

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

SEVENTY-THIRD SUPPLEMENTAL SINGLE FAMILY MORTGAGE
REVENUE BOND TRUST INDENTURE

AUTHORIZING

[\$190,000,000]
SINGLE FAMILY MORTGAGE REVENUE BONDS
2022 SERIES B

BETWEEN

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

AND

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

Dated as of [December 1, 2022]

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SEVENTY-THIRD SUPPLEMENTAL SINGLE FAMILY
MORTGAGE REVENUE BOND TRUST INDENTURE

AUTHORIZING

[\$190,000,000] SINGLE FAMILY
MORTGAGE REVENUE BONDS
2022 SERIES B

THIS SEVENTY-THIRD SUPPLEMENTAL SINGLE FAMILY MORTGAGE REVENUE BOND TRUST INDENTURE dated as of [December 1, 2022] (this “Supplemental Indenture”), is made by and between the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (together with any successor to its rights, duties, and obligations hereunder, the “Department”), a public and official agency duly created, organized and existing under the laws of the State of Texas, and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee (together with any successor trustee hereunder, the “Trustee”), a national banking association.

RECITALS

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

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

WHEREAS, the Act authorizes the Department: (i) to make and acquire, and to enter into advance commitments to make and acquire, mortgage loans (including participations therein) secured by mortgages on residential housing in the State; (ii) to issue its bonds for the purpose of obtaining funds to make and acquire such mortgage loans or participations therein, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (iii) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such mortgage loans or participations therein, and to mortgage, pledge or grant security interests in such mortgages, mortgage loans or participations therein or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and

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

WHEREAS, the Department has determined to issue its Single Family Mortgage Revenue Bonds, 2022 Series B (the “2022 Series B Bonds”) in an aggregate principal amount of \$[190,000,000] pursuant to the Indenture and this Supplemental Indenture for the purpose of obtaining funds to acquire Mortgage Certificates backed by Mortgage Loans secured by mortgages on residential housing in the State and occupied by persons and families of low and very low income and families of moderate income, to provide down payment and closing cost assistance and to pay a portion of the costs of issuance of the 2022 Series B Bonds, all under and in accordance with the Constitution and laws of the State; and

WHEREAS, the execution and delivery of this Supplemental Indenture and the issuance of the 2022 Series

B Bonds have been in all respects duly and validly authorized by a written resolution of the Governing Board of the Department; and

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

WHEREAS, except as provided herein, all acts and conditions and things required by the Constitution and laws of the State to happen, exist and be performed precedent to execution and delivery of this Supplemental Indenture have happened, exist and have been performed as so required in order to make the Indenture, as supplemented by this Supplemental Indenture, a valid, binding and legal instrument for the security of the 2022 Series B Bonds and a valid and binding agreement in accordance with its terms;

NOW, THEREFORE, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the 2022 Series B Bonds by the holders thereof from time to time, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the further purpose of fixing and declaring the terms and conditions upon which the 2022 Series B Bonds are to be issued, authenticated, delivered and accepted by the holders thereof from time to time, the Department and the Trustee do hereby mutually covenant and agree, for the equal and proportionate benefit (except to the extent that such benefit is not equal and proportionate pursuant to the terms of the Indenture and any supplemental indenture thereunder) of the respective holders from time to time of the Bonds, including the 2022 Series B Bonds as follows:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND PLEDGE OF SECURITY

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

Section 1.2 Definitions.

(a) Unless defined in subsection (b) of this Section 1.2 or unless the context shall require otherwise, all defined terms contained in the Indenture, shall have the same meanings in this Supplemental Indenture (other than in the form of 2022 Series B Bond set forth in Exhibit A hereto) as such defined terms are given in Section 101 of the Indenture.

(b) As used in this Supplemental Indenture (other than in the form of 2022 Series B Bond set forth in Exhibit A hereto), unless the context shall otherwise require, the following terms shall have the following respective meanings:

“Account” or “Accounts” shall mean any one or more, as the case may be, of the special trust accounts pertaining to the 2022 Series B Bonds created and established in Section 502 of the Indenture and Section 2.12 hereof.

“Assisted Mortgage Loans” shall mean 2022 B Mortgage Loans that include a related DPA Loan to provide down payment and closing cost assistance.

“Authorized Denomination” shall mean \$5,000 principal amount or any integral multiples thereof.

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

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

“Bond Counsel” shall mean a firm or firms of attorneys selected by the Department, and acceptable to the Trustee, experienced in the field of housing revenue bonds the interest on which is excludable from gross income for federal income tax purposes, and whose legal opinion on such bonds is acceptable in national bond markets.

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

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

“Certificate Accrued Interest” shall mean the amount of interest received in the month following the month of the purchase of a 2022 B Mortgage Certificate which represents the number of days of interest on such 2022 B Mortgage Certificate at the applicable Pass-Through Rate from the first day of the month of purchase to, but not including, the Certificate Purchase Date.

“Certificate Purchase Date” shall mean, with respect to a 2022 B Mortgage Certificate, the date of purchase thereof by the Trustee on behalf of the Department in accordance with the Servicing Agreement.

“Certificate Purchase Period” shall mean the period from the Issuance Date to and including [December 1, 2023], but which may be extended to a date no later than [May 1, 2026] in accordance with Section 2.17 of this Supplemental Indenture.

“Code” shall mean 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 hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“Compliance Agent” shall mean Housing and Development Services d/b/a eHousingPlus and its successors and assigns.

“Compliance Agreement” shall mean the Program Administration Agreement dated as of August 5, 2021, by and between the Department and the Compliance Agent, together with any amendments thereto.

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

“Computation Date” shall mean each Installment Computation Date and the Final Computation Date.

“Contract for Deed Exception” shall mean the exception from certain Mortgage Loan eligibility requirements available with respect to a Borrower possessing land under a contract for deed, as provided in Section 143(i)(1)(C) of the Code.

“Costs of Issuance” shall mean 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.

“Counsel’s Opinion” shall mean a written opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds (who may also be counsel to the Department) selected by the Department and satisfactory to the Trustee.

“De Minimis Special Redemption” shall mean a one-time redemption of 2022 Series B Bonds from unexpended Proceeds in an amount less than \$500,000 that is treated as a Special Redemption from Mortgage Loan Principal Payments in accordance with Section 2.6(b) of this Supplemental Indenture.

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

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

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

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

“DPA Loan” means a subordinated, no stated interest loan for down payment and closing costs made to a mortgagor under the Program in an amount as identified in the commitment lot notice applicable to the 2022 B

Mortgage Loan, subject to adjustment from time to time at the direction of the Department. DPA Loans are due on sale, refinance, or repayment of the first mortgage and may be either forgiven on the 3-year or 5-year anniversary of the closing of the first mortgage, or have a thirty year term with no forgiveness. DPA Loans are not considered Mortgage Loans.

“Favorable Opinion of Bond Counsel” shall mean, 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 does not adversely affect the excludability from gross income for federal income tax purposes of interest payable on the 2022 Series B Bonds under existing law (subject to the inclusion of any exceptions contained in the opinion of Bond Counsel delivered upon original issuance of the 2022 Series B Bonds or other customary exceptions acceptable to the recipient thereof).

“Final Computation Date” shall mean the date on which final payment in full of the 2022 Series B Bonds is made.

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

“Ginnie Mae Certificate Purchase Price” shall mean, with respect to the Program and the purchase of any Ginnie Mae Certificate thereunder by the Trustee on any Certificate Purchase Date, the total of 100% of the principal balance of the 2022 B Mortgage Loans in the applicable Mortgage Pool on record with Ginnie Mae (subject to adjustment upon written notice from the Department) on the first day of the month in which the subject Certificate Purchase Date occurs, but shall not include any Certificate Accrued Interest thereon.

“Ginnie Mae Guaranty Agreement” shall mean, with respect to the Program, the Commitment to Guarantee Mortgage-Backed Securities (Form HUD-11704) (whether one or more) issued by Ginnie Mae to the Servicer, together with any amendments or supplements thereto or extensions thereof.

“Gross Proceeds” shall mean any Proceeds and any Replacement Proceeds.

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

“Initial Bond” means the 2022 Series B Bond approved by the Attorney General of the State of Texas and registered by the Comptroller.

“Installment Computation Date” shall mean the last day of the fifth Tax Bond Year and each succeeding fifth Tax Bond Year.

“Interest Payment Date” shall mean, with respect to the 2022 Series B Bonds, each March 1 and September 1, commencing [March 1, 2023], and any other date on which the 2022 Series B Bonds are subject to redemption.

“Investment Proceeds” has the meaning set forth in Section 1.148-1(b) of the Regulations and, generally, consist of any amounts actually or constructively received from investing Proceeds.

“Issuance Date” shall mean [December 21, 2022], the date of initial issuance and delivery of the 2022 Series B Bonds to the Underwriters, as initial purchasers thereof, in exchange for payment of the purchase price of such 2022 Series B Bonds.

“Letter of Instructions” shall mean, with respect to the 2022 Series B Bonds, a written directive and authorization to the Trustee or any Depository specifying the period of time for which such directive and authorization shall remain in effect, executed by two Authorized Representatives of the Department.

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

“Mortgage Loan Principal Payments” shall mean all Mortgage Loan Principal Prepayments and all regularly scheduled payments of principal with respect to all Mortgage Loans included in the 2022 B Mortgage Certificates.

“Mortgage Origination Agreement” shall mean the Master Mortgage Origination Agreement by and between the Department and a Mortgage Lender, together with any amendments thereto.

“Mortgage Pool” shall have the meaning assigned to the term “Pool” in the Servicing Agreement.

“Net Proceeds” means Sale Proceeds, less the portion of any Sale Proceeds invested in a reasonably required reserve or replacement.

“Non-assisted Mortgage Loan” shall mean 2022 B Mortgage Loans other than Assisted Mortgage Loans.

“Nonpurpose Investment” shall mean any “investment property,” within the meaning of Section 148(b) of the Code, that is not a purpose investment acquired to carry out the governmental purpose of the 2022 Series B Bonds.

“Optional Redemption Date” shall mean [March 1, 2032].

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

“Pass-Through Rate” shall mean, the Pass-Through Rates for each 2022 B Mortgage Certificate, which will equal the mortgage rate of the 2022 B Mortgage Loans backing the 2022 B Mortgage Certificate less servicing and guaranty fees, which fees are retained by the Servicer.

“Paying Agent” shall mean the Trustee.

“Premium PAC Term Bond” shall mean the 2022 Series B Bond maturing on [March 1, 2053].

“Premium PAC Term Bond Outstanding Applicable Amount” shall mean the amounts identified as such in Exhibit B hereto (subject to adjustments as described below). Any special redemption of the 2022 Series B Bonds from unexpended Proceeds pursuant to Section 2.6(a) hereof, other than a De Minimis Special Redemption, will reduce the Premium PAC Term Bond Outstanding Applicable Amount for the 2022 Series B Bonds for the current and each future monthly period on a proportionate basis. Thereafter, the Premium PAC Term Bond Outstanding Applicable Amount shall be the remaining balance, if any, of the Premium PAC Term Bond Outstanding Applicable Amount as adjusted from prior periods.

