all reasonable costs, counsel fees, expenses or liabilities incurred in connection with any such claim, or proceeding brought thereon; (e) any and all claims arising in connection with the issuance and sale, resale or remarketing of any Bonds or any certifications or representations made by any Person other than the Issuer or the party seeking indemnification in connection therewith and the carrying out by the Borrower of any of the transactions contemplated by the Bonds, the Indenture, the Tax Exemption Agreement, the Regulatory Agreement and the Financing Agreement; (f) any and all claims arising in connection with the operation of the Project, or the conditions thereof, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project or any part thereof; and (g) any and all losses, claims, damages, liabilities or expenses, joint or several, arising out of or connected with the Trustee's acceptance or administration of the trusts created by the Indenture and the exercise of its powers or duties thereunder or under the Financing Agreement, the Tax Exemption Agreement, the Regulatory Agreement or any other agreements in connection therewith to which it is a party, except in the case of the foregoing indemnification of the Trustee or the Lender or any of their respective officers, members, directors, officials and employees, to the extent such damages are caused by the negligence or willful misconduct of such Person. In the event that any action or proceeding is brought against any indemnified party with respect to which indemnity may be sought under the Financing Agreement, the Borrower, upon written notice from the indemnified party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Borrower, subject to the approval of the indemnified party in such party's sole but reasonable discretion, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Trustee and the Lender shall have the right to review and approve or disapprove any such compromise or settlement. Each indemnified party shall

have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that unless such separate counsel is employed with the approval of the Borrower, which approval shall not be unreasonably withheld, the Borrower shall not be required to pay the fees and expenses of such separate counsel.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of the Regulatory Agreement, the Borrower shall remain obligated to indemnify each indemnified party pursuant to the provisions described under this caption if such subsequent owner fails to indemnify any party entitled to be indemnified under the Financing Agreement, unless such indemnified party has consented to such transfer and to the assignment of the rights and obligations of the Borrower under the Financing Agreement.

During any period that Fannie Mae owns the Project and that the provisions described under this caption are applicable to Fannie Mae, Fannie Mae's obligations under this caption shall be limited to acts and omissions of Fannie Mae occurring during the period of Fannie Mae's ownership of the Project.

### **Events of Default**

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

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

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

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

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

Nothing contained in the provisions of the Financing Agreement described under this caption is intended to amend or modify any of the provisions of the Mortgage Loan Documents nor to bind the Borrower, the Lender or Fannie Mae to any notice and cure periods other than as expressly set forth in the Mortgage Loan Documents. Issuer, Trustee, Lender and Fannie Mae have agreed that (A) Tax Credit Investor shall have the right, but not the obligation, to cure any default on behalf of the Borrower on the same terms provided to the Borrower in the Financing Agreement; and (B) any cure of any Event of Default under the Financing Agreement made or tendered by the Tax Credit Investor shall be deemed to be a cure by the Borrower, and shall be accepted or rejected under the Financing Agreement on the same basis as if made or tendered by the Borrower.

### **Remedies Upon an Event of Default**

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

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

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

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

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

(c) Subject to the limitations of the Regulatory Agreement and the Financing Agreement, the Issuer, without the consent of the Trustee, but only after written notice to the Trustee, the Borrower, the Lender and Fannie Mae, may take whatever action at law or in equity may appear necessary or desirable to enforce performance and observance of any Reserved Right of the Issuer; provided that, the Issuer may not (i) terminate the Financing Agreement or cause the Mortgage Loan to become due and payable, (ii) cause the Trustee to declare the principal of all Bonds then Outstanding and the interest accrued thereon to be immediately due and payable, or cause the Trustee to accelerate, foreclose or take any other action or seek other remedies under the Bond Documents, the Mortgage Loan Documents or any other documents contemplated thereby to obtain such performance or observance, (iii) cause the acceleration, foreclosure or taking of any other action or the seeking of any remedies under the Mortgage Loan Documents, (iv) initiate or take any action which may have the effect, directly or indirectly, of impairing the ability of the Borrower to timely pay the principal, interest and other amounts due under the Mortgage Loan, or (v) interfere with or attempt to influence the exercise by Fannie Mae of any of its rights under the Bond Documents or the Mortgage Loan Documents.

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

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

(f) Notwithstanding any other provision of the Financing Agreement to the contrary, after the Purchase Date, so long as Fannie Mae is not in default under the Pass-Through Certificate, none of the Issuer, the Trustee or any Person under their control shall exercise any remedies or direct any proceedings under the Financing Agreement or the Mortgage Loan Documents, other than to (i) enforce rights under the Pass-Through Certificate, (ii) enforce the tax covenants in the Indenture, the Financing Agreement and the Tax Exemption Agreement, or (iii) enforce rights of

specific performance under the Regulatory Agreement; provided, however, that any enforcement under (ii) or (iii) above shall not include seeking monetary damages other than the Issuer Fees and the Trustee's fees and expenses.

