

In the opinion of Bracewell LLP ("Bond Counsel"), assuming compliance with certain covenants and based on certain representations, under existing law (i) interest on the Bonds is excludable from gross income for federal income tax purposes, except with respect to interest on any Bond for any period during which it is held by a "substantial user" of the Project or a "related person" of such a "substantial user" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended and (ii) interest on the Bonds is not subject to the alternative minimum tax imposed on individuals. See "TAX MATTERS" herein for a discussion of Bond Counsel's opinion.

\$50,000,000
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Multifamily Housing Revenue Bonds
(Pass-Through – Vista on Gessner), Series 2018

Maturity Date: March 1, 2035; Final Payment Date: March 27, 2035; Interest Rate: 3.40%; Price: 100%; CUSIP No.: 88275A DH0†

Dated Date: February 1, 2018

The above-captioned bonds (the "Bonds") will be issued under the provisions of an Indenture of Trust dated as of February 1, 2018 (the "Indenture") between the Texas Department of Housing and Community Affairs (the "Issuer") and Wilmington Trust, National Association, a national banking association, as trustee for the Bonds (the "Trustee"). The Bonds will be issued in book-entry form only, in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), as fully registered bonds in the denomination of \$1.00 or any integral multiple thereof. Interest on and principal of the Bonds will be payable by the Trustee to Cede & Co., as nominee of DTC. Purchasers of the Bonds will not receive physical delivery of bond certificates. The Bonds will not be transferable or exchangeable, except for transfer to another nominee of DTC or otherwise as described herein. Any purchaser as a beneficial owner of a Bond must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of the principal of and interest on such Bond.

The Bonds are being issued by the Issuer to finance the cost of the acquisition and rehabilitation of a 805-unit residential rental housing development known as Vista on Gessner in Houston, Texas (the "Project"), and pay certain additional costs related thereto. See "THE PROJECT AND THE PRIVATE PARTICIPANTS" herein.

Upon the issuance of the Bonds, Bond proceeds in an amount equal to the interest thereon to April 26, 2018 (the "Mandatory Redemption Date") (together with accrued interest, if any) will be deposited to the Collateral Security Interest Account under the Indenture, and the balance of the Bond proceeds will be deposited into the Proceeds Fund. Pursuant to the terms of a Financing Agreement dated as of February 1, 2018 (the "Financing Agreement") among the Issuer, the Trustee, the Borrower (as defined below) and the Lender (as defined below), Bond proceeds deposited into the Proceeds Fund will (i) be used to pay or reimburse the Borrower for payment of certain costs of the Project or (ii) will be deposited to a Rehabilitation Account of the Proceeds Fund and used as directed by the Lender for rehabilitation of the Project. Bond proceeds (other than amounts deposited to the Collateral Security Interest Account and premium, if any, deposited to the Collateral Security Principal Account) shall not be part of the Trust Estate securing repayment of the Bonds.

The Bonds will initially be collateralized by (i) the deposit into the Collateral Security Principal Account of the Collateral Security Fund under the Indenture of the proceeds received from the assignment to Red Mortgage Capital, LLC (the "Lender") of a first mortgage loan (the "Mortgage Loan") to be made by the Issuer to Dalcour Gessner, Ltd., a Texas limited partnership (the "Borrower"), and fully funded in an amount equal to the original principal amount of the Bonds on the date of issuance of the Bonds (such assigned Mortgage Loan being referred to herein as the "Assigned Loan"), and (ii) the deposit to the Collateral Security Interest Account of the Collateral Security Fund of Bond proceeds in an amount sufficient to pay the interest on the Bonds to the Mandatory Redemption Date. Upon the satisfaction of certain conditions described herein as set forth in the Indenture, the Trustee will use moneys on deposit in the Collateral Security Fund to acquire a Guaranteed Mortgage Pass-Through Certificate (the "Pass-Through Certificate"), backed by the Mortgage Loan on the Project, and to be issued by Fannie Mae.



It is expected that the Pass-Through Certificate will be acquired by the Trustee prior to March 27, 2018 (the "First Payment Date"), and in any event prior to the Mandatory Redemption Date, unless such Purchase Date (as defined herein) is extended as provided in the Indenture. Principal and interest will initially be paid from funds (including accrued interest, if any) on deposit in the Collateral Security Fund until the month following the Purchase Date, at which time payments in an amount equal to the principal and interest paid on the Pass-Through Certificate will be passed through to Bondholders on each Payment Date. "Payment Date" means (i) the First Payment Date, (ii) prior to the Purchase Date and prior to the Mandatory Redemption Date, as such date may be extended pursuant to the Indenture, the 26th day of the month (or the next Business Day if the 26th is not a Business Day), and (iii) after the Purchase Date, one Business Day after each date on which a payment of principal, interest, and/or premium, if any, is made pursuant to the Pass-Through Certificate (which shall be the 25th day of the month, or the next Business Day if the 25th is not a Business Day, after payment is due on the underlying Mortgage Loan). The payment of interest on a Payment Date is the interest accrued during the preceding calendar month. There shall be no further accrual of interest from the Maturity Date to the final Payment Date. After the Purchase Date, any balance remaining in the Collateral Security Interest Account of the Collateral Security Fund, after application of moneys therein to pay any accrued interest on the Pass-Through Certificate or interest on the Bonds on the next Payment Date, as applicable, will be transferred to the Proceeds Fund.

If the Pass-Through Certificate is not acquired by the Trustee prior to the Mandatory Redemption Date, as such date may be extended pursuant to the Indenture, the Bonds will be redeemed at a redemption price of par (the "Original Issue Price") plus interest accrued on the Bonds to the Mandatory Redemption Date (as such date may be extended under the Indenture) from moneys on deposit in the Collateral Security Fund under the Indenture.

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

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

IF THE PASS-THROUGH CERTIFICATE IS ISSUED BY FANNIE MAE AND ACQUIRED BY THE TRUSTEE AS COLLATERAL FOR THE BONDS, FANNIE MAE'S OBLIGATIONS WILL BE SOLELY AS PROVIDED IN THE PASS-THROUGH CERTIFICATE AND IN THE FANNIE MAE MBS PROSPECTUS SUMMARIZED AT APPENDIX G – "FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM" AND IN THE FORM OF PROPOSED ADDITIONAL DISCLOSURE ADDENDUM ATTACHED HERETO AS APPENDIX I. THE OBLIGATIONS OF FANNIE MAE UNDER THE PASS-THROUGH CERTIFICATE WILL BE OBLIGATIONS SOLELY OF FANNIE MAE, A FEDERALLY CHARTERED CORPORATION, AND WILL NOT BE BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA. THE BONDS ARE NOT AND WILL NOT BE A DEBT OF THE UNITED STATES OF AMERICA OR ANY OTHER AGENCY OR INSTRUMENTALITY OF THE UNITED STATES OF AMERICA OR OF FANNIE MAE. THE BONDS ARE NOT AND WILL NOT BE GUARANTEED BY THE FULL FAITH AND CREDIT OF FANNIE MAE OR THE UNITED STATES OF AMERICA.

The Bonds are offered when, as and if issued and received by the Underwriter, and subject to the delivery of the approving legal opinion of Bracewell LLP, Austin, Texas, Bond Counsel to the Issuer, and to certain other conditions. Certain legal matters will be passed upon for the Issuer by McCall, Parkhurst & Horton L.L.P., Dallas, Texas and Mahomes Bolden PC, Dallas, Texas. Certain legal matters will be passed upon for Fannie Mae by its Office of General Counsel and by its Special Counsel, DLA Piper LLP (US). Certain legal matters will be passed upon for the Borrower by its Counsel, Locke Lord LLP, Austin, Texas. RBC Capital Markets, LLC will serve as Underwriter ("Underwriter"). Certain legal matters will be passed upon for the Underwriter by its Counsel, Norris George & Ostrow PLLC, Washington, D.C. Certain financial advisory services will be provided to the Issuer by George K. Baum & Company. It is expected that the Bonds will be available for delivery in New York, New York through the facilities of DTC on or about February 5, 2018.



RBC Capital Markets

Dated: January 25, 2018

† CUSIP number has been assigned by an independent company not affiliated with the Issuer and is included solely for the convenience of the owners of the Bonds. Neither the State nor the Issuer is responsible for the selection or uses of this CUSIP number, and no representation is made as to its correctness on the Bonds or the Pass-Through Certificate or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds to any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the Issuer, the Borrower, Fannie Mae or the Underwriter to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

The information set forth herein has been obtained from the Issuer; Fannie Mae; the Borrower (in the case of information contained herein relating to the Borrower, the Mortgage Loan and the Project); and other sources which are believed to be reliable. Such information herein is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by any of such sources as to information from any other source. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer, Fannie Mae or the Borrower, since the date hereof.

The information set forth herein relating to the Issuer under the headings “THE ISSUER” and “NO LITIGATION—The Issuer” has been obtained from the Issuer. The Issuer has not reviewed or approved any information in this Official Statement except the information relating to the Issuer under the foregoing headings. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer since the date hereof. The Issuer has not and will not agree to provide any annual financial statements or other credit information of the Issuer to investors on a periodic basis.

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

Fannie Mae has not provided or approved any information in this Official Statement except with respect to information under the caption “FANNIE MAE” and the link to the Fannie Mae MBS Prospectus set forth in the first paragraph in APPENDIX G – “FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM.” Fannie Mae has not provided or approved the information under the caption “SUMMARY OF THE PASS-THROUGH CERTIFICATE ANTICIPATED TO BE ISSUED IN CONNECTION WITH THE MORTGAGE LOAN” and takes no responsibility for any other information contained in this Official Statement, and makes no representation as to the contents of this Official Statement. Without limiting the foregoing, Fannie Mae makes no representation as to the suitability of the Bonds for any investor, the feasibility or performance of the Project, or compliance with any securities, tax or other laws or regulations. Fannie Mae’s role with respect to the Bonds is limited to delivering the Pass-Through Certificate described herein to the Trustee.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND OTHERS AT A PRICE LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT.

Except for any information provided by Wilmington Trust, National Association, concerning the Trustee, Wilmington Trust, National Association, has no responsibility for any information in this Official Statement. Wilmington Trust, National Association, in its capacity as Trustee, assumes no responsibility for the accuracy or completeness of the information concerning the Issuer or the Borrower or their respective affiliates or any other party contained in this document or the related documents or for any failure by the Issuer or the Borrower or any other party to disclose events that may have occurred and may affect the significance or accuracy of such information.

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\$50,000,000
Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds
(Pass-Through – Vista on Gessner), Series 2018

This Official Statement (including the cover page, the inside cover page and appendices) provides certain information concerning the Issuer in connection with the sale of \$50,000,000 in aggregate principal amount of its Multifamily Housing Revenue Bonds (Pass-Through - Vista on Gessner), Series 2018 (the “Bonds”).

The Bonds are authorized to be issued under the provisions of Chapter 2306, Texas Government Code, as amended (the “Act”), and pursuant to an Indenture of Trust, dated as of February 1, 2018 (the “Indenture”) between the Texas Department of Housing and Community Affairs (the “Issuer”) and Wilmington Trust, National Association, as Trustee (the “Trustee”). Pursuant to the Indenture, bonds issued thereunder are equally and ratably secured by the pledges and covenants contained therein. Certain defined terms used herein are set forth in APPENDIX A hereto.

SUMMARY OF THE BONDS

This summary highlights information contained elsewhere in this Official Statement. As a summary, it speaks in general terms without giving details or discussing any exceptions. Before buying any issuance of bonds, you should have the information necessary to make a fully informed investment decision. For that, you must read this Official Statement in its entirety (and any documents to which we refer you in this Official Statement).

- The Issuer..... The Texas Department of Housing and Community Affairs (the “Issuer”), a public and official agency of the State of Texas (the “State”). The Issuer is empowered pursuant to the Act to issue its bonds for the purposes, among others, of financing the acquisition, rehabilitation and equipping of multifamily residential rental projects.
- Limited Obligations..... **The Bonds, together with interest thereon, and redemption premium, if any, are not general obligations of the Issuer, but are special, limited obligations of the Issuer secured by the Trust Estate, are and will always be payable solely from the revenues and income derived from the Trust Estate (except to the extent paid out of moneys attributable to proceeds of the Bonds or the income from the temporary investment thereof), and are and will always be a valid claim of the Owner thereof only against the revenues and income derived from the Trust Estate, which revenues and income may be used for no other purpose than to pay the principal installments of, redemption premium, if any, and interest on the Bonds, except as may be expressly authorized otherwise in the Indenture and in the Financing Agreement. The Bonds and the obligation to pay interest thereon and redemption premium, if any, do not now and will never constitute a debt or an obligation of the State or any political subdivision thereof and neither the State nor any political subdivision thereof will be liable therefor. The Bonds are not and do not create or constitute in any way an obligation, a debt or a liability of the State or any political subdivision thereof, or create or constitute a pledge, giving or lending of the faith, credit, or taxing power of the State or any political subdivision thereof. The Issuer has no taxing power. The Bonds are not a debt of the United States of America, the United States Department of Housing and Urban Development or any other federal governmental agency and are not guaranteed by the full faith and credit of the United States.**

The Borrower.....	Dalcor Gessner, Ltd., a Texas limited partnership (the “Borrower”). The Borrower is a single purpose entity formed to acquire, rehabilitate and operate the Project.
The Project.....	Vista on Gessner Apartments, a 805-unit residential rental housing facility consisting of 48 residential buildings and one community center in Houston, Texas (the “Project”).
The Bonds, the Mortgage Loan and the Pass-Through Certificate.....	The Bonds will be issued under the provisions of the Indenture dated as of February 1, 2018 between the Issuer and the Trustee. The Bonds will be issued in book-entry form only, in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”), as fully registered bonds in the denomination of \$1.00 or any integral multiple thereof.

The Bonds are being issued by the Issuer to finance a portion of the cost of the acquisition and rehabilitation of the Project and pay certain additional costs related thereto.

Upon the issuance of the Bonds, Bond proceeds in an amount equal to the interest thereon to the Mandatory Redemption Date (together with accrued interest, if any) will be deposited to the Collateral Security Interest Account of the Collateral Security Fund under the Indenture, and the balance of the Bond proceeds will be deposited into the Proceeds Fund. Pursuant to the terms of a Financing Agreement dated as of February 1, 2018 (the “Financing Agreement”) among the Issuer, the Trustee, the Borrower and Red Mortgage Capital, LLC (the “Lender”), Bond proceeds deposited into the Proceeds Fund will (i) be used to pay or reimburse the Borrower for payment of certain costs of the Project or (ii) will be deposited to a Rehabilitation Account of the Proceeds Fund and used as directed by the Lender for rehabilitation of the Project. Bond proceeds (other than amounts deposited to the Collateral Security Interest Account and premium, if any, deposited to the Collateral Security Principal Account) shall not be part of the Trust Estate securing repayment of the Bonds.

The Bonds will initially be collateralized, in part, by the deposit into the Collateral Security Principal Account of the Collateral Security Fund under the Indenture of the proceeds received from the assignment to the Lender of a first mortgage loan (the “Mortgage Loan”) to be made by the Issuer to the Borrower and fully funded in an amount equal to the original principal amount of the Bonds on the date of issuance of the Bonds (such assigned Mortgage Loan being referred to herein as the “Assigned Loan”). The Bonds will be further collateralized by the deposit to the Collateral Security Interest Account of the Collateral Security Fund of Bond proceeds in an amount sufficient to pay the interest on the Bonds to April 26, 2018 (the “Mandatory Redemption Date”). The Trustee will use moneys on deposit in the Collateral Security Fund to acquire a Guaranteed Mortgage Pass-Through Certificate (the “Pass-Through Certificate”), backed by the Mortgage Loan on the Project, and to be issued by Fannie Mae, upon satisfaction of the conditions set forth in the Indenture and upon satisfaction of the conditions precedent to the issuance of the Pass-Through Certificate and compliance with the commitment between Fannie Mae and the Lender.

It is anticipated that the conditions to the issuance of the Pass-Through Certificate will be satisfied and that the Pass-Through Certificate will be available for acquisition by the Trustee prior to March 27, 2018 (the “First

Payment Date”), and in any event prior to the Mandatory Redemption Date, unless such Purchase Date (as defined herein) is extended as provided in the Indenture. Payments of principal and interest on the Bonds will initially be payable from funds (including accrued interest, if any) on deposit in the Collateral Security Fund until the month following the Purchase Date, at which time payments in an amount equal to the principal and interest paid on the Pass-Through Certificate, if issued, will be passed through to Bondholders on each Payment Date (as defined below – see “Bond Payment Dates”).

Extraordinary Redemption For Failure to Purchase Pass-Through Certificate.....

If the Pass-Through Certificate is not acquired by the Trustee prior to the Mandatory Redemption Date (as such date may be extended pursuant to the Indenture) the Bonds will be redeemed at a redemption price of par (the “Original Issue Price”), plus interest accrued on the Bonds to the Mandatory Redemption Date (as such date may be extended under the Indenture), from moneys on deposit in the Collateral Security Fund under the Indenture.

Bond Payment Dates.....

Payment Date (on the Bonds) means (i) the First Payment Date, (ii) prior to the Purchase Date and prior to the Mandatory Redemption Date, as such date may be extended pursuant to the Indenture, the 26th day of the month (or the next Business Day if the 26th is not a Business Day), and (iii) after the Purchase Date, one Business Day after each date principal, interest, or premium, if any, payment is made pursuant to the Pass-Through Certificate (which shall be the 25th day of the month, or the next Business Day if the 25th is not a Business Day, after payment is due on the underlying Mortgage Loan). The payment of interest on a Payment Date is the interest accrued on the Mortgage Loan and the Pass-Through Certificate at the Pass-Through Rate during the preceding calendar month. For example, if the Pass-Through Certificate is acquired by the Trustee prior to the First Payment Date (March 27, 2018), then on such date the Bondholders will receive a payment of interest on the Bonds in an amount equal to the interest at the Pass-Through Rate which is equal to the interest rate on the Bonds, which accrued on the Bonds during the month of February 2018. Except as otherwise described herein with respect to certain payments prior to the Purchase Date, the Bonds are pass-through securities designed to pass through to registered owners of the Bonds principal and interest payments on the Pass-Through Certificate one Business Day after their receipt by the Trustee. There shall be no further accrual of interest from the Maturity Date (March 1, 2035) to the final Payment Date on the Bonds (March 27, 2035). After the Purchase Date, any balance remaining in the Collateral Security Interest Account of the Collateral Security Fund, after application of moneys therein to pay any accrued interest on the Pass-Through Certificate or interest on the Bonds on the next Payment Date, as applicable, will be transferred to the Proceeds Fund. Because of this lag in payment of principal and interest inherent in the payment terms of the Pass-Through Certificate and the one (additional) Business Day (as defined in the Indenture) lag in payment inherent in the Bonds, the effective yield on the Bonds will be lower than the Pass-Through Rate on the Pass-Through Certificate and the stated interest rate on the Bonds.

Interest Payments on the Bonds.....

Prior to the Purchase Date and in the month the Purchase Date occurs, interest payments on the Bonds will equal accrued interest on the Bonds to the next Payment Date. After the month in which the Purchase Date occurs, interest payments on the Bonds will equal interest payments received by the Trustee on each Distribution Date (as defined herein) for the Pass-Through Certificate, which is expected to commence on March 26, 2018. Although interest accrues on the Pass-Through Certificate during a calendar month, as described above, Fannie Mae will not distribute interest to the Trustee as certificateholder until the Distribution Date in the following calendar month.

Interest on the Bonds shall be calculated on an “Actual/360” basis. “Actual/360” means a computation of interest accrual on the basis of a three hundred sixty (360) day year and the actual number of calendar days during the applicable month, calculated by multiplying the unpaid principal balance of the Bonds by the Pass-Through Rate, dividing the product by three hundred sixty (360), and multiplying the quotient obtained by the actual number of days elapsed in the applicable month.

Principal Payments on the Bonds.....

Prior to the Purchase Date and in the month the Purchase Date occurs, principal payments on the Bonds will equal the amount set forth in the Mortgage Loan amortization schedule on the first day of the month in which such Payment Date occurs. After the month in which the Purchase Date occurs, principal payments on the Bonds will equal principal payments received by the Trustee on the Pass-Through Certificate on each Distribution Date for the Pass-Through Certificate. The final principal payment on the Pass-Through Certificate will occur on March 26, 2035, which principal payment will pass through to the registered owners of the Bonds on March 27, 2035.

Regularly scheduled payments of principal (and interest) on the Mortgage Loan will be passed through monthly on the Pass-Through Certificate. Unscheduled principal payments on the Mortgage Loan also will be passed through on the Pass-Through Certificate, and the Bonds, including a portion of any prepayment premium due to yield or fee maintenance on the Mortgage Loan from a voluntary prepayment prior to November 30, 2034.

Effective Yield on Bonds Lower Than Interest Rate on Pass-Through Certificate.....

As stated above, because of the lag in payments of interest and principal inherent in the Pass-Through Certificate and the one (additional) Business Day (as defined in the Indenture) lag in payment inherent in the Bonds, the effective yield on the Bonds will be lower than the Pass-Through Rate on the Pass-Through Certificate and the stated interest rate on the Bonds.

Tax Exemption.....

On the date of delivery of the Bonds, Bracewell LLP, Bond Counsel, will deliver its opinion that, assuming compliance with certain covenants and based on certain representations, under existing law, (i) interest on the Bonds is excludable from gross income for federal income tax purposes, except with respect to interest on any Bond for any period during which it is held by a “substantial user” of the Project or a “related person” of such a “substantial user” within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended and (ii) interest on the Bonds is not an item of tax preference includable in alternative minimum taxable income for purposes of calculating the alternative minimum tax on individuals. See “TAX MATTERS” herein.