“Premium Serial Bonds” shall mean the 2022 Series B Bonds maturing [_____] through [_____] inclusive.

“Premium Term Bonds” shall mean the Series 2022B Bonds due [September 1, 2047], and [September 1, 2052].

“Proceeds” shall mean any Sale Proceeds, Investment Proceeds and Transferred Proceeds.

“Program” shall mean the Department’s Single Family Mortgage Purchase Program as set forth and implemented through the Program Agreement.

“Program Agreement” shall mean the Mortgage Origination Agreement, the Servicing Agreement, the Compliance Agreement and the Program Guidelines.

“Program Guidelines” shall mean the Program Guidelines for Texas Department of Housing and Community Affairs effective October 18, 2021, relating to specific provisions of the Program, as amended from time to time.

“Purchase Agreement” shall mean the Bond Purchase Agreement dated [____], between the Department and the Underwriters, providing for the purchase of the 2022 Series B Bonds by the Underwriters.

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

“Rebate Amount” has the meaning set forth in Section 1.148-3(b) of the Regulations and generally means the excess, as of any date, of the future value of all receipts on Nonpurpose Investments over the future value of all payments on Nonpurpose Investments all as determined in accordance with Section 1.148-3 of the Regulations.

“Rebate Analyst” shall mean a person that is (a) qualified and experienced in the calculation of rebate payments under Section 148 of the Code, (b) chosen by the Department, and (c) engaged for the purpose of determining the amount of required deposits, if any, to the Rebate Fund.

“Record Date” means the close of business on the 15th day of the month (whether or not a Business Day) immediately preceding such Interest Payment Date.

“Redemption Price” shall mean, with respect to any 2022 Series B Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to such 2022 Series B Bond or the Indentures.

“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.

“Replacement Proceeds” has the meaning set forth in Section 1.148-1(c) of the Regulations and, generally, consist of amounts that have a sufficiently direct nexus to an issue of obligations or the governmental purpose of an issue of obligations to conclude that the amounts would have been used for that governmental purpose if the Proceeds were not used or to be used for that governmental purpose.

“Representative” shall mean Barclays Capital Inc.

“Revenues” shall mean in addition to those items defined as such in the Indenture, all amounts paid or required to be paid from time to time on the 2022 B Mortgage Certificates, including any payments received from Ginnie Mae pursuant to its guaranty of the Ginnie Mae Certificates, all Mortgage Loan Principal Payments representing the same, all prepayment premiums or penalties received by or on behalf of the Department in respect of the 2022 B Mortgage Certificates and all other net proceeds of such 2022 B Mortgage Certificates.

“Sale Proceeds” has the meaning set forth in Section 1.148-1(b) of the Regulations and, generally, consist of any amounts actually or constructively received from the sale (or other disposition) of any obligation, including amounts used to pay underwriters’ discount or compensation and accrued interest other than pre-issuance accrued interest. Sale Proceeds also include amounts derived from the sale of a right that is associated with any obligation and that is described in Section 1.148-4(b)(4) of the Regulations.

“Servicer” shall mean Idaho Housing and Finance Association, or any successor thereto as servicer for the Program, including any designee to act as subservicer on its behalf.

“Servicing Agreement” shall mean the Mortgage Acquisition, Pooling and Servicing Agreement dated as of October 1, 2021, by and between the Department and the Servicer, together with any amendments thereto.

“Sinking Fund Installment” means the principal amount of the 2022 Series B Bonds subject to scheduled mandatory redemption on the respective redemption date set forth in Section 2.6(d) hereof.

“State” shall mean the State of Texas.

“Subaccount” or “Subaccounts” shall mean any one or more, as the case may be, of the special subaccounts pertaining to the 2022 Series B Bonds created in certain Accounts pursuant to Section 2.12 hereof.

“Supplemental Indenture” shall mean this Seventy-Third Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of [December 1, 2022], by and between the Department and the Trustee, together with any amendments hereto.

“Tax Bond Year” shall mean each one-year period that ends at the close of business on the day selected by the Department. The first and last Tax Bond Years may be short periods. If no day is selected by the Department before the earlier of the date the last 2022 Series B Bond is discharged or the date that is five years after the Issuance Date, Tax Bond Years end on each anniversary of the Issuance Date and on the date the last 2022 Series B Bond is discharged.

“Transferred Proceeds” shall mean the amounts described in Section 1.148-9 of the Regulations.

“2022 B Administrative Subaccount” shall mean the 2022 B Administrative Subaccount within the 2022 B Mortgage Loan Account established pursuant to Section 2.12 hereof

“2022 B Capitalized Interest Subaccount” shall mean the 2022 B Capitalized Interest Subaccount within the 2022 B Revenue Account established pursuant to Section 2.12 hereof.

“2022 B Costs of Issuance Account” shall mean the 2022 B Costs of Issuance Account of the Mortgage Loan Fund established pursuant to Section 2.12 hereof.

“2022 B Down Payment Assistance Subaccount” shall mean the 2022 B Down Payment Assistance Subaccount within the 2022 B Mortgage Loan Account established pursuant to Section 2.12 hereof.

“2022 B Interest Subaccount” shall mean the 2022 B Subaccount within the Interest Account of the Debt Service Fund established pursuant to Section 2.12 hereof.

“2022 B Mortgage Certificates” shall mean Mortgage Certificates that are purchased by the Trustee on the Issuance Date and on any future date from the proceeds of the 2022 Series B Bonds and pledged by the Department to the Trustee pursuant to the Indenture and this Supplemental Indenture as described in any Letter of Instructions to the Trustee described in Section 2.16(a) hereof.

“2022 B Mortgage Loans” shall mean the Mortgage Loans allocated to Proceeds of the 2022 Series B Bonds.

“2022 B Mortgage Loan Account” shall mean the 2022 B Account of the Mortgage Loan Fund established pursuant to Section 2.12 hereof.

“2022 B Principal Subaccount” shall mean the 2022 B Subaccount within the Principal Account of the Debt Service Fund established pursuant to Section 2.12 hereof.

“2022 B Proceeds Account” shall mean the 2022 B Proceeds Account of the Mortgage Loan Fund established pursuant to Section 2.12 hereof.

“2022 B Rebate Account” shall mean the 2022 B Rebate Account of the Expense Fund established pursuant to Section 2.12 hereof.

“2022 B Redemption Subaccount” shall mean the 2022 B Subaccount within the Redemption Account of the Debt Service Fund established pursuant to Section 2.12 hereof.

“2022 B Revenue Account” shall mean the 2022 B Account of the Revenue Fund established pursuant to Section 2.12 hereof.

“2022 Series B Bonds” or “Series 2022B Bonds” shall mean the Department’s Single Family Mortgage Revenue Bonds, 2022 Series B to be issued under the Indenture and this Supplemental Indenture.

“2022 Series B Cumulative Applicable Amount” shall mean the amounts expressed on a cumulative basis in each of the monthly periods ending on the dates set forth in the table of 2022 Series B Cumulative Applicable Amounts set forth in Exhibit C hereto (subject to adjustments as described below). Any special redemption of the 2022 Series B Bonds from unexpended Proceeds pursuant to Section 2.6(a) hereof, other than a De Minimis Special Redemption, will reduce the 2022 Series B Cumulative Applicable Amount for the 2022 Series B Bonds for the current and each future monthly period on a proportionate basis. Thereafter, the 2022 Series B Cumulative Applicable Amount shall be the remaining balance, if any, of the 2022 Series B Cumulative Applicable Amount as adjusted from prior periods.

“Underwriters” shall mean the Representative, and the other underwriters named on the schedule attached to the Purchase Agreement.

“Yield” shall mean (i) with respect to the 2022 Series B Bonds, yield as determined in accordance with Section 143(g)(2)(C) of the Code and (ii) with respect to the 2022 B Mortgage Loans, the effective rate of mortgage interest as determined in accordance with Section 143(g)(2)(B) of the Code.

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

Section 1.4 Rules of Construction.

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

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

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

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

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

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

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

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

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

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

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

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

Section 1.13 Granting Clause. In order to secure the payment of the principal of, premium, if any, and interest on the Bonds as the same become due and payable, whether at maturity or by prior redemption, and the performance and observance of all of the covenants and conditions herein contained, and in consideration of the premises, the acceptance by the Trustee of the trust hereby created, the purchase and acceptance of the Bonds by the Holders thereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Department does hereby GRANT, BARGAIN, CONVEY, ASSIGN, MORTGAGE, and PLEDGE to the Trustee and its successors in trust hereunder all rights, title and interest of the Department now owned or hereafter acquired in and to the 2022 B Mortgage Certificates, all amounts that may be received with respect to the 2022 B Mortgage Certificates held under the Indenture, including any amendments, extensions, or renewals of the terms thereof, including, without limitation, all present and future rights of the Department to make claim for, collect and receive any income, revenues, issues, profits, insurance proceeds and other sums of money payable to the account of or receivable by the Department under the 2022 B Mortgage Certificates, to bring actions and proceedings under the 2022 B Mortgage Certificates, or for the enforcement thereof, and to do any and all things which the Department is or may become entitled to do under the 2022 B Mortgage Certificates, and the Holders of the Bonds are by such pledge and assignment afforded a beneficial interest in the 2022 B Mortgage Certificates.

[End of Article I]

ARTICLE II

AUTHORIZATION AND TERMS OF 2022 SERIES B BONDS

Section 2.1 Authorization, Principal Amount, Designation, and Series. In accordance with and subject to the terms, conditions, and limitations established in the Indenture and this Supplemental Indenture, one Series of Single Family Mortgage Revenue Bonds is hereby authorized to be issued in the initial aggregate principal amount of \$[190,000,000]. The Department hereby determines that the issuance of the 2022 Series B Bonds in the initial amount authorized hereby is necessary to provide funds to be used and expended for the purposes set forth in the Indenture and this Supplemental Indenture. Each Bond of this Series of Bonds shall be entitled “Single Family Mortgage Revenue Bond, 2022 Series B.” The terms of the 2022 Series B Bonds shall be as set forth in Article III of the Indenture and this Article II.

Section 2.2 Purposes. The 2022 Series B Bonds are issued for the purposes of providing funds to acquire Mortgage Loans, or participations therein, through the purchase of 2022 B Mortgage Certificates, including providing down payment and closing cost assistance and paying costs of issuance.

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

(a) The 2022 Series B Bonds shall be issuable only in the form of fully registered bonds without coupons and may not be exchanged into coupon bonds. The Initial Bond shall be registered to the Representative.

(b) The 2022 Series B Bonds shall be dated as of the date of authentication thereof by the Trustee, unless such date of authentication shall be an Interest Payment Date, in which case they shall be dated as of such Interest Payment Date; provided, however, that if, as shown by the records of the Trustee, interest on the 2022 Series B Bonds shall be in default, the registered 2022 Series B Bonds issued in lieu of 2022 Series B Bonds surrendered for the transfer or exchange may be dated as of the date to which interest has been paid in full on the 2022 Series B Bonds surrendered; provided, further, that if the date of authentication shall be prior to the first Interest Payment Date, the 2022 Series B Bonds shall be dated as of the Issuance Date.