#### **Default Under Regulatory Agreement**

(a) If the Borrower fails, at any time for any reason, to comply with the requirements of the Regulatory Agreement, then within thirty (30) days after the earlier of the date the violation is discovered by the Issuer or the Trustee or the date the Issuer or the Trustee received notice thereof, the Issuer (if necessary to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes) or the Trustee, on behalf of and at the request of the Issuer, shall institute an action for specific performance to correct the violation. The Borrower has acknowledged and agreed that were money damages a remedy under the Regulatory Agreement, money damages alone would not be an adequate remedy at law for a default by the Borrower arising from a failure to comply with the Regulatory Agreement, and therefore the Borrower has agreed that the remedy of specific performance (subject to the provisions described in paragraph (d) under the caption "Remedies Upon an Event of Default" above) shall be available to the Issuer and/or the Trustee in any such case.

(b) Notwithstanding the availability of the remedy of specific performance described in paragraph (a) above, promptly upon determining that a violation of the Regulatory Agreement has occurred, the Issuer shall, by notice in writing to the Lender, inform the Lender that a violation of the Regulatory Agreement has occurred; notwithstanding the occurrence of such violation, neither the Issuer nor the Trustee shall have, and each of them has acknowledged that they shall not have, any right to cause or direct acceleration of the Mortgage Loan, to enforce the Mortgage Note or to foreclose on the Mortgage.

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## APPENDIX E

### SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT

*The following is a summary of certain provisions of the Regulatory Agreement for the Riverside Townhomes Project. Except with respect to certain dollar amounts, percentages and parties, the Regulatory Agreement for the Oaks on Lamar Project is substantially identical to the Regulatory Agreement for the Riverside Townhomes Project. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Regulatory Agreement for the Riverside Townhomes Project, copies of which, along with copies of the Regulatory Agreement for the Oaks on Lamar Project, are on file with the Trustee.*

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

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

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

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

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

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

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

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

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

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

“Organizational Documents” means the Amended and Restated Agreement of Limited Partnership of the Borrower dated as of the Closing Date, as the same may be amended, modified, supplemented or restated from time to time.

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

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

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

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

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

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

“Security Instrument” means Multifamily Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing from the Borrower and the Fee Owner, as the grantor, in favor of Issuer, as the beneficiary, as the same may be supplemented, amended or modified, and as the same is assigned to Lender and Fannie Mae, as their interests may appear.

“State Conversion Date” means the date of the first amortization payment on the note relating to the Mortgage Loan.

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

“State Restrictive Period” means, with respect to the Project, the period beginning on the first day on which the Borrower takes legal possession of the Project and ending on the latest of (a) the date that is 30 years after the first day of the State Restrictive Period, (b) the first date on which no tax-exempt private activity bond issued with respect to the Project is outstanding for federal income tax purposes, and (c) the date on which any assistance provided with respect to the Project from the federal government terminates.

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

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

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

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

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

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

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

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

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

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

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

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

(viii) that each Unit will be rented or available for rental on a continuous basis to Eligible Tenants (subject to the limitations and exceptions contained in the Regulatory Agreement, the Tax Exemption Agreement and the Financing Agreement) at all times during the longer of (A) the term of the Bonds or (B) the Qualified Project Period, that the Borrower will not give preference

in renting Units to any particular class or group of persons, other than Persons with Special Needs, Low Income Tenants and other Eligible Tenants as provided in the Regulatory Agreement, and that at no time will any portion of the Project be exclusively reserved for use by a limited number of nonexempt persons in their trades or businesses;

(ix) that 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 at least 40% of the Available Units will be occupied or held vacant and available for occupancy at all times by Low Income Tenants (the “Set Aside”). For the purposes of this clause (a)(ix), a vacant Unit that was most recently occupied by a Low Income Tenant is treated as rented and occupied by a Low Income Tenant until reoccupied, at which time the character of such Unit must be redetermined. No tenant qualifying as a Low Income Tenant will be denied continued occupancy of a Unit because, after the most recent Tenant Income Certification, such tenant’s Annual Income increases to exceed the qualifying limit for Low Income Tenants; provided, however, that, should a Low Income Tenant’s Annual Income, as of the most recent determination thereof, exceed 140% of the then applicable income limit for a Low Income Tenant of the same family size and such Low Income Tenant constitutes a portion of the Set Aside, then such tenant will only continue to qualify for so long as no Unit of comparable or smaller size in the same building (within the meaning of Section 42 of the Code) is rented to a tenant that does not qualify as a Low Income Tenant;

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

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

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

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



pertaining to the Project, including those records pertaining to the occupancy of the Low Income Units. The Borrower will retain all records maintained in accordance with the provisions described under this caption until the date that is three years after the end of the Qualified Project Period.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Persons with Special Needs**

