OFFICIAL STATEMENT

RATINGS:
Moody's: "Aaa"
S & P: "AAA"
See "RATINGS" herein

Vinson & Elkins L.L.P., Bond Counsel, is of the opinion that, subject to certain conditions described herein, (i) interest on the Series 2011 Bonds is excludable from gross income for federal income tax purposes under existing law and (ii) interest on the Series 2011 Bonds will not be (A) a specific preference item subject to the alternative minimum tax on individuals and corporations or (B) included in a corporation's adjusted current earnings for purposes of the alternative minimum tax.

SERIES 2009C-1 BONDS - NOT A NEW ISSUE - CONVERSION OF PREVIOUSLY ISSUED BONDS
SERIES 2011A BONDS - NEW ISSUE

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

CONVERTED BOND	NEW ISSUE
$89,030,000	**$60,000,000**
Residential Mortgage Revenue Bonds	**Residential Mortgage Revenue Bonds**
Series 2009C-1*	**Series 2011A**
(Non-AMT)	**(Non-AMT)**

Dated Date: Series 2011A Bonds-Date of Delivery Due: See Inside Cover

The Texas Department of Housing and Community Affairs (the "Department") is converting the interest rate and tax status on a portion of its Residential Mortgage Revenue Bonds, Series 2009C (the "Series 2009C Bonds"). The converted and reissued bonds are referred to as the Department's Residential Mortgage Revenue Bonds, Series 2009C-1 (the "Series 2009C-1 Bonds"). In connection with the conversion and as a common plan of finance, the Department is issuing its Residential Mortgage Revenue Bond, Series 2011A (the "Series 2011A Bonds," together with the Series 2009C-1 Bonds, the "Series 2011 Bonds"). The Series 2011A Bonds are issuable and the Series 2009C-1 Bonds are released by the Department only as fully registered bonds, without coupons, and will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2011 Bonds. The Series 2011A Bonds will be available to the purchasers and the Series 2009C-1 will be released only in book-entry form in Authorized Denominations (as defined in APPENDIX A -- GLOSSARY). For as long as Cede & Co. is the exclusive registered owner of the Series 2011 Bonds, the principal or redemption price of, and interest on, the Series 2011 Bonds will be payable by The Bank of New York Mellon Trust Company, N.A., Houston, Texas, as Trustee, to DTC, which will be responsible for making such payments to DTC Participants (as defined herein), for subsequent remittance to the owners of beneficial interests in the Series 2011 Bonds. The purchasers of the Series 2011 Bonds will not receive certificates representing their beneficial ownership interest. See "THE SERIES 2011 BONDS - DTC and Book-Entry."

THE SERIES 2009C-1 BONDS ARE NOT BEING OFFERED BY THIS OFFICIAL STATEMENT. The Series 2011A Bonds will accrue interest from the date of delivery until their maturity or prior redemption at the per annum rates of interest set forth on the inside cover page hereof. Interest on the Series 2011A Bonds will be payable to DTC on each July 1 and January 1, commencing July 1, 2011. Interest on the Series 2009C-1 Bonds shall be payable on the Release Date (as defined herein) and on the Conversion Date (as described herein) and thereafter on each July 1 and January 1, commencing July 1, 2011.

THE SERIES 2011 BONDS ARE SUBJECT TO SPECIAL REDEMPTION, SINKING FUND REDEMPTION AND OPTIONAL REDEMPTION AT VARIOUS TIMES PRIOR TO THEIR SCHEDULED MATURITIES AT VARIOUS REDEMPTION PRICES AS DESCRIBED HEREIN. See "THE SERIES 2011 BONDS – Redemption Provisions."

The Series 2011 Bonds are being issued for the primary purpose of providing funds for the purchase of mortgage-backed, pass-through certificates (the "Mortgage Certificates") backed by qualifying FHA-insured or VA- or RDA-guaranteed mortgage loans, or conventional mortgage loans made to Eligible Borrowers for single-family residences located in the State of Texas. For certain geographic and income restrictions, see "THE PROGRAM AND THE MORTGAGE LOANS." The Mortgage Certificates will be guaranteed as to timely payment of principal and interest by either the Government National Mortgage Association ("GNMA") (the "GNMA Certificates"), Freddie Mac ("Freddie Mac") ("Freddie Mac Certificates") or Fannie Mae ("Fannie Mae") (the "Fannie Mae Certificates"). See APPENDIX C-1, APPENDIX C-2 and APPENDIX C-3. The Series 2011 Bonds, the Prior Bonds (as defined herein), and, unless subordinated, all Bonds subsequently issued under the Trust Indenture are equally and ratably secured by the Trust Estate (as defined herein) held by the Trustee under the Trust Indenture. See "SECURITY FOR THE BONDS" and "THE TRUST INDENTURE."

THE SERIES 2011 BONDS ARE LIMITED OBLIGATIONS OF THE DEPARTMENT AND ARE PAYABLE SOLELY FROM THE REVENUES AND FUNDS PLEDGED FOR THE PAYMENT THEREOF AS MORE FULLY DESCRIBED HEREIN. NEITHER THE STATE OF TEXAS (THE "STATE") NOR ANY AGENCY OF THE STATE, OTHER THAN THE DEPARTMENT, NOR THE UNITED STATES OF AMERICA OR ANY AGENCY, DEPARTMENT OR OTHER INSTRUMENTALITY THEREOF, INCLUDING GNMA, FREDDIE MAC, AND FANNIE MAE, IS OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2011 BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR THE UNITED STATES OF AMERICA IS PLEDGED, GIVEN OR LOANED TO SUCH PAYMENT. THE DEPARTMENT HAS NO TAXING POWER. GNMA, FREDDIE MAC, AND FANNIE MAE GUARANTEE ONLY THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE GNMA CERTIFICATES, FREDDIE MAC CERTIFICATES, AND FANNIE MAE CERTIFICATES, RESPECTIVELY, WHEN DUE AND DO NOT GUARANTEE THE PAYMENT OF THE SERIES 2011 BONDS OR ANY OTHER OBLIGATIONS ISSUED BY THE DEPARTMENT.

The Series 2011A Bonds are offered when, as, and if issued by the Department. Delivery of the Series 2011A Bonds and the release of the Series 2009C-1 Bonds are subject to approval of the legality thereof by Vinson & Elkins L.L.P., Bond Counsel, and certain other conditions. Delivery of the Series 2011A Bonds is also subject to the approval of the legality thereof by the Attorney General of the State. Certain legal matters will be passed upon for the Department by its General Counsel, Timothy K. Irvine, Esq. and by its Disclosure Counsel, McCall, Parkhurst & Horton L.L.P . Certain legal matters will be passed upon for the Underwriters by their counsel, Chapman and Cutler LLP. Certain financial advisory services have been provided to the Department by Raymond James & Associates, Inc. It is expected that the Series 2009C-1 Bonds will be released and the Series 2011A Bonds will be available for delivery to DTC in book-entry only form on or about March 10, 2011.

February 9, 2011

Morgan Keegan **J.P.Morgan**

George K. Baum & Company **Morgan Stanley**

Fidelity Capital Markets **FirstSouthwest** **Piper Jaffray & Co.**

* For delivery to Fannie Mae and Freddie Mac only.

MATURITY SCHEDULE

$89,030,000 Series 2009C-1 Bond (Non-AMT)*

$ 89,030,000 Series 2009C-1 Term Bonds due July 1, 2041 NRO – CUSIP: 882750MA7
Interest Rate Beginning March 10, 2011 ("Release Date") through May 10, 2011 ("Conversion Date"): TBD ("Short-Term Rate") (†)
Interest Rate Commencing on Conversion Date: TBD ("Permanent Rate") (††)

$60,000,000 Series 2011A Bonds (Non-AMT)

$30,115,000 Series 2011A Serial Bonds

Maturity Date	Principal Amount	Interest Rate	Price/Yield	CUSIP
January 1, 2012	$1,120,000	0.700%	100%	882750LA8
July 1, 2012	$1,135,000	0.900%	100%	882750LB6
January 1, 2013	$1,145,000	1.250%	100%	882750LC4
July 1, 2013	$1,160,000	1.400%	100%	882750LD2
January 1, 2014	$1,175,000	1.800%	100%	882750LE0
July 1, 2014	$1,195,000	1.900%	100%	882750LF7
January 1, 2015	$1,215,000	2.350%	100%	882750LG5
July 1, 2015	$1,235,000	2.450%	100%	882750LH3
January 1, 2016	$1,260,000	2.800%	100%	882750LJ9
July 1, 2016	$1,285,000	2.900%	100%	882750LK6
January 1, 2017	$1,315,000	3.100%	100%	882750LL4
July 1, 2017	$1,345,000	3.200%	100%	882750LM2
January 1, 2018	$1,375,000	3.500%	100%	882750LN0
July 1, 2018	$1,410,000	3.600%	100%	882750LP5
January 1, 2019	$1,445,000	3.875%	100%	882750LQ3
July 1, 2019	$1,485,000	3.950%	100%	882750LR1
January 1, 2020	$1,525,000	4.125%	100%	882750LS9
July 1, 2020	$1,565,000	4.125%	100%	882750LT7
January 1, 2021	$1,610,000	4.375%	100%	882750LU4
July 1, 2021	$1,655,000	4.375%	100%	882750LV2
January 1, 2022	$1,705,000	4.550%	100%	882750LW0
July 1, 2022	$1,755,000	4.550%	100%	882750LX8

$14,885,000 5.05% Term Bonds due July 1, 2026 Price: 100% CUSIP: 882750LY6

$15,000,000 5.00% Premium PAC Term Bonds due July 1, 2029 Price: 106.427% CUSIP: 882750LZ3

(Interest Accrues from Date of Delivery)

†The Short-Term Rate will equal sum of (A) the lesser of (i) the interest rate for Four Week Treasury Bills as of the second business day prior to the Release Date, or (ii) the Annual Base Rate, plus (B) the Spread. For detailed discussion regarding the rate calculation of the Series 2009C-1 Bonds see "DESCRIPTION OF THE NEW ISSUE BOND PROGRAM."

†† The Permanent Rate will equal the sum of (A) the lesser of (i) the lowest 10-Year CMT reported on any business day from one (1) day prior to the Notification Date to eight (8) days prior to the Release Date, or (ii) the Annual Base Rate, plus (B) the Spread. For detailed discussion regarding the rate calculation of the Series 2009C-1 Bonds see "DESCRIPTION OF THE NEW ISSUE BOND PROGRAM."

* For delivery to Fannie Mae and Freddie Mac only.

This Official Statement does not constitute, and is not to be used in connection with, an offer to sell or the solicitation of an offer to buy the Series 2011A Bonds in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. **The Series 2009C-1 Bonds are not being offered by this Official Statement.**

The information set forth in this Official Statement has been obtained from the Department and other sources which are believed to be reliable. This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions or matters of opinion, or as to the likelihood that they will be realized. Any information and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made under this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Department or other matters described herein since the date hereof.

The Department does not make any representation as to the accuracy, completeness, or adequacy of the information supplied by the DTC for use in this Official Statement.

The Trustee assumes no responsibility for this Official Statement and has not reviewed or undertaken to verify any information contained herein.

Many statements contained in this Official Statement, including the appendices and the documents included by specific cross-reference, that are not historical facts are forward-looking statements, which are based on the Department's beliefs, as well as assumptions made by, and information currently available to, the management and staff of the Department. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. The words "anticipate," "assume," "estimate," "expect," "objective," "projection," "plan," "forecast," "goal," "budget" or similar words are intended to identify forward-looking statements. The words or phrases "to date," "now," "currently," and the like are intended to mean as of the date of this Official Statement.

The Department's projections set forth in this Official Statement were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of the Department's management, were prepared on a reasonable basis, reflect the best currently available estimates and judgments, and present, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of the Department. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this Official Statement are cautioned not to place undue reliance on the prospective financial information. Neither the Department's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

The Series 2011A Bonds have not been registered under the Securities Act of 1933, as amended, nor has the Trust Indenture or any other document been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. Any registration or qualification of the Series 2011A Bonds in accordance with applicable provisions of the securities laws or the states in which the Series 2011A Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, nor any agency or department thereof, has passed upon the merits of the Series 2011A Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

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OFFICIAL STATEMENT

Relating to

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

CONVERTED BOND	NEW ISSUE
$89,030,000	**$60,000,000**
Residential Mortgage	**Residential Mortgage**
Revenue Bonds	**Revenue Bonds**
Series 2009C-1*	**Series 2011A**

INTRODUCTION

This Official Statement provides certain information concerning the Texas Department of Housing and Community Affairs (the "Department") in connection with the conversion of the interest rate and tax status on a portion of its Residential Mortgage Revenue Bonds, Series 2009C (the "Series 2009C Bonds") and issuance of its Residential Mortgage Revenue Bonds, Series 2011A (the "Series 2011A Bonds," together with the Series 2009C-1 Bonds (as defined below), the "Series 2011 Bonds"). The converted and reissued bonds are referred to as the Department's Residential Mortgage Revenue Bonds, Series 2009C-1 (the "Series 2009C-1 Bonds"). **The Series 2009C-1 Bonds are not offered by this Official Statement.** Capitalized terms used but not otherwise defined herein shall have the respective meanings for such terms as set forth in "APPENDIX A -- GLOSSARY."

The Department, a public and official agency of the State of Texas (the "State"), was created and organized pursuant to and in accordance with the provisions of the Chapter 2306, Texas Government Code, as amended (together with other laws of the State applicable to the Department, collectively, the "Act") for the purpose of, among other things, financing sanitary, decent and safe housing for individuals and families of low and very low income and families of moderate income. The Department is the successor agency to the Texas Housing Agency (the "Agency") and the Texas Department of Community Affairs (the "TDCA"), both of which were abolished by the Act and all functions and obligations of which were transferred to the Department pursuant to the Act. Under the Act, the Department may issue bonds, notes and other obligations to finance or refinance residential housing and multi-family developments located in the State and to refund bonds previously issued by the Agency, the Department or certain other quasi-governmental issuers. See "THE DEPARTMENT."

The Series 2011A Bonds are authorized to be issued and a portion of the Series 2009C Bonds will be converted and reissued as Series 2009C-1 Bonds pursuant to the Act, a resolution adopted by the Governing Board of the Department on January 20, 2011 (the "Bond Resolution"), a Residential Mortgage Revenue Bond Trust Indenture, dated as of November 1, 1987 (the "Master Indenture" and as amended and supplemented from time to time, collectively, the "Trust Indenture") between the Agency or the Department, as the case may be, and MTrust Corp, or its successor as trustee, The Bank of New York Mellon Trust Company, N.A., Houston, Texas (the "Trustee"), a Thirtieth Supplemental Residential Mortgage Revenue Bond Trust Indenture, as amended (the "Thirtieth Supplemental Indenture"), with respect to the Series 2009C Bonds, dated as of December 1, 2009 and a Thirty-First Supplemental Residential Mortgage Revenue Bond Trust Indenture (the "Thirty-First Supplemental Indenture") with respect to the Series 2011A Bonds, dated as of March 1, 2011. The Thirtieth Supplemental Indenture and the Thirty-First Supplemental Indenture are collectively referred to as the "2011 Supplemental Indentures." The Trust Indenture authorizes the Department to issue bonds to provide funds to acquire or refinance residential mortgage loans or participations therein ("Mortgage Loans") which are made to Eligible Borrowers, as determined from time to time by the Department, to refund Outstanding Bonds issued under the Trust Indenture or certain other bonds of the Department or the Agency, to fund certain reserves, and to pay costs associated therewith.

*For delivery to Fannie Mae and Freddie Mac only.

The Department has previously issued thirty prior series of residential mortgage revenue bonds (the "Prior Bonds") under the Trust Indenture of which $520,555,000 in aggregate principal amount was outstanding as of November 30, 2010. See "SECURITY FOR THE BONDS -- Prior Bonds."

The Series 2011 Bonds, the Prior Bonds and, unless subordinated, all bonds subsequently issued pursuant to the Trust Indenture (collectively, the "Bonds") are equally and ratably secured by the Trust Estate held by the Trustee pursuant to the Trust Indenture. See "THE TRUST INDENTURE" and "SECURITY FOR THE BONDS -- Additional Bonds."

A portion of the Series 2009C Bonds are being converted and resissued as Series 2009C-1 Bonds and the Series 2011A Bonds are being issued for the primary purpose of providing funds for the purchase of mortgage-backed pass-through certificates (the "2009C-1/2011A Mortgage Certificates") guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("GNMA"), which represent beneficial ownership of pools of Mortgage Loans (the "2009C-1/2011A Mortgage Loans"). The 2009C-1/2011A Mortgage Certificates together with the mortgage pass-through certificates acquired with proceeds of the Prior Bonds or Bonds subsequently issued pursuant to the Trust Indenture are referred to herein as the "Mortgage Certificates." While substantially all of the 2009C-1/2011A Mortgage Certificates are guaranteed by GNMA, a portion of the proceeds of the Prior Bonds were used to acquire Mortgage Certificates guaranteed by Freddie Mac or Fannie Mae. See "PLAN OF FINANCE" and "THE PROGRAM AND THE MORTGAGE LOANS – Low Income Reservation" and " – Down Payment Assistance (DPA Loan)" and "ASSUMPTIONS AND RISKS -- Non-Origination of Mortgage Loans."

The Series 2011 Bonds are on a parity in all respects with all outstanding Prior Bonds and, unless subordinated, any Bonds subsequently issued. The Prior Bonds are payable solely from and are secured by a pledge of and lien on the Revenues, Mortgages, Mortgage Loans (including Mortgage Certificates), Investment Securities, moneys held in the Funds (excluding the Rebate Fund) and other property pledged under the Trust Indenture (collectively, the "Trust Estate"). The Trust Estate currently includes, among other things, Mortgage Certificates which were purchased with the proceeds of the Prior Bonds. These Mortgage Certificates are guaranteed by GNMA, Freddie Mac or Fannie Mae. There is no requirement that proceeds of subsequent issues of Bonds be used to purchase Mortgage Certificates. All payments with respect to principal of and interest on Mortgage Loans (net of servicing fees) and on Mortgage Certificates (net of servicing and guaranty fees) received by the Department and the earnings on investments of Funds and accounts held pursuant to the Trust Indenture constitute Revenues. The pledge of and lien on the Trust Estate is subject to discharge if moneys or qualified securities sufficient to provide for the payment of all Outstanding Bonds are deposited and held in trust for such payment. See "SECURITY FOR THE BONDS."

THE SERIES 2011 BONDS ARE LIMITED OBLIGATIONS OF THE DEPARTMENT AND ARE PAYABLE SOLELY FROM THE REVENUES AND FUNDS PLEDGED FOR THE PAYMENT THEREOF AS MORE FULLY DESCRIBED HEREIN. NEITHER THE STATE NOR ANY AGENCY OF THE STATE, OTHER THAN THE DEPARTMENT, NOR THE UNITED STATES OF AMERICA OR ANY AGENCY, DEPARTMENT OR OTHER INSTRUMENTALITY THEREOF, INCLUDING GNMA, FREDDIE MAC AND FANNIE MAE, IS OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2011 BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR THE UNITED STATES OF AMERICA IS PLEDGED, GIVEN OR LOANED TO SUCH PAYMENT. THE DEPARTMENT HAS NO TAXING POWER. GNMA, FREDDIE MAC AND FANNIE MAE GUARANTEE ONLY THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE GNMA CERTIFICATES, FREDDIE MAC CERTIFICATES AND FANNIE MAE CERTIFICATES,

RESPECTIVELY, WHEN DUE AND DO NOT GUARANTEE THE PAYMENT OF THE SERIES 2011 BONDS OR ANY OTHER OBLIGATIONS ISSUED BY THE DEPARTMENT.

There follows in this Official Statement a brief description of the plan of finance, the Department and its bond programs, together with summaries of certain terms of the Series 2011 Bonds, the Trust Indenture, and certain provisions of the Act, as well as other matters. All references herein to the Act, the Trust Indenture, and other agreements are qualified in their entirety by reference to each such document, copies of which are available from the Department, and all references to the Series 2011 Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the Trust Indenture.

For information concerning the Prior Bonds and the Mortgage Loans and Mortgage Certificates acquired with proceeds of the Prior Bonds, see "SECURITY FOR THE BONDS - Prior Bonds" and "APPENDIX F-1 -- ADDITIONAL INFORMATION CONCERNING MORTGAGE LOANS AND MORTGAGE CERTIFICATES." For information concerning other single family and multi-family programs of the Department, see "APPENDIX F-2 -- OTHER INDEBTEDNESS OF THE DEPARTMENT."

DESCRIPTION OF THE NEW ISSUE BOND PROGRAM

The Series 2011A Bonds are being issued in connection with the New Issue Bond Program ("NIBP") of the Treasury by which Fannie Mae and Freddie Mac (collectively, the "GSEs") have accepted bonds (the "GSE Bonds") from state and local housing agencies at interest rates that at the time of issuance of the GSE Bonds were either (i) fixed to maturity or (ii) bore a variable rate that will convert no later than December 31, 2011 to rates fixed to maturity. Proceeds of GSE Bonds originally issued at variable interest rates will be held in escrow until the housing agency directs the release of all or a portion of the escrowed proceeds and subsequent conversion of an equal amount of GSE Bonds to fixed rates, as described below. The NIBP requires that, upon release of all or a portion of the proceeds of GSE Bonds, the Department must simultaneously issue publicly sold Bonds (the "Market Bonds") in an amount of not less than two-thirds of the GSE Bonds being converted. Under the NIBP, the fixed interest rates on the converted GSE Bonds are expected to be lower than prevailing interest rates available through a public bond offering.

On December 23, 2009, the Department issued its Series 2009C Bonds in an aggregate principal amount of $300,000,000 as part of the NIBP. Under the NIBP, the GSEs securitized the Series 2009C Bonds by issuing securities evidencing beneficial ownership in the Series 2009C Bonds, which securities were purchased by the Treasury. Under the NIBP, the Series 2009C Bonds are taxable bonds and bear interest at a variable interest rate. The proceeds of the Series 2009C Bonds are held in escrow by the Trustee until the applicable Release Date, as defined below. Prior to Release Date, the proceeds of any Series 2009C Bonds not yet converted to a fixed rate are pledged exclusively to the repayment of such Series 2009C Bonds (unless and until there is a default under the Thirtieth Supplemental Indenture, in which case such funds will be applied as required by the Thirtieth Supplemental Indenture) and are invested in the investments represented by and provided pursuant to the Global Escrow Agreement by and among the GSEs, the Trustee and U.S. Bank National Association, as escrow agent.

The NIBP provides that, upon satisfaction of certain conditions, the Department may cause all or a portion of the proceeds of the Series 2009C Bonds to be released from the escrow and for a corresponding amount of the Series 2009C Bonds to be converted to an interest rate that is fixed to maturity. In accordance with the announcement by Treasury on September 1, 2010, the Department must exercise its election to release all of its Series 2009C Bond proceeds on or prior to December 31, 2011 on one or more dates (not to exceed six (6) dates) that are acceptable to the GSEs. On the date that escrowed proceeds of the Series 2009C Bonds are released (each a "Release Date"), the Department must issue and deliver Market Bonds, the proceeds of which are not less than two thirds (2/3rds) of the principal amount of the Series 2009C Bond proceeds to be released. The NIBP, however, does not prohibit the issuance of Market Bonds in an aggregate principal amount in excess of the two-thirds (2/3) requirement. The Series 2011A Bonds constitute the Department's first issue of Market Bonds under the NIBP.

Under its plan of financing for the Series 2011A Bonds, the Department is electing to release $89,030,000 from the Series 2009C Bonds escrow on a Release Date of March 10, 2011. On the Release Date, the proceeds of the Series 2009C-1 Bonds will be available to purchase Mortgage Certificates under the Program. In connection with such release, $89,030,000 of the Series 2009C Bonds will be reissued as tax-exempt Series 2009C-1 Bonds on the Release Date. From and after the Release Date, the Series 2009C-1 Bonds shall bear interest on the basis of a 360-day year consisting of twelve 30-day months. For two months after the Release Date, the Series 2009C-1 Bonds will bear interest at a Short-Term Rate, after which the Series 2009C-1 Bonds will bear interest at a Permanent Rate until their maturity. The Short-Term Rate and the Permanent Rate will be determined as described below.

For purposes of the following paragraph, the following definitions apply:

"Spread" means a per annum interest amount to be determined on the date the Permanent Rate becomes effective based upon the lowest Bond Rating on the Series 2009C-1 Bonds on such date, as follows:

Rating	**Spread**
'Aaa'/'AAA'	60 bps
'Aa'/'AA'	75 bps
'A'	110 bps
'Baa'/'BBB'	225 bps

"10 Year Constant Maturity Treasury" or "10-Year CMT" means the 10 Year Constant Maturity Treasury rate, as reported by Treasury as of the close of business on any business day.

"Annual Base Rate" shall mean 2.97%

"Notification Date" shall mean the date that the Department provides notification to the GSEs of a Release Date in conjunction with the Series 2009C-1 Bonds, currently expected to be the date the Market Bonds are sold, but in any case will not be less than 21 days or more than 60 days prior to the Release Date.

The Short-Term rate will equal sum of (A) the lesser of (i) the interest rate for Four Week Treasury Bills as of the second business day prior to the Release Date, or (ii) the Annual Base Rate, plus (B) the Spread. The Permanent Rate will equal the sum of (A) the lesser of (i) the lowest 10-Year CMT reported on any business day from 1 day prior to the Notification Date to eight (8) days prior to the Release Date, or (ii) the Annual Base Rate, plus (B) the Spread.

After the release of Series 2009C-1 Bond proceeds, additional funds in the amount of $210,970,000 will remain available in Series 2009C proceeds escrow for subsequent conversion. The Department expects to issue additional Bonds in 2011 under the Trust Indenture that shall constitute the allocable Market Bond portion required under NIBP for further release of the proceeds of the Series 2009C Bonds from escrow. Additional information regarding the Series 2009C Bonds is available upon request from the Department. Certain provisions and reporting requirements relating to the NIBP will be applicable for as long as the Series 2009C-1 Bonds remain outstanding obligations under the Trust Indenture.

PLAN OF FINANCE

As discussed under the caption "DESCRIPTION OF THE NEW ISSUE BOND PROGRAM," the Department issued the Series 2009C Bonds on December 23, 2009 and such bonds were delivered to the GSEs pursuant to the NIBP. As described above, upon the conversion and reissuance of a portion of the Series 2009C Bonds as Series 2009C-1 Bonds, an equivalent amount of escrowed proceeds from the Series 2009C Bonds will be (a) released to the 2009C-1/2011A Mortgage Loan Account of the Mortgage Loan Fund and used to purchase 2009C-1/2011A Mortgage Certificates, and (b) used to pay a portion of the Costs of Issuance of the Series 2011 Bonds.

Proceeds of the Series 2011A Bonds will be deposited to the 2009C-1/2011A Mortgage Loan Account of the Mortgage Loan Fund and used to purchase 2009C-1/2011A Mortgage Certificates.

In connection with the issuance of the Series 2011 Bonds, the Department entered into an Amended and Restated Warehousing Agreement, (the "Warehousing Agreement"), dated as of January 1, 2011, by and among the Department, the Trustee, The Bank of New York Mellon Trust Company, N.A. (the "Custodian") and PlainsCapital Bank and FirstSouthwest (each a "Warehouse Provider" and collectively, the "Warehouse Providers") whereby the Warehouse Providers provided funds for the acquisition and temporary warehousing of Mortgage Certificates acquired pursuant to the Program. The Department has acquired Mortgage Certificates pursuant to the Warehousing Agreement and has commitments to fund certain Mortgage Certificates. See "SECURITY FOR THE BONDS—Mortgage Loans and Mortgage Certificates." On or about the delivery of the Series 2011 Bonds the Department expects to use funds on deposit in the 2009C-1/2011A Mortgage Loan Account to purchase any Mortgage Certificates then held in the Warehouse in accordance with the Warehousing Agreement. The Department expects to use 2009C-1/2011A Mortgage Loan Account funds remaining, if any, to purchase Mortgage Certificates no later than July 1, 2011, unless extended to a date no later than August 1, 2014 by the Department in accordance with the Indenture.

SOURCES AND USES OF FUNDS

The sources of funds and the uses thereof in connection with the Series 2011 Bonds are expected to be approximately as set forth below.

Sources:	
Series 2011A Bonds Proceeds	$60,000,000
Series 2011A Bonds Premium	964,050
Funds From Series 2009C-1 Bonds Proceeds	89,030,000
Department Contribution	1,953,798
Total Sources	**$151,947,848**
Uses:	
Deposit to 2009C-1/2011A Mortgage Loan Account	$150,000,000
Deposit to 2009C-1/2011A Cost of Issuance Account	1,347,848
Deposit to 2009C-1/2011A Capitalized Interest Account	600,000
Total Uses	**$151,947,848**

THE SERIES 2011 BONDS

General

The Series 2009C-1 Bonds are deliverable and Series 2011A Bonds are issuable only as fully registered bonds, without coupons, and will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2011 Bonds. The Series 2011A Bonds will be available to purchasers in book-entry form only in denominations of $5,000 or any integral multiple thereof, as more fully described herein. The principal or redemption price of, and interest on the Series 2011 Bonds will be payable by the Trustee to DTC, which will be responsible for making such payments to DTC Participants (hereinafter defined) for subsequent remittance to the owners of beneficial interests in the Series 2011 Bonds or their nominees. See "THE SERIES 2011 BONDS - DTC and Book-Entry."

Interest Rates

Series 2009C-1 Bonds

The Series 2009C-1 Bonds will mature on the dates and in the amounts set forth on the inside cover page hereof and are redeemable prior to maturity as described under "THE SERIES 2011 BONDS -- Redemption Provisions" below. Interest on the Series 2009C-1 Bonds shall be payable initially on the Release Date and two months thereafter at the Short-Term Rate. From two months after the Release Date, the Series 2009C-1 Bonds will bear interest at the Permanent Rate and will be payable semiannually on July 1 and January 1 of each year, commencing on July 1, 2011, until maturity or prior redemption. Interest on the Series 2009C-1 Bonds will be based on a 360-day year consisting of twelve 30-day months.

Series 2011A Bonds

The Series 2011A Bonds will accrue interest from the date of delivery, until maturity or prior redemption at the respective per annum rates of interest set forth on the inside cover page hereof. Interest accrued on the Series 2011A Bonds will be payable on July 1, 2011, and semiannually on each January 1 and July 1 thereafter until maturity or prior redemption. Interest on the Series 2011A Bonds will be calculated on the basis of a 360-day year composed of twelve 30-day months.

Redemption Provisions

The Series 2011 Bonds are subject to optional redemption, special redemption, and mandatory sinking fund redemption at various times prior to their scheduled maturities at various redemption prices as described below. **The Department anticipates that substantially all of the Series 2011 Bonds will be redeemed prior to their scheduled maturities as the result of the receipt by the Department of amounts representing Mortgage Loan Principal Payments (all amounts representing scheduled payments of principal and any Mortgage Loan Principal Prepayments) and from certain excess Revenues transferred from the Residual Revenues Fund.**

Special Redemption from Unexpended Proceeds of Series 2011 Bonds

The Series 2011 Bonds are subject to special redemption, at any time and from time to time, prior to their stated maturities, in whole or in part, at a redemption price equal to 100% of the principal amount thereof (provided that any redemption of Premium PAC Term Bonds shall be at a redemption price equal to 106.427% of the principal amount thereof) plus accrued interest thereon to, but not including, the date of redemption, from amounts on deposit in the 2009C-1/2011 A Mortgage Loan Account representing proceeds of the Series 2011 Bonds which have been transferred to the 2009C-1/2011A Special Redemption Account as soon as practicable after (i) receipt of the certification of the Department that such amounts will not be used to purchase 2009C-1/2011 A Mortgage Certificates or (ii) the end of a Certificate Purchase Period, as the case may be, but in no event later than July 1, 2011, unless extended to a date no later than August 1, 2014 by the Department in accordance with the Trust Indenture.

Special Redemption From Mortgage Loan Principal Payments

The Series 2011 Bonds are subject to redemption prior to maturity and will be redeemed, in whole or in part, from time to time as soon as practicable, at a redemption price equal to 100% of the principal amount of the Series 2011 Bonds or portions thereof to be redeemed, plus accrued interest to, but not including the redemption date, from amounts on deposit in the 2009C-1/2011A Special Redemption Account in accordance with the Trust Indenture.

Mortgage Loan Principal Payments Relating to 2009C-1/2011A Mortgage Certificates. In the event of a redemption from Mortgage Loan Principal Payments relating to the 2009C-1/2011A Mortgage Certificates, if any, the Trustee will select the particular Series 2011A Bonds and Series 2009C-1 Bonds to be redeemed as follows:

(a) So long as any Series 2011A Bond remains Outstanding, at least a pro rata portion (calculated based on the Outstanding principal amount of the Series 2009C-1 Bonds divided by the Outstanding principal amount of Series 2011 Bonds) of all principal payments, prepayments and recoveries of principal received with respect to the 2009C-1/2011A Mortgage Certificates financed with the proceeds of the Series 2011 Bonds, to the extent not used to pay scheduled principal, interest or sinking fund redemptions on Series 2011 Bonds or other Bonds issued in conjunction with and secured by the Trust Estate on a parity with the Series 2009C-1 Bonds, are required to be used to redeem the Series 2009C-1 Bonds. After no Series 2011A Bonds remain Outstanding, 100% of such amounts are required to be used to redeem the Series 2009C-1 Bonds. Such amounts are required to be applied to the redemption of the Series 2009C-1 Bonds promptly and will not be recycled into new Mortgage Loans or Mortgage Certificates;

(b) amounts remaining following the redemptions specified in clause (a) above will be used by the Trustee to redeem the Premium PAC Term Bonds, but only to the extent that the Outstanding principal amount of such Premium PAC Term Bonds following such redemption is not less than the Premium PAC Term Bonds Outstanding Applicable Amount (as shown in Appendix H) as of such date;

(c) if amounts remaining following the redemptions specified in clause (b) above, when used to redeem Series 2011A Bonds results in the Outstanding principal amount of all Series 2011A Bonds following such redemption to be greater than or equal to the Series 2011A Cumulative Applicable Amount (as shown in Appendix I), then such amounts will be applied, unless otherwise directed by a Letter of Instructions accompanied by a Cashflow Certificate, to the redemption of Bonds as follows:

(i) first, to the Series 2011A Serial Bonds and the July 1, 2026 Term Bonds on a pro rata basis;

(ii) second, to the Series 2009C-1 Bonds; and

(iii) third, if no other Series 2011 Bonds remain Outstanding, to the Premium PAC Term Bonds; and

(d) if amounts remaining following the redemptions specified in clauses (a) through (c) above, when used to redeem Series 2011A Bonds results in the Outstanding principal amount of all of the Series 2011A Bonds following such redemption to be less than the Series 2011A Cumulative Applicable Amount (as shown in Appendix I), then such amounts will be applied, unless otherwise directed by a Letter of Instructions accompanied by a Cashflow Certificate, to the redemption of all Series 2011 Bonds (including the Premium PAC Term Bonds) on a pro rata basis.

Any special redemption of the Series 2011A Bonds pursuant to the "Special Redemption from Unexpended Proceeds" described above will reduce the Premium PAC Term Bonds Outstanding Applicable Amount (as shown in Appendix H) and the Series 2011A Cumulative Applicable Amount (as shown in Appendix I) (collectively, the "Applicable Amount") for the current and each future semiannual period by an amount equal to the product of each period's Applicable Amount and a fraction (x) the numerator of which equals the sum of the amount of moneys disbursed from the 2009C-1/2011A Mortgage Loan Account to redeem Series 2011A Bonds and (y) the denominator of which equals the sum of the amount of moneys initially deposited by the Trustee in the 2009C-1/2011A Mortgage Loan Account for the purchase of 2009C-1/2011A Mortgage Certificates.

Special Redemption From Excess Revenues

The Series 2011 Bonds are subject to redemption prior to maturity and shall be redeemed, in whole or in part, from time to time as soon as practicable, after giving notice as provided in the Trust Indenture, at a redemption price equal to 100% of the principal amount of the Series 2011 Bonds or portions thereof to be redeemed, plus accrued interest to but not including the redemption date, from amounts that have been transferred to the 2009C-1/2011A Special Redemption Account from the Residual Revenues Fund in accordance with the Trust Indenture.

In the event of a redemption from excess Revenues, the Trustee will, unless otherwise directed by Department, apply amounts transferred to the 2009C-1/2011A Residual Revenues Account to redeem (a) the Premium PAC Term Bonds, but only to the extent that the Outstanding principal amount of such Premium PAC Term Bonds following such redemption is not less than the Premium PAC Term Bonds Outstanding Applicable Amount as of such date, and from any remaining amounts, (b) all Series 2011A Bonds Outstanding on a pro rata basis (provided however that the Premium PAC Term Bonds will not be redeemed in an amount that would cause the Outstanding principal amount of the Premium PAC Term Bonds to be less than Premium PAC Term Bonds Outstanding Applicable Amount unless the Outstanding principal amount of all Series 2011A Bonds as of such date is less than the Series 2011A Cumulative Applicable Amount as of such date) and (c) the Series 2009C-1 Bonds.

Redemption Restrictions and Recycling Prohibition

Except as limited by tax law requirements, the Department is required to apply the following exclusively to the redemption of the Series 2009C-1 Bonds: (i) all proceeds of the Series 2009C-1 Bonds in excess of $10,000, to the extent not used to acquire Mortgage Loans or Mortgage Certificates, pay Series 2009C-1 Bond issuance expenses or fund related reserve accounts and (ii) so long as any Series 2011A Bonds remain Outstanding, at least a pro-rata portion of all Mortgage Loan Principal Payments relating to the 2000C-1/2011A Mortgage Certificates (calculated based on the Outstanding principal amount of the Series 2009C-1 Bonds divided by the Outstanding principal amount of Series 2011 Bonds) and after no Series 2011A Bonds remain Outstanding, 100% of all Mortgage Loan Principal Payments relating to the 2000C-1/2011A Mortgage Certificates, to the extent not used to pay scheduled principal, interest or sinking fund redemptions on the Series 2009C-1 Bonds, Series 2011A Bonds or other Bonds issued in conjunction with and secured by the Trust Estate on a parity with the Series 2009C-1 Bonds. Amounts set forth in clause (ii) are required to be applied to the redemption of the Series 2009C-1 Bonds promptly and as described above may not be recycled into new Mortgage Loans or Mortgage Certificates. Prepayments received on the underlying Mortgage Loans financed with proceeds of the Series 2011 Bonds, if any, will be applied at least on a pro rata basis to redemption of such Series 2009C-1 Bonds as described in this paragraph.

Optional Redemption

Series 2009C-1 Bonds

The Series 2009C-1 Bonds are subject to redemption at the option of the Department, in whole or in part, from any source of funds, on the first Business Day of any month, at a redemption price equal to 100% of the principal amount thereof, without premium, plus accrued interest, if any, to the redemption date.

Series 2011A Bonds

The Series 2011A Bonds are subject to redemption prior to maturity, in whole or in part, at any time and from time to time, on or after January 1, 2021, at the option of the Department after giving notice as provided in the Trust Indenture, at a redemption price equal to the principal amount of such Series 2011A Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date.

Mandatory Sinking Fund Redemption

The Series 2011 Bonds maturing on the dates specified below are subject to scheduled mandatory redemption prior to maturity and shall be redeemed after giving notice as provided in the Trust Indenture, in the aggregate principal amounts and on the dates set forth in the following tables, at a redemption price equal to 100% of the principal amount of Series 2011 Bonds or portions thereof to be redeemed, plus accrued interest if any, to, but not including, the redemption date:

SERIES 2009C-1 BONDS

Term Bonds Maturing July 1, 2041

Date	Principal Amount($)	Date	Principal Amount($)
July 1, 2029	1,470,000	January 1, 2036	3,750,000
January 1, 2030	2,800,000	July 1, 2036	3,840,000
July 1, 2030	2,870,000	January 1, 2037	3,930,000
January 1, 2031	2,940,000	July 1, 2037	4,030,000
July 1, 2031	3,010,000	January 1, 2038	4,130,000
January 1, 2032	3,090,000	July 1, 2038	4,230,000
July 1, 2032	3,160,000	January 1, 2039	4,340,000
January 1, 2033	3,240,000	July 1, 2039	4,450,000
July 1, 2033	3,320,000	January 1, 2040	4,560,000
January 1, 2034	3,400,000	July 1, 2040	4,670,000
July 1, 2034	3,480,000	January 1, 2041	4,600,000
January 1, 2035	3,570,000	July 1, 2041*	2,490,000
July 1, 2035	3,660,000		

*Final Maturity

SERIES 2011A Bonds

Term Bonds Maturing July 1, 2026

Date	Principal Amount	Date	Principal Amount
January 1, 2023	$1,810,000	January 1, 2025	$2,055,000
July 1, 2023	$1,865,000	July 1, 2025	$2,120,000
January 1, 2024	$1,925,000	January 1, 2026	$2,190,000
July 1, 2024	$1,990,000	July 1, 2026*	$ 930,000

*Final Maturity

Premium PAC Term Bonds Maturing July 1, 2029

Date	Principal Amount	Date	Principal Amount
July 1, 2026	$1,330,000	July 1, 2028	$2,560,000
January 1, 2027	$2,330,000	January 1, 2029	$2,640,000
July 1, 2027	$2,405,000	July 1, 2029*	$1,255,000
January 1, 2028	$2,480,000		

*Final Maturity

The principal amount of the Series 2011 Bonds to be redeemed on each such redemption date pursuant to mandatory sinking fund redemption shall be reduced by the principal amount of any Series 2011 Bonds of the same Series having the same stated maturity and interest rate, which (A) at least 45 days prior to 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 scheduled mandatory redemption, and (B) shall have not been previously credited against a scheduled mandatory redemption.

Average Life and Prepayment Speeds

Redemption Amounts and Prepayment Standard

The amounts shown in the tables described under "THE SERIES 2011 BONDS—Redemption Provisions" above for Premium PAC Term Bonds Outstanding Applicable Amount and for Series 2011A Cumulative Applicable Amount are based on many assumptions, including (i) receipt of prepayments on the 2009C-1/2011A Mortgage Loans equal to 75 percent of SIFMA's standard prepayment model (as further described below) (the "SIFMA Prepayment Model") in the case of Premium PAC Term Bonds Outstanding Applicable Amount and 500 percent of the SIFMA Prepayment Model in the case of the Series 2011A Cumulative Outstanding Applicable Amount; (ii) 100 percent of the moneys on deposit in the 2009C-1/2011A Mortgage Loan Account attributable to the proceeds of the Series 2009C-1 Bonds and Series 2011A Bonds will be used to purchase 2009C-1/2011A Mortgage Certificates; and (iii) monthly redemption if Prepayments on deposit in the 2009C-1/2011A Special Redemption Account are in excess of $50,000 and semi-annual redemption from any amounts on deposit in the Special Redemption Account. Prepayments on mortgage loans are commonly measured relative to a prepayment standard or model. The SIFMA Prepayment Model represents an assumed monthly rate of prepayment of the then outstanding principal balance of a pool of new mortgage loans. The SIFMA Prepayment Model does not purport to be either an historical description of the prepayment of any pool of mortgage loans or a prediction of the anticipated rate of prepayment of any pool of mortgage loans, including the 2009C-1/2011A Mortgage Certificates. One hundred percent (100%) of the SIFMA Prepayment Model assumes prepayment rates of 0.2 percent per year of the then unpaid principal balance of such mortgage loans in the first month of the life of the mortgage loans and an additional 0.2 percent per year in each month thereafter (for example, 0.4 percent per year in the second month) until the 30th month. Beginning in the 30th month and in each month thereafter during the life of the mortgage loans, 100 percent of the SIFMA Prepayment Model assumes a constant prepayment rate of six percent per year. Multiples will be calculated from this prepayment rate speed e.g., 200 percent of the SIFMA Prepayment Model assumes prepayment rates will be 0.4 percent per year on month one, 0.8 percent per year in month two, reaching 12 percent per year in month 30 and remaining constant at 12 percent per year thereafter.

Weighted Average Life of the Series 2011 Bonds

The following information is provided in order to enable potential investors to evaluate the Series 2011 Bonds which are the subject of redemption as described above.

The weighted average life of a bond refers to the average of the length of time that will elapse from the date of issuance of such bond to the date each installment of principal is paid to the bondholder, weighted by the amount of such installment. The weighted average life of various maturities of the Series 2011 Bonds will be influenced by, among other things, the percentage of the total principal amount of a specific Series 2011 Bond that the holder owns compared to the total principal amount of a specific Bond outstanding, the maturity date and extent of origination of 2009C-1/2011A Mortgage Loans and the rate at which principal payments are made on the 2009C-1/2011A Mortgage Loans.

