

March 1, 2023

McKinney Housing Finance Corporation
406 N. Tennessee Street
McKinney, Texas 75069

This letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide. So that we can meet your expectations related to the services we will provide.

Preparation of the Financial Statements

You have requested that we prepare the financial statements of McKinney Housing Finance Corporation (McKinney HFC), which include the following four (4) limited liabilities companies (“LLCs”) whose sole member is McKinney HFC (collectively “the Corporation”), which comprise the statement of net position as October 31, 2022, through September 30, 2023, and the related statement of revenues, expenses and change in net position for each month then ended. These financial statements will not include a statement of cash flows and related notes to the financial statements as required by accounting principles generally accepted in the United States of America. We are pleased to confirm our acceptance and our understanding of this engagement by means of this letter.

- McKinney Flats GP LLC (MF GP)
- McKinney Flats Holdings LLC (MF Holdings)
- McKinney Flats Development LLC (MF Development)
- McKinney Flats Contractor LLC (MF Contractor)

Our Responsibilities

The objective of our engagement is to prepare financial statements in accordance with accounting principles generally accepted in the United States of America based on information provided by you. We will conduct our engagement in accordance with Statements on Standards for Accounting and Review Services (SSARs) promulgated by the Accounting and Review Services Committee of the AICPA and comply with the AICPA’s Code of Professional Conduct, including the ethical principles of integrity, objectivity, professional competence, and due care.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion nor provide any assurance on the financial statements.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations.

Management Responsibilities

The engagement to be performed is conducted on the basis that management acknowledges and understands that our role is to prepare financial statements in accordance with accounting principles generally accepted in the United States of America. Management has the following overall responsibilities that are fundamental to our undertaking the engagement to prepare your financial statements in accordance with SSARs:

- a. The selection of the accounting principles generally accepted in the United States of America as the financial reporting framework to be applied in the preparation of the financial statements.
- b. The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- c. The prevention and detection of fraud.
- d. To ensure that the entity complies with the laws and regulations applicable to its activities.
- e. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement to prepare financial statements.
- f. To provide us with:
 - i. Access to all information of which you are aware that is relevant to the preparation and presentation of the financial statements, such as records, documentation, and other matters;
 - ii. Additional information that may be requested for the purpose of the preparation of the financial statements; and
 - iii. Unrestricted access to persons within the Corporation of whom we determine necessary to communicate.

The financial statements will not be accompanied by a report. However, you agree that the financial statements will clearly indicate that no assurance is provided on them.

Bookkeeping and Other Accounting Services

As part of our engagement, we will also assist you with the following various bookkeeping functions:

Monthly bookkeeping functions

1. Preparation and maintenance of monthly reconciliation schedules,
2. Reconciliation of amount recorded in the trial balance to the supporting schedules, and
3. Periodic adjustments, among others, as well as certain other services.

Annual bookkeeping functions

1. Preparation and maintenance of annual reconciliation schedules,
2. Reconciliation of amount recorded in the trial balance to the supporting schedules, and
3. Periodic adjustments.

Other accounting functions as needed by the Corporation

1. Read the limited partnership related agreements, contracts, and/or closing documents related to new deals and discuss with management to determine the proper accounting treatments on the Corporation's accounting records.
2. Set up an Excel file to track and reconcile the cash flows payments from the limited partnerships in accordance with the respective limited partnership agreements.

With respect to any nonattest services we perform:

- We will not assume management responsibilities on behalf of the Company. However, we will provide advice and recommendations to assist management of the Company in performing its responsibilities.

- The Company's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

Other Relevant Information

Shannon Andre', CPA, CFE is the engagement shareholder and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

The fee estimate for the monthly bookkeeping services and the preparation of the monthly financial statements is \$1,400. The services for annual bookkeeping function and other accounting function will be charged at our standard hourly rate based on the number of hours required by the level of the staff assigned.

Our billing rate is subject to annual increase for at least cost of living increment. Our current hourly rate is as follows:

Staff Level	Hour Rate
Engagement Shareholder	\$315
Retired Shareholder	\$345
Senior Accountant	\$150
Associate	\$125

If we encounter unexpected circumstances that require us to devote more staff time to the engagement than anticipated, we will discuss the matter with you.

Should you require financial statements for third-party use, we would be pleased to discuss with you the requested level of service. Such engagement would be considered separate and not deemed to be part of the services described in this engagement letter.

In accordance with our firm policies, work may be suspended if your account becomes thirty (30) days or more overdue and will not be resumed until your account is paid in full. A finance charge of 1% per month, which is an annual rate of 12%, will be added to all invoices that remain unpaid for more than 60 days. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination. The suspension or termination of our work may result in adverse consequences to you including your failure to meet deadlines imposed by governments, lenders, or other third parties. You agree that we will not be responsible for your failure to meet such deadlines, or for penalties or interest that may be assessed against you resulting from such failure.

You agree to release, indemnify, defend, and hold us harmless from any liability or costs, including attorney's fees, resulting from management's knowing misrepresentations to us or resulting from any actions against us by third parties relying on the financial statements described herein except for our own intentional wrongdoing.

We look forward to a continued relationship with your organization, and we are available to discuss the contents of this letter or other professional services you may desire.

We appreciate the opportunity to be of service to you and believe that this letter accurately summarizes the significant terms of our engagement. Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our engagement to prepare the financial statements described herein, and our respective responsibilities.

Respectfully,

Brown, Graham & Company, P.C.

Austin, Texas

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of

- McKinney Housing Finance Corporation
- McKinney Flats GP LLC
- McKinney Flats Holdings LLC
- McKinney Flats Development LLC
- McKinney Flats Contractor LLC

By:

Signature: _____

Print Name: _____

Title: _____

Date: _____