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

## **Sale or Transfer of the Project or Change in General Partner**

(a) The Borrower and the Fee Owner have covenanted and agreed not to sell, transfer or otherwise dispose of the Project, prior to the expiration of the Qualified Project Period (other than pursuant to the lease of Units to Eligible Tenants), without (i) providing 30 days prior written notice to the Issuer, (ii) complying with any applicable provisions of the Regulatory Agreement, the Financing Agreement, the Tax Exemption Agreement and other Loan Documents and (iii) obtaining the prior written consent of the Issuer. Such consent of the Issuer will not be unreasonably withheld and will be given if the following conditions to the sale or other disposition are met or waived in writing by the Issuer: (A) there is delivered to the Trustee and the Issuer a written opinion of independent legal counsel reasonably satisfactory to the Trustee and the Issuer, addressed to the Trustee and the Issuer, concluding that the transferee has duly assumed all of the rights and obligations of the Borrower or the Fee Owner, as applicable, under the Regulatory Agreement, the Financing Agreement, the Tax Exemption Agreement and the other Loan Documents and that each of the documents executed by the transferee in connection therewith has been duly authorized, executed and delivered by the transferee and is a valid and enforceable obligation of the transferee, subject to customary qualifications, (B) the Issuer receives a Favorable Opinion of Bond Counsel, with a copy to the Trustee, which opinion will be furnished at the expense of the Borrower or the transferee, (C) the Issuer receives an assumption fee equal to 0.25% of the principal balance of the Bonds Outstanding at the time of such transfer, (D) the proposed purchaser or assignee executes any document requested by the Issuer with respect to assuming the obligations of the Borrower or the Fee Owner under the Regulatory Agreement, the Financing Agreement, the Tax Exemption Agreement and the other Loan Documents, and (E) the Issuer has performed a previous participation review on the proposed purchaser or assignee or any affiliated party, the results of which are satisfactory to the Issuer in accordance with Title 10, Part 1, Chapter 1, Subchapter C, Section 1.301, Texas Administrative Code, and the Issuer does not further have any reason to believe the proposed purchaser or assignee is incapable, financially or otherwise, of complying with, or may be unwilling to comply with, the terms of all agreements and instruments binding on such proposed purchaser or assignee relating to the Project, including but not limited to the Regulatory Agreement, the Financing Agreement, the Tax Exemption Agreement, the Security Instrument and other Loan Documents. 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 Fannie Mae as required by 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 Tax Credit Investor of its interest in Borrower in accordance with the terms of Borrower's Organizational Documents, (b) the removal of the general partner of Borrower in accordance with the Organizational Documents and the replacement thereof with the Class A Limited Partner, the Tax Credit Investor or any of their respective affiliates, (c) the transfer of ownership interests in the Tax Credit Investor (provided that written notice of such transfer is not required to be provided to the Issuer), (d) the transfer of the interests of the Tax Credit Investor in Borrower to Borrower's general partner or Borrower's special limited partner or any of their affiliates, and (e) any amendment to the Organizational Documents to memorialize the transfers or removal described above. The Borrower and the Fee Owner have expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of the provisions described under this caption will be ineffective to relieve the Borrower or the Fee Owner of its obligations under the Regulatory Agreement. Upon any sale, transfer or other disposition of the Project in compliance with the Regulatory Agreement, the Borrower or the Fee Owner so selling, transferring or otherwise disposing of the Project will have no further liability for obligations under the Financing Agreement, the Regulatory Agreement or any loan document arising after the date of such disposition. The foregoing notwithstanding, the duties of the Borrower and the Fee Owner as set forth in the Financing Agreement, the Regulatory Agreement or any 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 Project.

(b) No transfer of the Project will release the Borrower or the Fee Owner from its obligations under the Regulatory Agreement arising prior to the date of such transfer, but any such transfer will relieve the Borrower and

the Fee Owner of further liability for obligations under the Regulatory Agreement arising after the date of such transfer.

(c) Except as set forth in paragraph (a) above, the Borrower will not change its general partner 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 general partner includes any transfer of any controlling ownership interest in the general partner 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 in the Regulatory Agreement and, except as otherwise described under this caption, will terminate in its entirety at the end of the State Restrictive Period, it being expressly agreed and understood that the provisions of the Regulatory Agreement are intended to survive the retirement of the Bonds, discharge of the Loan, termination of the Financing Agreement and defeasance or termination of the Indenture; provided, however, that the provisions related to the Qualified Project Period that are not incorporated into the State Restrictive Period will terminate in their entirety at the end of the Qualified Project Period.

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

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

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

## **Covenants to Run With the Land**

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

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

### **Fannie Mae Rider**

In the event of a conflict between any provision in the Regulatory Agreement and any provision of the Fannie Mae rider, the provisions of the Fannie Mae rider will supersede the conflicting provisions of the Regulatory Agreement.

Notwithstanding anything contained in the Regulatory Agreement to the contrary:

(a) The occurrence of an event of default under the Regulatory Agreement shall not impair, defeat or render invalid the lien of the Security Instrument.