Prepayments of mortgage loans are commonly projected in accordance with a prepayment standard or model. The model described in the following discussion is the SIFMA Prepayment Model described in the immediately preceding subsection.

The following table assumes, among other things, that (i) all Series 2011 Bond proceeds deposited into the 2009C-1/2011A Mortgage Loan Account will be used to purchase 2009C-1/2011A Mortgage Certificates, (ii) approximately $90 million 2009C-1/2011A Mortgage Certificates will be purchased upon delivery of the Series 2011A Bonds and the remaining bond proceeds will be used to purchase 2009C-1/2011A Mortgage Certificates on the first day of each month beginning on April 1, 2011 and ending on June 1, 2011, in amounts estimated by the Department based on the Department's existing commitments to make mortgage loans; (iii) 2009C-1/2011A Mortgage Certificates will have an original term of 30 years, (iv) the 2009C-1/2011A Mortgage Certificates will have pass-through rates as described in "SECURITY FOR THE BONDS – Mortgage Loans and Mortgage Certificates" (which rate includes servicing and guaranty fees totaling 0.50% per annum), (v) Trustee's fees will be 0.0175 % per annum of Series 2011 Bonds outstanding, (vi) the Department Expenses will equal 0.20% per annum of Mortgage Loans outstanding, (vii) the Department DPA Recovery Fee will equal 0.75% per annum of DPA Certificates (as defined in "SECURITY FOR THE BONDS – Mortgage Loans and Mortgage Certificates"), (viii) the 2009C-1/2011A Mortgage Loans prepay at the indicated percentage of the SIFMA Prepayment Model, (ix) payments on 2009C-1/2011A Mortgage Certificates are timely made and used on a timely basis to redeem the Series 2011 Bonds, (x) the Series 2011 Bonds are not redeemed pursuant to optional redemption, (xi) no amounts allocable to any other series of Bonds are used to cross-call the Series 2011 Bonds and no amounts allocable to the Series 2011 Bonds are used to cross- call any other series of Bonds, (xii) Revenue Fund investments will earn 0% per annum for the first ten years, 1% per annum for eight years thereafter and 2% per annum thereafter, and (xiii) Series 2011 Bonds will be redeemed as described under "Special Redemption From Mortgage Loan Principal Payments" above.

Based on the foregoing and other assumptions, some or all of which may not reflect actual experience, the table below indicates the projected weighted average lives of the Term Bonds.

Projected Weighted Average Life (in Years) [1]

Prepayment Speed of Mortgage Loans (SIFMA)	Term Bonds Due 7/1/2026	Premium PAC Term Bonds Due 7/1/2029
0%	13.49	16.47
50%	13.49	7.71
75%	13.25	4.94
100%	12.13	4.94
200%	8.60	4.94
300%	6.28	4.94
400%	4.74	4.94
500%	3.66	4.94

[1] The weighted average life of a bond is determined by (i) multiplying the amount of each principal payment by the number of years from the date of issuance of the bonds to the principal payment date, (ii) adding the results and (iii) dividing the sum by the total principal paid on the bond.

The holder of less than all of the Outstanding principal amount of a Term Bond may not achieve the results indicated above. The Department does not undertake to update this table or any other projections contained in this Official Statement based on the Department's actual experience with respect to repayment and prepayment of the Series 2011 Bonds.

The SIFMA Prepayment Model does not purport to be a prediction of the anticipated rate of prepayments of Mortgage Loans and there is no assurance that the prepayments of the Mortgage Loans will conform to any of the assumed prepayment rates. The Department makes no representation as to the percentage of the principal balance of the Mortgage Loans that will be paid as of any date, as to the overall rate of prepayment or as to the projections or methodology set forth under this caption.

Partial Redemption

Series 2009C-1 Bonds

In the event that a Series 2009C-1 Bond subject to redemption is in a denomination larger than $10,000, a portion of such Series 2009C-1 Bond may be redeemed at random by the Trustee, but only in a principal amount equal to $10,000 or an integral multiple of $10,000 in excess thereof. Upon surrender of any Series 2009C-1 Bond for redemption in part, the Trustee will authenticate and deliver an exchange Series 2009C-1 Bond in an Authorized Denomination in an aggregate principal amount equal to the unredeemed portion of the surrendered Series 2009C-1 Bond. See "THE SERIES 2011 BONDS - DTC and Book-Entry."

Series 2011A Bonds

In the event that a Series 2011A Bond subject to redemption is in a denomination larger than $5,000, a portion of such Series 2011A Bond may be redeemed at random by the Trustee, but only in a principal amount equal to $5,000 or an integral multiple thereof. Upon surrender of any Series 2011A Bond for redemption in part, the Trustee will authenticate and deliver an exchange Series 2011A Bond or Series 2011A Bonds of the same maturity and interest rate in an Authorized Denomination in an aggregate principal amount equal to the unredeemed portion of the surrendered Series 2011A Bond. See "THE SERIES 2011 BONDS - DTC and Book-Entry."

Notice of Redemption

The Trustee shall give notice, in the name of the Department, of the redemption of Series 2011 Bonds to the holders thereof, which notice shall specify the Series, maturity and interest rates of the Series 2011 Bonds to be redeemed, the redemption date and the method and place or places where amounts due upon such redemption will be payable and, if less than all of the Series 2011 Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Series 2011 Bonds so to be redeemed, and, in the case of Series 2011 Bonds to be redeemed in part only, such notices shall also specify the respective portions of the principal amounts thereof to be redeemed. Such notice shall further state any conditions that must be satisfied prior to the redemption date and that on such date there shall become due and payable upon each Series 2011 Bond to be redeemed the redemption price thereof, or the redemption price of the specified portions of the principal amount thereof, in the case of Series 2011 Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. So long as DTC acts as securities depository for the Series 2011 Bonds notice of redemption shall be given by the Trustee to DTC not less than 30 nor more than 60 days prior to the redemption date. In the event the book-entry only system is discontinued by DTC or the Department, the Trustee shall mail a copy of such notice by first class mail, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, to the holders of any Series 2011 Bonds or portions thereof which are to be redeemed, at their addresses, appearing upon the registry books of the Trustee. Any notice mailed as provided above shall be conclusively presumed to have been duly given, whether or not received by the holder.

In addition to the foregoing required notices, written notice of each redemption of Series 2009C-1 Bonds shall be provided by the Trustee to the Notice Parties by e-mail or facsimile transmission. Redemption of Series 2009C-1 Bonds will not be conditioned on or delayed for the giving of such notice, which must be provided to the Notice Parties at least ten (10) days in advance of the date of such redemption (or such lesser period as is required under the Thirtieth Supplemental Indenture). All redemptions of Series 2009C-1 Bonds shall be only in Authorized Denominations.

Conditional Notices of Redemption

The Department reserves the right to give notice of its election or direction to redeem Series 2011 Bonds conditioned upon the occurrence of subsequent events.

Payment of Redeemed Bonds

Notice having been given as provided in the Trust Indenture, the Series 2011 Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the redemption price, plus interest accrued and unpaid to the redemption date. If there shall be called for redemption less than all of a Series 2011 Bond, the Department shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Series 2011 Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Series 2011 Bond so surrendered, Series 2011 Bonds of like Series, maturity, interest rate and aggregate principal amount in any Authorized Denomination. If, on the redemption date, moneys for the redemption of all the Series 2011 Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest to the redemption date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as specified in the Trust Indenture, then, from and after the redemption date, interest on the Series 2011 Bonds or portions thereof of like Series and maturity so called for redemption shall cease to accrue and become payable. If such moneys shall not be available on the redemption date, such Series 2011 Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Purchase in Lieu of Redemption

The Trust Indenture permits the purchase of Bonds, including the Series 2011 Bonds, in the open market in lieu of redemption of Bonds. Any such purchase may be at a price not exceeding the then applicable redemption price for such Bonds.

DTC and Book-Entry

DTC will act as securities depository for the Series 2011 Bonds. The Series 2011 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Series 2011 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Series 2011 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2011 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2011 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' Records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2011 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2011 Bonds, except in the event that use of the book-entry system for the Series 2011 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2011 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2011 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2011 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2011 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2011 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2011 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Series 2011 Bonds may wish to ascertain that the nominee holding the Series 2011 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2011 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2011 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Department as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2011 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments on the Series 2011 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Department or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the Department, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Department or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2011 Bonds at any time by giving reasonable notice to the Department or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Department may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Department, or the Trustee.

SO AS LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2011 BONDS, THE DEPARTMENT WILL HAVE NO OBLIGATION OR RESPONSIBILITY TO DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS, OR THE PERSONS FOR WHICH THEY ACT AS NOMINEES, WITH RESPECT TO PAYMENT TO OR PROVIDING OF NOTICE TO SUCH PARTICIPANTS, OR THE PERSONS FOR WHICH THEY ACT AS NOMINEES.

Discontinuation of Book-Entry-Only System

In the event that the book-entry-only system is discontinued by DTC or the Department, the following provisions will be applicable to the Series 2011 Bonds. Series 2011 Bonds may be exchanged for an equal aggregate principal amount of Series 2011 Bonds in other Authorized Denominations of the same Series, maturity and interest rate upon surrender thereof at the applicable corporate trust office of the Trustee with a duly executed assignment in form satisfactory to the Trustee. The transfer of any Series 2011 Bond may be registered on the books maintained by the Trustee for such purpose only upon the surrender of such Series 2011 Bond to the Trustee with a duly executed assignment in form satisfactory to the Trustee. For every exchange or transfer of registration of Series 2011 Bonds, the Department and the Trustee may make a charge sufficient to reimburse them for any tax, fee, or other governmental charge required to be paid with respect to such exchange or registration of transfer, as well as the fee, if any, charged by the Trustee for the transfer or exchange. The Trustee will not be required to transfer or exchange any Series 2011 Bond for a period of 15 days next preceding an interest payment date on such Series 2011 Bonds or next preceding any selection of Series 2011 Bonds to be redeemed or thereafter until after mailing of any notice of redemption on any Series 2011 Bonds called for redemption, or transfer or exchange any Series 2011 Bonds called for redemption. The Department and the Trustee may treat the person in whose name a Series 2011 Bond is registered as the absolute owner thereof for all purposes of the Trust Indenture regardless of any notice to the contrary. If any Series 2011 Bond is not presented for payment when the principal or the redemption price therefor becomes due, and if moneys sufficient to pay such Series 2011 Bond (or the portion thereof called for redemption) or such interest, as is applicable, have been deposited under the Trust Indenture, all liability of the Department to the owner thereof for the payment of such Series 2011 Bonds (or portion thereof) or such interest, as applicable, will be discharged, and thereupon it shall be the duty of the Trustee to hold such money for the benefit of the owner of the applicable Series 2011 Bond, who will thereafter be restricted exclusively to such money, for any claim on his part under the Trust Indenture or on or with respect to, such principal, redemption price and/or interest. Money not claimed within three years will be turned over to the Comptroller of Public Accounts of the State of Texas (the "Comptroller"), in accordance with Title 6, Texas Property Code.

SECURITY FOR THE BONDS

Pledge of Trust Indenture

The Series 2011 Bonds, the Prior Bonds and, unless subordinated, all bonds subsequently issued pursuant to the Trust Indenture are equally and ratably secured by the Trust Indenture for the equal benefit, protection and security of the owners of the Bonds, each of which, regardless of time of issuance or maturity, is to be of equal rank without preference, priority or distinction, except as otherwise provided in the Trust Indenture.

The principal or redemption price of and interest on all Bonds are payable solely from and are secured by a pledge of and lien on the Trust Estate established pursuant to the Trust Indenture, which consists primarily of the following:

(a) Mortgage Certificates and the Revenues derived by the Department therefrom, including the scheduled principal payments thereof and interest payments thereon, principal prepayments, and payments made by GNMA, Freddie Mac or Fannie Mae, as the case may be, pursuant to their respective guaranties of the Mortgage Certificates (see "APPENDIX C-1 -- GNMA AND THE GNMA CERTIFICATES," "APPENDIX C-2 -- FREDDIE MAC AND THE FREDDIE MAC CERTIFICATES," and "APPENDIX C-3 -- FANNIE MAE AND THE FANNIE MAE CERTIFICATES");

(b) the Mortgage Loans and the Revenues derived by the Department therefrom, including the scheduled principal and interest payments, principal prepayments, and payments made with respect to FHA insurance or VA or RDA guaranty or Supplemental Mortgage Security;

(c) the moneys and Investment Securities held in the various Funds established by the Trust Indenture and the investment earnings thereon (see "Investment of Funds" below) but excluding the Rebate Fund and Cost of Issuance Fund; and

(d) such other Revenues and security pledged by the Department from time to time as security for the Bonds.

For purposes of the Trust Indenture, "Revenues" means (i) all amounts paid or required to be paid with respect to principal and interest or otherwise from time to time on the Mortgage Loans and Mortgage Certificates, including Mortgage Loan Principal Payments, and including any such amounts held by persons collecting such amounts on behalf of the Department, after deducting any fees required to be paid for accounting, collection and other services required in connection with servicing of the Mortgage Loans (including any servicing fees and guaranty fees of GNMA, Freddie Mac and Fannie Mae); (ii) all interest received on or profits derived from investing moneys or securities held in the Funds and paid or to be paid into the Revenue Fund; and (iii) any other income, revenues or receipts of the Department which are defined by a Supplemental Indenture as Revenues and pledged to the Trustee as part of the Trust Estate pursuant to a Supplemental Indenture. The term "Revenues," however, does not include fees paid to Mortgage Lenders to service Mortgage Loans; payments made in order to obtain or maintain primary mortgage insurance or guaranties with respect to one or more Mortgage Loans; payments made in order to obtain or maintain fire or other hazard insurance with respect to Mortgage Loans; payments required to be made with respect to Mortgage Loans for taxes, other governmental charges and other similar charges customarily required to be escrowed on mortgage loans; commitment fees; or amounts required to be paid or credited to a borrower or to the United States of America pursuant to applicable federal income tax laws and regulations.

The Department has covenanted in the Trust Indenture to enforce diligently, and take all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of all Mortgage Loans, including the prompt payment of all amounts due the Department thereunder. The Department has further covenanted not to release the obligation of any borrower under any Mortgage Loan, except upon the execution of a valid and enforceable assumption agreement as permitted by the Trust Indenture, and at all times, to the extent permitted by law, to defend, enforce, preserve and protect the rights and privileges of the Department and of the Bondholders under or with respect to each Mortgage Loan. The Department reserves the right to settle a default on any Mortgage Loan on such terms as are consistent with the Cashflow Statement most recently filed with the Trustee. The Department may not amend or modify any Mortgage Loan if it will materially impair or materially adversely affect the rights or security of the Bondholders except for amendments and modifications made in connection with settling any default on any Mortgage Loan which are consistent with the Cashflow Statement most recently filed with the Trustee, or in connection with a refinancing of a Mortgage Loan.

The structure of Program 77 allows the Eligible Borrower to choose between a non-assisted loan bearing interest at an annual rate announced from time to time by the Department, or an assisted loan bearing interest at an annual rate announced from time to time by the Department that is higher than the corresponding non-assisted loan rate. All assisted loans are accompanied by a second lien loan with no stated interest, due on sale or maturity, and a 30-year term (the "DPA Loan") in an amount equal to a percentage of the original principal amount of the related first lien assisted loan. The DPA Loan will not be funded with the proceeds of the Series 2011 Bonds, and will be non-recourse and secured solely by the Eligible Borrower's residence. In the event of a foreclosure, the Department's ability to recover its DPA Loan will be subordinated to the rights of the first lien mortgage guarantor.

Under Program 77, the Department intends to attribute a portion of the interest on all assisted loans to the related DPA Loans. The portion of interest attributable to the DPA Loans shall be equal to 0.15% (15 basis points) for each 1.00% of the DPA Loan (currently, 0.75%, or 75 basis points, based upon a 5.00% DPA Loan amount). Because the DPA Loans are not funded with proceeds of the Series 2011 Bonds, the portion of interest from the related assisted loans attributed to the DPA Loans will not be treated as Revenues related to 2009C-1/2011A Mortgage Certificates, but will be treated as revenues relating to the applicable funding source. In the event that any DPA Loan is paid off prior to payment in full of the related assisted loan, the interest rate on the assisted loan will in turn be reduced by the portion of interest attributed by the Department to the DPA Loan.

The Series 2011 Bonds are limited obligations of the Department and are payable solely from the Revenues and funds pledged for the payment thereof as more fully described herein. Neither the State nor any agency of the State, other than the Department, nor the United States of America nor any agency, department or other instrumentality thereof, including GNMA, Freddie Mac, and Fannie Mae, is obligated to pay the principal or redemption price of, or interest on, the Series 2011 Bonds. Neither the faith and credit nor the taxing power of the State or the United States of America is pledged, given or loaned to such payment. The Department has no taxing power. GNMA, Freddie Mac and Fannie Mae guarantee only the payment of the principal of and interest on the GNMA Certificates, Freddie Mac Certificates and Fannie Mae Certificates, respectively, when due and do not guarantee the payment of the Series 2011 Bonds or any other obligations issued by the Department.

Reallocation of 2009C-1/2011A Mortgage Certificates

The Department may, subject to certain restrictions, reallocate from time to time portions of the 2009C-1/2011A Mortgage Certificates to one or more Series other than the Series 2011 Bonds. While the Series 2011 Bonds, the Prior Bonds and unless subordinated, all Bonds subsequently issued and pursuant to the Trust Indenture are equally and ratably secured by the Trust Indenture for the equal benefit, protection and security of the owners of the Bonds, generally, Mortgage Certificates are at least initially allocated to the Bonds the proceeds of which facilitated the purchase of such Mortgage Certificates. The Department, however, has determined that there may be reasons why in actively managing the origination of loans, it may be desirable to allocate portions of the 2009C-1/2011A Mortgage Certificates to other Bonds. As a result of the reallocation of the 2009C-1/2011A Mortgage Certificates to one or more other Series of Bonds, an equal par amount of Mortgage Certificates other than 2009C-1/2011A Mortgage Certificates will be allocated to the Series 2011 Bonds. The reasons to reallocate 2009C-1/2011A Mortgage Certificates to other Bonds are to more efficiently manage compliance with the targeted area and yield requirements under the Code. A reallocation of 2009C-1/2011A Mortgage Certificates may affect prepayment speeds for the Series 2011 Bonds. A reallocation may also affect the amount and duration of bond proceeds reserved for targeted areas under the Code or low-income set-asides under State Law. Both of these possible results, along with others, could affect the rate and occurrence of redemptions prior to maturity.

Supplemental Mortgage Security

The Trust Indenture requires that each Mortgage Loan be further secured by Supplemental Mortgage Security, if any, as directed in the Supplemental Indenture authorizing the Series of Bonds used to purchase such Mortgage Loan. The proceeds of the Series 2011 Bonds will be used to purchase GNMA Certificates guaranteed as to timely payment of principal and interest by GNMA. While the 2009C-1/2011A Mortgage Certificates are all guaranteed by GNMA, a portion of the Prior Bonds were used and proceeds of subsequently issued Bonds may be used to acquire Mortgage Certificates guaranteed by Freddie Mac or Fannie Mae. Information concerning Supplemental Mortgage Security, including Mortgage Certificates, is contained in "APPENDIX B -- SUMMARY OF CERTAIN MORTGAGE INSURANCE PROGRAMS AND TEXAS FORECLOSURE LAWS", "APPENDIX C-1 -- GNMA AND THE GNMA CERTIFICATES" "APPENDIX C-2 -- FREDDIE MAC AND THE FREDDIE MAC CERTIFICATES" and "APPENDIX C-3 -- FANNIE MAE AND THE FANNIE MAE CERTIFICATES."

Cashflow Statement and Asset Test

The Department is required to deliver periodically a "Cashflow Statement" prepared or verified by a nationally-recognized firm experienced in preparing mortgage revenue bond cashflows, comparing estimates of Revenues with the debt service requirements and Department Expenses with respect to Outstanding Bonds, which Cashflow Statement must demonstrate the sufficiency of such Revenues to pay scheduled debt service on the Bonds and Department Expenses at their respective requirements under each of the scenarios required by the Rating Agencies. Under the terms of the Trust Indenture, such Cashflow Statements must incorporate certain assumptions concerning Mortgage Loan Principal Prepayments, reinvestment rates, expenses and certain other assumptions as required by the Rating Agencies. The Cashflow Statement is required to be prepared (i) upon the issuance of a Series of Bonds; (ii) upon the adjustment of the interest rate or rates on a Series of Bonds, unless otherwise required by the applicable Series Supplement; (iii) upon the purchase or redemption of Bonds other than as assumed in the Cashflow Statement most recently filed with the Trustee; (iv) upon the application of Mortgage Loan Principal Payments other than as assumed in the Cashflow Statement most recently filed with the Trustee; (v) upon the application of amounts in the Residual Revenues Fund other than as assumed in the Cashflow Statement most recently filed with the Trustee; (vi) at such times, if any, as may be required by a Supplemental Indenture; and (vii) not later than two and one-half years after the date of filing of the most recent Cashflow Statement. The Department, at its option, may file a revised or amended Cashflow Statement with the Trustee at any time.

The Department has covenanted in the Trust Indenture that it will not make, acquire, refinance or sell Mortgage Loans or Mortgage Certificates or purchase or redeem Bonds, including the Series 2011 Bonds, or take certain other actions permitted under the Trust Indenture, unless such actions are consistent with the assumptions set forth in its most recent Cashflow Statement.

Moneys held under the Trust Indenture in excess of the amounts required by the Asset Test (hereinafter described) may, at the written direction of the Department accompanied by a Cashflow Statement, be transferred to the Department to be used for any purpose authorized or permitted by the Act, free and clear of the pledge and lien of the Trust Indenture. In general, the Asset Test is deemed satisfied if the outstanding principal balance of the Mortgage Loans and Mortgage Certificates and money and Investment Securities held in all Funds (other than the Cost of Issuance Fund, Expense Fund, Rebate Fund and any mortgage pool self-insurance reserve established by the Department with respect to Mortgage Loans) is at least equal to 102% of the principal amount of Bonds Outstanding. See "THE TRUST INDENTURE -- Residual Revenues Fund."

Prior Bonds

In addition to the Series 2011 Bonds to be issued, thirty series of Prior Bonds have been issued pursuant to the Master Indenture. As of November 30, 2010, $520,555,000 in aggregate principal amount of such Prior Bonds were Outstanding in the following principal amounts:

Series	Original Issue Amount	Bonds Outstanding
1998 Series A/B	$ 116,355,000	$ 32,120,000
1999 Series A	25,615,000	3,630,000
2000 Series A	50,000,000	-
2000 Series B/C/D/E	124,915,000	-
2001 Series A/B/C/D/E	155,125,000	36,550,000
2002 Series A/B	116,965,000	22,390,000
2003 Series A	73,630,000	46,915,000
2009 Series A/B	102,605,000	78,950,000
2009 Series C	300,000,000	300,000,000 (1)
TOTAL	$ 1,065,210,000	$ 520,555,000

(1) After conversion to the Series 2009C-1 Bonds, $210,970,000 will be outstanding.

For a more detailed description of the Prior Bonds, please refer to "APPENDIX F-1 -- ADDITIONAL INFORMATION CONCERNING MORTGAGE LOANS AND MORTGAGE CERTIFICATES."

Mortgage Loans and Mortgage Certificates

Mortgage Loans and Mortgage Certificates currently held under the Residential Mortgage Revenue Bond Program are as follows:

Ginnie Mae	$ 199,199,612
Fannie Mae	13,910,249
Freddie Mac	-0-
Whole Loans	754,196
Total	$ 213,864,057

For a detailed examination of the Mortgage Loans and Mortgage Certificates acquired with proceeds of the Prior Bonds, please refer to "APPENDIX F-1 -- ADDITIONAL INFORMATION CONCERNING MORTGAGE LOANS AND MORTGAGE CERTIFICATES." Unless otherwise specified, all information is as of November 30, 2010.

Mortgage Certificates, as of February 14, 2011, expected to be acquired with Series 2011 Bond proceeds are as follows:

Existing Mortgage Certificates to Be Purchased at Bond Closing

Description	Amount
Assisted (Mortgage Rate)	
4.95%	$ 20,455,762.72
5.30%	$ 12,750,701.12
5.35%	$ 18,406,161.66
5.40%	$ 15,620,804.02
5.50%	$ 9,395,309.09
5.74%	$ 10,490,028.53
6.25%	$ 1,818,917.72
Unassisted (Mortgage Rate)	
4.20%	$ 68,031.29
4.55%	$ 485,053.34
4.60%	$ 165,283.11
4.65%	$ 391,704.70
4.75%	$ 293,972.81
4.99%	$ 229,562.16
Grand Total	**$ 90,571,292.27**

Mortgage Loans and Mortgage Loan Commitments Expected to be Pooled into Certificates and Available for Purchase

Description	Purchased Not Pooled	Pipeline
Assisted (Mortgage Rate)		
4.95%	$ 2,451,657.17	$ 21,281,324.00
5.30%	$ 798,686.88	$ 1,083,576.00
5.35%		$ 263,790.00
5.50%	$ 752,090.00	$ 26,399,735.00
Unassisted (Mortgage Rate)		
4.20%	$ 596,669.00	$ 1,330,656.00
4.55%		$ 114,356.00
4.75%		$ 1,187,904.00
Total	**$ 4,599,103.05**	**$ 51,661,341.00**

The Department expects that for a variety of reasons, some Mortgage Loan commitments may not become Mortgage Loans or Mortgage Certificates. The Department continues to make Mortgage Loan commitments as described herein under "THE PROGRAM AND THE MORTGAGE LOANS." To the extent that the principal amount of existing Mortgage Certificates available for purchase and Mortgage Loans and Mortgage Loan commitments expected to be pooled into Mortgage Certificates is less than Series 2011 Bond proceeds available to purchase 2009C-1/2011A Mortgage Loan Certificates, the Department expects to use remaining Series 2011 Bond proceeds, if any, to purchase Mortgage Certificates created pursuant to the Program. Mortgage Certificates may have pass-through rates different than those shown in the table above.

Investment of Funds

Moneys in the Mortgage Loan Fund, the Revenue Fund, the Residual Revenues Fund, and the Self-Insurance Fund will be invested by the Texas Treasury Safekeeping Trust Company pursuant to the Depository Agreement in Investment Securities. See "TEXAS TREASURY SAFEKEEPING TRUST COMPANY." Moneys in the Interest Fund, the Principal Fund, Rebate Fund, and the Special Redemption Fund will be held and invested by the Trustee, upon the direction of the Department, in Investment Securities. Moneys in the Cost of Issuance Fund, the Expense Fund and the Special Mortgage Loan Fund will be held by the Department and invested, if at all, in accordance with the Department's investment policy. Moneys held or invested in all Funds and accounts (except for the Rebate Fund and Cost of Issuance Fund) under the Trust Indenture are for the equal and ratable benefit of all owners of the Bonds.

The following table summarizes certain information as of November 30, 2010, regarding yields (calculated on the basis of stated maturity) on existing investments (valued at par) within the Float Fund (as defined in Footnote 1 below) in connection with outstanding Prior Bonds and the Series 2011 Bonds:

Fund or Account	Approximate Amount Invested (Par Value)	Interest Rate	Investment Maturity Date	Investment Security/Investment Agreement Provider [2]
Float Fund[1]				
Series 1998A/B	$ 6,234,075.75	5.040%	January 1, 2031	CDC Funding Corp GIC
Series 1999B/C/D	2,557,572.24	Variable	Daily	Paribas Corp. Repurchase Agreement
Series 2000A	24,840.15	6.510%	July 1, 2031	Trinity Funding GIC
Series 2000B/C/D/E	499,531.00	Variable	Daily	Paribas Corp. Repurchase Agreement
Series 2001A/B/C/D/E	3,119,384.11	Variable	Daily	Paribas Corp. Repurchase Agreement
Series 2002A/B	1,477,875.63	4.200%	4/1/2034	Transamerica Life Insurance GIC
Series 2003A	2,194,532.42	Variable	Daily	Paribas Corp. Repurchase Agreement
Series 2009A/B	2,758,712.64	Variable	Daily	Paribas Corp. Repurchase Agreement
Series 2009C	300,398,020.84	Variable	Monthly	Mutual Fund

(1) Float Fund includes the Revenue Fund, Principal Fund, Interest Fund, Special Redemption Fund, Expense Fund, Service Release Premium Fund, and Residual Revenue Fund. Includes Escrow Fund for Series 2009C.

(2) "GIC" means guaranteed investment contract.

The ability of the Department to make timely payments of principal of and interest on the Series 2011 Bonds and the Prior Bonds, could be affected if the parties to the various investment agreements for the Series 2011 Bonds or the Prior Bonds do not honor their obligations thereunder to repay such moneys and the interest thereon at the times and rates set forth in the respective investment agreements.

The Department has adopted an investment policy (the "Investment Policy") which applies to all financial assets of the Department. The Investment Policy's objectives, in the order of priority, are as follows: (1) safety of principal, (2) sufficient liquidity to meet Department cashflow needs, (3) achievement of a market rate of return on investments, and (4) conformance with all applicable State statutes, particularly the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended. With respect to bond proceeds, the Investment Policy provides that such proceeds should be invested as permitted by the applicable trust indenture.

Additional Bonds

Various series of Bonds, including refunding Bonds, may be issued as provided in the Trust Indenture on a parity with the Bonds of all other Series, secured by a pledge of and lien on the Trust Estate. As a condition to the issuance of additional Bonds, including refunding Bonds, the Department must deliver various items to the Trustee including an opinion of Bond Counsel to the effect that, among other things, the series of Bonds is validly issued in accordance with the Trust Indenture and the Act. The Department must also deliver to the Trustee a Cashflow Statement which gives effect to the issuance of such additional Bonds as described above under "Cashflow Statement and Asset Test" and a written confirmation from each Rating Agency that the issuance of Bonds of each Series will not adversely affect the rating then in effect on any Outstanding Bonds (determined without regard to any Credit Facility). The Department has reserved the right to adopt one or more other bond indentures and to issue other obligations payable from sources other than the Trust Estate or, payable from the Trust Estate, including the Revenues, if the pledge of and lien on the Trust Estate and the Revenues is junior to or subordinate to the pledge of and lien on the Trust Estate and the Revenues.

Sale of Mortgage Certificates and Mortgage Loans

The Department may, at its election, sell, assign, transfer or otherwise dispose of any Mortgage Loan or Mortgage Certificate, in whole or in part, or any of the rights of the Department with respect to any Mortgage Loan or Mortgage Certificate, in whole or in part, free and clear of the lien of the Trust Indenture, but only if a Cashflow Statement establishes that such sale, assignment, transfer or other disposition will not adversely affect the ability of the Department to pay when due the principal or redemption price of and interest on the Bonds and the Rating Agency shall have confirmed that such sale, assignment, transfer or other disposition will not have an adverse affect on the rating then in effect on the Bonds. The Department may also sell any Mortgage Loan, Mortgage Certificate or other obligation evidencing or securing a Mortgage Loan if it is necessary for the Department to take such action in order to maintain the exclusion of interest from gross income for federal income tax purposes on any of the Bonds.

ASSUMPTIONS AND RISKS

Assumptions

On the basis of the Cashflow Statement prepared in connection with the issuance of the Series 2011 Bonds, the Department expects that the scheduled payments, together with Mortgage Loan Principal Prepayments received, if any, of the principal of and interest on the Mortgage Loans and the Mortgage Certificates and amounts held under the Trust Indenture and the earnings thereon, will be sufficient to pay the principal or redemption price of and interest on the Series 2011 Bonds and all other Prior Bonds Outstanding when due. In arriving at the foregoing conclusions, the Department has included all Series 2011 Bonds and Prior Bonds but has not considered the issuance of additional Bonds or the application or investment of the proceeds thereof. Since obligations issued under the Trust Indenture, unless subordinated, will rank equally and ratably with the Series 2011 Bonds and the Prior Bonds with respect to the security afforded by the Trust Indenture, the availability of money for repayment thereof could be significantly affected by the issuance, application and investment of proceeds of additional Bonds.

The maturities of and mandatory sinking fund installments of the Series 2011 Bonds have been established on the basis of the consolidated scheduled payments of the Mortgage Loans (including Mortgage Certificates), under the Trust Indenture. The interest rates on the Mortgage Loans acquired with moneys made available upon the issuance of the Series 2011 Bonds will be established so that, together with payments of principal of and interest on the Mortgage Loans and the Mortgage Certificates outstanding under the Trust Indenture and moneys on deposit in the various funds and accounts under the Trust Indenture (as well as income derived from investments thereof), sufficient Revenues will be expected to be available to pay on a timely basis the principal of and interest on all Bonds outstanding under the Trust Indenture, including the Series 2011 Bonds and certain other amounts required to be paid under the Trust Indenture. Such expectation is based on, among others, the following assumptions:

(a) moneys held in the Mortgage Loan Fund, the Revenue Fund and the Residual Revenues Fund will be invested at the rates per annum applicable to each (a portion of the earnings from which may be subject to rebate to the United States Department of Treasury), and timely payments will be made to the Trustee of amounts due under such investments;

(b) the payments on the Mortgage Loans (including the Mortgage Certificates) will be made in full and received by or on behalf of the Department on the 30th day following their scheduled payment dates;

(c) the Mortgage Lenders, the servicers, and the Master Servicers will perform their duties in a timely manner;

(d) all future expenses with respect to the Bonds and administering and servicing the Mortgage Loans, including the Trustee's fees and payment of Department Expenses, will be paid in full on a timely basis from interest paid on the Mortgage Loans and the Mortgage Certificates and investment income on funds held by the Trustee;

(e) all of the lendable proceeds of the Series 2011 Bonds will be used to purchase Mortgage Certificates representing Mortgage Loans with terms of thirty (30) years that will provide for payment of principal and interest in approximately equal monthly installments;

(f) the proceeds of the Series 2011 Bonds will be used to provide for the purchase of Mortgage Certificates, of which substantially all are projected to be GNMA Certificates; and

The Department makes no assurances that the foregoing assumptions can be realized. In particular, the Department establishes the interest rates on the Mortgage Loans (including Mortgage Certificates) on an ongoing basis as the Department deems necessary and appropriate, subject to the requirements of the Trust Indenture, including the Cashflow Statement. Interest rates are determined by reference to conventional mortgage rates, availability of mortgage funding alternatives, historical interest rate patterns and the Department's cost of funds.

Termination of Mortgage Loans and Mortgage Certificates

The maturities and sinking fund redemption installments of the Series 2011 Bonds were determined on the basis of the assumption that there will be no early terminations of the Mortgage Loans or the Mortgage Certificates relating to the Series 2011 Bonds. The Department expects Mortgage Loans and Mortgage Certificates relating to the Series 2011 Bonds will be terminated prior to final maturity as a result of Mortgage Loan Principal Prepayments. All Mortgage Loan Principal Prepayments relating to the Series 2011 Bonds will be deposited in the Revenue Fund and transferred to the 2009C-1/2011A Special Redemption Account for use to redeem Series 2011 Bonds or other Bonds in accordance with the Trust Indenture. **Accordingly, the Department anticipates that substantially all of the Series 2011 Bonds will be redeemed prior to their scheduled maturities.**

Federal Guarantee Limits

The dollar amount of commitments to guarantee securities that GNMA can approve and the dollar amount that FHA and VA can insure or guarantee in any federal fiscal year is limited by statute and administrative procedures. If an appropriation act is not passed in any federal fiscal year or if Ginnie Mae, FHA or VA reach the limits of their respective authority, or if Ginnie Mae, in its sole discretion, or the federal government alters or amends the GNMA Mortgage-Backed Securities Program in such a way as to prevent the Mortgage Lenders from originating Mortgage Loans during the origination period and the Master Servicer from issuing GNMA Certificates prior to the acquisition date therefor, the Mortgage Lenders may be unable to originate Mortgage Loans and the Master Servicer may be unable to issue GNMA Certificates in the anticipated aggregate principal amount. The failure to originate Mortgage Loans, or the inability to deliver Mortgage Certificates to the Trustee in amounts contemplated by this financing would result in the early redemption of the Series 2011 Bonds prior to their maturity. See "THE SERIES 2011 BONDS - Redemption Provisions."

Non-Origination of Mortgage Loans

One of the principal factors in originating mortgage loans is the availability of funds to make such loans at interest rates and on other terms that prospective borrowers can afford. The Department has determined that there is a shortage of funds in the State to make such loans at interest rates and on terms that a substantial number of potential borrowers within the State can afford. Should mortgage interest rate levels decline, or should one or more alternative governmental programs, including other mortgage revenue bond issues or to be issued by the Department, become available at below market rates, mortgage loans could become available at rates competitive with or lower than the rate specified for the Mortgage Loans, and the total amount of Mortgage Loans anticipated to be originated under the Program may not be so originated.

In addition, there exists a risk of non-origination resulting from the reservation for a period of one year of an amount equal to 20% of the lendable proceeds of the Series 2011 Bonds for Mortgage Loans in certain federally designated targeted areas and making available for a period of one year (or such longer period as determined by the Department) an amount equal to 30% of the lendable funds made available through the issuance of the Series 2011A Bonds for persons of families of low income (not exceeding 80% of the applicable area median family income). As a result, the pool of potential mortgagors will be limited for such period and economic conditions or conventional mortgage rates may have adversely changed by the end of the set aside period. See "THE PROGRAM AND THE MORTGAGE LOANS -- Targeted Area Reservation," and "-- Low Income Reservation" which shows that the above-described set asides have been met.

Uncertainties in Financial Markets

Real estate and mortgage markets have recently been subject to significant disruptions, including lack of liquidity. Continuing instability in the mortgage market that adversely impacts financial institution participants may result in delays in mortgage loan originations, failure to originate mortgage loans, delays or failure by the Servicer to deliver Mortgage Certificates, and prepayments of 2009C-1/2011A Mortgage Certificates as a result of foreclosures, any of which could result in redemption of the Series Bonds. See "THE SERIES 2011 BONDS-Redemption Provisions-Special Redemption from Mortgage Loan Prepayments" herein.

Instability in the mortgage markets associated with downward pressure on the housing market and capital markets, increases in delinquencies and defaults and limited access to credit have placed pressures on all participants in the industry, including but not limited to: lenders, servicers, mortgage insurers, Fannie Mae and Freddie Mac. Recently, several major industry participants have announced a temporary moratorium on the sale of foreclosed properties as a result of concerns regarding chain of title issues. These pressures may have an adverse impact on transaction participants and their ability to conduct business and may result in delays in the origination of Mortgage Loans, failure to originate Mortgage Loans or delay or failure by the Master Servicers to deliver Mortgage Certificates, any of which could result in the redemption of the Series 2011 Bonds prior to their maturity, as well as on borrowers with respect the availability of housing inventory available for purchase. A broad range of factors, including but not limited to those discussed herein, affecting credit markets, currency markets, debt markets and the financial markets, both nationally and internationally must be considered by investors in making any investment decisions. The Department can offer no guidance as to whether the recent volatility in the mortgage market and the financial markets generally will continue, and if so how these conditions might impact the ability of such participants to perform their obligations under the program.

Changes in Federal and State Law

Legislation affecting the Bonds and the Department's Mortgage Loans may be considered and enacted by the United States Congress. No assurance can be given that the consideration or enactment of any such legislation will not have an adverse effect on the value of, the timing or amount of payments of, or the security for the Bonds or other risks.

The Housing and Economic Recovery Act of 2008 ("HERA") established the Federal Housing Finance Agency ("FHFA"), an independent agency of the federal government, as the new supervisory and general regulatory authority for Fannie Mae and Freddie Mac. Pursuant to authority granted under HERA (as defined herein), on September 7, 2008, the Director of FHFA placed Fannie Mae and Freddie Mac into conservatorship under the direction of FHFA. In addition, Treasury announced three companion initiatives. First, to ensure the likelihood that Fannie Mae and Freddie Mac maintain positive net worth, Treasury executed a senior preferred stock purchase agreement with both Fannie Mae and Freddie Mac pursuant to which Treasury agreed to purchase up to $100 billion of preferred stock in each of Fannie Mae and Freddie Mac. Second, to improve credit availability, Treasury agreed, to make secured short term loans to Fannie Mae and Freddie Mac. Finally, to promote stability of the mortgage market, Treasury agreed to temporarily purchase mortgage backed securities from Fannie Mae and Freddie Mac. On February 11th the President proposed a housing plan which outlined three broad options for changing the housing finance system in the United States. The proposal includes various alternatives for the future of the Federal government's role in the housing market, including options which impact the future of Fannie Mae and Freddie Mac. The Department cannot predict the long term consequences of the federal conservatorship or of the future status of Fannie Mae and Freddie Mac, and cannot predict the impact of future legislation on the housing market or the corresponding impact on the participants and the Program.

Financial institutions and related entities have announced large losses as a result of their mortgage activities and the increasing number of defaults and foreclosures on such mortgages. As a result, the United States Congress passed consumer protection legislation, which created a new consumer protection agency and legislation regulating the U.S. financial markets. Likewise, the Texas Legislature may enact consumer protection legislation relating to mortgage loan origination and servicing. Such legislation, if enacted, could have an adverse effect on the Department's Program, including its ability to originate new Mortgage Loans, to collect payments under Mortgage Loans and to foreclose on property securing Mortgage Loans.

A number of state regulatory authorities have recently taken action against certain loan originators and servicers for alleged violations of state laws. The federal government has also raised concerns regarding mortgage loan documentation and foreclosure processes. Certain of those actions prohibit those servicers from pursuing foreclosure actions. In response to alleged abusive lending and servicing practices, the State of Texas or the federal government could enact legislation or implement regulatory requirements that impose limitations on the ability of mortgage loan servicers to take action (such as pursuing foreclosures) that may be essential to service and preserve the value of the single-family loans. Any such limitations that applied to the Department's Mortgage Loans could adversely affect the Department's ability to collect amounts due on such loans and could impair the value of such loans.

On March 4, 2009, Treasury announced guidelines to enable mortgage loan servicers to begin modifications of eligible mortgage loans under the Homeowner Affordability and Stability Plan. No assurance can be given whether the Department, or its Master Servicers, will commence the modification of the Department's single family mortgage loans pursuant to such guidelines.

The March 4, 2009, guidelines referred to above stated that FHA would forumulate a program for modification of FHA loans. FHA released the details of the program called the Home Affordable Modification Program ("HAMP") on July 31, 2009, with an effective date of August 15, 2009. At present, the Department cannot predict what effect modifications of FHA-insured loans under HAMP would have on the Department's portfolio.

The Internal Revenue Code of 1986 (the "Code") imposes certain requirements as to the qualification of potential mortgagors for Mortgage Loans under the Program and the purchase price of the residences which may become subject to a Mortgage Loan. These requirements restrict the ability of potential mortgagors and residential units to qualify for Mortgage Loans and thereby may materially impair the ability of lenders to originate Mortgage Loans and, consequently, the issuance of Mortgage Certificates backed by Mortgage Loans. The requirements are subject to change and may become more restrictive, thereby resulting in a decrease in the number of potential mortgagors or residential units eligible for inclusion in the Program. Moreover, the Code may require that some or all of the premium cash advance offered to Eligible Borrowers by the Department as part of the Program be included in the taxable income of such Eligible Borrowers. Such tax treatment may further decrease demand among potential mortgagors.

Risk of Default on Loans

Mortgage Loans originated with loan to value ratios in excess of eighty percent (80%) are required to be insured or guaranteed by a private mortgage insurer or by FHA, VA or USDA/RDA. Under the Program, the 2009C-1/2011A Mortgage Loans will be securitized as 2009C-1/2011A Mortgage Certificates guaranteed as to timely payment of principal and interest by GNMA, Fannie Mae, or Freddie Mac. See "APPENDIX F-1 – ADDITIONAL INFORMATION CONCERNING MORTGAGE LOANS AND MORTGAGE CERTIFICATES" for information relating to the Department's mortgage loan portfolio. Although a certain portion of Mortgage Loans are covered with various forms of insurance, guarantees or homeowner equity, there can be no assurance that losses incurred in connection with defaults on the Mortgage Loans will not exceed the levels of protection in place or that the providers of such insurance or guarantees will pay in accordance with their obligations under the insurance policies or guarantees. If losses result on the underlying Mortgage Loans and if the providers of guarantees under the Mortgage Certificates do not pay in accordance with their obligations, the ability of the Trustee to pay principal and interest on the Series 2011 Bonds may be adversely affected. For certain information about GNMA and the GNMA Certificates, Freddie Mac and the Freddie Mac Certificates and Fannie Mae and the Fannie Mae Certificates, see APPENDIX C-1, APPENDIX C-2 and APPENDIX C-3, respectively.