(c) The 2022 Series B Bonds shall be issued in Authorized Denominations.

(d) Unless the Department shall direct otherwise, each 2022 Series B Bond within a maturity of the 2022 Series B Bonds shall be lettered and numbered separately from 00001 upward prefixed by the letter R, the letter M or S depending on whether the maturity is March or September, and the last two digits of the year of maturity, provided that the Initial Bond shall be numbered TR-1.

Section 2.4 Interest Payment Dates, Interest Rates and Maturities of the 2022 Series B Bonds. The 2022 Series B Bonds shall bear interest from the Issuance Date until maturity or prior redemption at the respective rates per annum set forth below. Interest on the 2022 Series B Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months, payable on each Interest Payment Date until maturity or prior redemption. The 2022 Series B Bonds shall mature and become payable on the dates and in the respective principal amounts set forth below, subject to prior redemption in accordance with Section 2.6 and Section 2.7 of this Supplemental Indenture and Article IV of the Indenture.

Maturity Date

Principal Amount

Interest Rate

Section 2.5 Conditions to Issuance of 2022 Series B Bonds. The 2022 Series B Bonds shall be executed by the Department and, except for the Initial Bond shall be delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered by it to the Department or upon its order, but only upon receipt by the Trustee of the following (in addition to the documents required under the Indenture):

(a) A certificate of an Authorized Representative of the Department to the effect that, on the basis of all facts and estimates and circumstances (including covenants of the Department contained in the Indenture) reasonably expected to be in existence on the Issuance Date, it is not expected that the Proceeds of the 2022 Series B Bonds will be used in a manner that would cause the 2022 Series B Bonds to be arbitrage bonds within the meaning of Section 148(a) of the Code, and the applicable regulations promulgated thereunder, and such certificate shall set forth such facts, estimates, and circumstances (including covenants of the Department contained in the Indenture), which may be in brief and summary terms, and shall state that to the best of the knowledge and belief of such Authorized Representative of the Department there are no other facts, estimates, or circumstances that would materially change such expectation;

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

(c) Written confirmation from each Rating Agency that issuance of the 2022 Series B Bonds will not cause the rating on any Outstanding Bonds (determined without regard to any bond insurance or similar credit enhancement) to be lower than Aaa by Moody's Investors Service and AA+ by S&P Global Ratings or their equivalents, as applicable.

Section 2.6 Special Redemption.

(a) Special Redemption from Unexpended Proceeds. The 2022 Series B Bonds are subject to special redemption from amounts transferred to the 2022 B Redemption Subaccount in accordance with Section 2.17 hereof, at any time, prior to their stated maturities, in whole or in part. The Redemption Price of the 2022 Series B Bonds to be so redeemed pursuant to this Section 2.6(a) shall be equal to (i) for all 2022 Series B Bonds, other than the Premium Serial Bonds, the Premium Term Bonds and the Premium PAC Term Bond, 100% of the principal amount thereof; and (ii) for the Premium Serial Bonds, the Premium Term Bonds and the Premium PAC Term Bond, the applicable Redemption Price, as set forth in Exhibit D hereto; plus in each case accrued interest thereon to, but not including, the date of redemption; except that a De Minimis Special Redemption shall be treated as a Special Redemption from Mortgage Loan Principal Payments and such portion of the 2022 Series B Bonds shall be redeemed in accordance with Section 2.6(b).

Such redemption shall occur on the first day of any month on or after [November 1, 2023], unless the Certificate Purchase Period is extended in accordance with this Supplemental Indenture. In no event will the redemption occur later than [June 1, 2026].

Except for the De Minimis Special Redemption, the 2022 Series B Bonds to be redeemed in accordance with this subsection shall be selected by the Trustee on a pro rata basis among all maturities unless otherwise directed by the Department pursuant to a Letter of Instructions accompanied by a Statement of Projected Revenues.

(b) Special Redemption from Mortgage Loan Principal Payments. The 2022 Series B Bonds, other than the Premium Serial Bonds, are subject to redemption prior to maturity and shall be redeemed, in whole or in part, from time to time on the first day of any month on or after [January 1, 2023], after giving notice as provided in Section 2.8 hereof, at a Redemption Price equal to 100% of the principal amount of the 2022 Series B Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date, from amounts transferred to the 2022 B Redemption Subaccount in accordance with Section 2.12(d)(ii)(3) and (4) hereof.

In the event of a redemption pursuant to this Section 2.6(b) from Mortgage Loan Principal Payments relating to the 2022 B Mortgage Certificates, the Trustee shall select the particular 2022 Series B Bonds to be redeemed as follows:

(i) the Trustee shall redeem the Premium PAC Term Bond, but only to the extent that the Outstanding principal amount of such Premium PAC Term Bond following any such redemption is not less than the Premium PAC Term Bond Outstanding Applicable Amount as of such date;

(ii) amounts remaining following the redemptions described in clause (i) above shall be applied, unless otherwise directed by a Letter of Instructions accompanied by a Statement of Projected Revenues, [(a) first to redeem the Series 2022B Bonds maturing [September 1, 2037], and (b) thereafter,] to redeem all other 2022 Series B Bonds (other than the Premium PAC Term Bond and the Premium Serial Bonds), including the Premium Term Bonds, on a proportionate basis until the Outstanding principal amount of all 2022 Series B Bonds has been reduced to the 2022 Series B Cumulative Applicable Amount as of such date;

(iii) amounts remaining following the redemptions described in clauses (i) and (ii) above shall be applied monthly, unless otherwise directed by a Letter of Instructions accompanied by a Statement of Projected Revenues, to redeem all 2022 Series B Bonds, excluding the Premium Serial Bonds, but including the Premium PAC Term Bond and the Premium Term Bonds, on a proportionate basis after taking into account the amounts applied to redeem the 2022 Series B Bonds pursuant to the above-described redemptions.

Any special redemption of the 2022 Series B Bonds pursuant to Section 2.6(a) hereof other than a De Minimis Special Redemption, will reduce the Premium PAC Term Bond Outstanding Applicable Amount and the 2022 Series B Cumulative Applicable Amount for the current and each future monthly period on a proportionate basis.

(c) Special Redemption from Excess Revenues. The 2022 Series B Bonds, other than the Premium Serial Bonds, are subject to redemption prior to maturity and shall be redeemed, in whole or in part, from time to time on the first day of any month on or after [March 1, 2023], after giving notice as provided in Section 2.8 hereof and in accordance with a Letter of Instructions, at the Redemption Price applicable to such 2022 Series B Bonds or portions thereof to be redeemed, plus accrued interest to but not including the redemption date, from excess Revenues (including Surplus Revenues whether or not derived in connection with the 2022 Series B Bonds).

In the event of a redemption pursuant to this Section 2.6(c) from excess Revenues, the Trustee shall apply amounts transferred in accordance with Section 2.12(d)(iii) hereof to redeem the 2022 Series B Bonds Outstanding in the same manner provided in Section 2.6(b) hereof, unless otherwise instructed by the Department pursuant to a Letter of Instructions accompanied by a Statement of Projected Revenues.

(d) Scheduled Mandatory Redemption. The 2022 Series B Bonds maturing on the respective dates specified below are subject to scheduled mandatory redemption prior to maturity and shall be redeemed, after giving notice as provided in Section 2.8 hereof, in the aggregate principal amounts and on the dates set forth in the following tables, at the Redemption Price applicable to such 2022 Series B Bonds or portions thereof to be redeemed, plus accrued interest, if any, to but not including the redemption date, from amounts that have been transferred to the 2022 B Principal Subaccount from the 2022 B Revenue Account.

\$[_____] [_____] % Term Bond due [September 1, 2037]

Redemption Date	Principal Amount	Redemption Date	Principal Amount
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* Stated Maturity

\$[_____] [_____] % Term Bond due [September 1, 2042]

Redemption Date	Principal Amount	Redemption Date	Principal Amount
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* Stated Maturity

\$[] []% Premium Term Bond due [September 1, 2047]

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
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* Stated Maturity

\$[] []% Premium Term Bond due [September 1, 2052]

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
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* Stated Maturity

\$[] []% Premium PAC Term Bond due [March 1, 2053]

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
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* Stated Maturity

The principal amount of the 2022 Series B Bonds to be redeemed on each such redemption date pursuant to mandatory sinking fund redemption shall be reduced by the principal amount of any 2022 Series B Bonds having the same stated maturity and interest rate, which (A) at least 45 days prior to such mandatory sinking fund redemption date, (1) shall have been acquired by the Department and delivered to the Trustee for cancellation, or (2) shall have been acquired and canceled by the Trustee at the direction of the Department, or (3) shall have been redeemed other than pursuant to mandatory sinking fund redemption, and (B) shall have not been previously credited against a scheduled mandatory sinking fund redemption.

Section 2.7 Optional Redemption.

(a) The 2022 Series B Bonds (except for the Premium PAC Term Bond) maturing on or after [September 1, 2032], are subject to redemption prior to maturity, in whole or in part, at any time and from time to time on and after the Optional Redemption Date, at the option of the Department, after giving notice as provided herein, at a Redemption Price equal to 100% of the principal amount of such 2022 Series B Bonds or portions thereof to be redeemed, plus accrued interest, if any, to, but not including, the redemption date.

(b) The Premium PAC Term Bond is subject to redemption prior to maturity, in whole or in part at any time and from time to time, on and after the Optional Redemption Date, at the option of the Department after giving notice as provided herein, at the Redemption Prices set forth below (expressed as a percentage of the principal amount to be redeemed), in each case together with interest accrued thereon to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
March 1, 2032	[]%
September 1, 2032	[]%
March 1, 2033	[]%
September 1, 2033	[]%
March 1, 2034	[]%
September 1, 2034	[]%
March 1, 2035	[]%
September 1, 2035	[]%

March 1, 2036
September 1, 2036
and thereafter

[]%
100.000%

If the Premium PAC Term Bond is redeemed on a date other than a redemption date listed above, the Redemption Price, as of such redemption date, will be determined by the Department using straight-line interpolation between the Redemption Price for the redemption dates listed above immediately preceding and succeeding such redemption date.

(c) At least 45 days prior to, or such later date as the Trustee will accept, any redemption date described in this Section 2.7 the Department shall give a Letter of Instructions to the Trustee specifying the principal amount of 2022 Series B Bonds to be redeemed and the date of such redemption and identifying the 2022 Series B Bonds by the maturity date and interest rate of such Bonds and the source of funds to be utilized to redeem such Bonds. Prior to any redemption in part pursuant to this Section 2.7, the Department shall provide a Statement of Projected Revenues to the Trustee.

Section 2.8 Notice of Redemption; Selection of 2022 Series B Bonds to Be Redeemed.

(a) The Trustee shall give notice, in the name of the Department, of the redemption of the 2022 Series B Bonds to the holders thereof, which notice shall specify the 2022 Series B Bonds to be redeemed, the redemption date, and the place or places where amounts due upon such redemption will be payable, and if less than all of the 2022 Series B Bonds are to be redeemed, the letters and numbers or other distinguishing marks, principal amounts, maturity dates and interest rates of such 2022 Series B Bonds to be redeemed. Such notice shall further state that on such date there shall become due and payable on each 2022 Series B Bonds to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal amount thereof in the case of 2022 Series B Bonds to be redeemed in part only, together with interest accrued to, but not including, the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. If applicable, such notice shall provide that redemption of the 2022 Series B Bonds is conditioned upon moneys being available for such purpose on the redemption date.