Limited Role of Fannie Mae

IF THE PASS-THROUGH CERTIFICATE IS ISSUED BY FANNIE MAE AND ACQUIRED BY THE TRUSTEE AS COLLATERAL FOR THE BONDS, FANNIE MAE’S OBLIGATIONS WILL BE SOLELY AS PROVIDED IN THE PASS-THROUGH CERTIFICATE AND IN THE FANNIE MAE MBS PROSPECTUS SUMMARIZED AT APPENDIX G – “FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM” AND IN THE FORM OF PROPOSED ADDITIONAL DISCLOSURE ADDENDUM ATTACHED HERETO AS APPENDIX I. THE OBLIGATIONS OF FANNIE MAE UNDER THE PASS-THROUGH CERTIFICATE WILL BE OBLIGATIONS SOLELY OF FANNIE MAE, A FEDERALLY CHARTERED CORPORATION, AND WILL NOT BE BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA. THE BONDS ARE NOT AND WILL NOT BE A DEBT OF THE UNITED STATES OF AMERICA OR ANY OTHER AGENCY OR INSTRUMENTALITY OF THE UNITED STATES OF AMERICA OR OF FANNIE MAE. THE

BONDS ARE NOT AND WILL NOT BE GUARANTEED BY THE FULL FAITH AND CREDIT OF FANNIE MAE OR THE UNITED STATES OF AMERICA.

**SUMMARY OF THE PASS-THROUGH CERTIFICATE
ANTICIPATED TO BE ISSUED IN CONNECTION WITH THE MORTGAGE LOAN**

The information below is a summary of the terms of the Pass-Through Certificate which is anticipated to be issued by Fannie Mae and acquired by the Trustee as collateral for the Bonds if and to the extent the conditions relating to the issuance and acquisition of the Pass-Through Certificate set forth in the commitment between Fannie Mae and the Lender, and the conditions to acquisition of the Pass-Through Certificate by the Trustee set forth in the Indenture, are satisfied within the time permitted in the Indenture. As described elsewhere herein, the Mortgage Loan will have been made by the Issuer and assigned to the Lender in exchange for an amount equal to the par amount of the Bonds on the date of issuance of the Bonds, but the Pass-Through Certificate will not have been issued on that date. The purchase of the Pass-Through Certificate by the Trustee to serve as collateral for the Bonds is conditioned, pursuant to the Indenture, on the terms and conditions of the Pass-Through Certificate being consistent with the terms and conditions in the Term Sheet attached as APPENDIX H hereto and in the Indenture and to the satisfaction of the conditions relating to the issuance and acquisition of the Pass-Through Certificate set forth in the commitment between Fannie Mae and the Lender.

Relationship of Bonds, Pass-Through Certificate and Mortgage Loan.....	The payment and other obligations of the Issuer with respect to the Bonds are intended to be, and shall be, independent of the payment and other obligations of the issuer or maker of the Mortgage Note (as hereinafter defined) and the Pass-Through Certificate, if issued by Fannie Mae and acquired by the Trustee, even though the principal amount of all three instruments is expected to be identical, except in the case of a default with respect to one or more of the instruments.
Pool Number.....	AN8406
Anticipated Dated Date of the Pass-Through Certificate.....	February 1, 2018.
Pass-Through Rate.....	3.40% per annum.
Original Principal Amount.....	\$50,000,000
Anticipated Settlement Date.....	February 20, 2018.
Distribution Date.....	The “Distribution Date” is the 25th day of each month which is the date designated for payments to the Trustee as holder of the Pass-Through Certificate, if issued. If that day is not a Business Day, payments will be made on the next Business Day. The first Distribution Date for the Pass-Through Certificate will occur in the month following the month in which the Pass-Through Certificate is issued. The Pass-Through Certificate is expected to be issued in February 2018.
Maturity Date.....	March 1, 2035.
Interest.....	The Pass-Through Certificate and payments on the Pass-Through Certificate, including interest payments thereon, are subject to federal income taxation. Such interest payments only become excluded from gross income for federal income tax purposes, to the extent described elsewhere herein, when applied by the Trustee to pay interest due on the Bonds. See “TAX MATTERS” herein.

Optional Prepayment Premium.....	The Mortgage Loan provides for payment of a prepayment premium on the Mortgage Loan, based on a yield and fee maintenance formula, if the Borrower elects to prepay the Mortgage Loan prior to November 30, 2034. See APPENDIX H – “TERM SHEET” herein.
The Mortgage Loan.....	The Mortgage Loan is secured by a first mortgage lien, is in the original principal amount of \$50,000,000; bears interest at the rate of 4.45% per annum, commencing on April 1, 2018; amortizes over 35 years beginning April 1, 2020 and has a balloon maturity on March 1, 2035. See APPENDIX H – “TERM SHEET” herein.

Descriptions of the Bonds and sources of payment, the Issuer, the Borrower, the Project, the Mortgage Loan, the Pass-Through Certificate (if issued), the Indenture and certain related agreements are included in this Official Statement. All summaries or descriptions herein of documents and agreements are qualified in their entirety by reference to such documents and agreements and all summaries herein of the Bonds are qualified in their entirety by reference to the Indenture and the provisions with respect thereto included in the aforesaid documents and agreements. Copies of the Indenture are available for inspection at the office of the Issuer. The Borrower will provide certain information on an ongoing basis to the Municipal Securities Rulemaking Board (the “MSRB”). For a description of the Borrower’s undertaking with respect to ongoing disclosure, see “CONTINUING DISCLOSURE.”

THE ISSUER

General

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

The Issuer is subject to the Texas Sunset Act (Chapter 325, Texas Government Code, as amended, hereinafter referred to as the “Sunset Act”), and its continued existence is subject to a review process that resulted in passage of legislation in the Seventy-Eighth Legislative Session in 2003 which continued the Issuer in existence until September 1, 2011. House Bill 3361 extended the existence of the Issuer until September 2025, at which time it will be subject to review. The Sunset Act, however, recognizes the continuing obligation of the State to provide for the payment of bonded indebtedness incurred by a State agency abolished under the provisions thereof and provides that the Governor of the State shall designate an appropriate State agency to continue to carry out all covenants with respect to any bonds outstanding, including the payment of any bonds from the sources provided in the proceedings authorizing such bonds.

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

Organization and Membership

Governing Board. The Issuer is governed by a governing board (the “Board”) consisting of seven public members appointed by the Governor, with the advice and consent of the State Senate. Board members hold office for six-year staggered terms. Each member serves until his or her successor is appointed and qualified. Each member is eligible for reappointment. Members serve without compensation, but are entitled to reimbursement for

actual expenses incurred in performing their duties of office. The Act requires the Governor to make appointments so that the places on the Board are occupied by persons who have a demonstrated interest in issues related to housing and support services and who broadly reflect the geographic, economic, cultural and social diversity of the State, including ethnic minorities, persons with disabilities, and women.

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

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

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

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

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

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

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

ASUSENA RESÉNDIZ, Board Member. San Antonio, Texas. Her term expires January 31, 2019.

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

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

Currently, the Issuer has 275 employees. The following is a biographical summary of certain of the Issuer’s senior staff members who have responsibility with respect to multi-family housing bond matters:

TIMOTHY K. IRVINE, Executive Director since September 16, 2011. Mr. Irvine has been a licensed attorney in Texas since 1976. He has been with the Issuer since January 2009 and was appointed General Counsel in March 2010 and Acting Director in June 18, 2011. His prior experience includes serving as an attorney for the Federal Reserve Bank of Dallas, heading the legal division and serving as secretary of Texas Commerce Bancshares and as General Counsel of its lead bank, heading the

legal division and serving as secretary for Franklin Federal Bancorp as well as overseeing its mortgage banking, human resources, and other support functions, serving as a partner in the Austin office Locke Liddell & Sapp (now Locke Lord LLP), serving as General Counsel of the Texas Savings and Loan Department (now the Savings and Mortgage Lending), as Executive Director of the Issuer's Manufactured Housing Division, as Administrator of the Texas Real Estate Commission and Commissioner of the Texas Appraiser Licensing and Certification Board. He has a B.A. (1971) from Claremont McKenna College, an M.A. (1973) from Claremont Graduate University, and a J.D. (1975) from Willamette University.

MONICA GALUSKI, Director of Bond Finance. Ms. Galuski joined the Issuer in November 2014 with over 18 years in municipal finance, 14 of which were devoted to single family housing. She is responsible for the development and administration of the Issuer's Single Family Mortgage Revenue Bond Program and management of the Issuer's Taxable Mortgage Program. In addition, Ms. Galuski oversees ongoing compliance monitoring and disclosure requirements related to the Issuer's investment portfolio and single family and multifamily bond programs. Ms. Galuski earned a Bachelor of Science in Financial Management from Arizona State University.

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

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

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

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

Other Indebtedness of the Issuer

Single Family Mortgage Revenue Bonds. Since 1979, the year of creation of the Agency, through June 30, 2017, there have been issued by the Agency or the Issuer thirty-six series of Residential Mortgage Revenue Bonds, two series of GNMA Collateralized Home Mortgage Revenue Bonds, fifty-eight series of Single Family Mortgage Revenue Bonds, four series of Junior Lien Single Family Mortgage Revenue Bonds, eleven series of Collateralized Home Mortgage Revenue Bonds, and ten series of Single Family Mortgage Revenue Bonds (Collateralized Home

Mortgage Revenue Bonds). As of June 30, 2017, the aggregate outstanding principal amount of bonded indebtedness of the Issuer for single family purposes was \$536,960,952.

Multifamily Housing Revenue Bonds. The Issuer and the Agency, through June 30, 2017, have issued two-hundred twenty-two series of multifamily housing revenue bonds, which have been issued pursuant to separate trust indentures and are secured by individual trust estates that are separate and distinct from each other. As of June 30, 2017, the aggregate outstanding principal amount of multifamily housing revenue bonds was \$893,630,343.

THE MORTGAGE LOAN

The Indenture authorizes the Issuer to issue the Bonds to finance a portion of the cost of the acquisition, rehabilitation and equipping of the Project and pay certain additional costs related thereto. The Bonds will be secured initially by the proceeds from the assignment by the Issuer to the Lender of the Mortgage Loan (to be funded from sources other than the proceeds of the Bonds in an amount equal to the original principal amount of the Bonds) deposited in the Collateral Security Fund, as described herein (see “SUMMARY OF THE BONDS – The Bonds, the Mortgage Loan and the Pass-Through Certificate”) and then by the Pass-Through Certificate, if issued. Fannie Mae is expected to deliver the Pass-Through Certificate to the Trustee on the Purchase Date, as described herein. The Lender has undertaken to certify that the Pass-Through Certificate has terms consistent with the Term Sheet and meets the requirements set forth in the Indenture, on which certification the Trustee may rely and act without further investigation. The Mortgage Loan is to be evidenced by the Mortgage Note, executed by the Borrower in favor of the Issuer and assigned to the Lender and secured by the Multifamily Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the “Mortgage”). The Borrower is required under the Mortgage Note to make monthly payments sufficient in the aggregate to pay debt service on the Mortgage Loan.

The ability of the Borrower to pay the Mortgage Loan is dependent on the revenues derived from the Project. Due to the inherent uncertainty of future events and conditions, no assurance can be given that revenues generated by the Project will be sufficient to pay expenses of the Project, including without limitation, debt service on the Mortgage Loan, operating expenses, servicing fees, fees due to Fannie Mae, Trustee fees, and fees owed to the Issuer. The ability of the Project to generate sufficient revenues may be affected by a variety of factors including, but not limited to, completion of rehabilitation, completion of repairs to the Project, the maintenance of a sufficient level of occupancy, the ability to achieve increases in rents as necessary to cover debt service and operating expenses, the level of operating expenses, project management, adverse changes in applicable laws and regulations, general economic conditions and other factors in the surrounding market area for the Project. Adverse changes may occur from time to time with respect to any of the preceding factors or other factors or events which may have a negative impact on the occupancy level and rental income of the Project. The Borrower intends to rent 100% of the units in the Project to persons or families of moderate and low income and the amount of rent that may be charged for such units may be materially less than market rates.

Failure of the Borrower to make payments when due under the Mortgage Loan will result in an event of default under the Mortgage Loan and may result in a mandatory redemption of all or a portion of the Bonds. See “DESCRIPTION OF THE BONDS–Redemption of Bonds” herein.

The Mortgage Loan is a non-recourse obligation of the Borrower with respect to which neither the Borrower nor its partners have personal liability and as to which the Borrower and its partners have not pledged for the benefit of the Bondholders any of their respective assets, other than the Project and its rents, profits and proceeds.

Taxable Tail Subordinate Loan

Concurrently with the Mortgage Loan, the Borrower is expected to obtain a supplemental mortgage loan from the Lender in the original principal amount of \$2,500,000 (the “Taxable Tail Subordinate Loan”), which is expected to have substantially similar terms as the Mortgage Loan. The Taxable Tail Subordinate Loan will be secured on a subordinate basis with the Mortgage Loan. The Taxable Tail Subordinate Loan and the Mortgage Loan will be cross-defaulted, i.e., defaults under the Taxable Tail Subordinate Loan will be deemed defaults under the Mortgage Loan, and vice-versa. Subsequent to the disbursement of the Taxable Tail Subordinate Loan, Fannie Mae

is expected to deliver a pass-through certificate to the Lender to fund principal and interest on the Taxable Tail Subordinate Loan on a taxable basis. Neither the Taxable Tail Subordinate Loan nor any pass-through certificate delivered in connection therewith will secure the Bonds, and the Trustee has no interest therein.

THE PROJECT AND THE PRIVATE PARTICIPANTS

The Borrower

The Borrower is Dalcor Gessner, Ltd. (the “Borrower”), a Texas limited partnership that was formed for the specific purpose of acquiring, rehabilitating and operating the Project. As such, the Borrower has not previously engaged in any other business operation and has no historical earnings and has no assets other than its interest in the Project. Accordingly, it is expected that the Borrower will not have any sources of funds to make payments on the Mortgage, other than revenues generated by the Project.

The general partner of the Borrower is Dalcor Gessner GP, LLC, a Texas limited liability company (the “General Partner”), and will have a 0.01% ownership interest in the Borrower. The General Partner and/or its delegates will have the responsibility for supervising the operations of the Borrower and will be responsible for overseeing the operation and management of the Project. The owner of the General Partner is Dalcor Affordable Housing I, LLC, a Texas limited liability company (the “Owner”). The co-managers of the Owner of the General Partner are M. Dale Dodson and Ronald D. Murff.

Dalcor and its affiliates (“Dalcor”) have been active in multifamily real estate acquisition and property management since 1982. Dalcor has been involved in low income housing tax credit property acquisition, preservation, and rehabilitation projects since 2012. Currently, Dalcor is a fully integrated real estate firm with expertise in acquisition, rehabilitation and property management which oversees a multifamily portfolio valued in excess of \$200,000,000. Dalcor’s principal offices are in Dallas, Texas.

The Project

The Bonds are being issued to finance the acquisition and rehabilitation costs of the Project, which is an 805-unit residential rental housing facility known as Vista on Gessner Apartments, consisting of 48 residential buildings and one community center located at 6425 S. Gessner Drive, Houston, Texas 77036. The rehabilitation of the Project is anticipated to commence in February 2018, and is expected to be completed approximately 24 months later.

The Project is intended to be affordable housing for low and moderate income households. Project amenities are expected to include a fitness center, community center, library-reading room, a gazebo in the main pool area, three pools, common area Wi-Fi, and a gated community. The level of occupancy of the Project as of October 31, 2017 was 95%.

The unit mix of the Project is as follows:

Number Of Rental Units	Composition	Approximate Square Footage
216	1 Bedroom / 1 Bath	612
120	1 Bedroom / 1 Bath	615
108	1 Bedroom / 1 Bath	660
121	1 Bedroom / 1 Bath	697
168	2 Bedroom / 1 Bath	887
72	2 Bedroom / 2 Bath	1050

The Contractor

The general contractor for the project is expected to be Landmark Rehab Group, LLC (the “Contractor”). The Contractor has six years of experience in renovating residential multifamily housing developments, and its principals have, collectively, over 120 years of such experience. The Contractor is an affiliate of Dalcors.

Property Management

Dalcors Management, LLC (the “Property Manager”) will manage the Project upon acquisition. The Property Manager presently manages eleven affordable apartment complexes in two states containing 3,416 affordable housing units and is affiliated with Dalcors.

Income and Rent Restrictions

The Borrower will be restricted by two agreements that limit the incomes of, and rents that may be charged to, tenants of the Project. Restrictions contained in a Low Income Housing Tax Credit Extended Use Agreement between the Borrower and the Issuer to be executed on or after the Closing Date (the “Extended Use Agreement”) related to the low income housing tax credits (the “Tax Credits”) are expected to require the Borrower to rent up to 100% of the residential rental units in the Project to tenants whose annual household income does not exceed 60% of area median gross income (“AMI”), adjusted for family size, and to charge rents which do not exceed 30% of imputed income for the size of such tenant’s apartment (subject to various adjustments).

In addition, the Regulatory and Land Use Restriction Agreement (the “Regulatory Agreement”), by and among the Issuer, Trustee and Borrower is expected to limit the incomes of tenants in 40% of the units to individuals or families having an annual household income which does not exceed 60% of AMI, adjusted for family size.

In the event of any conflict between these regulatory agreements, the more restrictive provisions of the Regulatory Agreement or the Extended Use Agreement are expected to control.

Risk Factors

Due to the inherent uncertainty of future events and conditions, no assurance can be given that revenues generated by the Project will be sufficient to pay expenses of the Project, including without limitation, debt service on the Mortgage Loan, operating expenses, servicing fees, fees due to Fannie Mae, Trustee fees, and fees owed to the Issuer. The ability of the Project to generate sufficient revenues may be affected by a variety of factors including, but not limited to, completion of repairs to the Project, the maintenance of a sufficient level of occupancy, the ability to achieve increases in rents as necessary to cover debt service and operating expenses, the level of operating expenses, project management, adverse changes in applicable laws and regulations, general economic conditions and other factors in the surrounding market area for the Project. Adverse changes may occur from time to time with respect to any of the preceding factors or other factors or events which may have a negative impact on the occupancy level and rental income of the Project. The Borrower intends to rent 100% of the units in the Project to persons or families of moderate and low income and the amount of rent that may be charged for such units may be materially less than market rates. A default by the Borrower under the Mortgage Loan Documents may result in a redemption of all or a portion of the Bonds. See “DESCRIPTION OF THE BONDS— Redemption of Bonds — Mandatory Redemption from Principal Payments or Prepayments” herein.

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Plan of Financing

The sources and uses to develop the Project are expected to be approximately as follows:

Sources of Funds

Bond Proceeds	\$50,000,000
Taxable Tail Subordinate Loan Proceeds	2,500,000
Tax Credit Investor Equity	31,084,461
General Partner Equity	100
Deferred Developer Fee	9,894,680
Net Operating Income	10,490,256
Security Deposits and Prorations	58,539
Total Sources of Funds at Closing	<u>\$104,028,036</u>

Uses of Funds

Acquisition	\$51,394,349
Rehab Construction	31,338,500
Soft Costs/Contingency	1,651,742
Capitalized Interest	6,219,535
Financing Costs	1,038,059
Tax Credit Investor Fees	75,000
Developer Fee	12,310,851
Total Uses of Funds at Closing	<u>\$104,028,036</u>

Sources and Uses of Funds Under the Indenture

Sources of Funds

Bond Proceeds (including accrued interest)	\$50,018,889
Proceeds of Mortgage Loan	50,000,000
Borrower Equity	850,569
Total Sources of Funds at Closing	<u>\$100,869,458</u>

Uses of Funds

Deposit to Collateral Security Interest Account of the Collateral Security Fund	\$396,667
Deposit of Bond Proceeds (net of deposit to Collateral Security Interest Account) to the Proceeds Fund	49,622,222
Deposit of Assigned Loan Proceeds to Collateral Security Principal Account of Collateral Security Fund	50,000,000
Deposit to Costs of Issuance Fund	850,569
Total Uses of Funds at Closing	<u>\$100,869,458</u>

Tax Credits

Simultaneously with the issuance of the Bonds, the Borrower expects to admit AHP Housing Fund 191, LLC (the "Tax Credit Investor") to the Borrower as the limited partner with a 99.99% ownership interest in the Borrower. The funding of the Tax Credit equity by the Tax Credit Investor is expected to total approximately \$31,084,461. The funding levels and the timing of the funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the projections set forth above and no representation is made as to the availability of such funds.

FANNIE MAE

The Pass-Through Certificate, if issued by Fannie Mae and acquired by the Trustee as described herein, will be an obligation of Fannie Mae. **The securities of Fannie Mae, including the Pass-Through Certificate, if issued, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any agency or instrumentality thereof other than Fannie Mae.**

Information on Fannie Mae and its financial condition are contained in periodic reports that are filed with the Securities and Exchange Commission (the “SEC”). Fannie Mae’s SEC filings are available at the SEC’s website at www.sec.gov and are also available on Fannie Mae’s web site at <http://www.fanniemae.com> or from Fannie Mae at the Office of Investor Relations at 202-752-7115.

Fannie Mae makes no representation as to the contents of this Official Statement, the suitability of the Bonds for any investor, the feasibility of performance of any project, or compliance with any securities, tax or other laws or regulations. Fannie Mae’s role with respect to the Bonds is limited to issuing and discharging its obligations under the Pass-Through Certificate and exercising the rights reserved to it in the Indenture.

