

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

SIXTY-NINTH SUPPLEMENTAL SINGLE FAMILY MORTGAGE
REVENUE BOND TRUST INDENTURE

AUTHORIZING

\$ _____
SINGLE FAMILY MORTGAGE REVENUE REFUNDING BONDS
2020 SERIES B (TAXABLE)

BETWEEN

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

AND

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

Dated as of June 1, 2020

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SIXTY-NINTH SUPPLEMENTAL SINGLE FAMILY MORTGAGE
REVENUE BOND TRUST INDENTURE
AUTHORIZING
\$ _____ SINGLE FAMILY MORTGAGE
REVENUE REFUNDING BONDS, 2020 SERIES B (TAXABLE)

THIS SIXTY-NINTH SUPPLEMENTAL SINGLE FAMILY MORTGAGE REVENUE BOND TRUST INDENTURE dated as of June 1, 2020 (this "Supplemental Indenture"), is made by and between the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (together with any successor to its rights, duties, and obligations hereunder, the "Department"), a public and official agency duly created, organized and existing under the laws of the State of Texas, and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee (as successor trustee to The Fort Worth National Bank, and together with any successor trustee hereunder, the "Trustee"), a national banking association.

RECITALS

WHEREAS, the Department and the Trustee have executed and delivered that certain Amended and Restated Single Family Mortgage Revenue Bond Trust Indenture dated as of June 1, 2017, as amended and supplemented from time to time (the "Indenture"), providing for the issuance from time to time by the Department of one or more series of its Single Family Mortgage Revenue Bonds (collectively, the "Bonds"); and

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

WHEREAS, the Department is authorized under the Act and Chapter 1207, Texas Government Code, as amended, to issue bonds to refund its outstanding obligations and is authorized under the Indenture to issue bonds to refund Bonds issued under the Indenture; and

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

WHEREAS, Sections 1001 and 1002 of the Indenture authorize the Department to adopt and file with the Trustee, a supplemental indenture, authorizing Bonds of a Series and, among other things, to include any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Indenture, to add to the covenants and agreements of the Department, and to pledge other moneys, securities or funds as part of the Trust Estate; and

WHEREAS, the Department has determined to issue its \$ _____ Single Family Mortgage Revenue Refunding Bonds, 2020 Series B (Taxable) (the "2020 Series B Bonds") pursuant to the Indenture and this Supplemental Indenture for the purpose of refunding its Outstanding Single Family Mortgage Revenue Refunding Bonds, 2013 Series A (Taxable) (the "Refunded Bonds"), all under and in accordance with the Constitution and laws of the State; and

WHEREAS, the execution and delivery of this Supplemental Indenture and the issuance of the 2020 Series B Bonds have been in all respects duly and validly authorized by a written resolution of the Governing Board of the Department; and

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

WHEREAS, except as provided herein, all acts and conditions and things required by the Constitution and laws of the State to happen, exist and be performed precedent to execution and delivery of this Supplemental Indenture have happened, exist and have been performed as so required in order to make the Indenture, as supplemented by this Supplemental Indenture, a valid, binding and legal instrument for the security of the 2020 Series B Bonds and a valid and binding agreement in accordance with its terms;

NOW, THEREFORE, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the 2020 Series B Bonds by the holders thereof from time to time, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the further purpose of fixing and declaring the terms and conditions upon which the 2020 Series B Bonds are to be issued, authenticated, delivered and accepted by the holders thereof from time to time, the Department and the Trustee do hereby mutually covenant and agree, for the equal and proportionate benefit (except to the extent that such benefit is not equal and proportionate pursuant to the terms of the Indenture and any supplemental indenture thereunder) of the respective holders from time to time of the Bonds, including the 2020 Series B Bonds as follows:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

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

Section 1.2. Definitions.

(a) Unless defined in subsection (b) of this Section 1.2 or unless the context shall require otherwise, all defined terms contained in the Indenture shall have the same meanings in this Supplemental Indenture (other than in the form of 2020 Series B Bond set forth in Exhibit A hereto) as such defined terms are given in Section 101 of the Indenture.

(b) As used in this Supplemental Indenture (other than in the form of 2020 Series B Bond set forth in Exhibit A hereto), unless the context shall otherwise require, the following terms shall have the following respective meanings:

“Account” or “Accounts” shall mean any one or more, as the case may be, of the special trust accounts pertaining to the 2020 Series B Bonds created and established in Section 502 of the Indenture and Section 2.12 hereof.

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

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

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

“Bond Depository” shall mean The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, and any successor Bond Depository appointed pursuant to Section 2.11 hereof.

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

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

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

“Depository” shall mean the Texas Treasury Safekeeping Trust Company, acting in accordance with the Depository Agreement, and any successor depository appointed pursuant to Section 601 of the Indenture.

“Depository Agreement” shall mean the Amended and Restated Depository Agreement dated as of August 1, 1991, among the Department, the Trustee and the Depository, relating to the Bonds, together with any amendments or supplements thereto.

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

["Fannie Mae" shall mean the Federal National Mortgage Association, a corporation organized and existing under the laws of the United States of America, or its successor.]

["Freddie Mac" shall mean the Federal Home Loan Mortgage Corporation, a corporation organized and existing under the laws of the United States of America, or its successor.]

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

“Indenture” shall mean, , the Amended and Restated Single Family Mortgage Revenue Bond Trust Indenture dated as of June 1, 2017, between the Department and the Trustee, as supplemented and amended from time to time.

“Initial Bond” means the 2020 Series B Bond approved by the Attorney General of the State of Texas and registered by the Comptroller.

“Interest Payment Date” shall mean, with respect to the 2020 Series B Bonds, the first day of each month, commencing **[August 1, 2020]**, and any other date on which the 2020 Series B Bonds are subject to redemption.

“Issuance Date” shall mean June 30, 2020, the date of initial issuance and delivery of the 2020 Series B Bonds to the Underwriters, as initial purchasers thereof, in exchange for payment of the purchase price of such 2020 Series B Bonds.