(b) The Trustee shall mail a copy of such notice by first class mail, postage prepaid, not less than 30 days prior to the redemption date, nor more than 60 days to the holders of any 2022 Series B Bonds or portions thereof which are to be redeemed, at the address shown on the registration books maintained by the Trustee.

(c) If the 2022 Series B Bonds are registered in the name of the nominee of the Bond Depository, the Trustee shall deliver, by overnight delivery service or facsimile, notice of a redemption in the manner and form described above which will allow the 2022 Series B Bonds to be timely redeemed on the redemption date.

(d) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the registered owner of such 2022 Series B Bonds receives the notice.

(e) A second notice of redemption shall be given promptly after the 60th day after the redemption date in the manner required above to the registered owners of redeemed 2022 Series B Bonds that have not been presented for payment by the 60th day after the redemption date.

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

(g) Except as specified in Section 2.6(b) and Section 2.6(c) hereof, the 2022 Series B Bonds to be redeemed in part shall be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate. A portion of any 2022 Series B Bond may be redeemed, but only in an Authorized Denomination. While the 2022 Series B Bonds are held by the Bond Depository, 2022 Series B Bonds shall be selected for redemption as described in Section 2.11 hereof.

Section 2.10 Paying Agent; Method and Place of Payment.

(a) The Trustee is hereby appointed as Paying Agent for the 2022 Series B Bonds and the Trustee hereby accepts such appointment. The 2022 Series B Bonds shall be payable with respect to interest and principal of and the Redemption Price in any coin or currency of the United States of America which at the time is legal tender for the payment of public and private debts. The interest on each 2022 Series B Bond shall be payable by check or draft mailed on each Interest Payment Date to the Person in whose name such 2022 Series B Bond is registered as of the Record Date, at the address of such Person as shown on the registry books of the Department kept and maintained by the Trustee. The principal, Redemption Price of and interest on the 2022 Series B Bonds shall also be payable at any other place that may be provided for such payment by the appointment of any other Paying Agent for the 2022 Series B Bonds as permitted by the Indenture.

(b) Notwithstanding the foregoing, for so long as the Bond Depository is the exclusive registered owner of the 2022 Series B Bonds and for owners of not less than \$1,000,000 in aggregate principal amount of the 2022 Series B Bonds, and except for the final payment of principal of the 2022 Series B Bonds at maturity the principal amount, Redemption Price thereof and the interest thereon shall be payable by wire transfer in immediately available federal funds to the Bond Depository or such owners to an account in the continental United States without the necessity of any immediate presentation and surrender of 2022 Series B Bonds pursuant to written instructions from the registered owner.

Section 2.11 Bond Depository; Book-Entry System.

(a) The Department hereby appoints The Depository Trust Company, New York, New York, as Bond Depository for the 2022 Series B Bonds. In accordance with the Letter of Representations, the Department shall cause the initial 2022 Series B Bonds to be registered in the name of Cede & Co., as nominee for the Bond Depository, and to be delivered to the Bond Depository on the Issuance Date.

(b) With respect to 2022 Series B Bonds registered in the registry books of the Department required to be maintained by the Trustee pursuant to Section 308 of the Indenture in the name of Cede & Co. or any successor Bond Depository, or a nominee therefor, the Department and the Trustee shall have no responsibility or obligation to any Depository Participant or to any Person on behalf of whom such Depository Participant holds an interest in 2022 Series B Bonds. The Department and the Trustee may treat and consider the registered owner of any 2022 Series B Bond as the holder and absolute owner of such 2022 Series B Bond for the purpose of payment of the principal and Redemption Price of and interest with respect to such 2022 Series B Bond, for the purpose of giving notices of redemption and other matters with respect to such 2022 Series B Bond, for the purpose of registering transfers and exchanges with respect to such 2022 Series B Bond, and for all other purposes whatsoever. The Trustee shall pay all the principal amount and Redemption Price of and interest on the 2022 Series B Bonds only to or upon the order of the respective registered owners of the 2022 Series B Bonds and all such payments shall be valid and effective with respect to such payments to the extent of the sum or sums so paid. The Department and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of The Depository Trust Company, any successor Bond Depository or any Depository Participant with respect to any ownership interest in 2022 Series B Bonds, (ii) the delivery to any Depository Participant or any other Person, other than a registered owner of a 2022 Series B Bond as shown in the registry books required to be kept and maintained pursuant to Section 308 of the Indenture, of any notice with respect to the 2022 Series B Bonds, including any notice of redemption, or (iii) the payment to any Depository Participant or any other Person, other than a registered owner of a 2022 Series B Bond, of any amount with respect to any 2022 Series B Bond. The rights of Depository Participants and Persons on behalf of whom any Depository Participant holds a beneficial interest in 2022 Series B Bonds shall be limited to those established by law and agreements between such Depository Participants and other Persons and the applicable Bond Depository.

(c) In the event that either (i) the Bond Depository that is, directly or through a nominee, the registered owner of all of the Outstanding 2022 Series B Bonds notifies the Trustee and the Department that it is no longer willing or able to discharge its responsibilities as a Bond Depository or (ii) the Department determines that continuance of the existing book-entry system for ownership of interests in the 2022 Series B Bonds is not in the best interest of such owners of beneficial interests in the 2022 Series B Bonds, then the Department shall direct the Bond Depository to terminate the existing book-entry system for ownership of interests in the 2022 Series B Bonds. Upon such

termination, the Department shall promptly select a substitute Bond Depository (and shall notify the Trustee in writing of such selection) to provide a system of book-entry ownership of beneficial interests in the 2022 Series B Bonds, if one is available satisfactory to the Department, and the ownership of all 2022 Series B Bonds shall be transferred on the registry books required to be kept and maintained pursuant to Section 308 of the Indenture to such successor Bond Depository, or its nominee. In the alternative, the Department may direct the Trustee, in writing, to, and if the Department fails to promptly designate a successor Bond Depository the Trustee, without further direction, shall, notify the Depository Participants, through the Bond Depository for the 2022 Series B Bonds, of the availability of Bonds registered in the names of such Persons as are owners of beneficial interests in the 2022 Series B Bonds and, upon surrender to the Trustee of the Outstanding 2022 Series B Bonds held by the Bond Depository, accompanied by registration instructions from the Bond Depository, the Trustee shall, at the expense of the transferees, cause to be printed and authenticated 2022 Series B Bonds, in Authorized Denominations, to the owners of beneficial interests in the 2022 Series B Bonds as of the date of the termination of the existing book-entry ownership system for the 2022 Series B Bonds. Neither the Department nor the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying upon, such instructions. So long as the Department has designated a Bond Depository to provide a system of book-entry ownership of the 2022 Series B Bonds, all of the 2022 Series B Bonds must be held under such book-entry system. Prior to any transfer of the 2022 Series B Bonds outside the Book-Entry Only system (including, but not limited to, the initial transfer outside the Book-Entry Only system) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

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

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

(a) Pursuant to the provisions of subsection 4 of Section 713 of the Indenture, there is established by this Section 2.12, for the 2022 Series B Bonds, an Account in each Fund and a Subaccount in each Account established by Section 502 of the Indenture. Each such Account and Subaccount shall be known and designated as the 2022 B Account or Subaccount followed by the appropriate reference to the Fund or the Account within the Fund to which such Account or Subaccount relates. In addition, there are hereby established for the 2022 Series B Bonds the following additional Funds, Accounts and Subaccounts:

(i) (A) within the Mortgage Loan Fund, (1) a temporary Account to be known and designated as the 2022 B Proceeds Account, and (2) a temporary Account to be known and designated as the 2022 B Costs of Issuance Account, and (B) within the 2022 B Mortgage Loan Account, (1) the 2022 B Down Payment Assistance Subaccount; and (2) the 2022 B Administrative Subaccount;

(ii) within the 2022 B Revenue Account, a 2022 B Capitalized Interest Subaccount; and

(iii) within the Expense Fund held by the Department, an additional Account designated as the 2022 B Rebate Account.

(b) Unless an Event of Default shall have occurred and be continuing, Revenues from the 2022 B Mortgage Certificates or from the investment or reinvestment of moneys on deposit in each Account or Subaccount for the 2022 Series B Bonds shall be kept separate and apart from the Revenues attributable to other Mortgage Loans or other Mortgage Certificates or attributable to the investment and reinvestment of the moneys on deposit under the Indenture with respect to any other Series. The Accounts and Subaccounts described in this Section shall be for the equal benefit of the Holders of all of the Bonds. The segregation of the Accounts and Subaccounts as required by this Section 2.12 is for the purpose of making the calculations required by Sections 143(g) and 148 of the Code, and is not for the purpose of giving a priority or preference to the Bonds of one Series over that of another Series. Except as provided in this Section, the Revenues and proceeds of a Series shall continue to be used as provided in Article V of the Indenture.

(c) The Costs of Issuance incurred by the Department in connection with the issuance of the 2022 Series B Bonds shall be payable from amounts deposited in the 2022 B Costs of Issuance Account.

(d) Deposits to and Transfers from the 2022 B Revenue Account.

(i) In accordance with Section 504 of the Indenture, all payments received with respect to the 2022 B Mortgage Certificates shall be deposited in the 2022 B Revenue Account.

(ii) Pursuant to subsection 2 of Section 505 of the Indenture, the Trustee shall transfer from the Revenue Fund amounts on deposit therein in the following order of priority:

(1) First, on each Interest Payment Date or any other date for the redemption of the 2022 Series B Bonds, to the 2022 B Interest Subaccount, to the extent required so that the balance in said account equals the amount of interest which will be due and payable on the 2022 Series B Bonds on such Interest Payment Date or redemption date;

(2) Second, monthly, upon receipt of Mortgage Loan Principal Payments, to the 2022 B Principal Subaccount, one-sixth of the amount required to pay maturing principal and the unsatisfied balance of any Sinking Fund Installment on any 2022 Series B Bonds on the next Interest Payment Date;

(3) Third, monthly, upon receipt of Mortgage Loan Principal Payments, to the 2022 B Redemption Subaccount, the amount required to reduce the Outstanding principal amount of the Premium PAC Term Bond to the Premium PAC Term Bond Outstanding Applicable Amount for such monthly period, and the Trustee shall use such funds either on the next Interest Payment Date, or if the Outstanding 2022 Series B Bonds as of such Interest Payment Date are less than the Series 2022 B Cumulative Applicable Amount, on the first day of the next month for which notice can be given following such Interest Payment Date to redeem 2022 Series B Bonds pursuant to Section 2.6(b) hereof;

(4) Fourth, monthly, upon receipt of Mortgage Loan Principal Payments, to the 2022 B Redemption Subaccount, any remaining Mortgage Loan Principal Payments to be applied monthly to the redemption of 2022 Series B Bonds pursuant to Section 2.6(b) hereof;

(iii) On or after each Interest Payment Date and pursuant to a Letter of Instructions by the Department, the Trustee shall transfer to the 2022 B Redemption Subaccount from the 2022 B Revenue Account the amount in such Account after taking into account (1) the provision for payment of Debt Service on the 2022 Series B Bonds on such Interest Payment Date, (2) the required transfers of the amounts to the 2022 B Redemption Subaccount and the 2022 B Principal Subaccount pursuant to Section 2.12(d)(ii) of this Supplemental Indenture, and (3) the payment of Department Expenses in accordance with subsection 1 of Section 505 of the Indenture, and such excess revenues shall be used to redeem 2022 Series B Bonds in accordance with Section 2.6(c) hereof.