(b) The occurrence of an event of default under the Regulatory Agreement shall not be or be deemed to be a default under the Loan Documents, except as may be otherwise specified in the Loan Documents.

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## APPENDIX F

### FORM OF CONTINUING DISCLOSURE AGREEMENT

*The following is a form of the Continuing Disclosure Agreement that will be entered into by THF Riverside Townhomes LP, a Texas limited partnership (the "Riverside Townhomes Borrower") and Wilmington Trust, National Association (the "Dissemination Agent"), in connection with the Riverside Townhomes Borrower's obligations pursuant to the requirements of Rule 15c2-12 (the "Rule") of the Securities and Exchange Commission. THF Oaks on Lamar, LP, a Texas limited partnership (the "Oaks on Lamar Borrower") will enter into a separate Continuing Disclosure Agreement with the Dissemination Agent that is substantially identical to this form of Continuing Disclosure Agreement in connection with their respective obligations under the Rule.*

This Continuing Disclosure Agreement, dated as of August 1, 2018 (this "Continuing Disclosure Agreement"), is executed and delivered by THF Riverside Townhomes, LP, a Texas limited partnership (the "Borrower") and Wilmington Trust, National Association, as dissemination agent (the "Dissemination Agent"). The above-captioned bonds (the "Bonds") are being issued pursuant to an Indenture of Trust, dated as of August 1, 2018 (the "Indenture"), between the Texas Department of Housing and Community Affairs (the "Issuer") and Wilmington Trust, National Association (the "Trustee"). Pursuant to the Indenture and Financing Agreement, dated as of August 1, 2018, among the Issuer, the Trustee, Wells Fargo Bank, National Association and the Borrower (the "Financing Agreement"), the Dissemination Agent and the Borrower covenant and agree as follows:

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

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

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

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

"*Beneficial Owner*" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

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

"*Dissemination Agent*" shall mean Wilmington Trust, National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Borrower.

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

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

“*Participating Underwriter*” means Wells Fargo Bank, National Association, and its successors and assigns.

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

**Section 3. Provision of Annual Reports.** (a) The Borrower will, or will cause the Dissemination Agent to, not later than July 1 of each year, commencing July 1, 2019 for the fiscal year ending on December 31, 2018, provide to the MSRB an Annual Report which is consistent with the requirements described below. No later than 15 Business Days prior to said date, the Borrower will provide the Annual Report to the Dissemination Agent. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may cross reference other information, provided that the audited financial statements for the prior calendar year of the Borrower may be submitted separately from the balance of the Annual Report.

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

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

(d) The Dissemination Agent will file a report with the Borrower certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Agreement, stating the date it was provided.

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

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

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

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

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

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulty;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulty;
- (v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) Modifications to rights of holders of the Bonds, if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution or sale of property securing repayment of the Bonds, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the Borrower. For purposes of this clause (xii), any such event shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower;

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

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

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

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

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

(e) If the Dissemination Agent has been provided with a written notice describing a Listed Event pursuant to subsection (c) of this Section 5 or otherwise, and is instructed by the Borrower to report the occurrence of such Listed Event, the Dissemination Agent shall, within two (2) Business Days of its receipt of such written notice



and in any event no more than ten (10) Business Days after the occurrence of the Listed Event, file the notice with the MSRB and send a copy to the Borrower.

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

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

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

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

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

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

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

**Section 9. Additional Information.** Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Borrower chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Continuing Disclosure

Agreement, the Borrower shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

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

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

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

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

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

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

*If to the Borrower:*

THF Riverside Townhomes, LP  
c/o Related Companies  
60 Columbus Circle  
New York, NY 10023  
Attention: Matthew Finkle  
Telephone Number:  
Fax Number:

*If to the Dissemination Agent:*

Wilmington Trust, National Association  
15950 North Dallas Parkway, Suite 550  
Dallas, TX 75248  
Attention: Chuck Hicks  
Telephone: (972) 383-3152  
Fax Number: (972) 385-0844

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

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

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

**Section 15. Borrower's Obligations Nonrecourse.** In any action or proceeding brought hereon and except as otherwise provided in the Mortgage or the Financing Agreement, the liability of the Borrower under this Continuing Disclosure Agreement shall be limited to the Project and any other collateral securing the Loan Agreement, the Indenture or the Bonds.