“Letter of Instructions” shall mean, with respect to the 2020 Series B Bonds, a written directive and authorization to the Trustee or any Depository specifying the period of time for which such directive and authorization shall remain in effect, executed by two Authorized Representatives of the Department.

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

“Mortgage Loan Principal Payments” shall mean all Mortgage Loan Principal Prepayments and all regularly scheduled payments of principal with respect to all Mortgage Loans included in the 2020 B Transferred Mortgage Certificates.

“Optional Redemption Date” shall mean **[September 1, 2030]**.

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

“Paying Agent” shall mean the Trustee.

“Purchase Agreement” shall mean the Bond Purchase Agreement dated _____, 2020 between the Department and the Underwriters, providing for the purchase of the 2020 Series B Bonds by the Underwriters, as amended or supplemented from time to time.

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

“Record Date” means the close of business on the 15th day of the month (whether or not a Business Day)

immediately preceding such Interest Payment Date.

“Refunded Bonds” shall mean all of the Outstanding 2013 Series A Bonds.

“Revenues” shall mean in addition to those items defined as such in the Indenture, all amounts paid or required to be paid from time to time on the 2020 B Transferred Mortgage Certificates, including any payments received from Ginnie Mae, Freddie Mac or Fannie Mae pursuant to their respective guaranties of the Ginnie Mae Certificates, Freddie Mac Certificates or Fannie Mae Certificates (as applicable), all Mortgage Loan Principal Payments representing the same, all prepayment premiums or penalties received by or on behalf of the Department in respect of the 2020 B Transferred Mortgage Certificates and all other net proceeds of such 2020 B Transferred Mortgage Certificates. **[Will all transferred Mortgage Certificates be GNMMAs?]**

“State” shall mean the State of Texas.

“Subaccount” or “Subaccounts” shall mean any one or more, as the case may be, of the special subaccounts pertaining to the 2020 Series B Bonds created in certain Accounts pursuant to Section 2.12 hereof.

“Supplemental Indenture” shall mean this Sixty-Ninth Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of June 1, 2020, by and between the Department and the Trustee, together with any amendments hereto.

“Trustee’s Fee” shall mean the fee payable to the Trustee which shall be equal to 0.0200% per annum of the aggregate principal amount of the Outstanding 2020 Series B Bonds, payable in arrears; provided the aggregate amount of such fee payable in any calendar year shall not be less than **[\$3,500]**.

“2013 Series D Bonds” shall mean the Department’s Single Family Mortgage Revenue Refunding Bonds, 2013 Series A (Taxable).

“2020 B Costs of Issuance Account” shall mean the 2020 B Costs of Issuance Account of the Mortgage Loan Fund established pursuant to Section 2.12 hereof.

“2020 B Mortgage Loan Account” shall mean the 2020 B Mortgage Loan Account of the Mortgage Loan Fund established pursuant to Section 2.12 hereof.

“2020 B Proceeds Account” shall mean the 2020 B Proceeds Account of the Mortgage Loan Fund established pursuant to Section 2.12 hereof.

“2020 B Redemption Subaccount” shall mean the 2020 B Subaccount within the Redemption Account of the Debt Service Fund established pursuant to Section 2.12 hereof.

“2020 B Revenue Account” shall mean the 2020 B Account of the Revenue Fund established pursuant to Section 2.12 hereof.

“2020 B Transferred Mortgage Certificates” shall mean the Mortgage Certificates allocated to the 2020 B Mortgage Loan Account as described in Exhibit B hereto.

“2020 Series B Bonds” shall mean the Department’s Single Family Mortgage Revenue Refunding Bonds, 2020 Series B (Taxable) to be issued under the Indenture and this Supplemental Indenture.

“Underwriters” shall mean RBC Capital Markets, LLC and the other underwriters named on the schedule attached to the Purchase Agreement.

Section 1.3. Authority for this Supplemental Indenture. This Supplemental Indenture is adopted pursuant to the provisions of the Act and the Indenture.

Section 1.4. Rules of Construction.

(a) For all purposes of this Supplemental Indenture, unless the context requires otherwise, all references to designated Articles, Sections and other subdivisions are to the articles, sections and other subdivisions of this Supplemental Indenture.

(b) Except where the context otherwise requires, terms defined in this Supplemental Indenture to impart the singular number shall be considered to include the plural number and vice versa.

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

(d) This Supplemental Indenture and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this Supplemental Indenture and the Indenture which it supplements.

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

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

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

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

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

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

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

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

[End of Article I]

ARTICLE II

AUTHORIZATION AND TERMS OF 2020 SERIES B BONDS

Section 2.1. Authorization, Principal Amount, Designation, and Series. In accordance with and subject to the terms, conditions and limitations established in the Indenture and this Supplemental Indenture, one Series of Single Family Mortgage Revenue Refunding Bonds is hereby authorized to be issued in the initial aggregate principal amount of \$ _____. The Department hereby determines that the issuance of the 2020 Series B Bonds in the initial amount authorized hereby is necessary to provide funds to be used and expended for the purposes set forth in the Indenture and this Supplemental Indenture. Each Bond of this Series of Bonds shall be entitled "Single Family Mortgage Revenue Refunding Bond, 2020 Series B (Taxable)." The terms of the 2020 Series B Bonds shall be as set forth in Article III of the Indenture and this Article II.

Section 2.2. Purposes. The 2020 Series B Bonds are issued to provide funds for the purpose of refunding the Refunded Bonds.

Section 2.3. Registered Bonds Only; Dates, Denominations, Numbers, and Letters.

(a) The 2020 Series B Bonds shall be issuable only in the form of fully registered bonds without coupons and may not be exchanged into coupon bonds. The Initial Bond shall be registered to Cede & Co.

