

BOARD ACTION REQUEST

BOND FINANCE DIVISION

JUNE 28, 2018

Presentation, discussion, and possible action on Resolution No. 18-023 authorizing the issuance and delivery of Texas Department of Housing and Community Affairs Series 2018 Issuer Note; approving the form and substance of related documents; authorizing the execution of documents and instruments necessary or convenient to carry out the purposes of this Resolution; and containing other provisions relating to the subject.

RECOMMENDED ACTION

Adopt attached resolution.

BACKGROUND

The Texas Department of Housing and Community Affairs (the "Department") provides down payment and closing cost assistance ("DPA") for mortgage loans originated through the Department's single family mortgage loan program. DPA loans are 30-year, 0% interest, non-amortizing second mortgages that are due on sale or refinance. The Department funds approximately \$35 million in DPA second mortgage loans annually. Because DPA is repaid at sale or refinance, the ability to recycle funds used for DPA is, in the short run, limited. As such, the Department regularly analyzes available DPA funding sources in order to continue to make DPA available through the Department's single family mortgage loan programs.

On September 28, 2016, the Department closed on its Series 2016 Issuer Note with Woodforest National Bank ("Woodforest"), which provided \$10,000,000 for DPA second mortgage loans. Proceeds of the Series 2016 Issuer Note were fully committed in less than six months.

Staff and the Department's financial advisor have been working with Woodforest to generate additional funds for DPA second mortgage loans. Woodforest has syndicated participations for the Series 2018 Issuer Note. The participating banks are Woodforest for \$7,500,000, Tolleson Private Bank for \$2,500,000, and Hancock Whitney Bank for \$2,000,000, providing a total of \$12,000,000 for DPA second mortgage loans.

The loans will be structured as notes, issued pursuant to loan agreements between the Department and each participating bank. Below is a summary of the primary terms of the notes:

Total Loan Amount: \$12,000,000

Loan/Note Rate: 3.5% per annum

Loan/Note Term: Seven (7) years

Payment Terms: Current interest, paid quarterly; all principal due at maturity

Collateral: Subordinate lien interest in the Single Family Mortgage Revenue Bond Trust Indenture

Prepayment: The Department has the right to prepay the outstanding principal balance of the loan/note in full or in part without penalty at any time

The Department will repay the loan/note with funds available from the operation of its single family programs, including surplus revenues released from any of the Department's three single family indentures (RMRB, Single Family, and Collateralized Home Mortgage Revenue Bonds), and/or other available funds.

The costs associated with the issuance of the 2018 Issuer Note are not expected to exceed \$200,000 and will be paid from funds available in the TMP General Fund, the Bond Programs COI account, or other single-family related funds available for such purpose.

Staff recommends approval of Resolution 18-023.

RESOLUTION NO. 18-023

RESOLUTION AUTHORIZING THE ISSUANCE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS SERIES 2018 ISSUER NOTES; APPROVING THE FORM AND SUBSTANCE OF RELATED DOCUMENTS; AUTHORIZING THE EXECUTION OF DOCUMENTS AND INSTRUMENTS NECESSARY OR CONVENIENT TO CARRY OUT THE PURPOSES OF THIS RESOLUTION; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

WHEREAS, the Act authorizes the Department to issue revenue bonds, including notes, to provide money to make and acquire mortgage loans or participations therein; and

WHEREAS, the Board has determined to authorize the issuance of the Department's Series 2018 Issuer Notes (the "Issuer Notes") pursuant to a Loan Agreement (the "Loan Agreement") between the Department and Woodforest National Bank ("Woodforest"), Tolleson Private Bank and Hancock Whitney Bank (collectively, the "Banks"), for the purpose of providing funds to make and acquire second lien mortgage loans to qualifying borrowers in the Department's single family mortgage purchase program in order to provide down payment assistance to such borrowers; and

WHEREAS, the Board desires to authorize the execution and delivery of the Loan Agreement in substantially the form attached hereto; and

WHEREAS, the Board desires to authorize the execution and delivery of the Paying Agent/Registrar Agreement (the "Paying Agent/Registrar Agreement") with Woodforest, as paying agent/registrar, in substantially the form attached as an exhibit to the Loan Agreement; and

WHEREAS, the Board desires to authorize the execution and delivery of a fee letter (the "Fee Letter") with Woodforest in substantially the form attached hereto; and

WHEREAS, the Board desires to authorize the use of up to \$200,000 of Department funds to pay costs of issuance of the Issuer Notes; and

WHEREAS, the Board desires to approve the forms of the Loan Agreement, the Paying Agent/Registrar Agreement and the Fee Letter in order to find the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined to further its programs in accordance with such documents by authorizing the issuance of the Issuer Notes, the execution and delivery of such documents and the taking of such other actions as may be necessary or convenient to carry out the purposes of this Resolution;

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

ARTICLE 1  
ISSUANCE OF ISSUER NOTES; APPROVAL OF DOCUMENTS

Section 1.1 Issuance, Execution and Delivery of the Issuer Notes. The issuance of the Issuer Notes is hereby authorized, all under and in accordance with the Loan Agreement, and that, upon execution and delivery of the Loan Agreement, the Authorized Representatives are each hereby authorized to execute, attest and affix the Department's seal to the Issuer Notes and to deliver the Issuer Notes to the Attorney General of Texas (the "Attorney General") for approval and the Comptroller of Public Accounts of the State of Texas (the "Comptroller") for registration, and thereafter to deliver the Issuer Notes to the Banks.

Section 1.2 Approval, Execution and Delivery of the Loan Agreement. The form and substance of the Loan Agreement are hereby approved and the Authorized Representatives are each hereby authorized to execute the Loan Agreement, and to deliver the Loan Agreement to the Banks.

Section 1.3 Approval, Execution and Delivery of the Paying Agent/Registrar Agreement. The form and substance of the Paying Agent/Registrar Agreement are hereby approved and the Authorized Representatives are each hereby authorized to execute the Paying Agent/Registrar Agreement, and to deliver the Paying Agent/Registrar Agreement to Woodforest.

Section 1.4 Approval, Execution and Delivery of the Fee Letter. The form and substance of the Fee Letter are hereby approved and the Authorized Representatives are each hereby authorized to execute the Fee Letter, and to deliver the Fee letter to Woodforest.

Section 1.5 Execution and Delivery of Other Documents. The Authorized Representatives are each hereby authorized to execute, attest, affix the Department's seal to and deliver such other agreements, advance commitment agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution and the Loan Agreement.

Section 1.6 Power to Revise Form of Documents. Notwithstanding any other provision of this Resolution, the Authorized Representatives are each hereby authorized to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such Authorized Representative, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the Authorized Representatives.

Section 1.7 Exhibit Incorporated Herein. All of the terms and provisions of the documents listed below as exhibits shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

- Exhibit A     –     Loan Agreement
- Exhibit B     –     Fee Letter

Section 1.8 Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Deputy Executive Directors of the Department, the Director of Administration of the Department, the Director of Bond Finance and Chief Investment Officer of the Department, the Director of Texas Homeownership Program of the Department, the Director of Multifamily Finance of the Department and the Secretary or any Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

Section 1.9 Costs of Issuance. The use of Department funds in an amount not to exceed \$200,000 to pay costs of issuance of the Issuer Notes is hereby authorized and approved.

## ARTICLE 2 APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1 Submission to the Attorney General of Texas. The Board hereby approves the submission by the Department's Bond Counsel to the Attorney General of Texas, for his approval, of a transcript of the legal proceedings relating to the issuance, sale and delivery of the Issuer Notes.

Section 2.2 Certification of the Minutes and Records. The Secretary and any Assistant Secretary to the Board are hereby authorized to certify and authenticate minutes and other records on behalf of the Department for the issuance of the Issuer Notes and all other Department activities.

Section 2.3 Ratifying Other Actions. That all other actions taken or to be taken by the Executive Director and the Department's staff in connection with the issuance of the Issuer Notes are hereby ratified and confirmed.

## ARTICLE 3 GENERAL PROVISIONS

Section 3.1 Limited Obligation. The Issuer Notes and the interest thereon shall be a limited obligation of the Department payable solely from the amounts pledged under the Loan Agreement to secure payment of the Issuer Notes, and under no circumstances shall the Issuer Notes be payable from any other revenues, funds, assets or income of the Department.

Section 3.2 Non-Governmental Obligations. The Issuer Notes shall not be and does not create or constitute in any way an obligation, a debt or a liability of the State of Texas or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State of Texas.

Section 3.3 Purposes of Resolution. The Board has expressly determined and hereby confirms that the issuance of the Issuer Notes and the furtherance of the purposes contemplated by this Resolution accomplish a valid public purpose of the Department by providing for the housing needs of individuals and families of low, very low and extremely low income and families of moderate income in the State of Texas.

Section 3.4 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with § 2306.032 of the Texas Government Code, regarding meetings of the Board.

