



Date: October 6, 2026

David W. Gibbons
Executive Director
Garland Housing Finance Corporation
1675 W. Campbell Road
Garland, TX 75044

Re: Multifamily project to be located at 1922 Castle Drive, Garland, TX 75040

This report will outline Hilltop Securities Inc. ("HTS") analysis as requested by the Garland Housing Finance Corporation ("GHFC") for the purpose of analyzing the involvement of GHFC in the development known as 1922 Castle Drive ("Development"). HTS has experience underwriting affordable residential developments and does not have a financial interest in GHFC, the Development, or any investors in connection with the Development. This report was created and is intended to be used by GHFC and its Board of Directors. No other party should rely on this report.

Background

The Development is a proposed 20-unit multifamily property located at 1922 Castle Drive, Garland, Texas. Construction is estimated to begin November 2026 and will continue for the next 12 months with an expected construction completion date of December 2027. The Development is estimated to reach 90% occupancy in March 2028 (the "Stabilization Date"). The Development will be owned by a limited liability company named GHFC Castle Creek, LLC (the "Development Owner"). GHFC will be the sole member of the Development Owner and, as a result, will maintain 100% ownership and control of the Development. No private developer, investor, partner, or other third party will hold a membership interest in the Development Owner. The Development Owner will seek an ad valorem tax exemption through Chapter 394 of the Texas Local Government Code. To qualify for this exemption, along with other requirements, the Development will restrict (i) 75% of total units to 60% area median income ("AMI"), (ii) 25% of total units to 80% AMI ((i)-(ii) above collectively, the "Affordable Units"). The rents charged will not exceed thirty percent (30%) of the applicable AMI of a qualifying tenant.

HTS has calculated the estimated ad valorem taxes on the Development and total amount of annual rent reduction applicable to the Development. As a result of this report, HTS has determined that the annual rent reduction at the Development will not be less than fifty (50%) of the amount of estimated ad valorem taxes that would be imposed on the property in the same tax year if the applicable property did not receive an exemption from taxes under Ch 394 in the first, second, and third tax years after the tax year in which the development first achieves an occupancy of 90%.

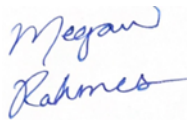
Certification

We certify and acknowledge:

- This report has been prepared based on the most current and reliable information available at the time of its preparation.
- HTS has no present or prospective interest in the Development and has no personal interest with respect to the parties involved.
- HTS's engagement for this report was not contingent upon developing or reporting predetermined results.
- No material facts have been omitted or misrepresented.
- The data and details within this report was provided directly from GHFC, gathered from publicly known sources or from unbiased third-party databases.



Timothy Earl Nelson
Senior Managing Director
Hilltop Securities Inc.



Megan Rahmes
Vice President
Hilltop Securities Inc.

Current Ad Valorem Value and Taxes

Per the Dallas Central Appraisal District, the Development will be located on Property ID 26401500010010000. The 2026 certified total tax rate for the location of this Development is 2.3947210%. The taxing jurisdictions that make up the total tax amount are reflected in the following table.

<u>Taxing Jurisdictions</u>	<u>Tax Rate</u>
Garland	0.689746%
Garland ISD	1.170900%
Dallas County	0.215500%
Dallas College	0.106575%
Parkland Hospital	0.212000%
Total Tax Rate	2.3947210%

Source: Dallas Central Appraisal District

GHFC originally acquired the land of which the Development will be constructed on back in March 2021. Because GHFC's ownership of the land, the Dallas Central Appraisal District has determined that the land is exempt from ad valorem taxes. Thus, the 2026 land market value for Property ID 26401500010010000 was \$0.

Stabilized Value and Taxes

GHFC is expected to begin construction in November 2026. The length of the construction period is expected to be 12 months which results in an anticipated construction completion date of December 2027. The property is expected to reach stabilization by March 2028 ("Stabilization"). Due to these dates, HTS has modeled 2029 as Year 1 ("Year 1") of operations.