DESCRIPTION OF THE BONDS

General

The Bonds will be issued as registered bonds in authorized denominations of \$1.00 or any integral multiple thereof. The Bonds will be dated February 1, 2018. Principal and interest will initially be paid from funds (including accrued interest, if any) on deposit in the Collateral Security Fund until the month following the Purchase Date, at which time payments in an amount equal to the principal and interest paid on the Pass-Through Certificate will be passed through to Bondholders on each Payment Date. Payment Date is defined as (i) the First Payment Date, (ii) prior to the Purchase Date and prior to the Mandatory Redemption Date, as such date may be extended pursuant to the Indenture, the 26th day of the month (or the next Business Day if the 26th is not a Business Day), and (iii) after the Purchase Date, one Business Day after each date a principal, interest, or premium, if any, payment is made pursuant to the Pass-Through Certificate (which shall be the 25th day of the month, or the next Business Day if the 25th is not a Business Day, after payment is due on the underlying Mortgage Loan). The payment of interest on a Payment Date is the interest accrued during the preceding calendar month. There shall be no further accrual of interest from the Maturity Date to the final Payment Date. After the Purchase Date, any balance remaining in the Collateral Security Interest Account of the Collateral Security Fund, after application of moneys therein to pay any accrued interest on the Pass-Through Certificate or interest on the Bonds on the next Payment Date, as applicable, will be transferred to the Proceeds Fund. As further described herein and in the Fannie Mae MBS Prospectus, the Pass-Through Certificate and the Bonds pay interest monthly on an Actual/360 Basis. “Actual/360” means, in the case of the Bonds, a computation of interest accrual on the basis of a three hundred sixty (360) day year and the actual number of calendar days during the applicable month, calculated by multiplying the unpaid principal balance of the Bonds (which is expected to be the same as the balance on the Pass-Through Certificate), by the Pass-Through Rate, dividing the product by three hundred sixty (360), and multiplying the quotient obtained by the actual number of days elapsed in the applicable month.

Payment of the principal of and interest or premium, if any, on any Bond shall be made to the person appearing on the Bond Register as the registered owner thereof, on and after the Purchase Date, in the amounts and on the dates principal, interest or premium, if any, is paid on the Pass-Through Certificate (except if the Bonds are redeemed due to a failure to purchase the Pass-Through Certificate). See “DESCRIPTION OF THE BONDS—Redemption of Bonds” below. The principal of and the interest on the Bonds shall be payable in 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 of the United States of America.

Registration, Transfer and Exchange of Bonds; Persons Treated as Owners

The Issuer shall cause books for the registration, transfer and exchange of the Bonds as provided in the Indenture to be kept by the Trustee, which is constituted and appointed the bond registrar with respect to the Bonds

(the “Bond Registrar”). At reasonable times and under reasonable regulations established by the Trustee, said books may be inspected and copied by the Issuer or by owners (or a designated representative thereof) of a majority in aggregate principal amount of the Bonds then Outstanding.

The registration of each Bond is transferable by the registered owner thereof in person or by its attorney duly authorized in writing at the designated corporate trust office of the Trustee. Upon surrender for registration of transfer of any Bond at such office, the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond of the same maturity or maturities and authorized denomination for the same aggregate principal amount. Bonds to be exchanged shall be surrendered at said designated corporate trust office of the Trustee, and the Trustee shall authenticate and deliver in exchange therefor a Bond of equal aggregate principal amount of the same maturity and authorized denomination.

All Bonds presented for registration of transfer, exchange or payment (if so required by the Issuer or the Trustee) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Trustee, duly executed by the registered owner or by its duly authorized attorney.

The Issuer, the Bond Registrar and the Trustee shall not be required (i) to issue, register the transfer of or exchange any Bonds during a period beginning at the Trustee’s opening of business on the applicable Record Date and ending at the Trustee’s close of business on the applicable Payment Date; or (ii) to register the transfer of or exchange any Bond selected, called or being called for redemption as provided in the Indenture. No charge shall be made to any Bondholder for the privilege of registration of transfer as provided in the Indenture, but any Bondholder requesting any such registration of transfer shall pay any tax or governmental charge required to be paid therefor.

New Bonds delivered upon any registration of transfer or exchange shall be valid obligations of the Issuer, evidencing the same debt as the Bonds surrendered, shall be secured by the Indenture and shall be entitled to all of the security and benefits of the Indenture to the same extent as the Bonds surrendered.

The person in whose name any Bond is registered shall be deemed the owner thereof by the Issuer and the Trustee, and any notice to the contrary shall not be binding upon the Issuer or the Trustee. Notwithstanding anything in the Indenture to the contrary, to the extent the Bonds are Book Entry Bonds, the exchange and registration of Bonds shall be made in accordance with the provisions described under the caption “Book-Entry System; Limited Obligation” below.

Book-Entry System; Limited Obligation

The Bonds shall be initially issued in the form of a separate single fully registered Bond (which may be typewritten). Upon initial execution, authentication and delivery, the ownership of each such global Bond shall be registered in the Bond Register in the name of the Nominee as nominee of the Depository. Except as described below under the caption “Transfer Outside Book-Entry System,” all of the Outstanding Bonds shall be registered in the Bond Register kept by the Trustee in the name of the Nominee and the Bonds may be transferred, in whole but not in part, only to the Depository, to a Substitute Depository or to another nominee of the Depository or of a Substitute Depository. Each global Bond shall bear a legend substantially to the following effect: “UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE INDENTURE) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.” See “BOOK-ENTRY ONLY SYSTEM” below.

With respect to Bonds registered in the Bond Register in the name of the Nominee, the Issuer and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds a beneficial interest in the Bonds. Without limiting the immediately preceding sentence, the Issuer

and the Trustee shall have no responsibility or obligation with respect to (a) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any beneficial ownership interest in the Bonds, (b) the delivery to any Participant, Beneficial Owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any redemption notice with respect to the Bonds, including any redemption notice following a failure to purchase the Pass-Through Certificate, (c) the selection by the Depository and the Participants of the beneficial interests in the Bonds to be redeemed in part, or (d) the payment to any Participant, Beneficial Owner or any other person, other than the Depository, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The Issuer and the Trustee may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on such Bond, for the purpose of giving redemption notices pursuant to the provisions described under the caption "Notice of Redemption" below and other notices with respect to such Bond, and for all other purposes whatsoever, including, without limitation, registering transfers with respect to the Bonds.

The Trustee shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Bondholders, as shown in the Bond Register kept by the Trustee, or their respective attorneys duly authorized in writing, and all such payments shall be valid under the Indenture with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Bondholder, as shown in the Bond Register, shall receive a Bond evidencing the obligation to make payments of principal of, premium, if any, and interest pursuant to the Indenture. Upon delivery by the Depository to the Trustee and the Issuer of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions of the Indenture with respect to Record Dates, the word Nominee in the Indenture shall refer to such new nominee of the Depository.

The Issuer and the Trustee will recognize the Depository or its nominee as the Bondholder of Book Entry Bonds for all purposes, including receipt of payments, notices and voting, provided the Trustee may recognize votes by or on behalf of Beneficial Owners as if such votes were made by Bondholders of a related portion of the Bonds when such votes are received in compliance with an omnibus proxy of the Depository or otherwise pursuant to the rules of the Depository or the provisions of the Representation Letter or other comparable evidence delivered to the Trustee by the Bondholders.

SO LONG AS A BOOK ENTRY SYSTEM OF EVIDENCE OF TRANSFER OR OWNERSHIP OF ALL THE BONDS IS MAINTAINED IN ACCORDANCE WITH THE INDENTURE, THE PROVISIONS OF THE INDENTURE RELATING TO THE DELIVERY OF PHYSICAL BOND CERTIFICATES SHALL BE DEEMED TO GIVE FULL EFFECT TO SUCH BOOK ENTRY SYSTEM AND ALL DELIVERIES OF ANY SUCH BONDS SHALL BE MADE PURSUANT TO THE DELIVERY ORDER PROCEDURES OF DTC, AS IN EFFECT FROM TIME TO TIME.

Initial Depository and Nominee

The initial Depository under the Indenture shall be DTC. The initial Nominee shall be Cede & Co., as nominee of DTC. See "BOOK-ENTRY ONLY SYSTEM" below.

Representation Letter

In order to qualify the Bonds for the Depository's book-entry system, if necessary, any Authorized Officer is authorized to execute, seal, countersign and deliver on behalf of the Issuer to such Depository a letter from the Issuer in substantially the Depository's standard form representing such matters as shall be necessary to so qualify the Bonds (the "Representation Letter"). The Representation Letter includes such letter as it may be amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor. The execution by the Issuer and delivery of the Representation Letter shall not in any way limit the provisions described under the heading "Book-Entry System; Limited Obligation" above, or in any other way impose upon the Issuer any obligation whatsoever with respect to persons having beneficial interests in the Bonds other than the registered owners, as shown in the Bond Register kept by the Trustee. In the written acceptance by the Trustee of the Representation Letter, the Trustee agrees to take all actions necessary for all representations of the Issuer in the Representation Letter with respect to the Trustee to at all times be complied with. In addition to the execution and

delivery of the Representation Letter, any Authorized Officer is authorized to take any other actions, not inconsistent with the Indenture, to qualify the Bonds for the Depository's book-entry program.

The terms and provisions of the Representation Letter shall govern in the event of any inconsistency between the provisions of the Indenture and the Representation Letter. The Representation Letter may be amended without Bondholder consent.

Transfers Outside Book-Entry System

If at any time the Issuer determines that continuation of the book entry system through DTC (or a successor securities depository) is not in the best interest of the owners of the Bonds, if at any time the Depository notifies the Issuer and the Trustee that it is unwilling or unable to continue as Depository with respect to the Bonds or if at any time the Depository shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a Substitute Depository is not appointed by the Issuer within 90 days after the Issuer and the Trustee receive notice or become aware of such condition, as the case may be, the provisions described under the heading "Book-Entry System; Limited Obligation" above shall no longer be applicable and the Issuer shall execute and the Trustee shall authenticate and deliver bonds representing the Bonds as described below. In addition, the Issuer may determine at any time that the Bonds shall no longer be represented by global bonds and that the provisions described under the heading "Book-Entry System; Limited Obligation" above shall no longer apply to the Bonds. In any such event, the Issuer shall execute and the Trustee shall authenticate and deliver bonds representing the Bonds as described below. Bonds issued in exchange for global bonds pursuant to the provisions described under this caption shall be registered in such names and delivered in such authorized denominations as the Depository, pursuant to instructions from the Participants or otherwise, shall instruct the Issuer and the Trustee. The Trustee shall deliver such bonds representing the Bonds to the persons in whose names such Bonds are so registered.

If the Issuer determines to replace the Depository with another qualified securities depository, the Issuer shall prepare or cause to be prepared a new fully-registered global bond for each maturity of the Bonds, registered in the name of such successor or substitute securities depository or its nominee, or make such other arrangements as are acceptable to the Issuer, the Trustee and such securities depository and not inconsistent with the terms of the Indenture.

Payments and Notices to the Nominee

Notwithstanding any other provision of the Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository.

Payment of Bonds Not in Book-Entry Only Form

Unless the Bonds are Book Entry Bonds, the principal of the Bonds shall be payable to the registered owners thereof upon presentation (except in connection with a redemption of Bonds as described under the caption "Redemption of Bonds—Mandatory Redemption from Principal Payments or Prepayments" below) at the designated corporate trust office of the Trustee or its successors. Unless the Bonds are Book Entry Bonds, payments of interest on the Bonds and redemption of the Bonds pursuant to the provisions described under the caption "Redemption of Bonds—Mandatory Redemption from Principal Payments or Prepayments" below shall be paid by check mailed to the registered owner thereof at such owner's address as it appears on the registration books maintained by the Trustee on the applicable Record Date or at such other address as is furnished to the Trustee in writing by such owner. The Trustee shall cause CUSIP number identification with appropriate dollar amounts for each CUSIP number to accompany all payments of interest, principal or Redemption Price made to such owners, whether such payment is made by check or wire transfer. All payments of principal of and interest on Book Entry Bonds shall be made and given at the times and in the manner set out in the Representation Letter, as more fully specified under the captions "Book-Entry System; Limited Obligation" and "Representation Letter" above.

Redemption of Bonds

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

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

Mandatory Redemption upon Failure to Purchase the Pass-Through Certificate. The Bonds are subject to mandatory redemption in whole on April 26, 2018 (the “Mandatory Redemption Date”) at a Redemption Price equal to the Original Issue Price plus interest accrued to the Mandatory Redemption Date (as such date may be extended under the Indenture) upon five (5) Business Days’ notice if (i) a Purchase Date has not occurred by the last date on which timely notice of such redemption may be given preceding such Mandatory Redemption Date (as such date may be extended under the Indenture) and (ii) an Extension Deposit has not been made pursuant to the Indenture, at the Original Issue Price plus interest accrued on the Bonds to the Mandatory Redemption Date (as such date may be extended under the Indenture). The notice for any such mandatory redemption may be conditional, to the effect that if a Purchase Date occurs not later than the close of business on the second Business Day preceding such Mandatory Redemption Date (as such date may be extended under the Indenture), the noticed mandatory redemption shall not occur. In the event that the Pass-Through Certificate has not been purchased by the Trustee ten (10) Business Days prior to any Mandatory Redemption Date, the Trustee shall provide written notice to the Borrower, the Issuer and the Tax Credit Investor of such non-purchase.

Notice of Redemption

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

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

Payment of Redemption Price

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

BOOK-ENTRY ONLY SYSTEM

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

The Depository Trust Company, New York, New York (“DTC”), will act as securities depository for the Bonds. The Bonds will be initially issued and issuable only as one fully registered Bond certificate for each maturity, registered in the name of Cede & Co. as partnership nominee of DTC. Those fully registered Bonds will be deposited with and retained in the custody of DTC.

For ease of reference in this and other discussions, reference to “DTC” includes when applicable any successor securities depository and the nominee of the depository.

For all purposes under the Bond proceedings, DTC will be and will be considered by the Issuer and the Trustee to be the owner or Holder of the Bonds.

Owners of book entry interests in the Bonds (book entry interest owners) will not receive or have the right to receive physical delivery of Bonds, and will not be or be considered by the Issuer and the Trustee to be, and will not have any rights as, owners or holders of Bonds under the Bond proceedings.

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

Participants”). DTC has an S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (the book entry interest owner) is in turn to be recorded on the Direct and Indirect Participant’s records. Book entry interest owners will not receive written confirmation from DTC of their purchase, but are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the book entry interest owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of book entry interest owners. Book entry interest owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book entry system for the Bonds is discontinued. See “DESCRIPTION OF THE BONDS – Transfers Outside Book Entry System” above.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to book entry interest owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

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

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. The Issuer may decide to discontinue use of the book entry system if DTC (or a successor securities depository) determines not to continue to act as securities depository for the Bonds. See “DESCRIPTION OF THE BONDS – Transfers Outside Book Entry System” above.

With respect to Bonds registered in the Bond Register in the name of the Nominee, the Issuer and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a

Participant holds a beneficial interest in the Bonds. Without limiting the immediately preceding sentence, the Issuer and the Trustee shall have no responsibility or obligation with respect to (a) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any beneficial ownership interest in the Bonds, (b) the delivery to any Participant, Beneficial Owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any redemption notice with respect to the Bonds, including any redemption notice following a failure to purchase the Pass-Through Certificate, (c) the selection by the Depository and the Participants of the beneficial interests in the Bonds to be redeemed in part, or (d) the payment to any Participant, Beneficial Owner or any other person, other than the Depository, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The Issuer and the Trustee may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on such Bond, for the purpose of giving redemption notices pursuant to the provisions described under the caption "Notice of Redemption" above and other notices with respect to such Bond, and for all other purposes whatsoever, including, without limitation, registering transfers with respect to the Bonds.

ANTICIPATED APPLICATION OF FUNDS

The proceeds of the Bonds will be used, pursuant to the Financing Agreement, to finance a portion of the cost of the acquisition, rehabilitation and equipping of the Project and to pay certain additional costs related thereto. The Bonds will be secured initially by the proceeds received from the assignment by the Issuer to the Lender of the Mortgage Loan (from funds other than the proceeds of the Bonds, but in an amount equal to the original principal amount of the Bonds), on deposit in the Collateral Security Fund as described herein (see "SUMMARY OF THE BONDS – The Bonds, the Mortgage Loan and the Pass-Through Certificate"). Such proceeds received from the assignment by the Issuer to the Lender held by the Trustee are anticipated, together with Bond proceeds deposited in the Collateral Security Interest Account of the Collateral Security Fund, to be applied by the Trustee to purchase the Pass-Through Certificate, if the conditions to issuance of the Pass-Through Certificate by Fannie Mae and the acquisition of the Pass-Through Certificate by the Trustee described herein are satisfied.

SECURITY FOR THE BONDS

General

All right, title and interest of the Issuer in and to amounts on deposit in the Collateral Security Fund to be funded at closing in an amount equal to the principal amount of the Bonds and premium, if any; the Pass-Through Certificate, if issued by Fannie Mae and acquired by the Trustee in exchange for amounts on deposit in the Collateral Security Fund; all right, title and interest of the Issuer owned as of or acquired after the date of the Indenture in, to and under the Financing Agreement (except Reserved Rights, as defined in the Indenture) and the Regulatory Agreement; all Revenues; and all other property which by the express provisions of the Indenture is required to be subject to the lien of the Indenture, and any additional property that, from time to time, by delivery or by writing of any kind, may be subjected to the lien of the Indenture, by the Issuer or by anyone on its behalf, and the Trustee is authorized by the Indenture to receive the same at any time as additional security under the Indenture.

The Pass-Through Certificate

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

It is expected that the Pass-Through Certificate will be acquired by the Trustee prior to the First Payment Date, and in any event prior to the Mandatory Redemption Date, unless such Purchase Date is extended as provided

in the Indenture. Principal and interest will initially be paid from funds (including accrued interest, if any) on deposit in the Collateral Security Fund until the month following the Purchase Date, at which time payments in an amount equal to the principal and interest paid on the Pass-Through Certificate will be passed through to Bondholders on each Payment Date.

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

See “SUMMARY OF THE PASS-THROUGH CERTIFICATE ANTICIPATED TO BE ISSUED IN CONNECTION WITH THE MORTGAGE LOAN” above for a description of the terms expected to be borne by the Pass-Through Certificate if issued by Fannie Mae and acquired by the Trustee. This description does not purport to be complete. Reference is made to the Fannie Mae MBS Prospectus summarized at APPENDIX G – “FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM” and to the form of proposed Additional Disclosure Addendum attached hereto as APPENDIX I for the complete terms of the Pass-Through Certificate and the rights, duties and obligations of Fannie Mae thereunder.

IF THE PASS-THROUGH CERTIFICATE IS ISSUED BY FANNIE MAE AND ACQUIRED BY THE TRUSTEE AS COLLATERAL FOR THE BONDS, FANNIE MAE’S OBLIGATIONS WILL BE SOLELY AS PROVIDED IN THE PASS-THROUGH CERTIFICATE AND IN THE FANNIE MAE MBS PROSPECTUS SUMMARIZED AT APPENDIX G – “FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM” AND IN THE FORM OF PROPOSED ADDITIONAL DISCLOSURE ADDENDUM ATTACHED HERETO AS APPENDIX I. THE OBLIGATIONS OF FANNIE MAE UNDER THE PASS-THROUGH CERTIFICATE WILL BE OBLIGATIONS SOLELY OF FANNIE MAE, A FEDERALLY CHARTERED CORPORATION, AND WILL NOT BE BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA. THE BONDS ARE NOT AND WILL NOT BE A DEBT OF THE UNITED STATES OF AMERICA OR ANY OTHER AGENCY OR INSTRUMENTALITY OF THE UNITED STATES OF AMERICA OR OF FANNIE MAE. THE BONDS ARE NOT AND WILL NOT BE GUARANTEED BY THE FULL FAITH AND CREDIT OF FANNIE MAE OR THE UNITED STATES OF AMERICA.

Bonds Not a Debt of the State

The Bonds and interest thereon do not constitute an indebtedness, a liability, a general or moral obligation or a pledge of the faith or loan of credit of the Issuer, the State or any political subdivision thereof within the meaning of any constitutional or statutory provisions. Neither the Issuer, the State nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Bonds or other costs incident thereto except from the revenues and assets pledged with respect thereto. Neither the faith and credit nor the taxing power of the United States of America, the Issuer, the State or any political subdivision thereof is pledged to the payment or the principal of or interest on the Bonds or other costs incident thereto. The Bonds are not a debt of the United States of America or any agency thereof and are not guaranteed by the United States of America or any agency thereof.

CERTAIN BONDHOLDERS’ RISKS

The purchase of the Bonds will involve a number of risks. In addition to factors set forth elsewhere in this Official Statement, purchasers of Bonds should carefully consider the following risk factors in connection with investment in the Bonds. The following summary does not purport to be comprehensive or definitive, but rather is intended as a brief summary of some of such risk factors.