**Section 16. Severability.** If any provision in this Continuing Disclosure Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

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

**THF RIVERSIDE TOWNHOMES, LP,**  
a Texas limited partnership

By: THF Riverside Townhomes GP, LLC,  
a Texas limited liability company,  
its General Partner

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

By: \_\_\_\_\_  
Mark Mayfield  
President

[Signatures continue on next page]

[Dissemination Agent's signature page to Continuing Disclosure Agreement]

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

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

**NOTICE TO REPOSITORIES OF FAILURE TO FILE AN ANNUAL REPORT**

Name of Issuer: Texas Department of Housing and Community Affairs

State: State of Texas

Name of Bond Issue: Multifamily Housing Revenue Bonds  
(Fannie Mae MBS Collateralized Pass-Through — Riverside Townhomes), Series 2018

CUSIP Number: [Riverside Townhomes CUSIP: 88275ADM9]  
[Oaks on Lamar CUSIP: 88275ADN7]

Name of Borrower  
Obligated Person: Matthew Finkle

Contact Information: THF Riverside Townhomes, LP  
60 Columbus Circle  
New York, NY 10023

Date of Issuance: August 23, 2018

Maturity Date: September 1, 2034

NOTICE IS HEREBY GIVEN that the Borrower has not provided an Annual Report for the period ending \_\_\_\_\_, 20\_\_ with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of August 1, 2018, between the Borrower and Wilmington Trust, National Association, as Dissemination Agent. The Borrower has notified the Dissemination Agent that it anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

**WILMINGTON TRUST, NATIONAL ASSOCIATION,**  
as Dissemination Agent, on behalf of the Borrower

By: \_\_\_\_\_  
Authorized Officer

cc: Borrower

## APPENDIX G

### FORM OF BOND COUNSEL OPINION

*The following is the form of Bond Counsel opinion related to the Riverside Townhomes Bonds. Except with respect to certain dollar amounts, percentages and parties, the Oaks on Lamar Bond Counsel opinion is substantially identical to the Riverside Townhomes Bond Counsel opinion. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Riverside Townhomes Bond Counsel opinion, copies of which, along with copies of the Oaks on Lamar Bond Counsel opinion, are on file with the Trustee.*

[Letterhead of Bond Counsel]

August 23, 2018

Texas Department of Housing and  
Community Affairs  
Austin, Texas

Wilmington Trust, National Association,  
as Trustee  
Dallas, Texas

Wells Fargo Bank, National Association  
New York, New York

Fannie Mae  
Washington, DC

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 \$19,200,000 Multifamily Housing Revenue Bonds (Fannie Mae MBS Collateralized Pass-Through – Riverside Townhomes Apartments), Series 2018 (the “Bonds”) pursuant to a resolution adopted by the Governing Board of the Issuer on June 28, 2018 (the “Bond Resolution”) and an Indenture of Trust dated as of August 1, 2018 (the “Indenture”), by and between the Issuer and Wilmington Trust, National Association, as trustee (the “Trustee”). The Bonds bear interest, mature on the date, and are subject to redemption prior to maturity as provided in the Indenture. Capitalized terms used herein and not otherwise defined are used with the meanings assigned to such terms in the Indenture, in the Financing Agreement dated as of August 1, 2018 (the “Financing Agreement”) among the Issuer, the Trustee, THF Riverside Townhomes, LP, a Texas limited partnership (the “Borrower”), and Wells Fargo Bank, National Association, as lender (the “Lender”), or in the Regulatory and Land Use Restriction Agreement dated as of August 1, 2018 (the “Regulatory Agreement”), among the Issuer, the Trustee, Texas Housing Foundation, a Texas regional housing authority, and the Borrower.

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

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

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

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

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

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

In providing the opinions set forth in paragraphs 2 and 3 above, we have relied on, and assumed the accuracy and completeness of, representations made as of the date hereof by, among others, the Issuer, the Borrower and Wells Fargo Bank, National Association, as underwriter, with respect to matters solely within the respective knowledge of such parties, which matters we have not independently verified. Furthermore, in providing the opinions set forth in paragraphs 2 and 3 above, we have also assumed that there will be continuing compliance with the procedures, safeguards and covenants in the Indenture, the Financing Agreement, the Regulatory Agreement and the Tax Exemption Agreement pertaining to those sections of the Code that affect the exclusion of interest on the Bonds from gross income for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete or the Issuer or the 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 exclusion of interest on the Bonds from gross income for federal income tax purposes.

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

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

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

Owners of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance



premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the “branch profits” tax on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds.

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

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

Very truly yours,

APPENDIX H

**Term Sheet**

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

**\$19,200,000**  
**CLOSING DATE August 23, 2018**  
**Multifamily Housing Revenue Bonds**  
**(Fannie Mae MBS Collateralized**  
**Pass-Through – Riverside Townhomes), Series 2018**

**\$16,810,000**  
**CLOSING DATE August 23, 2018**  
**Multifamily Housing Revenue Bonds**  
**(Fannie Mae MBS Collateralized**  
**Pass-Through – Oaks on Lamar), Series 2018**

**FANNIE MAE MULTIFAMILY POOL NUMBER (RIVERSIDE TOWNHOMES) 387864**  
**FANNIE MAE MULTIFAMILY POOL NUMBER (OAKS ON LAMAR) 387862**