(b) The 2020 Series B Bonds shall be dated as of the date of authentication thereof by the Trustee, unless such date of authentication shall be an Interest Payment Date, in which case they shall be dated as of such Interest Payment Date; provided, however, that if, as shown by the records of the Trustee, interest on the 2020 Series B Bonds shall be in default, the registered 2020 Series B Bonds issued in lieu of 2020 Series B Bonds surrendered for the transfer or exchange may be dated as of the date to which interest has been paid in full on the 2020 Series B Bonds surrendered; provided, further, that if the date of authentication shall be prior to the first Interest Payment Date, the 2020 Series B Bonds shall be dated as of the Issuance Date.

(c) The 2020 Series B Bonds shall be issued in Authorized Denominations.

(d) Unless the Department shall direct otherwise, each 2020 Series B Bond shall be lettered and numbered separately from R-1 upward, provided that the Initial Bond shall be numbered TR-1.

Section 2.4. Interest Payment Dates, Interest Rates and Maturities of the 2020 Series B Bonds. The 2020 Series B Bonds shall mature on _____, _____, and shall bear interest from the Issuance Date until maturity or prior redemption at the rate of _____% per annum, calculated on the basis of a 360-day year composed of twelve 30-day months, payable on each Interest Payment Date until maturity or prior redemption. The 2020 Series B Bonds shall be subject to prior redemption in accordance with Section 2.6 and Section 2.7 hereof and Article IV of the Indenture.

Section 2.5. Conditions to Issuance of 2020 Series B Bonds. The 2020 Series B Bonds shall be executed by the Department and, except for the Initial Bond, shall be delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered by it to the Department or upon its order, but only upon receipt by the Trustee of the following (in addition to the documents required under the Indenture):

(a) The amounts specified in this Supplemental Indenture to be deposited in the Accounts and Subaccounts as required herein; and

(b) Written confirmation from each Rating Agency that issuance of the 2020 Series B Bonds will not cause the rating on any Outstanding Bonds (determined without regard to any bond insurance or similar credit enhancement) to be lower than [Aaa] by Moody's Investors Service and [AA+] by S&P Global Ratings or their equivalents, as applicable [TDHCA to confirm ratings].

Section 2.6. Redemption from Mortgage Loan Principal Payments and from Excess Revenues; Manner and Selection of 2020 Series B Bonds to Be Redeemed.

(a) Redemption from Mortgage Loan Principal Payments. The 2020 Series B Bonds are subject to redemption prior to maturity and shall be redeemed, in whole or in part, on the first day of each month at a Redemption Price equal to 100% of the principal amount of the 2020 Series B Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date, from Mortgage Loan Principal Payments on the 2020 B Transferred Mortgage Certificates received through the end of the prior month and transferred to the 2020 B Redemption Subaccount in accordance with Section 2.12(c)(ii) hereof. NO NOTICE OF REDEMPTION WILL BE GIVEN TO ANY BONDHOLDER OR BENEFICIAL OWNER OF THE DATE OR AMOUNT OF MANDATORY REDEMPTION FROM MORTGAGE LOAN PRINCIPAL PAYMENTS.

(b) Redemption from Excess Revenues. The 2020 Series B Bonds are subject to redemption, in whole or in part, from excess Revenues (including Surplus Revenues whether or not derived in connection with the 2020 Series B Bonds) beginning only on and after the initial optional redemption date of _____, _____, after giving notice as provided herein, at a Redemption Price equal to 100% of the principal amount of the 2020 Series B Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date.

(c) Selection of 2020 Series B Bonds for Redemption in Part. In the event 2020 Series B Bonds are to be redeemed in part as provided in this Section 2.6 and in Section 2.7, the 2020 Series B Bonds to be redeemed shall be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate. A portion of any 2020 Series B Bond may be redeemed, but only in an Authorized Denomination. While the 2020 Series B Bonds are held by the Bond Depository, 2020 Series B Bonds shall be selected for redemption as described in Section 2.11.

Section 2.7. Optional Redemption.

(a) The 2020 Series B Bonds are subject to redemption prior to maturity, in whole or in part, at any time and from time to time on and after the Optional Redemption Date, at the option of the Department, after giving notice as provided herein, at a Redemption Price equal to 100% of the principal amount of the 2020 Series B Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date.

(b) At least 45 days prior to, or such later date as the Trustee will accept, any redemption date described in paragraph (a) above the Department shall give a Letter of Instructions to the Trustee specifying the principal amount of 2020 Series B Bonds to be redeemed and the date of such redemption and identifying the source of funds to be utilized to redeem such Bonds. Prior to any redemption in part pursuant to this Section 2.7, the Department shall provide a Statement of Projected Revenues to the Trustee.

Section 2.8. Notice of Redemption.

(a) **[Notice of the call for any redemption pursuant to Sections 2.6(b) and 2.7, identifying the 2020 Series B Bonds or portions thereof to be redeemed, shall be given by the Trustee by mailing a copy of the redemption notice by first-class mail (postage prepaid) (or overnight delivery or facsimile, as to owners of at least \$1,000,000 in principal amount of the Bonds) not more than 30 days and not less than 20 days prior to the date fixed for redemption to the registered owner of each 2020 Series B Bond to be redeemed in whole or in part at the address shown on the registration books maintained by the Trustee.]** The notice of redemption shall specify the 2020 Series B Bonds to be redeemed, the redemption date, and the place or places where amounts due upon such redemption will be payable, and if less than all of the 2020 Series B Bonds are to be redeemed, the letters and numbers or other distinguishing marks and the principal amount of such 2020 Series B Bonds to be redeemed. Such notice shall further state that on such date there shall become due and payable on each 2020 Series B Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal amount thereof in the case of 2020 Series B Bonds to be redeemed in part only, together with interest accrued to, but not including, the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. If applicable, such notice shall provide that redemption of the 2020 Series B Bonds is conditioned upon moneys being available for such purpose on the redemption date. **[Is this current market notice for a pass-through?]**

(b) If the 2020 Series B Bonds are registered in the name of the nominee of the Bond Depository, the Trustee shall deliver, by overnight delivery service or facsimile, notice of a redemption in the manner and form described above which will allow the 2020 Series B Bonds to be timely redeemed on the redemption date.

(c) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the registered owner of such 2020 Series B Bonds receives the notice.