To calculate the estimated value of the Development at the time of Year 1, HTS assumed 70% of total construction and infrastructure costs. As provided by GHFC, the construction and infrastructure costs of the Development equated to \$4,683,967 which would result in an estimated assessed value of \$3,278,777 at Stabilization ("Stabilized Value"). Using a tax rate of 2.394721%, this results in an estimated tax bill at Stabilization to be \$78,518 ("Stabilized Tax Bill").

To ensure that the estimate of assessed value and taxes are in line with nearby comparable existing properties, HTS has included the following table that consists of data from Dallas Central Appraisal District.

Market Comparables - Tax Assessment								
Property Name	Address	City	Unit Count	Year Built	2026	AV/Unit	2026 Tax Bill	2026 Taxes/Unit
					Appraised Value			
Country Club	1701 E Centerville Rd	Garland	36	1984	\$3,073,700	\$ 85,381	\$ 73,607	\$ 2,045
Haylie	724 West Miller Rd	Garland	32	1982	\$3,355,000	\$104,844	\$ 80,343	\$ 2,511
Correo Place	2220 Mail Ave	Dallas	39	2025	\$4,650,000	\$119,231	\$103,542	\$ 2,655
Collection Bennett	2119-2123 Bennett Ave	Dallas	25	2015	\$3,780,000	\$151,200	\$ 84,170	\$ 3,367
Wimbledon Place	1201 Winifred Dr	Garland	21	1982	\$3,150,000	\$150,000	\$ 75,434	\$ 3,592
Jasmine@Fitzhugh	2217 N Fitzhugh Ave	Dallas	11	2026	\$2,055,210	\$186,837	\$ 45,764	\$ 4,160
1922 Castle Drive	1922 Castle Drive	Garland	20	2028	\$3,278,777	\$163,939	\$ 78,518	\$ 3,926

Source: Dallas Central Appraisal District and compiled by HTS

**1922 Castle Drive Appraised Value is based on 70% of construction and infrastructure costs of the Development*

The Development's projected assessed value of approximately \$3.28 million, or \$163,939 per unit, falls within the comparable range of approximately \$85,381 to \$186,837 per unit. Similarly, projected taxes of approximately \$3,926 per unit fall within the comparable range of approximately \$2,045 to \$4,160 per unit. Based on these metrics, HTS believes the projected stabilized assessed value and tax estimate are reasonable and supported by comparable multifamily properties in Garland and East Dallas.

15 Year Period of Estimated Ad Valorem Taxes

The following table reflects the long term estimated annual value of the ad valorem taxes for the Development.

		Estimated Abated Ad Valorem Taxes					
		Garland	Garland ISD	Dallas County	Dallas College	Parkland Hospital	Total
2027	<i>Construction</i>	5,654	9,598	1,766	874	1,738	19,629
2028	<i>Stabilization</i>	16,961	28,793	5,299	2,621	5,213	58,888
2029	<i>1</i>	22,615	38,391	7,066	3,494	6,951	78,518
2030	<i>2</i>	23,294	39,543	7,278	3,599	7,160	80,873
2031	<i>3</i>	23,993	40,729	7,496	3,707	7,374	83,299
2032	<i>4</i>	24,712	41,951	7,721	3,818	7,596	85,798
2033	<i>5</i>	25,454	43,210	7,953	3,933	7,823	88,372
2034	<i>6</i>	26,217	44,506	8,191	4,051	8,058	91,023
2035	<i>7</i>	27,004	45,841	8,437	4,172	8,300	93,754
2036	<i>8</i>	27,814	47,216	8,690	4,298	8,549	96,567
2037	<i>9</i>	28,648	48,633	8,951	4,427	8,805	99,464
2038	<i>10</i>	29,508	50,092	9,219	4,559	9,069	102,448
2039	<i>11</i>	30,393	51,595	9,496	4,696	9,342	105,521
2040	<i>12</i>	31,305	53,142	9,781	4,837	9,622	108,687
2041	<i>13</i>	32,244	54,737	10,074	4,982	9,910	111,947
2042	<i>14</i>	33,211	56,379	10,376	5,132	10,208	115,306
2043	<i>15</i>	34,208	58,070	10,688	5,286	10,514	118,765
Total		443,234	752,426	138,481	68,486	136,232	1,538,859