Bonds are Pass-Through Bonds; Interest Payment Lag

As described elsewhere herein, except under certain circumstances described under the caption “DESCRIPTION OF THE BONDS – Redemption of Bonds – Mandatory Redemption upon Failure to Purchase the Pass-Through Certificate,” and except as otherwise described herein with respect to certain payments prior to the

First Payment Date (see subparagraph (e) of “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Collateral Security Fund”), the Bonds are pass-through securities designed to pass through to registered owners of the Bonds principal and interest payments on the Pass-Through Certificate one Business Day after their receipt by the Trustee. Interest payments on the Bonds will equal either accrued interest on the Bonds, or interest payments received by the Trustee on each Distribution Date for the Pass-Through Certificate, which will be the 25th day of each month, or the next Business Day if the 25th is not a Business Day, which is expected to commence March 26, 2018. Although interest accrues on the Pass-Through Certificate during a calendar month, Fannie Mae will not distribute interest to the Trustee as certificateholder until the Distribution Date in the following calendar month. The Bonds mature on March 1, 2035; however, the final principal payment on the Pass-Through Certificate will occur on March 26, 2035, and such payment will be passed through to Bondholders on March 27, 2035. Because of these delays, the effective yield on the Bonds will be lower than the Pass-Through Rate on the Pass-Through Certificate and the stated interest rate on the Bonds.

Pass-Through Certificate

If the Pass-Through Certificate is issued by Fannie Mae and acquired by the Trustee as collateral for the Bonds, Fannie Mae’s obligations will be solely as provided in the Pass-Through Certificate and in the Fannie Mae MBS Prospectus summarized at APPENDIX G – “FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM” and in the form of proposed Additional Disclosure Addendum attached hereto as APPENDIX I. The obligations of Fannie Mae under the Pass-Through Certificate will be obligations solely of Fannie Mae, a federally chartered corporation, and will not be backed by the full faith and credit of the United States of America. The Bonds are not and will not be a debt of the United States of America or any other agency or instrumentality of the United States of America or of Fannie Mae. The Bonds are not and will not be guaranteed by the full faith and credit of Fannie Mae or the United States of America.

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

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

The Borrower has covenanted and agreed, pursuant to, among other documents, the Regulatory Agreement and the Tax Exemption Agreement, to comply with the provisions of the Code relating to the exclusion from gross income for federal income tax purposes of the interest payable on the Bonds. The financing documents contain provisions and procedures designed to assure compliance with such covenant. See “TAX MATTERS” herein. However, the Borrower’s covenant to comply with the requirements of the Code is nonrecourse to the Borrower, and the Borrower’s liability is limited to the revenues and assets comprising the Project. Furthermore, the Borrower’s failure to comply with such provisions will not constitute a default under the Mortgage Loan and will not give rise to a redemption or acceleration of the Bonds (unless the holders of 75% of the Bonds Outstanding so direct) and is not the basis for an increase in the rate of interest payable on the Bonds. However, the Borrower’s failure to comply with the Regulatory Agreement will not give rise to a prepayment or acceleration of amounts due under the Pass-Through Certificate, unless directed by Fannie Mae in its sole discretion. Consequently, interest on the Bonds may become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Bonds by reason of the Borrower’s failure to comply with the requirements of federal tax law, and there is no assurance that either the Issuer, the Trustee or the Bondholders will have remedies available to them to mitigate the adverse economic effects to the Bondholders of such inclusion by reason of the Borrower’s noncompliance.

Performance of the Project

No assurance can be given as to the future performance of the Project. See “THE MORTGAGE LOAN” and “THE PROJECT AND THE PRIVATE PARTICIPANTS – Risk Factors” above. The economic feasibility of the Project depends in large part upon the ability of the Borrower to maintain substantial occupancy throughout the term of the Bonds at sufficient rents. Occupancy of the Project may be affected by competition from existing

housing facilities or from housing facilities which may be constructed in the areas served by the Project. Restrictions imposed under the Code on tenant income and the rent that can be charged could have an adverse effect on the Borrower's ability to satisfy its obligations under the Financing Agreement, especially if operating expenses should increase beyond what was anticipated.

Default May Result in Redemption of the Bonds

A default by the Borrower under the Mortgage Loan may – upon compliance with the terms of the Pass-Through Certificate and the Indenture – result in a mandatory redemption of the Bonds. No premium will be paid on the Bonds in the event of such a redemption. See “DESCRIPTION OF THE BONDS—Redemption of Bonds” herein.

Estimated Rental Revenue/Vacancies

The economic feasibility of the Project depends in large part upon its being substantially occupied at rentals adequate to cover all operating expenses of the Project and debt service on the Mortgage Loan. Although representatives of the Borrower believe, based on surveys of the area where the Project is located, that a substantial number of persons currently need housing facilities such as the Project, occupancy of the Project may be affected by competition from existing housing facilities or from housing facilities which may be constructed in the area served by the Project. While the Borrower believes the Project is needed, there may be difficulties in keeping it substantially occupied. Furthermore, no assurance can be given that the low-income tenants are able to afford the rental rates of the Project, albeit at below market rental rates. The rent and affordability restrictions may adversely affect the revenues of the Project.

Estimated Project Expenses; Management

The success of the Project depends upon economic conditions, successful management of the Project and other factors. Furthermore, should management of the Project prove to be inefficient, increases in operating expenses might exceed increases in rents which can be supported by market conditions. The economic feasibility of the Project also depends to a large extent on operating expenses. No assurances can be given that moneys available to the Borrower from operation of the Project will be sufficient to make the required payments on the Financing Agreement and the Mortgage Note.

CONTINUING DISCLOSURE

The Borrower has undertaken all responsibilities for any continuing disclosure to owners of the Bonds as described below, and the Issuer shall have no liability to the owners or any other person with respect to such disclosures. The Borrower has covenanted for the benefit of owners and Beneficial Owners of the Bonds to provide its audited financial statements and certain financial information and operating data relating to the Borrower by not later than one hundred eighty (180) days after the end of each fiscal year (which fiscal year currently ends on December 31), commencing with the report for the fiscal year ending December 31, 2018 (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report is required to be filed by the Borrower with the MSRB. All notices of material events are required to be filed by the Borrower with the MSRB. The specific nature of the information to be contained in the Annual Report and the notices of material events is described in APPENDIX F – “FORM OF CONTINUING DISCLOSURE AGREEMENT.” These covenants have been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5).

The Borrower has not previously been subject to the continuing disclosure requirements of Rule 15c2-12.

FINANCIAL ADVISOR

George K. Baum & Company (the “Financial Advisor”) has served as financial advisor to the Issuer for purposes of assisting the Issuer with the development and implementation of the bond program in connection with the Bonds. The Financial Advisor has not been engaged by the Issuer to compile, create or interpret any information in this Official Statement relating to the Issuer, including (without limitation) any of the Issuer's financial and

operating data, whether historical or projected. Any information contained in this Official Statement concerning the Issuer, any of its affiliates or contractors and any outside parties has not been independently verified by the Financial Advisor, and inclusion of such information is not and should not be construed as a representation by the Financial Advisor as to its accuracy or completeness or otherwise. The Financial Advisor is not a public accounting firm and has not been engaged by the Issuer to review or audit any information in this Official Statement in accordance with accounting standards.

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

TAX MATTERS

Tax Exemption

In General

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

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

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

Interest on the Bonds is not treated as an “item of tax preference” to be included in the computation of “alternative minimum taxable income” for an individual.

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

Bond Counsel’s opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel’s knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel’s attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel’s

opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

Operation of the Project

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

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

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

Bonds will be excludable from gross income for federal income tax purposes in the event that the Fannie Mae Requirements preclude compliance with any other of the covenants or requirements of the Regulatory Agreement.

Additional Federal Income Tax Considerations

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

Tax Legislative Changes

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

NO LITIGATION

The Issuer

At the time of delivery and payment for the Bonds, the Issuer will deliver, or cause to be delivered, a certificate of the Issuer substantially to the effect that there is no litigation or other proceeding now pending or threatened against the Issuer of which the Issuer has notice or, to the knowledge of the Issuer, any basis therefor, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Issuer taken with respect to the issuance or sale thereof or the financing of the Mortgage Loan or the pledge or application of any moneys or security provided for the payment of the Bonds or the existence or powers of the Issuer, or contesting in any material respect the completeness or accuracy of the Official Statement or any supplement or amendment thereto, or challenging the exclusion of interest on the Bonds from gross income for Federal income tax purposes.

The Borrower

At the time of delivery and payment for the Bonds, the Borrower will deliver, or cause to be delivered, a certificate of the Borrower substantially to the effect that there is no litigation of any nature now pending or, to the knowledge of the Borrower or its General Partner, threatened in writing against or adversely affecting the existence of the Borrower or its General Partner, involving the Project in any material respect or seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or the financing of the Mortgage Loan or the financing of the Project, or in any way contesting or affecting the validity or enforceability of the Bonds or the Bond Documents to which the Borrower is a party, or any proceedings of the Borrower taken with respect to the sale, execution or delivery thereof, or the application of any moneys or security provided for the payment of the Bonds, or contesting in any way the completeness or accuracy of the Official Statement or any supplement or amendment thereto, or contesting the powers or authority of the Borrower with respect to the Bond Documents to which it is a party or challenging the exclusion of interest on the Bonds from gross income for Federal income tax purposes.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, issuance, sale and delivery of the Bonds by the Issuer are subject to the approval of Bracewell LLP, Austin, Texas, Bond Counsel to the Issuer. Certain legal matters will be passed upon for the Issuer by McCall, Parkhurst & Horton L.L.P., Dallas, Texas and Mahomes Bolden PC, Dallas, Texas. Certain legal matters will be passed upon for Fannie Mae by its Office of General Counsel and by its Special Counsel, DLA Piper LLP (US). Certain legal matters will be passed upon for the Borrower by its Counsel, Locke Lord LLP, Austin, Texas. Certain legal matters will be passed upon for the Underwriter by its Counsel, Norris George & Ostrow PLLC, Washington, D.C.

LEGALITY OF BONDS FOR INVESTMENT AND DEPOSIT

The Act provides that bonds issued thereunder are legal and authorized investments for banks, savings banks, trust companies, building and loan associations, insurance companies, fiduciaries, trustees, guardians and for all public funds of the State or other political corporations or subdivisions of the State. Such bonds are eligible to secure the deposit of public funds of the State, localities, school districts or other political corporations or subdivisions of the State, and shall be security for such deposits to the extent of their value.

UNDERWRITING

RBC Capital Markets, LLC (the “Underwriter”) has agreed, subject to certain conditions, to purchase the Bonds from the Issuer at an aggregate purchase price of \$50,018,888.89 and to make a public offering of the Bonds at prices that are not in excess of the public offering prices stated on the inside cover page of this Official Statement. The Underwriter will be obligated to purchase all such Bonds if any are purchased. The Bonds may be offered and sold to certain dealers (including the Underwriter) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter. The Underwriter will receive an underwriting fee for its services in the amount of \$280,000 (which amount does not include the fees and expenses of its counsel).

The Underwriter and its affiliates are full service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage and asset management. In the ordinary course of business, the Underwriter and its affiliates may actively trade debt and if applicable equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps) and the Underwriter and its affiliates may engage in transactions for its own accounts involving the securities and instruments made the subject of this securities offering or other offerings of the Issuer and/or Borrower. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Issuer and/or Borrower. The Underwriter does not make a market in credit default swaps with respect to municipal securities at this time but may do so in the future.

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

RATING

Moody’s Investors Service, Inc. (the “Rating Agency”) has assigned to the Bonds a rating of “Aaa.” Such rating reflects only the view of the Rating Agency and an explanation of the significance of the rating may be obtained from the Rating Agency. There is no assurance that the rating will continue for any given period of time or that it will not be revised or withdrawn entirely by the Rating Agency, if in its judgment, circumstances so warrant. A revision or withdrawal of the rating may have an effect on the market price of the Bonds.

A rating is not a recommendation to buy, sell, or hold the Bonds. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the rating agency originally establishing the rating, circumstances so warrant. The Rating Agency will

not undertake responsibility either to bring to the attention of the registered owners of the Bonds any proposed revision or withdrawal of the rating of the Bonds, if issued, or to oppose any such proposed revision or withdrawal. Any such change in or withdrawal of such a rating could have an adverse effect on the market price of the Bonds if a registered owner attempts to sell the same.

The Rating Agency has not assumed any responsibility either to notify the owners of any proposed change in or withdrawal of such rating subsequent to the date of the Official Statement, and the Borrower has such responsibility only in connection with the reporting of events as provided in the Continuing Disclosure Agreement. Neither of them has any responsibility to contest any such revision or withdrawal.

FURTHER INFORMATION

The information contained in this Official Statement is subject to change without notice and no implication should be derived therefrom or from the sale of the Bonds that there has been no change in the affairs of the Issuer from the date hereof. Pursuant to the Indenture, the Issuer has covenanted to keep proper books of record and account in which full, true and correct entries will be made of all its dealings and transactions under the Indenture and to cause such books to be audited for each fiscal year. The Indenture requires that such books be open to inspection by the Trustee and the owners of not less than 25% of the Bonds issued thereunder during regular business hours of the Issuer and that the Issuer furnish a copy of the auditor's report, when available, upon the request of the owner of any Outstanding Bond.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such, and not as representations of fact. This Official Statement is not to be construed as an agreement or contract between the Issuer and the purchasers or owners of any Bonds.

This Official Statement is submitted in connection with the sale of the Bonds and may not be reproduced or used, as a whole or in part, for any other purpose. This Official Statement and the distribution thereof have been duly authorized and approved by the Issuer and the Official Statement has been duly executed and delivered on behalf of the Borrower.

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[Borrower's Signature Page to Official Statement]

DALCOR GESSNER, LTD.,
a Texas limited partnership

By: Dalcor Gessner GP, LLC,
a Texas limited liability company

By: /s/ M. Dale Dodson
M. Dale Dodson, Manager

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APPENDIX A

DEFINITIONS OF CERTAIN TERMS

The following are definitions of certain terms, or summaries thereof, used in the Indenture or appearing in this Official Statement.

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

“Actual/360” means a computation of interest accrual on the basis of a three hundred sixty (360) day year and the actual number of calendar days during the applicable month, calculated by multiplying the unpaid principal balance of the Bonds by the Pass-Through Rate, dividing the product by three hundred sixty (360), and multiplying the quotient obtained by the actual number of days elapsed in the applicable month.

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

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

“Authorized Officer” means the Chair or Vice Chair of the Governing Body, the Executive Director of the Issuer, the Deputy Executive Directors of the Issuer, the Director of Bond Finance of the Issuer, the Director of Multifamily Finance of the Issuer, the Director of Texas Homeownership of the Issuer and the Secretary or any Assistant Secretary to the Governing Body.

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

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

“Bonds” means the Multifamily Housing Revenue Bonds (Pass-Through -- Vista on Gessner), Series 2018, in the principal amount of \$50,000,000, including any bond or bonds, as the case may be, authorized under and secured by the Indenture and issued pursuant to the Indenture.

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

“Bond Documents” means the Financing Agreement, the Regulatory Agreement, the Tax Exemption Agreement, the Indenture, the Subordinate Mortgage and the Bond Purchase Agreement pertaining to the Bonds among the Underwriter, the Issuer and the Borrower.

“Bond Fund” means the Fund created and so designated in the Indenture.

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

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

“Bond Registrar” means the Trustee.

“Bond Resolution” means the resolution of the Issuer adopted on December 14, 2017, authorizing the issuance and sale of the Bonds.

“Book Entry Bonds” means the Bonds for which a Depository or its Nominee is the Bondholder.

“Borrower” means Dalcor Gessner, Ltd., a Texas limited partnership.

“Business Day” means, with respect to the Pass-Through Certificate and the Bonds, any day other than a Saturday or Sunday, a day when the fiscal agent or paying agent is closed, a day when the Federal Reserve Bank of New York is closed, or a day when the Federal Reserve Bank is closed in a district where a certificate account is located if the related withdrawal is being made from that certificate account, and, with respect to the Bonds, any such day that is also a day on which the Trustee is open for business.

“Closing Date” means the date the Bonds are initially issued and delivered to the original purchaser or purchasers thereof.

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

“Collateral Security Fund” means the Fund of that name created and so designated in the Indenture.

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

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

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

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement dated as of the date of the Indenture between the Borrower and the Dissemination Agent, as originally executed and as it may be amended from time to time in accordance with the terms of the Indenture, in the form attached hereto as Appendix F.

“Costs of Issuance” means costs to the extent incurred in connection with, and allocable to, the issuance of an issuance of obligations within the meaning of section 147(g) of the Code. For example, Costs of Issuance include the following costs, but only to the extent incurred in connection with, and allocable to, the borrowing: underwriters’ spread; counsel fees; financial advisory fees; fees paid to an organization to evaluate the credit quality of an issue; trustee fees; paying agent fees; bond registrar, certification and authentication fees; accounting fees; printing costs for bonds and offering documents; public approval process costs; engineering and feasibility study costs; guarantee fees, other than qualified guarantees; and similar costs.

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

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

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

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

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

“Electronic Means” means a facsimile transmission or any other electronic means of communication approved in writing by Fannie Mae.

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

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

“Fannie Mae” means Fannie Mae, a corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C., § 1716 et seq., and its successors.

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

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

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

“First Payment Date” means March 27, 2018.

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

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

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

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

“Indenture” means the Indenture of Trust as it may from time to time be amended, modified or supplemented by Supplemental Indentures.

“Initial Bond” means the initial Bond registered by the Comptroller and subsequently canceled and replaced by a definitive Bond pursuant to the Indenture.

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

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

“Issuer Administration Fee” means the fee payable annually in advance to the Issuer on each February 1, in the amount of .10% per annum of the aggregate principal amount of Bonds Outstanding at the inception of each payment period. On the Closing Date, the Borrower will pay the Issuer Administration Fee in advance to the Issuer for the period from the Closing Date to January 31, 2020. The Trustee will remit to the Issuer (upon receipt of an invoice from the Issuer), payable solely from funds provided by the Borrower, all payments of the Issuer Administration Fee due on or after February 1, 2020.

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

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

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

“Mandatory Redemption Date” means April 26, 2018, as such date may be extended pursuant to Section 5.13(f).

“Maturity Date” means March 1, 2035, subject to final payment of principal with respect to the Pass-Through Certificate (March 26, 2035) which will be passed through to the Bondholders on the next succeeding Business Day after receipt of the final payment on the Pass-Through Certificate.

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

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

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

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

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

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

“Officer’s Certificate” means a certificate signed by an Authorized Officer or, if such certificate pertains to official action taken by the Issuer or official records of the Issuer, by an Attesting Officer.

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

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

“Original Issue Price” means the price of \$50,000,000 paid upon the issuance of the Bonds.

“Outstanding” means, when used with reference to the Bonds and as of any particular date, all Bonds theretofore and thereupon being delivered except (a) any Bond cancelled by the Trustee or delivered to the Trustee for cancellation; (b) any Bond for the payment or redemption of which either (i) moneys equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, or (ii) specified types of Permitted Investments or moneys in the amounts, of the maturities and otherwise as described and required under the provisions of the Indenture, shall have theretofore been deposited with the Trustee in trust (whether upon or prior to maturity or the redemption date of such Bond) and, except in the case of a Bond to be paid at maturity, as to which a redemption notice shall have been given or provided for in accordance with the notice provisions of the Indenture, and (c) any Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to the Indenture.

“Participant” means a member of, or a participant in, the Depository.

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

“Pass-Through Certificate Purchase Price” means the principal amount outstanding on the Mortgage Loan plus accrued interest on the Pass-Through Certificate at the Pass-Through Rate. Such amount shall equal the original principal amount of the Mortgage Loan (\$50,000,000) less any scheduled principal payments on or prepayments of the Mortgage Loan prior to the Purchase Date.

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

“Pass-Through Rate” means 3.40% per annum.

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

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

(a) Government Obligations; and

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

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

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

“Project” means the multifamily rental housing development, known as Vista on Gessner, located in Houston, Texas, on the site described in the Mortgage.

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

“Qualified Financial Institution” means any of: (i) bank or trust company organized under the laws of any state of the United States of America, (ii) national banking association, (iii) savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America, (iv) federal branch or agency pursuant to the International Banking Act of 1978 or any successor provisions of law or a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, (v) government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, (vi) securities dealer approved in writing by Fannie Mae the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation and (vii) any other entity which is acceptable to Fannie Mae.

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

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

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

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

redeemed plus interest thereon as provided in the Indenture to be paid from amounts in the Collateral Security Interest Account.

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

“Regulatory Agreement” means the Regulatory and Land Use Restriction Agreement relating to the Mortgaged Property, dated as of February 1, 2018, by the Issuer, the Trustee and the Borrower, as it may be amended, supplemented or restated from time to time.

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

“Rehabilitation Agreement” means the provisions relating to rehabilitation of the Project set forth in the Loan and Security Agreement between the Borrower and the Lender.

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

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

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

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

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

“State” means the State of Texas.

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

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

“Supplemental Indenture” means any indenture duly authorized and entered into after the date of the Indenture between the Issuer and the Trustee amending or supplementing the Indenture in accordance with the provisions of the Indenture.

“Tax Credit Investor” means AHP Housing Fund 191, LLC, and its successors and assigns.

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

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

“Trust Estate” means all the property, rights, moneys, securities and other amounts pledged and assigned to the Trustee pursuant to the Granting Clauses in the Indenture.

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

“Underwriter” means RBC Capital Markets, LLC.

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following summary of certain provisions of the Indenture does not purport to be complete, and is qualified in its entirety by reference to the specific terms of the Indenture, copies of which are on file with the Trustee.

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

Establishment of Funds

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

- (a) Bond Fund;
- (b) Operating Fund;
- (c) Costs of Issuance Fund;
- (d) Collateral Security Fund; and
- (e) Rebate Fund.

