

2020 A/B SUPPLEMENT TO DEPOSITORY AGREEMENT

Relating to

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

\$ _____
 SINGLE FAMILY MORTGAGE REVENUE BONDS
 2020 SERIES A

and

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

This agreement is the 2020A/B Supplement to Depository Agreement (“Supplement to Depository Agreement”) dated as of _____ 1, 2020. It is among the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas (together with its successors and assigns, the “Department”); THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association (together with its successors in trust under the Trust Indenture referred to below, the “Trustee”); and the TEXAS TREASURY SAFEKEEPING TRUST COMPANY, a special-purpose trust company organized under the laws of the State of Texas (together with its successors in such capacity, the “Trust Company”).

Preamble

The Texas Housing Agency, the predecessor to the Department (the “Agency”), Team Bank, a state banking corporation and predecessor in interest to the Trustee (“Team”), and the State Treasurer of the State of Texas (“State Treasurer”) entered into the Amended and Restated Depository Agreement, dated as of August 1, 1991 (together with the amendments described in the immediately following paragraph, the “Amended and Restated Depository Agreement”), relating to the Agency’s (now the Department’s) Single Family Mortgage Revenue Bonds issued pursuant to the Single Family Mortgage Revenue Bond Trust Indenture, dated as of October 1, 1980, between the Department and the Trustee (as amended and supplemented, the “Indenture”).

The Amended and Restated Depository Agreement was amended by that certain 2005 B/C/D Supplement to Depository Agreement dated as of December 1, 2005 among the Department, the Trustee and the Trust Company in order to delete Section 5.04 in its entirety, by that certain 2013 Amendment to Single Family Mortgage Revenue Bond Amended and Restated Depository Agreement dated as of May 1, 2013 among the Department, the Trustee and the Trust Company, and by that certain 2016 A/B Supplement to Depository Agreement dated as of February 1, 2016 among the Department, the Trustee and the Trust Company in order to amend the contact information for the Trust Company in Section 7.01.

The Department and the Trustee entered into that certain Amended and Restated Single Family Mortgage Revenue Bond Trust Indenture dated as of June 1, 2017, amending and restating the Indenture (as amended and supplemented from time to time, the “Amended and Restated Single Family Indenture”), for the purpose of consolidating amendments previously made to the Indenture.

Section 7.03 of the Amended and Restated Depository Agreement provides that it may be amended in any respect by an instrument in writing executed by the Department, the Trustee, and the Trust Company and, in particular, that it may be amended in connection with the issuance of one or more series of Bonds other than those outstanding on the date of the Amended and Restated Depository Agreement and to evidence further compliance with applicable laws and regulations promulgated under such laws; provided that the Trustee shall have received with respect to such amendment, a Counsel’s Opinion that such amendment is not inconsistent with the provisions of the Amended and Restated Single Family Indenture and does not materially and adversely affect the rights of the holders of the Bonds.

The Department is in the process of issuing (i) its Single Family Mortgage Revenue Bonds, 2020 Series A (the “2020 Series A Bonds”) pursuant to a Sixty-Eighth Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of _____ 1, 2020, between the Department and the Trustee (the “2020 A Supplemental Indenture”), and (ii) its Single Family Mortgage Revenue Refunding Bonds, 2020 Series B (Taxable) (the “2020 Series B Bonds,” and together with the 2020 Series A Bonds, collectively referred to herein as the “Series 2020 A/B Bonds”) pursuant to a Sixty-Ninth Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of _____ 1, 2020, between the Department and the Trustee (the “2020 B Supplemental Indenture,” and together with the Series 2020 A Supplemental Indenture, collectively referred to in this Supplement to Depository Agreement as the “Series 2020 A/B Supplemental Indentures,” and together with the Amended and Restated Single Family Indenture, collectively referred to in this Supplement to Depository Agreement as the “Trust Indenture”).

The Trust Company has succeeded to all of the interests of the State Treasurer in the Amended and Restated Depository Agreement, as amended.

The Department desires and has requested the Trustee and the Trust Company to enter into this Supplement to Depository Agreement to supplement the Amended and Restated Depository Agreement to create Accounts and Subaccounts under the Amended and Restated Depository Agreement corresponding to the Accounts and Subaccounts being created under the Trust Indenture in connection with the issuance of the Series 2020 A/B Bonds.

Agreement

In consideration of the mutual agreements contained in this Supplement to Depository Agreement, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Department, the Trustee and the Trust Company agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.01 Definitions. Unless the context requires otherwise, all defined terms contained in the Amended and Restated Single Family Indenture, the 2020A/B Supplemental Indentures, and the Amended and Restated Depository Agreement have the same meanings in this Supplement to Depository Agreement as such defined terms are given in each of the foregoing documents.

Section 1.02 Interpretation. This Supplement to Depository Agreement and all of the terms and provisions in it shall be liberally construed to effectuate the purposes of this Supplement to Depository Agreement and to achieve the purpose of providing additional security for the Series 2020 A/B Bonds.

Section 1.03 Titles and Headings. The titles and headings of the articles and sections of this Supplement to Depository Agreement have been for convenience and reference only. They are not to be considered a part of this Supplement to Depository Agreement and will not in any way modify or restrict the terms of this Supplement to Depository Agreement.

Section 1.04 Amended and Restated Depository Agreement to Remain in Force. Except as supplemented and amended by this Supplement to Depository Agreement, the Amended and Restated Depository Agreement remains in full force and effect as to the matters covered by it.