Section 3.5 Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

[Execution page follows]

PASSED AND APPROVED this 28th day of June, 2018.

\_\_\_\_\_  
Chair, Governing Board

ATTEST:

\_\_\_\_\_  
Secretary to the Governing Board

(SEAL)

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LOAN AGREEMENT

between

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,

and

WOODFOREST NATIONAL BANK,  
TOLLESON PRIVATE BANK, AND  
HANCOCK WHITNEY BANK  
The Banks from time to time and Party hereto

Dated as of

August 8, 2018

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## LOAN AGREEMENT

This LOAN AGREEMENT (this "Agreement") dated as of August 8, 2018, is between TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (the "Issuer"), a public and official agency of the State of Texas, and WOODFOREST NATIONAL BANK, a national banking association ("Woodforest"), TOLLESON PRIVATE BANK, a Texas banking corporation ("Tolleson"), and HANCOCK WHITNEY BANK, a Mississippi state chartered bank duly organized and existing under the laws of the United States of America and authorized to transact business in the State of Texas ("Hancock", and collectively with Woodforest and Tolleson, the "Banks" or, each individually, a "Bank"), acting through Woodforest, the authorized representative of the Banks (the "Authorized Representative").

### WITNESSETH

WHEREAS, the Issuer has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended (the "Act"); and

WHEREAS, the Issuer is authorized: (a) to make loans to individuals and families of low, very low, and extremely low income and families of moderate income to provide financing for the acquisition or construction of single family residential homesteads, including down payment assistance loans (the "DPA Loans"), located within the State of Texas; (b) to issue revenue bonds, including notes, for the purpose of obtaining moneys to make such loans and provide such financing; and (c) to pledge all or any part of the revenues, receipts or resources of the Issuer, and to mortgage, pledge or grant security interests in property of the Issuer in order to secure the payment of the principal of and interest on such indebtedness of the Issuer; and

WHEREAS, pursuant to the terms of this Agreement, (i) the Banks will make their respective Issuer Loan (as herein defined) to the Issuer, and (ii) the Issuer will apply the proceeds of such Issuer Loan to make DPA Loans to qualified borrowers under the Issuer's single family mortgage purchase program to provide funds to be used for a down payment assistance program in connection with the acquisition or construction of single family residential homestead properties to be located in the State of Texas, with an emphasis on making DPA Loans to individuals acquiring or constructing homestead properties in Harris County, Texas, Montgomery County, Texas and the Banks' Community Reinvestment Act Assessment Areas (collectively, the "CRA Assessment Areas") (see Exhibit C attached hereto);

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration and the mutual benefits, covenants and agreements set forth below, the parties agree as follows:

## ARTICLE I

### DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.01 Definitions. In addition to the words and terms defined elsewhere herein, the following capitalized words and terms are defined terms under this Agreement. When used herein, such words and terms shall have the meanings given to them by the language employed in this Article I defining such words and terms, unless the context clearly indicates otherwise. References to any party herein include such party and its permitted successors and assigns. Reference to any document or agreement means that document or agreement as amended or supplemented from time to time in accordance with this Agreement or such other document or agreement.

"Agreement" means this Loan Agreement, as amended from time to time.

"Applicable Rate" means 3.5% per annum.

"Asset Test" means the Total Parity Assets of the Trust Estate divided by the sum of (i) the Total Parity Liabilities of the Trust Estate and (ii) \$4,000,000.

"Authorized Amount" means the aggregate Principal Amount, not to exceed \$12,000,000.

"Business Day" means a day, other than a Saturday, Sunday, or legal holiday or the equivalent (other than a moratorium), on which the Bank is open for business.

"Closing Date" means August 8, 2018.

"Community Reinvestment Act Assessment Areas" means those areas the Banks are obligated under the Community Reinvestment Act ("CRA") to help meet the credit needs of the communities they serve, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the institution. The Office of the Comptroller of Currency ("OCC") assesses each Bank's performance in meeting the CRA. To facilitate CRA examinations, the "Regulation" (Regulation BB, 12 C.F.R. part 228) requires that depository institutions delineate a geographic assessment area(s) ("Assessment Areas"). This generally refers to the geographies in which a bank has its main office, its branches, and its deposit-taking automated teller machines (ATMs), as well as the surrounding geographies in which a bank has originated or purchased a substantial portion of its loans. The Banks closely monitor changes in Assessment Areas. Exhibit C highlights each Bank's delineated Assessment Areas in the State as of the effective date of this Agreement. Consistent with the Regulation each Bank may revise its respective Assessment Areas from time to time.

"Default" means any condition or event which, with the giving of notice and/or lapse of time, would (unless cured or waived) constitute an Event of Default.

"Default Rate" means the Applicable Rate plus 5% per annum.

"Event of Default" means those conditions or events listed in Article IV of this Agreement, unless waived in writing by the Authorized Representative.

"Interest Payment Date" means the first day of each calendar year quarter (being January, April, July, and October of each calendar year), commencing January 1, 2019.

"Issuer Documents" means, collectively, this Agreement, the Issuer Resolution, the Paying Agent/Registrar Agreement, and the Issuer Notes.

"Issuer Loans" means, collectively, the loan of each Bank, each in its respective Principal Amount, made payable under the terms provided in Article II hereof.

"Issuer Loan Payments" means the payments required by Section 2.03 to be made by the Issuer in payment of the principal of and interest on each Issuer Loan.

"Issuer Notes" means, collectively, each note delivered to the order of each Bank by the Issuer to evidence such Issuer Loan, substantially in the form attached hereto as Exhibit A and all extensions, renewals, and replacements thereof.

“Issuer Resolution” means the resolution of the Governing Board of the Issuer authorizing the execution and delivery of this Agreement and addressing other matters related thereto, and any amendments or supplements thereto.

“Junior Lien Bonds” means any currently outstanding or hereafter issued bonds secured by and payable from a junior and subordinate lien on the Trust Estate.

“Letter of Instruction” means the letter of instructions of the Issuer delivered to the Trustee, a copy of which is attached hereto as Exhibit B.

“Maturity Date” means August 8, 2025.

“Minimum Parity Level” means 105% assets to liabilities as determined by the Asset Test.

“Patriot Act” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub. L. 107 56 (signed into law October 26, 2001).

“Paying Agent/Registrar” means Woodforest or any successor Paying Agent/Registrar that has entered into a Paying Agent/Registrar agreement with the Issuer to act as Paying Agent/Registrar hereunder.

“Person” means any individual, a corporation, a partnership, an association, a limited liability company, a trust or any other entity or organization, including a government or political subdivision or any agency or instrumentality thereof.

“Principal Amount” means the principal amount of the respective Issuer Loan representing each Bank’s financial commitment to this Agreement, in a cumulative amount up to and not to exceed the Authorized Amount, as follows:

- (a) Woodforest: \$7,500,000;
- (b) Tolleson: \$2,500,000; and
- (c) Hancock: \$2,000,000.

“Senior Lien Bonds” means any currently outstanding or hereafter issued bonds secured by and payable from a first and prior lien on the Trust Estate.

“State” means the State of Texas.

“Swap Agreements” means interest rate management agreements relating to certain currently outstanding obligations of the Issuer, including the following:

Series	Counterparty	Effective Date	Maturity Date	Original Notional Amount	Bonds Outstanding 5/31/2018	Swap Outstanding 5/31/2018
2004B	BNY Mellon	3/1/2014	9/1/2034	\$40,000,000	\$23,035,000	\$23,035,000
2004D	Goldman Sachs	1/1/2005	3/1/2035	35,000,000	15,765,000	15,765,000
2005A	JP Morgan	8/1/2005	9/1/2036	100,000,000	22,060,000	22,060,000
2007A	JP Morgan	6/5/2007	9/1/2038	143,005,000	24,750,000	24,750,000

"Total Parity Assets" means the aggregate of (i) the outstanding principal balance of all Mortgage Loans (as defined in the Trust Indenture) and (ii) the moneys and Investment Securities (as defined in the Trust Indenture) (including mortgage-backed securities) in all funds and accounts (other than amounts designated for payment of costs of issuance and amounts estimated to pay Issuer expenses) held in the Trust Estate. For purposes of this calculation, Investment Securities shall be valued at par.

"Total Parity Liabilities" means collectively, the Senior Lien Bonds and the Junior Lien Bonds.

"Trust Estate" means the Trust Estate held pursuant to the terms of the Trust Indenture.

"Trust Indenture" means the Amended and Restated Single Family Mortgage Revenue Bond Trust Indenture, dated June 1, 2017, between the Issuer and the Trustee, as amended and supplemented from time to time, attached hereto as Exhibit E.

"Trustee" means The Bank of New York Mellon Trust Company, N.A. or any replacement trustee as designated pursuant to the terms of the Trust Indenture.