Section 2.13 Initial Deposits and Transfers into Accounts and Subaccounts. The proceeds of the 2022 Series B Bonds initially shall be deposited by the Trustee in the 2022 B Proceeds Account. There shall be deposited, out of the proceeds of the 2022 Series B Bonds, the amounts specified in the Letter of Instructions to the Trustee authorizing the authentication and delivery of the 2022 Series B Bonds, into the Funds, Accounts and Subaccounts specified therein. After completion of such transfers, the 2022 B Proceeds Fund shall be closed. After payment of all costs, any funds remaining in the 2022 B Costs of Issuance Account shall be transferred to the Surplus Revenues Account pursuant to a Letter of Instructions from the Department.

Section 2.14 2022 B Rebate Account.

(a) At the beginning of each Tax Bond Year, the Department shall calculate the estimated Rebate Amount that will be payable on the next occurring Computation Date, as set forth in Section 3.6(a)(ii) hereof. In

calculating the Rebate Amount, the Department may rely upon a Counsel's Opinion or an opinion of a Rebate Analyst that the method of calculation utilized by the Department complies with the requirements of Section 148 of the Code and Section 1.148-3 of the Regulations. If, in making such calculations, the Department determines that there is an insufficient amount currently on deposit in the 2022 B Rebate Account to make the payment required by Section 3.6(a)(ii) hereof, then the Department shall (i) immediately transfer the amount of such deficiency from any other account in the Expense Fund or (ii) instruct the Trustee to transfer such amount to the 2022 B Rebate Account from the Revenue Fund and the Trustee shall transfer from the 2022 B Revenue Account to the 2022 B Rebate Account the amounts so specified, all in accordance with Section 505(1) of the Indenture. If, in making such calculations, the Department determines that there is a negative Rebate Amount, then the Department may direct the Trustee in writing to transfer from the 2022 B Rebate Account to the Revenue Fund the amount then on deposit in the 2022 B Rebate Account.

(b) All earnings resulting from the investment of amounts on deposit in the 2022 B Rebate Account shall be credited to the 2022 B Rebate Account.

(c) No later than 55 days after each Computation Date for the 2022 Series B Bonds, the Department shall deliver the items set forth in Section 3.6(a) to the Trustee. Not later than 60 days after each Computation Date for the 2022 Series B Bonds, the Trustee shall withdraw from the 2022 B Rebate Account the amounts described in Section 3.6(a)(ii) hereof and remit to the United States of America the amounts required to be paid to the United States of America in accordance with written instructions from the Department, which shall be in compliance with Sections 1.148-1 through 1.148-8 of the Regulations or any successor regulation.

(d) If the Department discovers or is notified that any amount due to the United States of America in an amount described in Section 3.6(a)(ii) hereof has not been paid to the United States of America pursuant hereto as required or that any payment paid to the United States of America pursuant hereto has failed to satisfy any requirement of Section 148(f) of the Code or Section 1.148-3 of the Regulations (whether or not such failure shall be due to any default by the Department or the Trustee), the Department, shall immediately transfer any amounts due as set forth in Section 3.6(b) hereof and shall deliver to the Trustee any documents required pursuant Section 3.6(b) hereof. Upon receipt of such amount and documentation relating thereto, the Trustee shall withdraw from the 2022 B Rebate Account the amounts described in Section 3.6(b) hereof and remit to the United States of America the amounts required to be paid in accordance with written instructions from the Department, which shall be in compliance with Regulations Sections 1.148-1 through 1.148-8 or any successor regulation.

(e) Each payment required to be made to the United States of America pursuant to this Section shall be submitted to the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255 or such other address as provided by law or regulation and shall be accompanied by Internal Revenue Service Form 8038-T properly completed by the Department with respect to the 2022 Series B Bonds.

Section 2.15 2022 B Mortgage Loan Account. The 2022 B Mortgage Loan Account established pursuant to Section 2.12(a) hereof shall be credited with all amounts deposited therein from whatever source. The amounts in such Account shall be used to purchase, on each Certificate Purchase Date within the Certificate Purchase Period, 2022 B Mortgage Certificates. On [January 1, 2024], unless the Certificate Purchase Period is extended in accordance with Section 2.17 hereof, unexpended Proceeds of the 2022 Series B Bonds shall be transferred from the 2022 B Mortgage Loan Account to the 2022 B Redemption Subaccount in accordance with Section 2.6(a) hereof.

Section 2.16 2022 B Mortgage Certificate Acquisition.

(a) As instructed by the Department, the Trustee shall use amounts on deposit in the 2022 B Mortgage Loan Account to acquire the 2022 B Mortgage Certificates as more particularly described in a Letter of Instructions.

(b) The purchase of the 2022 B Mortgage Loans shall be accomplished through the purchase of Ginnie Mae Certificates in accordance with the Program Agreement, and no 2022 B Mortgage Loan shall be eligible for purchase unless it has been included in a Mortgage Pool and the beneficial ownership thereof is represented by a 2022 B Mortgage Certificate. Following the purchase of any 2022 B Mortgage Certificate, all payments received by the Trustee with respect thereto shall be deemed to be payments of principal and interest with respect to the 2022 B Mortgage Loans included in the Mortgage Pool pertaining to such 2022 B Mortgage Certificate.

(c) On each applicable Certificate Purchase Date, the Trustee shall purchase Ginnie Mae Certificates at the Ginnie Mae Certificates Purchase Price, from amounts available in the 2022 B Mortgage Loan Account in accordance with this subsection (c) unless otherwise instructed by the Department in a Letter of Instructions.

(d) Each 2022 B Mortgage Certificate purchased shall bear interest at the applicable Pass-Through Rate. Ginnie Mae Certificates shall be accepted by the Trustee only if:

(i) The Ginnie Mae Certificates acquired by the Trustee on behalf of the Department shall be held at all times by the Trustee in trust for the benefit of the Bondholders and shall be registered in the name of the Trustee or its nominee or credited to the account of the Trustee at a clearing corporation as defined under and pursuant to the Uniform Commercial Code applicable to such corporation, which corporation shall be registered as a "Clearing Agency" pursuant to Section 17A of the Securities Exchange Act of 1934, as amended. For a Ginnie Mae Certificate that is in the form of a book-entry maintained on the records of the Participants Trust Corporation, or any successor depository institution ("PTC") ("Book Entry Security"), the Trustee shall receive confirmation from PTC that PTC has made an appropriate entry in its records of the transfer of such Book Entry Security to a limited purpose account of the PTC Participant (defined below), and identifying such Book Entry Security as belonging to the Trustee, so that the Trustee at all times has a first priority perfected security interest in such Ginnie Mae Certificates. The "PTC Participant" (if not the Trustee) shall be a "financial intermediary" (as defined in Section 8-313 of the Uniform Commercial Code as in effect in the state in which the Book Entry Security is deposited) which is a participant in PTC and which has a custody agreement with the Trustee with respect to the Ginnie Mae Certificate to be transferred as Book Entry Securities through PTC. In the custody agreement, the PTC Participant must agree (w) to act as agent of the Trustee for purposes of causing, upon instructions of the Trustee, the transfer of Book Entry Securities to the PTC account of the PTC Participant, (x) to issue to the Trustee confirmation of the transfer of each Book Entry Security to the PTC Participant, (y) to identify each such Book Entry Security in its records as belonging to the Trustee, and (z) to accept instructions only from the Trustee with respect to the transfer of such Book Entry Securities. The Ginnie Mae Certificate shall be identified on the records of the PTC Participant as being held by such PTC Participant solely and exclusively for the benefit of the Trustee. The PTC Participant shall send a confirmation to the Trustee of such transfer of the Ginnie Mae Certificate to the PTC Participant. The PTC Participant shall cause each Book Entry Security to be transferred to and held in a Limited Purpose Account (or such other account as may be created or identified in the PTC Rules (the "Rules") in which PTC does not have any lien on any Book Entry Security held therein). The Trustee shall have evidence that (xx) the receiving PTC Participant has delivered to PTC an irrevocable instruction to the effect that all fees arising in connection with the specified Limited Purpose Account are to be charged to another account maintained by PTC for the receiving PTC Participant, and (yy) PTC has delivered a certificate to the receiving PTC Participant to the effect that, based on the instruction regarding payment of PTC fees, PTC will not charge the specified Limited Purpose Account for so long as the instruction remains in effect. If the Trustee does not receive a payment or advice of payment on a Ginnie Mae Certificate when due (if the Ginnie Mae Certificates are held by the Trustee, on the fifteenth day of each month with regard to Ginnie Mae I Certificates and twentieth day of each month with regard to Ginnie Mae II Certificates and if the Ginnie Mae Certificates are held by PTC, on the seventeenth day of each month with regard to Ginnie Mae I Certificates and twenty-second day of each month with regard to Ginnie Mae II Certificates), the Trustee shall promptly telephonically notify, and demand payment from Ginnie Mae, in the case of Ginnie Mae I Certificates, or Chemical Bank as paying agent for Ginnie Mae in the case of Ginnie Mae II Certificates. To the extent the Ginnie Mae Certificates are subject to book-entry transfer, the Trustee shall so notify PTC. Notwithstanding the foregoing, the Trustee shall comply with such procedures as are prescribed by Ginnie Mae from time to time; and

(ii) Sufficient amounts are available in the appropriate Accounts to pay the applicable Ginnie Mae Certificate Purchase Price.

Section 2.17 Transfer of Unexpended Proceeds. Upon receipt by the Trustee of a certification from the Department as described in Section 2.6(a) hereof, the Trustee shall transfer the amounts set forth in such certification to the 2022 B Redemption Subaccount to redeem 2022 Series B Bonds pursuant to Section 2.6(a) hereof. Any amounts in the 2022 B Mortgage Loan Account remaining unexpended for acquisition of 2022 B Mortgage Certificates on the last day of the Certificate Purchase Period (or such earlier date as directed in writing by the Department), as such date

may be extended as provided herein, shall be transferred to the 2022 B Redemption Subaccount and applied to the redemption of 2022 Series B Bonds pursuant to Section 2.6(a) hereof. The Certificate Purchase Period for amounts in the 2022 B Mortgage Loan Account may be extended to a date certain as set out in a Letter of Instructions to the Trustee, but not later than [May 1, 2026], upon delivery to the Trustee no later than 30 days prior to the last day of the then existing Certificate Purchase Period of the following:

- (a) a Favorable Opinion of Bond Counsel; and
- (b) confirmation from each Rating Agency that such extension will not adversely affect the rating on the 2022 Series B Bonds assigned by such Rating Agency.