Availability of Remedies

The remedies available to the owners of the Series 2011 Bonds upon an Event of Default under the Trust Indenture or other documents described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code, the remedies specified by the federal bankruptcy laws, the Trust Indenture and the various Program Documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2011 Bonds will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by general principles of equity which permit the exercise of judicial discretion.

THE DEPARTMENT

General

The Department, a public and official governmental agency of the State of Texas (the "State") and a body corporate and politic, was created pursuant to and in accordance with Chapter 2306, Texas Government Code, as amended from time to time (together with other laws of the State applicable to the Department, the "Act"). The Department is the successor agency to the Texas Housing Agency (the "Agency") and the Texas Department of Community Affairs (the "TDCA"), both of which were abolished by the Act and their functions and obligations transferred to the Department. One of the purposes of the Department is to provide for the housing needs of individuals and families of low, very low and extremely low income and families of moderate income in the State. Pursuant to the Act, the Department may issue bonds, notes or other obligations to finance or refinance residential housing and to refund bonds previously issued by the Agency, the Department or certain other quasi-governmental issuers. The Act specifically provides that the revenue bonds of the Agency become revenue bonds of the Department.

The Department is subject to the Texas Sunset Act (Chapter 325, Texas Government Code, as amended, hereinafter referred to as the "Sunset Act") and its continued existence is subject to a review process that resulted in passage of legislation in the Seventy-Eighth Legislative Session in 2003 which continues the Department in existence until September 1, 2011, at which time it will again be subject to review. In December 2010, the sunset Commission recommended the Department continue in existence for at least twelve years. The Sunset Act, however, recognizes the continuing obligation of the State to provide for the payment of bonded indebtedness incurred by a State agency abolished under the provisions thereof and provides that the Governor of the State shall designate an appropriate State agency to continue to carry out all covenants with respect to any bonds outstanding, including the payment of any bonds from the sources provided in the proceedings authorizing such bonds.

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

Governing Board

The Department is governed by a governing board (the "Board") consisting of seven public members, appointed by the Governor, with the advice and consent of the State Senate. Board members hold office for six-year staggered terms. Each member serves until his or her successor is appointed and qualified. Each member is eligible for reappointment. Members serve without compensation, but are entitled to reimbursement for actual expenses incurred in performing their duties of office. The Act requires the Governor to make appointments so that the places on the Board are occupied by persons who have a demonstrated interest in issues related to housing and support services and who broadly reflect the geographic, economic, cultural, and social diversity of the State, including ethnic minorities, persons with disabilities, and women.

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

The current members of the Board, their occupations and their terms of office are as follows:

C. KENT CONINE, Chair and Board Member. President, Conine Residential Group, Frisco, Texas. His term expires January 31, 2015.

GLORIA L. RAY, Vice Chair and Board Member. Chief of Resources Management Division, Kelly Air Force Base, Retired. Her term expires January 31, 2011.

TOM GANN, Board Member. President, Gann Medford Real Estate, a commercial and residential real estate brokerage firm. His term expires January 31, 2015.

LESLIE BINGHAM-ESCARENO, Board Member. Chief Executive Officer of Valley Baptist Medical Center-Brownsville. Her term expires January 31, 2013.

JUAN SANCHEZ MUNOZ, PhD, Board Member. Associate Professor of Education at Texas Tech University and Associate Director of the Texas Tech University College of Education, Center for Research on Leadership and Education. His term expires January 31, 2013.

LOWELL A. KEIG, Board Member. General Counsel for Youth and Family Center Services, Inc. His term expires January 31, 2013.

[VACANT BOARD SEAT]

All of the above Board members have been appointed by the Governor and confirmed by the State Senate. Any Board member whose term has expired or tender resignation continues to serve until his or her successor has been appointed.

Administrative Personnel

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

Currently, the Department has 363 employees which includes 60 employees from the manufactured housing division. The following is a biographical summary of certain of the Department's senior staff members who have responsibility with respect to single-family housing matters.

MICHAEL G. GERBER, Executive Director. On April 13, 2006, the TDHCA Board selected Michael G. Gerber as Executive Director. Mr. Gerber began service at the Department on May 17, 2006. Before joining the Department, Mr. Gerber has served as an Advisor to Texas Governor Rick Perry in the Governor's Office of Budget, Policy, and Planning. From January 2003-October 2004, Mr. Gerber served in the Bush Administration at the U.S. Department of Housing and Urban Development, first as a Senior Advisor to the Assistant Secretary for Public and Indian Housing, and later as a Senior Advisor to the Assistant Secretary for Policy Development and Research. Mr. Gerber served as a Legislative Assistant to U.S. Senator Kay Bailey Hutchison from 1997-2001, and as a Special Assistant for State Projects to U.S. Senator Phil Gramm from 1990-1997. Mr. Gerber received his undergraduate degree from George Washington University and an MBA from Marymount University.

WILLIAM DALLY, Chief of Agency Administration. Mr. Dally initially joined the Department on the Internal Audit staff in May 1994. On May 1, 1999, Mr. Dally was promoted to the position of Chief Financial Officer after serving as the Department's Controller since January 1996. Mr. Dally is presently responsible for the Department's management of fiscal affairs, including budgets and financial reporting. Mr. Dally earned a Bachelor of Business Administration degree in Accounting from the University of Texas at Austin, and is a Certified Public Accountant. Prior to his employment with the Department, Mr. Dally was a Senior Auditor with the firm of KPMG Peat Marwick and worked primarily with governmental entities.

TIMOTHY E. NELSON, Director of Bond Finance. Mr. Nelson assumed the position of Director of Bond Finance on December 7, 2009. He is responsible for the development and administration of the Department's Single Family Mortgage Revenue Bond Program. Mr. Nelson also oversees ongoing compliance monitoring and disclosure requirements related to the Department's investments and single family and multifamily bond programs. Mr. Nelson earned a Bachelor of Business Administration degree in Finance with a minor in Marketing from the University of Washington in Seattle, Washington and a Master of Business Administration degree in International Finance from The George Washington University in Washington, DC. Prior to employment with the Department, Mr. Nelson was a single-family housing investment banker for RBC Capital Markets in Phoenix, Arizona.

ERIC PIKE, Director of the Texas Homeownership Program. He began his career at the Agency with the Community Development Block Grant Program (CDBG) prior to joining the Single Family Lending Division. He served as manager of the Single Family Mortgage Revenue Bond Program for 2 years, overseeing the program's primary vehicle, the Texas First Time Homebuyer Program. He was appointed director of the division in 2002. Additionally, he is responsible for the administration of the Texas Statewide Homebuyer Education Program (TSHEP) and the Department's Mortgage Credit Certificate Program. Mr. Pike received his Bachelor of Business Administration in Finance and his Masters of Business Administration in Business Management from St. Edward's University in Austin.

TIMOTHY K. IRVINE, Chief of Staff and General Counsel. Mr. Irvine has been a licensed attorney in Texas since 1976. He has been with the Department since January 2009 and was appointed General Counsel in March 2010. His prior experience includes serving as an attorney for the Federal Reserve Bank of Dallas, heading the legal division and serving as secretary of Texas Commerce Bancshares and as General Counsel of its lead bank, heading the legal division and serving as secretary for Franklin Federal Bancorp as well as overseeing its mortgage banking, human resources, and other support functions, serving as a partner in the Austin office Locke Liddell & Sapp (now Locke Lord Bissell & Liddell), serving as General Counsel of the Texas Savings and Loan Department (now the Savings and Mortgage Lending), as Executive Director of the Department's Manufactured Housing Division, as Administrator of the Texas Real Estate Commission and Commissioner of the Texas Appraiser Licensing and Certification Board. He has a B.A. (1971) from Claremont McKenna College, an M.A. (1973) from Claremont Graduate University, and a J.D. (1975) from Willamette University.

THE PROGRAM AND THE MORTGAGE LOANS

The Program

The Department has established a single family mortgage purchase program ("Program") pursuant to the Act for the purpose of assisting in financing the costs of acquisition of residences within the State of Texas by Eligible Borrowers (as described below). The component of the program relating to the Series 2011 Bonds has been designated as the Department's Bond Program No. 77 ("Program 77"). In connection with Program 77, the Department entered into an Amended and Restated Warehousing Agreement, (the "Warehousing Agreement"), dated as of January 1, 2011, by and among the Department, the Trustee, The Bank of New York Mellon Trust Company, N.A. (the "Custodian") and Plains Capital Bank and FirstSouthwest (each a "Warehouse Provider" and collectively, the "Warehouse Providers") whereby the Warehouse Providers provide temporary warehousing of the 2009C-1/2011A Mortgage Certificates prior to the issuance of the Series 2011 Bonds. Using funds from the Warehousing Agreement, the Departments has purchased and continues to purchase, Mortgage Certificates backed by certain qualified Mortgage Loans (or participations therein) originated by commercial banks, savings and loan associations, mortgage companies, non-profit corporations, and other qualified financial institutions (the "Mortgage Lenders"). After the delivery of the Series 2011 Bonds, the Department expects to use funds on deposit in the 2009C-1/2011A Mortgage Loan Account to purchase 2009C-1/2011A Mortgage Certificates as described in "SECURITY FOR THE BONDS-Mortgage Loans and Mortgage Certificates".

Mortgage Loans evidenced by the 2009C-1/2011 A Mortgage Certificates will bear interest at rates established from time to time by the Department pursuant to the provisions of the Trust Indenture. Shown in "SECURITY FOR THE BONDS—Mortgage Loans and Mortgage Certificates. 2009C-1/2011A Mortgage Certificates are expected to be comprised almost entirely of GNMA Certificates. The purchase price for such GNMA Certificates will be 100% of par (plus accrued interest). The Department expects to originate approximately $7,500,000 of 0% Mortgage Loans from funds available from Prior Bonds in connection with Program 77.

DPA Loans

The structure of Program 77 allows the Eligible Borrower to choose between a non-assisted loan bearing interest at an annual rate announced from time to time by the Department, or an assisted loan bearing interest at an annual rate announced from time to time by the Department that is higher than the corresponding non-assisted loan rate. All assisted loans are accompanied by a second lien loan with no stated interest, due on sale or maturity, and a 30-year term (the "DPA Loan") in an amount equal to a percentage of the original principal amount of the related first lien assisted loan. The DPA Loan will not be funded with the proceeds of the Series 2011 Bonds, and will be non-recourse and secured solely by the Eligible Borrower's residence. In the event of a foreclosure, the Department's ability to recover its DPA Loan will be subordinated to the rights of the first lien mortgage guarantor.

Under Program 77, the Department intends to attribute a portion of the interest on all assisted loans to the related DPA Loans. The portion of interest attributable to the DPA Loans shall be equal to 0.15% (15 basis points) for each 1.00% of the DPA Loan (currently, 0.75%, or 75 basis points, based upon a 5.00% DPA Loan amount). Because the DPA Loans are not funded with proceeds of the Series 2011 Bonds, the portion of interest from the related assisted loans attributed to the DPA Loans will not be treated as Revenues related to 2009C-1/2011A Mortgage Certificates, but will be treated as revenues relating to the applicable funding source. In the event that any DPA Loan is paid off prior to payment in full of the related assisted loan, the interest rate on the assisted loan will in turn be reduced by the portion of interest attributed by the Department to the DPA Loan.

General

The guidelines adopted by the Department from time to time in connection with the Program establish the eligibility of lenders to participate in the Program, time limitations with respect to commitments for and originations of Mortgage Loans, the types of Mortgage Loans eligible for purchase by the Servicer, the eligibility of mortgagors, the requirements for dwellings which secure Mortgage Loans, the fees which a Mortgage Lender may charge to originate a Mortgage Loan, the fees which a lending institution may charge for servicing a Mortgage Loan, as well as other aspects of the Program. In connection with each phase of the Program, the Department executed or will execute origination, sale and servicing agreements or mortgage origination agreements and program supplements (collectively, the "Agreement") with the respective Mortgage Lenders. The Agreement obligated or will obligate the Mortgage Lenders to use their best efforts to originate and sell to the Department Mortgage Loans in conformity with the guidelines. Each Mortgage Loan was or will be reviewed prior to acquisition by the Compliance Agent designated by the Department for compliance with applicable provisions of the Program as set forth in the guidelines and with applicable provisions of federal income tax laws. The procedures set forth in the Agreement are established by the Department after consideration of standards and requirements customary in the secondary mortgage market. The Department anticipates that it may revise its procedures from time to time to conform with changes in the procedures followed by Fannie Mae, RDA, Ginnie Mae, VA or other major secondary mortgage market institutions.

Mortgage Lender Reservations - First-Come, First-Served

No funds made available through Program 77 were allocated to any specific Mortgage Lenders. Generally, funds were made available to Mortgage Lenders on a first-come, first-served basis, subject to requirements of the Code and applicable State Law, as described in "Targeted Area Reservation," and "Low Income Reservation" below.

Targeted Area Reservation

Generally, the Code imposes certain requirements on the Program with regard to targeting funds to certain targeted areas, as further described in "TAX MATTERS - Federal Income Tax Requirements - Targeted Area Requirement." **The targeted area requirement has been met.**

Low Income Reservation

For the first one-year period of Program 77 (or such longer period as determined by the Department), the Department is requiring that 30% of the funds made available through the issuance of the Series 2011 Bonds be made available for Mortgage Loans for individuals and families of low income (not exceeding 80% of applicable median family income). See "APPENDIX G -- APPLICABLE MEDIAN FAMILY INCOMES AND MAXIMUM ACQUISITION COST LIMITATIONS." After such one-year period, Mortgage Lenders may make Mortgage Loans to any Eligible Borrowers and the Trustee may use any remaining reserved funds to purchase 2009C-1/2011A Mortgage Certificates representing Mortgage Loans made to any Eligible Borrowers. **The described 30% requirement has been met.**

Eligible Borrowers

Each Mortgage Loan is required to be made to a person whose family income does not exceed the income limits described above under "Low Income Reservation" and under the caption "TAX MATTERS-Mortgage Eligibility Requirements-Income Requirements" and any other limits established by the Department from time to time. In addition, to be eligible for a Mortgage Loan an applicant must be a person: (i) who intends to occupy the residence to be financed with such Mortgage Loan as his or her principal residence within a reasonable period after financing is provided; (ii) who, except in the case of certain targeted area loans, certain qualified veterans, certain exception loans hereinafter described, and certain homes falling into the Contract for Deed Exception, has not had a present ownership interest in a principal residence at any time during the three-year period preceding the date of execution of the Mortgage; and (iii) who has not had an existing mortgage on the residence (other than a mortgage falling into the Contract for Deed Exception) to be financed with such Mortgage Loan at any time prior to the execution of the Mortgage, other than certain permitted temporary financing mortgages. The Department, subject to the requirements of applicable provisions of federal income tax law and applicable regulations, may approve a limited number of exception loans that do not satisfy the requirement described in clause (ii) in the immediately preceding sentence. See "APPENDIX G-APPLICABLE MEDIAN FAMILY INCOMES AND MAXIMUM ACQUISITION COST LIMITATIONS."

Eligible Property

Each residence financed with a Mortgage Loan must consist of real property and improvements permanently affixed thereon which is located within the State of Texas. Each residence must be a single-family, owner-occupied attached or detached structure, a single-family condominium unit or a single unit in a planned unit development or a single unit in a qualifying duplex, triplex or four-plex. Each residence financed with a Mortgage Loan must have an acquisition cost (the "Maximum Acquisition Cost") not exceeding certain acquisition cost limits established by the Department from time to time. See "APPENDIX G -- APPLICABLE MEDIAN FAMILY INCOMES AND MAXIMUM ACQUISITION COST LIMITATIONS."

Eligible Mortgage Loans

Each participation in a Mortgage Loan acquired by the Department under the Trust Indenture must meet the applicable requirements for inclusion of that Mortgage Loan in a GNMA Certificate, Fannie Mae Certificate, or Freddie Mac Certificate.

Compliance with Tax Law and Program Guidelines

Each Mortgage Lender was required or will be required to follow certain procedures in the origination of Mortgage Loans to insure compliance with the mortgage eligibility requirements of applicable federal income tax laws and other requirements applicable to the Mortgage Loans. These procedures will include, but may not be limited to, the following: (i) obtaining affidavits of the borrower and seller and certificates of the real estate agent, if any, providing and certifying certain information regarding borrower income, home acquisition cost, and other loan information; (ii) reviewing the contents of the affidavits and certificates with the persons executing them prior to the execution thereof; (iii) except in the case of certain targeted area loans or certain other exception loans, obtaining signed or certified copies of the borrower's federal income tax returns for the preceding three years to verify that the borrower did not claim deductions for taxes or interest on indebtedness with respect to real property constituting his or her principal residence or a borrower's affidavit that he or she was not required to file such a return during one or more of the preceding three years; (iv) performing such additional investigations as may be appropriate under the circumstances to verify that the requirements of applicable federal income tax laws are satisfied as of the date of the execution of the Mortgage; (v) reviewing the draft settlement statement to assure that all fees and charges and settlement and financing costs comply with the applicable requirements; (vi) preparing, executing, and delivering a certificate relating to compliance with the requirements set forth immediately above; and (vii) carrying out such additional verification procedures as may be reasonably requested by the Department, its designated compliance agent, or the Trustee. If any Mortgage Loan fails to meet the guidelines established by the Department, the originating Mortgage Lender will be required to correct such failure within a reasonable time after such failure is discovered by either repurchasing the non-qualifying Mortgage Loan in full or by replacing the non-qualifying Mortgage Loan with a Mortgage Loan which meets the applicable requirements.

Compliance Agent

Bank of America, N.A. will act as Compliance Agent for Program 77 to review and examine, or cause to be reviewed and examined, certain documents submitted by each Mortgage Lender in connection with the Mortgage Loans and to make determinations with respect to compliance of such documents with requirements of the Department and the Program. Such requirements primarily relate to, among other things, compliance with FHA, RHS, or VA requirements, as applicable, compliance with the GNMA Guide, the Fannie Mae Guide, the Freddie Mac Guide and the applicable Program Supplement, and compliance of the Mortgage Loans with the required terms thereof.

Servicing

General

In connection with Mortgage Loans made with proceeds of the Prior Bonds and not included within Mortgage Certificates, the Mortgage Lenders service the Mortgage Loans and the Department acts as an administrator, monitoring the Mortgage Lenders' activities and remittances to the Trustee. The Department maintains a schedule of anticipated receipts which each Mortgage Lender is expected to remit to the Trustee. The Mortgage Lenders report to the Department any delinquent payments and prepayments. The Department's computerized management information system reconciles Trustee receipts with Mortgage Lender reported remittances, reconciles loan amortization, monitors delinquencies and foreclosure actions, and monitors Mortgage Lender performance. Since the lendable funds made available through the issuance of the Series 2011 Bonds will be used to purchase Mortgage Certificates, the Department will not act as an administrator with respect to Mortgage Loans backed by Mortgage Certificates but will monitor the actions of the Master Servicer.

Servicing of Mortgage Loans Other than those Evidenced by Mortgage Certificates

In 1987 the Department changed the Program to a mortgage certificate program. Due to repayments and prepayments of Mortgage Loans that existed under the Trust Indenture at the time the change was made, Mortgage Loans have been reduced to $754,196 as of November 30, 2010. While the Department does not currently anticipate acquiring additional Mortgage Loans under the Trust Indenture, the Department is not prohibited from doing so.

Servicing of the Mortgage Loans Evidenced by the Mortgage Certificates

Each Mortgage Lender is required to assign its rights to service the Mortgage Loans evidenced by Mortgage Certificates originated by it to the Master Servicer. As compensation for its duties as servicer of Mortgage Loans, the Master Servicer will be entitled to receive a monthly servicing fee equal to one-twelfth of 0.44% (subject to adjustment upon written notice from the Department) of the outstanding principal amount of the GNMA Certificates issued by it, one-twelfth of 0.25% (subject to adjustment upon written notice from the Department) of the outstanding principal amount of the Freddie Mac Certificates delivered by it and one-twelfth of 0.25% (subject to adjustment upon written notice from the Department) of the outstanding principal amount of the Fannie Mae Certificates delivered by it. Since the Mortgage Loans will bear interest at a rate which will be 0.50% greater than the rate on the corresponding GNMA Certificate, the Master Servicer may deduct its servicing fees directly from amounts received on the Mortgage Loans included in a GNMA Certificate, with the remaining 0.06% paid to GNMA as its GNMA guaranty fee. See "APPENDIX C-1 - GNMA AND THE GNMA CERTIFICATES." In the case of Mortgage Loans included in a Freddie Mac Certificate, the Master Servicer may deduct its servicing fees directly from amounts received on such Mortgage Loans, with the remaining 0.25% paid to Freddie Mac as its Freddie Mac guaranty fee. See

"APPENDIX C-2 - FREDDIE MAC AND THE FREDDIE MAC CERTIFICATES." In the case of Mortgage Loans included in a Fannie Mae Certificate, the Master Servicer may deduct its servicing fees directly from amounts received on such Mortgage Loans, with the remaining 0.25% paid to Fannie Mae as its Fannie Mae guarantee fee. See "APPENDIX C-3 - FANNIE MAE AND THE FANNIE MAE CERTIFICATES."

Servicing of the Mortgage Loans is required to be carried out in accordance with generally accepted practices in the mortgage lending industry and in accordance with the servicing standards set forth in the GNMA Guide, Freddie Mac Guide or the Fannie Mae Guides, as applicable. In particular, the Master Servicer will be required to pursue collection on the applicable Mortgage Loans with prudence and diligence, manage foreclosure or assignment procedures, and file, process and receive the proceeds from FHA mortgage insurance, VA or RHS guaranty claims, or private mortgage insurance. All proceeds received by the Master Servicer with respect to a Mortgage Loan included in a GNMA Certificate must be deposited into the GNMA Issuer's Primary Custodial Account and administered by the Master Servicer and the GNMA Paying Agent as more fully described herein in "APPENDIX C-1 - GNMA AND THE GNMA CERTIFICATES."

The Master Servicer, as servicer of the Mortgage Loans, must provide to the Department and such other person specified in a Supplemental Indenture, audited financial statements on an annual basis and monthly reports relating to Mortgage Loan originations and purchases. The Master Servicer may not resign from its servicing duties unless it is determined that its duties are no longer permissible under applicable laws or regulations, and then only upon the assumption of the servicing duties by a successor servicer acceptable to FHA, VA, Ginnie Mae, Freddie Mac, Fannie Mae and the Department. In the event the Master Servicer is in material breach of its servicing obligations imposed by Ginnie Mae, Freddie Mac, Fannie Mae or the Department or a material adverse change has occurred in the financial condition of the Master Servicer, the Department, with the approval of Ginnie Mae, Freddie Mac, and Fannie Mae, may terminate the Master Servicer's servicing rights and transfer and assign those rights to another Fannie Mae, Freddie Mac, and Ginnie Mae-approved servicer.

The Master Servicers

Bank of America, N.A., as successor by merger to Countrywide Bank, FSB, ("BANA") is currently serving as a Master Servicer for Mortgage Loans financed pursuant to the Trust Indenture. As of November 30, 2010, BANA participates as Master Servicer for the Department for 3,659 loans which mortgage loans had an aggregate outstanding balance of $215,409,429. BANA has not participated in the structuring of the Program or the Bonds or the preparation of this Official Statement, except to the extent of providing the information contained under this caption regarding BANA. Except for such information, BANA accepts no responsibility for the accuracy or completeness of this Official Statement or for the Bonds or the creditworthiness of the Bonds.

The Texas State Affordable Housing Corporation ("TSHAC") is the Master Servicer for various Mortgage Loans financed pursuant to the Trust Indenture. Texas Star Mortgage ("TSM") is the registered business name of TSAHC and is a non-profit mortgage banking company engaging in single and multi-family lending to targeted rural and under-served areas in Texas. As of November 30, 2010, TSM participates as Master Servicer for the Department for 249 Mortgage Loans financed with the proceeds of the Prior Bonds, which Mortgage Loans had an outstanding principal balance in the amount of $35,714,035. At present BANA is acting as sub-servicer for TSM with respect to all of such Mortgage Loans.

CitiMortgage, Inc. ("CitiMortgage") is the Master Servicer for various Mortgage Loans financed pursuant to the Trust Indenture. As of November 30, 2010, CitiMortgage participates as Master Servicer for the Department for 58 Mortgage Loans financed with the proceeds of the Prior Bonds, which Mortgage Loans had an outstanding principal balance of $1,100,505.

Amegy Mortgage, successor to Mitchell Mortgage Company, is the Master Servicer for various Mortgage Loans issued pursuant to the Trust Indenture. As of November 30, 2010, Amegy participates as Master Servicer for the Department for 567 Mortgage Loans financed with the proceeds of Prior Bonds, which Mortgage Loans had an outstanding principal balance of $10,316,443.

Under the terms of the servicing agreement relating to the Series 2011 Bonds (the "Servicing Agreement") certain remedies are available to the Trustee and Department upon an event of default by the Servicer. An event of default under the servicing agreement includes, but is not limited to, matters relating to the insolvency and/or bankruptcy of the Servicer. If an event of default occurs and has not been cured, if applicable, the Department or the Trustee may, with the written approval of Ginnie Mae, Fannie Mae, Freddie Mac, the Trustee and the Department, terminate the rights and obligations of the Servicer under the Program Documents. During any applicable cure period, the Servicer, for a period of 60 days after providing notice to cure, has the right to sell and assign to another Servicer that meets the requirements set forth in the Servicing Agreement. The Servicer must receive the consent of the Department, and, if required, Ginnie Mae, Fannie Mae and Freddie Mac, to assign its rights and obligations under the Servicing Agreement. At the time the Servicer receives notice of termination, the Department shall appoint any mortgage loan servicing organization that is acceptable, to FHA, VA, RHS, Fannie Mae, Freddie Mac and GNMA as the successor and shall succeed to all the rights and obligations of the Servicer under the Program Documents, including the servicing of Mortgage Loans.

The Servicing Agreement also provides that if the Servicer proposes to merge, consolidate with another entity or sell and assign its rights and obligations under the Servicing Agreement to another servicer, the Department shall have a right of first refusal to purchase such servicing rights in accordance with the terms of the Servicing Agreement.

THE TRUST INDENTURE

General

The Trust Indenture, which includes the Master Indenture and each of the Series Supplements and amendments thereto relating to the Bonds, contains various covenants and security provisions, certain of which are summarized below. In addition, the Trust Indenture contains requirements for the purchase of Mortgage Loans and certain covenants with respect to applicable provisions of federal income tax law. See "TAX MATTERS." Reference should be made to the Trust Indenture, a copy of which may be obtained from the Department, for a full and complete statement of its provisions.

Funds and Accounts

The following Funds have been established under the Master Indenture: Mortgage Loan Fund; Cost of Issuance Fund; Revenue Fund; Interest Fund; Principal Fund; Special Redemption Fund; Residual Revenues Fund; and Expense Fund and the 1998/1999A Special Mortgage Loan Fund established under the Tenth Series Supplement. The Series Supplements create within each Fund separate accounts for each Series or related Series of Bonds. The accounts so created do not grant a priority of one Series of Bonds over that of any other Series of Bonds, but are for accounting purposes only. The Thirtieth Series Supplement established for the Series 2009C Bonds an account within each Fund and an additional fund designated as the Program Bonds Escrowed Proceeds Fund (the "Escrow Fund"). In addition the Thirty-First Series Supplement established an account within each Fund, a 2009C-1/2011A Rebate Fund and a 2009C-1/2011A Capitalized Interest Fund.

Escrow Fund

Pursuant to the Thirtieth Series Supplement the Escrow Fund was created for Series 2009C Bonds. The Escrowed Proceeds of the Series 2009C Bonds are retained in the Escrow Fund until the requirements for release and conversion are satisfied or until applied to the redemption of the Series 2009C Bonds. The Escrowed Proceeds held in the Escrow Fund are pledged exclusively to the repayment of the Series 2009C Bonds unless and until there is a default under the Trust Indenture, in which case such funds will be applied as required by the Trust Indenture. While such proceeds are held in the Escrow Fund, such proceeds may only be invested in Permitted Escrow Investments. Upon the satisfaction of the conversion requirements referenced above and to the extent provided therein, the released Escrowed Proceeds will be transferred to such fund or account as the Department may direct the Trustee.

Mortgage Loan Fund

The Trustee is required to apply amounts in the Mortgage Loan Fund to pay the costs of making, acquiring, or refinancing Mortgage Loans, including the acquisition of Mortgage Certificates, including accrued interest thereon, if so directed in a Letter of Instructions from the Department. Any such disbursements are required to be within the certificate purchase period relating to the particular Series of Bonds. The Trustee is required to transfer amounts in the Mortgage Loan Fund relating to an account established for each Series of the Bonds to the Special Redemption Fund at the end of each Mortgage Loan origination period for such Series to pay the redemption price of Bonds of each Series to be redeemed or the purchase price of Bonds to be purchased. To the extent required by the provisions of the Master Indenture summarized below under the subheading "Withdrawals from Funds to Pay Debt Service", amounts in the Mortgage Loan Fund may be applied to the payment of principal or redemption price of and interest on the Bonds.

Cost of Issuance Fund

Amounts credited to the Cost of Issuance Fund may be applied to pay Costs of Issuance. If at any time amounts on deposit in the Cost of Issuance Fund are in excess of the amounts reasonably required to pay Costs of Issuance, the Department may transfer such excess to the Department.

Revenue Fund

All Revenues are required to be deposited into the Revenue Fund promptly upon receipt by the Department. Prior to the transfer of any other amount from the Revenue Fund, the Department may transfer from the Revenue Fund an amount equal to any rebatable arbitrage to the Rebate Fund. On or before each interest payment date on the Bonds which occurs other than on a January 1 or July 1, the Trustee will transfer from the Revenue Fund to the Interest Fund an amount which, when added to any amounts already on deposit therein, will equal the amount of interest to become due and payable on the Bonds on such interest payment date.

On or before each January 1 and July 1, and each date fixed for the redemption of Bonds, the Trustee is required to transfer amounts on deposit in the Revenue Fund representing Mortgage Loan Principal Payments at the Department's direction or as required by a Series Supplement to either the Principal Fund, the Mortgage Loan Fund, or the Special Redemption Fund. Pursuant to the Master Indenture and the Series Supplements, unless otherwise directed in accordance with the requirements of the Series Supplement, the Trustee is required to set aside monthly Mortgage Loan Principal Payments in an amount equal to one-sixth of the amount required to make the scheduled mandatory redemptions of Series 2009C-1 Bonds and Series 2011A Bonds on the following January 1 or July 1, and to transfer all remaining Mortgage Loan Principal Payments relating to a Series of Bonds to the Special Redemption Account for such Series of Bonds.

Notwithstanding the foregoing sentence, the Department may direct the applications of such Mortgage Loan Principal Payments and Mortgage Loan Principal Prepayments otherwise within six months of receipt of such amounts by a Letter of Instructions accompanied by a Cashflow Statement. The Trustee also must transfer from the Revenue Fund the other amounts on deposit therein in the following order of priority:

(a) first, to the Interest Fund, an amount, if any, which, when added to any amounts already on deposit therein, will equal the amount of interest to become due and payable on the Bonds on such interest payment date or redemption date;

(b) second, to the Principal Fund, an amount which, when added to any amounts already on deposit therein, will equal the principal amount of all Bonds maturing on such interest payment date and the redemption price of all Bonds becoming subject to scheduled mandatory redemption on such redemption date;

(c) third, to the Expense Fund, the amount or amounts specified in the Series Supplements applicable to the Bonds then Outstanding as being necessary to pay Department Expenses consisting of amounts to be paid to obtain or maintain Supplemental Mortgage Security;

(d) fourth, to the Expense Fund, the amount then required for the payment of Department Expenses (other than as described in clause (c) above), but not in excess of the maximum amount specified in the applicable Series Supplements applicable to the Bonds then Outstanding;

(e) fifth, to the Special Mortgage Loan Fund, the amount, if any, specified in the most recent Cashflow Statement as required by the Series Supplement to maintain the tax-exempt status of the Bonds; and

(f) finally, to the Residual Revenues Fund, the portion, if any, of the amount remaining in the Revenue Fund on such July 1, January 1, or redemption date after the foregoing transfers, which the Department directs to be so transferred.

Capitalized Interest Fund

The Trustee is required to apply amounts on deposit in the 2009C-1/2011A Capitalized Interest Fund to the extent funds are not available in the applicable account of the Revenue Fund to pay debt service due on the Series 2011 Bonds. In certain circumstance described in the Trust Indenture amounts on deposit in the 2009C-1/2011A Capitalized Interest Fund may also be transferred (i) to the Mortgage Loan Fund and used to purchase 2009C-1/2011A Mortgage Certificates or (ii) to the 1999 B/C/D Residual Revenues Account.

Interest Fund and Principal Fund

The Trustee is required to pay out of the Interest Fund by each interest payment date or date fixed for redemption of Bonds, the amount required for the interest payment due on such date. The Trustee is required to pay out of the Principal Fund by each date on which Bonds mature or become subject to scheduled mandatory redemption, the amount required for the payment of the principal amount of Bonds maturing and the redemption price of the Bonds subject to scheduled mandatory redemption on such date.

The Trustee, at any time at the direction of the Department in a Letter of Instructions accompanied by a Cashflow Statement, is required to apply amounts available in the Principal Fund to pay the purchase price of Bonds.

Special Redemption Fund

Amounts in the Special Redemption Fund are required to be applied by the Trustee to pay the redemption price of the Bonds becoming subject to redemption (other than by scheduled mandatory redemption) or, at the direction of the Department, may be transferred to the Revenue Fund if notice of redemption has not been given or such amounts have not been committed to the purchase of Bonds.

The Trustee, at any time at the direction of the Department in a Letter of Instructions accompanied by a Cashflow Statement, is required to apply amounts available in the Special Redemption Fund to pay the purchase price of Bonds.

Expense Fund

Amounts in the Expense Fund may be paid out from time to time by the Department for Department Expenses, taxes, insurance, foreclosure fees, including appraisal and legal fees, security, repairs and other expenses incurred by the Department in connection with the protection and enforcement of its rights in any Mortgage Loan and the preservation of the mortgaged property securing such Mortgage Loans. Excess amounts in the Expense Fund may be transferred to the Revenue Fund at the direction of the Department.

Residual Revenues Fund

During such time as the Department is not meeting the asset test described in the next paragraph (the "Asset Test"), amounts in the Residual Revenues Fund are required to be retained in the Residual Revenues Fund or transferred to the Mortgage Loan Fund or the Special Redemption Fund, as directed by a Letter of Instructions from the Department accompanied by a Cashflow Statement or, in the absence of such instructions, as may be required by the applicable Series Supplements.

The Department will be deemed to have met the Asset Test if: (i) the Department has on file with the Trustee a Cashflow Statement giving effect to a transfer and release proposed as described in the next paragraph; and (ii) as of the date of such Cashflow Statement, the sum of the outstanding principal balance of the Mortgage Loans and the Mortgage Certificates, and the money and Investment Securities (valued at their amortized values as required by the Trust Indenture) held in all Funds (other than the Cost of Issuance Fund, the Expense Fund and any mortgage pool self-insurance reserve established by the Department with respect to the Mortgage Loans) is at least equal to 102% of the aggregate principal amount of Bonds then Outstanding.

If at any time the Department meets the Asset Test, the Trustee is required to apply amounts in the Residual Revenues Fund (in excess of those required to be maintained under the Trust Indenture in order to permit the Department to continue to meet the Asset Test) as follows: (i) the Trustee is required to transfer such amounts to the Mortgage Loan Fund or the Special Redemption Fund or remit such amounts to the Department to be used for any purpose authorized or permitted by the Act, free and clear of the pledge and lien of the Trust Indenture, if so directed by a Letter of Instructions from the Department; or (ii) in the absence of such instructions, the Trustee is required to retain such amounts in the Residual Revenues Fund.

Rebate Fund

Funds on deposit in the Rebate Fund are required to be withdrawn periodically by the Department and set aside to pay any amounts required to be rebated to the United States under applicable provisions of federal income tax law.

Withdrawals from Funds to Pay Debt Service

If on any interest payment date on the Bonds, after giving effect to the transfers from the Revenue Fund described above, the amount in the Interest Fund or the Principal Fund is less than the amount required to make interest and principal payments then due, the Trustee shall transfer from the following Funds in the following order of priority the amount of such deficit and apply such amount to pay interest and principal as necessary: (i) Capitalized Interest Fund; (ii) Residual Revenues Fund; (iii) Special Redemption Fund; and (iv)

Mortgage Loan Fund.

None of the following are deemed available under the Trust Indenture for the payment of debt service on the Bonds: (i) the moneys in the Special Redemption Fund which are to be used to redeem Bonds as to which notice of redemption has been given or committed to the purchase of Bonds; (ii) moneys in the Mortgage Loan Fund which are to be used to make, acquire, or refinance Mortgage Loans with respect to which the Department has entered into commitments with borrowers, Mortgage Lenders or others; or (iii) Mortgage Loans credited to the Mortgage Loan Fund.

Investments

Moneys held in the Mortgage Loan Fund, the Revenue Fund, the Capitalized Interest Fund, the Interest Fund, the Principal Fund, the Special Redemption Fund, and the Residual Revenues Fund are required to be invested and reinvested by the Trustee or by any Depository holding all or a portion of the moneys in such Funds, in accordance with instructions from the Department and moneys held in the Cost of Issuance Fund and the Expense Fund are required to be invested and reinvested by the Department or by any Depository holding all or a portion of the moneys in such Funds, in accordance with instructions from the Department, to the fullest extent practicable and if permitted by the Act, in Investment Securities the principal of which the Department estimates will be received not later than such times as will be necessary to provide moneys when needed for payments to be made from each such Fund. See "TEXAS TREASURY SAFEKEEPING TRUST COMPANY."

Interest earned from investing any moneys in any Fund or profits realized from any investments in any Fund are required to be retained in such Fund until it contains the amount required by the Trust Indenture to be deposited therein; thereafter such earnings and profits, net of any losses (except that which represents a return of accrued interest paid in connection with the purchase by the Department, the Trustee or any Depository of any investment), are required to be transferred to the Revenue Fund.

Other Department Covenants

The Department is required to keep proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries must be made of its transactions in accordance with generally accepted accounting principles. The Department is required to file annually, within 180 days after the close of each Bond Year, with the Trustee, and otherwise as provided by law, a copy of an annual report for such year, accompanied by an accountant's certificate, including the following statements in reasonable detail: a statement of financial position as of the end of such Bond Year; and a statement of Revenues and Department Expenses for such Bond Year. The Department at all times is required to appoint, retain and employ competent personnel for the purpose of carrying out its programs and must establish and enforce reasonable rules, regulations, tests and standards governing the employment of such personnel at reasonable compensation, salaries, fees and charges, and all persons employed by the Department must be qualified for their respective positions.

As long as the Series 2009C-1 Bonds are Outstanding, the Department is required to submit to the GSEs (i) annual audited and interim financial statements of the Department, (ii) annual audited financial statements and quarterly trial balances of funds and accounts of the Trust Indenture, (iii) mortgage loan portfolio performance reports for loans held under the Trust Indenture, (iv) cash flow certificates, (v) written notice of ordinary and customary expense and program funding cash withdrawals under the Trust Indenture, (vi) rating agency presentations, rating letters and rating actions, (vii) copies of offering documents in connection with the issuance of indebtedness under the Trust Indenture, (viii) information statements and similar secondary market disclosures released to the general public, (ix) annual and event filings under the continuing disclosure agreement for the Series 2009C-1 Bonds, (x) notices of certain other events not otherwise addressed in an event filing, including notices of default under certain documents related to Parity Debt, events with respect to hedges and counterparties, resignation or removal of the Trustee, adverse developments, downgrades and negative outlook, supplements and amendments to the Trust Indenture, unscheduled draws on debt service reserves and credit facilities for, and defeasance of, any Bonds issued under the Trust Indenture, and release, substitution or sale of any material property securing repayment of any Series 2009C Bonds or Series 2009C-1 Bonds, and (xi) such other information required or requested by the GSEs.

Events of Default

Each of the following events is an "Event of Default" under the Trust Indenture: (i) default in the due and punctual payment of the principal or redemption price of any Bond when due; (ii) default in the due and punctual payment of any installment of interest on any Bond when due; (iii) default by the Department in the performance or observance of any other of its covenants, agreements, or conditions in the Trust Indenture or in the Bonds, and the continuance of such default for a period of 60 days after written notice thereof to the Department by the Trustee or to the Department and to the Trustee by the owners of not less than 10% in principal amount of the Bonds then Outstanding; or (iv) the commencement of various proceedings involving the Department in bankruptcy or seeking reorganization, arrangement, readjustment or composition of its debts or for any other relief under the federal bankruptcy laws or under any other insolvency act or law, state or federal, now or hereafter existing, or seeking the involuntary appointment of a receiver or trustee of the Department or for all or a substantial part of its property, and unless commenced by or consented to by the Department, their continuation for 90 days undismissed or undischarged.

Bondholders' Rights in the Event of Default

If an Event of Default occurs and is continuing, then the Trustee may and, upon the written request of the owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, must, by written notice delivered to the Department, declare the principal of the Bonds then Outstanding and the interest accrued thereon immediately due and payable; subject, however, to the right of the owners of more than 50% in aggregate principal amount of the Bonds then Outstanding, by written notice to the Department and to the Trustee, to annul such declaration and destroy its effect at any time if all Events of Default, other than those arising from nonpayment of principal or interest due solely as a result of such acceleration, have been cured. Such annulment will not extend to nor affect any subsequent Event of Default nor impair or exhaust any right or power consequent thereon.

If any Event of Default occurs and is continuing, then the Trustee may and, upon the written request of the owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, must: (i) by mandamus or other suit, action or proceeding at law or in equity require the Department to perform its covenants, representations and duties under the Trust Indenture; (ii) bring suit upon the Bonds; (iii) by action or suit in equity require the Department to account as if it were the trustee of a trust for the owners of the Bonds; (iv) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the owners of the Bonds; or (v) take such other steps to protect and enforce its rights and the rights of the owners of the Bonds, whether by action, suit or proceeding in aid of the execution of any power granted in the Trust Indenture or for the enforcement of any other appropriate legal or equitable remedy.

If any Event of Default occurs and is continuing, then the Trustee may, and upon written request by the owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction, must, proceed by suit or suits, at law or in equity or by any other appropriate legal or equitable remedy, to enforce payment of the principal of and interest on the Bonds under a judgment or decree of a court or courts of competent jurisdiction or by the enforcement of any other appropriate legal or equitable remedy, as the Trustee deems most effectual to protect and enforce any of its rights or the rights of the Bondholders under the Trust Indenture.

Application of Proceeds

The proceeds received by the Trustee in case of an Event of Default, together with all securities and other moneys which may then be held by the Trustee as a part of the Trust Estate, are required to be applied in order, as follows:

(a) to the payment of the reasonable and proper charges, expenses and liabilities of the Trustee;

(b) to the payment of the interest and principal then due on the Bonds, as follows:

(i) unless the principal of all the Bonds has become or has been declared due and payable, to the payment to the persons entitled thereto of: first, all installments of interest then due, in order of maturity, and, if the amount available is not sufficient to pay in full any installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, without any discrimination or preference; and second, the unpaid principal or redemption price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available is not sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the principal amount or redemption price due on such date, without any discrimination or preference; and

(ii) if the principal of all the Bonds has become or has been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference; and

(c) to the payment of the amounts required for reasonable and necessary Department Expenses.

Trustee

The Bank of New York Mellon Trust Company, N.A., is currently the Trustee for all Series of Bonds issued under the Trust Indenture.

The Department is required to pay reasonable compensation to the Trustee, any Depositories and any paying agent (other than the GNMA Paying Agent) for all services rendered under the Trust Indenture, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and for the performance of their powers and duties under the Trust Indenture.

The Trustee may be removed, with or without cause, if so requested by the holders of at least a majority in aggregate principal amount of the Bonds then Outstanding. In addition, the Trustee may be removed, with or without cause, at any time (unless an Event of Default has occurred and is continuing) by resolution of the Governing Board of the Department; provided, that all holders of Bonds be given notice of such action and the Department shall not have received, within 60 days after such notice, written objections to such action by the holders of at least a majority in aggregate principal amount of the Bonds then Outstanding.