Application of Revenues

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

Application of Operating Fund

All Operating Revenues shall be deposited into the Operating Fund. Amounts in the Operating Fund shall be withdrawn by the Trustee and used solely to pay first, any amount required to be deposited in the Rebate Fund in

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

Application of Bond Fund

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

Investment of Funds

The moneys held by the Trustee shall constitute trust funds for the purposes of the Indenture, which moneys shall be managed, invested, disbursed and administered as provided in the Indenture and in the Tax Exemption Agreement. Any moneys attributable to each of the Funds under the Indenture shall be invested by the Trustee at the written direction or telephonic direction (promptly confirmed in writing) of the Borrower in Permitted Investments which mature or are redeemable at par on the earlier of (a) 180 days from the date of investment, or (b) the date on which such funds are expected to be needed for the purposes for which they are held, subject in all cases to the restrictions of the Tax Exemption Agreement. Notwithstanding anything in the Indenture to the contrary, all amounts in the Bond Fund and the Proceeds Fund shall be held uninvested, and all amounts in the Collateral Security Fund shall be uninvested or invested solely in Permitted Investments described in subparagraph (b) of the definition of Permitted Investments. If the Trustee does not receive written direction or telephonic direction (promptly confirmed in writing) from the Borrower regarding the investment of funds, the Trustee shall invest solely in Permitted Investments described in subparagraph (b) of the definition of Permitted Investments, which shall mature or be redeemable at par at the times set forth in the preceding sentence. The Trustee may make any and all such investments through its own banking department or the banking department of any affiliate. Notwithstanding any provision of the Indenture to the contrary, at no time shall the Borrower direct that any funds constituting Gross Proceeds of the Bonds (as defined in the Tax Exemption Agreement) be used in any manner as would constitute failure of compliance with Section 148 of the Code.

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

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

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

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

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

Rebate Fund

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

Costs of Issuance Fund

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

Collateral Security Fund

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

(b) On the Closing Date, (i) the payment received by the Trustee from the Lender for the Assigned Loan in an amount equal to the principal amount of the Bonds shall be deposited to the Collateral Security Principal Account, (ii) accrued interest on the Bonds shall be deposited to the Collateral Security Interest Account, and (iii) Bond proceeds in an amount equal to the interest on the Bonds for the remainder of the month of February 2018 from the Closing Date shall also be deposited to the Collateral Security Interest Account, and an amount equal to 56 days of interest on the Bonds (e.g., to cover the period from March 1, 2018 to but not including April 26, 2018) shall also be deposited to the Collateral Security Interest Account (for a total deposit to the Collateral Security Interest Account equal to 80 days' interest on the Bonds).

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

(d) If the Purchase Date occurs in the same month as the Closing Date (i.e., February 2018) or in a subsequent month following the Payment Date for such month then following the Purchase Date the Trustee shall, in the case of Bond proceeds, transfer the remaining balance in the Collateral Security Interest Account to the

Rehabilitation Account of the Proceeds Fund, or otherwise disburse such funds to the Borrower (after application of moneys therein to pay the accrued interest on the Pass-Through Certificate).

(e) If the Purchase Date (i) occurs in a month following the Closing Date (e.g., March 2018) and (ii) on or prior to the Payment Date for such month, then the Trustee shall retain the amount on deposit in the Collateral Security Interest Account and apply moneys from such Account to pay the interest on the Bonds on the next Payment Date. So long as payment has already been made or provided for with respect to the Payment Date in the month in which the Purchase Date occurs, any balance in the Collateral Security Interest Account following such Payment Date shall be, in the case of Bond proceeds, transferred to the Rehabilitation Account of the Proceeds Fund, or otherwise disbursed to the Borrower (after application of moneys therein to pay the accrued interest on the Pass-Through Certificate).

(f) The Borrower or the Tax Credit Investor may at any time (not later than the last day for which notice of redemption must be given pursuant to the Indenture) extend the Mandatory Redemption Date by depositing Preference Proof Moneys to the credit of the Collateral Security Interest Account in an amount sufficient to pay the interest on the Bonds from the last Payment Date to the extended Mandatory Redemption Date (an "Extension Deposit").

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

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

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

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

Defeasance

(a) If all Bonds shall be paid and discharged as described under this caption, then all obligations of the Trustee and the Issuer under the Indenture with respect to all Bonds shall cease and terminate, except only (i) the obligation of the Trustee to pay or cause to be paid to the owners thereof all sums due with respect to the Bonds and to register, transfer and exchange Bonds pursuant to the Indenture, (ii) the obligation of the Issuer to pay the fees, charges and expenses owing to the Trustee under the Indenture from the Trust Estate, and (iii) the obligation of the Issuer to comply with the provisions of the Indenture with respect to federal tax and arbitrage matters and the Tax Exemption Agreement. Any funds held by the Trustee at the time of such termination which are not required for payment to Bondholders or for payment to be made by the Issuer, shall be paid as provided in the Indenture.

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

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

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

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

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

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

(ii) the maturity of such Bond.

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

No Release of Pass-Through Certificate

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

Transfer of Pass-Through Certificate

The Trustee shall maintain the Pass-Through Certificate in book entry form in the name of the Trustee and may not sell, assign, transfer or otherwise dispose of the Pass-Through Certificate, except as described under the caption “No Release of Pass-Through Certificate” above.

Modification of Mortgage Terms

To the extent allowed by applicable State law, the Issuer shall consent to the modification of, or modify, the amount of time or payment of any installment of principal or interest on the Mortgage Loan or the security for or any terms or provisions of the Mortgage Loan or Mortgage or the security for the same or the rate or rates of interest on the Mortgage Loan, solely to the extent required by federal or State law or regulations.

Events of Default

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

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

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

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

Acceleration; Rescission of Acceleration

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

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

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

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

Other Remedies; Rights of Bondholders

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

(a) By pursuing any available remedies under the Financing Agreement, the Regulatory Agreement or the Pass-Through Certificate, and prior to the Purchase Date, the Mortgage;

(b) Upon an Event of Default as described in paragraph (a) under the caption “Events of Default” above only, by realizing or causing to be realized through sale or otherwise upon the security pledged under the Indenture (including the sale or disposition of the Pass-Through Certificate); and

(c) By action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the holders of the Bonds and to execute any other papers and documents and do and perform any and all such acts and things as may be necessary or advisable in the opinion of the Trustee in order to have the respective claims of the Bondholders against the Issuer allowed in any bankruptcy or other proceeding.

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

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

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

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

Application of Moneys After Default

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

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

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

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

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

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

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

Control of Proceedings

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

No Interference or Impairment of Pass-Through Certificate

Notwithstanding any other provision of the Indenture to the contrary, so long as the Pass-Through Certificate remains outstanding and Fannie Mae is not in default in its payment obligations thereunder, neither the

Issuer, the Trustee nor any person under their control shall, without the prior written consent of Fannie Mae, exercise any remedies or direct any proceedings under the Indenture other than to (a) enforce rights under the Pass-Through Certificate, (b) enforce the tax covenants in the Indenture, the Tax Exemption Agreement and the Financing Agreement, or (c) enforce rights of specific performance under the Regulatory Agreement; provided, however, that any enforcement under (b) or (c) above shall not include seeking monetary damages other than actions for Issuer Fees or the Trustee's fees and expenses.

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

Supplemental Indentures Effective Upon Acceptance

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

(a) To add to the covenants or agreements of the Issuer contained in the Indenture other covenants or agreements to be observed by the Issuer or to otherwise revise or amend the Indenture in a manner which are/is not materially adverse to the interests of the Bondholders;

(b) To add to the limitations or restrictions contained in the Indenture other limitations or restrictions to be observed by the Issuer which are not contrary to or inconsistent with the provisions of the Indenture as theretofore in effect;

(c) To surrender any right, power or privilege reserved to or conferred upon the Issuer in the Indenture, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Issuer contained in the Indenture and is not materially adverse to the interests of the Bondholders;

(d) To confirm, as further assurance, any pledge of the Trust Estate under the Indenture and the subjection to any lien on or pledge of the Trust Estate created or to be created by the Indenture;

(e) To appoint a co-trustee or successor Trustee or successor co-trustee;

(f) To cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision in the Indenture;

(g) To insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable and are not materially adverse to the interests of the Bondholders; and

(h) To make such changes and modifications that are necessary or desirable to provide for all interest, principal and premium paid with respect to the Bonds are in the exact respective amounts of the payments of interest, principal and premium paid under and pursuant to the Pass-Through Certificate.

Supplemental Indentures Requiring Consent of Bondholders

In addition to those amendments to the Indenture which are authorized by the provisions described under the caption "Supplemental Indentures Effective Upon Acceptance" above, any modification or amendment of the Indenture may be made by a Supplemental Indenture with the written consent, given as provided in the Indenture, of Fannie Mae and the holders of at least two thirds in aggregate principal amount of the Bonds Outstanding at the time such consent is given; provided, however, that no such modification or amendment shall (a) permit a change in the

terms of redemption or maturity of the principal amount of any Outstanding Bond or an extension of the date for payment of any installment of interest thereon or a reduction in the principal amount of, premium, if any, or the rate of interest on any Outstanding Bond without the consent of the holder of such Bond, (b) reduce the proportion of Bonds the consent of the holders of which is required to effect any such modification or amendment or to effectuate an acceleration of the Bonds prior to maturity, (c) permit the creation of a lien on the Trust Estate pledged under the Indenture prior to or on a parity with the lien of the Indenture, (d) deprive the holders of the Bonds of the lien created by the Indenture upon the Trust Estate (except as expressly provided in the Indenture), without (with respect to (b) through (d)) the consent of the holders of all Bonds then Outstanding, or (e) change or modify any of the rights or obligations of the Trustee without the written consent thereto of the Trustee.

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT

The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Financing Agreement, copies of which are on file with the Trustee.

Amount and Source of Mortgage Loan

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

Payment of Fees and Expenses

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

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

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

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

Notification of Prepayment of Mortgage Note

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

Term Sheet

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

Indemnification

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

It is the intention of the parties to the Financing Agreement that the Issuer and its respective governing board members, directors, officers, agents and employees shall not incur pecuniary liability by reason of the terms of the Financing Agreement or by reason of the undertakings required of the Issuer and its respective governing board members, directors, officers, agents and employees in connection with the issuance of the Bonds, including but not limited to the execution and delivery of the Indenture, the Financing Agreement, the Tax Exemption Agreement, the Regulatory Agreement, and all other instruments and documents required to close the transaction; the performance of any act required of the Issuer and its respective governing board members, directors, officers, agents and employees by the Financing Agreement; or the performance of any act requested of the Issuer and its respective

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

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

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

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

employed with the approval of the Borrower, which approval shall not be unreasonably withheld, the Borrower shall not be required to pay the fees and expenses of such separate counsel.

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

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

Events of Default

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

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

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

(iii) Breach of any of the covenants, agreements or obligations of the Borrower under or the occurrence of a default which is continuing under the Tax Exemption Agreement or the Regulatory Agreement, including any exhibits, which continues beyond all applicable notice, grace, and cure periods; or

(iv) The occurrence of an Event of Default caused by the Borrower under and as defined in the Indenture or under any of the other Bond Documents, which continues beyond all applicable notice, grace, and cure periods.

Nothing contained in the provisions of the Financing Agreement described under this caption is intended to amend or modify any of the provisions of the Mortgage Loan Documents nor to bind the Borrower, the Lender or Fannie Mae to any notice and cure periods other than as expressly set forth in the Mortgage Loan Documents.

Remedies Upon an Event of Default

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

(i) By any suit, action or proceeding, pursue all remedies existing as of or after the date of the Financing Agreement at law or in equity to collect all amounts then due and thereafter to become due under the Financing Agreement, to enforce the performance of any covenant, obligation or agreement of

the Borrower under the Financing Agreement (subject to the nonrecourse provisions of the Financing Agreement and the Regulatory Agreement) or, to enjoin acts or things which may be unlawful or in violation of the rights of the Issuer or the Trustee.

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

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

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

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

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

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

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

under (ii) or (iii) above shall not include seeking monetary damages other than the Issuer Fees and the Trustee's fees and expenses.

Default Under Regulatory Agreement

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

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

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT

The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Regulatory Agreement, copies of which are on file with the Trustee.

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

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

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

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

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

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

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

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

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

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

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

“Persons with Special Needs” means persons who (a) are considered to be individuals having a disability under State or federal law, (b) are elderly, meaning 62 years of age or more or of an age specified by the applicable

federal program, (c) are designated by the governing board of the Issuer as experiencing a unique need for decent, safe housing that is not being met adequately by private enterprise, or (d) are legally responsible for caring for an individual described by clauses (a), (b) or (c) above and meet the income guidelines established by the governing board of the Issuer.

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

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

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

“Qualified Project Period” means, with respect to the Project, the period beginning on the Closing Date and ending on the latest of (i) the date that is 15 years after the Closing Date, (ii) the first day on which no tax-exempt private activity bond issued with respect to the Project is outstanding for federal income tax purposes, or (iii) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates.

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

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

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

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

“State Restrictive Period” means, with respect to the Project, the period beginning on the first day on which the Borrower takes legal possession of the Project and ending on the latest of (a) the date that is 35 years (as a result of the Borrower’s election to extend the affordability period) after the first day of the State Restrictive Period, (b) the first date on which no tax-exempt private activity bond issued with respect to the Project is outstanding for federal income tax purposes, and (c) the date on which any assistance provided with respect to the Project from the federal government terminates.

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

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

Tax-Exempt Status of the Bonds

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

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

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

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

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

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

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

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

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

(viii) that each Unit will be rented or available for rental on a continuous basis to Eligible Tenants (subject to the limitations and exceptions contained in the Regulatory Agreement, the Tax Exemption Agreement and the Financing Agreement) at all times during the longer of (A) the term of the Bonds or (B) the Qualified Project Period, that the Borrower will not give preference in renting Units to any particular class or group of persons, other than Persons with Special Needs, Low-Income Tenants and other Eligible Tenants as provided in the Regulatory

Agreement, and that at no time will any portion of the Project be exclusively reserved for use by a limited number of nonexempt persons in their trades or businesses;

(ix) that except, if applicable, during the 12-month “transition period” beginning on the Closing Date, as provided under Revenue Procedure 2004-39, 2004-2 C.B. 49 at least 40% of the Available Units will be occupied or held vacant and available for occupancy at all times by Low-Income Tenants (the “Set Aside”). For the purposes of this clause (a)(ix), a vacant Unit that was most recently occupied by a Low-Income Tenant is treated as rented and occupied by a Low-Income Tenant until reoccupied, at which time the character of such Unit must be redetermined. No tenant qualifying as a Low-Income Tenant will be denied continued occupancy of a Unit because, after the most recent Tenant Income Certification, such tenant’s Annual Income increases to exceed the qualifying limit for Low-Income Tenants; provided, however, that, should a Low-Income Tenant’s Annual Income, as of the most recent determination thereof, exceed 140% of the then applicable income limit for a Low-Income Tenant of the same family size and such Low-Income Tenant constitutes a portion of the Set Aside, then such tenant will only continue to qualify for so long as no Unit of comparable or smaller size in the Project is rented to a tenant that does not qualify as a Low-Income Tenant;

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

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

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

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

Units. The Borrower will retain all records maintained in accordance with the provisions described under this caption until the date that is three years after the end of the Qualified Project Period.

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

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

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

Housing Development During the State Restrictive Period

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

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

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

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

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

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

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

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

(g) that the Borrower is qualified to be a "housing sponsor" as defined in the Act and will comply with all applicable requirements of the Act, including submitting (via the electronic filing system available on the Issuer's website) the Annual Borrower's Compliance Report to the Issuer and the Trustee in the form available on the Issuer's website at the time of submission by April 30 of each year, commencing April 30, 2019;

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

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

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

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

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

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

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

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

Persons with Special Needs

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

Sale or Transfer of the Project or Change in General Partner

(a) The Borrower has covenanted and agreed not to sell, transfer or otherwise dispose of the Project, prior to the expiration of the Qualified Project Period (other than pursuant to the lease of Units to Eligible Tenants), without (i) providing 30 days prior written notice to the Issuer, (ii) complying with any applicable provisions of the Regulatory Agreement, the Financing Agreement, the Tax Exemption Agreement and other Loan Documents and (iii) obtaining the prior written consent of the Issuer. Such consent of the Issuer will not be unreasonably withheld and will be given if the following conditions to the sale or other disposition are met or waived in writing by the Issuer: (A) there is delivered to the Trustee and the Issuer a written opinion of independent legal counsel reasonably satisfactory to the Trustee and the Issuer, addressed to the Trustee and the Issuer, concluding that the transferee has duly assumed all of the rights and obligations of the Borrower under the Regulatory Agreement, the Financing Agreement, the Tax Exemption Agreement and the other Loan Documents and that each of the documents executed by the transferee in connection therewith has been duly authorized, executed and delivered by the transferee and is a valid and enforceable obligation of the transferee, subject to customary qualifications, (B) the Issuer receives a Favorable Opinion of Bond Counsel, with a copy to the Trustee and the Borrower, which opinion will be furnished at the expense of the Borrower or the transferee, (C) the Issuer receives an assumption fee equal to 0.25% of the principal balance of the Bonds Outstanding at the time of such transfer, (D) the proposed purchaser or assignee executes any document requested by the Issuer with respect to assuming the obligations of the Borrower under the Regulatory Agreement, the Financing Agreement, the Tax Exemption Agreement and the other Loan Documents, (E) the Issuer has performed a previous participation review on the proposed purchaser or assignee or any affiliated party, the results of which are satisfactory to the Issuer in accordance with Title 10, Part 1, Chapter 1, Subchapter C, Section 1.301, Texas Administrative Code, and the Issuer does not further have any reason to believe the proposed purchaser or assignee is incapable, financially or otherwise, of complying with, or may be unwilling to comply with, the terms of all agreements and instruments binding on such proposed purchaser or assignee relating to the Project, including but not limited to the Regulatory Agreement, the Financing Agreement, the Tax Exemption Agreement, the Security Instrument and other Loan Documents, and (F) none of the purchaser or assignee or any affiliated party of such purchaser or assignee is organized as a community housing development organization (as defined in 42 U.S.C. Section 12704) or an entity that qualifies for an exemption from ad valorem taxation under State or federal law. The foregoing provisions do not apply to transfer by foreclosure or deed in lieu of foreclosure or other similar involuntary transfers, but such provisions apply to any transfer subsequent to such involuntary transfers. Notwithstanding anything to the contrary contained in the Regulatory Agreement, and subject to the consent of Fannie Mae as required by the Mortgage Loan Documents, the following shall be permitted and shall not require the prior written approval of Issuer or Trustee, provided that written notice thereof has been provided to the Issuer, (a) the transfer by Investor Limited Partner of its interest in Borrower in accordance with the terms of Borrower's Organizational Documents, (b) the removal of the general partner of Borrower in accordance with the Organizational Documents and the replacement thereof with the Investor Limited Partner or any of its affiliates, (c) the transfer of ownership interests in the Investor Limited Partner, (d) upon the expiration of the tax credit compliance period, the transfer of the interests of the Investor Limited Partner in Borrower to Borrower's general partner or any of its affiliates, and (e) any amendment to the Organizational Documents to memorialize the transfers or removal described above. The Borrower has expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of the provisions described under this caption will be ineffective to relieve the Borrower of its obligations under the Regulatory Agreement. Upon any sale, transfer or other disposition of the Project in compliance with the Regulatory Agreement, the Borrower so selling, transferring or otherwise disposing of the Project will have no further liability for obligations under the Financing Agreement, the Regulatory Agreement or any Loan Document arising after the date of such disposition. The foregoing notwithstanding, the duties of the Borrower as set forth in the Financing Agreement, the Regulatory Agreement or any Loan Document with respect to matters arising prior to the date of such sale, transfer or other disposition will not terminate upon the sale, transfer or other disposition of the Project.

(b) No transfer of the Project will release the Borrower from its obligations under the Regulatory Agreement arising prior to the date of such transfer, but any such transfer will relieve the Borrower of further liability for obligations under the Regulatory Agreement arising after the date of such transfer.

(c) Except as described in paragraph (a) of this caption, the Borrower will not change its general partner by transfer, sale or otherwise without the prior written consent of the Issuer, which consent will not be unreasonably withheld. A change in the Borrower's general partner includes any transfer of any controlling ownership interest in the general partner other than by death or incapacity.

Term

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

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

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

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

Covenants to Run With the Land

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

have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

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

Fannie Mae Rider

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

Notwithstanding anything contained in the Regulatory Agreement to the contrary:

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

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

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APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL

February __, 2018

Texas Department of Housing and
Community Affairs
Austin, Texas

Wilmington Trust, National Association,
as Trustee
Dallas, Texas

RBC Capital Markets, LLC
St. Petersburg, Florida

Fannie Mae
Washington, DC

Ladies and Gentlemen:

We have represented the Texas Department of Housing and Community Affairs (the “Issuer”) in connection with the issuance by the Issuer of its \$50,000,000 Multifamily Housing Revenue Bonds (Pass Through – Vista on Gessner), Series 2018 (the “Bonds”) pursuant to a resolution adopted by the Governing Board of the Issuer on December 14, 2017 (the “Bond Resolution”) and an Indenture of Trust dated as of February 1, 2018 (the “Indenture”), by and between the Issuer and Wilmington Trust, National Association, as trustee (the “Trustee”). The Bonds bear interest, mature on the date, and are subject to redemption prior to maturity as provided in the Indenture. Capitalized terms used herein and not otherwise defined are used with the meanings assigned to such terms in the Indenture, in the Financing Agreement dated as of February 1, 2018 (the “Financing Agreement”) among the Issuer, the Trustee, Dalcour Gessner, Ltd., a Texas limited partnership (the “Borrower”), and Red Mortgage Capital, LLC, as lender (the “Lender”) or in the Regulatory and Land Use Restriction Agreement dated as of February 1, 2018 (the “Regulatory Agreement”), among the Issuer, the Trustee, and the Borrower.