The Department shall provide written notice to the Servicer at least thirty (30) days prior to the last day of the then existing Certificate Purchase Period of any such proposed extension of the Certificate Purchase Period.

[End of Article II]

ARTICLE III

FEDERAL INCOME TAX MATTERS

Section 3.1 General Tax Covenant. The Department covenants not to take any action, or knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the interest on the 2022 Series B Bonds to be includable in gross income for federal income tax purposes. In furtherance thereof, the Department covenants to comply with Section 103 and 141, 143, and 146 through 150 of the Code and the provisions set forth in the Federal Tax Certificate executed by the Department in connection with the 2022 Series B Bonds. The Department and the Trustee may amend this Supplemental Indenture to reflect the deletion or substitution of any such requirement specified in this Article III in the manner provided in Section 1002 of the Indenture. The Department will not be required to comply with any of the federal tax covenants set forth in this Article III if the Department has received a Favorable Opinion of Bond Counsel regarding such noncompliance.

Section 3.2 Use of Proceeds. The Department covenants that (a) all of the Proceeds of the 2022 Series B Bonds (other than amounts used to pay Costs of Issuance of the 2022 Series B Bonds) will be used to finance owner-occupied residences; (b) the Proceeds of the 2022 Series B Bonds will not be used in a way that would cause the 2022 Series B Bonds to meet the private business use tests set forth in Section 141(b) of the Code; (c) all Proceeds of the 2022 Series B Bonds that are to be used to finance owner-occupied residences (i) will be used for such purpose within the 42-month period beginning on the Issuance Date of the 2022 Series B Bonds or (ii) to the extent not so used, will be used to redeem 2022 Series B Bonds within such period; and (d) no portion of the Proceeds of the 2022 Series B Bonds will be used to finance any Mortgage Loan or acquire any Mortgage Certificate after the close of such period.

Section 3.3 Mortgage Eligibility Requirements.

(a) The Department covenants: (i) to attempt in good faith to meet, with respect to each 2022 B Mortgage Loan, before the execution thereof, the mortgage eligibility requirements of Section 143(c), (d), (e), (f) and (i) of the Code (as more fully described in subsections (b), (c), (d), (e) and (f), respectively, of this Section 3.3), by placing restrictions in the Program Agreement or other similar agreements that permit the origination and purchase of 2022 B Mortgage Loans only in accordance with such requirements and by establishing reasonable procedures to ensure compliance with such requirements, including investigation by the Mortgage Lenders and the Servicer or the Department (or its agent) to determine that each 2022 B Mortgage Loan meets such requirements; (ii) to use all due diligence to assure that all of the Proceeds of the 2022 Series B Bonds that are applied to the financing of 2022 B Mortgage Loans are applied to finance 2022 B Mortgage Loans that, as of the date of execution thereof, meet all such requirements; and (iii) to correct any failure to meet such requirements within a reasonable period after such failure is first discovered by causing the non-qualifying 2022 B Mortgage Loan to be accelerated or to be replaced with a 2022 B Mortgage Loan that meets such requirements if the non-qualifying 2022 B Mortgage Loan defect cannot be cured within such reasonable period. The Department covenants that each Mortgage Lender selected for participation in the Program that services Mortgage Loans under the Program shall be required to enter into an agreement or agreements containing, in addition to servicing requirements relating to the Mortgage Loans set forth in Section 710 of the Indenture, that each Mortgage Lender shall represent and warranty that it: (i) maintains an Office of Foreign Assets Control (“OFAC”) compliance program, and (ii) is responsible for and best positioned to conduct OFAC scanning of all relevant data with respect to the serviced portfolio (including borrower names/addresses) in accordance with its OFAC compliance program. As used herein, “OFAC compliance program” shall refer to those programs, policies, procedures and measures designed to ensure compliance with, and prevent violations of, all economic sanctions, laws, rules, regulations, executive orders and requirements administered by OFAC, or any other applicable authority with jurisdiction over such Mortgage Lender. Each Mortgage Lender shall agree to, among other things: (i) perform effective and timely OFAC scanning in accordance with such Mortgage Lender’s OFAC compliance program of all relevant data with respect to the portfolio of assets serviced pursuant to the Indenture; (ii) if a Borrower at any time becomes or is otherwise determined to be an OFAC sanctions target that requires blocking or rejection of a portfolio asset held by the Trustee under or in connection with the Indenture, take all actions required by OFAC regulations, including, without limitation (a) conducting all necessary investigations and communications with OFAC (including reporting) concerning the portfolio assets that such Mortgages Lender determines are subject to OFAC restrictions, (b) blocking the assets of any OFAC sanctions target in such portfolio serviced by such Mortgages Lender (including any related payments from the same), and (c) obtain any licenses from OFAC necessary for such Mortgages Lender and the Trustee to perform their respective services under the Indenture with respect to sanctioned assets and/or

borrowers; and (iii) promptly provide notice in writing to the Trustee of any portfolio assets that such Mortgages Lender determines are subject to OFAC restrictions and consult with the Trustee on the action plan to handle those assets.

(b) The Department covenants to require, and the Program Agreement requires, with respect to each 2022 B Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(c) of the Code, the residence being financed with the proceeds of such 2022 B Mortgage Loan is a single-family residence located within the State that the Borrower reasonably expects to occupy as his or her principal residence within a reasonable time (e.g., 60 days) after the financing is provided.

(c) The Department covenants to require, and the Program Agreement requires, with respect to each 2022 B Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(d) of the Code, the Borrower has not had, within the three-year period ending on the date of execution of the applicable 2022 B Mortgage Loan, a present ownership interest in a principal residence; provided, however, that (i) the Department may purchase 2022 B Mortgage Loans that do not satisfy the foregoing requirement, so long as such purchase does not cause less than 95% of the Net Proceeds of the 2022 Series B Bonds to have been used to finance such non-conforming loans; (ii) financings with respect to targeted area residences will be treated as meeting such requirement; (iii) financings described in the Contract For Deed Exception will be treated as meeting such requirement; and (iv) financings of any residence for any veteran (as defined in Section 101 of Title 38, United States Code), if such veteran has not previously qualified for and received financing pursuant to the exception, will be treated as meeting such requirement.

(d) The Department covenants to require and the Program Agreement requires, with respect to each 2022 B Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(e) of the Code, the acquisition cost of the residence being financed with the proceeds of such 2022 B Mortgage Loan does not exceed 90% of the average area purchase price applicable to such residence (110% in the case of a targeted area residence).

(e) The Department covenants to require and the Program Agreement requires, with respect to each 2022 B Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(f) of the Code, the Borrower's family income does not exceed: (i) for an individual or a family of two persons, 100% of the applicable median family income (120% in the case of a Borrower acquiring a targeted area residence); or (ii) for a family of three or more persons, 115% of the applicable median family income (140% in the case of a Borrower acquiring a targeted area residence).

(f) The Department covenants to require and the Program Agreement requires, with respect to each 2022 B Mortgage Loan, a certification of the Borrower and other appropriate evidence demonstrating that, in accordance with Section 143(i) of the Code, the 2022 B Mortgage Loan is not made for the purpose of acquiring or replacing an existing mortgage (i.e., that the Borrower does not have an existing mortgage (whether or not paid off) on the residence securing the 2022 B Mortgage Loan at any time prior to the execution of the 2022 B Mortgage Loan), except for a mortgage falling within the Contract for Deed Exception or a mortgage securing a construction period loan, a bridge loan or other similar temporary initial financing having a term of 24 months or less. The Department further covenants not to permit the assumption of any 2022 B Mortgage Loan unless the requirements described in subsection (b), (c), (d) and (e), respectively, of this Section 3.3 are met with respect to such assumption. Borrowers described in the Contract for Deed Exception shall be treated as meeting the requirements of this paragraph (f).

(g) The Department covenants to require and the Program Agreement requires, that each 2022 B Mortgage Loan include provisions for acceleration in the event that the Department discovers that any of such mortgage eligibility requirements have not been met with respect to such 2022 B Mortgage Loan.

(h) The following terms used in this Section 3.3 shall have the respective meanings set forth in Section 143 of the Code and the Regulations promulgated thereunder: acquisition cost, applicable median family income, average area purchase price, family income, mortgage, present ownership interest, principal residence, residence, single family residence, and targeted area residence.

Section 3.4 Targeted Area Residences. The Department covenants that an amount equal to at least 20% of the proceeds of the 2022 Series B Bonds that are made available for the purchase of 2022 B Mortgage Loans has been or will be made available for at least one year after the date on which owner-financing was first made available with respect to targeted area residences (within the meaning of Section 143(j) of the Code). The Department will attempt with reasonable diligence to use such proceeds to purchase mortgage loans pertaining to such targeted area residences by conducting an advertising campaign reasonably designed to inform the general public of the availability of such proceeds, and shall take such other and further actions to assure that, to the maximum extent practicable, such proceeds are used for such purpose.

Section 3.5 Mortgage Rate. The Department will take all actions necessary to ensure that the blended Yield on the 2022 B Mortgage Loans properly allocable under Sections 1.148-1 through 1.148-10 of the Regulations to the 2022 Series B Bonds will not exceed the Yield on the 2022 Series B Bonds (all as computed by or on behalf of the Department in accordance with Section 143(g) of the Code and Sections 1.148-1 and 1.148-10 of the Regulations) by more than 1.125%. To the extent that the Yield on the 2022 B Mortgage Loans exceeds the Yield on the 2022 Series B Bonds by more than 1.125%, the Department will make yield reduction payments (“Yield Reduction Payments”) to the federal government as set forth in Section 1.148-5(c) of the Regulations and as set forth below.

Section 3.6 Rebate Requirement. The Department covenants to comply with the requirement that “rebtable arbitrage earnings” on the investment of the Gross Proceeds of the 2022 Series B Bonds, within the meaning of Section 148(f) of the Code, be rebated to the federal government.

(a) Delivery of Documents and Money on Computation Dates. The Department will deliver to the Trustee, within 55 days after each Computation Date for the 2022 Series B Bonds,

(i) a statement, signed by an Authorized Representative of the Department, stating the Rebate Amount for the 2022 Series B Bonds as of such Computation Date and the amount of any Yield Reduction Payment due;

(ii) (A) if such Computation Date is an Installment Computation Date, an amount which, together with any amount then held in the 2022 B Rebate Account, is equal to at least 90% of the Rebate Amount as of such Installment Computation Date, less any “previous rebate payments” (determined in accordance with Section 1.148-3(f)(1) of the Regulations), made to the United States of America with respect to the 2022 Series B Bonds and Yield Reduction Payments, or (B) if such Computation Date is a Final Computation Date, an amount which, together with any amount then held for the credit of the 2022 B Rebate Account is equal to the Rebate Amount as of such Final Computation Date, less any “previous rebate payments” (determined in accordance with Section 1.148-3(f)(1) of the Regulations), made to the United States of America with respect to the 2022 Series B Bonds and Yield Reduction Payments; and

(iii) an Internal Revenue Service Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate (“Form 8038-T”) properly signed and completed as of such Computation Date.