Section 1.02 Interpretative Matters.(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "hereto," "herein," "hereof" and "hereunder," and words of similar import when used in this Agreement shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (iv) all references herein to Articles, Sections and Exhibits and Schedules shall be construed to refer to Articles and Sections hereof, and Exhibits and Schedules hereto, and (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time.

(b) Article and section headings herein are included for convenience of reference only and shall not affect the interpretation of this Agreement.

## ARTICLE II

### THE ISSUER LOANS; REPAYMENT OF THE ISSUER LOANS

Section 2.01 Financing the Issuer Loans.Subject to the terms and conditions set forth in this Agreement, including without limitation the conditions set forth in Section 2.02, and for and in consideration of the payment by the Issuer of its obligations under this Agreement and the covenants and agreements herein contained, each Bank agrees to make their respective Issuer Loan to the Issuer in their respective Principal Amount.

Section 2.02 Conditions to Closing of the Issuer Loans.The obligation of each Bank to make their respective Issuer Loan to the Issuer pursuant to Section 2.01 hereof shall be subject to receipt by the Authorized Representative on or prior to the Closing Date of each of the following in form and substance reasonably satisfactory to the Authorized Representative:

- (a) a certified copy of the Issuer Resolution;
  - (b) a General and No-Litigation Certificate of the Issuer;
  - (c) an executed copy of the Letter of Instruction;
  - (d) an opinion of the Attorney General of the State approving the Issuer Notes; and
  - (e) the Issuer Notes registered by the Comptroller of Public Accounts of the State;
- and
- (f) an opinion of counsel to the Issuer.

Section 2.03 Issuer Loans.(a) Each Issuer Loan shall be evidenced by a respective Issuer Note, which shall be dated the Closing Date. Interest shall accrue on the unpaid Principal Amount of the respective Issuer Loan from the Closing Date, or from the most recent Interest Payment Date to which interest has been paid, at the Applicable Rate and shall be due and payable on each Interest Payment Date.

(b) If the specified date for any payment hereon is not a Business Day, then such payment shall be made on the next succeeding day which is a Business Day without additional interest and with the same force and effect as if made on the specified date for such payment.

(c) Interest shall be calculated on the basis of a year of 365/366 days, as applicable, for the actual number of days elapsed, and shall not compound at any time.

(d) Each Issuer Loan shall mature on the Maturity Date, and any unpaid amounts of principal or accrued interest shall become due and payable on such date.

(e) Any payment made in an amount less than the full amount then due and payable shall be deemed to constitute a payment of interest to the extent of all accrued interest then due and payable and the remainder of such payment, if any, shall be applied to the reduction of the outstanding principal amount of the respective Issuer Loan.

(f) In the event the Issuer shall fail to make, when due, any of the Issuer Loan Payments required in this Section 2.03, the payment so in default shall bear interest at the Default Rate and continue at such rate until the amount in default shall have been fully paid.

(g) The Issuer will duly and punctually pay the principal and interest on each Issuer Loan in accordance with the terms of this Agreement; provided, however, that the Issuer Loans and the other obligations of the Issuer provided for herein shall be secured by and payable solely from a lien on and pledge of a subordinate lien on the Trust Estate, as defined and held pursuant to the terms of the Trust Indenture, with such lien being subordinate to the Senior Lien Bonds, the Junior Lien Bonds, the obligations of the Issuer to make payments to the swap providers under the Swap Agreements, and any proceeds derived from enforcement of the remedies provided under this Agreement.

Section 2.04 Paying Agent/Registrar. The principal of, premium, if any, and interest on the Issuer Loans, due and payable by reason of the Maturity Date, redemption, the occurrence of an Interest Payment Date, or otherwise, shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and such payment of

principal of and interest on the Issuer Loans shall be without exchange or collection charges to the holder of the Issuer Notes.

The selection and appointment of Woodforest National Bank, Woodlands, Texas, to serve as the initial Paying Agent/Registrar for the Issuer Notes is hereby approved and confirmed. The form and terms of the Paying Agent/Registrar Agreement attached hereto as Exhibit D are hereby approved, and appropriate officers of the Issuer are authorized to execute and deliver an agreement with the Paying Agent/Registrar substantially in such form and to such effect in the name of the Issuer.

Principal of and premium, if any, on the Issuer Loans shall be payable only upon presentation and surrender of the Issuer Loans to the Paying Agent/Registrar at its corporate trust office.

Section 2.05 Issuer Loan Payments.All respective Issuer Loan Payments shall be paid and delivered to the Paying Agent/Registrar at its designated address. The Paying Agent/Registrar shall coordinate the payment of the proceeds of the Issuer Loan Payments received to the Banks in accordance with the provisions of the Paying Agent/Registrar Agreement.

Section 2.06 [Reserved.]

Section 2.07 Prepayment of Issuer Loan.The Issuer shall have the right to prepay the outstanding balance of principal on each Issuer Loan, in whole or in part, from time to time on any Business Day. When the Issuer makes a prepayment, the Issuer will notify the Paying Agent/Registrar in writing, in accordance with Section 2.07(b) herein, that the Issuer is doing so. Unless otherwise agreed by the Paying Agent/Registrar in writing, all prepayments shall be applied first to unpaid accrued interest on the Principal Amount specified and the balance to the Principal Amount. The Paying Agent/Registrar shall apply any prepayment received against the Issuer Loans in proportion to their respective Principal Amounts.

(b) The Issuer shall provide the Paying Agent/Registrar with written notice at least three (3) Business Days' prior to any prepayment of the applicable Issuer Loan.

Section 2.08 Limitation on Interest.All agreements contained herein and in the Issuer Notes and all other agreements between the Issuer and the Banks, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of demand, prepayment, or otherwise, shall the interest contracted for, charged, received, paid or agreed to be paid to the applicable Bank on the applicable Issuer Loan, exceed the maximum permissible by applicable law. If, from any circumstances whatsoever, interest on the applicable Issuer Loan would otherwise be payable to the applicable Bank in excess of the maximum lawful amount, then the interest payable to the applicable Bank shall be reduced to the maximum amount permitted under applicable law; and if from any circumstances the applicable Bank shall ever receive anything of value deemed interest by applicable law in excess of the maximum lawful amount, an amount equal to any excessive interest shall be applied to the reduction of the principal of the applicable Issuer Loan and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal of the applicable Issuer Loan, such excess shall be refunded to the Issuer. All interest paid or agreed to be paid on the applicable Issuer Loan to the applicable Bank shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full period of the applicable Issuer Loan until payment in full of the principal so that the interest on the applicable Issuer Loan for such full period shall not exceed the maximum amount permitted by applicable law. This paragraph shall control all agreements between the Issuer and the Banks.

Section 2.09 Payment of Issuer Loan; Limited Obligation.

(a) The obligation of the Issuer to make the payments required by Section 2.03, but only from the sources specified herein, shall be absolute and unconditional. The Issuer shall pay such amounts without abatement, diminution or deduction (whether taxes or otherwise) regardless of any cause or circumstances whatsoever including, without limitation, any defense, set-off, recoupment or counterclaim that the Issuer may have or assert against the Banks or any other Person. The Issuer Loans shall never be payable out of any other funds of the Issuer except as described in Section 2.10(a) hereof.

(b) THE PRINCIPAL OF AND INTEREST ON THE ISSUER NOTES ARE LIMITED OBLIGATIONS OF THE ISSUER AND ARE PAYABLE ONLY FROM REVENUES OR FUNDS OF THE ISSUER PLEDGED HEREUNDER. THE ISSUER NOTES ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH OR CREDIT OR TAXING POWER OF THE STATE OF TEXAS. THE ISSUER HAS NO TAXING POWER.

(c) Until such time as the Issuer Loans are fully paid, the Issuer:

(i) will not suspend or discontinue any Issuer Loan Payment;

(ii) will perform and observe all of its other agreements contained in this Agreement;  
and

(iii) except by full payment and retirement of the Issuer Loans, will not terminate this Agreement for any cause.

Section 2.10 Security: Agreement as Security Agreement.

(a) As security for the repayment of the Issuer Loans, the Issuer hereby assigns to the Banks, and grants to the Banks a security interest in and a lien on and pledge of the Trust Estate, subordinate in all respects to the lien of the Senior Lien Bonds thereon. An executed copy of this Agreement shall constitute a security agreement pursuant to applicable law, with the Banks as the secured party. The lien, pledge, and security interest in favor of the Banks created in this Agreement shall become effective immediately upon the Closing Date, and the same shall be continuously effective for so long as any portion of the Issuer Loans remains unpaid.

(b) If any applicable law, in the opinion of counsel to the Issuer or in the opinion, reasonably exercised, of counsel to the Authorized Representative, requires any filing or other action additional to the filing pursuant to this Section in order to preserve the priority of the lien, pledge, and security interest of the Banks created by this Agreement, the Issuer shall diligently make such filing or take such other action to the extent required by law to accomplish such result.