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

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

The scope of our representation extends solely to an examination of the facts and law incident to rendering an opinion with respect to the legality and validity of the Bonds and the security therefor and with respect to the excludability of interest on the Bonds from gross income for federal income tax purposes. We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and we express no opinion relating thereto (excepting only the matters set forth as our supplemental opinion of Bond Counsel of even date herewith). We have not assumed any responsibility with respect to the financial condition or capability of the Issuer or the Borrower, or the disclosure thereof. We have participated in the preparation of and have examined a transcript of certain materials pertaining to the Bonds, including certain certified proceedings of the Issuer, the State of Texas, the Trustee and the Borrower, and customary certificates, opinions, affidavits and other documents executed by officers, agents and representatives of the Issuer, the State of Texas, the Trustee, the Borrower and others. We have also examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the “Code”), court decisions, Treasury Regulations and published rulings of the Internal Revenue Service (the “Service”) as we have deemed relevant. We have also examined the fully-executed Bond numbered I-1.

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

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

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

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

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

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

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

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

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

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

Very truly yours,

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is dated as of February 1, 2018 and is executed and delivered by Dalcor Gessner, Ltd. (the “Borrower”), and Wilmington Trust, National Association (the “Dissemination Agent”) in connection with the issuance of \$50,000,000 Multifamily Housing Revenue Bonds, (Pass-Through – Vista on Gessner), Series 2018 (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of February 1, 2018 (the “Indenture”), between the Texas Department of Housing and Community Affairs (the “Issuer”) and Wilmington Trust, National Association, as Trustee (the “Trustee”). The proceeds of the Bonds are being loaned by the Issuer to the Borrower pursuant to a Financing Agreement, dated as of February 1, 2018, among the Issuer, the Trustee, the Borrower and Red Mortgage Capital, LLC (the “Lender”) (the “Financing Agreement”). For valuable consideration, the receipt of which is acknowledged, the Dissemination Agent and the Borrower covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Borrower and the Dissemination Agent for the benefit of the Bondholders (defined below) and the beneficial owners of the Bonds, and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below). The Borrower and the Dissemination Agent acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement, and has no liability to any person, including any Holder of the Bonds, with respect to any such reports, notices or disclosures.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture and in the Financing Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section or in the first paragraph of this Disclosure Agreement, the following capitalized terms shall have the following meanings:

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

“Bondholder” or the term “Holder”, when used with reference to a Bond or Bonds, shall mean any person who shall be the registered owner of any Bond and any beneficial owner thereof.

“Disclosure Representative” shall mean any person designated by the Borrower or his or her designee, in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean the initial Dissemination Agent hereunder, which is Wilmington Trust, National Association, or any successor Dissemination Agent designated in writing by the Borrower and acceptable to the Issuer and which has filed with the Borrower a written acceptance of such designation.

“EMMA” shall mean the Electronic Municipal Market Access system maintained by the MSRB for purposes of the Rule.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Agreement.

“Participating Underwriters” shall mean any or all of the original broker, dealer or municipal securities dealer acting as underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

“Tax-exempt” shall mean that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

SECTION 3. Provision of Annual Reports.

(a) The Borrower shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of each fiscal year of the Borrower, commencing with the Borrower’s fiscal year ending December 31, 2018, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. On or prior to said date (except that in the event the Borrower elects to have the Dissemination Agent file such report, five (5) Business Days prior to such date) such Annual Report shall be provided by the Borrower to the Dissemination Agent together with either (i) a letter authorizing the Dissemination Agent to file the Annual Report with the MSRB, or (ii) a certificate stating that the Borrower has provided the Annual Report to the MSRB and the date on which such Annual Report was provided. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Borrower may be submitted separately from the balance of the Annual Report; and provided further that if the Borrower’s audited financial statements are not available by the deadline for filing the Annual Report, they shall be submitted as soon as practicable after they become available and unaudited financial statements shall be included in the Annual Report. The Borrower shall promptly notify the Dissemination Agent of any change in the Borrower’s fiscal year. Unless otherwise provided by law, any continuing disclosure information filed pursuant to this Disclosure Agreement shall be provided to the MSRB in an electronic format as shall be prescribed by MSRB Rule G-32, and shall be accompanied by such identifying information as shall be prescribed by MSRB Rule G-32. As of the date hereof, EMMA is the electronic format prescribed by the MSRB.

(b) If by 15 days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Borrower to request a report regarding compliance with the provisions governing the Annual Report.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a reminder notice to the Borrower and the Issuer and shall send a notice to the MSRB in substantially the form attached as Exhibit A hereto.

(d) The Dissemination Agent shall file a report with the Borrower, the Issuer and the Trustee (if the Dissemination Agent is not the Trustee) certifying that the Borrower has filed a report (directly or through the Dissemination Agent) purporting to be an Annual Report pursuant to this Disclosure Agreement, and stating the date it was provided (if such report was provided).

SECTION 4. Content of Annual Reports.

(a) The Borrower’s Annual Report shall contain its audited financial statements for the prior fiscal year, prepared in accordance with generally accepted accounting principles.

(b) Any or all of the items listed above may be incorporated by reference from other documents, including financial statements provided under (a) above, the original Official Statement for the Bonds, or other official statements of debt issues with respect to which the Borrower is an “obligated person” (as defined by the Rule), which have been (i) made available to the public on the MSRB’s Electronic Municipal Markets Access (EMMA) System, the current internet web address of which is www.emma.msrb.org, or (ii) filed with the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Borrower shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Listed Events.

(a) The Borrower shall, or shall cause the Dissemination Agent to, give notice of the occurrence of any of the following Listed Events relating to the Bonds to the MSRB in a timely manner not later than ten (10) Business Days after the occurrence of any such Listed Event;

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to the rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Borrower;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower;

- (13) the consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of the name of the trustee, if material.

(b) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence of any of the Listed Events set forth in subsection (a) above, contact the Disclosure Representative and inform such person of the event. "Actual knowledge" for purposes of this subsection (b) shall mean actual knowledge of an officer of the Corporate Trust Administration of the Dissemination Agent.

(c) Whenever the Borrower obtains knowledge of the occurrence of a Listed Event set forth in clauses (2), (7), (8) (relating to Bond calls only), (10), (13) or (14) of subsection (a) above, whether because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Borrower shall as soon as possible determine if such event would constitute material information for Bondholders, and if such event is determined by the Borrower to be material, the Borrower shall, or shall cause the Dissemination Agent to, give notice of such event to the MSRB not later than ten (10) Business Days after the occurrence of such event.

(d) If the Borrower elects to have the Dissemination Agent file notice of any Listed Event, the Borrower will provide the notice to the Dissemination Agent within 5 Business Days after the occurrence of the Listed Event, along with an instruction to file the notice with the MSRB.

SECTION 6. Termination of Reporting Obligation.

This Disclosure Agreement may be terminated by either party to this Disclosure Agreement upon thirty days' written notice of termination delivered to the other party to this Disclosure Agreement; provided the termination of this Disclosure Agreement is not effective until (i) the Borrower, or its successor, enters into a new continuing disclosure agreement with a dissemination agent who agrees to continue to provide, to the MSRB and the Holders of the Bonds, all information required to be communicated pursuant to the rules promulgated by the Securities and Exchange Commission or the MSRB, (ii) a nationally recognized bond counsel or counsel expert in federal securities laws provides an opinion that the new continuing disclosure agreement is in compliance with all applicable state and federal securities laws, and (iii) notice of the termination of this Disclosure Agreement is provided to the MSRB.

The Dissemination Agent shall be fully discharged at the time any such termination is effective. Notwithstanding the foregoing, this Disclosure Agreement shall terminate (i) automatically upon payment or provisions for payment of the Bonds or (ii) when all of the Bonds are or are deemed to be no longer outstanding by reason of redemption or legal defeasance or at final maturity.

SECTION 7. Dissemination Agent.

(a) The Borrower may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent.

(b) The Dissemination Agent, or any successor thereof, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than thirty (30) days written notice to the Issuer, the Borrower and the registered owners of the Bonds, specifying the date when such resignation shall take effect. Such resignation shall take effect upon the date a successor shall have been appointed by the Borrower or by a court upon the application of the Dissemination Agent.

(c) In case the Dissemination Agent, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Dissemination Agent or of its property shall be appointed, or if any public officer shall take charge of control of the Dissemination Agent, or of its property or affairs, the Borrower shall forthwith appoint a Dissemination Agent to act. The Borrower shall give or cause to be given written notice of any such appointment to the Bondholders, the Trustee (if the Trustee is not the Dissemination Agent), and the Issuer.

(d) Any company into which the Dissemination Agent may be merged or with which it may be consolidated or any company resulting from any merger or consolidation to which it shall be a party or any company to which such Dissemination Agent may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Dissemination Agent, without any further act or deed.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Borrower and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment not modifying or otherwise affecting its duties, obligations or liabilities in such a way as they are expanded or increased) and any provision of this Disclosure Agreement may be waived, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Borrower or the type of business conducted thereby, (2) this Disclosure Agreement as so amended would have complied with the requirements of the Rule as of the date of this Disclosure Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Borrower shall have delivered an opinion of counsel, addressed to the Issuer, the Borrower, the Dissemination Agent and the Trustee, to the same effect as set forth in clause (2) above, (4) either (i) the Borrower shall have delivered to the Issuer, the Trustee and the

Dissemination Agent an opinion of counsel, or a determination by a person, in each case unaffiliated with the Borrower (such as bond counsel) and acceptable to the Borrower, to the effect that the amendment does not materially impair the interests of the Holders of the Bonds or (ii) the Holders of the Bonds consent to the amendment to this Disclosure Agreement pursuant to the same procedures as are required for amendments to the Indenture with consent of the Holders of the Bonds pursuant to the Indenture as in effect on the date of this Disclosure Agreement, and (5) the Borrower shall have delivered copies of such opinion(s) and amendment to the MSRB. The Dissemination Agent may rely and act upon such opinions.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of the occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Borrower chooses to include any information in any Annual Report or notice of the occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Borrower shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of the occurrence of a Listed Event. Nothing in this Disclosure Agreement shall be deemed to prevent the Dissemination Agent from providing a notice or disclosure as it may deem appropriate pursuant to any other capacity it may be acting in related to the Bonds.

SECTION 10. Default. In the event of a failure of the Borrower or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of any of the Holders of at least 25% of the aggregate principal amount of Outstanding Bonds who have provided security and indemnity deemed acceptable to the Dissemination Agent, shall), or any party who can establish beneficial ownership of any of the Bonds, or any Bondholder may, after providing fifteen (15) days written notice to the Borrower to give the Borrower opportunity to comply within such fifteen-day period, take such actions as may be necessary and appropriate to compel performance, including seeking mandamus or specific performance by court order, in order to cause the Borrower to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture or under the Financing Agreement, and the sole remedy available to the Dissemination Agent, any beneficial owners of the Bonds or the Bondholders under this Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent.

The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. To the extent that the Dissemination Agent is required under the terms of this Disclosure Agreement to report any information, it is only required to report information that it receives from the Borrower in the form in which it is received, and the Dissemination Agent shall be under no responsibility or duty with respect to the accuracy and content of the information which it receives from the Borrower. The Borrower agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or misconduct. The obligations of the Borrower under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Unless otherwise provided by contract with the Dissemination Agent, the Borrower shall pay or cause to be paid to the Dissemination Agent after reasonable notice to the Borrower in light of the reimbursement sought to be received, reasonable reimbursement for its reasonable expenses, charges, counsel fees and expenses and other disbursements and those of its attorneys, agents, and employees, incurred in and about the performance of its powers and duties hereunder. The Borrower shall indemnify and save the Dissemination Agent harmless against any expenses and liabilities which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or default. None of the provisions contained in this Disclosure Agreement shall require the Dissemination Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers. The obligations of the Borrower under this Section to compensate the Dissemination Agent, to pay or reimburse the Dissemination Agent for expenses, disbursements, charges and counsel fees and to indemnify and hold harmless the Dissemination Agent shall survive the termination of this Disclosure Agreement.

In no event shall the Dissemination Agent be liable for incidental, indirect, special, consequential or punitive damages (including, but not limited to, lost profits), even if the Dissemination Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

SECTION 12. Transmission of Notices, Documents and Information. Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB pursuant to this Disclosure Agreement shall be provided to the MSRB's Electronic Municipal Markets Access (EMMA) system, the current internet web address of which is www.emma.msrb.org.

All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Borrower, the Trustee, the Dissemination Agent, the Participating Underwriters, parties who can establish beneficial ownership of the Bonds and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

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

SECTION 15. Notices. The parties hereto may be given notices required hereunder at the addresses set forth for them in the Financing Agreement or the Indenture.

[Remainder of Page Intentionally Left Blank]

SECTION 16. Applicable Law. This Disclosure Agreement shall be governed by the laws of the State of Texas, and by applicable federal laws.

BORROWER:

DALCOR GESSNER, LTD.,
a Texas limited partnership

By: Dalcors Gessner GP, LLC,
a Texas limited liability company

By: _____
M. Dale Dodson, Manager

DISSEMINATION AGENT:

WILMINGTON TRUST, NATIONAL ASSOCIATION

By: _____
Name:
Title:

[SIGNATURE PAGE TO CONTINUING DISCLOSURE AGREEMENT]

**EXHIBIT A
TO CONTINUING DISCLOSURE AGREEMENT**

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Texas Department of Housing and Community Affairs (the "Issuer").

Name of Bond Issue: \$50,000,000 Multifamily Housing Revenue Bonds (Pass-Through – Vista on Gessner), Series 2018.

Name of Borrower: Dalcor Gessner, Ltd.

Date of Issuance: February 5, 2018.

NOTICE IS HEREBY GIVEN that the Borrower has not yet provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement by and between Dalcor Gessner, Ltd. (the "Borrower"), and Wilmington Trust, National Association (the "Dissemination Agent") dated as of February 1, 2018. The Borrower has informed the Dissemination Agent that the Annual Report will be filed with the Dissemination Agent by _____.

Dated: _____

DISSEMINATION AGENT:

WILMINGTON TRUST, NATIONAL ASSOCIATION
as Dissemination Agent

By: _____
Name: _____
Title: _____

cc: Borrower
Issuer

APPENDIX G

FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM

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

This summary highlights information contained in the Fannie Mae MBS Prospectus which will be available if and when the Pass-Through Certificate is issued. As a summary, it speaks in general terms without giving details or discussing any exceptions. Before buying the Pass-Through Certificates, an investor should have the information necessary to make a fully informed investment decision. For that, an investor must read the Fannie Mae MBS Prospectus in its entirety (and any documents to which Fannie Mae refers an investor in the Fannie Mae MBS Prospectus).

Pass-Through Certificate..... Guaranteed Mortgage MBS Certificates (Multifamily Residential Mortgage Loans).

Pass-Through Certificate Issuer and Guarantor..... Fannie Mae, a government-sponsored enterprise that was chartered by the U.S. Congress in 1938 under the name “Federal National Mortgage Association” to support liquidity and stability in the secondary mortgage market, where existing mortgage loans are purchased and sold. The address of its principal office is 3900 Wisconsin Avenue NW, Washington, DC 20016; the telephone number is 800-2FANNIE (800-232-6643).

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

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

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

do not constitute a debt or obligation of the United States or any of its agencies or instrumentalities other than Fannie Mae.

Sponsor and Depositor.....	Fannie Mae is the sponsor of the Pass-Through Certificate and the depositor of the Mortgage Loan.
Description of Pass-Through Certificate....	The Pass-Through Certificate if issued by Fannie Mae and acquired by the Trustee will represent a pro rata undivided beneficial ownership interest in the Mortgage Loan. Fannie Mae will issue the Pass-Through Certificate in book-entry form on the book-entry system of the U.S. Federal Reserve Banks. The book-entry Pass-Through Certificates will not be convertible into physical certificates.
Minimum Denomination.....	Fannie Mae will issue the Pass-Through Certificates in minimum denominations of \$1,000, with additional increments of \$1.
Issue Date.....	The date specified on the front cover page of the Fannie Mae MBS Prospectus, which is the first day of the month in which the Pass-Through Certificates are issued.
Settlement Date.....	The date specified on the front cover page of the Fannie Mae MBS Prospectus, which is a date no later than the last business day of the month in which the issue date occurs.
Distribution Date.....	The 25th day of each month is the date designated for payments to the Trustee as holder of the Pass-Through Certificate, if issued, as specified on the front cover page of the Fannie Mae MBS Prospectus. If that day is not a Business Day, payments will be made on the next Business Day. The first Distribution Date for the Pass-Through Certificate will occur in the month following the month in which the Pass-Through Certificate is issued. For example, if the issue date is March 1, the first distribution date is April 25 or, if April 25 is not a Business Day, the first Business Day following April 25.
Maturity Date.....	The date specified on the front cover page of the Fannie Mae MBS Prospectus, which is the date that the final payment is due on the Mortgage Loan.
Use of Proceeds.....	The Pass-Through Certificates is backed by the Mortgage Loan that Fannie Mae recently acquired or already owned. Fannie Mae is issuing the Pass-Through Certificates either in exchange for the recently acquired Mortgage Loan or for cash proceeds that are generally used for purchasing other mortgage loans or for general corporate purposes.
Interest.....	On each Distribution Date, Fannie Mae will pass through on the Pass-Through Certificate, if issued, one month's interest at the Pass-Through Rate specified on the front cover page of the Fannie Mae MBS Prospectus. Because Fannie Mae's guaranty requires it to supplement amounts received by the trust as required to permit timely payment of interest, the amount of interest distributed to certificateholders on a Distribution Date will not be affected by any loss mitigation measure, taken with respect to, or other loan modification made to, the Mortgage Loan while it remains in the trust.
Principal.....	Fannie Mae will receive collections on the Mortgage Loan on a monthly basis. The period Fannie Mae uses to differentiate between collections in one month and collections in another month is called the due period. The due period is the period from and including the second calendar day of the

preceding month to and including the first calendar day of the month in which the Distribution Date occurs.

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

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

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

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

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

Monthly Pool Factors.....

Fannie Mae publishes the monthly pool factor for each issuance of its Certificates on or about the fourth Business Day of each month. If an investor multiplies the monthly pool factor by the original principal balance of the Pass-Through Certificate, the investor will obtain the current principal balance of the Pass-Through Certificate, after giving effect to the monthly principal payment to be passed through on the Distribution Date in that month. The most current pool factor is generally available through Fannie Mae's PoolTalk application on Fannie Mae's website and can be accessed through DUS Disclose.

Guaranty.....	<p>Fannie Mae guarantees to the trust that on each Distribution Date it will supplement amounts received by the trust as required to permit payments on the related Pass-Through Certificate in an amount equal to:</p> <ul style="list-style-type: none"> • one month’s interest on the Pass-Through Certificates, as described in “—Interest” above; and • the aggregate amounts of scheduled and unscheduled principal payments described in “—Principal” above. <p>In addition, Fannie Mae guarantees to the trust that it will supplement amounts received by the trust as required to make the full and final payment of the unpaid principal balance of the certificates on the Distribution Date in the month of the maturity date specified on the front cover page of the Fannie Mae MBS Prospectus.</p> <p>Certificateholders have limited rights to bring proceedings against the U.S. Department of the Treasury if Fannie Mae fails to pay under its guaranty. The total amount that may be recovered from Treasury is subject to limits imposed in the senior preferred stock purchase agreement. For a description of certificateholders’ rights to proceed against Fannie Mae and Treasury, see “FANNIE MAE—Certificateholders’ Rights under the Senior Preferred Stock Purchase Agreement” in the Fannie Mae MBS Prospectus.</p>
Optional Prepayment Premium...	<p>The Mortgage Loan permits voluntary prepayment in full at any time upon payment of a prepayment premium. A portion of the prepayment premium, if collected, may be shared with certificateholders under the circumstances described in “YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS—Maturity and Prepayment Considerations—Prepayment of a Mortgage Loan—Prepayment Premiums.” Fannie Mae does not guarantee to the trust the payment of any prepayment premiums.</p>
Master Servicing/Servicing.....	<p>Fannie Mae is responsible as master servicer for certain duties. Fannie Mae has contracted with the mortgage servicer identified on Annex A to perform servicing functions for Fannie Mae subject to Fannie Mae’s supervision. Fannie Mae refers to this servicer or any successor servicer as Fannie Mae’s primary servicer. In certain limited circumstances, Fannie Mae may act as primary servicer. For a description of Fannie Mae’s duties as master servicer and the responsibilities of Fannie Mae’s primary servicer, see “THE TRUST DOCUMENTS—Collections and Other Servicing Practices” and “FANNIE MAE PURCHASE PROGRAM—Servicing Arrangements.”</p>
Business Day.....	<p>For the Pass-Through Certificate, if issued, any day other than a Saturday or Sunday, a day when the fiscal agent or paying agent is closed, a day when the Federal Reserve Bank of New York is closed or is authorized or obligated by law or executive order to remain closed, or, for purposes of withdrawals from a certificate account, or a day when the Federal Reserve Bank is closed in the district where the certificate account is maintained if the related withdrawal is being made from that certificate account.</p>
Trust Documents.....	<p>If issued, the Pass-Through Certificate will be issued pursuant to the 2017 Multifamily Master Trust Agreement effective as of December 1, 2017, as supplemented by a trust issue supplement for that issuance. Fannie Mae summarizes certain pertinent provisions of the trust agreement in the Fannie Mae MBS Prospectus. An investor should refer to the trust agreement and the related trust issue supplement for a complete description of an investor’s rights and obligations as well as those of Fannie Mae in its various capacities. The trust agreement is available on Fannie Mae’s website.</p>

Trustee.....	Fannie Mae serves as the trustee for the trust pursuant to the terms of the trust agreement and the related trust issue supplement.
Paying Agent.....	An entity designated by Fannie Mae to perform the functions of a paying agent. The Federal Reserve Bank of New York currently serves as Fannie Mae’s paying agent for the Pass-Through Certificate.
Fiscal Agent.....	An entity designated by Fannie Mae to perform certain administrative functions for the trust. The Federal Reserve Bank of New York currently serves as Fannie Mae’s fiscal agent for the Pass-Through Certificates.
Multifamily Mortgage Loan Pool...	<p>The Mortgage Loan is a fixed-rate loan included in one of the following categories:</p> <ul style="list-style-type: none"> • Fixed rate loans with monthly payments of principal and interest during their entire loan terms, with balloon payments at maturity; • Fixed-rate loans with monthly payments of interest only during specified initial periods, followed by monthly payments of principal and interest for their remaining loan terms, with balloon payments at maturity; • Fixed-rate loans with monthly payments of interest only during their entire loan terms, with balloon payments at maturity; and • Fixed-rate loans that fully amortize over their loan terms.
Multifamily Mortgage Loans.....	The Mortgage Loan was acquired from a multifamily mortgage loan seller that Fannie Mae has approved. The Mortgage Loan may have been originated by the seller or may have been acquired by the seller from the originator of the loan, which may or may not be an approved mortgage loan seller. Each mortgage loan that Fannie Mae acquires either meets Fannie Mae’s published standards (except to the extent that Fannie Mae permits waivers from those standards) or is reviewed by Fannie Mae before delivery to determine its suitability. Fannie Mae may modify our standards from time to time.
Types of Property.....	<p>The Mortgage Loan is secured by a lien on one or more of the following types of property:</p> <ul style="list-style-type: none"> • Multifamily residential properties; • Cooperative housing projects; • Dedicated student housing; • Manufactured housing communities; • Military housing; or • Seniors housing. <p>Annex A discloses the type of property securing the Mortgage Loan in the pool and the priority of its lien. Any type of property may also be considered affordable housing; Annex A discloses certain affordable housing characteristics.</p>
Termination.....	The trust will terminate when the certificate balance of the Pass-Through Certificates has been reduced to zero, and all required distributions have been passed through to certificateholders. Fannie Mae has no unilateral option to cause an early termination of the trust other than by purchasing the Mortgage Loan from the pool for a reason permitted by the trust documents.