The Trustee may also resign, upon appropriate notice. In either event, a successor is required to be appointed. Any successor Trustee must be a bank or trust company or national banking association doing business and having its principal office in the State, and having capital stock and surplus aggregating at least $75,000,000, which is willing and able to accept the office on reasonable and customary terms and which is authorized by law to perform all the duties imposed on its by the Trust Indenture.

As long as the Series 2009C-1 Bonds are Outstanding, no successor Trustee under the Trust Indenture may be appointed under the Trust Indenture without written notice to the Notice Parties and without the prior written consent of the GSEs, which consent will not be unreasonably withheld.

Depositories

The Department may appoint one or more depositories to hold all or a designated portion of the moneys and investments subject to the lien and pledge of the Trust Indenture (other than moneys and securities required to be held in the Interest Fund, the Principal Fund and the Special Redemption Fund). Any depository appointed by the Department must be: (i) the Comptroller of Public Accounts, as successor to the State Treasurer of the State of Texas, acting by and through the Texas Treasury Safekeeping Trust Company; or (ii) a bank or trust company organized under the laws of the United States or any state thereof and having capital stock and surplus of at least $50,000,000 which the Department determines to be capable of properly discharging its duties in such capacity and which is acceptable to the Trustee. See "TEXAS TREASURY SAFEKEEPING TRUST COMPANY."

All moneys and securities deposited with any Depository under the provisions of the Trust Indenture are required to be held in trust for the Trustee or the Department, as applicable, and the Bondholders, and may not be applied in any manner that is inconsistent with the provisions of the Trust Indenture.

Any Depository may at any time resign and be discharged of its duties and obligations under the Trust Indenture by giving at least 60 days' written notice to the Department and the Trustee. Any Depository may be removed at any time by the Department by resolution of the Governing Board of the Department.

Supplemental Indentures without Consent of Bondholders

For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture may be executed and delivered by the Department and the Trustee, without the consent of any Bondholders: (i) to authorize Bonds of a Series and to specify the matters relative to such Bonds which are not contrary to or inconsistent with the Trust Indenture; (ii) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Trust Indenture; (iii) to insert such provisions clarifying matters or questions arising under the Trust Indenture as are necessary or desirable and are not contrary to or inconsistent with the Trust Indenture as theretofore in effect; (iv) to grant to or confer upon the Trustee for the benefit of the Bondholder any additional rights, remedies, powers, authority or security that may be lawfully granted to or conferred upon the Trustee; (v) to close the Trust Indenture against, or provide limitations on, the delivery of Bonds; (vi) to add to the covenants of the Department in the Trust Indenture other covenants which are not inconsistent with the Trust Indenture; (vii) to add to the restrictions in the Trust Indenture other restrictions to be observed by the Department which are not inconsistent with the Trust Indenture; (viii) to surrender any right, power or privilege reserved to or conferred upon the Department by the terms of the Trust Indenture that is not inconsistent with the Trust Indenture; (ix) to confirm the subjection to any lien or pledge created by the Trust Indenture of the Trust Estate or any other moneys; (x) to modify any of the provisions of the Trust Indenture in any other respect, effective only after all Bonds of any Series Outstanding at the date of adoption of such Supplemental Indentures shall cease to be outstanding; (xi) to amend the Trust Indenture to permit its qualification under the Trust Indenture Act of 1939 or any state blue sky law; (xii) to add to the definition of Investment Securities in accordance with the provisions of such definition; or (xiii) to make any other change in the Trust Indenture which does not, in the opinion of the Trustee, materially and adversely affect the rights of the holders of the Bonds.

Amendment of Trust Indenture with Consent of Bondholders

The Department and the Trustee, at any time and from time to time, may execute and deliver a Supplemental Indenture for the purpose of making any modification or amendment to the Trust Indenture, but only with the prior written consent of the holders of at least 2/3 in aggregate principal amount of the Bonds then Outstanding at the time such consent is given, and in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the holders of at least 2/3 in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular Series and maturity remain Outstanding, the consent of the holders of such Bonds will not be required and such Bonds will not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under the Trust Indenture. Notwithstanding the foregoing, no modification or amendment contained in any such Supplemental Indenture may permit any of the following, without the consent of each Bondholder whose rights are affected thereby: (i) a change in the terms of maturity or redemption of any Bond or of any installment of interest thereon; (ii) a reduction in the principal amount or redemption price of any Bond or in the rate of interest thereon; (iii) the creation of a lien on or a pledge of the Revenues or any part thereof, other than the lien and pledge of the Trust Indenture or as permitted by the Trust Indenture: (iv) the granting of a preference or priority of any Bond or Bonds over any other Bond or Bonds; or (v) a reduction in the aggregate principal amount or classes of Bonds of which the consent of the holders is required to effect any such modification or amendment. For the purposes of the Trust Indenture, a Series is deemed to be affected by a modification or amendment of the Trust Indenture if the same adversely affects or diminishes the rights of the owners of Bonds of such Series. The Trustee is required to determine whether or not in accordance with the foregoing powers of amendment Bonds of any particular Series would be affected by any modification or amendment of the Trust Indenture and any such determination will be binding and conclusive on the Department and all holders of Bonds.

As long as the Series 2009C-1 Bonds remain Outstanding, the provisions of the Trust Indenture, the Thirtieth Series Supplement or any other Related Document (as described in the Thirtieth Series Supplement) may not be amended without the prior written consent of the GSEs; provided, however, that the consent of the GSEs shall not be required with respect to supplements entered into solely for the purpose of providing for the issuance of a series of Bonds pursuant to the Trust Indenture, except as provided in the Thirtieth Series Supplement. With respect to Trust Indenture amendments, the determination of the GSEs as to the materiality of an amendment shall be controlling.

Defeasance

If the Department pays irrevocably or causes to be paid irrevocably, or there otherwise is paid, to the owners of all Bonds the principal amount or redemption price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Trust Indenture, then the pledge of the Trust Estate under the Trust Indenture and all covenants, agreements and other obligations of the Department to the Bondholders, will thereupon terminate.

Bonds or interest installments for the payment or redemption of which moneys are held in trust by the Trustee or any paying agent at the maturity or redemption date thereof will be deemed to have been paid within the meaning of the Trust Indenture. In addition, all Outstanding Bonds of any Series will be deemed to have been paid within the meaning of the Trust Indenture if: (i) in case any of the Bonds are to be redeemed on any date prior to their maturity, the Department has given to the Trustee irrevocable instructions to give notice of redemption of such Bonds on said date; (ii) there has been deposited with the Trustee or any paying agent either moneys in an amount which are sufficient, or Government Obligations not subject to redemption prior to the maturity thereof, the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee or any paying agent at the same time, are sufficient to pay when due the principal or redemption price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be; and (iii) in the event said Bonds are not to be redeemed within the next succeeding 60 days, the Department has given the Trustee irrevocable instructions to give a notice to the owners of such Bonds that the deposit required by (ii) above has been made with the Trustee or paying agent and that said Bonds are deemed to have been paid in accordance with the Trust Indenture and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, on said Bonds.

Any moneys held for the payment of any of the Bonds which remain unclaimed for three years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption must, at the written request of the Department, be repaid to the Department, free from trust, and the Bondholders thereafter may look only to the Department for the payment of such Bonds.

TEXAS TREASURY SAFEKEEPING TRUST COMPANY

The Department has entered into a Depository Agreement relating to the Bonds (the "Depository Agreement"), by and among the Department, the Trustee, and the Treasurer of the State of Texas (now, the Comptroller of Public Accounts of the State of Texas), acting by and through the Texas Treasury Safekeeping Trust Company, a limited purpose corporate trust company organized under the laws of the State (the "Trust Company"). Pursuant to the Depository Agreement, the Trust Company will hold all moneys and securities required to be credited to all Funds (other than the Principal Fund, Interest Fund, Special Redemption Fund, Special Mortgage Loan Fund, Rebate Fund, Cost of Issuance Fund and the Expense Fund). All money and securities required by the Trust Indenture to be credited to such Funds are required to be remitted to the Trust Company from time to time by the Department and the Trustee. The Trust Company is required to remit amounts from the appropriate accounts held by it to the Trustee at such times as are necessary to pay the principal or redemption price of and interest on the Bonds when due. Moneys held in the accounts held by the Trust Company are required to be invested by the Trust Company pursuant to instruction from the Department as described herein under "THE TRUST INDENTURE --Investments." The Trust Company is required to hold all moneys and securities delivered to it under the Depository Agreement in trust for the benefit of the Department, the Trustee and the owners of the Bonds.

The Department has agreed to pay the Trust Company an amount sufficient to reimburse the Trust Company for its actual costs of performing its duties under the Depository Agreement. The Department has the right to remove the Trust Company as Depository under the Depository Agreement at any time by filing a written notice with the Trustee and the Trust Company to that effect. The Trust Company may resign as Depository under the Depository Agreement by giving at least 60 days' written notice to the Department and the Trustee of its determination to resign. Upon any such removal or resignation, the Trust Company is required to deliver all moneys and securities held by it under the Depository Agreement to its successor thereunder, or, if there is no successor, to the Trustee.

TAX MATTERS

In the opinion of Vinson & Elkins L.L.P., Bond Counsel, (i) interest on the Series 2011 Bonds will be excludable from gross income for federal income tax purposes under existing law and (ii) interest on the Series 2011 Bonds will not be (A) a specific preference item subject to the alternative minimum tax on individuals and corporations, or (B) included in a corporation's adjusted current earnings for purposes of the alternative minimum tax. A copy of the proposed form of opinion of Bond Counsel is attached hereto as APPENDIX E.

The Code imposes a number of requirements that must be satisfied in order for interest on state or local obligations, such as the Series 2011 Bonds, to be excludable from gross income for federal income tax purposes. These requirements include the various mortgage eligibility, arbitrage, targeted area, recapture, use of proceeds and information reporting requirements discussed more fully below under the caption "Federal Income Tax Requirements." The Department has covenanted in the Trust Indenture that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the procedures, safeguards and covenants of the Master Servicer and the covenants of the Department in the Trust Indenture and the Program Documents pertaining to those sections of the Code that affect the exclusion from gross income of the interest on the Series 2011 Bonds for federal income tax purposes, and in addition, will rely on representations by the Department, the Underwriters, the Master Servicer, and the Mortgage Lenders with respect to matters solely within the knowledge of the Department, the Underwriters, the Master Servicer, and the Mortgage Lenders, respectively, which representations Bond Counsel has not independently verified. If the Department, a Mortgage Lender, or the Master Servicer fails to comply with such procedures, safeguards and covenants or if such representations or the Report should be determined to be inaccurate or incomplete, interest on the Series 2011 Bonds could become includable in gross income from the date of original delivery thereof, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, acquisition, ownership or disposition of, the Series 2011 Bonds.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement their opinions to reflect any facts or circumstances that may thereafter come to its attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent Bond Counsel’s legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Series 2011 Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Department as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Series 2011 Bonds could adversely affect the value and liquidity of the Series 2011 Bonds, regardless of the ultimate outcome of the audit.

Collateral Tax Consequences

Prospective purchasers of the Series 2011 Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Series 2011 Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Series 2011 Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Series 2011 Bonds, received or accrued during the year.

Federal Income Tax Requirements

General

Sections 103 and 143 of the Code and applicable regulations thereunder provide that the interest on bonds the proceeds of which are used directly or indirectly to finance owner-occupied residences, will not be excludable from gross income for federal income tax purposes unless such bonds (i) are "qualified mortgage bonds;" (ii) are issued in fully registered form; (iii) are not "federally guaranteed" and (iv) are not "arbitrage bonds" within the meaning of the Code. "Qualified mortgage bonds" are bonds that are part of an issue meeting the following requirements: (i) all proceeds of the issue (exclusive of issuance costs and a reasonably required reserve fund) are to be used to finance owner-occupied residences with mortgages that satisfy certain mortgage eligibility requirements, as set forth more fully below under the subheading "Mortgage Eligibility Requirements;" (ii) a specified portion of the lendable proceeds of such issue must be made available for a minimum period of time for owner financing of residences located within certain targeted areas, as described more fully below under the subheading "Targeted Area Requirement;" (iii) certain arbitrage limitations described more fully below under the subheading "Requirements Related to Arbitrage" must be satisfied; (iv) certain reporting requirements as set forth more fully below under the subheading "Reporting Requirements" must be satisfied; and (v) mortgagors must be informed regarding the recapture of a portion of the proceeds from the disposition of certain residences, as described more fully below under the subheading "Recapture Requirements" must be satisfied.

In addition, to be "qualified mortgage bonds," the costs of issuance financed by an issue of bonds cannot exceed two percent (2%) of the proceeds of such issue. Further, the amount of such an issue of bonds, other than certain refunding bonds, when added to the amount of all other private activity bonds issued within the State during calendar year 2011 must not exceed the unified volume cap for private activity bonds imposed by the Code and applicable regulations. An allocation of the unified volume cap is not required for refunding bonds if the maturity date of the refunding bond is not later than the date 32 years after the date on which the refunded bond was issued (or in the case of a series of refundings, the date on which the original bond was issued) and to the extent that the amount of such refunding bond does not exceed the outstanding amount of the refunded bond.

The Department has covenanted in the Trust Indenture that it will take all actions necessary in order to comply with each of the foregoing requirements.

Targeted Area Requirement

The Code requires that either an amount equal to (a) at least twenty percent (20%) of the lendable proceeds of an issue of qualified mortgage bonds or (b) forty percent (40%) of the average annual aggregate principal amount of mortgages executed during the immediately preceding three calendar years for single-family, owner-occupied residences in targeted areas within the Department's jurisdiction, if such amount is less, must be reserved, for at least one year from the date such proceeds are first made available to purchase mortgage loans, for the purchase of mortgage loans to provide financing for residences located within one or more targeted areas ("Targeted Area Residences"), which consist of (i) census tracts identified by the United States Treasury Department as having a substantial concentration of lower-income persons, (ii) areas of chronic economic distress designated by the State and approved by HUD or (iii) for residences financed prior to January 1, 2011, Gulf Opportunity Zones created pursuant to the Gulf Opportunity Zone Act of 2005. The State, at the request of the Department, has designated and HUD and the Secretary of the Treasury have approved, certain "areas of chronic economic distress" within the State. In addition, the Department has determined that there are "qualified census tracts" within the State. The Department initially has reserved 20% of the lendable proceeds of the Series 2011 Bonds for Targeted Area Residences. Further, the Department has covenanted to attempt with reasonable diligence to place such proceeds in targeted areas.

Mortgage Eligibility Requirements

The Code contains six basic mortgage eligibility requirements that must be met at the time a mortgage is executed or assumed.

Residence Requirement. The Code requires that each home financed by a mortgage loan be a single-family residence which can reasonably be expected to become the principal residence of the mortgagor within a reasonable time after financing is provided and is located in the jurisdiction of the Department.

First-time Homebuyer Requirement. The Code requires that at least ninety-five percent (95%) of the net proceeds of an issue must be used to finance residences of mortgagors who have not had a present ownership interest in any principal residence during the three-year period prior to execution of the mortgage loan; provided, however, that the three-year requirement does not apply (i) to loans to finance Targeted Area Residences, (ii) in the case of land possessed under a contract for deed by a mortgagor whose principal residence is located on such land and whose family income is not more than fifty percent (50%) of the area median family income (the "Contract for Deed Exception"), or (iii) to loans to certain qualified veterans. For purposes of the Contract for Deed Exception, the term "contract for deed" means a seller-financed contract for the conveyance of land under which legal title does not pass to the purchaser until the consideration under the contract is fully paid to the seller, and the seller’s remedy for nonpayment is forfeiture rather than judicial or nonjudicial foreclosure.

New Mortgage Requirement. No part of the proceeds of an issue of qualified mortgage bonds may be used to acquire or replace an existing mortgage. Thus, all of the lendable proceeds of an issue must be used to provide new mortgages to persons who did not have an existing mortgage (whether or not paid off) on the residence at any time prior to the execution of the new mortgage. An exception from the new mortgage requirement is provided for (i) the replacement of construction period loans, bridge loans or other similar temporary initial financing having a term not exceeding 24 months, and (ii) certain residences described within the Contract for Deed Exception.

Purchase Price Limitations. The Code requires that the purchase price of the residence may not exceed ninety percent (90%) of the average area purchase price applicable to such residence, or, in the case of Targeted Area Residences, one-hundred ten percent (110%) of the applicable average area purchase price. The Service has published "safe harbor rules" identifying purchase price limitations in the State that are considered to be in compliance with the requirements of the Code. The Department has determined to rely on the safe harbor figures for purposes of the Bonds.

Income Requirements. The Code requires that all the mortgage loans financed with the proceeds of an issue be provided to borrowers whose family income does not exceed 115% (100% in the case of individuals or families of two) of the greater of the statewide median income or the median income of the area in which the residence is located (140% and 120%, respectively, in the case of such loans for Targeted Area Residences).

Requirements as to Assumptions of Mortgages. The Code provides that a mortgage loan may be assumed only if the assuming mortgagor complies with the residence requirement, first-time homebuyer requirement, purchase price limitations and income requirements, as if the loan were being made to the assuming mortgagor for the first time.

Requirements Related to Arbitrage

Sections 143 and 148 of the Code provide that: (i) the effective interest rate on the mortgage loans financed with the proceeds of an issue of qualified mortgage bonds may not exceed the yield on such bonds by more than 1.125 percentage points; (ii) no more than 10% of the proceeds of an issue of bonds may be invested in a reserve fund; (iii) no more than the lesser of 5% of the proceeds of an issue of bonds or $100,000 (other than amounts invested for certain temporary periods or in a "reasonably required reserve fund") may be invested at a yield materially higher than the yield on such bonds; and (iv) the amount of funds held in certain accounts (other than amounts held for certain temporary periods) for an issue of bonds invested at a yield greater than the yield on such bonds may not exceed 150% of the current year's debt service on such bonds appropriately reduced as mortgage loans are prepaid. In calculating the effective interest rate on the mortgages, all amounts borne by the mortgagor either directly or indirectly must be taken into account.

The Code also requires the issuer to pay to the Treasury certain investment earnings on non-mortgage investments, to the extent that such investment earnings exceed the amount that would have been earned on such investments if the investments were earning a return equal to the yield on the Series 2011 Bonds to which such non-mortgage investments relate.

Reporting Requirements

An issuer of qualified mortgage bonds is required to file with the Secretary of the Treasury an informational report containing various data regarding such bonds and the mortgages financed with the proceeds thereof.

Redemption Requirements

The Code contains two redemption requirements that must be satisfied in order for an issue of bonds to be treated as "qualified mortgage bonds."

The Code requires all proceeds of an issue of qualified mortgage bonds in an amount of $250,000 or more that are not expended to finance residences within 42 months of the date of issuance of such bonds must be used within such 42-month period to redeem bonds that are part of such issue of bonds.

The Code requires that all amounts of $250,000 or more that are received by the issuer and represent complete repayments of mortgage loans or prepayments of principal of mortgage loans must be used to redeem bonds of the same issue not later than the close of the first semiannual period beginning after the date the prepayment or complete repayment is received.

Recapture Requirements

The Code subjects to a tax any mortgagor who disposes of an interest in a residence with respect to which there is or was any federally-subsidized indebtedness (i.e., a mortgage loan) made after December 31, 1990, and the payment for which indebtedness the taxpayer was liable in whole or in part. Specifically, such a mortgagor is subject to the payment of an additional tax reflecting the "recapture amount" with respect to such indebtedness. This recapture amount is determined pursuant to a formula established in the Code based on the "federally-subsidized amount," the time of disposition and certain family income limits applicable to the mortgagor. This recapture provision does not apply to any disposition of an interest in a residence by reason of death or any such disposition during the first nine years after the date the mortgage loan is made.

In order to facilitate the collection of the recapture amount from mortgagors, the Code requires that the issuer of any issue of qualified mortgage bonds, at the time of settlement of a mortgage loan, provide a written statement informing the mortgagor of the potential recapture under the Code. Furthermore, the Code requires that the issuer, not later than 90 days after the date each such mortgage is provided, provide a written statement to the mortgagor specifying the federally-subsidized amount with respect to such mortgage loan and the applicable income limits.

The Department, the Mortgage Lenders, and the Master Servicer have covenanted to comply with these information requirements.

Compliance with Tax Requirements

The Code provides that the arbitrage and certain other requirements are deemed to be met if the issuer attempts in good faith to meet such requirements and any failure to meet such requirements is due to inadvertent error. With respect to the mortgage eligibility requirements, however, the Code provides that such requirements are deemed to be met only if: (i) the issuer attempts in good faith to meet such requirements by establishing reasonable procedures and making reasonable investigations before the mortgage loans were executed; (ii) at least 95% of the mortgages, by aggregate principal amount, meet all the mortgage eligibility requirements at the time of execution or assumption; and (iii) any failure to meet such requirements is corrected within a reasonable period of time after such failure is discovered. In determining whether or not 95% of the mortgage loans satisfy the mortgage eligibility requirements, the issuer is entitled to rely upon affidavits of the mortgagors and sellers of residences financed with the mortgage loans and upon federal income tax returns of the mortgagors, even if the relevant information in such affidavits and returns ultimately proves to be false, unless the issuer knows or has reason to know that such information is false.

The Department has covenanted in the Trust Indenture and the Mortgage Lenders and the Master Servicer will covenant in the Program Documents to comply with the above-described requirements of the Code as applied to the Series 2011 Bonds and to establish and follow procedures and safeguards sufficient to ensure compliance with such requirements. Nevertheless, if the Department, a Mortgage Lender, or the Master Servicer should fail to comply with such covenants, interest on the Series 2011 Bonds could become includable in gross income for federal income tax purposes from the date of issuance thereof, regardless of the date on which the event causing such inclusion occurs.

CONTINUING DISCLOSURE OF INFORMATION

In the Continuing Disclosure Agreement, dated as of March 1, 2011 (the "Disclosure Agreement") between the Trustee and the Department, the Department has made the following agreement for the benefit of the holders and beneficial owners of the Series 2011A Bonds. The Department is required to observe the Disclosure Agreement for so long as it remains obligated to advance funds to pay the Series 2011A Bonds. Under the Disclosure Agreement, the Department will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MSRB").

No Eligible Borrower is an "obligated person" (as defined in Rule 15c2-12 of the United States Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended (the "Rule")) for whom financial information or operating data would be presented in the this Official Statement had such Eligible Borrower been known at the time of the offering of the Series 2011A Bonds.

Annual Reports

The Department will provide certain updated financial information and operating data to certain information vendors annually. The information to be updated includes all quantitative financial information and operating data with respect to the Department of the general type included in this Official Statement under the headings "APPENDIX D-1--AUDITED FINANCIAL STATEMENTS OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS REVENUE BOND PROGRAM FOR THE FISCAL YEAR ENDED AUGUST 31, 2010" (financial statements for the last completed fiscal year will be unaudited, unless an audit is performed in which event the audited financial statements will be made available), "APPENDIX F-1 --ADDITIONAL INFORMATION CONCERNING MORTGAGE LOANS AND MORTGAGE CERTIFICATES" and "APPENDIX F-2 --OTHER INDEBTEDNESS OF THE DEPARTMENT." The Department will update and provide this information within six months after the end of each Fiscal Year ending in or after 2011. The Department will provide the updated information to the Municipal Securities Rulemaking Board (the "MSRB").

The Department may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by the Rule. The updated information will include audited financial statements, if the Department commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Department will provide unaudited financial statements within the required time and audited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX D-1 or such other accounting principles as the Department may be required to employ from time to time pursuant to state law or regulation.

The Department's current Fiscal Year ends on August 31, 2011. Accordingly, it will provide updated information to the MSRB in the electronic format prescribed by the MSRB, if any, by the last day of February in the year 2012 and will be required to provide updated information to the MSRB by the last day of February in each year thereafter, unless the Department changes its Fiscal Year. If the Department changes its Fiscal Year, it will notify the MSRB of the change.

Material Event Notices

The Department will provide notice to the MSRB of any of the following events with respect to the Series 2011A Bonds, if such event is material within the meaning of the federal securities laws: (1) non-payment related defaults; (2) modifications to rights of securities holders; (3) Series 2011A Bond calls; (4) release, substitution, or sale of property securing repayment of the Series 2011A Bonds; (5) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and (6) appointment of a successor or additional trustee or the change of name of a trustee.

The Department will also provide notice to the MSRB of any of the following events with respect to the Series 2011A Bonds without regard to whether such event is considered material within the meaning of the federal securities laws: (1) principal and interest payment delinquencies; (2) unscheduled draws on debt service reserves reflecting financial difficulties; (3) unscheduled draws on credit enhancements reflecting financial difficulties; (4) substitution of credit or liquidity providers, or their failure to perform; (5) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB) or other material notices or determinations with respect to the tax-exempt status of the Series 2011A Bonds, or other events affecting the tax-exempt status of the Series 2011A Bonds; (6) tender offers; (7) defeasances; (8) rating changes; and (9) bankruptcy, insolvency, receivership or similar event of an obligated person.

The Department will provide notice of the aforementioned events to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event). The Department will also provide timely notice of any failure by the Department to provide annual financial information in accordance with their agreement described above under "Annual Reports."

Availability of Information from MSRB

The Department has agreed to provide the foregoing information only to the MSRB. The information will be available to holders of Series 2011A Bonds only if the holders comply with the procedures and pay any charges that may be established by the MSRB such information vendors or obtain the information through securities brokers who do so.

Limitations and Amendments

The Department has agreed to update information and to provide notices of material events only as described above. The Department has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The Department makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Series 2011A Bonds at any future date. The Department disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its Disclosure Agreement or from any statement made pursuant to its Disclosure Agreement, although holders of Series 2011A Bonds may seek a writ of mandamus to compel the Department to comply with its Disclosure Agreement.

The Disclosure Agreement may be amended by the Department and the Trustee from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Department, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell any Series 2011A Bonds in the primary offering of the Series 2011A Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Disclosure Agreement that authorizes such an amendment) of the Outstanding Series 2011A Bonds consent to such amendment or (b) a person that is unaffiliated with the Department (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Series 2011A Bonds. If the Department so amends the Disclosure Agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of any change in the type of financial information and operating data so provided. The Department may also amend or repeal the provisions of the Disclosure Agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling any Series 2011A Bonds in the primary offering of such Series 2011A Bonds.

Notwithstanding the foregoing, under current state law, the Department is required to have an audit performed annually by independent accountants, which audit is available to any person who makes a request to the Department and upon payment of the cost of copying thereof.

Duties, Immunities and Liabilities of Trustee

The Trust Indenture is made applicable to the Disclosure Agreement as if the Disclosure Agreement were (solely for this purpose) contained in the Trust Indenture. The Trustee shall have only such duties as are specifically set forth in the Disclosure Agreement, and no implied covenants shall be read into the Disclosure Agreement against the Trustee.

Compliance with Prior Continuing Disclosure Agreements

The Department has not failed to comply with its previous continuing disclosure agreements in accordance with SEC Rule 15c2-12.

RATINGS

Moody's Investors Service, Inc. ("Moodys") and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P"), have assigned ratings to the Series 2011 Bonds of "Aaa" and "AAA," respectively. An explanation of the significance of such ratings may be obtained from the companies furnishing the ratings. The ratings do not represent recommendations to buy, sell, or hold the Series 2011 Bonds. The ratings reflect only the respective views of such organizations at the time such ratings were assigned and the Department makes no representation as to the appropriateness of the ratings.

There is no assurance that any ratings assigned to the Series 2011 Bonds will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2011 Bonds.

UNDERWRITING

The Series 2011A Bonds are being purchased from the Department by the Underwriters listed on the cover page of this Official Statement. Pursuant to the bond purchase agreement for the Series 2011A Bonds (the "Bond Purchase Agreement"), the Underwriters have agreed to purchase the Series 2011A Bonds at a total purchase price of $60,964,050. The Underwriters will receive a fee of $657,600 in connection with the purchase of the Series 2011A Bonds. The Bond Purchase Agreement provides, among other things, that the Underwriters' obligations to make their respective purchases are subject to certain terms and conditions set forth in such Bond Purchase Agreement, including the approval of certain legal matters by their counsel and certain other conditions. The initial public offering prices of the Series 2011A Bonds may be changed, from time to time, by the Underwriters. The Underwriters may offer and sell the Series 2011A Bonds offered to the public to certain dealers (including dealers depositing the Series 2011A Bonds into unit investment trusts, certain of which may be sponsored or managed by one or more of the Underwriters) and others at prices other than the public offering prices stated on the inside front cover hereof. **The Underwriters for the Series 2011A Bonds were not a party to the placement of the Series 2009C-1 Bonds.**

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series 2011A Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. (“UBSFS”) and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings, including the Series 2011A Bonds, at the original issue prices. Pursuant to each Dealer Agreement, each of UBSFS and CS&Co. will purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2011A Bonds that such firm sells.

Morgan Stanley, parent company of Morgan Stanley & Co. Incorporated, an underwriter of the Series 2011A Bonds, has entered into a retail brokerage joint venture with Citigroup Inc. As part of the joint venture, Morgan Stanley & Co. Incorporated will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Morgan Stanley & Co. Incorporated will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2011A Bonds.

Piper Jaffray & Co. ("Piper") has entered into an agreement (the "Distribution Agreement") with Advisors Asset Management, Inc. ("AAM") for the distribution of certain municipal securities offerings allocated to Piper at the original offering prices. Under the Distribution Agreement, if applicable to the Series 2011A Bonds, Piper will share with AAM a portion of the fee or commission, exclusive of management fees, paid to Piper.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

FINANCIAL ADVISOR

Raymond James & Associates, Inc. has served as financial advisor to the Department for purposes of assisting the Department with the development and implementation of the bond program in connection with the Series 2011 Bonds. Raymond James & Associates, Inc. has not been engaged by the Department to compile, create or interpret any information in this Official Statement relating to the Department, including (without limitation) any of the Department's financial and operating data, whether historical or projected. Any information contained in this Official Statement concerning the Department, any of its affiliates or contractors and any outside parties has not been independently verified by Raymond James & Associates, Inc., and inclusion of such information is not and should not be construed as a representation by Raymond James & Associates, Inc. as to its accuracy or completeness or otherwise. Raymond James & associates, Inc. is not a public accounting firm and has not been engaged by the Department to review or audit any information in this Official Statement in accordance with accounting standards.

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

FINANCIAL STATEMENTS

The financial statements of the Texas Department of Housing and Community Affairs-Revenue Bond Enterprise Fund as of and for the fiscal year ended August 31, 2010 included in Appendix D-1 in this Official Statement have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report appearing herein.

The financial data as of and for the three months ended November 30, 2010 has been derived from the unaudited internal records of the Department. The Department's independent auditors have not reviewed, examined, or performed any procedures with respect to the unaudited financial information, nor have they expressed an opinion or any other form of assurance on such information, and assume no responsibility for, and disclaim any association with the unaudited information. The unaudited information is preliminary and is subject to change as a result of the audit and may materially differ from the audited financial statements when they are released.

THE SERIES 2011 BONDS ARE SECURED ONLY BY THE ASSETS AND REVENUES DESCRIBED UNDER THE CAPTION "SECURITY FOR THE BONDS" AND NOT BY ANY OTHER SOURCE.

LITIGATION MATTERS

The Department is expected to deliver a certificate upon the delivery of the Series 2009C-1 Bonds and the issuance of the Series 2011A Bonds stating that there is no controversy or litigation of any nature pending or, to its knowledge, threatened to restrain or enjoin the delivery of the Series 2009C-1 Bonds or the issuance of the Series 2011A Bonds, or in any way contesting or affecting the validity of the Series 2011 Bonds, the Trust Indenture, or any proceedings of the Department taken with respect to the issuance or sale of the Series 2011A Bonds or the delivery of the Series 2009C-1 Bonds, or the existence or powers of the Department insofar as they relate to the authorization, sale and issuance of the Series 2011A Bonds or the delivery of the Series 2009C-1 Bonds or such pledge or application of moneys and security.

LEGALITY FOR INVESTMENT

The Act provides that all obligations issued by the Department are legal and authorized investments for banks, savings banks, trust companies, savings and loan associations, insurance companies of all kinds and types, fiduciaries, trustees, guardians, and the sinking and other public funds of the State, cities, towns, villages, counties, school districts, and other political subdivisions and public agencies of the State.

The Act also provides that all obligations issued by the Department are eligible and lawful security for all deposits of public funds of the State and all public agencies to the extent of the par or market value thereof, whichever is greater.

To the extent that the Series 2011 Bonds constitute "collateralized mortgage obligations that have a stated final maturity of greater than 10 years" within the meaning of the Texas Public Funds Investment Act, the Series 2011 Bonds are not an "authorized investment" for a state agency, a local government, or other investing entity subject to the provisions of the Public Funds Investment Act.

No representation is made that the Series 2011 Bonds will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes. The Department has made no investigation of other laws, rules, regulations or investment criteria which might apply to any such persons or entities or which might otherwise limit the suitability of the Series 2011 Bonds for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Series 2011 Bonds for such purposes.

APPROVAL OF LEGALITY

Legal matters incident to the issuance of the Series 2011A Bonds and the delivery of the Series 2009C-1 Bonds are subject to the approving opinion of Vinson & Elkins L.L.P., Bond Counsel. Certain legal matters incident to the issuance of the Series 2011A Bonds are subject to the approving opinion of the Attorney General of Texas. Certain legal matters will be passed upon for the Department by its General Counsel, Timothy K. Irvine, Esq., and by its Disclosure Counsel, McCall, Parkhurst & Horton L.L.P. Certain legal matters will be passed upon for the Underwriters by their counsel, Chapman and Cutler LLP.

In its capacity as Bond Counsel, Vinson & Elkins L.L.P. has reviewed the information appearing in this Official Statement describing the Series 2011 Bonds, the security therefor and the federal income tax status thereof, particularly the information appearing under "THE SERIES 2011 BONDS" (but excluding the information contained therein under the subheadings "Average Life and Prepayment Speeds" and "DTC and Book-Entry"), "SECURITY FOR THE BONDS" (but excluding the information set forth under the subheadings "Prior Bonds," "Mortgage Loans and Mortgage Certificates" and "Investment of Funds"), "THE PROGRAM AND THE MORTGAGE LOANS" (but excluding the information set forth under the subheadings "Servicing" and "The Master Servicers"), "THE TRUST INDENTURE," "TEXAS TREASURY

SAFEKEEPING TRUST COMPANY," "TAX MATTERS," "LEGALITY FOR INVESTMENT," "APPROVAL OF LEGALITY" and in APPENDIX A and APPENDIX E to this Official Statement, solely to determine whether such information fairly and accurately describes or summarizes the provisions of the Act, the laws of the State, the Trust Indenture, the Thirty-First Supplemental Indenture, the Depository Agreement, the Series 2011 Bonds and the federal tax implications with respect to the Series 2011 Bonds. Bond Counsel was not requested to participate and did not take part in the preparation of any other information contained herein and did not assume responsibility with respect thereto or undertake independently to verify the accuracy of any of such information. Except as set forth above, Bond Counsel does not pass upon the fairness, accuracy or completeness of this Official Statement, and no person is entitled to rely upon such firm's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of the information contained herein.

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ADDITIONAL INFORMATION

Certain provisions of the Act and the Trust Indenture are summarized in this Official Statement. Such summaries do not purport to be comprehensive or definitive. The information contained above is subject to change without notice and no implication is to be derived therefrom or from the conversion to the Series 2009C-1 Bonds or sale of the Series 2011A Bonds that there has been no change in the affairs of the Department from the date hereof.

This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Department and the purchasers or owners of any of the Series 2011 Bonds.

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: C. Kent Conine
Chair and Member
Governing Board

By: Michael G. Gerber
Executive Director

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APPENDIX A

GLOSSARY

Unless otherwise provided in the text of this Official Statement, capitalized terms used in this Official Statement shall have the following definitions:

"Act" shall mean the Chapter 2306, Government Code, as amended from time to time (together with other laws of the State applicable to the Department).

"Agency" shall mean the Texas Housing Agency, all of whose functions and obligations (including Bonds previously issued under the Trust Indenture) along with the functions and obligations of the Texas Department of Community Affairs were transferred to the Department pursuant to the Act, which abolished both the Agency and the Texas Department of Community Affairs.

"Assisted Loan" shall mean a Mortgage Loan that includes a DPA Loan.

"Authorized Denominations" shall mean (i) with respect to the Series 2009C-1 Bonds $5,000 and integral multiples thereof and, for purposes of initial issuance and redemption of Series 2009C Bonds, $10,000 or any integral multiple of $10,000 in excess thereof, and (ii) with respect to the Series 2011A Bonds, $5,000 principal amount at maturity and integral multiples thereof.

"Authorized Representative of the Department" shall mean the Executive Director of the Department or any other employee or officer or member of the Governing Board of the Department authorized to perform specific acts or duties by resolution duly adopted by the Governing Board of the Department, a copy of which shall be filed with the Trustee.

"Board" shall mean the Governing Board of the Department.

"Bond Counsel" shall mean nationally recognized bond counsel selected by the Department.

"Bond Purchase Agreement" shall mean the Bond Purchase Agreement providing for the initial purchase of the Series 2011A Bonds by the Underwriters.

"Bond Year" shall mean each twelve-month period that ends on December 31.

"Bonds" shall mean, unless subordinated, any bond or bonds, as the case may be, authenticated and delivered pursuant to the Trust Indenture.

"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 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.

"Capitalized Interest Fund" shall mean the 2009C-1/2011A Capitalized Interest Fund established in the Thirty-First Supplemental Indenture.

"Cashflow Certificate" shall mean a written certificate signed by an Authorized Representative of the Department stating that the action described in the Letter of Instructions to which such certificate pertains is consistent with the assumptions used in the Cashflow Statement most recently filed with the Trustee.

"Cashflow Statement" shall mean a cashflow statement conforming to the requirements of the Trust Indenture.

"Certificate Purchase Period" shall mean the period from March 10, 2011 to and including July 1, 2011, but which may be extended to a date no later than August 1, 2014, in accordance with the 2011 Supplemental Indentures.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Conversion" or "Converting" or "Converted" shall mean the conversion or the converting of the interest rate on all or a portion of the Pre-Conversion Bonds.

"Converted Bonds" shall mean Series 2009C Bonds that have been through the process of Conversion.

"Costs of Issuance" shall mean the items of expense payable or reimburseable directly or indirectly by the Department and related to the authorization, sale, issuance and remarketing of Bonds, which items of expense shall include without limiting the generality of the foregoing: travel expenses; printing costs; costs of reproducing documents; computer fees and expenses; filing and recording fees; initial fees and charges of the Fiduciaries; bond discounts; underwriting fees and remarketing fees; legal fees and charges; consulting fees and charges; auditing fees and expense; financial advisory fees; credit rating fees; initial amounts paid to obtain Supplemental Mortgage Security or a Credit Facility; fees and charges for execution, transportation and safekeeping of Bonds; and other administrative or other costs of issuing, carrying, repaying, and remarketing Bonds and investing the Bond proceeds and costs incurred in marketing or advertising the Program.

"Credit Facility" shall mean any credit facility securing payment of Bonds described in a Series Supplement.

"Debt" of any Person shall mean at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (d) all obligations of such Person as lessee under capital leases, (e) all debt of others secured by a lien on any asset of such Person, whether or not such debt is assumed by such Person, and (f) all Guarantees by such Person of debt of other Persons.

"Department" shall mean the Texas Department of Housing and Community Affairs and its successors and assigns.

"Department Expenses" shall mean the Department's expenses of carrying out and administering its powers, duties and functions in connection with mortgage loans and shall include without limiting the generality of the foregoing: salaries, supplies, utilities, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus; expenses for data processing, insurance premiums, legal, accounting, management, consulting and banking services and expenses; the fees and expenses of the Fiduciaries; mortgage loan servicing fees; costs of issuance not paid from proceeds of bonds; payments to pension, retirement, health and hospitalization funds; amounts paid to obtain and maintain Supplemental Mortgage Security; and any other expenses required or permitted to be paid by the Department under the provisions of the Act, the Master Indenture and any Supplemental Indenture.

"Depository" shall mean the Texas Treasury Safekeeping Trust Company, acting in accordance with the Depository Agreement, and any bank or trust company appointed pursuant to the Trust Indenture and the 2011 Supplemental Indentures to act as depository of certain moneys and investments.

"DPA Loan" means a subordinated, no stated interest, thirty year term loan for down payment and closing costs made to a Mortgagor under the Program in an amount equal to 5.0% of the principal amount of the 2009C-1/2011A Mortgage Loan, subject to adjustment from time to time at the direction of the Department.

"DPA Recovery Fee" shall mean an amount initially equal to 0.15% for each 1.0% of the DPA Loan (currently, 0.75% based upon a 5% DPA Loan amount).

"Eligible Borrower" shall mean eligible borrowers who meet the criteria described under "THE PROGRAM AND THE MORTGAGE LOANS-Eligible Borrowers."

"Escrow Fund" shall mean the Program Bonds Escrowed Proceeds Fund, which is created by the Thirtieth Series Supplement as a separate, noncommingled fund in which the Trustee will hold the Pre-Conversion Bond proceeds until the applicable Release Date or until such Pre-Conversion Bonds are redeemed.

"Escrowed Proceeds" shall mean the portion of the proceeds of the Pre-Conversion Bonds that, together with the Shortfall Amount, must be set aside in the Escrow Fund pending the related Release Date.

"Fannie Mae" shall mean the Federal National Mortgage Association, a federally-chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. §1716 et seq.

"Fannie Mae Certificate" shall mean a guaranteed mortgage pass-through Fannie Mae Mortgage-Backed Security bearing interest at the applicable Pass-Through Rate, issued by Fannie Mae in book-entry form, transferred to the account of the Trustee or its nominee (or any successor or transferee), guaranteed as to timely payment of principal and interest by Fannie Mae and backed by conventional Mortgage Loans in the related Fannie Mae pool.

"FDIC" shall mean the Federal Deposit Insurance Corporation or any successor agency or instrumentality of the United States of America.

"FHA" shall mean the Federal Housing Administration or its successors.

"Fiduciaries" shall mean the Trustee, the Depository, and any bond depository and any paying agent.

"Freddie Mac" shall mean the Federal Home Loan Mortgage Corporation, a shareholder owned government sponsored enterprise organized and existing under the laws of the United States.

"Freddie Mac Certificate" shall mean a guaranteed mortgage pass-through Freddie Mac Participation Certificate bearing interest at the applicable Pass-Through Rate, issued by Freddie Mac in book-entry form, transferred to the account of the Trustee or its nominee (or any successor or transferee), guaranteed as to timely payment of principal and interest by Freddie Mac and backed by conventional or government insured or government guaranteed Mortgage Loans in the related Freddie Mac pool.

"Fund" shall mean the Mortgage Loan Fund, the Cost of Issuance Fund, the Revenue Fund, the Interest Fund, the Principal Fund, the Special Redemption Fund, the Rebate Fund, the Capitalized Interest

Fund, the Expense Fund, the Residual Revenues Fund and the Special Mortgage Loan Fund established under the Trust Indenture.

"GNMA" shall mean the Government National Mortgage Association, a government sponsored enterprise organized and existing under the laws of the United States.

"GNMA Certificate" shall mean a fully-modified, mortgage-backed, pass-through security (a GNMA I Mortgage Pass-Through Certificate or a GNMA II Mortgage Pass-Through Certificate) issued by the Master Servicer in accordance with the applicable GNMA Guide bearing interest at the applicable Pass-Through rate and representing the beneficial ownership interest in a GNMA pool, registered in the name of the Trustee and guaranteed as to timely payment of principal and interest by GNMA pursuant to Section 306(g) of Title III of the National Housing Act of 1934 and regulations promulgated thereunder backed by Mortgage Loans originated by Mortgage Lenders under the Program and packaged by the Master Servicer into a GNMA pool.

"GNMA Guide" means GNMA I Mortgage Backed Securities Guide, GNMA Handbook 5500.1, the GNMA II Mortgage Backed Securities Guide 5500.3, or other GNMA Guides then in effect on the date of its application.

"GNMA Paying Agent" shall mean The Bank of New York, in its capacity as the central transfer and paying agent pursuant to the GNMA Guide, or its successors or assigns.

"Government Obligations" shall mean direct obligations of, or obligations the principal of and interest on which are guaranteed by the full faith and credit of, the United States of America.

"GSE" shall mean either Fannie Mae or Freddie Mac or both, collectively, as the context may require.

"Guarantee" by any Person shall mean any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep well, to purchase assets, goods, securities or services, to take or pay, or to maintain financial statement condition or otherwise) or (b) entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part).