Section 2.11 Registration, Transfer, Numbering and Execution of Issuer Notes.

(a) Each Bank is the initial holder of its respective Issuer Note and shall remain the sole holder of its respective Issuer Note except as transferred as provided herein.

(b) The Issuer shall provide for the registration of each Issuer Note and the registration of transfers thereof pursuant to Chapter 1203 of the Texas Government Code. In that regard, the Paying Agent/Registrar of the respective Issuer Note shall maintain a register, which shall contain a record of every Issuer Note at any time authenticated hereunder, together with the names and addresses of the holders thereof, the date of authentication, the date of transfer or payment, and such other matters as may be deemed

appropriate by the Paying Agent/Registrar. The Issuer, the Paying Agent/Registrar and any agent of the Issuer or the Paying Agent/Registrar may treat the Person in whose name each Issuer Note is registered as the owner of each Issuer Note for the purpose of receiving payment of the Issuer Notes and for all other purposes whatsoever whether or not the Issuer Note payments are overdue, and, to the extent permitted by law, neither the Issuer, the Paying Agent/Registrar nor any such agent shall be affected by notice to the contrary.

(c) The transfer of each Issuer Note is subject to registration by the holder thereof only upon compliance with the conditions for registration of transfer imposed on the holder under this Section 2.11 and under Section 2.12(b) hereof. Upon surrender of an Issuer Note at the designated office of the Paying Agent/Registrar, the Issuer shall execute (if necessary), and the Paying Agent/Registrar shall authenticate and deliver, in the name of the designated transferee or transferees (but not registered in blank or to "bearer" or a similar designation), a new Issuer Note of a like principal amount, and having the same stated maturity, tenor and interest rate.

(d) An Issuer Note delivered in exchange for or upon transfer of another Issuer Note shall be a valid limited obligation of the Issuer evidencing the same debt, and entitled to the same benefits under this Agreement, as the Issuer Note surrendered for such exchange or transfer.

(e) Registration of the transfer of the Issuer Note may be made on the Paying Agent/Registrar's register by the holder thereof in person or by such holder's attorney duly authorized in writing. The Issuer Note presented or surrendered for registration of transfer or exchange shall (i) be accompanied by evidence of compliance with the provisions of Section 2.12(b) hereof, (ii) be duly endorsed or be accompanied by a written instrument or instruments of transfer, in a form satisfactory to the Paying Agent/Registrar, duly executed and with guaranty of signature of the holder thereof or his, her or its attorney duly authorized in writing and (iii) include written instructions as to the details of the transfer of the Issuer Note.

(f) No service charge shall be made to the registered holder of the Issuer Note for any registration, transfer or exchange, but the Paying Agent/Registrar and the Issuer may require payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in connection with any transfer or exchange of the Issuer Note, and any legal or unusual costs of transfers.

(g) Each Issuer Note shall be numbered consecutively from 1 upward by the Paying Agent/Registrar, and no two Issuer Notes shall be given the same number.

(h) Each Issuer Note shall be executed by and on behalf of the Issuer with the manual or facsimile signatures of the Chair of the Issuer and the Secretary of the Issuer, and the manual or facsimile seal of the Issuer shall be placed thereon. The facsimile signatures of the Chair and Secretary of the Issuer and the facsimile seal of the Issuer shall have the same effect as if each Issuer Note had been manually signed by such officers and said seal had been manually impressed on each such Issuer Note. An Issuer Note bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Board shall bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of any such Issuer Note or did not hold such offices at the date of such Issuer Note.

#### Section 2.12 Participations; Sale and Assignment.

(a) Each Bank shall have the right to sell participation interests in its respective Issuer Note, provided that the purchaser of any such participation interest shall have no individual or direct rights hereunder or against the Issuer.

(b) Each Issuer Note may be transferred (i) in whole or in part, but in no case shall the Principal Amount of the Issuer Note transferred be less than \$2,000,000, with the prior written consent of the Issuer (which consent shall not be unreasonably withheld) or (ii) in connection with an assignment of this Agreement by the Banks pursuant to Section 9.03 hereof. Any written objection to the transfer by the Issuer must be received within ten (10) business days of the applicable Bank's notice of transfer of its Issuer Note, or a portion thereof. Each assignment pursuant to the applicable provisions of this Agreement shall be evidenced in writing between the Issuer, the transferring Bank, and the transferee bank, including the assignment and the assumption of the terms, conditions, and responsibilities of this Agreement to the transferee bank, including, if applicable, the transferee bank's assumption of the role as Authorized Representative and Paying Agent/Registrar, and the payment any of reasonable and appropriate fees by the transferring Bank to document the transfer thereof.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES

Section 3.01 Representations and Warranties of the Banks.The following representations and warranties are made to the Issuer as of the Closing Date:

(a) Woodforest represents that it has been duly authorized to execute this Agreement and has been duly authorized to act hereunder as the Authorized Representative. All actions which may be taken hereunder by the Banks may be taken by the Authorized Representative alone.

(b) Woodforest is a national banking association duly organized and existing under the laws of the United States, and has all necessary power and authority to enter into and perform this Agreement.

(c) Tolleson is a Texas banking corporation and has all necessary power and authority to perform this Agreement.

(d) Hancock is a Mississippi state chartered bank duly organized and existing under the laws of the United States of America and authorized to transact business in the State of Texas, and has all necessary power and authority to perform under this Agreement.

(e) Each Bank has taken all actions required to authorize and execute this Agreement and to perform their obligations hereunder and the execution, delivery and performance by the Banks of and compliance with the provisions of this Agreement will not conflict with any existing law, regulation, rule, decree or order or any agreement or other instrument by which the Banks are bound.

(f) This Agreement has been duly authorized and executed by the Banks, and is a legally, valid and binding obligation of the Banks enforceable against the Banks in accordance with its terms.

(g) In addition, as applicable, the Banks have delivered the Certificate of Interested Parties Form 1295 (Form 1295) and certification of filing generated by the Texas Ethics Commission's electronic portal, signed by an authorized agent, prior to the execution of this Agreement by the Issuer and the Banks. The Banks and the Issuer understand that neither the Issuer nor its consultants have the ability to verify the information included in Form 1295, and neither the Issuer nor its consultants have an obligation, nor have undertaken any responsibility, for advising the Banks with respect to the proper completion of Form 1295 other than, with respect to the Issuer, providing the identification numbers required for the completion of Form 1295.

(h) To the extent this Agreement is a contract for goods or services within the meaning of Section 2270.002 of the Texas Government Code, the each Bank hereby verifies that it is a company which does not boycott Israel and will not boycott Israel through the term of this Agreement. The foregoing verification is made solely to comply with Section 2270.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, "company" and "boycott Israel" have the meanings ascribed to such terms by Chapter 808 of the Texas Government Code.

(i) Pursuant to Subchapter F, Chapter 2252, Texas Government Code, to the extent applicable to this Agreement, each Bank represents that it is not a company (as defined in Section 2270.0001(2), Texas Government Code) which is on a list prepared and maintained by the Comptroller of Public Accounts of the State under Sections 2270.0201 or 2252.153, Texas Government Code. The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such section does not contravene applicable Federal law and excludes the Banks and each of its affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

Section 3.02 Representations and Warranties of the Issuer.The Issuer makes the following representations and warranties to the Banks as of the Closing Date:

(a) The Issuer is a public and official agency of the State.

(b) The Issuer has all requisite power, authority and legal right to execute and deliver the Issuer Documents and all other instruments and documents to be executed and delivered by the Issuer pursuant thereto, to perform and observe the provisions thereof and to carry out the transactions contemplated by the Issuer Documents. All action on the part of the Issuer which is required for the execution, delivery, performance and observance by the Issuer of the Issuer Documents has been duly authorized and effectively taken, and such execution, delivery, performance and observation by the Issuer do not contravene applicable law or any contractual restriction binding on or affecting the Issuer.

(c) The Issuer has duly approved the borrowing of funds from the Banks; no other authorization or approval or other action by, and no notice to or filing with any governmental authority or regulatory body which has not been obtained or made is required as a condition to the performance by the Issuer of its obligations under any of the Issuer Documents.

(d) This Agreement has been duly authorized and executed by the Issuer, and is a legally valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms, except as such enforceability may be affected by bankruptcy, insolvency or other creditors' rights or by application of equitable principles or principles of sovereign immunity.

(e) There is no pending or, to the knowledge of the Issuer, threatened action or proceeding before any court, governmental agency or department or arbitrator (i) to restrain or enjoin the execution or delivery of, or the performance of the Issuer's obligations under, this Agreement, or (ii) in any way contesting or affecting the authority for the execution and delivery or the validity of the Issuer Documents.

(f) In connection with the authorization, execution and delivery of this Agreement, the Issuer has complied with all applicable provisions of the laws of the State.

(g) The execution and delivery of the documents contemplated hereunder do not violate any provision of any instrument or agreement to which the Issuer is a party or by which it is bound.