(b) Correction of Underpayments. If the Department discovers or is notified that any amount due to the United States of America in an amount described in Section 3.6(a)(ii) above has not been paid as required pursuant to Section 2.14 hereof or that any payment paid to the United States of America pursuant hereto has failed to satisfy any requirement of Section 148(f) of the Code or Section 1.148-3 of the Regulations (whether or not such failure shall be due to any default by the Department or the Trustee), the Department will (i) deliver to the Trustee (for deposit to the 2022 B Rebate Account) and cause the Trustee to pay to the United States of America from the 2022 B Rebate Account (A) the Rebate Amount or Yield Reduction Payments that the Department failed to pay, plus any interest specified in Section 1.148-3(h)(2) of the Regulations, if such correction payment is delivered to and received by the Trustee within 175 days after such discovery or notice, or (B) if such correction payment is not delivered to and received by the Trustee within 175 days after such discovery or notice, the amount determined in accordance with clause (A) of this subparagraph plus the 50 percent penalty required by Section 1.148-3(h)(1) of the Regulations, and (ii) deliver to the Trustee and the Department a Form 8038-T completed as of such date. If such Rebate Amount or Yield Reduction Payments, together with any penalty and/or interest due, is not paid to the United States of America in the amount and manner and by the time specified in the Regulations, the Department will take such steps as are necessary to prevent the 2022 Series B Bonds from becoming an “arbitrage bond” within the meaning of Section 148 of the Code. The

Trustee shall not be liable for any penalties incurred with respect to the calculation and payment of the Rebate Amount or Yield Reduction Payments.

(c) Records. The Department will retain all of its accounting records relating to the Funds, Accounts and Subaccounts and all calculations made in preparing the statements described in this Section 3.6 for at least three years after the later of (i) the final maturity of the 2022 Series B Bonds or (ii) the first date on which no 2022 Series B Bonds are Outstanding.

(d) Fees and Expenses. The Department agrees to pay all of the fees and expenses of a nationally recognized bond counsel, a certified public accountant and any Arbitrage Analyst or other necessary consultant employed by the Department or the Trustee in connection with computing the Yield Reduction Payments and Rebate Amount.

(e) No Diversion of Rebatable Arbitrage. The Department will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the Gross Proceeds of the 2022 Series B Bonds that is not purchased at fair market value (as defined in Section 1.148-5(d)(6)(iii) of the Regulations) or includes terms that the Department would not have included if the 2022 Series B Bonds were not subject to Section 148(f) of the Code.

(f) Rebate Not Required in Certain Circumstances.

(i) Notwithstanding the foregoing, the Department will not be required to perform the obligations set forth in this Section 3.6, except for the obligation to retain accounting records and the payment of expenses as described herein, if (A) the Yield on the Mortgage Loans does not exceed the Yield on the Bonds by more than 1.125% or (B) the Department has not earned any “rebatable arbitrage earnings” and, therefore, is not subject to the rebate obligation set forth in Section 148(f) of the Code. To the extent that the Department will not be required to perform such obligations, the Department will send written notice to the Trustee within 55 days after the applicable Computation Date.

(ii) Notwithstanding anything to the contrary in this Supplemental Indenture requiring a payment to be made based on the Rebate Analyst’s calculations showing a rebate being due, no payment will be made by the Trustee to the United States of America if the Department furnishes to the Trustee a Favorable Opinion of Bond Counsel.

Section 3.7 No-Arbitrage Covenant. The Department covenants that it will make such use of the Gross Proceeds of the 2022 Series B Bonds and related Revenues, regulate investments of proceeds of the 2022 Series B Bonds and related Revenues, and take such other and further action as may be required so that the 2022 Series B Bonds will not be “arbitrage bonds” within the meaning of Section 148(a) of the Code. The Department hereby expressly reserves the right to direct the Trustee or any Depository to make specific investments to ensure compliance with this Section 3.7 and Section 3.8 hereof.

Section 3.8 Limitations on Investment of Reserve Amounts. The Department covenants that at no time will the aggregate amount of money held in any reasonably required reserve for the 2022 Series B Bonds that is invested in Nonpurpose Investments and at a yield higher than the yield on such 2022 Series B Bonds, exceed the least of (i) 10% of the Sale Proceeds of the 2022 Series B Bonds; (ii) the maximum annual principal and interest requirements on the issue, or (iii) 125 percent of the average annual principal and interest requirements on the issue.

Section 3.9 Limitations on Costs of Issuance. The Department covenants that the Costs of Issuance financed with the Proceeds of the 2022 Series B Bonds will not exceed two percent of the Sale Proceeds of the 2022 Series B Bonds.

Section 3.10 No Federal Guaranty. The Department covenants not to take any action, or knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause any of the 2022 Series B

Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code, except as permitted by Section 149(b) of the Code.

Section 3.11 Information Reporting. The Department covenants to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the 2022 Series B Bonds are issued, an information statement concerning the 2022 Series B Bonds, all under and in accordance with Section 149(e) of the Code, and that it will file or cause to be filed such additional information reports as may be required by Section 149(e) of the Code.

Section 3.12 Changes in Use of Mortgaged Property. The Department acknowledges that the provisions of Section 150(b) of the Code (relating to changes in use of property financed with the proceeds of private activity bonds) apply to the 2022 B Mortgage Loans (including Mortgage Loans represented by Mortgage Certificates), and covenants to advise each Borrower with respect to a Mortgage Loan of such provisions.

Section 3.13 Use of Repayments to Redeem 2022 Series B Bonds. So long as any of the 2022 Series B Bonds are Outstanding, the Department covenants that each Mortgage Loan Principal Payment with respect to a 2022 B Mortgage Loan received on or after the ten year anniversary of the Issuance Date will be used to redeem 2022 Series B Bonds not later than the close of the first semiannual period beginning after the date such Mortgage Loan Principal Payment is received, unless the Department has received a Favorable Opinion of Bond Counsel and the Department has fulfilled the other requirements of Section 2.6 with respect to the use of such payments to redeem other Bonds.

Section 3.14 Recapture. The Department covenants to comply with the provisions of Section 143(m) of the Code (regarding the recapture of a portion of the federal subsidy from the use of qualified mortgage bonds) with respect to each 2022 B Mortgage Loan.

Section 3.15 Bonds are not Hedge Bonds. The Department covenants that not more than 50% of the Sale Proceeds of the 2022 Series B Bonds will be invested in Nonpurpose Investments having a substantially guaranteed yield for four years or more within the meaning of Section 149(g)(3)(A)(ii) of the Code, and the Department reasonably expects that at least 85% of the spendable proceeds of the 2022 Series B Bonds will be used to carry out the governmental purposes of the 2022 Series B Bonds within the three-year period beginning on the Issuance Date.

Section 3.16 Sale of 2022 B Mortgage Certificates. Notwithstanding any other provision of the Indenture, the Department may sell the 2022 B Mortgage Certificates in whole or in part only upon delivery by the Department of (i) a Counsel’s Opinion that such sale will not cause all or any portion of the 2022 B Mortgage Certificates, or the 2022 Series B Bonds to be classified as a “taxable mortgage pool” within the meaning of Section 7701(i) of the Code; and (ii) written confirmation from each Rating Agency that such sale will not adversely affect the then current ratings on the Bonds (determined without regard to any bond insurance or similar credit enhancement).

Section 3.17 Record Retention. The Department will retain all pertinent and material records relating to the use and expenditure of the proceeds of the 2022 Series B Bonds until three years after the last 2022 Series B Bonds is redeemed or paid at maturity, or such other period as authorized by subsequent guidance issued by the Department of Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the Department to retrieve and reproduce such books and records in the event of an examination of the 2022 Series B Bonds by the Internal Revenue Service.

Section 3.18 Continuing Obligation. Notwithstanding any other provision of this Supplemental Indenture, the Department’s obligations under the covenants and provisions of this Article III will survive the

defeasance and discharge of the 2022 Series B Bonds for as long as such matters are relevant to the excludability of interest on the 2022 Series B Bonds from gross income for federal income tax purposes.

[End of Article III]

ARTICLE IV
MISCELLANEOUS

Section 4.1 Sale of 2022 Series B Bonds. The 2022 Series B Bonds authorized to be issued herein in the aggregate principal amount of \$[190,000,000] shall be sold to the Underwriters at an aggregate purchase price \$[] (representing the par amount of the 2022 Series B Bonds plus a [net] premium in the amount of \$[]), on the terms and conditions set forth in the Purchase Agreement, and upon the basis of the representations therein set forth.

Section 4.2 Certain Duties of the Department. The Department covenants that, in addition to such other duties as may be required under the Indenture and this Supplemental Indenture the Department will not voluntarily take any action or fail to take any action that will impair the ability of the Department to satisfy the Asset Test set forth in the Indenture during any period in which the 2022 Series B Bonds remain Outstanding.

Section 4.3 No Recourse on 2022 Series B Bonds. No recourse shall be had for payment of the principal or Redemption Price of or interest on the 2022 Series B Bonds or for any claim based thereon or on this Supplemental Indenture against any Board member, officer or employee of the Department or the Trustee or any person executing or authenticating the 2022 Series B Bonds, and neither the Board members, officers or employees of the Department or the Trustee nor any person executing or authenticating the 2022 Series B Bonds shall be liable personally on the 2022 Series B Bonds by reason of the issuance thereof.

Section 4.4 Continuing Disclosure Relating to Other Obligated Persons. The Board hereby determines that an Other Obligated Person would be an “obligated person” (as defined in Rule 15c2-12 (the “Rule”)), for whom financial information and operating data would be presented in any final official statement relating to the 2022 Series B Bonds had such Person been known at the time of the offering thereof. Based upon the objective criteria specified in the definition of Other Obligated Person, the Board concludes that no Borrower eligible to participate in the Program would be an Other Obligated Person.

Section 4.5 Agreement Regarding Assumption of Certain Home Loans. The Board agrees not to permit the assumption of any Mortgage Loan that would cause any Person to become an Other Obligated Person.

Section 4.6 Execution in Several Counterparts. This Supplemental Indenture may be simultaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

Section 4.7 Protection of Trust Estate.

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

- (i) grant more effectively all or any portion of the Trust Estate;
- (ii) maintain or preserve the lien of the Indenture and this Supplemental Indenture or carry out more effectively the purposes hereof;
- (iii) perfect, publish notice of or protect the validity of any grant made or to be made by the Indenture or this Supplemental Indenture;
- (iv) enforce any of the documents executed in connection with this Supplemental Indenture;
- (v) preserve and defend title to the Trust Estate and the rights of Trustee and of owners of the 2022 Series B Bonds in the other property held as part of the Trust Estate against the claims of all Persons and parties; or

(vi) pay all taxes or assessments levied or assessed upon the Trust Estate when due.