(d) A second notice of redemption shall be given promptly after the 60th day after the redemption date in the manner required above to the registered owners of redeemed 2020 Series B Bonds that have not been presented for payment by the 60th day after the redemption date.

(e) Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given upon mailing or being sent by facsimile to the latest known facsimile address, as applicable, whether or not the registered owner or other intended recipient thereof receives such notice.

Section 2.9. Form of 2020 Series B Bonds. Each 2020 Series B Bond shall be in substantially the form and tenor of Exhibit A attached hereto, which Exhibit A is incorporated herein as if fully set forth in this Supplemental Indenture, with such omissions, insertions, and variations as permitted or required by the Indenture. The registration certificate of the Comptroller of Public Accounts of the State of Texas and the certificate of authentication of the Trustee shall be in the form set forth in Exhibit A. The Department is hereby authorized, in its discretion, to provide for the assignment of CUSIP numbers for the 2020 Series B Bonds and to have such CUSIP numbers printed thereon, and the Department may direct the Trustee to use such CUSIP numbers in notices of redemption, provided that any such notice may state that no representation is made by the Trustee or the Department as to the correctness of such CUSIP number either as printed on the 2020 Series B Bonds or as contained in any notice of redemption. There may be printed on or attached to each 2020 Series B Bond registered in the name of the Bond Depository a schedule for the purpose of notation by the Bond Depository of the portion of the principal amount thereof which shall have been paid and the portion of the principal amount thereof which remains Outstanding and unpaid.

Section 2.10. Paying Agent; Method and Place of Payment.

(a) The Trustee is hereby appointed as Paying Agent for the 2020 Series B Bonds and the Trustee hereby accepts such appointment. The 2020 Series B Bonds shall be payable with respect to interest and principal of and the Redemption Price in any coin or currency of the United States of America which at the time is legal tender for the payment of public and private debts. The interest on each 2020 Series B Bond shall be payable by check or draft mailed on each Interest Payment Date to the Person in whose name such 2020 Series B Bond is registered as of the Record Date, at the address of such Person as shown on the registry books of the Department kept and maintained by the Trustee. The principal, Redemption Price of and interest on the 2020 Series B Bonds shall also be payable at any other place that may be provided for such payment by the appointment of any other Paying Agent for the 2020 Series B Bonds as permitted by the Indenture.

(b) Notwithstanding the foregoing, for so long as the Bond Depository is the exclusive registered owner of the 2020 Series B Bonds and for owners of not less than \$1,000,000 in aggregate principal amount of the 2020 Series B Bonds, and except for the final payment of principal of the 2020 Series B Bonds at maturity, the principal amount, Redemption Price thereof and the interest thereon shall be payable by wire transfer in immediately available federal funds to the Bond Depository or such owners to an account in the continental United States without the necessity of any immediate presentation and surrender of 2020 Series B Bonds pursuant to written instructions from the registered owner.

Section 2.11. Bond Depository; Book Entry System.

(a) The Department hereby appoints The Depository Trust Company, New York, New York, as Bond Depository for the 2020 Series B Bonds. In accordance with the Letter of Representations, the Department shall cause the initial 2020 Series B Bonds to be registered in the name of Cede & Co., as nominee for the Bond Depository, and to be delivered to the Bond Depository on the Issuance Date.

(b) With respect to 2020 Series B Bonds registered in the registry books of the Department required to be maintained by the Trustee pursuant to Section 308 of the Indenture in the name of Cede & Co. or any successor Bond Depository, or a nominee therefor, the Department and the Trustee shall have no responsibility or obligation to any Depository Participant or to any Person on behalf of whom such Depository Participant holds an interest in 2020 Series B Bonds. The Department and the Trustee may treat and consider the registered owner of any 2020 Series B Bond as the holder and absolute owner of such 2020 Series B Bond for the purpose of payment of the principal and Redemption Price of and interest with respect to such 2020 Series B Bond, for the purpose of giving notices of redemption and other matters with respect to such 2020 Series B Bond, for the purpose of registering transfers and exchanges with respect to such 2020 Series B Bond, and for all other purposes whatsoever. The Trustee shall pay all the principal amount and Redemption Price of and interest on the 2020 Series B Bonds only to or upon the order of the respective registered owners of the 2020 Series B Bonds and all such payments shall be valid and effective with respect to such payments to the extent of the sum or sums so paid. The Department and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of The Depository Trust Company, any successor Bond Depository or any Depository Participant with respect to any ownership interest in 2020 Series B Bonds, (ii) the delivery to any Depository Participant or any other Person, other than a registered owner of a 2020 Series B Bond as shown in the registry books required to be kept and maintained pursuant to Section 308 of the Indenture, of any notice with respect to the 2020 Series B Bonds, including any notice of redemption, or (iii) the payment to any Depository Participant or any other Person, other than a registered owner of a 2020 Series B Bond, of any amount with respect to any 2020 Series B Bond. The rights of Depository Participants and Persons on behalf of whom any Depository Participant holds a beneficial interest in 2020 Series B Bonds shall be limited to those established by law and agreements between such Depository Participants and other Persons and the applicable Bond Depository.