Compiled by HTS

For calendar year 2027, the ad valorem taxes are based off 25% of the estimated Stabilized Value. For calendar year 2028, the ad valorem taxes are based off 75% of the estimated Stabilized Value. For Year 1, which is the year that the property will reach Stabilization, the tax amount is based off the estimated Stabilized Value. In Year 2 and thereafter, HTS has assumed a 3% annual increase to the taxes.

Rent Analysis**Proposed Structure Unit Mix**

The Development will consist of 20 total units. This includes 12 one-bedroom units and 8 two-bedroom units. Of the one-bedroom units: 9 units will be restricted to 60% AMI and 3 units will be restricted to 80% AMI. Of the two-bedroom units: 6 units will be restricted to 60% AMI and 2 units will be restricted to 80% AMI.

The following table reflects this information.

Unit Mix				
Unit	Sq. Ft.	60%	80%	Total
One Bedroom	645	9	3	12
Two Bedroom	926	6	2	8
Total (# of units)		15	5	20
Total (% of total)		75%	25%	100%

GHFC has confirmed that the Income Restricted Units in the Development will have the same unit finishes and equipment and access to community amenities and programs across the entire unit mix. GHFC has also confirmed that the monthly rent charged per unit for the Income Restricted Units will not exceed 30 percent of the applicable AMI percent, adjusted for family size, as defined by the United States Department of Housing and Urban Development. GHFC has also confirmed that the percentage of Income Restricted Units reserved in each AMI category, based on the number of bedrooms per unit, is the same as the percentage of each category of Income Restricted Units reserved in the Development as a whole.

Market Rent Comparables

The comparable properties include both Garland and East Dallas multifamily developments with similar unit counts, unit mixes, building condition, amenities, and market positioning. The selected properties are also the same properties utilized in the tax assessment analysis to provide consistency between the projected valuation and market rent assumptions.

The following table reflects the properties that will be used as comparable estimates.

Market Comparables - Tax Assessment								
Property Name	Address	City	Unit Count	Year Built	2026		2026 Tax Bill	2026 Taxes/Unit
					Appraised Value	AV/Unit		
Country Club	1701 E Centerville Rd	Garland	36	1984	\$3,073,700	\$ 85,381	\$ 73,607	\$ 2,045
Haylie	724 West Miller Rd	Garland	32	1982	\$3,355,000	\$104,844	\$ 80,343	\$ 2,511
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1922 Castle Drive	1922 Castle Drive	Garland	20	2028	\$3,278,777	\$163,939	\$ 78,518	\$ 3,926

Compiled by HTS

The following two tables reflect a further breakdown of market rents for the Development and comparable properties for various one bedroom and two bedroom units.