Section 1.05 Continuing Binding Effect. The terms and provisions of the Amended and Restated Depository Agreement, as amended, are in all respects binding upon and applicable to the parties to this Supplement to Depository Agreement. Further, deposits, withdrawals and transfers to, from and among the Accounts and Subaccounts described in Exhibit “A” of moneys and securities pertaining to the Series 2020 A/B Bonds, and the investment of the moneys and securities in all respects, including the maintaining of records and the providing of reports, be governed by the terms and provisions of the Amended and Restated Depository Agreement, a copy of which is attached as Exhibit “B” hereto.

Section 1.06 Authority. This Supplement to Depository Agreement is executed and delivered pursuant to the Act and the Amended and Restated Depository Agreement.

Section 1.07 Successors and Assigns. All covenants and agreements in this Supplement to Depository Agreement among the Department, Trustee and Trust Company shall bind their respective successors and assigns, whether so expressed or not.

Section 1.08 Severability Clause. In case any provision in this Supplement to Depository Agreement is found by a court to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired by such finding.

Section 1.09 Benefits of Supplement to Depository Agreement. Nothing in this Supplement to Depository Agreement, the Trust Indenture, or in the Series 2020 A/B Bonds, express or implied, gives to any Person, other than the parties to this Supplement to Depository Agreement, their successors under it, and the owners of Bonds, any benefit or any legal or equitable right, remedy or claim under this Supplement to Depository Agreement.

Section 1.10 Governing Law. This Supplement to Depository Agreement is governed by the laws of the State of Texas.

Section 1.11 Execution in Several Counterparts. This Supplement to Depository Agreement may be simultaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

ARTICLE II

CREATION AND OPERATION OF ACCOUNTS AND SUBACCOUNTS

Section 2.01 Creation of Accounts and Subaccounts. In accordance with Section 7.03 of the Amended and Restated Depository Agreement, the Department creates with the Trust Company, the additional Accounts and Subaccounts described in Exhibit "A" attached to this Supplement to Depository Agreement and made a part of it, relating to the Series 2020 A/B Bonds in the previously established Mortgage Loan Fund and Revenue Fund.

Section 2.02 Investment of Certain Funds. The Department instructs the Trustee and the Trust Company to invest funds relating to the 2020 Series A Bonds held in the 2020 A Mortgage Loan Account, the 2020 A Costs of Issuance Account, the 2020 A Revenue Account and the 2020 A Redemption Subaccount and funds relating to the 2020 Series B Bonds held in the 2020 B Mortgage Loan Account, the 2020 B Costs of Issuance Account, the 2020 B Revenue Account, and the 2020 Series B Redemption Subaccount, in accordance with the Department's written instructions to the Trustee and the Trust Company.

EXECUTED as of the date first above 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 Signatory

TEXAS TREASURY SAFEKEEPING TRUST
COMPANY

By: _____
Authorized Officer

EXHIBIT "A"

FUNDS, ACCOUNTS AND SUBACCOUNTS

MORTGAGE LOAN FUND [§502(1), Ind.] (Moneys in all Accounts and Subaccounts held by the Trustee and maintained and invested by the Trust Company pursuant to Depository Agreement)

2020 A Mortgage Loan Account [§2.12(a), 68th Supp.]

2020 A Proceeds Account [§2.12(a)(i)(i), 68th Supp.] [temporary]

2020 A Costs of Issuance Account [§2.12(a)(i)(ii), 68th Supp.] [temporary]

2020 A Down Payment Assistance Subaccount, within the 2020 A Mortgage Loan Account [§2.12(a)(i)(iii), 68th Supp.]

2020 A Administrative Subaccount, within the 2020 A Mortgage Loan Account [§2.12(a)(i)(iv), 68th Supp.]

2020 B Mortgage Loan Account [§2.12(a), 69th Supp.]

2020 B Proceeds Account [§2.12(a)(i), 69th Supp.] [temporary]

2020 B Costs of Issuance Account [§2.12(a)(ii), 69th Supp.] [temporary]

REVENUE FUND [§502(2), Ind.] (Moneys in all Accounts and Subaccounts held by the Trustee and maintained and invested by the Trust Company pursuant to Depository Agreement)

2020 A Revenue Account [§2.12(a), 68th Supp.]

2020 A Capitalized Interest Subaccount, within the 2020 A Revenue Account [§2.12(a)(ii), 68th Supp.]

2020 B Revenue Account [§2.12(a), 69th Supp.]

DEBT SERVICE FUND [§502(3), Ind.] (Moneys in the following Subaccounts held by the Trustee and maintained and invested by the Trust Company)

2020 A Principal Subaccount [§2.12(a), 68th Supp.]

2020 A Interest Subaccount [§2.12(a), 68th Supp.]

2020 A Redemption Subaccount [§2.12(a), 68th Supp.]

2020 B Principal Subaccount [§2.12(a), 69th Supp.]

2020 B Interest Subaccount [§2.12(a), 69th Supp.]

2020 B Redemption Subaccount [§2.12(a), 69th Supp.]

EXPENSE FUND [§502(5), Ind.] (Moneys in all Accounts held by Department and maintained and invested by the Trust Company)

2020 A Expense Account [§2.12(a), 68th Supp.]

2020 A Rebate Account [§2.12(a)(iii), 68th Supp.]

2020 B Expense Account [§2.12(a), 69th Supp.]

80 SFI Expense Fund/Operating Reserve [Already Established - §505(1), Ind.]

NOTE: Not shown above are:

- (a) Surplus Revenues Mortgage Loan Fund created by Section 2.11 of the 14th Supp.;
- (b) Series 1994A Mortgage Loan Revenue Account created by Section 2.3 of the 16th Supp.;
- (c) Surplus Revenues Account created by Section 2.3 of the 16th Supp.

EXHIBIT "B"

AMENDED AND RESTATED DEPOSITORY AGREEMENT