(c) In the event that either (i) the Bond Depository that is, directly or through a nominee, the registered owner of all of the Outstanding 2020 Series B Bonds notifies the Trustee and the Department that it is no longer willing or able to discharge its responsibilities as a Bond Depository or (ii) the Department determines that continuance of the existing book-entry system for ownership of interests in the 2020 Series B Bonds is not in the best interest of such owners of beneficial interests in the 2020 Series B Bonds, then the Department shall direct the Bond Depository to terminate the existing book-entry system for ownership of interests in the 2020 Series B Bonds. Upon such termination, the Department shall promptly select a substitute Bond Depository (and shall notify the Trustee in writing of such selection) to provide a system of book-entry ownership of beneficial interests in the 2020 Series B Bonds, if one is available satisfactory to the Department, and the ownership of all 2020 Series B Bonds shall be transferred on the registry books required to be kept and maintained pursuant to Section 308 of the Indenture to such successor Bond Depository, or its nominee. In the alternative, the Department may direct the Trustee to, and if the Department fails to promptly designate a successor Bond Depository the Trustee, without further direction, shall, notify the Depository Participants, through the Bond Depository for the 2020 Series B Bonds, of the availability of Bonds registered in the names of such Persons as are owners of beneficial interests in the 2020 Series B Bonds and, upon surrender to the Trustee of the Outstanding 2020 Series B Bonds held by the Bond Depository, accompanied by registration instructions from the Bond Depository, the Trustee shall, at the expense of the transferees, cause to be printed and authenticated 2020 Series B Bonds, in Authorized Denominations, to the owners of beneficial interests in the 2020 Series B Bonds as of the date of the termination of the existing book-entry ownership system for the 2020 Series B Bonds. Neither the Department nor the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying upon, such instructions. So long as the Department has designated a Bond Depository to provide a system of book-entry ownership of the 2020 Series B Bonds, all of the 2020 Series B Bonds must be held under such book-entry system. Prior to any transfer of the 2020 Series A Bonds outside the Book-Entry Only system (including, but not limited to, the initial transfer outside the Book-Entry Only system) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

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

Section 2.12. Creation of Additional Funds, Accounts, and Subaccounts and Application Thereof.

(a) Pursuant to the provisions of subsection 4 of Section 713 of the Indenture, there is established by this Section 2.12, for the 2020 Series B Bonds, an Account in each Fund and a Subaccount in each Account, established by Section 502 of the Indenture. Each such Account and Subaccount shall be known and designated as the 2020 B Account or Subaccount followed by the appropriate reference to the Fund or the Account within the Fund to which such Account or Subaccount relates. In addition, there are hereby established for the 2020 Series B Bonds within the Mortgage Loan Fund (i) a temporary Account to be known and designated as the 2020 B Proceeds Account, and (ii) the 2020 B Costs of Issuance Account.

(b) (i) Pursuant to the provisions of subsection 4 of Section 713 of the Indenture there is hereby established with the Trustee, as escrow agent, a special subaccount in the Redemption Account of the Debt Service Fund designated as the “2013 Series A Escrow Account.” The money deposited in the 2013 Series A Escrow Account, including all money therein and all investments thereof, shall be held in trust for the owners of the Refunded Bonds and applied solely as provided by this Section.

(ii) The Trustee shall deposit to the credit of the 2013 Series A Escrow Account all amounts specified in Section 2.13(b).

(iii) The Trustee shall disburse amounts in the 2013 Series A Escrow Account in accordance with Section 2.13(c).

(c) Deposits to and Transfers from the 2020 B Revenue Account.

(i) Unless otherwise directed by the Department pursuant to a Letter of Instructions accompanied by a Statement of Projected Revenues and a confirmation from each Rating Agency of the then current ratings on the 2020 Series B Bonds, all payments received with respect to the 2020 B Mortgage Certificates shall be deposited in the 2020 B Revenue Account.

(ii) Pursuant to subsection 2 of Section 505 of the Indenture, the Trustee shall transfer to the 2020 B Redemption Subaccount as soon as practicable upon receipt thereof, amounts in the 2020 B Revenue Account representing Mortgage Loan Principal Payments, and the Trustee shall use such funds to redeem 2020 Series B Bonds pursuant to Section 2.6(a).

(iii) Pursuant to subsection 2 of Section 505 of the Indenture, the Trustee shall transfer to the 2020 B Redemption Subaccount amounts in the 2020 B Revenue Account required to pay interest on the next Interest Payment Date for the 2020 Series B Bonds.

(iv) Unless otherwise instructed by the Department pursuant to a Letter of Instructions accompanied by a Statement of Projected Revenues, on each Interest Payment Date, the Trustee shall transfer from the 2020 Series B Revenue Account the amount in such Account after taking into account the required transfers of amounts to the 2020 Series B Redemption Subaccount pursuant to Section 2.12(b)(ii) and Section 2.12(b)(iii) of this Supplemental Indenture, to the Surplus Revenues Account. Prior to _____, the Department shall not use excess Revenues to redeem 2020 Series B Bonds.

(d) The costs of issuance incurred by the Department in connection with the issuance of the 2020 Series B Bonds shall be payable from amounts deposited in the 2020 B Costs of Issuance Account.

(e) The Accounts and Subaccounts described in this Section shall be for the equal benefit of the Holders of all of the Bonds. The segregation of the Accounts and Subaccounts as required by this Section 2.12 is for the purpose of making the calculations required by Sections 143(g) and 148 of the Internal Revenue Code of 1986, as amended, for tax-exempt Bonds, and is not for the purpose of giving a priority or preference to the Bonds of one Series over that of another Series. Except as provided in this Section, the Revenues and proceeds of a Series shall continue to be used as provided in Article V of the Indenture.

Section 2.13. Initial Deposits and Transfers into Accounts and Subaccounts.

(a) On the Issuance Date, the proceeds of the 2020 Series B Bonds initially shall be deposited by the Trustee in the 2020 B Proceeds Account.

(b) On the Issuance Date, the Trustee shall transfer from the 2020 B Proceeds Account the amount of \$_____ for deposit in the 2013 Series A Escrow Account to pay a portion of the Redemption Price of the Refunded Bonds on the redemption date.

(c) On the date fixed for redemption of the Refunded Bonds, the Trustee shall use amounts available in the 2013 Series A Escrow Account to pay the Redemption Price of the Refunded Bonds.

Section 2.14. Transfer of and Representations and Covenants Relating to 2020 B Transferred Mortgage Certificates. All 2020 B Transferred Mortgage Certificates are hereby allocated to the 2020 B Mortgage Loan Account. The Department represents and covenants that each of the 2020 B Transferred Mortgage Certificates is a Mortgage Loan that, at the date of acquisition, met the requirements set forth in Section 705 of the Indenture.