One Bedroom Market Rent Comps				
Property Name	Bedroom Type	Sq. Ft.	Market Rent	
			\$/Unit	\$/SF
Country Club	One Bedroom - A1	905	\$1,119	\$1.24
Wimbledon Place	One Bedroom	763	\$1,400	\$1.83
Haylie	One Bedroom - A1	700	\$1,285	\$1.84
Correo Place	One Bedroom - A2	713	\$1,375	\$1.93
Correo Place	One Bedroom - A1	616	\$1,295	\$2.10
Correo Place	One Bedroom - A3	725	\$1,549	\$2.14
1922 Castle Rd	One Bedroom	645	\$1,548	\$2.40
Jasmine@Fitzhugh	One Bedroom	712	\$1,835	\$2.58
Jasmine@Fitzhugh	One Bedroom	757	\$1,985	\$2.62
Jasmine@Fitzhugh	One Bedroom	621	\$1,710	\$2.75
Jasmine@Fitzhugh	One Bedroom	628	\$1,750	\$2.79
Jasmine@Fitzhugh	One Bedroom	597	\$1,675	\$2.81
Jasmine@Fitzhugh	One Bedroom	591	\$1,660	\$2.81
Jasmine@Fitzhugh	One Bedroom	633	\$1,795	\$2.84
Jasmine@Fitzhugh	One Bedroom	669	\$1,900	\$2.84
Jasmine@Fitzhugh	One Bedroom	601	\$1,730	\$2.88
Jasmine@Fitzhugh	One Bedroom	564	\$1,690	\$3.00
Jasmine@Fitzhugh	One Bedroom	778	\$2,400	\$3.08

Source: ALN Apartment Data

Two Bedroom Market Rent Comps				
Property Name	Bedroom Type	Sq. Ft.	Market Rent	
			\$/Unit	\$/SF
Country Club	Two Bedroom - B1	1,075	\$1,284	\$1.19
Country Club	Two Bedroom - B2	1,115	\$1,350	\$1.21
Haylie	Two Bedroom	936	\$1,399	\$1.49
Haylie	Two Bedroom	912	\$1,399	\$1.53
Collection Bennett	Two Bedroom	1,369	\$2,500	\$1.83
Collection Bennett	Two Bedroom	1,349	\$2,500	\$1.85
Wimbledon Place	Two Bedroom	970	\$1,800	\$1.86
Collection Bennett	Two Bedroom	1,346	\$2,500	\$1.86
Collection Bennett	Two Bedroom	1,319	\$2,500	\$1.90
Collection Bennett	Two Bedroom	1,307	\$2,500	\$1.91
Collection Bennett	Two Bedroom	1,343	\$2,600	\$1.94
1922 Castle Rd	Two Bedroom	926	\$1,852	\$2.00
Collection Bennett	Two Bedroom	1,515	\$3,200	\$2.11
Collection Bennett	Two Bedroom	1,490	\$3,199	\$2.15
Collection Bennett	Two Bedroom	1,376	\$3,100	\$2.25
Collection Bennett	Two Bedroom	1,279	\$3,600	\$2.81
Collection Bennett	Two Bedroom	1,485	\$4,259	\$2.87
Collection Bennett	Two Bedroom	1,301	\$3,800	\$2.92
Collection Bennett	Two Bedroom	1,102	\$3,400	\$3.09
Collection Bennett	Two Bedroom	1,087	\$3,500	\$3.22

Source: ALN Apartment Data

The previous two tables reflect market rent data for the comparable properties dated as of September 2026. Proposed market rents of approximately \$1,495 for one-bedroom units and \$1,795 for two-bedroom units equate to approximately \$2.32 and \$1.94 per square foot, respectively. These levels fall within the observed range of comparable properties and below the highest observed market rents among the comparable set, indicating that the projected rents are achievable and supportable.

Income and Rent Limits

The Development will be subject to comply with the terms of the Regulatory Agreement which would restrict 75% of total units to 60% area median income, 25% of total units to 80% AMI (the "Proposed Affordability Restrictions"). The rents charged will not exceed thirty percent (30%) of the applicable AMI of a qualifying tenant. The income and rent restrictions are shown below.