**BOND CUSIP (RIVERSIDE TOWNHOMES): 88275ADM9**  
**BOND CUSIP (Oaks on Lamar): 88275ADN7**

**POOL STATISTICS (AS OF CLOSING DATE)**

<b>TAX-EXEMPT BOND ISSUE INFORMATION</b> <i>(Information provided by Issuer for this Official Statement)</i>	
BOND ISSUER NAME	Texas Department of Housing and Community Affairs ("Issuer")
BOND SERIES	Multifamily Housing Revenue Bonds (Fannie Mae MBS Collateralized Pass-Through – Riverside Townhomes), Series 2018  Multifamily Housing Revenue Bonds (Fannie Mae MBS Collateralized Pass-Through – Oaks on Lamar), Series 2018
BOND PAR	\$19,200,000 (Riverside Townhomes) \$16,810,000 (Oaks on Lamar)
BOND DATED DATE	August 1, 2018
BOND MATURITY DATE	September 1, 2034
BOND TAX STATUS	Excludable from gross income for federal tax purposes and state tax purposes, and not an item of tax preference for Federal AMT. See "TAX MATTERS" in the Official Statement.

BOND ISSUE CUSIP	88275ADM9 (Riverside Townhomes) 88275ADN7 (Oaks on Lamar)
COLLATERAL FOR THE BOND ISSUE	Fannie Mae DUS Pass-Through Certificate (see pool info below)
BOND ISSUE CREDIT RATING	S&P "AA+"
BOND CLOSING DATE	August 23, 2018
BOND PAYMENT DATES	One business day later than payment on underlying Fannie Mae Pass-Through Certificate 1
BOND FIRST PAYMENT DATE	September 26, 2018
BOND FINAL PAYMENT DATE	The Business Day after the Pass-Through Certificate payment is received on September 25, 2034
ALL OTHER BOND ISSUE TERMS	Same as underlying Pass-Through Certificate
BOND PREPAYMENT TERMS	100% of the principal amount of the Bonds call if Pass-Through Certificate not delivered by Bond Initial Mandatory Redemption Date, as may be extended, thereafter same as underlying Pass-Through Certificate.
BOND NET PASS THROUGH RATE	3.55% (Riverside Townhomes) 3.55% (Oaks on Lamar)
BOND OFFERING PRICE	100%
BOND UNDERWRITER COMPENSATION	\$109,440.00 (Riverside Townhomes) \$95,817.00 (Oaks on Lamar)
BOND UNDERWRITER	Wells Fargo Bank, National Association
BOND INITIAL MANDATORY REDEMPTION DATE	The date on which the Bond will be redeemed at 100% of the principal amount of the Bonds plus accrued interest if the Pass-Through Certificate is not delivered to the Trustee on or prior to the Mandatory Redemption Date, as such date may be extended as set forth in the Indenture, and further at Fannie Mae's sole discretion.
BOND EXCHANGE FEATURE	After the Project has been placed in service for low income housing tax credit purposes, the Bondholder has the option, upon ten (10) Business Days' notice to the Trustee and the Issuer, of requesting that its Bonds be exchanged for a like amount of the par amount of the Pass-Through Certificate. The Issuer has the option of honoring the exchange request or instead paying the holder a cash value amount equal to the par amount outstanding of the Bonds plus a redemption premium starting at 5% par amount outstanding for the first five years after Closing declining at 1% a year thereafter plus a portion of the holder's initial premium paid (if any) which declines over time.
MANDATORY REDEMPTION DATE	October 30, 2018, or, if such day is not a Business Day, the following Business Day, which may be extended in accordance with terms of the Indenture.
BOND TRUSTEE	Wilmington Trust, National Association
BOND REMAINING TERM TO MATURITY	From the Closing Date to September 1, 2034
<b>POTENTIAL UNDERLYING FANNIE MAE POOL STATISTICS ASSUMING THE ORIGINATION OF THE ENTIRE MORTGAGE LOAN AMOUNT SUBJECT TO THE LENDER COMMITMENT AND NO WAIVER OR</b>	