[End of Article II]

ARTICLE III

MISCELLANEOUS

Section 3.1. Sale of 2020 Series B Bonds. 2020 Series B Bonds authorized to be issued herein in the aggregate principal amount of \$ _____ shall be sold to the Underwriters at an aggregate purchase price of \$ _____, plus accrued interest, if any, on the 2020 Series B Bonds from their dated date to the Issuance Date on the terms and conditions set forth in the Purchase Agreement and upon the basis of the representations therein set forth.

Section 3.2. Certain Duties of the Department and Agreement Regarding Payment of Department Expenses. The Department covenants and agrees that, in addition to such other duties as may be required under the Indenture and this Supplemental Indenture the Department will not voluntarily take any action or fail to take any action that will impair the ability of the Department to satisfy the Asset Test set forth in the Indenture during any period in which the 2020 Series B Bonds remain Outstanding. **[Prior to an Event of Default and so long as the 2020 Series B Bonds remain Outstanding, the Department will not use Mortgage Loan Principal Payments on the 2020 B Transferred Mortgage Certificates for the purpose of paying Department Expenses.] [Is this covenant applicable?]**

Section 3.3. No Recourse on 2020 Series B Bonds. No recourse shall be had for payment of the principal or Redemption Price of or interest on the 2020 Series B Bonds or for any claim based thereon or on this Supplemental Indenture against any Board member, officer or employee of the Department or the Trustee, or any person executing or authenticating the 2020 Series B Bonds, and neither the Board members, officers or employees of the Department or the Trustee, nor any person executing or authenticating the 2020 Series B Bonds shall be liable personally on the 2020 Series B Bonds by reason of the issuance thereof.

Section 3.4. Redemption of Refunded Bonds. The Department has instructed the Trustee to redeem the Refunded Bonds.

Section 3.5. Continuing Disclosure Relating to Other Obligated Persons. The Board hereby determines that an Other Obligated Person would be an “obligated person” (as defined in Rule 15c2-12 (the “Rule”)) for whom financial information and operating data would be presented in any final official statement relating to the 2020 Series B Bonds had such Person been known at the time of the offering thereof. Based upon the objective criteria specified in the definition of Other Obligated Person, the Board concludes that no Borrower eligible to participate in the Program would be an Other Obligated Person.

Section 3.6. Agreement Regarding Assumption of Certain Home Loans. The Board agrees not to permit the assumption of any Mortgage Loan that would cause any Person to become an Other Obligated Person.

Section 3.7. Execution in Several Counterparts. This Supplemental Indenture may be simultaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

Section 3.8. Sale of 2020 B Transferred Mortgage Certificates. Notwithstanding any other provision of the Indenture, the Department may sell the 2020 B Transferred Mortgage Certificates in whole or in part only upon delivery by the Department of written confirmation from each Rating Agency that such sale will not adversely affect the then current ratings on the Bonds (determined without regard to any bond insurance or similar credit enhancement).

Section 3.9. Protection of Trust Estate.

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

(i) grant more effectively all or any portion of the Trust Estate;

- (ii) maintain or preserve the lien of the Indenture and this Supplemental Indenture or carry out more effectively the purposes hereof;
- (iii) perfect, publish notice of or protect the validity of any grant made or to be made by the Indenture or this Supplemental Indenture;
- (iv) enforce any of the documents executed in connection with this Supplemental Indenture;
- (v) preserve and defend title to the Trust Estate and the rights of Trustee and of owners of the 2020 Series B Bonds in the other property held as part of the Trust Estate against the claims of all Persons and parties; or
- (vi) pay all taxes or assessments levied or assessed upon the Trust Estate when due.

(b) The Department hereby designates the Trustee as its agent and attorney-in-fact to execute any financing statement, continuation statement or other instrument required pursuant to this Section 3.9; provided, however, that such designation shall not be deemed to create a duty on the Trustee to monitor the compliance of the Department with the foregoing covenants and provided further, that the duty of the Trustee to execute any instrument required pursuant to this Section 3.9 shall arise only if the Trustee has actual knowledge by notice in writing of any failure of the Department to comply with the provisions of this Section 3.9. Such power-of-attorney is coupled with an interest and is irrevocable, and the Department hereby ratifies and confirms all that the Trustee may do by virtue thereof. The Department shall be responsible for all reasonable costs incurred by the Trustee in the preparation and filing of all such continuation statements hereunder. Notwithstanding anything to the contrary contained herein or in the Indenture, the Trustee shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interest, the accuracy or sufficiency of any description of collateral in such initial filings or the filing of any modifications or amendments to the initial filings required by any amendments to Chapter 9 of the Texas Business and Commerce Code. Unless the Trustee shall have been notified in writing by the Department that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in relying on such initial filing and the information contained therein when filing any continuation statements or modifications thereto pursuant to this Section 3.9(b) or Section 1205 of the Indenture and when filing any continuation statements in the same filing offices as the initial filings were made.

Section 3.10. Notices to Department, Trustee and Paying Agent. All notices, demands and requests to be given to or made hereunder to the Department, the Trustee or the Paying Agent shall be given or made in writing and shall be deemed to be properly given or made if sent by United States certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

- (a) As to the Department:

Texas Department of Housing and Community Affairs
 221 East 11th Street
 Austin, Texas 78701-2410
 Attention: Executive Director

- (b) As to the Trustee and Paying Agent:

The Bank of New York Mellon Trust Company, N.A.
 10161 Centurion Parkway North
 Jacksonville, Florida 32256
 Attention: Richard Dillard

Section 3.11. Compliance with Texas Government Code. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Supplemental Indenture, the 2020 B Supplement to Depository Agreement dated

as of August 1, 2020, among the Department, the Trustee and the Depository (the “Supplement to Depository Agreement”) and the Continuing Disclosure Agreement dated as of August 1, 2020, between the Department and the Trustee (the “Disclosure Agreement”), and such representation is hereby incorporated by reference into each of the documents referenced herein. The foregoing verification is made solely to comply with Section 2270.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, ‘boycott Israel’ means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Trustee understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