(b) The Department hereby designates the Trustee as its agent and attorney-in-fact to execute any financing statement, continuation statement or other instrument required pursuant to this Section 4.7; provided, however, that such designation shall not be deemed to create a duty on the Trustee to monitor the compliance of the Department with the foregoing covenants and provided further, that the duty of the Trustee to execute any instrument required pursuant to this Section 4.7 shall arise only if the Trustee has actual knowledge by notice in writing of any failure of the Department to comply with the provisions of this Section 4.7. Such power-of-attorney is coupled with an interest and is irrevocable, and the Department hereby ratifies and confirms all that the Trustee may do by virtue thereof. The Department shall be responsible for all reasonable costs incurred by the Trustee in the preparation and filing of all such continuation statements hereunder. Notwithstanding anything to the contrary contained herein or in the Indenture, the Trustee shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interest, the accuracy or sufficiency of any description of collateral in such initial filings or the filing of any modifications or amendments to the initial filings required by any amendments to Chapter 9 of the Texas Business and Commerce Code. Unless the Trustee shall have been notified in writing by the Department that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in relying on such initial filing and the information contained therein when filing any continuation statements or modifications thereto pursuant to this Section 4.7(b) or Section 1205 of the Indenture and when filing any continuation statements in the same filing offices as the initial filings were made.

Section 4.8 Notices to Department, Trustee and Paying Agent. All notices, demands and requests to be given to or made hereunder to the Department, the Trustee or the Paying Agent shall be given or made in writing and shall be deemed to be properly given or made if sent by United States certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

(a) As to the Department:

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

(b) As to the Trustee and Paying Agent:

The Bank of New York Mellon Trust Company, N.A.
4655 Salisbury Road, Suite 300
Jacksonville, Florida 32256
Attention: [Richard Dillard]

Section 4.9 [Reserved].

Section 4.10 Compliance with Texas Government Code. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Supplemental Indenture, the 2022B Supplement to Depository Agreement dated as of [December 1, 2022], among the Department, the Trustee and the Depository (the "Supplement to Depository Agreement") and the Continuing Disclosure Agreement dated as of [December 1, 2022], between the Department and the Trustee (the "Disclosure Agreement", and together with the Supplemental Indenture, the Supplement to Depository Agreement and the Disclosure Agreement, the "Representation Documents"), and such representation is hereby incorporated by reference into each of the Representation Documents. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

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

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

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

To the extent any of the Representation Documents constitutes a contract for goods or services for which a written verification is required under Section 2274.002, Texas Government Code (as added by Senate Bill 13, 87th Texas Legislature, Regular Session) as amended, the Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and, will not boycott energy companies during the term of such Representation Document. The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or Federal law. As used in the foregoing verification, "boycott energy companies" shall have the meaning assigned to the term "boycott energy company" in Section 809.001, Texas Government Code.

To the extent any of the Representation Documents constitutes a contract for the purchase of goods or services for which a written verification is required under Section 2274.002, Texas Government Code (as added by Senate Bill 19, 87th Texas Legislature, Regular Session, "SB 19"), as amended, the Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any,

(1) do not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association; and

(2) will not discriminate during the term of the applicable Representation Document against a firearm entity or firearm trade association.

The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or Federal law. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" shall have the meaning assigned to such term in Section 2274.001(3), Texas Government Code (as added by SB 19).

As used in this Section 4.10, the Trustee understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

Section 4.11 Instructions via Electronic Means. The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions"), given pursuant to the Indenture and delivered using Electronic Means; provided, however, that the Department shall provide to the Trustee an incumbency certificate listing Authorized Representatives of the Department with the authority to provide such Instructions and containing specimen signatures of such Authorized Representative of the Department, which incumbency certificate shall be amended by the Department whenever a person is to be added or deleted from the listing. "Electronic Means" as used herein shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder. If the Department elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The

Department understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by or on behalf of an Authorized Representative listed on the incumbency certificate provided to the Trustee have been sent by or on behalf of such Authorized Representative. The Department shall be responsible for ensuring that only Authorized Representatives of the Department transmit or authorize the transmission of such Instructions to the Trustee and that the Department and all Authorized Representatives of the Department are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Department. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Department agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception or misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by Department; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 4.12 Letter of Instruction; Written Instructions. The Trustee may conclusively rely on any Letter of Instruction or written instructions delivered to the Trustee and shall not be responsible for any loss or liability resulting from the investment of funds or otherwise, but only so long as the Trustee follows such Letter of Instruction or written instructions in all material respects.

Section 4.13 Responsibilities of the Trustee. Notwithstanding anything to the contrary in the Indenture: (a) subject to the provisions of subsection 2 of Section 902 of the Indenture, the Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct; and (b) the Trustee may act through agents or attorneys and shall not be responsible for the misconduct or negligence of such agents or attorneys appointed with due care. Subject to the provisions of Section 902 of the Indenture, the Department further agrees, to the extent permitted by law, to indemnify and save the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to the Trustee's negligence or willful misconduct. If the Trustee renders any service hereunder not provided for in the Indenture or this Supplemental Indenture or related financing documents or institutes interpleader proceedings relative hereto, the Trustee shall be compensated reasonably by the Department for such extraordinary services and reimbursed for any and all claims, liabilities, losses, damages, fines, penalties, and expenses, including out of pocket and incidental expenses and legal fees and expenses occasioned thereby. The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds. The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty.

[End of Article IV]

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

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: _____
Director of Bond Finance

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

By: _____
Authorized Officer

Trustee Signature Page to Seventy-Third Supplemental Indenture

TDHCA (SFMRB 2022 Series B)

taken or received pursuant to the Indentures) through any Interest Payment Date or through the date of payment of such Bond (whether at maturity, by acceleration or upon earlier redemption) exceed the “net interest cost” that will produce a “net effective interest rate” of greater than 15% per annum or, to the extent allowed by law, such greater “net effective interest rate” as may be allowed from time to time. The terms “net interest cost” and “net effective interest rate,” as used herein, shall have the respective meanings ascribed to them in Chapter 1204, Texas Government Code, as amended. This Bond shall be dated as of the date six months preceding the Interest Payment Date next following the date of authentication hereof by the Trustee, unless such date of authentication shall be an Interest Payment Date, in which case this Bond shall be dated as of such Interest Payment Date, or unless such date of authentication shall be prior to [March 1, 2023], in which case this Bond shall be dated as of the Issuance Date; provided that if interest on this Bond shall be in default, Bonds issued in lieu of this Bond upon surrender for transfer or exchange may be dated as of the date to which interest has been paid in full on the Bonds surrendered (herein, the “Dated Date”).

This Bond is a limited obligation of the Department and is one of the Bonds of the Department designated “Single Family Mortgage Revenue Bonds” (herein called the “Bonds”), issued and to be issued in various series under and pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as such may be amended from time to time (together with the laws of the State of Texas applicable to the Department, collectively, the “Act”), and Chapter 1371, Texas Government Code, as amended, and under and pursuant to an indenture of the Department entitled “Amended and Restated Single Family Mortgage Revenue Bond Trust Indenture” dated as of June 1, 2017, which amends and restates the Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 1980, as amended and supplemented (herein called the “Indenture”), and a supplemental indenture of the Department entitled “Seventy-Third Supplemental Single Family Mortgage Revenue Bond Trust Indenture” dated as of [December 1, 2022], authorizing the series of Bonds of which this Bond is a part (herein called the “Supplemental Indenture” and together with the Indenture called the “Indentures”). All defined terms used herein, but not otherwise defined, shall have the same definitions ascribed to them in the Indentures. As provided in the Indenture, Bonds may be issued from time to time pursuant to supplemental indentures in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and subject to the provisions thereof, may otherwise vary. All Bonds issued and to be issued under the Indenture are and will be equally secured by the pledges, assignments in trust and covenants made therein, except as otherwise expressly provided or permitted in the Indenture.

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

This Bond is one of a series of Bonds designated “Single Family Mortgage Revenue Bonds, 2022 Series B” (herein sometimes called the “2022 Series B Bonds”) issued in the aggregate initial principal amount of \$[190,000,000] under the Indentures for the purpose of providing funds to finance the acquisition of mortgage loans through the purchase of Mortgage Certificates backed by qualified mortgage loans. Copies of the Indentures are on file at the office of the Department and at the applicable office of the Trustee and reference to the Indentures and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges, assignments in trust, and covenants securing the Bonds; the nature, extent, and manner of enforcement of such pledges, assignments in trust, and covenants; the rights and remedies of the registered owners of the Bonds with respect thereto; the terms and conditions upon which the Bonds are issued and may be issued thereunder; and other matters, to all of which the owner of this Bond assents by the acceptance of this Bond. To the extent of any conflict between the terms and provisions of the Indentures and the terms and provisions of this Bond, the Indentures shall govern and control.

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

This Bond is transferable, as provided in the Indentures, only upon the books of the Department kept for that purpose at the above-mentioned office of the Trustee, by the registered owner hereof in person, or by his duly

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

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

The 2022 Series B Bonds are issuable only in the form of fully registered Bonds without coupons in the denomination of \$5,000 principal amount or any integral multiple thereof.

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

The 2022 Series B Bonds are subject to redemption prior to stated maturity as set forth in the Supplemental Indenture.

In lieu of redeeming 2022 Series B Bonds, the Department has reserved the right in subsection 5 of Section 506 of the Indenture to purchase such Bonds at a price (excluding accrued interest but including any brokerage or other charges) no greater than the applicable Redemption Price of such Bonds.

The 2022 Series B Bonds are payable upon redemption at the applicable office of the Trustee. Written notice of redemption shall be provided to the registered owner of the Bond to be redeemed as shown on the registry books of the Trustee, in the manner, at the times and upon the terms and conditions set forth in the Indentures. If notice of redemption shall have been given as aforesaid, the 2022 Series B Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, money for the redemption of all the Bonds or portions thereof to be redeemed, together with interest to, but not including, the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

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

The Act provides that neither the officers nor directors of the Department nor any person executing the Bonds

² To be deleted from the Initial Bond.

shall be liable personally on the Bonds by reason of the issuance thereof.

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

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

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

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: _____
[Vice] Chair

Attest:

Secretary

(SEAL)

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

STATE COMPTROLLER'S REGISTRATION CERTIFICATE

OFFICE OF COMPTROLLER

Register No. _____

STATE OF TEXAS

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

WITNESS MY HAND AND SEAL OF OFFICE this _____.

Comptroller of Public Accounts of
the State of Texas

(SEAL)

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

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

Date of Authentication:

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

By: _____
Authorized Officer

[FORM OF ASSIGNMENT]

ASSIGNMENT

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

Dated:

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

Signature guaranteed by:

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

EXHIBIT B

PREMIUM PAC TERM BOND OUTSTANDING APPLICABLE AMOUNT

<u>Date</u>	<u>Premium PAC Term Bond Outstanding Applicable Amount (\$)</u>	<u>Date</u>	<u>Premium PAC Term Bond Outstanding Applicable Amount (\$)</u>
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EXHIBIT C

2022 Series B CUMULATIVE APPLICABLE AMOUNT

<u>Date</u>	2022 Series B Cumulative <u>Applicable Amount (\$)</u>	<u>Date</u>	2022 Series B Cumulative <u>Applicable Amount (\$)</u>
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EXHIBIT D

UNEXPENDED PROCEEDS REDEMPTION PRICE FOR
PREMIUM SERIAL BONDS, PREMIUM TERM BONDS AND PREMIUM PAC TERM BOND

[TO COME]