"Investment Securities" shall mean and include any one or more of the following securities, if and to the extent the same are at the time legal for investment of Department funds:

(a) Government Obligations;

(b) FHA debentures;

(c) Obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any agency or instrumentality of the United States of America acting pursuant to authority granted by the Congress of the United States, including, without limitation the following: Fannie Mae (excluding mortgage-backed securities valued at greater than par on the portion of unpaid principal and mortgage-backed securities representing payment of principal only or interest only with respect to the underlying loans); Freddie Mac, GNMA, Student Loan Marketing Association, or other successor agencies;

(d) Obligations issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(e) Debt obligations (excluding obligations that do not have a fixed par value and/or the terms of which do not provide for payment of a fixed dollar amount at maturity or redemption) of any person, but only if such debt obligations are rated by each Rating Agency in a category at least as high as the rating then assigned to the Bonds by each such Rating Agency;

(f) Federal funds, unsecured certificates of deposit, time deposits and banker's acceptances (in each case, having maturities not in excess of one year) of any bank the short-term unsecured debt obligations of which are rated by each Rating Agency in the highest category for short-term obligations.

(g) Certificates of deposit and time deposits which are fully insured as to principal and interest by the FDIC;

(h) Commercial paper having maturities not in excess of one year rated by each Rating Agency in the highest category for short-term obligations;

(i) Money market funds rated by each Rating Agency in the highest category for money market funds;

(j) Repurchase agreements the subject of which are obligations described in clauses (a), (b), (c) or (d) above, with: (i) any Person whose long-term unsecured general indebtedness is rated by each Rating Agency in a category at least as high as the rating then assigned to the Bonds by each such Rating Agency, or if the term of such repurchase agreement does not exceed on year, whose short-term unsecured general indebtedness is rated by each Rating Agency in the highest category for short-term obligations; and (ii) with any member of the Association of Primary Dealers;

(k) Investment agreements secured or unsecured as required by the Department, with any Person whose long-term unsecured general indebtedness is rated by each Rating Agency in a category at least as high as the rating then assigned to the Bonds by each such Rating Agency or, if the term of such investment agreement does not exceed one year, whose short-term unsecured general indebtedness is rated by each Rating Agency in the highest category for short-term obligations; and

(l) Investment securities described in any Supplemental Indenture the inclusion of which in the definition of Investment Securities for purposes of the Trust Indenture will not adversely affect, in and of itself, any rating then assigned to the Bonds by a Rating Agency, as evidenced by a letter from each such Rating Agency.

"Letter of Instructions" shall mean any written directive or authorization to the Trustee or any Depository specifying the period of time for which such directive and authorization shall remain in effect, executed by an Authorized Representative of the Department.

"Market Bonds" shall mean serial bonds and/or term bonds sold by the Department to public or private investors in accordance with standard bond underwriting practices and that are issued under the Trust Indenture and the Related Series Supplement in order to satisfy the conditions to the release of proceeds of some or all of the Series 2009C Bonds.

"Master Servicer" shall mean servicers for the Mortgage Loans that have been included in Mortgage Certificates. The Department has previously contracted with Bank of America, N.A. ("BANA"), Texas Star Mortgage, Amegy Mortgage Company, and CitiMortgage, Inc. to act as the Master Servicer for Mortgage Loans financed with other Bonds issued under the Trust Indenture. BANA will act as Master Servicer under Program 77.

"Master Indenture" shall mean the Agency's Residential Mortgage Revenue Bond Trust Indenture, dated as of November 1, 1987, pursuant to which the Bonds of each Series are authorized to be issued.

"MBS" shall mean a mortgage-backed security or securities issued by either GSE or by GNMA.

"Mortgage" shall mean any mortgage or deed of trust securing a Mortgage Loan.

"Mortgage Certificate" shall mean a mortgage-backed security that evidences beneficial ownership of a mortgage pool, that satisfies the requirements of the applicable Series Supplement and that is purchased from amounts identified in the applicable Series Supplement and pledged by the Department to the Trustee pursuant to the Trust Indenture.

"Mortgage Lender" shall mean any bank or trust company, mortgage banker approved by Fannie Mae or Freddie Mac, national banking association, savings bank, savings and loan association, non-profit corporation, mortgage company, the Department, any financial institution or governmental agency and any other entity approved by the Department; provided such mortgage lender is authorized to make mortgage loans satisfying the requirements of the Trust Indenture.

"Mortgage Loan" shall mean (i) any loan evidenced by a Mortgage Note and secured by a Mortgage which satisfies the requirements of the Trust Indenture, which is made, acquired or refinanced, directly or indirectly, from amounts in the Mortgage Loan Fund or other moneys of the Department (including amounts derived from temporary indebtness incurred in anticipation of the issuance of Bonds), and which is pledged by the Department to the Trustee pursuant to the Trust Indenture; and (ii) any evidence of a participation in a loan described above, including a Mortgage Certificate.

"Mortgage Loan Principal Payment" shall mean, with respect to any Mortgage Loan, all amounts representing (i) scheduled payments of principal thereof and (ii) Mortgage Loan Principal Prepayments other than portions, if any, of Mortgage Loan Principal Prepayments representing any penalty, fee, premium or other additional charge for the prepayment of principal which may be paid pursuant to the terms of a Mortgage Loan.

"Mortgage Loan Principal Prepayment" shall mean any moneys received or recovered by the Department from any payment of or with respect to principal (including any penalty, fee, premium or other additional charge for prepayment of principal which may be provided by the terms of a Mortgage Loan) on any Mortgage Loan other than the scheduled payments of principal called for by such Mortgage Loan, whether (i) by voluntary prepayment made by the borrower, (ii) as a consequence of the damage, destruction or condemnation of the mortgaged premises or any part thereof (other than insurance moneys received or recovered and used in accordance with the provisions of the Trust Indenture to repair or reconstruct the mortgaged premises which were the subject of insurance proceeds), (iii) by the sale, assignment, endorsement or other disposition of such Mortgage Loan by the Department, (iv) in the event of a default thereon by the borrower, by the acceleration, sale, assignment, endorsement or other disposition of such Mortgage Loan by the Department or by any other proceedings take by the Department, (v) from any special hazard insurance policy or standard hazard insurance policy covering mortgaged premises, (vi) from any Supplemental Mortgage Security, (vii) from any proceeds received from any private mortgage insurer, the FHA, the VA, the RDA or any other agency or instrumentality of the United States of America in respect of any primary mortgage insurance or guaranty of a Mortgage Loan, or (viii) from any payments on a Mortgage Certificate.

"Mortgage Note" shall mean any note, bond or other instrument evidencing borrower's obligation to repay a Mortgage Loan.

"Mortgage Pool" shall mean, with respect to a Mortgage Certificate, the pool of Mortgage Loans the beneficial ownership of which is represented by such Mortgage Certificate, as described in the schedule of pooled Mortgage Loans pertaining to such Mortgage Certificate.

"Outstanding" shall mean, when used with reference to Bonds, as of any date, Bonds theretofore or thereupon being authenticated and delivered under the Trust Indenture except:

(a) Bonds canceled by the Trustee or delivered to the Trustee for cancellation at or prior to such date;

(b) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Trust Indenture; and

(c) Bonds deemed to have been paid as provided in the Trust Indenture.

"Parity Debt" shall mean, at any given time, Debt, including the Program Bonds, that is now or hereafter Outstanding under the terms of the Trust Indenture; provided, that such Debt is secured and is otherwise payable on a parity with the Series 2009C-1 Bonds pursuant to the Trust Indenture.

"Pass-Through Rate" shall mean the interest rate accruing each month on a 2009C-1/2011A Mortgage Certificate, which will equal the mortgage rate of the 2009C-1/2011A Mortgage Loans backing the 2009C-1/2011A Mortgage Certificate less a servicing fee in an amount equal to 1/12th of 0.50% of the aggregate unpaid principal balance of the 2009C-1/2011A Mortgage Loans, which fee is retained by the Master Servicer.

"Person" shall mean an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organization, including a governmental or political subdivision or an agency or instrumentality thereof.

"Program Bonds" shall mean the Department's Residential Mortgage Revenue Bonds, Series 2009 C, and includes Pre-Conversion Bonds and Converted Bonds.

"Program Documents" shall mean the Mortgage Origination Agreement, the Compliance Agreement relating to Bond Program 77, dated as of May 1, 2010, by and between the Department and BANA, the Program Administration and Servicing Agreement relating to Bond Program 77, dated as of May 1, 2010, by and among the Department, the Trustee and BANA, and the Program Guidelines for the Department's Program 77.

"Program" shall mean the several programs established by the Department pursuant to which the Department makes, acquires or refinances, directly or indirectly, Mortgage Loans or Mortgage Certificates.

"Premium PAC Term Bonds Outstanding Applicable Amount" shall mean the amounts set forth on Appendix H.

"Rating Agency" shall mean, as of any particular date, any nationally-recognized credit rating agency whose rating is then in effect with respect to the Bonds.

"RDA" shall mean the Rural Development Agency of the United States Department of Agriculture or its successors.

"Rebate Fund" shall mean, collectively, the Rebate Funds established pursuant to the Series Supplements into which amounts to be paid to the United States of America will be deposited until disbursed.

"Related Series Supplement" shall mean the applicable Series Supplement, together with any amendments thereto, identified in a Letter of Instructions, and relating to a series of Market Bonds.

RHS" shall mean the United States Department of Agriculture, Rural Housing Service, formerly known as Farmers Home Administration, and any successor thereto.

"Rita GO Zone" includes the following Texas counties: Angelina, Brazoria, Chambers, Fort Bend, Galveston, Hardin, Harris, Jasper, Jefferson, Liberty, Montgomery, Nacogdoches, Newton, Orange, Polk, Sabine, San Augustine, San Jacinto, Shelby, Trinity, Tyler and Walker.

"Series" shall mean all Bonds designated as a Series in a Series Supplement and which are authenticated and delivered on original issuance in a simultaneous transaction, and all Bonds delivered in exchange for or in lieu of such Bonds.

"Series Supplement" shall mean the Supplemental Indenture providing for the issuance of a Series of Bonds, as the same may be amended from time to time.

"Series 2009C Bonds" shall mean the Department's Residential Mortgage Revenue Bonds, Series 2009C issued under the Trust Indenture and the Thirtieth Series Supplement.

"Series 2009C-1 Bonds" shall mean that portion of the Series 2009C Bonds being converted simultaneously and in connection with the issuance of the Series 2011A Bonds.

"Series 2011 Bonds" shall mean, collectively, the Series 2009C-1 Bonds and the Series 2011A Bonds.

"Series 2011A Bonds" shall mean the Department's Residential Mortgage Revenue Bonds, Series 2011A to be issued under the Trust Indenture and the Thirty-First Supplemental Indenture.

"Series 2011A Cumulative Applicable Amount" shall mean the amounts based on the assumed receipt of Mortgage Loan Principal Prepayments received with respect to Mortgage Loans financed with the proceeds of the Series 2011A Bonds at 500% of the SIFMA Prepayment Model and redemption of the Series 2011A Bonds in accordance with the Trust Indenture. Any special redemption of the Series 2011A Bonds from unexpended proceeds will reduce the Series 2011A Cumulative Applicable Amount for the Series 2011A Bonds for the current and each future semiannual period by an amount equal to the product of such Series 2011A Cumulative Applicable Amount and a fraction (a) the numerator of which equals the sum of the amount of moneys disbursed from the 2009C-1/2011A Mortgage Loan Account to redeem Series 2011A Bonds and (b) the denominator of which equals the sum of the amount of moneys initially deposited by the Trustee in the 2009C-1/2011A Mortgage Loan Account for the purchase of 2009C-1/2011A Mortgage Certificates. The Series 2011A Cumulative Applicable Amount shall be the remaining balance, if any, of the Series 2011A Cumulative Applicable Amount as adjusted from prior periods. See Appendix I for the schedule setting forth the Series 2011A Cumulative Applicable Amount.

"Series 2011A Serial Bonds" shall mean the Series 2011A Bonds maturing in the years 2012 through 2022.

"Settlement Date" shall mean, with respect to the Series 2009C-1 Bonds, December 23, 2009.

"Shortfall Amount" shall mean the difference, as of the Settlement Date, between the proceeds of the Series 2009C Bonds to be received on such Settlement Date and the initial principal amount of such Series 2009C Bonds.

"State" shall mean the State of Texas.

"Supplemental Indenture" shall mean any trust indenture supplemental to or amendatory of the Trust Indenture, executed and delivered by the Agency or the Department and the Trustee in accordance with the Master Indenture.

"Tenth Series Supplement" shall mean the Tenth Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of November 1, 1988 between the Department and the Trustee.

"Thirtieth Series Supplement" shall mean the Thirtieth Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of December 1, 2009, by and between the Department and the Trustee, including the Appendix attached thereto, together with any amendments.

"2009C-1/2011A Mortgage Certificates" shall mean the GNMA Certificates, Freddie Mac Certificates or Fannie Mae Certificates that evidence beneficial ownership of and a participation in a Mortgage Pool, that satisfy the requirements of the Trust Indenture and the 2011 Supplemental Indentures which are purchased by the Trustee from amounts available in the 2009C-1/2011A Mortgage Loan Account and pledged by the Department to the Trustee pursuant to the Trust Indenture and the 2011 Supplemental Indentures.

"2009C-1/2011A Mortgage Loans" shall mean the loans included in each Mortgage Pool represented by a 2009C-1/2011A Mortgage Certificate.

"2009C-1/2011A Mortgage Loan Account" shall mean the 2009C-1/2011A Mortgage Loan Account of the Mortgage Loan Fund.

"2009C-1/2011A Cost of Issuance Account" shall mean the 2009C-1/2011A Cost of Issuance Account of the Cost of Issuance Fund.

"2009C-1/2011A Special Redemption Account" shall mean the 2009C-1/2011A Special Redemption Account of the Redemption Fund.

"Treasury" shall mean the United States Department of the Treasury.

"Underwriters" shall mean Morgan Keegan & Company, Inc. and the other underwriters named on the signature page of the Bond Purchase Agreement.

"VA" shall mean the United States Department of Veterans Affairs or its successors.

"Zero Percent Loan Pool" shall mean $435,000 of 0% loan funds available in the 1998/1999A Special Mortgage Loan Fund and any other 0% funds as specified by the Department from time to time in a Letter of Instructions.

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APPENDIX B

SUMMARY OF CERTAIN MORTGAGE INSURANCE PROGRAMS AND TEXAS FORECLOSURE LAWS

Introduction

The United States Department of Housing and Urban Development ("HUD"), created by the Housing and Urban Development Act of 1965, is responsible for the administration of various Federal programs authorized under the National Housing Act of 1934, as amended, and the United States Housing Act of 1937, as amended. The Department of Veterans Affairs (formerly the Veterans Administration) ("VA") administers the mortgage guaranty program authorized under the Servicemen's Readjustment Act of 1944, as amended. These programs may be financed by annual appropriations from Congress, as well as by mortgage insurance premiums and fees. Subsidies and insurance payments are in some cases made from trust funds established under the various programs.

Following is a summary of certain of these Federal programs and private mortgage insurance programs as they affect insurance on Mortgage Loans acquired by the Department from proceeds of the Bonds. This summary does not purport to summarize or describe all of the provisions of these programs. For a more detailed description regarding these programs, reference is made to specific provisions of the master insurance contracts and such other such information relating to the various mortgage insurers.

FHA Insurance Programs

The National Housing Act of 1934, as amended, authorizes various FHA mortgage insurance programs, which differ in some respects depending primarily upon whether the premises contains five or more dwelling units or less than five such units. Insurance benefits are payable only upon foreclosure (or other acquisition or possession) and conveyance of the premises to HUD or upon assignment of the defaulted loan to HUD. Assignment is allowed only with HUD approval if the premises contains less than five dwelling units. Assignment is at the option of the lender if the premises contains five or more dwelling units, but HUD may decrease the insurance payment by an amount equal to 1% of the unpaid principal amount of the loan if the mortgage lender chooses to assign such a loan.

With respect to the assignment of defaulted loans to HUD, the insured must first make a determination as to whether or not the default is caused by a circumstance or set of circumstances beyond the borrower's control which temporarily renders the family financially unable to cure the delinquency within a reasonable time or make full payments. If a determination is made that the default is caused by such circumstances, HUD must be requested to accept assignment, and must have rejected the request in order for the insured to initiate foreclosure proceedings.

Under some of the FHA insurance programs, insurance claims are paid by HUD in cash unless the insured specifically requests payment in debentures issued by HUD. Under others, HUD has the option at its discretion to pay insurance claims in cash or in such debentures. The current HUD policy, subject to change at any time, is to make insurance payments on mortgages covering less than five dwelling units in cash with respect to all programs covering such units as to which it has discretion to determine the form of insurance payment. HUD debentures issued in satisfaction of FHA insurance claims bear interest at the HUD debenture interest rate in effect under HUD regulations on the date of the mortgage insurance commitment or of the initial insurance endorsement of the loan, whichever rate is higher.

When entitlement to insurance benefit results from foreclosure (or other acquisition or possession) and conveyance, the insurance payment is computed as of the date of default by the borrower, as defined in HUD regulations, and the insured generally is not compensated for interest accrued and unpaid prior to that date.

When entitlement to insurance benefits results from assignment of the loan to HUD, the insurance payment is computed as of the date of the assignment and includes full compensation of interest accrued and unpaid to the assignment date. The regulations under all insurance programs described above provide that the insurance payment itself bears interest from the date of default or, where applicable, assignment, to the date of payment of the claim at the same interest rate as the applicable HUD debenture interest rate determined in the manner set forth above.

When any property conveyed to HUD or securing a loan which is to be assigned to HUD has been damaged by fire, earthquake, flood, or tornado, it is generally required, as a condition to payment of an insurance claim, that such property be repaired by the mortgage lender prior to such conveyance or assignment.

Department of Veterans Affairs Mortgage Guaranty Program

The Servicemen's Readjustment Act of 1944, as amended, permits a veteran (or in certain instances the spouse of a veteran) to obtain a mortgage loan guaranty by the VA covering mortgage financing of the purchase of a one-to-four family dwelling unit. The program has no mortgage loan limits, requires no down payment from the purchaser and permits the guaranty of mortgage loans with terms limited by the estimated economic life of the property, up to approximately thirty (30) years.

The VA uses a three-tier guaranty system. The maximum VA guaranty for mortgage loans of $45,000 or less is a guaranty of fifty percent (50%) of the loan. The maximum VA guaranty for mortgage loans of more than $45,000 to $56,250 is $22,500. The maximum VA guaranty for mortgage loans of more than $56,250 is a guaranty of forty percent (40%) of the loan or $36,000, whichever is less. Under the Program, a VA Mortgage Loan would be guaranteed in an amount which, together with the down payment by or on behalf of the mortgagor, will at least equal twenty-five percent (25%) of the lesser of the sales price or the appraised value of the single-family dwelling. The actual guaranty may be less than the maximum guaranty as described above in the event a veteran's guaranty entitlement previously used for a guaranteed loan has not been restored by the VA.

The liability on the guaranty is reduced or increased pro rata with any reduction or increase in the amount of the indebtedness, but in no event will the amount payable on the guaranty exceed the amount of the original guaranty. Notwithstanding the dollar and percentage limitations of the guaranty, a mortgage holder will ordinarily suffer a monetary loss only where the difference between the unsatisfied indebtedness and the proceeds of a foreclosure sale of the mortgaged premises is greater than the original guaranty, as adjusted. The VA may, at its option and without regard to the guaranty, make full payment to a mortgagee of unsatisfied indebtedness on a mortgage upon its assignment to the VA. Under certain circumstances, a mortgagee is required to accept partial payments on a loan that is more than thirty (30) days overdue.

When a VA loan is foreclosed, the VA must decide whether to (i) acquire the property and pay off the debt or (ii) not acquire the property through the "no bid" process. Under option (ii), the VA gives instructions to the mortgagee to make "no bid" at the foreclosure sale and pays the guaranty amount to the mortgagee, leaving the mortgagee responsible for the disposition of the property. Mortgagees may also "buy down" the veteran's indebtedness at the time of the foreclosure sale to convert a no bid into a VA acquisition. No bids are more likely if the property has significantly declined in value, because the cost to the VA to pay the guaranty amount may be less than their expected cost to acquire, manage and dispose of the property.

United States Department of Agriculture, Rural Development
Guaranteed Rural Housing Loan Program

The Cranston-Gonzalez National Affordable Housing Act of 1990 authorized the establishment of the RDA Guaranteed Rural Housing Loan Program. Households with annual incomes at or below one hundred fifteen percent (115%) of median area income are eligible for these loans, subject to the geographic restrictions described below. Households with annual incomes at or below eighty percent (80%) of the area median income may be eligible for interest assistance, in addition to the loan guaranty. The interest assistance paid monthly by RDA to the loan servicer reduces the borrower's effective interest rate. The amount of interest rate reduction is dependent upon the households' annual income, which is re-certified by the loan servicer annually. No funds currently are available for interest assistance.

The RDA Guaranteed Rural Housing Loan program is limited to only certain rural areas of the State. Any city, place, town or village classified as rural prior to October 1, 1990, with a population exceeding 10,000 but not in excess of 25,000, which is rural in character, was considered rural until the year 2000. Any city, place, town or village with a population in excess of 10,000 and determined to be urban prior to August 2, 1991 was not considered an eligible rural area.

The RDA guaranty covers the lesser of (a) any loss equal to ninety percent (90%) of the original principal amount of the loan or (b) any loss in full up to thirty-five percent (35%) of the original principal amount of the loan plus any additional loss on the remaining sixty-five percent (65%) to be shared approximately eight-five percent (85%) by RDA and approximately fifteen percent (15%) by the mortgagee.

RDA does not accept conveyance of the property, but rather pays the lender's claim upon foreclosure. The claim payment includes certain actual costs incurred by the lender prior to foreclosure, including interest expense, and an allowance for the costs associated with liquidating the property. The claim payment amount is based on the net sales proceeds if the property is sold within six (6) months, or if no sale occurs within six (6) months, the claim payment amount is determined according to a formula based upon an appraisal of the property performed by RDA. The lender's actual disposition costs may be higher than the RDA claim payment.

Private Mortgage Insurance Programs

The Department requires that each private mortgage insurer approved for insuring Mortgage Loans (i) shall be approved to issue policies of private mortgage insurance by the Board of Insurance of the State, (ii) be approved to insure mortgages purchased by Fannie Mae or Freddie Mac, and (iii) shall assure the Department in writing that foreclosure of a Mortgage Loan solely on the basis of non-compliance of such Mortgage Loan with provisions of Section 103A of the Tax Code of 1954 and its successor provisions will be an insured event under the terms of its policy of private mortgage insurance. The Freddie Mac eligibility requirements for approving private mortgage insurers presently provide that not more than 10% of the insurers' mortgage insurance risk may be represented by mortgage insurance covering property other than real property.

The maximum amounts insurable by private insurers must conform to applicable Federal and State regulations. Such amounts are often further limited by whether the home is to be owner-occupied. The maximum amounts insurable for owner-occupied dwellings range from 90% to 95% of the appraised value or selling price, whichever is lower. Requirements of borrower equity vary according to the percentage of the mortgage to be insured. Certain companies will credit toward a specified percentage of this amount the value of the land to be improved, trade-in property or work equity, if at least a minimum cash equity is met and the home is to be owner-occupied. Although there may be variations among companies, available coverage by private mortgage insurers is generally limited to first mortgage loans or contracts on improved real estate, with amortization over the term of the contract in substantially equal monthly payments, including accruals for taxes and insurance.

Under the various policies, delinquencies must be reported to the insurer within four months of default, and proceedings to recover title are required to be commenced within nine months of default. It is common practice for private mortgage insurers to require that mortgage lenders, prior to presenting a claim under the mortgage insurance, acquire and tender to the private mortgage insurer title to the property, free and clear of all liens and encumbrances, including any right of redemption by the mortgagor. When such a claim is presented, the private mortgage insurer will normally have the option of paying the claim in full, taking title to the property and arranging for its sale, or of paying the insured percentage of the claim and allowing the insured mortgage lender to retain title to the property.

The amount of loss payable generally includes the principal balance due under the mortgage agreement, plus accumulated interest, real estate taxes and hazard insurance premiums which have been advanced and expenses incurred in the recovery proceedings.

Mortgage Pool Insurance

In lieu of establishing a mortgage pool self-insurance reserve with respect to any Bonds issued pursuant to the Master Indenture which are not secured by Mortgage Certificates, the Department may provide a mortgage pool insurance policy. The following is a general description of some of the pertinent provisions of the more common mortgage pool insurance now available. This description is only a brief outline and does not purport to summarize or describe all of the provisions of such policies.

In general, the mortgage pool insurance policies provide insurance coverage on the full amount of any loss which is covered by each policy and realized as a result of a default by a mortgagor on a Mortgage Loan insured thereunder. Payment will be made after foreclosure, payment under the primary mortgage insurance policy insuring the Mortgage Loan, if any, and sale of the foreclosed property approved by the insurer, subject to a limitation on aggregate claims of the applicable aggregate initial principal amount of all Mortgage Loans insured under the policy.

As a condition precedent to the payment of any loss under a mortgage pool insurance policy, mortgage insurance approved by the Department and acceptable to the insurer must generally be maintained by or on behalf of the Department on each Mortgage Loan that has a loan-to-value ratio in excess of the applicable percentage at the time of origination of the Mortgage Loan. Such mortgage insurance, at a minimum, must provide coverage on the amount of the Mortgage Loan in excess of 80% of original fair market value of the property, defined as the lesser of either the sale price or the appraised value at the time of origination. Such mortgage insurance must remain in force until the unpaid principal balance of the Mortgage Loan is reduced to the applicable percentage of the original fair market value.

Each mortgage pool insurance policy usually requires, as a condition to payment of a claim, that (i) all hazard insurance premiums, real estate taxes, property protection and preservation expenses, property sale expenses and foreclosure costs (including court costs and reasonable attorneys' fees) have been advanced by or on behalf of the Department, as approved by the insurer, (ii) the Department must have acquired good and merchantable title to the property, free and clear of all encumbrances, except permitted encumbrances, including any right of redemption by the mortgagor, and (iii) the Department must have sold the property with the approval of the insurer. In the event of default by the mortgagor, if there is any physical loss or damage to the property from any cause, whether by accidental means or otherwise, it is usually a condition to payment that the insured restore the property to its condition at the time of the issuance of the policy, except for reasonable wear and tear. The mortgage pool insurance policies generally will not insure against a loss sustained by reason of a default arising from or involving certain matters including (i) fraud or negligence in origination or servicing of the Mortgage Loans, including misrepresentation by the Mortgage Lender, borrower or other persons involved in the origination or servicing of the Mortgage Loans; (ii) failure to construct a property subject to a Mortgage Loan in accordance with specified plans; or (iii) physical damage to a property.

The insurer generally has the option either to pay (i) an amount equal to the unpaid principal balance of the defaulted Mortgage Loan at the time of the approved sale, as provided in the applicable policy, plus accrued and delinquent interest at the mortgage rate to the date of payment of the claim plus advances required to be made by or on behalf of the Department as set forth above, conditioned upon the insurer's being provided good and merchantable title to the mortgaged property (unless the property has been conveyed pursuant to the terms of the applicable primary mortgage insurance policy), or (ii) the amount by which the sum of the unpaid principal balance of the defaulted Mortgage Loan at the time of the approved sale, as provided in the policy, plus accrued and delinquent interest at the mortgage rate to the date of payment of the claim plus advances requiring to be made by or on behalf of the Department as set forth above, exceeds the net proceeds received from a sale of the property which the insurer approved. Under either option, the amount of any payment is reduced by the amount of the loss paid under any private mortgage insurance.

A claim under the applicable mortgage pool insurance policy (except for a claim under the advance claims coverage endorsement, described below) must generally be filed (i) in the case when a private mortgage insurance policy is in force, within a specified period after the claim for loss has been settled or paid or within such time after a sale approved by the insurer, whichever is later, or (ii) in the case when a private mortgage insurance policy is not in force, within a specified period after the Department has conveyed title to the property pursuant to an approved sale.

Premiums on any mortgage pool insurance policies will be paid by the Department. Failure to pay a premium will terminate any such policy. If the aggregate recoveries under a policy reach the applicable pool limit of the aggregate initial principal amount of Mortgage Loans insured, coverage under the policy will be exhausted and further losses due to the foreclosure will be borne by the Department.

The amount of coverage under any mortgage pool insurance policy will be reduced over the life of the Bonds covered by such policy by the dollar amount of claims paid less amounts realized by the insurer upon disposition of mortgaged properties. The amount of claims paid generally includes certain expenses incurred by the Department as well as accrued interest on delinquent Mortgage Loans insured under each policy including interest accrued through completion of foreclosure proceedings (excluding applicable charges and penalty interest). See "Foreclosure Laws" herein. Accordingly, if aggregate recoveries under a mortgage pool insurance policy reach the policy limit, coverage under such mortgage pool insurance policy will be exhausted and any further losses will be borne by Bondholders to the extent remaining moneys held under the Master Indenture are inadequate to pay principal of and interest on the Bonds. Subject to the payment of the applicable premium, an insurer is generally obligated to provide coverage under a mortgage pool insurance policy so long as the Bonds covered by the policy are outstanding.

Some insurers have delivered endorsements to certain mortgage pool insurance policies which provide that they will make advance claims payments in amounts equal to delinquent regular monthly payments of principal of and interest on each Mortgage Loan that is delinquent in three or more monthly payments after receipt of ten days prior written notice thereof. Such advance claims payments will generally be made only if the Mortgage Loan servicer has initiated foreclosure proceedings as required by the mortgage pool insurance policy and diligently pursues such proceedings. The insurer will continue to make such advance claims payments until the insured files, or should have filed, a claim with respect to the Mortgage Loan for which such payments have been made. Advance claims payments must be repaid after payments on the Mortgage Loan have been received (either from the mortgagor, FHA, VA, RDA, private mortgage insurance or through foreclosure) for which advances were previously made or if a claim under the policy is not filed. Claim settlements under a mortgage pool insurance policy will usually be reduced by the sum of unreimbursed claims advances.

The coverage available under the advance claims payment procedure usually equals the limit of coverage provided under the mortgage pool insurance policy. Advance claims payments for which the insurer is ultimately reimbursed are not charged against the limit of coverage under the mortgage pool insurance policy. To the extent foreclosure or other disposition of the property subject to a Mortgage Loan does not result in sufficient liquidation proceeds to reimburse the insurer for all claims advances made under the advance claims payment procedure, aggregate remaining coverage under the mortgage pool insurance policy will be reduced. Upon reaching the applicable aggregate loss limitation under the mortgage pool insurance policy, whether through payments of advances under the advance claims payment procedure or payments as a result of foreclosure losses with respect to Mortgage Loans, coverage under the advance claims procedure also will be exhausted.

Standard Hazard Insurance Policies

Each Mortgage Lender acting as a servicer will cause to be maintained by the mortgagor for each Mortgage Loan fire insurance with extended coverage on the mortgaged property (a "Standard Hazard Insurance Policy") in an amount which is not less than the maximum insurable value of the property or the principal balance owing on the Mortgage Loan, whichever is less. Subject to the laws of the State, any amounts collected by a Mortgage Lender under any such policy will be deposited in a custodial account subject to reimbursement. Such insurance shall be with insurers approved by Fannie Mae or Freddie Mac.

In general, a Standard Hazard Insurance Policy covers physical damage to or destruction of the improvements on the property by fire, lightning, explosion, smoke, windstorm, hail, riot, strike or civil commotion, subject to the conditions and exclusions particularized in each policy. If a residence is located in a designated flood area, flood insurance shall be required to be maintained, and if not covered by other insurance, insurance shall be required to be maintained for wind damage on each residence to the extent deemed advisable by the supervising agent from time to time.

Although policies relating to different Mortgage Loans may be issued by different insurance companies and, therefore, may have minor differences in coverage, the basic terms are dictated by State law. Policies typically exclude physical damage resulting from the following: war, revolution, governmental actions, floods and other water-related causes, earth movement (including earthquakes, landslides and mudflows), nuclear hazard and, in certain cases, vandalism.

In lieu of a Standard Hazard Insurance Policy, each Mortgage Lender acting as a servicer may maintain and keep a "Mortgagee Single Interest Hazard Insurance Policy" throughout the term of the applicable servicing agreement. The Mortgagee Single Interest Insurance Policy provides insurance against losses sustained by a Mortgage Lender or other insured in the event the mortgagor fails to maintain a Standard Hazard Insurance Policy and physical damage occurs. Each Mortgage Lender agrees to pay the premium for the Mortgagee Single Interest Hazard Insurance Policy on the basis prescribed by the policy. Any amounts collected by the Mortgage Lender under such policy relating to the Mortgage Loans will be deposited in a custodial account maintained by the Mortgage Lender subject to withdrawal by the Trustee.

Foreclosure Laws

If a mortgagor defaults on a Mortgage Loan and foreclosure or other recovery proceedings are instituted there will probably be time delays in collection. The following is intended to be a general description of foreclosure laws in the State of Texas and is not intended to be a legal opinion with respect to such laws.

Mortgage instruments utilized in the State generally and the Mortgages to be used in the Department's programs take the form of deeds of trust containing the power of out-of-court foreclosures and sale. Nonjudicial foreclosure proceedings are governed by Chapter 51, Texas Property Code, which authorizes sales under deeds of trust or other contractual liens if such instruments so provide and sets the minimum standards of notice and procedure for the conduct of non-judicial foreclosure sales. Sales under such Chapter may only be made in the event of a default under the note or deed of trust and acceleration of the debt which is secured, must be conducted by the trustee appointed in the deed of trust or other lien instrument or his successor, and may be conducted only after posting written notice at least 21 days preceding the date of the sale at the courthouse door(s) of the county or counties in which the property to be sold is located. Additionally, the holder of the debt to which the power of sales relates must serve written notice of the proposed sale by certified mail on each debtor obligated to pay the debt, according to the most recent records of such holder, at least 21 days preceding the date of the sale (the "Twenty-One Day Notice"). In addition, if the mortgagor resides on the mortgaged property, twenty (20) days notice of intent to accelerate the Mortgage Loan must be given to the mortgagor prior to the Twenty-One Day Notice. The sale may be conducted only between certain hours on the first Tuesday of the month, as designated in the posted notice of sale. After the foreclosure sale has properly been held in accordance with both the provisions of Chapter 51, Texas Property Code and the provisions of the deed of trust or other lien instrument by which a power of sale is granted, any right to reinstate the debt and all rights of redemption, except rights of the United States, if any, under federal tax lien laws, are extinguished. A nonjudicial foreclosure sale which has not been conducted in accordance with Chapter 51, Texas Property Code and the provisions of the lien instrument granting the power of sale is invalid.

State courts have in the past strictly construed the power of sale created by deeds of trust or other lien instruments and, where both contractual and statutory provisions for nonjudicial foreclosure have not been precisely followed, have declared nonjudicial foreclosure sales to be invalid. In addition, although the State statute providing standards for nonjudicial foreclosures has previously survived challenges that it is unconstitutional, there can be no assurance that such a challenge in the future will not be successful. A foreclosure sale of property on which the United States claims a lien for federal income tax collection, will be made subject to and without disturbing the federal tax lien unless notice of the foreclosure sale is given to the Internal Revenue Service at least 25 days before the sale. Without this prior notice, the sale is made subject to the federal tax lien. Even when such notice is properly given, the United States may redeem such property within 120 days from the date of the sale, upon payment of the amount paid or credited at the sale, and interest from the date of the sale, and any cost in owning property in excess of the derived income. The remedy of nonjudicial foreclosure may be limited, restricted or denied, not only by bankruptcy or other debtor relief proceedings, but also by the death of a mortgagor either without leaving a will or with probate proceedings that are not independent of the probate court or by the appointment of a receiver by the court in a divorce action involving mortgages to which the spouses in such divorce proceedings are parties. The remedies afforded the holder of the mortgage debt in the events set forth in the preceding sentence require judicial action either as a prerequisite to the valid exercise of nonjudicial foreclosure or in the nature of a judicial foreclosure proceeding or sale through the legal representative involved with the sanction of the court.

Under State law, foreclosure of mortgage liens on real property also may be accomplished by judicial proceedings. In foreclosure pursuant to judicial proceedings, a right to make full payment exists prior to the sale of the property, and, except for federal tax liens as discussed above, the redemption rights of all parties are extinguished by a properly conducted foreclosure sale.

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APPENDIX C-1
GNMA AND THE GNMA CERTIFICATES

This summary of the GNMA Mortgage Backed Securities Program, the GNMA Certificates and the documents referred to herein does not purport to be comprehensive and is qualified in its entirety by reference to the GNMA Mortgage Backed Securities Guide published by GNMA and to said documents for full and complete statement of their provisions. The following summary is of the GNMA I Program and the GNMA II Program, as amended.

Government National Mortgage Association ("GNMA") is a wholly-owned corporate instrumentality of the United States within the Department of Housing and Urban Development ("HUD") with its principal office in Washington, D.C.

To issue GNMA Certificates, the Master Servicer must first apply to and receive from GNMA the Commitment to Guarantee Mortgage Backed Securities (the "MBS Agreement"). The MBS Agreement authorizes the Master Servicer to apply to GNMA for the issuance of Mortgage-Backed Securities to be eligible for guaranty by GNMA up to a stated date and issue GNMA Certificates up to a stated amount during a one-year period following the date of the MBS Agreement. Each MBS Agreement is valid for a 12-month period from the date of commitment.

Each GNMA Certificate is to be backed by a mortgage pool consisting of Mortgage Loans in a minimum aggregate amount of $250,000 (or such lesser amount as may be approved by GNMA). Each GNMA I Certificate will be a "mortgage loan pass-through" certificate which will require the Master Servicer to pass through to the paying and transfer agent therefor (the "GNMA Paying Agent") by the fifteenth day of each month (or the sixteenth day, if such day is not a business day, provided that, if neither the fifteenth nor the sixteenth day is a business day, the first business day prior to the fifteenth day of the month), the regular monthly payments on the Mortgage Loans (less the GNMA Guaranty Fee and the Master Servicer's servicing fee, more fully described herein), whether or not the Master Servicer receives such payments, plus any prepayments of principal of the Mortgage Loans received by the Master Servicer in the previous month. Each GNMA II Certificate will require the Master Servicer to pass through to the GNMA Paying Agent for the GNMA II Program, by the nineteenth day of each month (or the twentieth day, if such day is not a business day; provided that, if neither the nineteenth nor the twentieth day is a business day, then the first business day prior to the nineteenth day of the month), the regular monthly payments on the Mortgage Loans (less the GNMA Guaranty Fee and the Master Servicer's servicing fee, more fully described herein), whether or not the Master Servicer received such payments, plus any prepayments on the Mortgage Loan received by the Master Servicer in the previous month. The GNMA Paying Agent is then required to pass through to the Trustee on or before the third business day following the nineteenth day of each month the scheduled payments received from the Master Servicer. GNMA guarantees timely payment of principal of and interest with respect to the GNMA Certificate.

GNMA is authorized by Section 306(g) of Title III of the National Housing Act of 1934, as amended (the "Housing Act"), to guarantee the timely payment of the principal of, and interest on, securities that are based on and backed by a pool of mortgage loans insured by FHA under the Housing Act, or guaranteed by RDA under Title V of the Housing Act of 1949, or guaranteed by VA under the Servicemen's Readjustment Act of 1944, as amended, or Chapter 37 of Title 38, United States Code. Section 306(g) further provides that "the full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection." An opinion, dated October 12, 1969, of an Assistant Attorney General of the United States, states that such guarantees under Section 306(g) of mortgage backed certificates of the type being delivered to the Trustee on behalf of the Department are authorized to be made by GNMA and "would constitute general obligations of the United States backed by its full faith and credit."

GNMA, upon execution of the GNMA Guaranty appended to the GNMA Certificate and upon delivery of the GNMA Certificate to the Master Servicer, will have guaranteed to the Trustee as holder of the GNMA Certificate the timely payment of principal of and interest on the GNMA Certificate. In order to meet its obligations under such guaranty, GNMA, in its corporate capacity under Section 306(g) of Title III of the Housing Act, may issue its general obligations to the United States Treasury Department in an amount outstanding at any one time sufficient to enable GNMA, with no limitations as to amount, to perform its obligations under its guaranty of the timely payment of the principal of and interest on the GNMA Certificate. The Treasury is authorized to purchase any obligation so issued by GNMA and has indicated in a letter dated February 13, 1970, from the Secretary of the Treasury to the Secretary of HUD that the Treasury will make loans to GNMA, if needed, to implement the aforementioned guaranty.

GNMA is required to warrant to the Trustee as the holder of the GNMA Certificate, that, in the event it is called upon at any time to make payment on its guaranty of the principal of and interest on the GNMA Certificate, it will, if necessary, in accordance with Section 306(d) of Title III of the Housing Act, apply to the Treasury Department of the United States for a loan or loans in amounts sufficient to make payments of principal and interest.

The Master Servicer will be responsible for servicing and otherwise administering the Mortgage Loans in accordance with generally accepted practices of the mortgage banking industry and the GNMA Mortgage Backed Securities Guide (the "Guide").

The monthly remuneration for the Master Servicer for its servicing and administrative functions, and the Guaranty Fee charged by GNMA are based on the total aggregate unpaid principal balance of Mortgage Loans outstanding. The GNMA Certificates carry an interest rate that is fixed at .50% (subject to adjustment) below the interest rate on the Mortgage Loans; the Master Servicer's servicing fee and the GNMA Guaranty Fee are deducted from payments on the Mortgage Loans before payments are passed through to the holder of the GNMA Certificates.

It is expected that interest and principal payments on the Mortgage Loans received by the Master Servicer will be the source of payments on the GNMA Certificates. If such payments are less than what is due the Master Servicer is obligated to advance its own funds to ensure timely payment of all amounts coming due on the GNMA Certificates. GNMA guarantees such timely payment in the event of the failure of the Master Servicer to pay an amount equal to the scheduled payments (whether or not made).

The Master Servicer is required to advise GNMA in advance of any impending default on scheduled payments so that GNMA as guarantor will be able to continue such payments as scheduled on the third business day following the twentieth day of each month. If, however, such payments are not received as scheduled, the Trustee has recourse directly to GNMA.

The GNMA Guaranty Agreement to be entered into by GNMA and the Master Servicer upon issuance of the GNMA Certificates (the "GNMA Guaranty Agreement") will provide that, in the event of a default by the Master Servicer, GNMA will have the right, by letter to the Master Servicer, to effect and complete the extinguishment of the Master Servicer's interest in the Mortgage Loans, and the Mortgage Loans are to thereupon become the absolute property of GNMA, subject only to the unsatisfied rights of the holder of the GNMA Certificate. In such event, the GNMA Guaranty Agreement will provide that GNMA will be the successor in all respects to the Master Servicer in its capacity under the GNMA Guaranty Agreement and the transaction and arrangements set forth or arranged for therein. At any time, GNMA may enter into an agreement with an institution approved by GNMA under which such institution undertakes and agrees to assume any part or all of such duties, and no such agreement will detract from or diminish the responsibilities, duties or liabilities of GNMA in its capacity as guarantor.

Payment of principal and interest on the GNMA Certificate is required to be made in monthly installments on or before the third business day following the twentieth of each month commencing the month following the date of issue of the GNMA Certificate.

Each installment on the GNMA Certificate is required to be applied first to interest and then in reduction of the principal balance then outstanding on the GNMA Certificate. Interest is to be paid at the specified rate on the unpaid portion of the principal of the GNMA Certificate. The amount of principal due on the GNMA Certificate is to be in an amount at least equal to the scheduled principal amortization currently due on the Mortgage Loans subject to adjustment by reason of unscheduled recoveries of principal on the Mortgage

Loans. In any event, the Master Servicer is required to pay to the Trustee, as holder of the GNMA Certificate, monthly installments of not less than the interest due on the GNMA Certificate at the rate specified in the GNMA Certificate, together with any scheduled installments of principal, whether or not such interest or principal is collected from the Mortgagor, and any prepayments or early recovery of principal. Final payment is to be made upon surrender of the outstanding GNMA Certificate.

The Office of Inspector General (OIG) is required to conduct an annual audit of GNMA under the provisions of the Chief Financial Officers (CFO) Act of 1990 ("CFO Act"). The complete OIG report is included in the separate management report of GNMA prepared pursuant to the CFO Act which is available upon request from GNMA at Government National Mortgage Association, 451 Seventh Street, SW, Washington, D.C. 20410-9000.