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

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

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

Section 3.12. Instructions via Electronic Means. The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”), given pursuant to the Indenture and delivered using Electronic Means; provided, however, that the Department shall provide to the Trustee an incumbency certificate listing Authorized Representatives of the Department with the authority to provide such Instructions and containing specimen signatures of such Authorized Representative of the Department, which incumbency certificate shall be amended by the Department whenever a person is to be added or deleted from the listing. “Electronic Means” as used herein shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder. If the Department elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The Department understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by or on behalf of an Authorized Representative listed on the incumbency certificate provided to the Trustee have been sent by or on behalf of such Authorized Representative. The Department shall be responsible for ensuring that only Authorized Representatives of the Department transmit or authorize the transmission of such Instructions to the Trustee and that the Department and all Authorized Representatives of the Department are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Department. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Department agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception or misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by Department; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 3.13. Letter of Instruction; Written Instructions. The Trustee may conclusively rely on any Letter of Instruction or written instructions delivered to the Trustee and shall not be responsible for any loss or liability resulting from the investment of funds or otherwise, but only so long as the Trustee follows such Letter of Instruction or written instructions in all material respects.

Section 3.14. Responsibilities of the Trustee. Notwithstanding anything to the contrary in the Indenture: (a) subject to the provisions of subsection 2 of Section 902 of the Indenture, the Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct; and (b) the Trustee may act through agents or attorneys and shall not be responsible for the misconduct or negligence of such agents or attorneys appointed with due care. Subject to the provisions of Section 902 of the Indenture, the Department further agrees, to the extent permitted by law, to indemnify and save the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to the Trustee's negligence or willful misconduct. If the Trustee renders any service hereunder not provided for in the Indenture or this Supplemental Indenture or related financing documents or institutes interpleader proceedings relative hereto, the Trustee shall be compensated reasonably by the Department for such extraordinary services and reimbursed for any and all claims, liabilities, losses, damages, fines, penalties, and expenses, including out of pocket and incidental expenses and legal fees and expenses occasioned thereby. The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds. The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty.

[End of Article III]

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

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: _____
Vice Chair

Attest:

Secretary

(SEAL)

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

By: _____
Authorized Officer

EXHIBIT A
FORM OF BOND

UNITED STATES OF AMERICA

STATE OF TEXAS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

SINGLE FAMILY MORTGAGE REVENUE REFUNDING BOND

2020 SERIES B (TAXABLE)

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

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

No. _____ \$ _____

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

Registered Owner: _____

Principal Amount: _____ DOLLARS

The TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (herein called the “Department”), a public and official agency of the State of Texas, organized and existing under and by virtue of the laws of the State of Texas, acknowledges itself indebted to, and FOR VALUE RECEIVED, hereby promises to pay to the registered owner named above or registered assigns, but solely from the sources and in the manner hereinafter provided, on the maturity date specified above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such principal amount in like coin or currency from the Dated Date (as defined below) of this Bond or from the most recent date to which interest on this Bond (or any Bond in exchange for, or in lieu of, which this Bond was issued), has been paid at the interest rate per annum set forth above, calculated on the basis of a 360-day year composed of twelve 30-day months, payable on the first day of each month, commencing [August 1, 2020], and on any other date on which this Bond is subject to redemption (each, an “Interest Payment Date”) to the date of maturity or earlier redemption, until the Department’s obligation with respect to the payment of such principal amount shall be discharged. The principal amount or Redemption Price of this Bond shall be payable upon presentation and surrender of this Bond at the applicable office of The Bank of New York Mellon Trust Company, N.A. (such bank and any successor in such capacity being referred to as the “Trustee”). This Bond shall be dated as of the date of authentication hereof by the Trustee, unless such date of authentication shall be an Interest Payment Date, in which case this Bond shall be dated as of such Interest Payment Date, or unless such

¹ To be included only in bonds registered in the name of DTC or its nominees.

date of authentication shall be prior to June 1, 2020, in which case this Bond shall be dated as of the Issuance Date; provided that if interest on this Bond shall be in default, Bonds issued in lieu of this Bond upon surrender for transfer or exchange may be dated as of the date to which interest has been paid in full on the Bonds surrendered (herein, the “Dated Date”).

This Bond is a limited obligation of the Department and is one of the Bonds of the Department designated “Single Family Mortgage Revenue Bonds” (herein called the “Bonds”), issued and to be issued in various series under and pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as such may be amended from time to time (together with the laws of the State of Texas applicable to the Department, collectively, the “Act”), Chapter 1207, Texas Government Code, as amended, and Chapter 1371, Texas Government Code, as amended, and under and pursuant to an indenture of the Department entitled “Amended and Restated Single Family Mortgage Revenue Bond Trust Indenture” dated as of June 1, 2017, which amends and restates the Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 1980, as amended and supplemented (herein called the “Indenture”), and a supplemental indenture of the Department entitled “Sixty-Ninth Supplemental Single Family Mortgage Revenue Bond Trust Indenture” dated as of June 1, 2020, authorizing the series of Bonds of which this Bond is a part (herein called the “Supplemental Indenture” and together with the Indenture called the “Indentures”). All defined terms used herein, but not otherwise defined, shall have the same definitions ascribed to them in the Indentures. As provided in the Indenture, Bonds may be issued from time to time pursuant to supplemental indentures in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and subject to the provisions thereof, may otherwise vary. All Bonds issued and to be issued under the Indenture are and will be equally secured by the pledges, assignments in trust and covenants made therein, except as otherwise expressly provided or permitted in the Indenture.

THE PRINCIPAL OF AND INTEREST AND PREMIUM, IF ANY, ON THIS BOND ARE LIMITED OBLIGATIONS OF THE DEPARTMENT AND ARE PAYABLE ONLY FROM REVENUES OR FUNDS OF THE DEPARTMENT PLEDGED UNDER THE INDENTURES. THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH OR CREDIT OR TAXING POWER OF THE STATE OF TEXAS. THE DEPARTMENT HAS NO TAXING POWER.