## ARTICLE IV

### DEFAULT

#### Section 4.01 Events of Default.

Any one or more of the following shall constitute an event of default (an "Event of Default") under this Agreement (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected operation of law or pursuant to any judgment, decree, or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) A default in the payment of any interest upon the Issuer Loan when such interest becomes due and payable;

(b) A default in the payment of principal of the Issuer Loan when such principal becomes due and payable, whether at its stated maturity, by declaration of acceleration, call for prepayment or otherwise;

(c) A failure to meet the Minimum Parity Level at the time such test is conducted in accordance with the provisions of Section 8.01 hereof.

## ARTICLE V

### REMEDIES

Section 5.01 Remedies Available.(a) Upon the occurrence of any Event of Default and at any time thereafter for so long as the Event of Default has not been cured, the Authorized Representative, following at least two (2) Business Days written notice to the Issuer, may present a notice of default pursuant to the Letter of Instruction (attached hereto as Exhibit B) to the Trustee or take any other action at law or in equity to collect all amounts then due under this Agreement and to enforce compliance with any other obligation of the Issuer under this Agreement.

(b) In addition to the remedies provided in subsection (a) of this Section, the Authorized Representative shall, to the extent permitted by law, be entitled to recover the costs and expenses, including reasonable attorney's fees and court costs, incurred by the Authorized Representative in the proceedings authorized under subsection (a) of this Section.

(c) Should an Event of Default occur, the Authorized Representative may but without any obligation to do so, at its option and at any time, and without presentment, demand, or protest, notice of default, dishonor, demand, non-payment, or protest, notice of intent to accelerate all or any part of each Issuer Loan, notice of acceleration of all or any part of each Issuer Loan, or notice of any other kind, all of which the Issuer hereby expressly waives, except for any notice required by applicable statute which cannot be waived: (i) declare each Issuer Loan, or any part thereof, immediately due and payable, whereupon the same shall be due and payable; (ii) reduce any claim to judgment; and/or (iii) exercise any and all rights and remedies afforded by any of the Issuer Documents, or by law or equity or otherwise, as the Authorized Representative deems appropriate.

Section 5.02 Application of Money Collected.Any money collected as a result of the taking of remedial action pursuant to this Article V shall be applied first to reimburse the Authorized Representative for any fees and expenses incurred as a result of an Event of Default, second to the payment of any interest to the extent of all accrued interest then due and payable applied pro rata to the reduction of such accrued

interest of each Issuer Loan, and the remainder of such amounts, if any, shall be applied pro rata to the reduction of the outstanding principal amount of each Issuer Loan.

Section 5.03 Non-Exclusive Remedies. No remedy conferred upon or reserved to each Bank by this Agreement is intended to be exclusive of any other available remedy, and each such remedy shall be in addition to any other remedy given under this Agreement or now or hereafter existing at law or in equity.

Section 5.04 Delays. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or be construed to be a waiver thereof, and all such rights and powers may be exercised as often as may be deemed expedient.

Section 5.05 Limitation on Waivers. If an Event of Default is waived, such waiver shall be limited to the particular Event of Default so waived and shall not be deemed a waiver of any other Event of Default; provided, that no waiver of an Event of Default shall be effective unless such waiver is made in writing by the Authorized Representative.

## ARTICLE VI

### DISCHARGE

Section 6.01 Discharge by Payment. When each respective Issuer Loan has been paid in full or the payment thereof has been duly provided for (including all interest that has accrued thereon or that may accrue to the date of maturity or prepayment, as applicable), and all other amounts payable by the Issuer under this Agreement have been paid or duly provided for, the liens of this Agreement shall be discharged and released, and each applicable Bank, upon receipt of a written request by the Issuer and the payment by the Issuer of the reasonable expenses with respect thereto, shall discharge and release the lien of this Agreement and execute and deliver to the Issuer such releases or other instruments as shall be requisite to release the lien hereof.

## ARTICLE VII

### MODIFICATION OF DOCUMENTS

Section 7.01 Amendments Require Mutual Consent. The Issuer and the Banks may not amend, or agree or consent to amendment of, this Agreement, except in writing signed by the Issuer and the Authorized Representative. The Authorized Representative shall be authorized to provide such consent on behalf of the Banks, if at least sixty-six and two-thirds percent (66 2/3%) (measured by the proportion of the respective Principal Amount of each Bank (including the Authorized Representative) divided by the Authorized Amount) of the Banks, consent to such amendment.

## ARTICLE VIII

### REPORTING REQUIREMENTS

Section 8.01 Asset Test.

The Issuer shall conduct the Asset Test annually on August 31, commencing August 31, 2018, and shall report the results of such test to the Authorized Representative in the Compliance Certificate (hereinafter defined).

Section 8.02 Quarterly Reporting Requirements.

(a) The Issuer shall provide to the Authorized Representative:

(i) Quarterly financial statements of the Issuer within sixty (60) days of the end of each fiscal year quarter, commencing with the fiscal year quarter ending November 30, 2018;

(ii) Quarterly reporting data on the Issuer's DPA Loan program (including, but not limited to, the number of individuals in such program, the rolling averages of DPA Loan amounts, the average home sales prices, the average interest rate, the duration of the down payment loan, the aggregate dollar amount in both new mortgages, and the total active DPA Loans) within sixty (60) days of the end of each fiscal year quarter, commencing with the fiscal year quarter ending November 30, 2018;

(iii) Annual financial statements of the Issuer along with a report from the Texas State Auditor, including a certified Compliance Certificate of an officer of the Issuer (the "Compliance Certificate"), confirming compliance with all financial covenants, within one hundred fifty (150) days of the end of each fiscal year, commencing with the fiscal year ending August 31, 2018;

(iv) Notice of material litigation or material adverse effect concerning the Issuer; and

(v) A copy of the Issuer's biannual appropriation as approved by the Texas Legislature within sixty (60) days of the end of each legislative session.

## ARTICLE IX

### MISCELLANEOUS

Section 9.01 Term of Agreement. This Agreement shall become effective upon the Closing Date and shall continue in full force and effect until all obligations of the Issuer under this Agreement and the Issuer Notes have been fully paid.

Section 9.02 Notices. (a) All notices, certificates, or other communications required by or made pursuant to this Agreement shall be in writing and given by overnight delivery service, by confirmed electronic transmission (provided any telecopy or other electronic transmission received by any party after 4:00 p.m. local time, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Day), five (5) calendar days after deposited in the United States mail, registered or certified, postage prepaid, with return receipt requested or by personal delivery addressed as follows:

(i) if to the Authorized Representative:

Woodforest National Bank  
1330 Lake Robbins Drive  
The Woodlands, TX 77380  
Attention: General Counsel  
Telephone: 832-375-2828  
Email: cvernon@woodforest.com

(ii) if to the Issuer:

Texas Department of Housing and Community Affairs  
221 E. 11th Street  
Austin, TX 78701  
Attention: Director of Bond Finance  
Telephone: 512- 936-9268  
Email: monica.galuski@tdhca.state.tx.us

(b) The Issuer and the Authorized Representative may designate any further or different addresses to which subsequent notices shall be sent; provided, that, any of such parties shall designate only one address for such party to receive such notices.

(c) Except as otherwise provided by this Agreement, any communication delivered by mail in compliance with this Section is deemed to have been given as of the date of deposit in the mail.

(d) A provision of this Agreement that provides for a specific method of giving notice or otherwise conflicts with this Section supersedes this Section to the extent of the conflict.

Section 9.03 Binding Effect; Assignment. This Agreement shall (i) be binding upon the Issuer and its successors and assigns, and (ii) inure to the benefit of the Banks and be enforceable by the Authorized Representative and its successors, transferees and assigns; provided that neither party may assign all or any part of this Agreement without the prior written consent of the other party (which consent shall not be unreasonably withheld), except that such consent shall not be required in connection with the transfer of substantially all of the business of the Authorized Representative to another Person, including by means of merger or consolidation.

Section 9.04 Severability. If any part of this Agreement is ruled invalid or unenforceable by a court of competent jurisdiction, the invalidity or unenforceability thereof shall not affect the remainder of this Agreement.

Section 9.05 Counterparts. This 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 document.

Section 9.06 Applicable Law. This Agreement shall be governed in all respects, whether as to validity, construction, performance, or otherwise, by the laws of the State and, if applicable, federal law.

Section 9.07 USA Patriot Act. Each Bank is subject to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act") and hereby notifies the Issuer that pursuant to the requirements of the Act, each Bank is required to obtain, verify and record information that identifies the Issuer, which information includes the name and address of the Issuer and other information that will allow each Bank to identify the Issuer in accordance with the Act.