Federal Income Tax Consequences. The mortgage pool will be classified as a fixed investment trust. Each beneficial owner of a Pass-Through Certificate will be treated as the owner of a pro rata undivided interest in the Mortgage Loan included in the pool. Accordingly, each owner will be required to include in income its pro rata share of the entire income from the Mortgage Loan in the pool, and generally will be entitled to deduct its pro rata share of the expenses of the trust, subject to the limitations described in the Fannie Mae MBS Prospectus.

Legal Investment Considerations... Under the Secondary Mortgage Market Enhancement Act of 1984, the Pass-Through Certificates offered by the Fannie Mae MBS Prospectus will be considered “securities issued or guaranteed by . . . the Federal National Mortgage Association.” Nevertheless, an investor should consult its own legal advisor to determine whether and to what extent the certificates of an issuance constitute legal investments for such investor.

ERISA Considerations..... For the reasons discussed in “**ERISA CONSIDERATIONS**” in the Fannie Mae MBS Prospectus, an investment in the Pass-Through Certificates by a plan subject to the Employee Retirement Income Security Act (“ERISA”) will not cause the assets of the plan to include the Mortgage Loan underlying the Pass-Through Certificate or the assets of Fannie Mae under the fiduciary provisions of ERISA or the prohibited transaction provisions of ERISA or section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”).

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APPENDIX H

TERM SHEET

Term Sheet

Information provided by Lender for Official Statement

Represents an excerpt of the term sheet schedules to the Annex A, edited for purposes of the Official Statement

The total must-pay mortgage debt is \$52,500,000 and will take the form of two (2) notes to the Borrower, "Note A" and "Note B," secured by separate mortgages. Each note will be assigned to an individual MBS issued by FNMA in the amount of the note. The notes will be cross collateralized and cross-defaulted with each other. Note A will be in the amount of \$50,000,000 and assigned to a FNMA MBS used as collateral for a tax-exempt bond issuance from TDHCA. Note B will be in the amount of \$2,500,000 and be assigned to a taxable FNMA issued MBS. Details for Note A and the assigned MBS are provided below.

Pool Statistics	
Issuance UPB (\$)	\$50,000,000
Maximum Issuance Principal Balance	\$50,000,000
Security Maturity Date	3/1/2035
Term to Maturity (months)	204
Weighted Average Remaining Term to Maturity (months)	204
Amortization Term (months)	420
Security Funds Transfer Type	Wire
Security Type	MBS
Transaction ID Pool Number	AN8406
CUSIP	3138LMKU6
Settlement Date (anticipated)	2/20/2018
Pool Issue Date (anticipated)	2/1/2018
MBS First Payment Date (anticipated)	3/26/2018
Number of Loans	1

Loan Information	
Seller Name	Red Mortgage Capital, LLC
Servicer Name	Red Mortgage Capital, LLC
Property ID	TBD
First Loan Payment Date	4/1/2018
Note Date	2/5/2018
Loan Maturity Date	3/1/2035
Original UPB (\$)	\$50,000,000
Loan Issuance UPB / Unit (\$)	\$62,112
Pass-Through Rate to Investor	3.40%
Servicing Fee	0.39%
Guarantee Fee	0.66%
Note Rate	4.45%
Original Loan Term (months)	204
Remaining Loan Term (months)	204
Original Amortization Term (Months)	420
Amortization Type	Amortizing Balloon
Interest Only Term (Months)	24
Interest Only End Date	3/1/2020
Interest Type	Fixed
Interest Accrual Method	Act/360
Prepayment Lockout Term (months)	N/A
Yield Maintenance Period, Years 1-16.5	2/5/2018 – 8/31/2034 (YM starts on closing date)
1% Prepayment Period, Years 16.5 – 16.75	9/1/2034 – 11/30/2034
Prepayment Premium End Date	11/30/2034

Lien Priority	First Lien
Loan Purpose	Acquisition & Moderate Rehabilitation
Ownership Interest	Fee Simple
Balloon Maturity Y/N	Yes
Additional Debt (Y/N)	Y (See "THE PROJECT AND THE PRIVATE PARTICIPANTS" in the Official Statement)
Cross Collateralized (Y/N)	Y
Cross Defaulted (Y/N)	Y
Tax Escrow (Y/N)	Y
Pricing Tier	2
Tier Drop Eligible	No
Good Faith Deposit	1%
MBS Disclosure	Yes, see comments below [†]
Modified Loss Share	No
Physical Occupancy	90.75%
Physical Occupancy As-Of-Date	2/5/2018
Underwritten Economic Occupancy	90.25%
Underwritten Gross Income	\$7,050,142
Underwritten Total Operating Expense	\$2,841,170
Underwritten Replacement Reserves	\$161,000
UW NCF	\$3,522,676
Property Value	\$66,200,000 (as-renovated, as-encumbered value)
Property Value As-Of-Date	10/5/2017
Maximum Allowable LTV	90%
Underwritten Actual LTV	75.5% Note A, 79.3% Total with Note B
Monthly Debt Service	\$235,083 Note A, \$246,806 Total with Note B
Minimum Allowable DSCR	1.15x
Underwritten Actual DSCR	1.25x Note A, 1.19x Total with Note B
Estimated Actual DSCR Interest Only	1.56x Note A, 1.49x Total with Note B
† Property Valuation: See APPENDIX I, FORM OF PROPOSED ADDITIONAL DISCLOSURE ADDENDUM, for details.	
† Split Mortgage Loan: See APPENDIX I, FORM OF PROPOSED ADDITIONAL DISCLOSURE ADDENDUM, for details.	

Property Information	
Property Name	Vista on Gessner
Address	6425 S. Gessner Drive, Houston, Texas 77036
Property County	Harris
Units	805
Property Type	Multifamily, Affordable
Affordable Housing Type	LIHTC
% Units with Income or Rental Restrictions	100%
# of Units At or Below 30% Area Median Income	0
# of Units At or Below 50% Area Median Income	0
# of Units At or Below 60% Area Median Income	805
HAP Contract (Y/N)	N
Remaining Term of HAP Contract (months)	N/A
Additional Affordability Detail	See "THE PROJECT AND THE PRIVATE PARTICIPANTS" section of Official Statement
Age Restricted (Y/N)	N

Red Mortgage Capital, LLC
 SCHEDULE OF DIRECT REDUCTION LOAN

NAME

LOAN AMOUNT 50,000,000.00 INTEREST RATE 4.450000% PAYMENT AMOUNT \$235,082.50
 PAYMENT BEGINS APR 01 2018 MATURITY DATE MAR 31 2023 INTEREST BASIS 360/act + Feb 29

PMT #	DUE DATE	INTEREST	PRINCIPAL	PRINCIPAL BALANCE	TOTAL INTEREST	TOTAL PRINCIPAL	*** NOTES ***	#DAYS
							PER DIEM	
001	APR 01 18	191,597.22	.00	50,000,000.00	191,597.22	.00	6,180.555556	31
002	MAY 01 18	185,416.67	.00	50,000,000.00	377,013.89	.00	6,180.555556	30
003	JUN 01 18	191,597.22	.00	50,000,000.00	568,611.11	.00	6,180.555556	31
004	JUL 01 18	185,416.67	.00	50,000,000.00	754,027.78	.00	6,180.555556	30
005	AUG 01 18	191,597.22	.00	50,000,000.00	945,625.00	.00	6,180.555556	31
006	SEP 01 18	191,597.22	.00	50,000,000.00	1,137,222.22	.00	6,180.555556	31
007	OCT 01 18	185,416.67	.00	50,000,000.00	1,322,638.89	.00	6,180.555556	30
008	NOV 01 18	191,597.22	.00	50,000,000.00	1,514,236.11	.00	6,180.555556	31
009	DEC 01 18	185,416.67	.00	50,000,000.00	1,699,652.78	.00	6,180.555556	30
***	2018				1,699,652.78	.00	* CALENDAR YR. AMOUNTS *	
010	JAN 01 19	191,597.22	.00	50,000,000.00	1,891,250.00	.00	6,180.555556	31
011	FEB 01 19	191,597.22	.00	50,000,000.00	2,082,847.22	.00	6,180.555556	31
012	MAR 01 19	173,055.56	.00	50,000,000.00	2,255,902.78	.00	6,180.555556	28
013	APR 01 19	191,597.22	.00	50,000,000.00	2,447,500.00	.00	6,180.555556	31
014	MAY 01 19	185,416.67	.00	50,000,000.00	2,632,916.67	.00	6,180.555556	30
015	JUN 01 19	191,597.22	.00	50,000,000.00	2,824,513.89	.00	6,180.555556	31
016	JUL 01 19	185,416.67	.00	50,000,000.00	3,009,930.56	.00	6,180.555556	30
017	AUG 01 19	191,597.22	.00	50,000,000.00	3,201,527.78	.00	6,180.555556	31
018	SEP 01 19	191,597.22	.00	50,000,000.00	3,393,125.00	.00	6,180.555556	31
019	OCT 01 19	185,416.67	.00	50,000,000.00	3,578,541.67	.00	6,180.555556	30
020	NOV 01 19	191,597.22	.00	50,000,000.00	3,770,138.89	.00	6,180.555556	31
021	DEC 01 19	185,416.67	.00	50,000,000.00	3,955,555.56	.00	6,180.555556	30
***	2019				2,255,902.78	.00	* CALENDAR YR. AMOUNTS *	
022	JAN 01 20	191,597.22	.00	50,000,000.00	4,147,152.78	.00	6,180.555556	31
023	FEB 01 20	191,597.22	.00	50,000,000.00	4,338,750.00	.00	6,180.555556	31
024	MAR 01 20	175,216.11	50,000,000.00	.00	4,517,986.11	50,000,000.00	6,180.555556	29
***	2020				562,430.55	50,000,000.00	* CALENDAR YR. AMOUNTS *	
***	GRAND TOTALS				4,517,986.11	50,000,000.00		

Red Mortgage Capital, LLC
SCHEDULE OF DIRECT REDUCTION LOAN

NAME

LOAN AMOUNT 50,000,000.00 INTEREST RATE 4.45000% PAYMENT AMOUNT \$235,082.50
PAYMENT BEGINS APR 01 2020 MATURITY DATE MAR 01 2035 INTEREST BASIS 360/act + Feb 29

PMT #	DUE DATE	INTEREST	PRINCIPAL	PRINCIPAL BALANCE	TOTAL INTEREST	TOTAL PRINCIPAL	*** NOTES *** PER DIEM	HDAYS
001	APR 01 20	191,597.22	43,485.28	49,956,514.72	191,597.22	43,485.28	6,180.555556	31
002	MAY 01 20	185,255.41	49,827.09	49,906,687.63	376,852.63	93,312.37	6,175.180292	30
003	JUN 01 20	191,239.65	43,842.85	49,862,844.78	568,092.28	137,155.22	6,169.021110	31
004	JUL 01 20	184,908.05	50,174.45	49,812,670.33	753,000.33	187,329.67	6,163.601646	30
005	AUG 01 20	190,879.39	44,203.11	49,768,467.22	943,879.72	231,532.78	6,157.399527	31
006	SEP 01 20	190,710.00	44,372.50	49,724,094.72	1,134,589.72	275,905.28	6,151.935531	31
007	OCT 01 20	184,393.52	50,688.98	49,673,405.74	1,318,983.24	326,594.26	6,146.450597	30
008	NOV 01 20	190,345.73	44,736.77	49,628,668.97	1,509,328.97	371,331.03	6,140.184876	31
009	DEC 01 20	184,039.65	51,042.85	49,577,626.12	1,693,368.62	422,373.88	6,134.654914	30
***	2020				1,693,368.62	422,373.88	* CALENDAR YR. AMOUNTS *	
010	JAN 01 21	189,978.71	45,103.79	49,532,522.33	1,883,347.33	467,477.67	6,128.345451	31
011	FEB 01 21	189,805.87	45,276.63	49,487,245.70	2,073,153.20	512,754.30	6,122.770121	31
012	MAR 01 21	171,280.86	63,801.64	49,423,444.06	2,244,434.06	576,555.94	6,117.173427	28
013	APR 01 21	189,387.89	45,694.61	49,377,749.45	2,433,821.95	622,250.55	6,109.286835	31
014	MAY 01 21	183,109.15	51,973.35	49,325,776.10	2,616,931.10	674,223.90	6,103.638474	30
015	JUN 01 21	189,013.63	46,068.87	49,279,707.23	2,805,944.73	720,292.77	6,097.213990	31
016	JUL 01 21	182,745.58	52,336.92	49,227,370.31	2,988,690.31	772,629.69	6,091.519366	30
017	AUG 01 21	188,636.55	46,445.95	49,180,924.36	3,177,326.86	819,075.64	6,085.049941	31
018	SEP 01 21	188,458.57	46,623.93	49,134,300.43	3,365,785.43	865,699.57	6,079.308706	31
019	OCT 01 21	182,206.36	52,876.14	49,081,424.29	3,547,991.79	918,575.71	6,073.545470	30
020	NOV 01 21	188,077.29	47,005.21	49,034,419.08	3,736,069.08	965,580.92	6,067.009391	31
021	DEC 01 21	181,835.97	53,246.53	48,981,172.55	3,917,905.05	1,018,827.45	6,061.199025	30
***	2021				2,224,536.43	596,453.57	* CALENDAR YR. AMOUNTS *	
022	JAN 01 22	187,693.13	47,389.37	48,933,783.18	4,105,598.18	1,066,216.82	6,054.617162	31
023	FEB 01 22	187,511.54	47,570.96	48,886,212.22	4,293,109.72	1,113,787.78	6,048.759310	31
024	MAR 01 22	169,200.61	65,881.89	48,820,330.33	4,462,310.33	1,179,669.67	6,042.879011	28
025	APR 01 22	187,076.79	48,005.71	48,772,324.62	4,649,387.12	1,227,675.38	6,034.735277	31
026	MAY 01 22	180,864.04	54,218.46	48,718,106.16	4,830,251.16	1,281,893.84	6,028.801238	30
027	JUN 01 22	186,685.08	48,397.42	48,669,708.74	5,016,936.24	1,330,291.26	6,022.099234	31
028	JUL 01 22	180,483.50	54,599.00	48,615,109.74	5,197,419.74	1,384,890.26	6,016.116775	30
029	AUG 01 22	186,290.40	48,792.10	48,566,317.64	5,383,710.14	1,433,682.36	6,009.367732	31
030	SEP 01 22	186,103.43	48,979.07	48,517,338.57	5,569,813.57	1,482,661.43	6,003.336486	31
031	OCT 01 22	179,918.46	55,164.04	48,462,174.53	5,749,732.03	1,537,825.47	5,997.282129	30
032	NOV 01 22	185,704.36	49,378.14	48,412,796.39	5,935,436.39	1,587,203.61	5,990.463241	31
033	DEC 01 22	179,530.79	55,551.71	48,357,244.68	6,114,967.18	1,642,755.32	5,984.359554	30
***	2022				2,197,062.13	623,927.87	* CALENDAR YR. AMOUNTS *	
034	JAN 01 23	180,117.23	56,965.27	48,300,279.41	6,300,269.46	1,692,535.54	5,977.492745	31
035	FEB 01 23	185,111.52	49,970.98	48,250,308.43	6,485,380.98	1,742,506.52	5,971.339357	31
036	MAR 01 23	167,024.55	68,057.95	48,182,250.48	6,652,405.53	1,810,564.47	5,965.162389	28
037	APR 01 23	184,659.24	50,471.26	48,131,779.22	6,837,064.77	1,860,987.73	5,956.749670	31
038	MAY 01 23	178,515.50	56,567.00	48,085,212.22	7,015,580.27	1,917,554.73	5,950.516794	30
039	JUN 01 23	184,249.26	50,831.24	48,034,380.98	7,199,829.53	1,968,387.97	5,943.524485	31
040	JUL 01 23	178,117.23	56,965.27	47,977,415.71	7,377,946.76	2,025,353.24	5,937.240931	30

Red Mortgage Capital, LLC
SCHEDULE OF DIRECT REDUCTION LOAN

NAME

LOAN AMOUNT 50,000,000.00 INTEREST RATE 4.45000% PAYMENT AMOUNT \$235,082.50
PAYMENT BEGINS APR 01 2020 MATURITY DATE MAR 01 2035 INTEREST BASIS 360/act + Feb 29