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APPENDIX C-2

FREDDIE MAC AND THE FREDDIE MAC CERTIFICATES

General

Freddie Mac is a shareholder-owned government-sponsored enterprise created on July 24, 1970 pursuant to the Federal Home Loan Mortgage Corporation Act, Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. Section 1451-1459. Freddie Mac's statutory purposes are to provide stability in the secondary market for residential mortgages, to respond appropriately to the private capital market, to provide ongoing assistance to the secondary market for residential mortgages (including mortgages on housing for low- and moderate-income families), and to promote access to mortgage credit throughout the United States by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing. To fulfill these statutory purposes Freddie Mac purchases residential mortgages and mortgage-related securities from mortgage lenders, other mortgage sellers and securities dealers and finances these purchases with debt and equity securities. In addition Freddie Mac guarantees the timely payment of principal and interest on single-class and multiclass securities representing an undivided interest in mortgages and/or mortgage-related securities.

Freddie Mac prepares an Information Statement annually which describes Freddie Mac, its business and operations and contains Freddie Mac's audited financial statements for the two most recent fiscal years ending prior to the date of such Information Statement. The current Information Statement, current prospectuses, any supplements to each of the foregoing and any quarterly report prepared and made available by Freddie Mac can be obtained by writing to Freddie Mac B Investor Inquiry, 8200 Jones Branch Drive, McLean, Virginia 22102 or accessing Freddie Mac's internet website at www.freddiemac.com.

Each Freddie Mac Certificate will represent undivided interests in a pool of fixed-rate, first-lien conventional Mortgage Loans or FHA and VA Loans, or participations interests therein. Freddie Mac guarantees to each holder of a Freddie Mac Certificate the timely payment of interest at the applicable coupon on the Freddie Mac Certificate and the timely payment of scheduled principal, whether or not Freddie Mac receives these payments on the underlying mortgages. Full and final payment of principal on the Freddie Mac Certificates will be made no later than the payment date occurring in the month of the Final Payment date for each Freddie Mac Certificate. Principal and interest payments on the Freddie Mac Certificates are not guaranteed by and are not debts or obligations of the United States or any federal agency or instrumentality other than Freddie Mac. Payments on Freddie Mac Certificates are made on the 15th day of each month or, if the 15th is not a business day, the next business day.

Freddie Mac receives monthly mortgage payments from it mortgage servicers during a Monthly Reporting Period that begins on the 16th of a month and ends on the 15th of the following month. For any month, a payment on a Freddie Mac Certificate will reflect monthly mortgage payments reported by servicers in the previous Monthly Reporting Period and prepayments reported by servicers in the calendar month prior to the payment up through the date Freddie Mac calculates its payment factors. Freddie Mac publishes its payment factors on or about the 5th day of each month.

The summary of the Freddie Mac Certificates does not purport to be comprehensive and is qualified in its entirety by reference to the Freddie Mac prospectuses and other documents relating to the offer and sale of Freddie Mac Certificates described herein.

Federal Housing Finance Agency Actions

In accordance with the Federal Housing Finance Regulatory Reform Act of 2008 (the "Regulatory Reform Act"), the Federal Housing Finance Agency (the "FHFA") was named as the conservator of both Fannie Mae and Freddie Mac (each, a "GSE") on September 6, 2008. The FHFA immediately succeeded to (1) all rights, titles, powers and privileges of each GSE, and of any stockholder, officer or director of such GSE with respect to the GSE and its assets, and (2) title to all books, records and assets of the GSE held by any other legal custodian or third party. Under the Act, the FHF A is authorized to repudiate contracts entered into by a GSE prior to the FHF A's appointment as conservator if the FHFA determines, in its sole discretion, that performance of the contract is burdensome and that repudiation of the contract promotes the orderly administration of the GSEs. This right must be exercised within a reasonable period of time after FHFA's appointment as conservator.

On September 7, 2008, the U.S. Department of Treasury ("Treasury") entered into a "Senior Preferred Stock Purchase Agreement" with each GSE. Those agreements were amended and restated on September 26, 2008, and subsequently amended on May 6, 2009 and December 24, 2009. Each such agreement is indefinite in duration and has a maximum capacity of $200 billion, which amount will increase as necessary to accommodate any cumulative reduction in net worth calculated on a quarterly basis through December 31, 2012. If the FHFA determines that a GSE's liabilities have exceeded its assets under generally accepted accounting principles, the Treasury is required by the agreement to contribute cash capital to the GSE in an amount equal to the difference between liabilities and assets.

So long as the GSEs remain in their current conservatorship and are not placed into receivership, (i) FHF A has no authority to repudiate any contracts entered into after the GSEs were placed into conservatorship, including the GSEs' guaranties related to Certificates they issued during their respective conservatorships, and (ii) the rights of holders of certificates issued during such conservatorship are not restricted.

Under the Regulatory Reform Act, FHFA must place a GSE into receivership if the FHFA's Director makes a determination that the GSE's assets are, and for a period of 60 days have been, less than the GSE's obligations, or the GSE is unable to pay its debts and have been unable to do so for a like period. The FHFA Director may also place a GSE into receivership in his or her discretion for certain other reasons. A receivership would terminate the FHFA's current conservatorship. If FHFA were to become the receiver of a GSE, it could exercise certain powers that could adversely affect the Department (as holder of the GSE's Certificates), as explained below.

As receiver, FHFA could repudiate any contract entered into by a GSE prior to its appointment as receiver if FHF A determines, in its sole discretion, that performance of the contract is burdensome and that repudiation of the contract promotes the orderly administration of the GSE's affairs. The Regulatory Reform Act requires that any exercise by FHFA of its right to repudiate any contract occur within a reasonable period following its appointment as receiver. If FHFA, as receiver, were to repudiate the guaranty obligations of Fannie Mae or Freddie Mac, the receivership estate would be liable for actual direct compensatory damages as of the date of receivership under the Regulatory Reform Act. Any such liability could be satisfied only to the extent the GSE's assets were available for that purpose. Moreover, if a GSE's guaranty obligations were repudiated, payments of principal and/or interest to holders of the GSE's certificate holders would be reduced as a result of borrowers' late payments or failure to payor a servicer's failure to remit borrower payments to the trust. In that case, trust administration fees would be paid from mortgage loan payments prior to distributions to certificateholders. Any actual direct compensatory damages owed due to the repudiation of the GSE guaranty obligations may not be sufficient to offset any shortfalls experienced by certificate holders.

In its capacity as receiver, FHFA would have the right to transfer or sell any asset or liability of a GSE without any approval, assignment or consent. of FHFA, as receiver, were to transfer a GSE's guaranty obligation to another party, the Department (as a certificateholder) would have to rely on that party for satisfaction of the guaranty obligation and would be exposed to the credit risk of that party.

During a receivership, certain rights of certificate holders may not be enforceable against FHFA, or enforcement of such rights may be delayed. The Regulatory Reform Act also provides that no person may exercise any right or power to terminate, accelerate or declare an event of default under certain contracts to which a GSE is a party, or obtain possession of or exercise control over any property of a GSE, or affect any contractual rights of the GSE, without the approval of FHFA as receiver, for a period of 90 days following the appointment of FHFA as receiver. If a GSE is placed into receivership and does not or cannot fulfill its guaranty to certificateholders, certificate holders could become unsecured creditors of the GSE with respect to claims made under the GSE's guaranty.

If a GSE emerges from conservatorship and, at a later date, FHFA again were to place the GSE into conservatorship, (i) FHFA would have all of the authority of a new conservator, including the authority to repudiate the guaranty associated with certificates issued by the GSE during the current conservatorship, and (ii) certain rights of holders of certificates issued during the current conservatorship would again be restricted or eliminated. FHFA currently has all of the authority of a conservator as to certificates issued before September 6, 2008, the date the GSEs were placed into conservatorship.

Fannie Mae currently is required to file periodic financial disclosures with the U.S. Securities and Exchange Commission (the "SEC"), including Annual Reports on Form lO-K, Quarterly Reports on Form lO-Q, and Current Reports on Form 8-K, together with any required exhibits. These reports and other information can be read and copied at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.e. 20549. The SEC currently maintains a web site (http://www.sec.gov) that contains reports, proxy statements and other information that Fannie Mae has filed with the SEC. The Senior Preferred Stock Purchase Agreement between the Treasury and Freddie Mac requires Freddie Mac to provide the Treasury with annual reports on Form lO-K, quarterly reports on Form 10- Q, and current reports on Form 8-K. The Department makes no representation regarding the content, accuracy or availability of any such reports or information filed by Fannie Mae or Freddie Mac with the SEC, or any information provided at such web site. The SEC's web site is not part of this Official Statement.

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APPENDIX C-3
FANNIE MAE AND THE FANNIE MAE CERTIFICATES

General

Fannie Mae is a federally chartered and stockholder owned corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. 1716 et seq. Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market and became a stockholder owned and privately managed corporation by legislation enacted in 1968.

Fannie Mae purchases, sells, and otherwise deals in mortgages in the secondary market rather than as a primary lender. It does not make direct mortgage loans but acquires mortgage loans originated by others. In addition, Fannie Mae issues mortgage backed securities ("MBS"), primarily in exchange for pools of mortgage loans from lenders. Fannie Mae receives guaranty fees for its guarantee of timely payment of principal of and interest on MBS certificates.

The securities of Fannie Mae are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any agency or instrumentality thereof other than Fannie Mae.

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

Fannie Mae is incorporating by reference in this Official Statement the documents listed below that Fannie Mae publishes from time to time. This means that Fannie Mae is disclosing information to you by referring you to those documents. Those documents are considered part of this Reoffering Circular, so you should read this Reoffering Circular, and any applicable supplements or amendments, together with those documents before making an investment decision.

You should rely only on the information provided or incorporated by reference in this Official Statement and any applicable supplement, and you should rely only on the most current information.

Fannie Mae makes no representation as to the contents of this Official Statement, the suitability of the Bonds for any investor, the feasibility of performance of any program, or compliance with any securities, tax or other laws or regulations.

Mortgage-backed Securities Program

Fannie Mae is a federally chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act (12 U.S.C. Section 1716 et seq.). Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market, and was transferred into a stockholder-owned and privately managed corporation by legislation enacted in 1968. The Secretary of Housing and Urban Development exercises general regulatory power over Fannie Mae. Fannie Mae provides funds to the mortgage market by purchasing mortgage loans from lenders, thereby replenishing their funds for additional lending. Fannie Mae acquires funds to purchase mortgage loans from many capital market investors that may not ordinarily invest in mortgage loans, thereby expanding the total amount of funds available for housing. In addition, Fannie Mae issues mortgage-backed securities primarily in exchange for pools of mortgage loans from lenders.

Although the Secretary of the Treasury of the United States has certain discretionary authority to purchase obligations of Fannie Mae, neither the United States nor any agency or instrumentality thereof is obligated to finance Fannie Mae's obligations or assist Fannie Mae in any manner.

Fannie Mae has implemented a mortgage-backed securities program pursuant to which Fannie Mae issues securities (the "Fannie Mae Certificates") backed by pools of mortgage loans (the "MBS Program"). The obligations of Fannie Mae, including its obligations under the Fannie Mae Certificates, are obligations solely of Fannie Mae and are not backed by, or entitled to, the full faith and credit of the United States.

The terms of the MBS Program are governed by the Fannie Mae Selling and Servicing Guides (the "Fannie Mae Guides") published by Fannie Mae, as modified by the Pool Purchase Contract (as hereinafter described), and, in the case of mortgage loans such as the Mortgage Loans, a Trust Indenture dated as of November 1, 1981, as amended (the "Fannie Mae Trust Indenture"), and a supplement thereto to be issued by Fannie Mae in connection with each pool.

The summary of the MBS Program set forth herein does not purport to be comprehensive and is qualified in its entirety by reference to the Fannie Mae Guides, the Fannie Mae prospectus and the other documents referred to herein.

Pool Purchase Contract

It is expected that Fannie Mae and the Master Servicer will enter into a Pool Purchase Contract, pursuant to which the Servicer will be permitted to deliver, and Fannie Mae will agree to purchase mortgage loans in exchange for Fannie Mae Certificates. The purpose of the Pool Purchase Contract is to provide for certain additions, deletions and changes to the Fannie Mae Guides relating to the purchase of mortgage loans. In the event of a conflict between the Pool Purchase Contract and the Fannie Mae Guides, the Pool Purchase Contract will control. The description set forth below assumes that the Pool Purchase Contract will be executed substantially in the form presented by Fannie Mae to the Master Servicer as of the date hereof.

Under the Pool Purchase Contract, Fannie Mae will purchase both mortgage loans eligible under the guidelines set forth in the Fannie Mae Guides and mortgage loans insured under the Department's Bond Program No. 77 which conform to the conditions set forth in the Pool Purchase Contract. See "THE PROGRAM."

The Pool Purchase Contract obligates the Servicer to service the mortgage loans in accordance with the requirements of the Fannie Mae Guides and the Pool Purchase Contract.

Fannie Mae Certificates

Each Fannie Mae Certificate will represent the entire interest in a specified pool of Mortgage Loans purchased by Fannie Mae from the Servicer and identified in records maintained by Fannie Mae.

Fannie Mae will guarantee to the registered holder of the Fannie Mae Certificates that it will distribute amounts representing scheduled principal and interest at the applicable pass-through rate on the Mortgage Loans in the pools represented by such Fannie Mae Certificates, whether or not received, and the full balance of any foreclosed or other finally liquidated Mortgage Loan, whether or not such principal balance is actually received. The obligations of Fannie Mae under such guarantees are obligations solely of Fannie Mae and are not backed by, nor entitled to, the faith and credit of the United States. If Fannie Mae were unable to satisfy such obligations, distributions to the Trustee, as the registered holder of Fannie Mae Certificates, would consist solely of payments and other recoveries on the underlying Mortgage Loans and, accordingly, monthly distributions to the Trustee, as the holder of Fannie Mae Certificates, would be affected by delinquent payments and defaults on such Mortgage Loans.

Payments on Mortgage Loans; Distributions on Fannie Mae Certificates

Payments on a Fannie Mae Certificate will be made on the 25th day of each month (beginning with the month following the month such Fannie Mae Certificate is issued), or, if such 25th day is not a business day, on the first business day next succeeding such 25th day. With respect to each Fannie Mae Certificate, Fannie Mae will distribute to the Trustee an amount equal to the total of (i) the principal due on the Mortgage Loans in the related mortgage pool underlying such Fannie Mae Certificate during the period beginning on the second day of the month prior to the month of such distribution and ending on the first day of such month of distribution, (ii) the stated principal balance of any Mortgage Loan that was prepaid in full during the second month next preceding the month of such distribution (including as prepaid for this purpose at Fannie Mae's election any Mortgage Loan after it is delinquent, in whole or in part, with respect to four consecutive installments of principal and interest), (iii) the amount of any partial prepayment of a Mortgage Loan received in the second month next preceding the month of distribution, and (iv) one month's interest at the pass-through rate on the principal balance of the Fannie Mae Certificate as reported to the Trustee (assuming the Trustee is the registered holder) in connection with the previous distribution (or, respecting the first distribution, the principal balance of the Fannie Mae Certificate on its issue date).

For purposes of distributions, a Mortgage Loan will be considered to have been prepaid in full if, in Fannie Mae's reasonable judgment, the full amount finally recoverable on account of such Mortgage Loan has been received, whether or not such full amount is equal to the stated principal balance of the Mortgage Loan. Fannie Mae may, in its discretion, include with any distribution principal prepayments, both full and partial, received during the month prior to the month of distribution but is under no obligation to do so.

Federal Housing Finance Agency Actions

In accordance with the Federal Housing Finance Regulatory Reform Act of 2008 (the "Regulatory Reform Act"), the Federal Housing Finance Agency (the "FHFA") was named as the conservator of both Fannie Mae and Freddie Mac (each, a "GSE") on September 6, 2008. The FHFA immediately succeeded to (1) all rights, titles, powers and privileges of each GSE, and of any stockholder, officer or director of such GSE with respect to the GSE and its assets, and (2) title to all books, records and assets of the GSE held by any other legal custodian or third party. Under the Act, the FHF A is authorized to repudiate contracts entered into by a GSE prior to the FHF A's appointment as conservator if the FHFA determines, in its sole discretion, that performance of the contract is burdensome and that repudiation of the contract promotes the orderly administration of the GSEs. This right must be exercised within a reasonable period of time after FHFA's appointment as conservator.

On September 7, 2008, the U.S. Department of Treasury ("Treasury") entered into a "Senior Preferred Stock Purchase Agreement" with each GSE. Those agreements were amended and restated on September 26, 2008, and subsequently amended on May 6, 2009 and December 24, 2009. Each such agreement is indefinite in duration and has a maximum capacity of $200 billion, which amount will increase as necessary to accommodate any cumulative reduction in net worth calculated on a quarterly basis through December 31, 2012. If the FHFA determines that a GSE's liabilities have exceeded its assets under generally accepted accounting principles, the Treasury is required by the agreement to contribute cash capital to the GSE in an amount equal to the difference between liabilities and assets.

So long as the GSEs remain in their current conservatorship and are not placed into receivership, (i) FHF A has no authority to repudiate any contracts entered into after the GSEs were placed into conservatorship, including the GSEs' guaranties related to Certificates they issued during their respective conservatorships, and (ii) the rights of holders of certificates issued during such conservatorship are not restricted.

Under the Regulatory Reform Act, FHFA must place a GSE into receivership if the FHFA's Director makes a determination that the GSE's assets are, and for a period of 60 days have been, less than the GSE's obligations, or the GSE is unable to pay its debts and have been unable to do so for a like period. The FHFA Director may also place a GSE into receivership in his or her discretion for certain other reasons. A receivership would terminate the FHFA's current conservatorship. If FHFA were to become the receiver of a GSE, it could exercise certain powers that could adversely affect the Department (as holder of the GSE's Certificates), as explained below.

As receiver, FHFA could repudiate any contract entered into by a GSE prior to its appointment as receiver if FHF A determines, in its sole discretion, that performance of the contract is burdensome and that repudiation of the contract promotes the orderly administration of the GSE's affairs. The Regulatory Reform Act requires that any exercise by FHFA of its right to repudiate any contract occur within a reasonable period following its appointment as receiver. If FHFA, as receiver, were to repudiate the guaranty obligations of Fannie Mae or Freddie Mac, the receivership estate would be liable for actual direct compensatory damages as of the date of receivership under the Regulatory Reform Act. Any such liability could be satisfied only to the extent the GSE's assets were available for that purpose. Moreover, if a GSE's guaranty obligations were repudiated, payments of principal and/or interest to holders of the GSE's certificate holders would be reduced as a result of borrowers' late payments or failure to payor a servicer's failure to remit borrower payments to the trust. In that case, trust administration fees would be paid from mortgage loan payments prior to distributions to certificateholders. Any actual direct compensatory damages owed due to the repudiation of the GSE guaranty obligations may not be sufficient to offset any shortfalls experienced by certificate holders.

In its capacity as receiver, FHFA would have the right to transfer or sell any asset or liability of a GSE without any approval, assignment or consent. IfFHFA, as receiver, were to transfer a GSE's guaranty obligation to another party, the Department (as a certificateholder) would have to rely on that party for satisfaction of the guaranty obligation and would be exposed to the credit risk of that party.

During a receivership, certain rights of certificate holders may not be enforceable against FHFA, or enforcement of such rights may be delayed. The Regulatory Reform Act also provides that no person may exercise any right or power to terminate, accelerate or declare an event of default under certain contracts to which a GSE is a party, or obtain possession of or exercise control over any property of a GSE, or affect any contractual rights of the GSE, without the approval of FHFA as receiver, for a period of 90 days following the appointment of FHFA as receiver. If a GSE is placed into receivership and does not or cannot fulfill its guaranty to certificateholders, certificate holders could become unsecured creditors of the GSE with respect to claims made under the GSE's guaranty.

If a GSE emerges from conservatorship and, at a later date, FHFA again were to place the GSE into conservatorship, (i) FHFA would have all of the authority of a new conservator, including the authority to repudiate the guaranty associated with certificates issued by the GSE during the current conservatorship, and (ii) certain rights of holders of certificates issued during the current conservatorship would again be restricted or eliminated. FHFA currently has all of the authority of a conservator as to certificates issued before September 6, 2008, the date the GSEs were placed into conservatorship.

Fannie Mae currently is required to file periodic financial disclosures with the U.S. Securities and Exchange Commission (the "SEC"), including Annual Reports on Form l0-K, Quarterly Reports on Form l0-Q, and Current Reports on Form 8-K, together with any required exhibits. These reports and other information can be read and copied at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. The SEC currently maintains a web site (http://www.sec.gov) that contains reports, proxy statements and other information that Fannie Mae has filed with the SEC. The Senior Preferred Stock Purchase Agreement between the Treasury and Freddie Mac requires Freddie Mac to provide the Treasury with annual reports on Form lO-K, quarterly reports on Form 10- Q, and current reports on Form 8-K. The Department makes no representation regarding the content, accuracy or availability of any such reports or information filed by Fannie Mae or Freddie Mac with the SEC, or any information provided at such web site. The SEC's web site is not part of this Official Statement.

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APPENDIX D-1

AUDITED FINANCIAL STATEMENTS

OF THE

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

REVENUE BOND PROGRAM

FOR THE FISCAL YEAR ENDED

AUGUST 31, 2010

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Texas Department of Housing and Community Affairs — Revenue Bond Program Enterprise Fund

Financial Statements and Supplemental Schedules
as of and for the Year Ended August 31, 2010, and
Independent Auditors' Report

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS — REVENUE BOND PROGRAM ENTERPRISE FUND

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INDEPENDENT AUDITORS' REPORT

To The Honorable Rick Perry, Governor, and the Governing Board
Texas Department of Housing and Community Affairs:

We have audited the accompanying statement of net assets of Texas Department of Housing and Community Affairs — Revenue Bond Program Enterprise Fund (the "Bond Program") as of August 31, 2010, and the related statements of revenues, expenses and changes in net assets and of cash flows for the year then ended. These financial statements are the responsibility of the Bond Program's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bond Program's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Revenue Bond Program Enterprise Fund of the Texas Department of Housing and Community Affairs (the "Department") and are not intended to present the financial position of the Department or the results of its operations and the cash flows of its proprietary fund types in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Texas Department of Housing and Community Affairs — Revenue Bond Program Enterprise Fund as of August 31, 2010, and the changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the Department adopted the provisions of Government Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments.*

Management's Discussion and Analysis is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. This information is the responsibility of the Bond Program's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supporting schedules 3 though 7 listed in the table of contents are presented for the purpose of additional analysis as required by the Texas Comptroller of Public Accounts and are not a required part of the basic financial statements. These schedules are the responsibility of the Bond Program's management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information by bond program, included as Schedules 1 and 2, listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the financial statements. These schedules are also the responsibility of the Bond Program's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the schedules. However, we did not audit the information and express no opinion on it.

Deloitte & Touche LLP

December 20, 2010

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS – REVENUE BOND PROGRAM ENTERPRISE FUND MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEAR ENDED AUGUST 31, 2010

This section of the Texas Department of Housing and Community Affairs - Revenue Bond Program (the "Bond Program") annual financial report presents management's discussion and analysis of the financial performance of the Bond Program of the Texas Department of Housing and Community Affairs ("Department") during the fiscal year that ended on August 31, 2010. Please read it in conjunction with the Department's Bond Program financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Bond Program's net assets increased by $42.6 million. This was primarily because of the change in fair value of investments as explained below.

- The Bond Program had an Operating Income of $41.3 million, a decrease of $35.1 million from the prior year. The change in operating income was a result of the following factors. The change in fair value of investments decreased from an unrealized gain of $78.1 million in fiscal year 2009 to an unrealized gain of $35.7 million in fiscal year 2010, or $42.5 million, which accounted for the majority of the decrease in operating results. Bond interest expense decreased $18.1 million due to lower interest rates related to variable rate debt. In addition, interest and investment income decreased by $13.8 million.

- The Bond Program's debt outstanding of $2.7 billion as of August 31, 2010, increased $5.5 million. Debt issuances and debt retirements totaled $300 million and $294.5 million, respectively. Loan originations for the year totaled $6.2 million in the Bond Program.

- For the fiscal year ended, August 31, 2010, the Department adopted, Governmental Accounting Standards Board Statement (GASB) No. 53, Accounting and Financial Reporting for Derivative Instruments. GASB 53 requires the reporting of derivative instruments at fair value. The Department's interest rate swaps, which were primarily used to hedge changes in interest rates, are considered to be derivative instruments under GASB 53. GASB 53 requires the fair value of a derivative to be reported as of the end of the fiscal year in the balance sheet. As of August 31, 2010, the Department's five interest rate swaps had a total notional amount of $322.1 million and a negative $37 million fair value which was recorded in the deferred outflow of resources account and a derivative swap liability.

- A rise in the number of borrowers who are unable to pay debt obligations has led to increased foreclosures causing uncertainty in the housing market. According to Standard and Poor's, Housing Finance Agencies (HFAs) face lower risk from defaults on their loans. Homebuyer education programs, conservative underwriting, generous reserves, and ongoing HFA asset management have resulted in strong portfolio performance which is expected to continue for the long-term. Since 1988, the Department has had its single family mortgage loans guaranteed by Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA), and Federal Home Loan Mortgage Corporation (FHLMC).

FINANCIAL STATEMENTS

The financial statements provide information about the Bond Program's funds. The Bond Program has only one type of fund, the proprietary fund, which is as follows:

- ***Proprietary Fund*** — The Bond Program's activities in its proprietary fund are accounted for in a manner similar to businesses operating in the private sector. Funding has primarily arisen through the issuances of taxable and tax-exempt bonds whose proceeds are used primarily to fund various types of loans to finance low- and moderate-income housing. The net assets of these funds represent accumulated earnings since their inception and are generally restricted for program purposes or debt service.

FINANCIAL ANALYSIS OF THE REVENUE BOND PROGRAM

Bond Program — Condensed Statement of Net Assets

	Bond Program		Increase (Decrease)	
	2010	2009	Amount	Percentage
ASSETS:				
Cash and investments	$ 1,700,073,540	$ 1,660,503,359	$ 39,570,181	2.38 %
Loans, contracts, and notes receivable	1,235,234,117	1,258,552,665	(23,318,548)	(1.85)%
Interest receivable	14,562,606	14,725,422	(162,816)	(1.11)%
Real estate owned	200,415	138,169	62,246	45.05 %
Deferred Outflow of Resources	36,966,154		36,966,154	N/A
Deferred issuance cost	9,778,100	10,971,377	(1,193,277)	(10.88)%
Other assets	641,844	424,682	217,162	51.14 %
Total assets	2,997,456,776	2,945,315,674	52,141,102	1.77 %
LIABILITIES:				
Bonds/notes payable	2,671,049,369	2,668,859,650	2,189,719	0.08 %
Interest payable	32,465,592	35,926,575	(3,460,983)	(9.63)%
Derivative Hedging Instrument	36,966,154		36,966,154	N/A
Deferred revenue	10,089,112	11,407,250	(1,318,138)	(11.56)%
Other liabilities	99,472,591	124,357,238	(24,884,647)	(20.01)%
Total liabilities	2,850,042,818	2,840,550,713	9,492,105	0.33 %
NET ASSETS:				
Restricted for Bonds	139,489,798	91,457,425	48,032,373	52.52 %
Unrestricted	7,924,160	13,307,536	(5,383,376)	(40.45)%
Total net assets	$ 147,413,958	$ 104,764,961	$ 42,648,997	40.71 %

Net assets of the Bond Program increased $42.6 million, or 40.71%, to $147.4 million. The net increase primarily resulted from an increase in fair value of the Bond Program's investments, decrease in interest income, and decrease in interest expense. Restricted net assets of the Bond Program increased $48 million, or 52.52%. Unrestricted net assets decreased $5.4 million, or 40.45%.

Cash and investments increased $39.6 million, or 2.38%, to $1.7 billion, due to the change in fair value of investments, new bond proceeds, interest earnings, and construction draws to fund construction projects for previously issued multifamily bonds. The Bond Program loans receivable (current and non-current) decreased

$23.3 million, or 1.85%, to $1.2 billion, due primarily as a result of loan payoffs related to the Department's Multi-family Bond Program. Total bonds and notes payable (current and non-current) increased $2.2 million, or .08%, primarily due to the Department's issuance of debt offset by monthly retirement of existing debt.

The Department adopted Governmental Accounting Standards Board Statement (GASB) No. 53, Accounting and Financial Reporting for Derivative Instruments, for the year ended August 31, 2010 which requires the accounting and reporting of derivative instruments at fair value on the balance sheet. The Department's five interest rate swaps are considered to be derivative instruments per GASB No. 53. The negative $37 million fair value of the swaps is reporting as deferred outflow of resources and a derivative hedging instrument classified as a liability.

A comparison between 2010 and 2009 for the Statement of Revenues, Expenses, and Changes in Net Assets is as follows:

Bond Program - Statement of Revenues, Expenses, and Changes in Net Assets

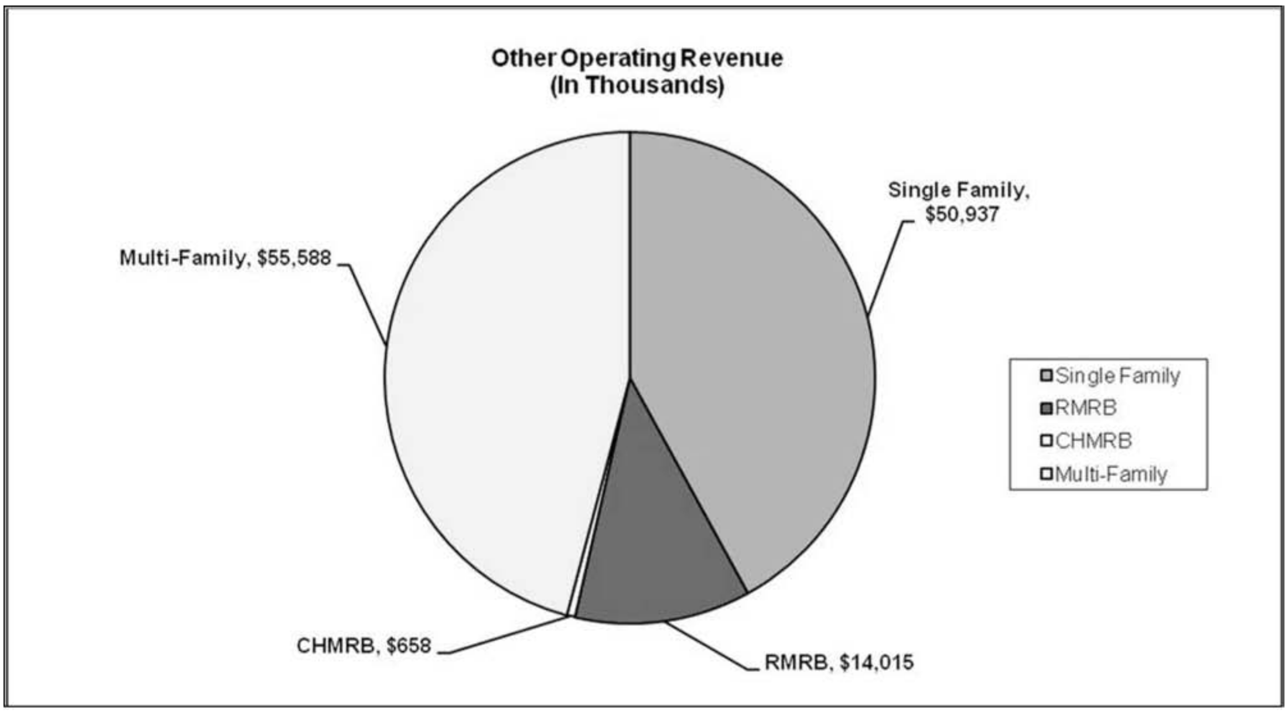
	2010	2009	Increase (Decrease) Amount	Increase (Decrease) Percentage
OPERATING REVENUES:				
Interest and investment income	$ 121,288,357	$ 135,097,423	$ (13,809,066)	(10.22)%
Net increase in fair value	35,670,235	78,139,311	(42,469,076)	(54.35)%
Other operating revenues	5,959,333	3,696,926	2,262,407	61.20 %
Total operating revenues	162,917,925	216,933,660	(54,015,735)	(24.90)%
OPERATING EXPENSES:				
Professional fees and services	1,717,807	2,403,914	(686,107)	(28.54)%
Depreciation expense	727,358	1,483,706	(756,348)	(50.98)%
Interest	116,471,499	134,544,338	(18,072,839)	(13.43)%
Bad debt expense	270,810	166,492	104,318	62.66 %
Down payment assistance	1,601,208	704,559	896,649	127.26 %
Other operating expenses	782,185	1,233,401	(451,216)	(36.58)%
Total operating expenses	121,570,867	140,536,410	(18,965,543)	(13.50)%
OPERATING INCOME	41,347,058	76,397,250	(35,050,192)	(45.88)%
NONOPERATING REVENUES	4,922,551		4,922,551	
TRANSFERS	(3,620,612)	(7,299,542)	3,678,930	(50.40)%
CHANGE IN NET ASSETS	42,648,997	69,097,708	(26,448,711)	(38.28)%
BEGINNING NET ASSETS	104,764,961	35,667,253	69,097,708	193.73 %
ENDING NET ASSETS	$ 147,413,958	$ 104,764,961	$ 42,648,997	40.71 %

Earnings within the Bond Program's various bond indentures were $162.9 million, of which $160.3 million is classified as restricted and $2.6 million as unrestricted.

Restricted earnings are composed of $121.2 million in interest and investment income, $35.7 million increase in fair value of investments, and $3.4 million in other revenue. Interest and investment income is restricted per bond covenants for debt service, fair value in investments is an unrealized gain due to the fact that the Bond Program holds investments until maturity, and other revenue is predominantly an accounting recognition of fees received in previous years that were deferred when received and are being amortized over a period of time.

Unrestricted earnings are composed of $90.2 thousand in interest and investment income and $2.5 million in other operating revenue.

The graph below will illustrate the composition of interest revenue for the various bond indentures that make up the Bond Program:



Interest earned on program loans decreased by $4.2 million, or 7.00%, due primarily to a decrease of $4.1 million, or 6.91%, within the Bond Program's Multi-Family Program, due to lower loan amounts outstanding as a result of loan payoffs throughout the year and lower interest rates.

Investment income decreased $9.5 million, or 12.87%, and reflected lower investment yields. The primary changes in investment income were within the Single Family Revenue Bond Program funds, which decreased $7.8 million, or 13.53%, and the Residential Mortgage Revenue Bond Program in the amount of $1.5 million, or 9.48%.

Expenses of the Bond Program consist primarily of interest expense of $116.5 million, which decreased $18.1 million, or 13.43%, on the Bond Program's debt incurred to fund its various lending programs.

The changes in net assets by bond indenture for the Bond Program for fiscal years 2010 and 2009 are as follows:

Changes in Net Assets by Bond Program, Year Ended August 31,
(Amounts in thousands)

Fund	2010	2009	Increase (Decrease) Amount	Increase (Decrease) Percentage
Single Family	$ 101,369	$ 65,447	$ 35,922	54.9 %
RMRB	31,291	24,470	6,821	27.9 %
CHMRB	1,829	1,514	315	20.8 %
Multifamily	(401)	(126)	(275)	218.3 %
Commercial paper		26	(26)	(100.0)%
General funds	13,326	13,433	(107)	(0.8)%
Total	$ 147,414	$104,764	$ 42,650	40.7 %

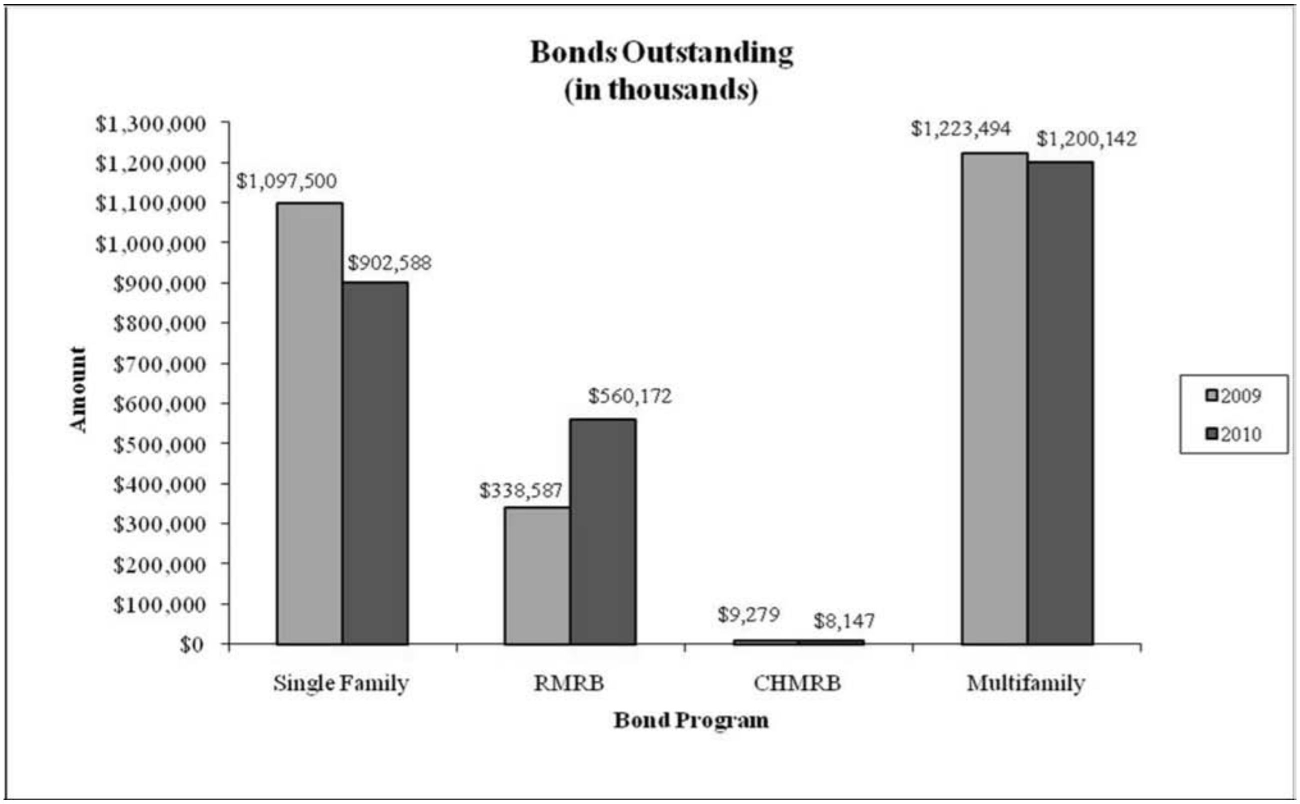
The Net assets of the Single Family Bond Programs increased by $35.9 million, or 54.9%, primarily due to an increase of $30.4 million to the fair value of investment offset by decreases in interest revenue and bond interest expense.

Net assets of the RMRB Bond Programs increased $6.8 million or 27.9% primarily due to an increase of $5.3 million to the fair value of investments offset by an increase in bond interest expense of $2.3 and a decrease of interest revenue of $1.5 million.

BOND PROGRAM DEBT

The Bond Program's new debt issuances during fiscal year 2010 totaled $300 million. The Residential Mortgage Revenue Bond Program issued $300 million in bonds under the New Issue Bond Program. The Bond Program also had $294.5 million in debt retirements during the year primarily due to consumer refinancing and paying off of original loans. The net result was an increase in bonds payable of $5.5 million to $2.7 billion of which $26.2 million is due within one year. For additional information, see Note 7, Bonds Payable, and supplementary bond information schedules.

The following graph will illustrate a comparison of bonds outstanding between fiscal year 2010 and 2009 per bond program:



REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Texas Department of Housing and Community Affairs' Bond Program Enterprise Fund operations for all parties interested in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Texas Department of Housing and Community Affairs, Director of Financial Administration, P.O. Box 13941, Austin, Texas, 78711-3941.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS —
REVENUE BOND PROGRAM ENTERPRISE FUND

STATEMENT OF NET ASSETS
AS OF AUGUST 31, 2010

ASSETS:	
Current assets:	
Cash and cash equivalents — cash equivalents	$ 6,428,797
Restricted assets:	
Cash and cash equivalents:	
Cash in bank	16,354,016
Cash equivalents	437,803,439
Short-term investments	11,675,198
Loans and contracts	12,363,992
Interest receivable	14,561,767
Receivables:	
Interest receivable	839
Accounts receivable	408,854
Loans and contracts	719,293
Other current assets	232,990
Total current assets	500,549,185
Noncurrent assets:	
Loans and contracts	605,230
Restricted assets:	
Investments	1,227,812,090
Loans and contracts	1,221,545,602
Deferred Outflow of Resources	36,966,154
Other noncurrent assets:	
Deferred bond issuance cost — net	9,778,100
Real estate owned — net	200,415
Total noncurrent assets	2,496,907,591
Total assets	2,997,456,776

(Continued)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS —
REVENUE BOND PROGRAM ENTERPRISE FUND

STATEMENT OF NET ASSETS
AS OF AUGUST 31, 2010

LIABILITIES:	
Current liabilities:	
Payables:	
Accounts payable	$ 2,530
Accrued bond interest payable	32,465,592
Deferred revenues	10,089,112
Revenue bonds payable	26,246,737
Other current liabilities	5,555,566
Total current liabilities	74,359,537
Noncurrent liabilities:	
Revenue bonds payable	2,644,802,632
Derivative hedging instrument	36,966,154
Other noncurrent liabilities	93,914,495
Total noncurrent liabilities	2,775,683,281
Total liabilities	2,850,042,818
NET ASSETS:	
Restricted for bonds	139,489,798
Unrestricted	7,924,160
TOTAL NET ASSETS	$ 147,413,958

See notes to financial statements. (Concluded)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS — REVENUE BOND PROGRAM ENTERPRISE FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEAR ENDED AUGUST 31, 2010

OPERATING REVENUES:	
Interest and investment income	$ 121,288,357
Net increase in fair value of investments	35,670,235
Other operating revenues	5,959,333
Total operating revenues	162,917,925
OPERATING EXPENSES:	
Professional fees and services	1,717,807
Depreciation and amortization	727,358
Interest	116,471,499
Bad debt expense	270,810
Down payment assistance	1,601,208
Other operating expenses	782,185
Total operating expenses	121,570,867
OPERATING INCOME	41,347,058
OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS:	
Other revenue	4,922,551
Transfers to the Department’s Governmental Fund	(3,620,612)
CHANGE IN NET ASSETS	42,648,997
NET ASSETS — September 1	104,764,961
NET ASSETS — August 31	$ 147,413,958

See notes to financial statements.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS — REVENUE BOND PROGRAM ENTERPRISE FUND

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:	
Proceeds from loan programs	$ 59,145,913
Proceeds from other revenues	3,932,842
Payments to suppliers for goods/services	(5,689,216)
Payments for loans provided	(6,151,298)
Net cash provided by operating activities	51,238,241
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Proceeds from debt issuance	300,000,000
Payments to other costs of debt	(3,620,612)
Payments to other funds	(1,368,344)
Payments of principal on debt	(294,546,935)
Payments of interest	(121,377,791)
Net cash used for noncapital financing activities	(120,913,682)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales and maturities of investments	568,954,788
Proceeds from interest and investment income	72,999,579
Payments to acquire investments	(377,394,800)
Net cash provided by investing activities	264,559,567
INCREASE IN CASH AND CASH EQUIVALENTS	194,884,126
CASH AND CASH EQUIVALENTS — Beginning of year	265,702,126
CASH AND CASH EQUIVALENTS — End of year	$ 460,586,252

(Continued)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS — REVENUE BOND PROGRAM ENTERPRISE FUND

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2010

RECONCILIATION OF CASH FROM OPERATING ACTIVITIES TO OPERATING LOSS:	
Operating income	$ 41,347,058
Adjustments to reconcile operating income to net cash used in operating activities:	13,727,228
Amortization and depreciation	727,358
Provision for estimated losses	270,810
Changes in assets and liabilities:	
Decrease in accrued interest receivable	162,816
Decrease in loans	23,318,548
Increase in property owned	(62,246)
Decrease in mortgage loan acquisition costs	1,193,277
Decrease in deferred revenues	(1,318,138)
Decrease in other assets and liabilities	(24,667,487)
Decrease in accrued interest payable	(3,460,983)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 51,238,241
NONCASH TRANSACTIONS — Net change in fair value of investments	$ 35,670,235

See notes to financial statements.