Section 9.08 Entire Agreement. THIS AGREEMENT AND THE OTHER ISSUER DOCUMENTS CONTAIN THE ENTIRE AGREEMENT AMONG THE PARTIES, AND THERE ARE NO OTHER REPRESENTATIONS, ENDORSEMENTS, PROMISES, AGREEMENTS, OR UNDERSTANDINGS, ORAL OR WRITTEN, EXPRESS OR IMPLIED, BETWEEN THE ISSUER AND THE BANKS.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their respective duly authorized officers as of the date first above written.

WOODFOREST NATIONAL BANK

By: \_\_\_\_\_  
Name: Douglas Schaeffer  
Title: Executive Vice-President

TOLLESON PRIVATE BANK

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

HANCOCK WHITNEY BANK

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

TEXAS DEPARTMENT OF HOUSING AND  
COMMUNITY AFFAIRS

By: \_\_\_\_\_  
Name: Timothy K. Irvine  
Title: Executive Director

EXHIBIT A

FORM OF ISSUER NOTE

THIS ISSUER NOTE MAY NOT BE TRANSFERRED EXCEPT AS PROVIDED IN THE  
LOAN AGREEMENT.

REGISTERED  
NO. \_\_\_\_

PRINCIPAL AMOUNT  
\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF TEXAS  
TEXAS DEPARTMENT OF HOUSING  
AND COMMUNITY AFFAIRS  
SERIES 2018 ISSUER NOTE

Dated Date:  
August 8, 2018

Interest Rate:  
3.50%

Stated Maturity:  
August 8, 2025

REGISTERED OWNER: \_\_\_\_\_

PRINCIPAL AMOUNT: \_\_\_\_\_

THE PRINCIPAL OF AND INTEREST ON THIS ISSUER NOTE ARE LIMITED OBLIGATIONS OF THE ISSUER AND ARE PAYABLE ONLY FROM REVENUES OR FUNDS OF THE ISSUER PLEDGED UNDER THE LOAN AGREEMENT. THE ISSUER NOTE IS NOT AND DOES NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH OR CREDIT OR TAXING POWER OF THE STATE OF TEXAS. THE ISSUER HAS NO TAXING POWER.

FOR VALUE RECEIVED, TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (the "Issuer"), does hereby promise to pay to the order of \_\_\_\_\_ (the "Bank"), in lawful money of the United States of America, the Principal Amount set forth above, together with interest accrued thereon, at the interest rate and in the manner provided in the Loan Agreement dated as of August 8, 2018 (the "Loan Agreement"), between the Issuer and the Woodforest National Bank, Tolleson Private Bank, and Hancock Whitney Bank, on the dates for payment and in the amounts set forth in the Loan Agreement. All unpaid principal and interest shall be due and payable on the Maturity Date set forth above or such earlier dates as are provided for pursuant to the terms of the Loan Agreement. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Loan Agreement.

UNLESS THE ISSUER SHALL BE IN DEFAULT under the Loan Agreement (in which case the amounts paid hereon shall be applied first to the payment of the amount of such default), all sums paid hereon shall be applied first to the costs and expenses, including reasonable attorney's fees and court costs incurred by the Bank in the proceedings (if applicable) authorized under Section 5.01(a) of the Loan Agreement, next to the satisfaction of interest, and the balance to the unpaid principal amount of this Issuer Note.

THIS ISSUER NOTE is referred to in the Loan Agreement as the "Issuer Note," and is subject to all of the terms, conditions, and provisions thereof, including those respecting the prepayment and the acceleration of maturity hereof.

THIS ISSUER NOTE is a contract made under and shall be construed in accordance with and governed by the laws of the State.

UNLESS THE COMPTROLLER'S REGISTRATION CERTIFICATE has been executed by the Comptroller by manual signature or the Paying Agent/Registrar's Authentication Certificate has been executed by the Paying Agent/Registrar by manual signature, this Issuer Note shall not be valid or obligatory for any purpose.

[signature page follows]

TEXAS DEPARTMENT OF HOUSING  
AND COMMUNITY AFFAIRS

By: \_\_\_\_\_  
Chair

Attest:

\_\_\_\_\_  
Secretary

(SEAL)

OFFICE OF THE COMPTROLLER §  
OF PUBLIC ACCOUNTS §  
THE STATE OF TEXAS §

REGISTER NO. \_\_\_\_\_

I HEREBY CERTIFY that this Issuer Note has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and duly registered by the Texas Comptroller of Public Accounts.

Witness my signature and seal of office this \_\_\_\_\_.

\_\_\_\_\_  
Texas Comptroller of Public Accounts

(SEAL)

AUTHENTICATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Issuer Note has been duly issued under the provisions of the within-mentioned Loan Agreement; the Issuer Note of the above-entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

Date of Authentication:

WOODFOREST NATIONAL BANK, as Paying  
Agent/Registrar

\_\_\_\_\_

By: \_\_\_\_\_  
Authorized Signature<sup>(1)</sup>

\_\_\_\_\_  
<sup>(1)</sup> The registration certificate of the Comptroller shall appear only on the Initial Issuer Notes, and the Authentication Certificate of the Paying Agent/Registrar shall appear on all subsequent Issuer Notes.

EXHIBIT B

LETTER OF INSTRUCTION

LETTER OF INSTRUCTIONS REGARDING RELEASE OF FUNDS  
FROM DEBT SERVICE FUND FOLLOWING  
NONPAYMENT OF ISSUER NOTE

August 8, 2018

To: The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida (or any successor in interest), as Trustee

Re: Texas Department of Housing and Community Affairs Series 2018 Issuer Notes (the "Issuer Notes")

Ladies and Gentlemen:

The captioned Issuer Notes are being delivered on this date pursuant to a resolution of the Governing Board of the Texas Department of Housing and Community Affairs (the "Department") adopted by the Department's Governing Board on June 28, 2018 (the "Resolution"), and a Loan Agreement dated as of August 8, 2018 (the "Loan Agreement"), between the Department and Woodforest National Bank, Tolleson Private Bank, and Hancock Whitney Bank (collectively, the "Banks"). The security for the Issuer Notes is a pledge on the Trust Estate, subordinate in all respects to the lien of the Senior Lien Bonds, the Junior Lien Bonds, and the obligations of the Department to make swap payments under the Swap Agreements. All capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth in the Amended and Restated Single Family Mortgage Revenue Bond Trust Indenture, dated as of June 1, 2017 (as amended and supplemented from time to time, collectively the "Indenture") between the Department and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), and the Loan Agreement.

The Trustee is hereby requested, authorized and instructed that following receipt of written notice from the Authorized Representative that the Department has failed to pay the Issuer Notes in full when due and specifying the amount remaining unpaid thereon, the Trustee shall transfer such amount from the Debt Service Fund to the Banks to the extent permitted pursuant to Section 507 of the Indenture.

(SIGNATURE PAGE FOLLOWS)

TEXAS DEPARTMENT OF HOUSING AND  
COMMUNITY AFFAIRS

By: \_\_\_\_\_  
Timothy K. Irvine, Executive Director

By: \_\_\_\_\_  
Monica Galuski, Director of Bond Finance

## EXHIBIT C

### CRA ASSESSMENT AREAS – WOODFOREST

State	Assessment Area
TX	Amarillo, Texas MSA
TX	Austin-Round Rock, Texas MSA
TX	Beaumont-Port Arthur, Texas MSA
TX	Brownsville-Harlingen, Texas MSA
TX	Cooke County, Texas
TX	Dallas-Plano-Irving, Texas MD
TX	East Texas Non-MSA
TX	Fort Worth-Arlington, Texas MD
TX	Gillespie County, Texas
TX	Harrison County, Texas
TX	Houston-The Woodlands-Sugar Land, Texas MSA
TX	Howard County, Texas
TX	Longview, Texas MSA
TX	Northeast Texas Non-MSA
TX	San Antonio-New Braunfels, Texas MSA
TX	Shelby County, Texas
TX	Sherman-Denison, Texas MSA
TX	Southeast Texas Non-MSA
TX	Southern Texas Non-MSA
TX	Texarkana, Texas MSA
TX	Tyler, Texas MSA

CRA ASSESSMENT AREAS – TOLLESON PRIVATE BANK

State	Assessment Area
TX	Dallas-Plano-Irving, Texas MD

CRA ASSESSMENT AREAS – HANCOCK WHITNEY BANK

State	Assessment Area
TX	Houston-The Woodlands-Sugar Land, Texas MSA

EXHIBIT D

PAYING AGENT/REGISTRAR AGREEMENT

EXHIBIT E  
TRUST INDENTURE

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PAYING AGENT/REGISTRAR AGREEMENT

between the

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

and

WOODFOREST NATIONAL BANK

Pertaining to

Texas Department of Housing and Community Affairs  
Series 2018 Issuer Notes

Dated as of August 8, 2018

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## PAYING AGENT/REGISTRAR AGREEMENT

THIS PAYING AGENT/REGISTRAR AGREEMENT (the or this "Agreement") is by and between the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (the "Issuer") and WOODFOREST NATIONAL BANK (the "Bank"), a national banking association duly organized under the laws of the United States of America and authorized to do business in the State of Texas.