MM/YY	JUL DATE	INTEREST	PRINCIPAL	PRINCIPAL BALANCE	TOTAL INTEREST	TOTAL PRINCIPAL	*** MONTHS *** PER DTM	#DAYS
041	AUG 01 23	183,836.18	51,246.12	47,923,400.44	7,561,782.94	2,076,599.56	5,930,199.91	31
042	SEP 01 23	183,639.01	51,442.69	47,871,957.75	7,745,422.75	2,128,042.25	5,921,864.77	31
043	OCT 01 23	177,525.18	57,557.32	47,814,400.43	7,922,947.93	2,185,599.57	5,917,505.89	30
044	NOV 01 23	183,222.13	51,860.37	47,762,540.06	8,106,170.06	2,237,459.94	5,910,191.04	31
045	DEC 01 23	177,119.42	57,963.08	47,704,576.98	8,283,289.48	2,295,423.02	5,903,988.46	30
***	2023				2,168,322.30	652,667.70	* CALENDAR YR. AMOUNTS *	
046	JAN 01 24	182,801.29	52,281.21	47,652,295.77	8,466,090.77	2,347,704.23	5,896,115.76	31
047	FEB 01 24	182,600.95	52,481.55	47,599,814.22	8,648,691.72	2,400,185.78	5,890,311.27	31
048	MAR 01 24	170,632.11	64,450.39	47,535,363.83	8,819,323.83	2,464,636.17	5,883,865.92	29
049	APR 01 24	182,152.87	52,929.63	47,482,434.20	9,001,476.70	2,517,565.80	5,879,899.14	31
050	MAY 01 24	176,080.69	59,001.81	47,423,432.39	9,177,557.39	2,576,567.61	5,869,356.50	30
051	JUN 01 24	181,723.96	53,358.54	47,370,073.85	9,359,281.35	2,629,926.15	5,862,083.70	31
052	JUL 01 24	175,664.02	59,418.48	47,310,655.37	9,534,945.37	2,689,344.63	5,855,467.46	30
053	AUG 01 24	181,291.80	53,790.70	47,256,864.67	9,716,237.17	2,743,135.33	5,848,122.68	31
054	SEP 01 24	181,085.68	53,996.82	47,202,867.85	9,897,322.85	2,797,132.15	5,841,473.59	31
055	OCT 01 24	175,043.97	60,038.53	47,142,829.32	10,072,366.82	2,857,170.68	5,834,708.94	30
056	NOV 01 24	180,648.70	54,433.80	47,088,395.52	10,253,015.52	2,911,604.48	5,827,375.13	31
057	DEC 01 24	174,619.47	60,463.03	47,027,932.49	10,427,634.99	2,972,067.51	5,820,648.91	30
***	2024				2,144,345.51	676,644.49	* CALENDAR YR. AMOUNTS *	
058	JAN 01 25	180,208.42	54,874.08	46,973,058.41	10,607,843.41	3,026,941.59	5,813,174.98	31
059	FEB 01 25	179,998.15	55,084.35	46,917,974.06	10,787,841.56	3,082,025.94	5,806,391.94	31
060	MAR 01 25	162,388.32	72,694.18	46,845,279.88	10,950,229.88	3,154,720.12	5,799,582.90	28
061	APR 01 25	179,508.51	55,573.99	46,789,705.89	11,129,738.39	3,210,294.11	5,790,597.06	31
062	MAY 01 25	173,511.83	61,570.67	46,728,135.22	11,303,250.22	3,271,864.78	5,783,727.54	30
063	JUN 01 25	179,059.62	56,022.88	46,672,112.34	11,482,309.84	3,327,887.66	5,776,116.71	31
064	JUL 01 25	173,075.75	62,006.75	46,610,105.59	11,655,385.59	3,389,894.41	5,769,191.64	30
065	AUG 01 25	178,607.34	56,475.16	46,553,630.43	11,833,992.93	3,446,369.57	5,761,526.94	31
066	SEP 01 25	178,390.93	56,691.57	46,496,938.86	12,012,383.86	3,503,061.14	5,754,545.94	31
067	OCT 01 25	172,426.15	62,656.35	46,434,282.51	12,184,810.01	3,565,717.49	5,747,538.27	30
068	NOV 01 25	177,933.59	57,148.91	46,377,133.60	12,362,743.60	3,622,866.40	5,739,793.25	31
069	DEC 01 25	171,981.87	63,100.63	46,314,032.97	12,534,725.47	3,685,967.03	5,732,729.04	30
***	2025				2,107,090.48	713,899.52	* CALENDAR YR. AMOUNTS *	
070	JAN 01 26	177,472.80	57,609.70	46,256,423.27	12,712,198.27	3,743,576.73	5,724,929.07	31
071	FEB 01 26	177,252.04	57,830.46	46,198,592.81	12,889,450.31	3,801,407.19	5,717,807.87	31
072	MAR 01 26	159,898.46	75,184.04	46,123,408.77	13,049,348.77	3,876,591.23	5,710,659.38	28
073	APR 01 26	176,742.34	58,340.16	46,065,068.61	13,226,091.11	3,934,931.39	5,703,365.80	31
074	MAY 01 26	170,824.63	64,257.87	46,000,810.74	13,396,915.74	3,999,189.26	5,694,154.14	30
075	JUN 01 26	176,272.55	58,809.95	45,942,000.79	13,573,188.29	4,057,999.21	5,686,211.32	31
076	JUL 01 26	170,368.25	64,714.25	45,877,286.54	13,743,556.54	4,122,713.46	5,678,941.76	30
077	AUG 01 26	175,799.21	59,283.29	45,818,003.25	13,919,355.75	4,181,996.75	5,670,942.36	31
078	SEP 01 26	175,572.04	59,510.46	45,758,492.79	14,094,927.79	4,241,507.21	5,663,614.29	31
079	OCT 01 26	169,687.74	65,394.76	45,693,098.03	14,264,615.53	4,306,901.97	5,656,258.13	30
080	NOV 01 26	175,093.41	59,989.09	45,633,108.94	14,439,708.94	4,366,891.06	5,648,174.61	31

Red Mortgage Capital, LLC
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NAME

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PAYMENT BEGINS APR 01 2020 MATURITY DATE MAR 01 2035 INTEREST BASIS 360/act + Feb 29

PMT #	DUE DATE	INTEREST	PRINCIPAL	PRINCIPAL BALANCE	TOTAL INTEREST	TOTAL PRINCIPAL	*** NOTES *** PER DIEM	NDAYS
081	DEC 01 26	169,222.78	65,859.72	45,567,245.22	14,608,931.72	4,432,750.78	5,640.759300	30
***	2026				2,074,206.25	746,783.75	* CALENDAR YR. AMOUNTS *	
082	JAN 01 27	174,611.17	60,471.33	45,506,777.89	14,783,542.89	4,493,222.11	5,632.618306	31
083	FEB 01 27	174,379.44	60,703.06	45,446,074.83	14,957,922.33	4,553,925.17	5,625.143378	31
084	MAR 01 27	157,293.91	77,788.59	45,368,286.24	15,115,216.24	4,631,713.76	5,617.639805	28
085	APR 01 27	173,848.75	61,233.75	45,307,052.49	15,289,064.99	4,692,947.51	5,608.024271	31
086	MAY 01 27	168,013.65	67,068.85	45,239,983.64	15,457,078.64	4,760,016.36	5,600.455099	30
087	JUN 01 27	173,357.10	61,725.40	45,178,258.24	15,630,435.74	4,821,741.76	5,592.164644	31
088	JUL 01 27	167,536.04	67,546.46	45,110,711.78	15,797,971.78	4,889,288.22	5,584.534699	30
089	AUG 01 27	172,861.74	62,220.76	45,048,491.02	15,970,833.52	4,951,508.98	5,576.185206	31
090	SEP 01 27	172,623.31	62,459.19	44,986,031.83	16,143,456.83	5,013,968.17	5,568.494029	31
091	OCT 01 27	166,823.20	68,259.30	44,917,772.53	16,310,280.03	5,082,227.47	5,560.773379	30
092	NOV 01 27	172,122.41	62,960.09	44,854,812.44	16,482,402.44	5,145,187.56	5,552.335771	31
093	DEC 01 27	166,336.60	68,745.90	44,786,066.54	16,648,739.04	5,213,933.46	5,544.553204	30
***	2027				2,039,807.32	781,182.68	* CALENDAR YR. AMOUNTS *	
094	JAN 01 28	171,617.72	63,464.78	44,722,601.76	16,820,356.76	5,277,398.24	5,536.055447	31
095	FEB 01 28	171,374.53	63,707.97	44,658,893.79	16,991,731.29	5,341,106.21	5,528.210495	31
096	MAR 01 28	160,089.73	74,992.77	44,583,901.02	17,151,821.02	5,416,098.98	5,520.335482	29
097	APR 01 28	170,843.03	64,239.47	44,519,661.55	17,322,664.05	5,480,338.45	5,511.065543	31
098	MAY 01 28	165,093.74	69,988.76	44,449,672.79	17,487,757.79	5,550,327.21	5,503.124830	30
099	JUN 01 28	170,328.68	64,753.82	44,384,918.97	17,658,086.47	5,615,081.03	5,494.473442	31
100	JUL 01 28	164,594.07	70,488.43	44,314,430.54	17,822,680.54	5,685,569.46	5,486.469150	30
101	AUG 01 28	169,810.44	65,272.06	44,249,158.48	17,992,490.98	5,750,841.52	5,477.755997	31
102	SEP 01 28	169,560.32	65,522.18	44,183,636.30	18,162,051.30	5,816,363.70	5,469.687645	31
103	OCT 01 28	163,847.65	71,234.85	44,112,401.45	18,325,898.95	5,887,598.55	5,461.588376	30
104	NOV 01 28	169,036.27	66,046.23	44,046,355.22	18,494,935.22	5,953,644.78	5,452.782957	31
105	DEC 01 28	163,338.57	71,743.93	43,974,611.29	18,658,273.79	6,025,388.71	5,444.618909	30
***	2028				2,009,534.75	811,455.25	* CALENDAR YR. AMOUNTS *	
106	JAN 01 29	168,508.27	66,574.23	43,908,037.06	18,826,782.06	6,091,962.94	5,435.750562	31
107	FEB 01 29	168,253.16	66,829.34	43,841,207.72	18,995,035.22	6,158,792.28	5,427.521248	31
108	MAR 01 29	151,739.29	83,343.21	43,757,864.51	19,146,774.51	6,242,135.49	5,419.260399	28
109	APR 01 29	167,677.71	67,404.79	43,690,459.72	19,314,452.22	6,309,540.28	5,408.958252	31
110	MAY 01 29	162,018.79	73,063.71	43,617,396.01	19,476,471.01	6,382,603.99	5,400.626271	30
111	JUN 01 29	167,139.44	67,943.06	43,549,452.95	19,643,610.45	6,450,547.05	5,391.594785	31
112	JUL 01 29	161,495.89	73,586.61	43,475,866.34	19,805,106.34	6,524,133.66	5,383.196267	30
113	AUG 01 29	166,597.10	68,485.40	43,407,380.94	19,971,703.44	6,592,619.06	5,374.100145	31
114	SEP 01 29	166,334.67	68,747.83	43,338,633.11	20,138,038.11	6,661,366.89	5,365.634588	31
115	OCT 01 29	160,714.10	74,368.40	43,264,264.71	20,298,752.21	6,735,735.29	5,357.136593	30
116	NOV 01 29	165,786.26	69,296.24	43,194,968.47	20,464,538.47	6,805,031.53	5,347.943832	31
117	DEC 01 29	160,181.34	74,901.16	43,120,067.31	20,624,719.81	6,879,932.69	5,339.378047	30
***	2029				1,966,446.02	854,543.98	* CALENDAR YR. AMOUNTS *	

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PMT #	DUE DATE	INTEREST	PRINCIPAL	PRINCIPAL BALANCE	TOTAL INTEREST	TOTAL PRINCIPAL	*** MONTHLY *** PER DIEM	#DAYS
118	JAN 01 30	165,233.70	69,848.80	43,050,218.51	20,789,953.51	6,949,781.49	5,330.119411	31
119	FEB 01 30	164,966.05	70,116.45	42,980,102.06	20,954,919.56	7,019,897.94	5,321.485344	31
120	MAR 01 30	148,758.91	86,323.59	42,893,778.47	21,103,678.47	7,106,221.53	5,312.810177	28
121	APR 01 30	164,366.58	70,715.92	42,823,062.55	21,268,045.05	7,176,937.45	5,302.147614	31
122	MAY 01 30	158,802.19	76,280.31	42,746,782.24	21,426,847.24	7,253,217.76	5,293.408343	30
123	JUN 01 30	163,803.29	71,279.21	42,675,503.03	21,590,650.53	7,324,496.97	5,283.977244	31
124	JUL 01 30	158,254.99	76,827.51	42,598,675.52	21,748,905.52	7,401,324.48	5,275.166347	30
125	AUG 01 30	163,235.76	71,846.74	42,526,828.78	21,912,141.28	7,473,171.22	5,265.669613	31
126	SEP 01 30	162,960.45	72,122.05	42,454,706.73	22,075,101.73	7,545,293.27	5,256.788558	31
127	OCT 01 30	157,436.20	77,646.30	42,377,060.43	22,232,537.93	7,622,939.57	5,247.873471	30
128	NOV 01 30	162,386.54	72,695.96	42,304,364.47	22,394,924.47	7,695,635.53	5,238.375525	31
129	DEC 01 30	156,878.68	78,203.82	42,226,160.65	22,551,803.15	7,773,839.35	5,229.289497	30
***	2030				1,927,083.34	893,906.66	* CALENDAR YR. AMOUNTS *	
130	JAN 01 31	161,808.30	73,274.20	42,152,886.45	22,713,611.45	7,847,113.55	5,219.622636	31
131	FEB 01 31	161,527.52	73,554.98	42,079,331.47	22,875,138.97	7,920,668.53	5,210.565131	31
132	MAR 01 31	145,641.24	89,441.26	41,989,890.21	23,020,780.21	8,010,109.79	5,201.472918	28
133	APR 01 31	160,902.93	74,179.57	41,915,710.64	23,181,683.14	8,084,289.36	5,190.416984	31
134	MAY 01 31	155,437.43	79,645.07	41,836,065.57	23,337,120.57	8,163,934.43	5,181.247565	30
135	JUN 01 31	160,313.48	74,769.02	41,761,296.55	23,497,434.05	8,238,703.45	5,171.402550	31
136	JUL 01 31	154,864.81	80,217.69	41,681,078.86	23,652,298.86	8,318,921.14	5,162.160268	30
137	AUG 01 31	159,719.58	75,362.92	41,605,715.94	23,812,018.44	8,394,284.06	5,152.244470	31
138	SEP 01 31	159,430.79	75,651.71	41,530,064.23	23,971,449.23	8,469,935.77	5,142.928776	31
139	OCT 01 31	154,007.32	81,075.18	41,448,989.05	24,125,456.55	8,551,010.95	5,133.577384	30
140	NOV 01 31	158,830.22	76,252.28	41,372,736.77	24,284,286.77	8,627,263.23	5,123.555591	31
141	DEC 01 31	153,423.90	81,658.60	41,291,078.17	24,437,710.67	8,708,921.83	5,114.129962	30
***	2031				1,885,907.52	935,082.48	* CALENDAR YR. AMOUNTS *	
142	JAN 01 32	158,225.12	76,857.38	41,214,220.79	24,595,935.79	8,785,779.21	5,104.036052	31
143	FEB 01 32	157,930.60	77,151.90	41,137,068.89	24,753,866.39	8,862,931.11	5,094.535625	31
144	MAR 01 32	147,464.96	87,617.54	41,049,451.35	24,901,331.35	8,950,548.65	5,084.998793	29
145	APR 01 32	157,299.22	77,783.28	40,971,668.07	25,058,630.57	9,028,331.93	5,074.168292	31
146	MAY 01 32	151,936.60	83,145.90	40,888,522.17	25,210,567.17	9,111,477.83	5,064.553414	30
147	JUN 01 32	156,682.55	78,399.95	40,810,122.22	25,367,249.72	9,189,877.78	5,054.275657	31
148	JUL 01 32	151,337.54	83,744.96	40,726,377.26	25,518,587.26	9,273,622.74	5,044.584552	30
149	AUG 01 32	156,061.22	79,021.28	40,647,355.98	25,674,648.48	9,352,644.02	5,034.232745	31
150	SEP 01 32	155,758.41	79,324.09	40,568,031.89	25,830,406.89	9,431,968.11	5,024.464836	31
151	OCT 01 32	150,439.78	84,642.72	40,483,389.17	25,980,846.67	9,516,610.83	5,014.659498	30
152	NOV 01 32	155,130.10	79,952.40	40,403,436.77	26,135,976.77	9,596,563.23	5,004.196717	31
153	DEC 01 32	149,829.41	85,253.09	40,318,183.68	26,285,806.18	9,681,816.32	4,994.313712	30
***	2032				1,848,095.51	972,894.49	* CALENDAR YR. AMOUNTS *	
154	JAN 01 33	154,447.04	80,585.46	40,237,598.22	26,440,303.22	9,762,401.78	4,983.775483	31
155	FEB 01 33	154,188.24	80,894.26	40,156,703.96	26,594,491.46	9,843,296.04	4,973.814224	31
156	MAR 01 33	138,986.81	96,095.69	40,066,608.27	26,733,478.27	9,939,391.73	4,963.814795	28
157	APR 01 33	153,510.03	81,572.47	39,975,035.80	26,886,988.30	10,020,964.20	4,953.936300	31

Red Mortgage Capital, LLC
 SCHEDULE OF DIRECT REDUCTION LOAN

NAME

LOAN AMOUNT 50,000,000.00 INTEREST RATE 4.45000% PAYMENT AMOUNT \$235,082.50
 PAYMENT BEGINS APR 01 2020 MATURITY DATE MAR 01 2035 INTEREST BASIS 360/act + Feb 29

PMT #	DUE DATE	INTEREST	PRINCIPAL	PRINCIPAL BALANCE	TOTAL INTEREST	TOTAL PRINCIPAL	*** NOTES *** PER DIEM	H DAYS
158	MAY 01 33	141,111.11	86,826.91	39,892,208.89	27,035,243.89	10,107,791.11	4,941.853036	30
159	JUN 01 33	142,064.71	82,217.77	39,809,991.12	27,188,108.62	10,190,008.88	4,931.120266	31
160	JUL 01 33	147,628.72	87,453.78	39,722,537.34	27,335,737.34	10,277,462.66	4,920.957236	30
161	AUG 01 33	152,914.50	82,867.94	39,639,669.40	27,487,951.90	10,360,330.60	4,910.146977	31
162	SEP 01 33	157,897.01	83,185.49	39,556,483.91	27,639,848.91	10,443,516.09	4,899.903579	31
163	OCT 01 33	162,888.83	88,393.87	39,468,090.04	27,786,537.54	10,531,909.96	4,889.620928	30
164	NOV 01 33	167,899.51	83,842.97	39,384,247.07	27,937,777.07	10,615,752.93	4,878.694463	31
165	DEC 01 33	172,949.92	89,032.58	39,295,214.49	28,083,826.99	10,704,785.51	4,868.110541	30
***	2033				1,798,020.81	1,022,969.19	* CALENDAR YR. AMOUNTS *	
166	JAN 01 34	150,577.08	84,505.42	39,210,709.07	28,234,404.07	10,789,290.93	4,857.325124	31
167	FEB 01 34	150,253.26	84,829.24	39,125,879.83	28,384,657.33	10,874,120.17	4,846.879316	31
168	MAR 01 34	135,419.02	99,663.48	39,026,216.35	28,520,076.35	10,973,783.65	4,836.393479	28
169	APR 01 34	149,546.29	85,536.21	38,940,680.14	28,669,622.64	11,059,319.86	4,824.073965	31
170	MAY 01 34	144,405.02	90,677.48	38,850,002.66	28,814,027.66	11,149,997.34	4,813.500740	30
171	JUN 01 34	148,871.05	86,211.45	38,763,791.21	28,962,898.71	11,236,208.79	4,802.291995	31
172	JUL 01 34	143,749.06	91,333.44	38,672,457.77	29,106,647.77	11,327,542.23	4,791.635302	30
173	AUG 01 34	148,190.71	86,891.79	38,585,565.98	29,254,838.48	11,414,434.02	4,780.345474	31
174	SEP 01 34	147,857.75	87,224.75	38,498,341.23	29,402,696.23	11,501,658.77	4,769.604684	31
175	OCT 01 34	142,764.68	92,317.82	38,406,023.41	29,545,460.91	11,593,976.59	4,758.822735	30
176	NOV 01 34	147,169.75	87,912.75	38,318,110.66	29,692,630.66	11,681,889.34	4,747.411227	31
177	DEC 01 34	142,096.33	92,986.17	38,225,124.49	29,834,726.99	11,774,875.51	4,736.544234	30
***	2034				1,750,900.00	1,070,090.00	* CALENDAR YR. AMOUNTS *	
178	JAN 01 35	146,476.55	88,605.95	38,136,518.54	29,981,203.54	11,863,481.46	4,725.050111	31
179	FEB 01 35	146,137.02	88,945.48	38,047,573.06	30,127,340.56	11,952,426.94	4,714.097431	31
180	MAR 01 35	131,686.86	38,047,573.06	.00	30,259,027.44	50,000,000.00	4,703.102781	28
***	2035				424,300.45	38,225,124.49	* CALENDAR YR. AMOUNTS *	
***	GRAND TOTALS				30,259,027.44	50,000,000.00		

APPENDIX I

FORM OF PROPOSED ADDITIONAL DISCLOSURE ADDENDUM

The following information supplements the information in the Fannie Mae MBS Prospectus. In the event of any inconsistency between the information provided in this Appendix I and the information in the Fannie Mae MBS Prospectus, the information in this Appendix I shall prevail.

The mortgaged property is subject to affordable housing regulatory agreements that impose income restrictions on tenants of the mortgaged property and is an Affordable Housing Loan. See “**The Mortgage Loans—Affordable Housing Loans**”; “**RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—Prepayment Relating to Specific Types of Mortgage Loans and Properties—The successful operation of a mortgaged property securing and affordable housing mortgage loan may depend upon additional factors.**” “**RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—Prepayment Relating to Specific Types of Mortgage Loans and Properties—An affordable housing mortgage loan may be secured by a mortgaged property that has received an allocation of low-income housing tax credits but that fails to remain in compliance with the requirements for maintaining eligibility to receive the tax credits due to operations of the property or a casualty on the property.**”

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

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

Property Valuation

The property value disclosed and used to calculate the loan to value ratio is greater than the purchase price of the mortgaged property and represents the appraised value of the property following extensive renovation of, and operational improvements to, the mortgaged property.

Split Loan

The total debt secured by the mortgaged property is \$52,500,000 which is represented by two separate promissory notes: The mortgage note for \$50,000,000 that is held in this pool, and the note for \$2,500,000 that is held in pool AN8423 (the “related loan”). The mortgage loan held in this pool is senior in priority of payment to the related loan. Information about the related loan may be found in Annex A and in the disclosure documents for pool AN8423. **The related loan is not part of this pool and does not back the certificates being offered.** See “**THE MORTGAGE LOANS—General Characteristics of the Mortgage Loans—Split Loans**” in the Prospectus for additional information.

Because the mortgage loan and the related loan are secured by the same mortgaged property, the mortgage loan and the related loan are cross-defaulted with each other. As a result, an event of default under the related loan will cause an event of default on the mortgage loan, and an event of default under the mortgage loan will cause an event of default on the related loan. If this occurs, we may declare the defaulted mortgage loan immediately due and payable.

Upon an event of default, the mortgage loan in the pool may be accelerated, resulting in the prepayment in full of the mortgage loan. If that occurred, you would receive an early distribution of principal from the mortgage

loan. Because the mortgage loan is the only loan in the pool, the pool would be terminated, and the stated principal balance would be distributed to the holders of the certificates.

In addition to the matters described above, the eligible multifamily lender acquiring the mortgage loan may request the disclosure of additional matters relating to the mortgage loan or upon delivery of the mortgage loan to us, we may in our discretion determine that matters identified in the Term Sheet at APPENDIX H or otherwise may need to be disclosed in the Additional Disclosure Addendum provided in connection with the issuance of the MBS certificates.

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