(Concluded)

1. GENERAL STATEMENT AND SIGNIFICANT ACCOUNTING POLICIES

General Statement — The Texas Department of Housing and Community Affairs (the "Department"), was created effective September 1, 1991, by an act of the 72nd Texas Legislature, pursuant to Senate Bill 546 (codified as Article 4413 (501), Texas Revised Civil Statutes) (the "Department Act"), passed by the Texas Legislature on May 24, 1991, and signed by the Governor of the State of Texas. Effective September 1, 1991, the Department was established to assist local governments in helping residents overcome financial, social, and environmental problems; to address low- to moderate-income housing needs; to contribute to the preservation and redevelopment of neighborhoods and communities; to assist the Governor and the Legislature in coordinating federal and state programs affecting local governments; and to continually inform the State and the public about the needs of local government. The Department was created by merging two former agencies: the Texas Housing Agency and the Texas Department of Community Affairs.

The accompanying financial statements represent the financial status of the Revenue Bond Program Enterprise Fund (the "Bond Program"), which is included in the enterprise fund of the Department, and are not intended to present the financial position of the Department or its results of operations or cash flows. The Department is governed by a Board composed of seven members, all of whom are appointed by the Governor with advice and consent of the Senate. The Board then appoints the Executive Director with the approval of the Governor. The Department is authorized to issue tax-exempt or taxable bonds, notes, or other obligations to finance or refinance multifamily housing developments and single-family residential housing. Bonds and notes of the Department do not constitute a debt of the State or any political subdivision thereof. The Department Act specifically provides for the assumption by the Department of the outstanding indebtedness of the former agencies. The Department is required to continue to carry out all covenants with respect to any bonds outstanding, including the payments of any bonds from the sources provided in the proceedings authorizing such bonds. For financial reporting purposes, the Department is an agency of the State and is included in its reporting entity.

The Bond Program operates several bond programs under separate trust indentures, as follows:

Single-Family Bond Program ("Single-Family") — These bonds are limited obligations of the Department. Bond proceeds were used to originate below-market rate loans for eligible low- and moderate-income residents who were purchasing a residence. These bonds were issued pursuant to a Single-Family Mortgage Revenue Bond Trust Indenture, dated October 1, 1980, and indentures supplemental thereto, and are secured on an equal and ratable basis by the trust estate established by such trust indentures.

Residential Mortgage Revenue Bond Program (RMRB) — Twenty-eight series (five of which have been refunded) of these bonds have been issued pursuant to the RMRB master indenture and 25 separate Series Supplements, and are secured on an equal and ratable basis by the trust estates established by such trust indentures. Proceeds from the 1987 A Bonds were used to purchase single-family loans, while proceeds from the remaining RMRB bond issues were used to purchase pass-through certificates created through the origination of single-family loans.

Collateralized Home Mortgage Revenue Bond Program (CHMRB) — The Department issued eleven series of bonds pursuant to the CHMRB Trust Indenture with six separate supplements for each series. The bonds are secured on an equal and ratable basis. Proceeds from the bonds are being used to purchase pass-through certificates created through the funding of loans made to finance the purchase by eligible borrowers of new and existing single-family residences in the state.

Multifamily Housing Revenue Bond Programs ("Multifamily") — These bonds were issued pursuant to separate trust indentures and are secured by individual trust estates, which are not on an equal and ratable basis with each other. The bonds are limited obligations of the Department and are payable solely from the payments received from the assets and guarantors, which secure the individual trust indentures. Under these programs, the proceeds were either provided to nonprofit and for-profit developers of multifamily properties to construct or rehabilitate rental housing or used to refund other multifamily bonds issued for the same purposes.

Collateralized Home Mortgage Revenue Bond Program — Series 1994 and 1995 (COBs) — On November 1, 1994, the Department issued Single-Family Mortgage Revenue Bonds (Collateralized Home Mortgage Revenue Bond Program), Series 1994. This bond program was issued as a Private Placement Memorandum with Federal National Mortgage Association (FNMA). The Series 1994 and 1995 COBs were issued to provide funds for the purchase of mortgage-backed, pass-through certificates backed by qualifying FHA-insured, VA-guaranteed, FMHA-guaranteed mortgage loans, or conventional mortgage loans acceptable for pooling by FNMA, made to eligible borrowers for single-family residences.

Commercial Paper Notes — By resolution adopted November 10, 1994, the Department's Board has authorized the issuance of two series of commercial paper notes: its Single-Family Mortgage Revenue Refunding Tax-Exempt Commercial Paper Notes, Series A, and its Single-Family Mortgage Revenue Refunding Tax-Exempt Commercial Paper Notes, Series B (collectively, the "Notes"). Pursuant to the resolution, the Department is authorized to issue the Notes in an aggregate principal amount not to exceed $75,000,000 outstanding. Proceeds of the initial issuance of the Notes and of future issues not issued to refund outstanding Notes will be used to redeem certain of the Department's single-family mortgage revenue bonds (the "Refunded Bonds"), which are subject to redemption as a result of the receipt by the Department of prepayments of the related underlying mortgage loans. Such prepayments may, at a future date, be recycled into new mortgage loans by the Department. The Notes are being issued in anticipation of the issuance of refunding bonds that will refund the Notes.

Housing Trust Fund — The Department Act provided for a transfer of a portion of the unencumbered fund balance from the bond programs for use in the Housing Trust Fund. The Housing Trust Fund is used to provide assistance for low- and very-low-income persons and families in financing, acquiring, rehabilitating, and developing affordable, decent, and safe housing. The Housing Trust Fund is made available to local units of government, public housing authorities, the Department, community housing development organizations, and nonprofit organizations, as well as eligible low- and very-low-income individuals and families.

Continuance Subject to Review — Under the Texas Sunset Act, the Department will be abolished effective September 1, 2011, unless it is continued in existence as provided in the Texas Sunset Act. If abolished, the Department may continue in existence until September 1, 2012, to close out its operations.

Significant Accounting Policies — The significant accounting policies of the Bond Program are as follows:

Fund Accounting — The Bond Program's financial statements have been prepared on the basis of the proprietary fund concept as set forth by the Governmental Accounting Standards Board (GASB). The proprietary fund concept provides that financial activities operated similarly to private business enterprises and financed through fees and charges assessed primarily to users of the services are presented as a proprietary fund. Proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when the liability is incurred. The Bond Program has elected not to apply Financial Accounting Standards Board pronouncements issued after November 30, 1989, as allowed by GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*.

Investments — The Bond Program follows the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. GASB Statement No. 31 requires certain types of investments to be reported at fair value on the balance sheet. The Bond Program utilizes established quoted market prices for determining the fair value of its debt securities in reserve funds. The Bond Program's portfolio of mortgage-backed securities consists of pools of mortgage loans exchanged for mortgage-backed securities or mortgage pass-through certificates. Fair value of the Bond Program's securitized mortgage loans (GNMA/FNMA) has been estimated by each bond issue's trustee using a pricing service.

The Bond Program has reported all investment securities at fair value as of August 31, 2010, with the exception of certain money market investments and nonparticipating interest-earning investment contracts, which are reported at amortized cost (historical cost adjusted for amortization of premiums and accretion of discounts), provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors (see Note 2).

In accordance with GASB Statement No. 31, changes in the fair value of investments are reported in the statement of revenues, expenses, and changes in net assets as net increase (decrease) in fair value of investments.

Loans Receivable — Loans receivable are carried at the unpaid principal balance outstanding less the allowance for estimated loan losses and deferred commitment fees. Interest on loans is credited to income as earned. Loans are generally placed on nonaccrual status when the Department becomes aware that the borrower has entered bankruptcy proceedings or when the loans are 90 days past due as to either principal or interest or when payment in full of principal and interest is not expected. Deferred commitment fees are recognized using the interest method over the estimated lives of the single-family loans and the contractual lives, adjusted for actual repayments, of the multifamily loans.

Real Estate Owned — Properties acquired through foreclosure are carried at the unpaid principal balance on the related property plus accrued interest and reimbursable expenses through the date of foreclosure, less any sales proceeds, reimbursements received from mortgage insurers, and an allowance for estimated losses on such properties. After foreclosure, foreclosed assets are carried at lower of cost or fair value minus selling costs.

Interest on real estate owned is credited to income as earned based on a calculation of interest recoverable in accordance with the Department's agreements with its mortgage insurers.

Allowance for Estimated Losses on Loans and Foreclosed Properties — The allowance for estimated losses on loans is available for future chargeoffs on single-family and multifamily loans. The allowance for estimated losses on real estate owned is available for future chargeoffs on foreclosed single-family loans.

All losses are charged to the allowance when the loss actually occurs or when a determination is made that a loss is likely to occur. Periodically, management estimates the likely level of future losses to determine whether the allowances for estimated losses are adequate to absorb anticipated losses in the existing loan and real estate owned portfolios. Based on these estimates, a provision for estimated losses on loans and real estate owned is made to the allowances in order to adjust the allowances to levels estimated to be adequate to absorb reasonably foreseeable losses.

While management uses available information to recognize losses in the loan and real estate owned portfolios, future adjustments may be necessary based on changes in economic conditions. However, it is the judgment of management that the allowances are currently adequate to absorb reasonably foreseeable losses in the existing loan and real estate owned portfolios.

Deferred Outflow of Resources/Derivative Hedging Instrument—The Department implemented Governmental Accounting Standards Board Statement (GASB) No. 53, Accounting and Financial Reporting for Derivative Instruments for the year ended August 31, 2010. Per the statement, the Department identified its derivative instruments and measured their effectiveness. The Department contracted a service provider to measure its derivative effectiveness. Since the derivative instruments were deemed to be effective, the Department deferred the changes in fair value for these derivatives and reported them as deferred outflow of resources.

Commitment Fees — Commitment fees received in connection with the origination of loans are deferred and recognized using the interest method over the estimated life of the related loans and mortgage-backed securities, or if the commitment expires unexercised, it is credited to income upon expiration of the commitment.

Deferred Issuance Costs — Deferred issuance costs on bonds are amortized using the interest method over the contractual life of the bonds to which they relate. Prepayments on the bonds result in the proportionate amortization during the current year of the remaining balance of deferred issuance costs.

Discounts and Premiums on Debt — Discounts and premiums on debt are recognized using the interest method over the life of the bonds or collateralized mortgage obligations to which they relate. Prepayments on the bonds result in the proportionate amortization during the current year of the remaining balance of discounts and premiums on debt.

General and Administrative Expenses — Certain General and Administrative expenses are accounted for in the Department's Administrative Program and are not reflected in the Operating Fund section of the Bond Program.

Restricted Net Assets — Certain net assets of the Bond Program are restricted for various purposes of the bond trust indentures.

Cash Flows — For purposes of reporting cash flows, cash and cash equivalents consist of cash and short-term investments with a maturity at the date of purchase of three months or less, which are highly liquid and are readily exchanged for cash at amounts equal to their stated value.

Interfund Transactions — The Bond Program has transactions between and with other funds of the Department. Quasi-external transactions are charges for services rendered by one fund to another, and they are accounted for as revenue or expense. All other interfund transactions are reported as transfers.

Gain/Loss on Refundings of Debt — Any gain/loss on refunding of bonds is deferred and amortized as a component of interest expense using the interest method.

Loss on Early Extinguishment of Debt — Any loss on extinguishment of debt prior to its stated maturity is recorded in the period the debt is retired.

Estimates — In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the balance sheet and the reported revenues and expenses for the period. Actual results could differ significantly from those estimates. Management judgments and accounting estimates are made in the evaluation of the allowance for estimated losses on loans and real estate owned and in determination of the assumptions with respect to prepayments on loans and mortgage-backed securities in the recognition of deferred commitment fees to income.

2. CASH AND CASH EQUIVALENTS, INVESTMENTS, AND MORTGAGE-BACKED SECURITIES

The Department is authorized by statute to make investments following the "prudent person rule" and based upon provisions within the master bond indentures and its Investment Policy adopted by the Board in accordance with the Public Funds Investment Act. There were no significant violations of such provisions during the period.

Deposits of Cash in Bank — As of August 31, 2010, the carrying amount of deposits was $16,354 (in thousands).

Program funds — current assets — restricted cash in bank:	
Texas Treasury Safekeeping Trust	$ 131
Demand deposits	16,223
Cash in bank	$ 16,354

At August 31, 2010, the Department's cash and deposits were fully collateralized by securities held with a trustee in the Department's name.

Investments — The types of investments in which the Department may invest are restricted by the provisions of the master bond indentures and the Department's Investment Policy adopted by its Board in accordance with the Public Funds Investment Act. The indentures allow for investments in direct obligations of or guaranteed by the U.S. government; obligations, debentures, notes, or other evidences of indebtedness issued or guaranteed by agencies or intermediaries of the U.S. government; obligations issued by public agencies or municipalities; obligations and general obligations of or guaranteed by the state; demand deposits, interest-bearing time deposits or certificates of deposit; repurchase agreements in U.S. government securities; director general obligations of any state within the territorial U.S.; investment agreements with any bank or financial institution; commercial paper; and guaranteed investment contracts. Certain trust indentures restrict the Department from investing in certain of the aforementioned investments.

At August 31, 2010, the fair values of investments as of the statement of net assets date (including both short term and long term) are shown below (in thousands).

Program Activities	Fair Value
U.S. government agency obligations	$ 1,220,169
Repurchase agreements (TTSTC)	117,602
Fixed income money markets	326,630
Miscellaneous (investment agreements/guaranteed investment contracts)	19,319
Total	$ 1,683,720

Credit Risk — Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Preservation and safety of principal is the foremost objective of the investment program. According to the Department's investment policy, investments should be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. Credit risk is mitigated by:

- Limiting investments to the safest types of securities.
- Prequalifying the financial institution, broker/dealers, intermediaries, and advisors with which the Department will do business.
- Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

As of August 31, 2010, the Bond Program's credit quality distribution for securities with credit risk exposure was as follows (in thousands):

Standard & Poor's

Investment Type	Not Rated	AAA
U.S. government agency obligations	$ -	$ 206,507
Repurchase agreements (TTSTC)	117,602	
Miscellaneous (investment agreements/GICs)	19,319	
	Not Rated	**AAA-M**
Fixed income money markets	$ -	$ 326,630

A total of $1,013,662 was not subject to credit risk disclosure due to their explicit guarantee by the U.S. government, which is composed of U.S. government agency obligations issued by the Government National Mortgage Association as of August 31, 2010.

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2010, the Department's concentration of credit risk is as follows.

Issuer	Carrying Value (In thousands)	% of Total Portfolio
Warburg — Repurchase Agreement	$ 117,602	6.84 %

Interest Rate Risk — Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of any investment. Longer maturity of an investment will result in greater sensitivity of its fair value to changes in the market interest rates. The Department's investment policy allows for the mitigation of interest rate risk by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

- Investing operating funds primarily in shorter-term securities.

Information about the sensitivity of the fair values of the Bond Program's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Bond Program's investments by maturity (in thousands):

Program Activities	Fair Value	12 months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
U.S. government agency obligations	$ 1,220,169	$ 11,674	$ -	$ 3,024	$ 1,205,471
Repurchase agreements (TTSTC)	117,602	117,602			
Fixed income money markets	326,630	326,630			
Miscellaneous (investment agreements/GICs)	19,319	1	658		18,660
Total	$ 1,683,720	$455,907	$658	$ 3,024	$ 1,224,131

Highly Sensitive Investments — U.S. government agency obligations held in the form of mortgage-backed securities are subject to early payment in a period of declining interest rates. These prepayments result in a reduction of expected total cash flows affecting the fair value of these securities and make the fair value of these securities highly sensitive to the changes in interest rates. The Department does not make it a common practice to sell these investments. Any fluctuation in fair value generates an unrealized gain or loss. The fair value of these investments is inversely affected by national mortgage interest rates. In an environment of rising interest rates, the Department would recognize an unrealized loss in fair market value and vice versa. Since the end of the 2009 fiscal year, the national mortgage rates have begun to decrease; as such, the Department does not believe that the value of these assets has been impaired. As of August 31, 2010, the Department holds $1,220,169 in mortgage-backed securities.

3. SUMMARY OF LONG-TERM LIABILITIES

Commercial Paper Notes Payable — The Department is authorized to issue the Notes in an aggregate principal amount not to exceed $75,000,000. Proceeds of the initial issuance of the Notes and future issues not issued to refund outstanding Notes will be used to redeem certain of the Department's single family mortgage revenue bonds (the "Refunded Bonds"), which are subject to redemption as a result of the receipt by the Department of prepayments of the related underlying mortgage loans. Such prepayments may, at a future date, be recycled into new mortgage loans by the Department. There were no amounts outstanding at August 31, 2010.

Derivative Instrument Liability — Per GASB 53, the Department is to recognize its interest rate swaps at fair value on the Statement of Net Assets. As of August 31, 2010, the fair value of the Department's five swaps is considered to be negative indicating the Department would be obligated to pay the counterparty the fair value as of the termination date.

Other Noncurrent Liabilities — Other noncurrent liabilities totaling $93,914,495 primarily account for funds due to developers as a result of Multifamily bond proceeds as of August 31, 2010. These proceeds are conduit debt issued on behalf of the developer for the purpose of Multifamily developments and are held by the trustee. Due to the variables related to the balance, the current portion cannot be reasonably estimated.

4. RESTRICTED ASSET ACCOUNTS

Cash in bank, cash equivalents, short-term investments, loans and contracts, interest receivable, and investments (which include mortgage-backed securities) totaling $2.9 billion are restricted by the trust indentures of the related bonds and collateralized mortgage obligations as of August 31, 2010.

The trust indentures of the Department also require the establishing of accounts for the segregation of certain assets and restricting the use of bond proceeds, and other funds in connection with each bond program. Such restricted accounts, primarily including restricted cash and cash equivalents, short-term investments, and investments less the fair value of U.S. government agency obligations, at August 31, 2010, are as follows (in thousands):

Program	Mortgage and Debt Service Reserve	Unspent Bond Proceeds	Revenue Account	Self-Insurance	Rebate Account
Single-family	$ 290	$ 4,285	$ 57,826	$ 40	$ 1,751
RMRB		330,570	5,595	16	255
CHMRB			297		
Multifamily	1,063	70,420	4,663		
Commercial paper					
Total	$ 1,353	$ 405,275	$ 68,381	$ 56	$ 2,006

Additionally, deferred issuance costs and real estate owned totaling $9,778 and $200, respectively, are also restricted.

5. LOANS RECEIVABLE

Loans receivable as of August 31, 2010, consisted of the following (in thousands):

Single-family loans	$ 32,216
Multifamily loans	1,200,355
RMRB (1987 Series A) single-family loans	2,828
Miscellaneous loans	1,325
Total loans	1,236,724
Deferred commitment fees — net of accumulated amortization of $39,951 in 2010	(853)
Allowance for estimated loan losses	(637)
Total	$ 1,235,234

All of the loans made directly by the Department are secured by real estate properties located in the state.

Single-family loans are collateralized by first-lien mortgages on the applicable real estate and (i) are federally insured or guaranteed or (ii) are insured by a private mortgage insurer approved by the Department for the amount by which the loan exceeds 80% of the original appraised value.

Certain properties acquired through foreclosure are covered by mortgage pool insurance. The mortgage pool insurance covers the unpaid principal balance of the loan at the ultimate date of sale, delinquent interest up to the claim settlement date, and certain other expenses.

The single-family trust indenture requires the Department to obtain and maintain mortgage pool insurance on loans collateralizing each series of bonds issued under that trust indenture. Except with respect to four series, the requirement has been satisfied by purchasing and maintaining a mortgage pool insurance policy for each bond series. For loans collateralizing the other four series of bonds, the Department has entered into Mortgage Pool Self-Insurance Fund Agreements ("Agreements") with the trustee. The funding requirements of these Agreements have been met as of August 31, 2010.

Multifamily mortgage and lender loans are collateralized by first-lien mortgages on the applicable housing developments, letters of credit, guarantees provided by third parties and collateralized mortgage obligations issued by federally chartered, privately owned corporations.

The activity in the allowance for estimated loan losses for the year ended August 31, 2010, is as follows (in thousands):

Balance — beginning of year	$ 2,203
Provision for estimated losses on loans	(1,566)
Balance — end of year	$ 637

6. REAL ESTATE OWNED

Real estate owned for the Bond Program as of August 31, 2010, was as follows (in thousands):

Real estate owned	$ 138
Allowance for estimated losses	62
Real estate owned — net	$ 200

The activity in the allowance for estimated losses for the years ended August 31, 2010, was as follows (in thousands):

Balance — beginning of year	$ (203)
Amounts charged off	265
Balance — end of year	$ 62

7. BONDS PAYABLE

Bonds payable activity for the year ended August 31, 2010, consisted of the following (in thousands):

	Original Face Amount	Balance September 1, 2009	Additions/ Accretions	Maturities/ Prepayments	Balance August 31, 2010	Final Maturity Date	Amounts Due Within One Year
Single-family:							
2002 Series A — 7.01%	$10,000	$ 3,995	$ -	$ 3,995	$ -	2026	$ -
2002 Series A — 5.45% to 5.55%	38,750	35,920		4,415	31,505	2034	
2002 Series B — 5.35% to 5.55%	52,695	29,090		7,385	21,705	2033	7
2002 Series C — 2.80% to 5.20%	12,950	9,735		1,655	8,080	2017	486
2002 Series D — 2.0% to 4.5%	13,605	3,585		945	2,640	2012	830
2004 Series A — 2.0% to 4.7%	123,610	92,365		26,180	66,185	2035	2,153
2004 Series B — variable rate	53,000	53,000			53,000	2034	
2004 Series A — variable rate	4,140	3,855			3,855	2036	
2004 Series C — 4.3% to 4.8%	41,245	27,195		7,620	19,575	2036	
2004 Series D — variable rate	35,000	35,000			35,000	2035	
2004 Series E — 2.45% to 4.3%	10,825	6,615		1,740	4,875	2013	969
2005 Series A — variable rate	100,000	90,825		13,535	77,290	2036	
2005 Series B — 4.38%	25,495	15,420		3,020	12,400	2026	504
2005 Series C — 4.31% to 5.39%	8,970	6,610		810	5,800	2017	
2005 Series D — 5.0%	3,730	3,040			3,040	2035	
2006 Series A — 5.0%	59,555	55,475		12,105	43,370	2037	457
2006 Series B — 5.0%	70,485	64,335		14,830	49,505	2034	1,253
2006 Series C — 5.13%	105,410	97,165		21,815	75,350	2037	1,480
2006 Series D — 4.50%	29,685	21,685		4,550	17,135	2028	(46)
2006 Series E — 4.06%	17,295	13,995		1,315	12,680	2017	1,289
2006 Series F — 4.65% to 5.75%	81,195	77,265		22,515	54,750	2038	508
2006 Series G — 3.75% to 4.60%	15,000	13,070		4,885	8,185	2019	895
2006 Series H — variable rate	36,000	36,000			36,000	2037	
2007 Series A — variable rate	143,005	136,815		16,040	120,775	2038	(28)
2007 Series B — 3.90% to 5.63%	157,060	155,620		22,240	133,380	2039	2,036
Total principal amount		1,087,675	$ -	$191,595	896,080		$12,793
Unamortized premium		12,241			8,342		
Unamortized discount and losses on refundings		(2,416)			(1,834)		
Total single-family		1,097,500			902,588		

(Continued)

	Original Face Amount	Balance September 1, 2009	Additions Accretions	Maturities/ Prepayment	Balance August 31, 2010	Final Maturity Date	Amounts Due Within One Year
RMRB:							
1998 Series A — 4.05% to 5.35%	$102,055	$ 32,135	$ -	$ 4,415	$ 27,720	2031	$ -
1998 Series B — 5.30%	14,300	5,800		625	5,175	2022	
1999 Series A — 4.80% to 5.50%	25,615	4,045		390	3,655	2021	(9)
2000 Series A — 5.10% to 6.30%	50,000	13,965		13,965	-	2031	
2000 Series B — 5.70%	82,975	39,770		27,770	12,000	2033	3
2000 Series C — 5.85% to 5.82%	13,675	8,385		4,710	3,675	2025	
2000 Series D — 4.55% to 5.85%	18,265	5,385		5,385	-	2020	
2001 Series A — 3.15% to 5.70%	52,715	26,100		4,105	21,995	2033	11
2001 Series B — 5.0% to 5.25%	15,585	11,360		760	10,600	2022	650
2001 Series C — 2.55% to 4.63%	32,225	6,225		1,455	4,770	2015	920
2002 Series A — 2.25% to 5.35%	42,310	26,655		3,955	22,700	2034	380
2003 Series A — 1.70% to 5.00%	73,630	55,140		7,605	47,535	2039	645
2009 Series A — 1.70% to 5.00%	80,000	80,000		10	79,990	2022	416
2009 Series B — 1.70% to 5.00%	22,605	22,605		3,055	19,550	2041	778
2009 Series C — variable rate	300,000		300,000		300,000	2024	
Total principal amount		337,570	$300,000	$78,205	559,365		$3,794
Unamortized premium		1,896			1,380		
Unamortized discount and loss on refundings		(880)			(573)		
Total RMRB		338,586			560,172		
CHMRB — 1992 Series C — linked rate averaging 6.90%	72,700	$ 9,100	$ -	$ 1,100	$ 8,000	2024	$ 11
Total principal		9,100	$ -	$ 1,100	8,000		$ 11
Plus unamortized premium		179			147		
Total CHMRB		9,279			8,147		

(Continued)

	Original Face Amount	Balance September 1, 2009	Additions Accretions	Maturities/ Prepayment	Balance August 31, 2010	Final Maturity Date	Amounts Due Within One Year
Multifamily:							
1996 Series A and B (Brighton's Mark) — 6.13%	$10,174	$ 8,075	$ -	$ -	$ 8,075	2026	$ -
1996 Series A and B (Braxton's Mark) — 5.81%	14,867	14,274			14,274	2026	
1998 Series (Pebble Brook) — 4.95% to 5.60%	10,900	9,465		215	9,250	2030	225
1998 Series A, B, and C (Residence Oaks) — 5.98% to 7.18%	8,200	7,098		169	6,929	2030	180
1998 Series (Greens) — 5.2% to 6.03%	13,500	11,835		270	11,565	2030	290
1999 Series (Mayfield) — 5.7% to 7.25%	11,445	9,975		235	9,740	2031	248
2000 Series (Timber Point) — variable rate	8,100	7,470		100	7,370	2032	
2000 Series (Oaks @ Hampton) — 7.20% to 9.00%	10,060	9,597		89	9,508	2040	96
2000 Series (Deerwood) — 5.25% to 6.40%	6,435	5,885		105	5,780	2032	115
2000 Series (Creek Point) — variable rate	7,200	6,365		105	6,260	2032	
2000 Series A/B (Parks @ Westmoreland — 7.20% to 9.00%	9,990	9,551		87	9,464	2040	94
2000 MF Series A-C (Highland Meadow Apts) — 6.75% to 8%	13,500	8,314		139	8,175	2033	149
2000 MF Series A/B (Greenbridge) — 7.4% to 10%	20,085	19,474			19,474	2040	339
2000 MF Series A-C (Collingham Park) — 6.72% to 7.72%	13,500	12,553		230	12,323	2033	244
2000 MF Series A/B (Williams Run) — 7.65% to 9.25%	12,850	12,417			12,417	2040	411
2001 MF Series (Bluffview Senior Apts) — 7.65%	10,700	10,366		69	10,297	2041	74
2001 MF Series (Knollwood Villas Apts) — 7.65%	13,750	13,320		89	13,231	2041	96
2001 MF Series (Skyway Villas) — 6.0% to 6.5%	13,250	7,320		130	7,190	2034	135
2001 MF Series A/B (Cobb Park) — 6.77%	7,785	7,584			7,584	2041	130
2001 MF Series A (Greens Road Apts) — 5.3% to 5.4%	8,375	7,810		135	7,675	2034	145
2001 MF Series A (Meridian Apts) — 5.45% to 6.85%	14,310	8,485		72	8,413	2034	75
2001 MF Series A (Wildwood Apts) — 5.45% to 6.75%	14,365	6,572		60	6,512	2034	60
2001 MF Series A-C (Fallbrook Apts) — 6.06% to 6.78%	14,700	13,815		235	13,580	2034	251
2001 MF Series A (Oak Hollow Apts) — 7.0% to 7.9%	8,625	6,298		46	6,252	2041	49
2001 MF Series A/B (Hillside Apts) — 7.0% to 9.25%	12,900	12,508		51	12,457	2041	55
2002 MF Series A (Millstone Apts) — 5.35% to 5.86%	12,700	10,235		185	10,050	2035	195
2002 MF Series A (Sugar Creek Apts) — 6.0%	11,950	11,550		11,550	-	2042	
2002 MF Series A (West Oaks Apts) — 7.15% to 7.5%	10,150	9,454		66	9,388	2042	71
2002 MF Series A (Park Meadows Apts) — 6.53%	4,600	4,205		65	4,140	2034	80

(Continued)

	Original Face Amount	Balance September 1, 2009	Additions Accretions	Maturities/ Prepayment	Balance August 31, 2010	Final Maturity Date	Amounts Due Within One Year
Multifamily:							
2002 MF Series A (Clarkridge Villas Apts) — 7.0%	$14,600	$ 13,622	$ -	$ 93	$ 13,529	2042	$ 100
2002 MF Series A (Hickory Trace Apts) — 7.0%	11,920	11,263		77	11,186	2042	82
2002 MF Series A (Green Crest Apts) — 7.0%	12,500	11,214		76	11,138	2042	82
2002 MF Series A/B (Ironwood Crossing) — 5.5% to 8.75%	16,970	16,700		87	16,613	2042	95
2002 MF Series A/B (Woodway Village Apts) — 4.9% to 5.2%	9,100	7,420		120	7,300	2023	130
2003 MF Series A/B (Reading Road Apts) — Variable not to exceed 12%	12,200	11,840		230	11,610	2036	30
2003 MF Series A/B (North Vista Apts) — 4.1% to 5.41%	14,000	12,500		210	12,290	2036	230
2003 MF Series A/B (West Virginia Apts) — 4.15% to 5.41%	9,450	9,020		155	8,865	2036	165
2003 MF Series A/B (Sphinx @ Murdeaux) — 3.55% to 5.0%	15,085	14,380		180	14,200	2042	185
2003 MF Series A/B (Primrose Houston School) — 5.5% to 8.0%	16,900	16,387		93	16,294	2036	101
2003 MF Series A/B (Timber Oaks Apts) — 6.75 to 8.75%	13,200	12,980		67	12,913	2043	73
2003 MF Series A/B (Ash Creek Apts) — 5.6% to 15.0%	16,375	16,112		94	16,018	2036	101
2003 MF Series A/B (Peninsula Apts) — 4.25 to 5.3%	12,400	11,780		175	11,605	2024	180
2003 MF Series A/B (Evergreen @ Mesquite) — 6.6% to 8.0%	11,000	10,629		125	10,504	2043	133
2003 MF Series A/B (Arlington Villas Apts) — Variable rate	17,100	16,899		87	16,812	2036	95
2003 MF Series A/B (Parkview Twnhms Apts) — 6.6% to 8.5%	16,600	16,316		94	16,222	2043	102
2003 MF Series A (NHP-Asmara Apts) Refunding — Variable rate	31,500	20,550		515	20,035	2033	421
2004 MF Series A/B (Timber Ridge Apts) — 5.75% to 8.0%	7,500	6,597		39	6,558	2037	42
2004 MF Series A/B (Century Park Apts) — Variable rate	13,000	12,285		185	12,100	2037	190
2004 MF Series A/B (Veterans Memorial Apts) — 6.6% to 8.5%	16,300	16,028		94	15,934	2044	102
2004 MF Series A (Rush Creek Apts) — 5.38% to 6.7%	10,000	8,719		56	8,663	2044	60
2004 MF Series A (Humble Park Apts) — 5.38% to 6.7%	11,700	11,400		110	11,290	2041	120
2004 MF Series A (Chisholm Trail Apts) — Variable rate	12,000	11,700		200	11,500	2037	
2004 MF Series A (Evergreen @ Plano Apts) — 5.25% to 6.55%	14,750	14,572		91	14,481	2044	97
2004 MF Series A (Montgomery Pines Apts) — Variable rate	12,300	12,300		200	12,100	2037	
2004 MF Series A (Bristol Apts) — Variable rate	12,625	12,200		100	12,100	2037	
2004 MF Series A (Pinnacle Apts) — Variable rate	14,500	14,165		100	14,065	2044	
2004 MF Series A (Tranquility Bay Apts) — Variable rate	14,350	14,079		96	13,983	2044	102
2004 MF Series A (Sphinx @ Delafield Apts) — 5.05% to 5.35%	11,380	11,026		110	10,916	2044	120

(Continued)

	Original Face Amount	Balance September 1, 2009	Additions Accretions	Maturities/ Prepayment	Balance August 31, 2010	Final Maturity Date	Amounts Due Within One Year
Multifamily:							
2004 MF Series A (Churchill @ Pinnacle Apts) — 5.25% to 6.55%	$10,750	$ 9,956	$ -	$ 77	$ 9,879	2044	$ 82
2004 MF Series A/B (Post Oak East Apts) — Variable rate	13,600	13,600			13,600	2037	
2004 MF A Series (Village Fair Apts) — 5.0% to 6.5%	14,100	13,885		91	13,794	2044	97
2005 MF A Series (Pecan Grove Apts) — 5.0% to 6.5%	14,030	13,823		90	13,733	2045	96
2005 MF Series A (Prairie Oaks Apts) — 4.75% to 6.5%	11,050	10,888		71	10,817	2045	75
2005 MF Series A (Port Royal Apts) — 5.0% to 6.5%	12,200	12,027		78	11,949	2045	83
2005 MF Series A (Del Rio Apts) — 5.0% to 6.5%	11,490	11,326		73	11,253	2045	78
2005 MF Series A (Atascocita Pines Apts) — Variable rate	11,900	11,700		100	11,600	2037	
2005 MF Series A (Tower Ridge Apts) — Variable rate	15,000	15,000			15,000	2038	
2005 MF Series A (Prairie Ranch Apts) — 4.85%	12,200	11,935		125	11,810	2045	125
2005 MF Series A (St. Augustine Apts) — Variable rate	7,650	7,150		770	6,380	2038	
2005 MF Series A (Park Manor Apts) — 5.0% to 6.4%	10,400	10,400			10,400	2045	
2005 MF Series A (Mockingbird Apts) — 6.4%	14,360	14,195		91	14,104	2045	97
2005 MF Series A (Chase Oaks Apts) — 5.05%	14,250	13,898		227	13,671	2035	238
2006 MF Series A (Canal Place Apts) — Variable rate	16,100	16,100		56	16,044	2039	81
2006 MF Series A (Coral Hills) — 5.05%	5,320	4,995		95	4,900	2038	45
2006 MF Series A (Harris Branch) — Variable rate	15,000	14,900		200	14,700	2039	
2006 MF Series A (Bella Vista) — 6.15%	6,800	6,740		45	6,695	2046	45
2006 MF Series A (Village Park) — 4.75% to 5.13%	13,660	10,565		150	10,415	2026	150
2006 MF Series A (Oakmoor) — 5.50% to 6.00%	14,635	14,421		94	14,327	2046	100
2006 MF Series A (Sunset Pointe) — Variable rate	15,000	15,000			15,000	2039	
2006 MF Series A (Hillcrest) — -5.25%	12,435	12,435		1,445	10,990	2039	150
2006 MF Series A (Pleasant Village) — -6.00%	6,000	5,897		79	5,818	2023	84
2006 MF Series A (Grove Village) — -6.00%	6,180	6,073		81	5,992	2023	86
2006 MF Series A (Red Hills Villas) — Variable rate	5,015	4,915			4,915	2023	
2006 MF Series A (Champion Crossing) — Variable rate	5,125	5,025		100	4,925	2036	
2006 MF Series A (Stonehaven) — -5.80%	11,300	11,239		77	11,162	2026	82
2006 MF Series A (Center Ridge) — -5.00%	8,325	8,325			8,325	2039	
2006 MF Series A (Meadowlands) — -6.00%	13,500	12,404		77	12,327	2046	82

(Continued)

	Original Face Amount	Balance September 1, 2009	Additions Accretions	Maturities/ Prepayment	Balance August 31, 2010	Final Maturity Date	Amounts Due Within One Year
2006 MF Series A (East Tex Pines) — -4.95%	$13,500	$ 13,500	$ -	$ -	$ 13,500	2046	$ 80
2006 MF Series A (Villas at Henderson) — Variable rate	7,200	7,200			7,200	2039	145
2006 MF Series A (Aspen Park Apts) — -5.00%	9,800	9,800		105	9,695	2039	95
2006 MF Series A (Idlewilde Apts) — Variable rate	14,250	14,250		210	14,040	2040	
2007 MF Series A (Lancaster Apts) — Variable rate	14,250	14,250		210	14,040	2040	
2007 MF Series A (Park Place) — -5.80%	15,000	15,000			15,000	2047	98
2007 MF Series A (Terrace at at Cibolo) — Variable rate	8,000	8,000			8,000	2040	
2007 MF Series A (Santora Villas) — Variable rate	13,072	13,072			13,072	2047	64
2007 MF Series A (Villas @ Mesquite Creek) — 5.00 - 5.81%	16,860	16,860		210	16,650	2047	155
2007 MF Series A (Summit Point) — 4.80 - 5.25%	11,700	11,700		165	11,535	2047	100
2007 MF Series A (Costa Rialto) — -5.35%	12,385	12,385			12,385	2047	91
2007 MF Series A (Windshire) — Variable rate	14,000	14,000			14,000	2041	
2007 MF Series A (Residences at Onion — Variable rate	15,000	15,000			15,000	2040	
2007 MF Series A (West Oaks) — Variable rate	13,125	13,125			13,125	2041	
2007 MF Series A (Costa Ibiza) — Variable rate	13,900	13,900			13,900	2041	
2007 MF Series A (Addision Park) — Variable rate	14,000	13,900		100	13,800	2041	
2008 MF Series A (Alta Cullen) — Variable rate	14,000	14,000			14,000	2041	
2008 MF Series A (Costa Mariposa) — Variable rate	13,690	13,690			13,690	2041	
2009 MF Series A (Woodmont) — Variable rate	15,000	15,000			15,000	2044	
Total principal amount		1,224,002	$ -	$23,648	1,200,354		$ 9,649
Unamortized discount		(508)			(213)		
Total multifamily		1,223,494			1,200,141		
Total		$2,668,860			$2,671,049		$26,247

(Concluded)

Proceeds from the issuance of bonds under the single-family and RMRB Series 1987A programs were used to acquire loans. Proceeds from the issuance of bonds under CHMRB and remaining RMRB programs were used to acquire pass-through certificates backed by mortgage loans. Pass-through certificates were purchased with proceeds from the multifamily 1985 Series G. Proceeds from the remaining multifamily bond issues were used to finance mortgage loans. Interest on bonds is payable periodically.

The single-family, RMRB, and CHMRB bonds are collateralized by the revenues and assets pledged under the trust indentures, primarily single-family mortgage loans, mortgage-backed securities, and investments. The multifamily bonds are collateralized by varying methods, including, but not limited to, the mortgage loans on the applicable housing developments, certificates of deposit, letters of credit, guarantees provided by third parties, and collateralized mortgage obligations issued by federally chartered, privately owned corporations.

The trust indentures contain positive and negative covenants. Events of default include failure to make timely payment of both principal and interest on any outstanding bond; failure to make timely payment of any other monies required to be paid to the trustee; and nonperformance or nonobservance of any other covenants, agreements, or conditions contained in the indentures. Management believes that it is in compliance with the covenants of the indentures.

Bond contractual maturities (principal only) at August 31, 2010, are as follows (in thousands):

Description	2011	2012	2013	2014	2015	2016 to 2020	2021 to 2025
Single-family	$ 12,575	$ 13,170	$ 14,490	$ 15,125	$15,805	$ 122,665	$160,525
RMRB	3,800	304,560	4,795	5,060	4,760	30,435	55,805
CHMRB							8,000
Multifamily	9,658	9,675	10,186	10,618	11,303	68,981	105,934
Total	$ 26,033	$327,405	$ 29,471	$ 30,803	$31,868	$ 222,081	$330,264

Description	2026 to 2030	2031 to 2035	2036 to 2040	2041 to 2045	2046 to 2050	Total
Single-family	$191,835	$231,805	$118,085	$ -	$ -	$ 896,080
RMRB	62,430	61,155	26,565			559,365
CHMRB						8,000
Multifamily	176,848	166,520	352,092	254,050	24,490	1,200,355
Total	$431,113	$459,480	$496,742	$254,050	$24,490	$2,663,800

Actual maturities will differ from contractual maturities since the Department has the right to call or prepay obligations with or without call or prepayment penalties as the related loans and mortgage-backed securities mature or prepay.

Bond maturities (principal and interest) at August 31, 2010, are as follows (in thousands):

Description	2011	2012	2013	2014	2015	2016 to 2020	2021 to 2025
Single-family	$ 41,660	$ 41,754	$ 42,476	$ 42,470	$ 42,470	$ 245,704	$263,694
RMRB	17,675	317,905	17,782	17,844	17,315	89,260	105,261
CHMRB	529	582	529	582	530	2,752	10,166
Multifamily	65,103	63,239	63,172	63,004	63,056	319,009	331,570
Total	$124,967	$423,480	$123,959	$123,900	$123,371	$ 656,725	$710,691

Description	2026 to 2030	2031 to 2035	2036 to 2040	2041 to 2045	2046 to 2050	Total
Single-family	$267,544	$275,849	$126,586	$	$	$1,390,207
RMRB	95,859	74,816	30,665			784,382
CHMRB						15,670
Multifamily	359,741	301,619	435,463	284,299	26,190	2,375,465
Total	$723,144	$652,284	$592,714	$284,299	$ 26,190	$4,565,723

Deferred issuance costs at August 31, 2010, consist of the following (in thousands):

	2010
Deferred issuance costs	$ 43,650
Less accumulated amortization	(33,872)
Deferred Issuance Costs, net	$ 9,778

8. EMPLOYEE BENEFITS

Plan Description — The Department contributes to the Employees Retirement System of Texas (the "System"), a cost-sharing, multiple-employer, defined benefit plan. The Department has implemented GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, which standardizes financial reporting for pensions by state and local government employers. The System provides service retirement, disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates under the authority of provisions contained primarily in Texas Government Code, Title 8, Subtitle B, which is subject to amendment by the Texas Legislature. The System's annual financial report and other required disclosure information are available by writing the Employees Retirement System of Texas, P.O. Box 13207, Austin, Texas, 78711-3207 or by calling (512) 476-6431.

Funding Policy — Under provisions in State law, plan members are required to contribute 6.5% of their annual covered salary, and the Department contributes an amount equal to 6.95% of the Department's covered payroll. The Department and the employees' contributions to the System for the years ended August 31, 2010, 2009, and 2008, were $1,293,403, $1,084,329, and $1,002,741, respectively, equal to the required contributions for each year.

9. SEGMENT FINANCIAL DATA

Segment financial data of the Bond Program's direct-debt activities at August 31, 2010, and for the year then ended are follows (in thousands):

	Single-Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds
Condensed statement of net assets:			
Restricted assets:			
Current assets	$ 70,489	$359,180	$ 255
Other assets	1,003,031	237,982	10,005
Total assets	1,073,520	597,162	10,260
Liabilities:			
Current liabilities	45,367	9,492	294
Long-term liabilities	926,784	556,379	8,137
Total liabilities	972,151	565,871	8,431
Net assets — restricted net assets	$ 101,369	$ 31,291	$ 1,829
Condensed statement of revenues, expenses, and changes in net assets:			
Operating revenues:			
Interest and investment income	$ 50,937	$ 14,015	$ 658
Net increase in fair value	30,184	5,297	189
Other operating revenues	2,457	923	37
Operating expenses	(45,786)	(17,927)	(569)
Depreciation and amortization	(499)	(214)	(4)
Operating income	37,293	2,094	311
Non-operating revenues (expenses) — other non-operating revenues (expenses):		4,922	
Special and extraordinary items			
Transfers in (out)	(1,371)	(195)	4
Change in net assets	35,922	6,821	315
Net assets — September 1, 2009	65,447	24,470	1,514
Net assets — August 31, 2010	$ 101,369	$ 31,291	$ 1,829
Condensed statement of cash flows:			
Net cash provided by (used in):			
Operating activities	$ 1,996	$ (2,424)	$ (3)
Noncapital financing activities	(242,372)	203,737	(1,666)
Investing activities	186,555	62,374	1,691
Cash and cash equivalents — September 1, 2009	118,034	93,785	175
Cash and cash equivalents — August 31, 2010	$ 64,213	$357,472	$ 197

10. BONDED INDEBTEDNESS

The Department has 123 bond issues outstanding at August 31, 2010. All series are revenue bonds backed by the pledged revenue sources and restricted funds specified in the bond resolutions. Each series is designed to be self-supporting with no repayment nor obligation from the State's General Revenue. The Department issues bonds to assist in financing the purchase of homes by or the construction of rental housing for families with very low to moderate incomes. Loan payments provide the revenues for debt service payments. (Detailed supplemental bond information is presented in Schedules 3–7.)