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

<b>MODIFICATION OF ANY CONDITION TO THE ORIGINATION OF THE MORTGAGE LOAN IN THE LENDER COMMITMENT ON OR PRIOR TO THE TERMINATION DATE</b> <i>(Information provided by Lender for this Official Statement)</i>	
NOTE RATE	4.51% (Riverside Townhomes) 4.51% (Oaks on Lamar)
ISSUANCE PASS-THROUGH RATE	3.55% (Riverside Townhomes) 3.55% (Oaks on Lamar)
POOL ISSUANCE UPB	\$19,200,000 (Riverside Townhomes), estimated \$16,810,000 (Oaks on Lamar), estimated
MAXIMUM ISSUANCE UPB	\$19,200,000 (Riverside Townhomes) \$16,810,000 (Oaks on Lamar)
POOL MATURITY DATE	September 1, 2034
EXPECTED PASS-THROUGH CERTIFICATE DELIVERY DATE	September 20, 2018
WEIGHTED AVERAGE ORIGINAL LOAN TERM (MONTHS)	192 months
REMAINING TERM TO MATURITY (MONTHS)	192 months
NUMBER OF LOANS	2
POOL SECURITY FUNDS TRANSFER TYPE	Fed Wire
TRANSACTION TYPE	DUS
POOL FIRST PAYMENT DATE	25 <sup>th</sup> day of the month following the month in which the Pass-Through Certificate is delivered, or the following Business Day if such day is not a Business Day
POOL FINAL PAYMENT DATE	September 25, 2034, or the following Business Day if such day is not a Business Day
SECURITY TYPE	Fannie Mae Pass-Through Certificate
SELLER NAME	Wells Fargo Bank, National Association
SERVICER NAME	Wells Fargo Bank, National Association
POOL NUMBER	387864 (Riverside Townhomes) 387862 (Oaks on Lamar)
% OF INITIAL POOL BALANCE	100%
POOL PREFIX	HY (Riverside Townhomes) HY (Oaks on Lamar)
<b>POTENTIAL UNDERLYING FANNIE MAE POOL STATISTICS ASSUMING THE ORIGINATION OF THE ENTIRE MORTGAGE LOAN AMOUNT SUBJECT TO THE LENDER COMMITMENT AND NO WAIVER OR MODIFICATION OF ANY CONDITION TO THE ORIGINATION OF THE MORTGAGE LOAN IN THE LENDER COMMITMENT ON OR PRIOR TO THE TERMINATION DATE.</b> <i>(Information provided by Lender for this Official Statement)</i>	
FANNIE MAE LOAN NUMBER	TBD (Riverside Townhomes) TBD (Oaks on Lamar)
LOAN MATURITY DATE	September 1, 2034
TIER	2
TIER DROP ELIGIBLE	No
LIEN PRIORITY	First
WEIGHTED AVERAGE LTV	75.74% (Riverside Townhomes) 76.69% (Oaks on Lamar)
WEIGHTED AVERAGE ISSUANCE UW NCF DSCR(x)	1.171 (Riverside Townhomes) 1.172 (Oaks on Lamar)
BALLOON	Yes
OTHER DEBT	Yes – Issuer fee
ORIGINAL UPB	\$19,200,000 (Riverside Townhomes)

	\$16,810,000 (Oaks on Lamar)
ISSUANCE UPB	\$19,200,000 (Riverside Townhomes) \$16,810,000, (Oaks on Lamar)
ISSUANCE UPB/UNIT	\$150,000.00, (Riverside Townhomes) \$95,511.36, (Oaks on Lamar)
PREPAYMENT PREMIUM OPTION	Yield Maintenance – CMT as defined in the Fannie Mae Multifamily MBS Prospectus
PREPAYMENT PREMIUM TERM	YM (120 months); FM — 1% (60 months); 0 (12 months)
PREPAYMENT PREMIUM END DATE	August 31, 2033
FIRST LOAN PAYMENT DATE	October 1, 2018
ORIGINAL TERM (MONTHS)	192 months
WEIGHTED AVERAGE AMORTIZATION TERM (MONTHS)	35 years (420 months)
WEIGHTED AVERAGE REMAINING TERM TO MATURITY MONTHS (MONTHS)	192 months
INTEREST TYPE	Fixed
INTEREST ACCRUAL METHOD	Actual/360
INTEREST ONLY END DATE	N/A
INTEREST ONLY TERM (MONTHS)	N/A
NOTE DATE (DATE OF AMENDMENT AND RESTATEMENT)	August 23, 2018
WEIGHTED AVERAGE ACCRUING NOTE RATE (%)	4.51% (Riverside Townhomes) 4.51% (Oaks on Lamar)
LOAN PURPOSE	Acquisition/Rehabilitation
ISSUANCE NOTE RATE (%)	4.51% (Riverside Townhomes) 4.51% (Oaks on Lamar)
MONTHLY DEBT SERVICE	\$90,984.23 (Riverside Townhomes) \$79,658.59 (Oaks on Lamar)
MONTHLY DEBT SERVICE AMOUNT PARTIAL IO	N/A (Riverside Townhomes) N/A (Oaks on Lamar)
<b>MULTIFAMILY SCHEDULE OF LOAN INFORMATION</b>	
<b>COLLATERAL INFORMATION</b>	
<i>(Information provided by Lender for this Official Statement)</i>	
LOAN NUMBER	820115128 (Riverside Townhomes) 820115129 (Oaks on Lamar)
PROPERTY NAME	Riverside Townhomes Oaks on Lamar
PROPERTY STREET ADDRESS	6118 Fairway Street (Riverside Townhomes) 8071 North Lamar Boulevard (Oaks on Lamar)
PROPERTY CITY	Austin
PROPERTY STATE	Texas
PROPERTY ZIP CODE	78741 (Riverside Townhomes) 78753 (Oaks on Lamar)
PROPERTY COUNTY	Travis
MSA	Austin-Round Rock, Texas
YEAR BUILT	1970 (Riverside Townhomes) 1966 (Oaks on Lamar)
PHYSICAL OCCUPANCY	99.22% (as of 6/5/2018) (Riverside Townhomes) 89.77% (as of 6/5/2018) (Oaks on Lamar)
UNDERWRITTEN ECONOMIC OCCUPANCY	95.00% (Riverside Townhomes) 95.00% (Oaks on Lamar)
MAXIMUM PASS-THROUGH RATE	3.55% (Riverside Townhomes)