WHEREAS, the Issuer has duly authorized and provided for the issuance of its Series 2018 Issuer Notes (the "Issuer Notes"), to be issued as a registered security without coupons; and

WHEREAS, all things necessary to make the Issuer Notes the valid obligations of the Issuer, in accordance with their terms, will be taken upon the issuance and delivery thereof; and

WHEREAS, the Issuer is desirous that the Bank act as the Paying Agent for the Issuer in paying the principal of and interest on the Issuer Notes, in accordance with the terms thereof, and that the Bank act as Registrar for the Issuer Notes; and

WHEREAS, the Issuer has duly authorized the execution and delivery of this Agreement, and all things necessary to make this Agreement the valid agreement of the Issuer, in accordance with its terms, have been done;

NOW, THEREFORE, it is mutually agreed to the following terms:

### ARTICLE I

#### APPOINTMENT OF BANK AS PAYING AGENT/REGISTRAR

Section 1.01. Appointment. (a) The Issuer hereby appoints the Bank to act as Paying Agent with respect to the Issuer Notes, in paying to the Owner of the Issuer Notes the principal of and interest on the Issuer Notes.

(b) The Issuer hereby appoints the Bank as Registrar with respect to the Issuer Notes.

(c) The Bank hereby accepts its appointment, and agrees to act as, the Paying Agent and Registrar.

Section 1.02. Compensation. (a) The Bank agrees to act as Paying Agent/Registrar for the Issuer Notes without compensation.

(b) The Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof, including the reasonable compensation and the expenses and disbursements of its agents and counsel.

## ARTICLE II

### DEFINITIONS

Section 2.01. Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms have the following meanings when used in this Agreement:

“Bank” means Woodforest National Bank, or any successor or assign thereto pursuant to the applicable provisions of the Loan Agreement.

“Designated Payment/Transfer Office” means the office of the Bank located at 1330 Lake Robbins Drive, The Woodlands, Texas 77380 or in such other location as designated by the Paying Agent/Registrar. The Bank will notify the Issuer in writing of any change in location of the Designated Payment/Transfer Office.

“Issuer” means the Texas Department of Housing and Community Affairs.

“Issuer Notes” means the Issuer’s Series 2018 Issuer Notes.

“Issuer Request” and “Issuer Order” means a written request or order signed in the name of the Issuer by an authorized representative of the Issuer and delivered to the Bank.

“Legal Holiday” means a day on which the Bank is required or authorized to be closed.

“Loan Agreement” means the Loan Agreement dated as of August 8, 2018, between the Issuer and the Bank, Tolleson Private Bank and Hancock Whitney Bank.

“Owner” means the Person in whose name an Issuer Note is registered in the Register.

“Paying Agent” means the Bank when it is performing the functions associated with the terms in this Agreement.

“Person” means any individual, corporation, partnership, joint venture, association, joint stock company, limited liability company, trust, unincorporated organization or government or any agency or political subdivision of a government.

“Register” means a register in which the Issuer shall provide for the registration and transfer of the Issuer Notes.

“Responsible Officer” when used with respect to the Bank means the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer or any Assistant Treasurer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

“Stated Maturity” means the date specified in the Loan Agreement as the fixed date on which the principal of the Issuer Notes is due and payable or the date fixed in accordance with the

terms of the Loan Agreement for redemption of the Issuer Notes, or any portion thereof, prior to the fixed maturity date.

### ARTICLE III

#### PAYING AGENT

Section 3.01. Duties of Paying Agent. (a) The Bank, as Paying Agent and on behalf of the Issuer, shall pay to the Owner, at the Stated Maturity and upon the surrender of the Issuer Note at the Designated Payment/Transfer Office, the principal amount of the Issuer Note then due, provided that the Bank shall have been provided by or on behalf of the Issuer adequate funds to make such payment.

(b) The Bank, as Paying Agent and on behalf of the Issuer, shall pay interest when due on the Issuer Notes to the Owners of the Issuer Notes as shown in the Register, provided that the Bank shall have been provided by or on behalf of the Issuer adequate funds to make such payments.

Section 3.02. Payment Dates. The Issuer hereby instructs the Bank to pay the principal of and interest on the Issuer Notes at the dates specified in the Loan Agreement.

### ARTICLE IV

#### REGISTRAR

Section 4.01. Transfer and Exchange. (a) The Issuer shall keep the Register at the Designated Payment/Transfer Office, and subject to such reasonable written regulations as the Issuer may prescribe, which regulations shall be furnished the Bank herewith or subsequent hereto by Issuer Order, the Issuer shall provide for the registration and transfer of the Issuer Notes. The Bank is hereby appointed "Registrar" for the purpose of registering and transferring the Issuer Notes as herein provided. The Bank agrees to maintain the Register while it is Registrar.

(b) The Bank as Registrar hereby agrees that at any time while any Issuer Notes are outstanding, the Owner may deliver such Issuer Notes to the Registrar for transfer or exchange, accompanied by instructions from the Owner, or the duly authorized designee of the Owner, designating the Person to and in which such Issuer Note is to be transferred and the addresses of such Person; the Registrar shall thereupon, within not more than three (3) business days, register and deliver the Issuer Note as provided in such instructions. The provisions of the Loan Agreement shall control the procedures for transfer or exchange set forth herein to the extent such procedures are in conflict with the provisions of the Loan Agreement.

(c) Every Issuer Note surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed in a manner satisfactory to the Bank, duly executed by the Owner thereof or his attorney duly authorized in writing.

(d) The Bank may request any supporting documentation it feels necessary to effect a reregistration.

Section 4.02. The Issuer Notes. If requested by the Bank in writing, the Issuer shall provide an adequate inventory of unregistered Issuer Notes to facilitate transfers. The Bank covenants that it will maintain the unregistered Issuer Notes in safekeeping and will use reasonable care in maintaining such unregistered Issuer Notes in safekeeping, which shall be not less than the care it maintains for debt securities of other governments or corporations for which it serves as registrar, or which it maintains for its own securities.

Section 4.03. Form of Register. (a) The Bank as Registrar will maintain the records of the Register in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Register in any form other than a form which the Bank has currently available and currently utilizes at the time.

(b) The Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

Section 4.04. List of Owners. (a) The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the cost, if any, of reproduction, a copy of the information contained in the Register. The Issuer may also inspect the information in the Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

(b) The Bank will not release or disclose the content of the Register to any Person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a subpoena or court order or as otherwise required by law. Upon receipt of a subpoena or court order the Bank will notify the Issuer so that the Issuer may contest the subpoena or court order.

Section 4.05. Cancellation of Issuer Notes. All Issuer Notes surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Bank, shall be promptly canceled by it and, if surrendered to the Issuer, shall be delivered to the Bank and, if not already canceled, shall be promptly canceled by the Bank. All canceled Issuer Notes held by the Bank shall be disposed of pursuant to the Securities Exchange Act of 1934.

Section 4.06. Mutilated, Destroyed, Lost, or Stolen Issuer Notes. (a) Subject to the provisions of this Section 4.06, the Issuer hereby instructs the Bank to deliver fully registered Issuer Notes in exchange for or in lieu of mutilated, destroyed, lost or stolen Issuer Notes as long as the same does not result in an overissuance.

(b) If (i) any mutilated Issuer Note is surrendered to the Bank, or the Issuer and the Bank receive evidence to their satisfaction of the destruction, loss, or theft of any Issuer Note, and (ii) there is delivered to the Issuer and the Bank such security or indemnity as may be required by the Bank to save and hold each of them harmless, then, in the absence of notice to the Issuer or the Bank that such Issuer Note has been acquired by a bona fide purchaser, the Issuer shall execute and upon its request the Bank shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Issuer Note, a new Issuer of the same stated maturity and of like tenor and principal amount bearing a number not contemporaneously outstanding.

(c) Every new Issuer Note issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Issuer Note shall constitute a replacement of the prior obligation of the Issuer, whether or not the mutilated, destroyed, lost, or stolen Issuer Note shall be at any time enforceable by anyone, and shall be entitled to all the benefits of the Loan Agreement.

(d) Upon the satisfaction of the Bank and the Issuer that an Issuer Note has been mutilated, destroyed, lost or stolen, and upon receipt by the Bank and the Issuer of such indemnity or security as they may require, the Bank shall cancel the Issuer Note number on the Issuer Note registered with a notation in the Register that said Issuer Note has been mutilated, destroyed, lost or stolen; and a new Issuer Note shall be issued bearing a number, according to the Register, not previously outstanding.