Income and Rent Limits Report



Generated: Oct 04, 2026

Program and Location Information

Affordable Housing Program	Other Federal, State, or Local Program
Year	2026 (On or after 05-01-2026)
State	TX
County	Dallas County
MSA	Dallas, TX HUD Metro FMR Area
Rent Calculation Based on	50% VLI
Persons/Bedroom	1.5 Person/Bedroom
4 Person AMI	\$121,100
HUD Published 50% National Non-Metropolitan Median Income	\$42,350
Placed in Service Date	2026 (On or after 05-01-2026)
Rent Floor Election	2026 (On or after 05-01-2026)

Income Limits for 2026

Persons	60%	80%
1 Persons	\$50,880	\$67,840
2 Persons	\$58,140	\$77,520
3 Persons	\$65,400	\$87,200
4 Persons	\$72,660	\$96,880
5 Persons	\$78,480	\$104,640
6 Persons	\$84,300	\$112,400
7 Persons	\$90,120	\$120,160
8 Persons	\$95,940	\$127,920
9 Persons	\$101,700	\$135,600
10 Persons	\$107,520	\$143,360
11 Persons	\$113,340	\$151,120
12 Persons	\$119,160	\$158,880

Based on 2026 VLI Income

Rent Limits for 2026

Bedrooms (People)	60%	80%	FMR
1 Bedroom (1.5)	\$1,362	\$1,817	\$1,648
2 Bedrooms (3)	\$1,635	\$2,180	\$1,931

Based on 2026 VLI Income

Source: Novogradac Rent & Income Limit Calculator

Rental Analysis

Market Rent

In Year 1, if the Development was not restricted under the Proposed Affordability Restrictions and all units were rented at Market Rents (the "Market Rent Scenario"), the gross annual rental income to be generated from all units at the Development would be estimated to be \$400,704.

The following table reflects this information.

Year 1 Rental Income with 100% Market Rents											
	# of Units	Sq. Ft.	Rent			Mandatory Fees			Total Rent & Fees to Occupy Unit		
			Monthly \$/Unit	\$/SF	Annually \$/Unit	Annual Total	Monthly \$/Unit	Annually \$/Unit	Annual Total	Monthly \$/Unit	Annually \$/Unit
One Bedroom	12	645	\$ 1,548	2.40	\$ 18,576	\$ 222,912	\$ -	\$ -	\$ -	\$ 1,548	\$ 2.40
Two Bedroom	8	926	\$ 1,852	2.00	\$ 22,224	\$ 177,792	\$ -	\$ -	\$ -	\$ 1,852	\$ 2.00
Total	20		\$ 3,400		\$ 40,800	\$ 400,704	\$ -	\$ -	\$ -	\$ 3,400	\$ 40,800

Affordable Rents

In Year 1, if the Development was restricted under the Proposed Affordability Restrictions, the restricted rental income to be generated from all units at the Development would be estimated to be \$353,088.

The following table reflects this information.

Year 1 Rental Income with Proposed Income Restrictions											
Unit Type	# of Units	Sq. Ft.	Rent			Mandatory Fees			Total Rent & Fees to Occupy Unit		
			Monthly \$/Unit	\$/SF	Annually \$/Unit	Annual Total	Monthly \$/Unit	Annually \$/Unit	Annual Total	Monthly \$/Unit	Annually \$/Unit
One Bedroom - 60% AMI	9	645	\$ 1,362	\$ 2.11	\$ 16,344	\$ 147,096	\$ -	\$ -	\$ -	\$ 1,362	\$ 16,344
One Bedroom - 80% AMI	3	645	\$ 1,362	\$ 2.11	\$ 16,344	\$ 49,032	\$ -	\$ -	\$ -	\$ 1,362	\$ 16,344
Two Bedroom - 60% AMI	6	926	\$ 1,635	\$ 1.77	\$ 19,620	\$ 117,720	\$ -	\$ -	\$ -	\$ 1,635	\$ 19,620
Two Bedroom - 80% AMI	2	926	\$ 1,635	\$ 1.77	\$ 19,620	\$ 39,240	\$ -	\$ -	\$ -	\$ 1,635	\$ 19,620
Total	20		\$ 5,994	\$ 8	\$ 71,928	\$ 353,088	\$ -	\$ -	\$ -	\$ 5,994	\$ 71,928

For further clarification, "Rent" in the above table represents the amount of rent that the tenant will be charged to occupy the unit, "Mandatory Fees" are the fees that all tenants are required to pay to access certain amenities and services and "Total Rent & Fees to Occupy Unit" is the total sum of Rent and Mandatory Fees. For the Income Restricted Units, the total rent & fees to occupy the unit should not exceed the respective AMI rent limit.