	3.55% (Oaks on Lamar)
MINIMUM PASS-THROUGH RATE	3.55% (Riverside Townhomes) 3.55% (Oaks on Lamar)
REMAINING AMORTIZATION TERM	420 months
ISSUANCE LTV	75.74% (Riverside Townhomes) 76.69% (Oaks on Lamar)
ALL-IN ISSUANCE LTV	75.7% (Riverside Townhomes) 76.7% (Oaks on Lamar)
UNDERWRITTEN EFFECTIVE GROSS INCOME	\$2,415,752 (Riverside Townhomes) \$2,237,810 (Oaks on Lamar)
UNDERWRITTEN TOTAL OPERATING EXPENSES	\$1,120,085 (Riverside Townhomes) \$1,103,022 (Oaks on Lamar)
UNDERWRITTEN REPLACEMENT RESERVES	\$300 per unit per year (Riverside Townhomes) \$300 per unit per year (Oaks on Lamar)
UW NCF (\$)	\$1,295,667 (Riverside Townhomes) \$1,134,788 (Oaks on Lamar)
CROSS-COLLATERALIZED (Y/N)	N
CROSS-DEFAULTED (Y/N)	N
GENERAL PROPERTY TYPE	Multifamily
SPECIFIC PROPERTY TYPE	Multifamily
LAND OWNERSHIP RIGHTS	Ground lease
PROPERTY VALUE	\$25,350,000 (as of 5/8/2018) (Riverside Townhomes) \$21,920,000 (as of 5/8/2018) (Oaks on Lamar)
SEISMIC RISK	The Project does not meet any Fannie Mae tests that require any mitigants for seismic risk.
TERRORISM INSURANCE COVERAGE (Y/N)	Y
TOTAL NUMBER OF UNITS	128 (Riverside Townhomes) 176 (Oaks on Lamar)
AFFORDABLE HOUSING TYPE	Low Income Housing Tax Credit ("LIHTC") (128 units), expected (Riverside Townhomes) LIHTC (176 units), expected (Oaks on Lamar)
TAXES CURRENTLY ESCROWED	Yes
PROPERTY OWNER	THF Riverside Townhomes, LP (Riverside Townhomes) THF Oaks on Lamar, LP (Oaks on Lamar)
SPONSOR	The Related Companies, L.P.
PROPERTY MANAGER	Related Management Company, LP
PROPERTY MANAGER EXPERIENCE	The Property Manager presently manages approximately 17,800 affordable housing units in 16 states. The Property Manager has 16 years of experience managing affordable housing supported by various federal, state and local subsidies including HUD, tax-exempt obligations and federal low-income housing tax credits.
UNIT OF MEASURE	Units
<b>MULTIFAMILY SCHEDULE OF LOAN INFORMATION</b>	
<b>CRA INFORMATION</b>	
<i>(Information provided by Borrower for this Official Statement)</i>	
UNITS AT OR BELOW 60% OF MEDIAN INCOME	100% (128 units) (Riverside Townhomes), expected 100% (176 units) (Oaks on Lamar), expected
UNITS WITH INCOME OR RENT RESTRICTION %	100% (128 units) (Riverside Townhomes) 100% (176 units) (Oaks on Lamar)
AGE RESTRICTED INDICATOR	No

TAX ABATEMENT	Yes
TAX CREDIT INVESTOR	Wells Fargo Affordable Housing Community Development Corporation
REGULATORY AGREEMENTS OVERSEER	Texas Department of Housing and Community Affairs; Austin Housing Finance Corporation; HUD
REGULATORY AGREEMENT SET-ASIDES	<p>LIHTC – 100% of units are expected to be rented to tenants whose income is at or below 60% of AMI for an initial 15-year compliance period.</p> <p>Under the Regulatory Agreements the Borrowers are required to rent at least 40% of the apartment units in each Project to certain qualified tenants whose income does not exceed 60% of the area AMI where the Project is located.</p>
LIHTC LOW INCOME HOUSING TAX CREDIT ELIGIBILITY	The Project has applied for and received 4% LIHTC in the State of Texas, which requires a certain amount of rehabilitation and limits the income of the tenants to families making 60% or less of AMI. The project must have tax-exempt financing for over 50% of project cost in order to be eligible to receive LIHTC calculated on 100% of the eligible basis of the project.