(e) The Issuer hereby accepts the Bank's current blanket bond for lost, stolen, or destroyed Issuer Notes and any future substitute blanket bond for lost, stolen, or destroyed Issuer Notes that the Bank may arrange, and agrees that the coverage under any such blanket bond is acceptable to it and meets the Issuer's requirements as to security or indemnity. The Bank need not notify the Issuer of any changes in the security or other company giving such bond or the terms of any such bond, provided that the amount of such bond is not reduced below the amount of the bond on the date of execution of this Agreement. The blanket bond then utilized by the Bank for lost, stolen or destroyed Issuer Notes by the Bank is available for inspection by the Issuer on request.

Section 4.07. Transaction Information to Issuer. The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Issuer Notes it has paid pursuant to Section 3.01, Issuer Notes it has delivered upon the transfer or exchange of any Issuer Notes pursuant to Section 4.01, and Issuer Notes it has delivered in exchange for or in lieu of mutilated, destroyed, lost or stolen Issuer Notes pursuant to Section 4.06 of this Agreement.

## ARTICLE V

### THE BANK

Section 5.01. Duties of Bank. The Bank undertakes to perform the duties set forth herein and in accordance with the Loan Agreement and agrees to use reasonable care in the performance thereof. The Bank hereby agrees to use the funds deposited with it for payment of the principal of and interest on the Issuer Notes to pay the Issuer as the same shall become due and further agrees to establish and maintain all accounts and funds, if any, as may be required for the Bank to function as Paying Agent.

Section 5.02. Reliance on Documents, Etc. (a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, certificate, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Issuer Note, but is protected in acting upon receipt of an Issuer Note containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Owner or an attorney-in-fact of the Owner. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, certificate, note, security or other paper or document supplied by Issuer.

(e) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys and the Bank.

Section 5.03. Recitals of Issuer. (a) The recitals contained herein and in the Loan Agreement shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

(b) The Bank shall in no event be liable to the Issuer, any Owner or Owners or any other Person for any amount due on any Issuer Note except as otherwise expressly provided herein with respect to the liability of the Bank for its duties under this Agreement.

Section 5.04. May Hold Issuer Notes. The Bank, in its individual or any other capacity, may become the owner or pledgee of the Issuer Notes and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/ Registrar, or any other agent.

Section 5.05. Money Held by Bank. (a) Money held by the Bank hereunder need not be segregated from any other funds provided appropriate accounts are maintained.

(b) The Bank shall be under no liability for interest on any money received by it hereunder.

(c) Subject to the provisions of Title 6, Texas Property Code, any money deposited with the Bank for the payment of the principal of or interest on any Issuer Note and remaining unclaimed for three years after final maturity of the Issuer Notes will be paid by the Bank to the Issuer, and the Owner of such Issuer Note shall thereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such monies shall thereupon cease.

(d) The Bank will comply with the reporting requirements of Chapter 74 of the Texas Property Code.

(e) The Bank shall deposit any moneys received from the Issuer into a trust account to be held in a paying agent capacity for the payment of the Issuer Notes, with such moneys in the account that exceed the deposit insurance available to the Issuer provided by the Federal Deposit Insurance Corporation to be fully collateralized with securities or obligations that are eligible under the laws of the State of Texas and to the extent practicable under the laws of the United States of America to secure and be pledged as collateral for trust accounts until the principal and interest on the Issuer Notes have been presented for payment and paid to the Owners thereof. Payments made from such trust account shall be made by check drawn on such trust account unless the Owner of such Issuer Note shall, at its own expense and risk, request such other medium of payment.

Section 5.06. Indemnification. To the extent permitted by applicable law, the Issuer agrees to indemnify the Bank (including its directors, officers and employees) for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense (including its counsel fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement. The foregoing indemnities in this paragraph shall survive the resignation or substitution of the Bank or the termination of this Agreement. The Bank acknowledges that under current law, the Issuer does not have the power to provide this indemnification.

Section 5.07. Interpleader. The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demands or controversy over its persons as well as funds on deposit, in either a Federal or State District Court located in the State of Texas and County or Counties where either the Bank (Texas offices only) or the Issuer is located, waive personal service of any process, and agree that service of process by certified or registered mail, return receipt requested, to the address set forth in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in the State of Texas to determine the rights of any Person claiming interest herein.

Section 5.08. Compliance with Texas Government Code. (a) To the extent this Agreement is a contract for goods or services within the meaning of Section 2270.002 of the Texas Government Code, the Bank hereby verifies that it is a company which does not boycott Israel and will not boycott Israel through the term of this Agreement. The foregoing verification is made solely to comply with Section 2270.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, "company" and "boycott Israel" have the meanings ascribed to such terms by Chapter 808 of the Texas Government Code.

(b) Pursuant to Subchapter F, Chapter 2252, Texas Government Code, to the extent applicable to this Agreement, the Bank represents that it is not a company (as defined in Section 2270.0001(2), Texas Government Code) which is on a list prepared and maintained by the Comptroller of Public Accounts of the State under Sections 2270.0201 or 2252.153, Texas Government Code. The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such section does not contravene applicable Federal law

and excludes the Bank and each of its affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

## ARTICLE VI

### MISCELLANEOUS PROVISIONS

Section 6.01. Amendment. This Agreement may be amended only by an agreement in writing signed by both of the parties hereof.

Section 6.02. Assignment. This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03. Notices. Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown below:

if to the Issuer: Texas Department of Housing and Community Affairs  
221 E. 11th Street  
Austin, TX 78701  
Attention: Chief Investment Officer

if to the Bank: Woodforest National Bank  
1330 Lake Robbins Drive  
The Woodlands, TX 77380  
Attention: General Counsel

Section 6.04. Effect of Headings. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.05. Successors and Assigns. All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Any Person into which the Bank may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion, or consolidation to which the Bank shall be a party, or any Person succeeding to all or substantially all of the corporate trust business of the Bank shall be the successor of the Bank hereunder without the execution or filing of any paper or any further act on the part of either of the parties hereto.

Section 6.06. Severability. In case any provision herein shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.07. Benefits of Agreement. Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim hereunder.

Section 6.08. Entire Agreement. This Agreement and the Loan Agreement constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/ Registrar and if any conflict exists between this Agreement and the Loan Agreement, the Loan Agreement shall govern.

Section 6.09. Counterparts. This Agreement may be executed in any number of counterparts, each which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.10. Termination. (a) This Agreement will terminate on the date of final payment by the Bank for the final payment of principal of and interest on the Issuer Notes.

(b) This Agreement may be earlier terminated upon 60 days written notice by either party, provided that no resignation by the Bank shall be effective until a successor has been appointed by the Issuer and has accepted the duties imposed by this Agreement. The resigning Paying Agent/Registrar may petition any court of competent jurisdiction for the appointment of a successor Paying Agent/Registrar if an instrument of acceptance by a successor Paying Agent/Registrar has not been delivered to the resigning Paying Agent/Registrar within sixty (60) days after the giving of notice of resignation.

(c) The provisions of Section 1.02 and of Article Five shall survive, and remain in full force and effect following the termination of this Agreement.

Section 6.11. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

TEXAS DEPARTMENT OF HOUSING  
AND COMMUNITY AFFAIRS

By: \_\_\_\_\_  
Name: Timothy K. Irvine  
Title: Executive Director

*Signature Page to Paying Agent/Registrar Agreement  
Series 2018 Issuer Notes*

WOODFOREST NATIONAL BANK  
as Paying Agent/Registrar

By: \_\_\_\_\_  
Name:  
Title:

*Signature Page to Paying Agent/Registrar Agreement  
Series 2018 Issuer Notes*

FEE LETTER

August 8, 2018

Woodforest National Bank  
1330 Lake Robbins Drive  
The Woodlands, Texas 77380

*Re: Texas Department of Housing and Community Affairs Series 2018 Issuer Notes*

Ladies and Gentlemen:

The captioned Issuer Notes are being delivered on this date pursuant to a resolution of the Governing Board of the Texas Department of Housing and Community Affairs (the "Department") adopted by the Department's Governing Board on June 28, 2018 (the "Resolution"), and a Loan Agreement dated as of August 8, 2018 (the "Loan Agreement"), between the Department and Woodforest National Bank, Tolleson Private Bank and Hancock Whitney Bank.

The Department agrees to pay to Woodforest National Bank ("Woodforest") the following:

1. A one-time fee of \$50,000; and
2. An annual administration fee of \$15,000.

The Department also agrees to pay up to \$50,000 to Woodforest for additional fees and expenses, which include Woodforest's counsel's fee.

[Signatures Follow]

If the foregoing accurately reflects our agreement, please indicate the same by signing in the space provided below.

Very truly yours,

TEXAS DEPARTMENT OF HOUSING AND  
COMMUNITY AFFAIRS

By: \_\_\_\_\_

Name: Timothy K. Irvine

Title: Executive Director

Acknowledged and agreed as of the  
date first above written:

WOODFOREST NATIONAL BANK

By: \_\_\_\_\_

Name: Douglas Schaeffer

Title: Executive Vice-President