Based on the information provided by GHFC, the maximum 60% AMI rents are expected to be achievable on those respective units. As of the date of this report and the readily available market rent data for this Development, the maximum 80% AMI rent limits exceed currently projected market rents and therefore are not expected to be achieved based on current market conditions. However, those income restricted units are expected to be rented at amounts that would equate to the maximum 60% AMI rent limits. GHFC has also confirmed that there will be no additional Mandatory Fees or Optional Fees that will be charged to tenants.

Rent Reduction

In Year 1, when taking the difference between gross rents in the Market Rent Scenario and in the Proposed Affordability Restrictions, this results in rent reduction of \$47,616 that would occur because of the Proposed Affordability Restrictions. To estimate future projections, HTS has implemented a 3% annual growth rate to both the Market Rents and the restricted rents. As a result, over a 15-year period commencing the year following Stabilization, the estimated total rent reduction would be estimated to \$885,606.

The following table reflects this information.

Rent Reduction with Proposed Income Restrictions				
Year	Market Rent	Restricted Rent	Rent Reduction (\$)	
1	\$ 400,704	\$ 353,088	\$	47,616
2	\$ 412,725	\$ 363,681	\$	49,044
3	\$ 425,107	\$ 374,591	\$	50,516
4	\$ 437,860	\$ 385,829	\$	52,031
5	\$ 450,996	\$ 397,404	\$	53,592
6	\$ 464,526	\$ 409,326	\$	55,200
7	\$ 478,462	\$ 421,606	\$	56,856
8	\$ 492,815	\$ 434,254	\$	58,562
9	\$ 507,600	\$ 447,281	\$	60,319
10	\$ 522,828	\$ 460,700	\$	62,128
11	\$ 538,513	\$ 474,521	\$	63,992
12	\$ 554,668	\$ 488,756	\$	65,912
13	\$ 571,308	\$ 503,419	\$	67,889
14	\$ 588,447	\$ 518,522	\$	69,926
15	\$ 606,101	\$ 534,077	\$	72,023
15 Year Total Rent Reduction			\$	885,606

Compiled by HTS

Rent Reduction to Taxes Abated

Following the calendar year in which the property reaches Stabilization, the total amount of annual rent reduction in Year 1, Year 2, and Year 3 at the Development is 61% of the estimated taxes abated that would be imposed on the Development if the Development did not receive an exemption from those taxes.

The following table reflects this information.

Rent Reduction to Taxes Abated				
		Total Estimated Abated Taxes	Rent Reduction	Rental Reduction as a % of Est. Abated Taxes
2027	<i>Construction</i>	19,629	-	0%
2028	<i>Stablization</i>	58,888	35,712	61%
2029	1	78,518	47,616	61%
2030	2	80,873	49,044	61%
2031	3	83,299	50,516	61%
2032	4	85,798	52,031	61%
2033	5	88,372	53,592	61%
2034	6	91,023	55,200	61%
2035	7	93,754	56,856	61%
2036	8	96,567	58,562	61%
2037	9	99,464	60,319	61%
2038	10	102,448	62,128	61%
2039	11	105,521	63,992	61%
2040	12	108,687	65,912	61%
2041	13	111,947	67,889	61%
2042	14	115,306	69,926	61%
2043	15	118,765	72,023	61%
Total		1,538,859	921,318	

Compiled by HTS

Based on the analysis contained herein, HTS has determined that the Development's projected rent reduction exceeds fifty percent (50%) of the projected ad valorem taxes that would otherwise be imposed on the Development during Years 1 through 3 following Stabilization.