This Bond is one of a series of Bonds designated “Single Family Mortgage Revenue Refunding Bonds, 2020 Series B (Taxable)” (herein sometimes called the “2020 Series B Bonds”) issued in the aggregate initial principal amount of \$ _____ under the Indentures for the purpose of refunding the Department’s outstanding Single Family Mortgage Revenue Refunding Bonds, 2013 Series A (Taxable). Simultaneously with the issuance of the 2020 Series B Bonds, the Department is issuing its Single Family Mortgage Revenue Bonds, 2020 Series A (the “2020 Series A Bonds”) in the aggregate initial principal amount of \$ _____. Copies of the Indentures are on file at the office of the Department and at the applicable office of the Trustee and reference to the Indentures and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges, assignments in trust, and covenants securing the Bonds; the nature, extent, and manner of enforcement of such pledges, assignments in trust, and covenants; the rights and remedies of the registered owners of the Bonds with respect thereto; the terms and conditions upon which the Bonds are issued and may be issued thereunder; and other matters, to all of which the owner of this Bond assents by the acceptance of this Bond.

The Department has heretofore issued its Single Family Variable Rate Mortgage Revenue Refunding Bonds, 2004 Series B; Single Family Variable Rate Mortgage Revenue Bonds, 2004 Series D; Single Family Variable Rate Mortgage Revenue Refunding Bonds, 2005 Series A; Single Family Variable Rate Mortgage Revenue Bonds, 2007 Series A; Single Family Mortgage Revenue Refunding Bonds, 2013 Series A (Taxable); Single Family Mortgage Revenue Refunding Bonds, 2015 Series A (Taxable); Single Family Mortgage Revenue Bonds, 2015 Series B; Single Family Mortgage Revenue Bonds, 2016 Series A; Single Family Mortgage Revenue Refunding Bonds, 2016 Series B (Taxable); Single Family Mortgage Revenue Bonds, 2017 Series A; Single Family Mortgage Revenue Refunding Bonds, Series B (Taxable); Single Family Mortgage Revenue Bonds, Series 2017 Series C (Taxable); Single Family Mortgage Revenue Bonds, 2018 Series A; and Single Family Mortgage Revenue Bonds, 2019 Series A. To the extent outstanding, all of the foregoing Bonds as well as the 2020 Series A Bonds are on a parity with and of equal dignity in all respects with the 2020 Series B Bonds. The Department reserves the right in the Indentures to issue other bonds of the Department for other programs similar to the programs funded with the proceeds of the Bonds, and further

reserves the right to issue bonds that are payable from the pledges and assignments in trust pursuant to the Indentures on a parity with or subordinate to the pledge under the Indentures all as provided in the Indentures.

The owner of this Bond shall have no right to enforce the provisions of the Indentures, or to institute any action with respect to any Event of Default (as defined in the Indenture), or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in the Indentures.

This Bond is transferable, as provided in the Indentures, only upon the books of the Department kept for that purpose at the above-mentioned office of the Trustee, by the registered owner hereof in person, or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon, a new Bond or Bonds in the same aggregate principal amount shall be issued to the transferee in exchange herefor as provided in the Indentures, and upon payment of the charges therein prescribed. The Department and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal, Redemption Price or purchase price hereof and interest due hereon and for all other purposes.

[EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURES, THIS BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF DTC OR TO A SUCCESSOR BOND DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR BOND DEPOSITORY.]²

The 2020 Series B Bonds are issuable only in the form of fully registered Bonds without coupons in the denomination of \$1.00 and any integral multiple thereof.

To the extent and in the manner permitted by the terms of the Indentures, the provisions of the Indentures, or any indenture amendatory thereof or supplemental thereto, may be modified or amended by the Department, with the written consent of the holders of at least 2/3 in principal amount of the Bonds of each series so affected then outstanding under the Indentures and, in case such modification or amendment would change the terms of any sinking fund installment, with such consent of the holders of at least 2/3 in principal amount of the Bonds of the particular Series and maturity entitled to such sinking fund installment then outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain outstanding under the Indentures, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of the calculation of outstanding Bonds. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds, the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee or of any paying agent without its written assent thereto.

Redemption Prices and Terms. The 2020 Series B Bonds are subject to redemption prior to maturity as set forth in the Supplemental Indenture.

In lieu of redeeming 2020 Series B Bonds, the Department has reserved the right in subsection 5 of Section 506 of the Indenture to purchase such Bonds at a price (excluding accrued interest but including any brokerage or other charges) no greater than the applicable Redemption Price of such Bonds.

The 2020 Series B Bonds are payable upon redemption at the applicable office of the Trustee. Written notice of redemption shall be provided to the registered owner of the Bond to be redeemed as shown on the registry books of the Trustee, in the manner, at the times and upon the terms and conditions set forth in the Indentures. If notice of redemption shall have been given as aforesaid, the 2020 Series B Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, money for the redemption of all the Bonds or portions thereof to be redeemed, together with interest to, but not including, the

² To be deleted from the Initial issued Bond

redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

The Department reserves the right to regulate or restrict the yield or return on the investment of the moneys in any fund, account, or subaccount created under the Indentures or any supplemental indenture, if in the opinion of counsel, such regulation or restriction is necessary in order for the interest on the Bonds (other than any series of taxable Bonds issued under the Indenture) of any series issued or to be issued under the Indenture to be exempt from federal income taxation.

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

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

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

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

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: _____
[Vice] Chair

Attest:

Secretary

(SEAL)

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

STATE COMPTROLLER'S REGISTRATION CERTIFICATE

OFFICE OF COMPTROLLER

Register No. _____

STATE OF TEXAS

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

WITNESS MY HAND AND SEAL OF OFFICE this _____.

Comptroller of Public Accounts of
the State of Texas

(SEAL)

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

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

Date of Authentication:

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

By: _____
Authorized Officer

[FORM OF ASSIGNMENT]

ASSIGNMENT

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

Dated:

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

Signature guaranteed by:

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

EXHIBIT B

2020 B TRANSFERRED MORTGAGE CERTIFICATES

[TO COME]