Interest on bonds and collateralized mortgage obligations is payable periodically on which interest is compounded semiannually and payable at maturity or upon redemption.

Changes in Bonds Payable — Changes in bonds payable for the year ended August 31, 2010, is as follows (amounts in thousands):

Description	Bonds Outstanding September 1, 2009	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding August 31, 2010	Amounts Due Within One Year
Single family	$ 1,087,675	$ -	$ 14,035	$ 177,560	$ 896,080	$ 12,794
RMRB	337,570	300,000	4,610	73,595	559,365	3,793
CHMRB	9,100			1,100	8,000	11
Multifamily	1,224,002		7,822	15,825	1,200,355	9,649
Total principal	2,658,347	$ 300,000	$ 26,467	$ 268,080	2,663,800	$ 26,247
Unamortized premium	13,809				9,657	
Unamortized refunding (loss)	(3,296)				(2,407)	
Total	$ 2,668,860				$ 2,671,050	

Variable to Fixed Interest Rate Swap

Objective — In order to hedge against increases in interest rates on variable rate demand bond issues, the Department has entered into five interest rate swap agreements with the objective of reducing the interest rate risk of certain variable rate demand bonds. The variable rate demand bonds were issued at a lower total interest cost than attainable through traditional fixed rate bond structures. The Department has entered into interest rate swap agreements with various rated counterparties. Under the terms of the agreements, the Department makes periodic fixed interest rate payments in exchange for receiving variable rate payments comparable to the rates payable on the variable rate demand bonds. The swap notional amounts amortize in accordance with the scheduled and/or anticipated reductions in the related variable rate demand bond liability. The Department is potentially exposed to loss in the event of nonperformance by the counterparties under the swap agreements. Termination of the swap agreements may result in the Department making or receiving termination payments. Each swap agreement includes optional early termination provisions granting the Department the right, but not an obligation, to terminate the interest rate swaps at par without a termination payment after an effective date.

Summary

The fair value balances and notional amounts of derivative instruments outstanding as of 08/31/2010, classified by type, and the changes in fair value of such derivative instruments for the year ended as reported in the 2010 financial statements are as follows.

Business Type Activities Cash Flow Hedges	Bond Issue	Change in Fair Value in Fiscal 2010 Classification	Change in Fair Value in Fiscal 2010 Amount	Fair Value at August 31, 2010 Classification	Fair Value at August 31, 2010 Amount	Notional
Pay-fixed, receive-variable interest rate swap	2004B	Deferred outflow of resources	$ (2,873,456)	Debt	$ (7,519,433)	$ 53,000,000
Pay-fixed, receive-variable interest rate swap	2004D	Deferred outflow of resources	(1,699,135)	Debt	(4,434,426)	35,000,000
Pay-fixed, receive-variable interest rate swap	2005A	Deferred outflow of resources	(3,175,979)	Debt	(8,205,581)	77,290,000
Pay-fixed, receive-variable interest rate swap	2006H	Deferred outflow of resources	(1,516,806)	Debt	(4,609,496)	36,000,000
Pay-fixed, receive-variable interest rate swap	2007A	Deferred outflow of resources	(4,852,636)	Debt	(12,197,218)	120,775,000
			$(14,118,012)		$(36,966,154)	$ 322,065,000

Terms and Fair Value — The terms, including the fair value of the outstanding swaps as of August 31, 2010, are as follows. The notional amounts of the swaps match the principal amount of the associated debt.

Counterparty	Notional Amount	Fair Value	Effective Date	Fixed Rate	Variable Rate	Swap Termination Date
UBS AG	$ 53,000,000	$ (7,519,433)	September 1, 2004	3.84 %	63% of LIBOR + 0.30%	9/1/2034 (a)
Goldman Sachs Capital Markets, LP	35,000,000	(4,434,426)	January 1, 2005	3.64	Lesser of (the greater of 65% of LIBOR and 56% of LIBOR + 0.45%) and LIBOR	3/1/2035 (b)
JP Morgan Chase & Company	77,290,000	(8,205,581)	August 1, 2005	4.01	Lesser of (the greater of 65% of LIBOR and 56% of LIBOR + 0.45%) and LIBOR	9/1/2036 (c)
UBS AG	36,000,000	(4,609,496)	November 15, 2006	3.86	63% of LIBOR + 0.30%	9/1/2025 (d)
JP Morgan Chase & Company	120,775,000	(12,197,218)	June 5, 2007	4.01	Lesser of (the greater of (a) 65% of LIBOR and (b) 56% of LIBOR + 0.45%) and LIBOR	9/1/2038 (c)
Total	$ 322,065,000	$ (36,966,154)				

a. Swap agreement has an optional early termination date of March 1, 2014, and every March and September thereafter. The maximum notional amount subject to early termination is equal to 60% of the current notional amount.
b. Swap agreement has an optional early termination date of September 1, 2014, and every March and September thereafter.
c. Swap agreement is subject to an early termination date at any time with a 10 business day notice.
d. Swap agreement has an optional early termination date of March 1, 2016, and every March and September thereafter. The maximum notional amount subject to early termination is current notional amount per the amortization schedule.

Credit Risk — As of August 31, 2010, the Department is not exposed to credit risk on any of its outstanding swaps because the swaps have negative fair values. If interest rates change and the fair value of the swaps become positive, the department would be exposed to credit risk on those swaps. The swap agreements contain varying collateral agreements and insurance policies with the counterparties. The credit ratings for the counterparties are as follows:

Counterparty	Standard & Poor's	Moody's
UBS AG	A+	Aa3
Goldman Sachs Capital Markets, LP*	Not Rated	Aa3
JP Morgan Chase & Company	AA-	Aa1

*Goldman Sachs Group is the guarantor and is rated A by Standard & Poor's and A1 by Moody's.

Basis Risk — The Department's variable-rate bond coupon payments are equivalent to the Bond Market Association Municipal Swap Index (BMA) rate. The swap agreements designate a function of London InterBank Offered Rate (LIBOR) as the rate for payments received on these swaps. The Department will be exposed to basis risk should LIBOR and BMA converge. The swap agreements provide an option to terminate as stated above.

Interest Rate Risk— The Department has entered into its swap agreements to minimize its exposure to interest rate risk. On the pay-fixed, received-variable interest rate swaps, as the LIBOR swap index decreases the Department's net payments on the swaps increase. For the related hedged variable rate debt, as the SIFMA index decreases the Department's interest payments on the bonds decrease.

Rollover Risk — Rollover is the risk that arises when a derivative associated with a government's variable-rate debt does not extend all the way to the maturity date of the associated debt, thereby creating a gap in the protection otherwise afforded by the derivative. The Department is not exposed to rollover risk on swap agreements which mature or may be terminated prior to the maturity of the associated debt. The counterparties in the swap agreements have limited rights to terminate the swap. They can terminate only if the Department were to be downgraded below investment grade or default on any swap payments. The swap providers cannot unilaterally terminate any of the swaps subjecting the Department to rollover risk. The Department has retained optional termination rights which are listed below. They are intended to allow the Department to keep the notional amount in line with bonds outstanding to the extent the Department experiences prepayments.

Associated Debt Issuance	Debt Maturity Date	Swap Termination Date
2004B Single Family	September 2034	60% may be terminate as early as March 2014
2004D Single Family	March 2035	60% may be terminate as early as September 2014 100% may terminate after September 2033
2005A Single Family	September 2036	May terminate at anytime giving 10-day notice
2006H Single Family	September 2037	100% may terminate as early as March 2016
2007A Single Family	September 2038	May terminate at anytime giving 10-day notice

Swap Payments and Associated Debt — Using rates as of August 31, 2010, debt service requirements of the Department's outstanding variable-rate debt and net swap payments are as follows. As rates vary, variable-rate debt bond interest payments and new swap payments will vary. The Department's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to follow scheduled reductions in the associated bonds outstanding.

Fiscal Years Ending August 31	Variable-Rate Bonds Principal	Variable-Rate Bonds Interest	Interest Rate Swaps — Net	Total
2011	$ -	$ 985,398	$ 11,329,354	$ 12,314,752
2012		985,398	11,329,354	12,314,752
2013		985,398	11,329,354	12,314,752
2014		985,398	11,329,354	12,314,752
2015	2,020,000	984,565	11,319,985	14,324,550
2016–2020	46,630,000	4,631,685	53,237,697	104,499,382
2021–2025	68,540,000	3,714,555	42,704,558	114,959,113
2026–2030	82,810,000	2,541,560	29,225,502	114,577,062
2031–2035	88,325,000	1,206,890	13,969,158	103,501,048
2036–2040	33,740,000	156,693	1,854,882	35,751,575
Total	$ 322,065,000	$ 17,177,540	$ 197,629,198	$ 536,871,738

Netting Arrangements — The Department's swap agreements allow for netting arrangements. On each payment date, September 1 and March 1, the party with the lesser obligation will be automatically satisfied and discharged and, the obligation of the party with the greater obligation will become the excess of the larger aggregate amount over the smaller aggregate amount. As of August 31, 2010, the Department has an aggregate liability related to the interest rate swaps in the amount of $5,758,569 payable September 1, 2010.

Demand Bonds — The Department currently holds seven single family bond series in the amount $331,720,000 in variable rate demand bonds. The proceeds of these bonds were used to refund outstanding bonds or provide funds for the primary purpose of purchasing mortgaged-backed securities which are pools of first time homebuyer loans. These bond series have the following terms.

Demand Bonds — Standby Purchase Agreements

Single Family Bond Series	Liquidity Provider	Commitment Fee Rate	Outstanding Variable Rate Demand Bonds as of August 31, 2010	Liquidity Facility Expiration Date
2007A	Comptroller of Public Accounts	0.12 %	$ 120,775,000	2/28/2011
2006H	Comptroller of Public Accounts	0.12 %	36,000,000	2/28/2011
2005A	Comptroller of Public Accounts	0.12 %	77,290,000	2/28/2011
2004D	Comptroller of Public Accounts	0.12 %	35,000,000	2/28/2011
2004B	Comptroller of Public Accounts	0.12 %	53,000,000	2/28/2011
2005C	Comptroller of Public Accounts	0.12 %	5,800,000	2/28/2011
2004A Jr. Lien	Comptroller of Public Accounts	0.12 %	3,855,000	2/28/2011
Total demand bonds			$ 331,720,000	

These bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest with proper notice and delivery to the corresponding remarketing agent. If the remarketing agent is unable to remarket any bonds, the liquidity facility will purchase the bonds (bank bonds). The liquidity agreement is subject to renewal every ninety days on an ongoing basis. The Department shall use its best effort to cause the bonds to be purchased from the liquidity facility as soon possible. The purchased bonds are not subject to term out provisions.

Pledged and Other Sources — GASB Statement No. 48 requires the following disclosures for "specific revenues that have been formally committed to directly collateralize or secure debt of the Department." The following table for the year ended August 31, 2010, summarizes by indenture, pledged and other sources and related expenditures for the Department's revenue bonds. A detail schedule of each bond issue is included in Schedule 6 (amounts in thousands).

	Pledged and Other Sources and Related Expenditures for FY 2010			
	Net Available for Debt Service			
	Total Pledged and Other	Operating Expenses/Expenditures	Debt Service	
Description of Issue	Sources	and Capital Outlay	Principal	Interest
Total Single Family Bonds	$226,991	$1,737	$14,035	$ 45,023
Total Residential Mtg Revenue Bonds	88,530	955	4,610	16,716
Total 1992 CHMRB	1,795	7		591
Total Multifamily Bonds	71,423	10	7,822	55,587
Total	$388,739	$2,709	$26,467	$117,917

11. COMMITMENTS AND CONTINGENCIES

The Department is a defendant in legal actions arising from transactions and activities conducted in the ordinary course of business. Management, after consultation with legal counsel, believes that the aggregate liabilities, if any will not be material to the financial statements.

Derivative Instruments — All of the Department's derivative instruments include provisions that require posting collateral in the event its credit rating falls below a specified level as issued by Moody's Investor Service and Standard & Poor's. If the Department fails to post eligible collateral, the derivative instrument may be terminated by the counterparty.

The table below lists the triggering event and the collateral exposure for each instrument.

Series	Collateral Posting Exposure at Current Credit Rating	Credit Rating Downgrade Threshold	MTM Threshold
2004B [(1)]	None	A3/A- or below for FSA and TDHCA	After downgrade of FSA and TDHCA, collateral exposure with no threshold
2004D	Yes, if MTM exceeds ($7.5M)	A3/A- or below	After downgrade, collateral exposure with no threshold
2005A	None	A2/A	After downgrade to A2/A, collateral exposure if MTM exceeds ($7.5M); after downgrade to A3/A or below, collateral exposure with no threshold
2006H	None	Baa1/BBB+ or below	After downgrade, collateral exposure with no threshold
2007A	None	A2/A	After downgrade to A2/A, collateral exposure if MTM exceeds ($7.5M); after downgrade to A3/A or below, collateral exposure with no threshold

(1) FSA Swap Insurance still in effect. Collateral posting only required if FSA is downgraded to A3/A- or below AND TDHCA is downgraded to A3/A- or below.

As of August 31, 2010 the Department's credit rating related to the Single Family Indenture was AAA issued by Standard & Poor's and Aa1 by Moody's, therefore no collateral was posted. The Department's aggregate fair value of all hedging derivative instruments with these collateral provisions is ($36,966,154). If the collateral posting requirements had been triggered at August 31, 2010, the Department would have been required to post eligible collateral equal to the aggregate fair value of the derivative instruments.

Warehousing Agreement — The Department has entered into a Warehousing Agreement on April 8, 2010 with both Plains Capital Bank and First Southwest Company. The agreement allows for the temporary warehousing of mortgage backed securities by the provider until the Department purchases them with expected issued bond proceeds. The maximum dollar volume of mortgage backed securities to be held by the providers should not exceed $100,000,000 ($50,000,000 per provider) at any time with a cumulative purchased maximum of $500,000,000 ($250,000,000 per provider). The Department has agreed to purchase the warehoused mortgage backed securities from the providers before December 31, 2010 or at a later date with the written consent of the warehouse providers at a price equal to the current par value of the securities. As of August 31, 2010, Plains Capital Bank and First Southwest Company have warehoused $2,710,022 in mortgage backed securities.

12. RISK FINANCING AND RELATED INSURANCE ISSUES

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. It is the Department's policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed. The Department assumes substantially all risks associated with the performance of its duties. Currently there is no purchase of commercial insurance, nor is the Department involved in any risk pools with other government entities. The Department carries Public Official Liabilities Insurance coverage in the amount of $10,000,000; automobile liability insurance in the amount of $1,000,000, errors and omissions insurance of $300,000 related to loan servicing for others and a $350,000 Public Employee Fidelity Bond.

The Department's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience and economic factors. There have been no significant reductions in insurance coverage in the past year and losses did not exceed funding arrangements during the past year. The Department incurred no claims liability during fiscal year 2010 related to these policies.

13. SUBSEQUENT EVENTS

On December 16, 2010, the Sunset Advisory Commission, a legislative oversight commission, unanimously voted to recommend the continued existence of the Department, in its existing form, for an additional twelve years. A bill will be introduced in the next legislative session reflective of this decision.

* * * * * *

SUPPLEMENTAL SCHEDULES

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS — REVENUE BOND PROGRAM ENTERPRISE FUND

SCHEDULE 1

SUPPLEMENTAL SCHEDULE — STATEMENT OF NET ASSETS (DEFICIT) INFORMATION BY INDIVIDUAL ACTIVITY (UNAUDITED) AS OF AUGUST 31, 2010

ASSETS	Single-Family Program	RMRB Program	CHMRB Program	Multifamily Program	Commercial Paper Program	Operating Fund	Total
CURRENT ASSETS:							
Cash and cash equivalents:							
Cash in bank	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cash equivalents						6,428,797	6,428,797
Restricted assets:							
Cash and cash equivalents:							
Cash in bank	130,739	15,829,000		394,277			16,354,016
Cash equivalents	64,082,609	341,642,896	197,195	26,880,739		5,000,000	437,803,439
Short-term investments				11,675,198			11,675,198
Loans and contracts	2,408,890	306,500		9,648,602			12,363,992
Interest receivable	3,796,875	1,401,829	57,730	9,305,333			14,561,767
Receivable:							
Interest receivable						839	839
Accounts receivable						408,854	408,854
Loans and contracts						719,293	719,293
Other current assets	69,892	106				162,992	232,990
Total current assets	70,489,005	359,180,331	254,925	57,904,149	-	12,720,775	500,549,185
NONCURRENT ASSETS:							
Loans and contracts						605,230	605,230
Restricted assets:							
Investments	930,982,654	232,080,488	9,953,700	54,795,248			1,227,812,090
Loans, contracts, and notes receivable	29,009,161	2,509,947		1,190,026,494			1,221,545,602
Deferred outflow of resources	36,966,154						36,966,154
Other noncurrent assets:							
Deferred issuance cost — net	5,872,854	3,391,084	51,308	462,854			9,778,100
Real estate owned — net	200,415						200,415
Total noncurrent assets	1,003,031,238	237,981,519	10,005,008	1,245,284,596	-	605,230	2,496,907,591
TOTAL ASSETS	$1,073,520,243	$597,161,850	$10,259,933	$1,303,188,745	$ -	$13,326,005	$2,997,456,776

(Continued)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS — REVENUE BOND PROGRAM ENTERPRISE FUND

SCHEDULE 1

SUPPLEMENTAL SCHEDULE — STATEMENT OF NET ASSETS (DEFICIT) INFORMATION BY INDIVIDUAL ACTIVITY (UNAUDITED) AS OF AUGUST 31, 2010

	Single-Family Program	RMRB Program	CHMRB Program	Multifamily Program	Commercial Paper Program	Operating Fund	Total
LIABILITIES							
CURRENT LIABILITIES:							
Payables:							
Accounts payable	$ 2,243	$ 287	$ -	$ -	$ -	$ -	$ 2,530
Accrued bond interest payable	20,375,972	2,501,603	30,240	9,557,777			32,465,592
Deferred revenues	7,651,054	2,184,706	253,352				10,089,112
Revenue bonds payable	12,794,161	3,793,341	10,633	9,648,602			26,246,737
Other current liabilities	4,543,687	1,011,652				225	5,555,564
Total current liabilities	45,367,117	9,491,589	294,225	19,206,379	-	225	74,359,535
NONCURRENT LIABILITIES:							
Notes and loans payable							-
Revenue bonds payable	889,794,301	556,379,097	8,136,541	1,190,492,693			2,644,802,632
Derivative hedging instrument	36,966,154						36,966,154
Other noncurrent liabilities	23,205			93,891,292			93,914,497
Total noncurrent liabilities	926,783,660	556,379,097	8,136,541	1,284,383,985	-	-	2,775,683,283
							-
TOTAL LIABILITIES	$ 972,150,777	$ 565,870,686	$ 8,430,766	$ 1,303,590,364	$ -	$ 225	$ 2,850,042,818
NET ASSETS (DEFICIT)							
INVESTED IN CAPITAL ASSETS	$ -	$ -	$ -	$ -	$ -	$ -	$ -
RESTRICTED	101,369,468	31,291,163	1,829,167			5,000,000	139,489,798
UNRESTRICTED				(401,619)		8,325,779	7,924,160
TOTAL NET ASSETS (DEFICIT)	$ 101,369,468	$ 31,291,163	$ 1,829,167	$ (401,619)	$ -	$ 13,325,779	$ 147,413,958

(Concluded)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS — REVENUE BOND PROGRAM ENTERPRISE FUND

SCHEDULE 2

SUPPLEMENTAL SCHEDULE — STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS (DEFICIT) INFORMATION BY INDIVIDUAL ACTIVITY (UNAUDITED) FOR THE YEAR ENDED AUGUST 31, 2010

	Single-Family Program	RMRB Program	CHMRB Program	Multifamily Program	Commercial Paper Program	Operating Fund	Total
OPERATING REVENUES:							
Interest and investment income	$ 50,937,065	$14,014,959	$ 658,150	$55,587,935	$ 21	$ 90,227	$121,288,357
Net increase in fair value	30,183,748	5,297,288	189,199				35,670,235
Other operating revenues	2,457,259	923,183	36,844	11,212		2,530,835	5,959,333
Total operating revenues	83,578,072	20,235,430	884,193	55,599,147	21	2,621,062	162,917,925
OPERATING EXPENSES:							
Professional fees and services	935,522	254,940	1,000			526,345	1,717,807
Depreciation and amortization	499,320	214,520	3,984	9,533	1		727,358
Interest	42,861,951	17,177,565	566,413	55,865,570			116,471,499
Bad debt expense	272,010	(1,200)					270,810
Down payment assistance	1,213,949	387,259					1,601,208
Other operating expenses	502,276	108,158	1,629	205	114	169,803	782,185
Total operating expenses	46,285,028	18,141,242	573,026	55,875,308	115	696,148	121,570,867
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS	37,293,044	2,094,188	311,167	(276,161)	(94)	1,924,914	41,347,058
OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS –		4,922,551					4,922,551
TRANSFERS IN (OUT)	(1,370,634)	(195,153)	3,635	204	(26,331)	(2,032,333)	(3,620,612)
CHANGE IN NET ASSETS	35,922,410	6,821,586	314,802	(275,957)	(26,425)	(107,419)	42,648,997
NET ASSETS (DEFICIT) — September 1, 2009	65,447,058	24,469,577	1,514,365	(125,662)	26,425	13,433,198	104,764,961
NET ASSETS (DEFICIT) — August 31, 2010	$101,369,468	$31,291,163	$1,829,167	$ (401,619)	$ -	$13,325,779	$147,413,958

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS — REVENUE BOND PROGRAM

SCHEDULE 3

MISCELLANEOUS BOND INFORMATION
AS OF AUGUST 31, 2010
(Amounts in thousands)

Description of Issue	Original Principal Bonds Issued to Date	Range of Interest	Rates	Schedule Maturities First Year	Last Year	First Call Date	
2002 Single Family Series A (Jr. Lien)	$ 10,000	7.01 %	7.01 %	2025	2026	09/01/2012	
2002 Single Family Series A	38,750	5.45	5.55	2023	2034	03/01/2012	
2002 Single Family Series B	52,695	5.35	5.55	2033	2033	03/01/2012	
2002 Single Family Series C	12,950	2.80	5.20	2004	2017	03/01/2012	
2002 Single Family Series D	13,605	2.00	4.50	2003	2012	03/01/2012	
2004 Single Family Series A	123,610	2.00	4.70	2006	2035	03/01/2013	
2004 Single Family Series B	53,000	VAR — Weekly		2015	2034	03/01/2015	(f)
2004 Single Family Series A (Jr. Lien)	4,140	VAR — Weekly		2036	2036	09/01/2036	(f)
2004 Single Family Series C	41,245	4.30	4.80	2019	2036	09/01/2014	
2004 Single Family Series D	35,000	VAR — Weekly		2035	2035	(g)	
2004 Single Family Series E	10,825	2.45	4.30	2006	2013	09/01/2014	
2005 Single Family Series A	100,000	VAR — Weekly		2007	2036	03/01/2006	
2005 Single Family Series B	25,495	4.38	4.38	2006	2026	03/01/2006	
2005 Single Family Series C	8,970	VAR — Weekly		2017	2017	03/01/2006	
2005 Single Family Series D	3,730	5.00	5.00	2025	2035	03/01/2006	
2006 Single Family Series A	59,555	5.00	5.00	2008	2037	09/01/2006	
2006 Single Family Series B	70,485	5.00	5.00	2008	2034	09/02/2006	
2006 Single Family Series C	105,410	5.13	5.13	2008	2037	09/03/2006	
2006 Single Family Series D	29,685	4.50	4.50	2018	2028	09/04/2006	
2006 Single Family Series E	17,295	4.06	4.06	2007	2017	09/05/2006	
2006 Single Family Series F	81,195	4.65	5.75	2008	2038	03/01/2016	
2006 Single Family Series G	15,000	3.75	4.60	2012	2019	03/01/2016	
2006 Single Family Series H	36,000	VAR — Weekly		2016	2037	03/01/2016	(f)
2007 Single Family Series A	143,005	VAR — Weekly		2008	2038	03/01/2008	(f)
2007 Single Family Series B	157,060	3.90	5.63	2008	2039	03/01/2008	
1998 RMRB Series A	102,055	4.05	5.35	2002	2031	01/01/2009	
1998 RMRB Series B	14,300	5.30	5.30	2022	2022	01/01/2009	
1999 RMRB Series A	25,615	4.80	5.50	2018	2021	01/01/2009	
2000 RMRB Series A	50,000	5.10	6.30	2003	2031	07/01/2010	
2000 RMRB Series B	82,975	5.70	5.70	2005	2033	07/01/2010	
2000 RMRB Series C	13,675	5.82	5.85	2011	2025	07/01/2010	
2000 RMRB Series D	18,265	4.55	5.85	2003	2020	07/01/2010	
2001 RMRB Series A	52,715	3.15	5.70	2004	2033	07/01/2011	
2001 RMRB Series B	15,585	5.00	5.25	2011	2022	07/01/2011	
2001 RMRB Series C	32,225	2.55	4.63	2003	2015	07/01/2011	
2002 RMRB Series A	42,310	2.25	5.35	2004	2034	07/01/2012	
2003 RMRB Series A	73,630	1.70	5.00	2005	2034	01/01/2013	
2009 RMRB Series A	80,000	5.13	5.13	2011	2039	01/01/2019	
2009 RMRB Series B	22,605	4.72	4.72	2010	2022	01/01/2019	
2009 RMRB Series C	300,000	VAR — Weekly		2010	2041	12/31/2011	
1992 Coll Home Mtg Rev Bonds, Series C	72,700	3.48	10.27	2024	2024	05/04/1995	
TOTAL SINGLE FAMILY, RMRB & CHMRB BONDS	$2,247,360						

(Continued)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS — REVENUE BOND PROGRAM

SCHEDULE 3

MISCELLANEOUS BOND INFORMATION
AS OF AUGUST 31, 2010
(Amounts in thousands)

Description of Issue	Original Principal Bonds Issued to Date	Range of Interest Rates		Schedule Maturities First Year	Schedule Maturities Last Year	First Call Date	
1996 MF Series A/B (Brighton's Mark)	$ 10,174	6.13 %	6.13 %	2026	2026	01/01/2003	
1996 MF Series A/B (Braxton's Mark)	14,867	5.81	5.81	2026	2026	01/01/2003	
1998 MF Series A (Pebble Brook)	10,900	4.95	5.60	2001	2030	06/01/2001	
1998 MF Series A-C (Residence Oaks)	8,200	5.98	7.18	2001	2030	05/01/2001	
1998 MF Series A/B (Greens of Hickory Trial)	13,500	5.20	6.03	2001	2030	09/01/2008	
1999 MF Series A-C (Mayfield)	11,445	5.70	7.25	2001	2031	05/01/2002	
2000 MF Series A (Timber Point Apts)	8,100	VAR —	Weekly	2003	2032	07/01/2000	(a)
2000 MF Series A/B (Oaks at Hampton)	10,060	7.20	9.00	2002	2040	03/01/2017	(a)
2000 MF Series A (Deerwood Apts)	6,435	5.25	6.40	2003	2032	06/01/2010	
2000 MF Series A (Creek Point Apts)	7,200	VAR —	Weekly	2004	2032	07/01/2000	(a)
2000 MF Series A/B (Parks @ Westmoreland)	9,990	7.20	9.00	2002	2040	07/01/2017	(a)
2000 MF Series A-C (Highland Meadow Apts)	13,500	6.75	8.00	2004	2033	05/01/2019	
2000 MF Series A/B (Greenbridge)	20,085	7.40	10.00	2003	2040	03/01/2014	
2000 MF Series A-C (Collingham Park)	13,500	6.72	7.72	2004	2033	05/01/2019	
2000 MF Series A/B (Williams Run)	12,850	7.65	9.25	2002	2040	01/01/2011	
2001 MF Series A (Bluffview Senior Apts)	10,700	7.65	7.65	2003	2041	05/01/2018	
2001 MF Series A (Knollwood Villas Apts)	13,750	7.65	7.65	2003	2041	05/01/2018	
2001 MF Series A (Skyway Villas)	13,250	6.00	6.50	2005	2034	12/01/2011	
2001 MF Series A/B (Cobb Park)	7,785	6.77	6.77	2003	2041	07/01/2018	
2001 MF Series A (Greens Road Apts.)	8,375	5.30	5.40	2004	2034	12/01/2011	
2001 MF Series A/B (Meridian Apts.)	14,310	5.45	6.85	2004	2034	12/01/2011	
2001 MF Series A/B (Wildwood Apts.)	14,365	5.45	6.75	2004	2034	12/01/2011	
2001 MF Series A-C (Fallbrook Apts.)	14,700	6.06	6.78	2005	2034	01/01/2012	
2001 MF Series A (Oak Hollow Apts.)	8,625	7.00	7.90	2003	2041	11/01/2018	
2001 MF Series A/B (Hillside Apts.)	12,900	7.00	9.25	2003	2041	11/01/2018	
2002 MF Series A (Millstone Apts.)	12,700	5.35	5.86	2005	2035	06/01/2012	
2002 MF Series A (Sugar Creek Apts.)	11,950	6.00	6.00	2004	2042	01/01/2016	
2002 MF Series A (West Oaks Apts.)	10,150	7.15	7.50	2004	2042	12/01/2018	
2002 MF Series A (Park Meadows Apts)	4,600	6.53	6.53	2004	2034	05/01/2012	
2002 MF Series A (Clarkridge Villas Apts)	14,600	7.00	7.00	2004	2042	08/01/2019	
2002 MF Series A (Hickory Trace Apts)	11,920	7.00	7.00	2004	2042	12/01/2019	
2002 MF Series A (Green Crest Apts)	12,500	7.00	7.00	2004	2042	11/01/2019	
2002 MF Series A/B (Ironwood Crossing)	16,970	5.50	8.75	2005	2042	10/01/2027	
2002 MF Series A (Woodway Village Apts)	9,100	4.95	5.20	2006	2023	01/01/2013	
2003 MF Series A/B (Reading Road)	12,200	VAR —	Weekly	2007	2036	01/01/2004	(a)
2003 MF Series A/B (North Vista Apts)	14,000	4.10	5.41	2006	2036	06/01/2013	
2003 MF Series A/B (West Virginia Apts)	9,450	4.15	5.41	2006	2036	06/01/2013	
2003 MF Series A/B (Sphinx @ Murdeaux)	15,085	3.55	5.00	2005	2042	06/20/2013	
2003 MF Series A/B (Primrose Houston School)	16,900	5.50	8.00	2006	2036	07/01/2003	(a)
2003 MF Series A/B (Timber Oaks Apts)	13,200	6.75	8.75	2005	2043	06/01/2020	
2003 MF Series A/B (Ash Creek Apts)	16,375	5.60	15.00	2006	2036	10/01/2003	(a)
2003 MF Series A/B (Peninsula Apts)	12,400	4.25	5.30	2007	2024	10/01/2013	
2003 MF Series A (Evergreen @ Mesquite)	11,000	6.60	8.00	2006	2043	09/01/2020	
2003 MF Series A/B (Arlington Villas)	17,100	6.75	8.00	2007	2036	01/01/2007	(a)
2003 MF Series A/B (Parkview Twnhms)	16,600	6.60	8.50	2006	2043	12/01/2020	
2003 MF Series A (NHP-Asmara) Refunding	31,500	VAR —	Weekly	2007	2033	07/01/2007	(a)
2004 MF Series A/B (Timber Ridge)	7,500	5.75	8.00	2007	2037	03/01/2007	(a)

(Continued)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS —
REVENUE BOND PROGRAM

SCHEDULE 3

MISCELLANEOUS BOND INFORMATION
AS OF AUGUST 31, 2010
(Amounts in thousands)

Description of Issue	Original Principal Bonds Issued to Date	Range of Interest	Rates	Schedule Maturities First Year	Last Year	First Call Date	
2004 MF Series A/B (Century Park)	$ 13,000	5.75 %	5.75 %	2007	2037	05/01/2007	(a)
2004 MF Series A/B (Veterans Memorial)	16,300	6.60	8.50	2006	2044	03/01/2006	(a)
2004 MF Series A (Rush Creek)	10,000	5.38	6.70	2006	2044	03/01/2021	
2004 MF Series A (Humble Park)	11,700	6.60	6.60	2007	2041	07/01/2021	
2004 MF Series A (Chisholm Trail)	12,000	VAR — Weekly (b)		2006	2037	10/15/2006	(a)
2004 MF Series A (Evergreen @ Plano)	14,750	5.25	6.55	2007	2044	06/01/2021	
2004 MF Series A (Montgomery Pines)	12,300	VAR — Weekly		2006	2037	12/15/2006	(a)
2004 MF Series A (Bristol)	12,625	VAR — Weekly		2007	2037	06/15/2007	(a)
2004 MF Series A (Pinnacle)	14,500	VAR — Weekly		2007	2044	09/01/2007	(a)
2004 MF Series A (Tranquility Bay)	14,350	VAR — Weekly		2007	2044	06/01/2021	(e)
2004 MF Series A (Sphinx @ Delafield)	11,380	5.05	5.35	2006	2044	07/20/2014	
2004 MF Series A (Churchill @ Pinnacle)	10,750	5.25	6.55	2007	2044	09/01/2021	(e)
2004 MF Series A/B (Post Oak East)	13,600	VAR — Weekly		(d)	2037	(d)	
2004 MF Series A (Village Fair)	14,100	5.00	6.50	2007	2044	12/01/2021	
2005 MF Series A (Pecan Grove)	14,030	5.00	6.50	2007	2045	01/01/2022	
2005 MF Series A (Prairie Oaks)	11,050	4.75	6.50	2007	2045	01/01/2022	
2005 MF Series A (Port Royal)	12,200	5.00	6.50	2007	2045	02/01/2022	
2005 MF Series A (Del Rio)	11,490	5.00	6.50	2007	2045	02/01/2022	
2005 MF Series A (Atascocita Pines)	11,900	VAR — Weekly		2007	2037	(f)	
2005 MF Series A (Tower Ridge)	15,000	VAR — Weekly		2009	2038	(f)	
2005 MF Series A (Prairie Ranch)	12,200	4.85	4.85	2007	2045	12/20/2015	
2005 MF Series A (St Augustine)	7,650	VAR — Weekly		2009	2038	n/a	
2005 MF Series A (Park Manor)	10,400	5.00	6.40	2008	2045	09/01/2022	
2005 MF Series A (Mockingbird)	14,360	6.40	6.40	2007	2045	08/01/2022	
2005 MF Series A (Chase Oaks)	14,250	5.05	5.05	2007	2035	(h)	
2005 MF Series A/B (Canal Place)	16,100	3.45	8.00	2019	2039	(i)	
2005 MF Series A (Coral Hills)	5,320	5.05	5.05	2038	2038	08/01/2015	
2006 MF Series A (Harris Branch)	15,000	VAR — Weekly		2009	2039	(j)	
2006 MF Series A (Bella Vista)	6,800	6.15	6.15	2008	2046	04/01/2016	
2006 MF Series A (Village Park)	13,660	4.75	5.13	2009	2026	06/01/2021	
2006 MF Series A (Oakmoor)	14,635	5.50	6.00	2008	2046	03/01/2023	
2006 MF Series A (Sunset Pointe)	15,000	VAR — Weekly		2039	2039	(i)	
2006 MF Series A (Hillcrest)	12,435	5.25	5.25	2009	2039	04/01/2021	
2006 MF Series A (Pleasant Village)	6,000	6.00	6.00	2008	2023	(k)	
2006 MF Series A (Grove Village)	6,180	6.00	6.00	2008	2023	(k)	
2006 MF Series A (Red Hills Villas)	5,015	VAR — Weekly		2036	2036	(j)	
2006 MF Series A (Champion Crossing)	5,125	VAR — Weekly		2036	2036	(j)	
2006 MF Series A (Stonehaven)	11,300	5.80	5.80	2008	2026	(h)	
2006 MF Series A (Center Ridge)	8,325	5.00	5.00	2009	2039	05/01/2021	
2006 MF Series A (Meadowlands)	13,500	6.00	6.00	2009	2046	09/01/2023	
2006 MF Series A (East Tex Pines)	13,500	4.95	4.95	2010	2046	(l)	
2006 MF Series A (Villas at Henderson)	7,200	VAR — Weekly		2010	2039	(m)	
2006 MF Series A (Aspen Park Apts)	9,800	5.00	5.00	2010	2039	07/01/2021	
2006 MF Series A (Idlewilde Apts)	14,250	VAR — Weekly		2010	2040	(j)	
2007 MF Series A (Lancaster Apts)	14,250	VAR — Weekly		2010	2040	(j)	
2007 MF Series A (Park Place)	15,000	5.80	5.80	2010	2047	03/01/2024	
2007 MF Series A (Terrace at Cibolo)	8,000	VAR — Weekly		2010	2040	(m)	

(Continued)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS — REVENUE BOND PROGRAM

SCHEDULE 3

MISCELLANEOUS BOND INFORMATION
AS OF AUGUST 31, 2010
(Amounts in thousands)

Description of Issue	Original Principal Bonds Issued to Date	Range of Interest	Rates	Schedule Maturities First Year	Last Year	First Call Date
2007 MF Series A (Santora Villas)	$ 13,072	5.80 %	5.80 %	2010	2047	06/01/2024
2007 MF Series A (Villas @ Mesquite Creek)	16,860	5.00	5.81	2010	2047	01/20/2017
2007 MF Series A (Summit Point)	11,700	4.80	5.25	2009	2047	06/20/2017
2007 MF Series A (Costa Rialto)	12,385	5.35	5.35	2010	2047	08/01/2025
2007 MF Series A (Windshire)	14,000	VAR —	Weekly	2010	2041	(j)
2007 MF Series A (Residences @ Onion Creek)	15,000	VAR —	Weekly	2011	2040	(j)
2008 MF Series A (West Oaks)	13,125	VAR —	Weekly	2011	2041	(n)
2008 MF Series A (Costa Ibiza)	13,900	VAR —	Weekly	2011	2041	(f)
2008 MF Series A (Addison Park)	14,000	VAR —	Weekly	2008	2044	(n)
2008 MF Series A (Alta Cullen Apartments)	14,000	VAR —	Weekly	2011	2045	(n)
2009 MF Series A (Costa Mariposa Apartments)	13,690	VAR —	Weekly	2012	2042	(n)
2009 MF Series A (Woodmont Apartments)	15,000	VAR —	Weekly	2012	2042	(n)
Total multifamily bonds	1,306,378					
TOTAL BONDS ISSUED	$3,553,738					

(Concluded)

FOOTNOTES:

(a) The taxable bonds shall be subject to redemption prior to maturity in whole or any part on any interest payment date after the completion date from the proceeds of an optional prepayment of the loan by the borrower.

(b) Variable rate not to exceed the maximum rate permitted by applicable law.

(c) Variable rate could change to fixed rate provided the conversion option is exercised.

(d) No set amortization, per trustee, amortization will occur in $100,000 denominations when the amount in the principal reserve fund exceeds 20% of the issue.

(e) The bonds are subject to redemption, in whole, at the option of the issuer acting at the direction of the holders of a majority of the outstanding principal amount of the bonds.

(f) The bonds shall be subject to redemption prior to maturity, after giving the required notice, as follows: During the variable interest rate period the bonds shall be subject to optional redemption by the Department, in whole or in part on any business day, at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest, if any, to the redemption date.

(g) The series bonds are subject to redemption prior to maturity, after giving notice as provided in the Trust Indenture, as follows: During a daily interest rate period or weekly interest rate period for the series bonds, the bonds shall be subject to optional redemption by the Department, in whole or in part on any business day, at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest, if any, to the redemption date.

(h) The bonds are subject to redemption at the option of the issuer, at the direction of the borrower, in whole or in part on the first day of any month, in the event and to the extent, the trustee receives funds from the borrower representing an optional prepayment of the principal of the note, at a redemption price equal to the principal thereof, plus accrued interest to the redemption date plus any premium remitted therewith as required by the note.

(i) Bonds are subject to redemption if and to the extent, the borrower is entitled to make, or is required to make, a prepayment pursuant to the loan agreement.

(j) The bonds are subject to optional redemption in whole or in part upon optional prepayment of the loan by the borrower as permitted by the loan documents.

(k) The Bonds are subject to optional redemption at the direction of the borrower on any interest payment date, in whole or in part, at the redemption price (as calculated by the sole bondholder) calculated in accordance with the indenture plus accrued and unpaid interest, if any, to the redemption date. Optional redemptions may be made only in denominations of $100,000 plus integral multiples of $5,000 or for the entire amount of the bonds outstanding.

(l) The Bonds shall be subject to redemption prior to maturity in whole but not in part on any Bond Payment Date on or after fifteen years from Conversion Date, from the proceeds of an optional prepayment of the Loan by the Borrower at a redemption price equal to the principal amount plus accrued and unpaid interest to the date fixed for redemption.

(m) The Bonds may be redeemed by the Trustee at the option of the Issuer, but only upon the written request of the Borrower pursuant of the Loan Agreement, and with the prior consent of the Bank, in whole or in part, at a redemption price equals to the principal amount, without premium, plus accrued interest to the date of redemption.

(n) With the prior Written consent of the Credit Facility Provider, the Bonds are subject to optional redemption, in whole or in part, upon optional prepayments on the Bond Mortgage Loan in accordance with the prepayment restrictions set forth in the Bond Mortgage Note and Financing Agreement.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS — REVENUE BOND PROGRAM

SCHEDULE 4

CHANGES IN BOND INDEBTEDNESS
AS OF AUGUST 31, 2010

Description of Issue	Bonds Outstanding September 1, 2009	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding August 31, 2010	Amounts Due Within One Year
2002 SERIES A (Jr Lien)	$ 3,995,000	$ -	$ -	$ 3,995,000	$ -	$ -
2002 SERIES A	35,920,000			4,415,000	31,505,000	
2002 SERIES B	29,090,000			7,385,000	21,705,000	7,217
2002 SERIES C	9,735,000		530,000	1,125,000	8,080,000	486,174
2002 SERIES D	3,585,000		840,000	105,000	2,640,000	829,689
2004 SERIES A	92,365,000		2,845,000	23,335,000	66,185,000	2,153,339
2004 SERIES B	53,000,000				53,000,000	
2004 SERIES A (Jr Lien)	3,855,000				3,855,000	
2004 SERIES C	27,195,000		165,000	7,455,000	19,575,000	
2004 SERIES D	35,000,000				35,000,000	
2004 SERIES E	6,615,000		1,085,000	655,000	4,875,000	968,581
2005 SERIES A	90,825,000			13,535,000	77,290,000	
2005 SERIES B	15,420,000		630,000	2,390,000	12,400,000	504,967
2005 SERIES C	6,610,000			810,000	5,800,000	
2005 SERIES D	3,040,000				3,040,000	
2006 SERIES A	55,475,000		485,000	11,620,000	43,370,000	457,499
2006 SERIES B	64,335,000		1,450,000	13,380,000	49,505,000	1,252,740
2006 SERIES C	97,165,000		1,530,000	20,285,000	75,350,000	1,480,062
2006 SERIES D	21,685,000			4,550,000	17,135,000	(46,148)
2006 SERIES E	13,995,000		1,315,000		12,680,000	1,289,273
2006 SERIES F	77,265,000		510,000	22,005,000	54,750,000	507,969
2006 SERIES G	13,070,000		1,210,000	3,675,000	8,185,000	895,000
2006 SERIES H	36,000,000				36,000,000	
2007 SERIES A	136,815,000			16,040,000	120,775,000	(27,856)
2007 SERIES B	155,620,000		1,440,000	20,800,000	133,380,000	2,035,654
1998 SERIES A	32,135,000		1,025,000	3,390,000	27,720,000	
1998 SERIES B	5,800,000			625,000	5,175,000	
1999 SERIES A	4,045,000			390,000	3,655,000	(8,735)
2000 SERIES A	13,965,000			13,965,000	-	
2000 SERIES B	39,770,000			27,770,000	12,000,000	2,517
2000 SERIES C	8,385,000			4,710,000	3,675,000	
2000 SERIES D	5,385,000		605,000	4,780,000	-	
2001 SERIES A	26,100,000		330,000	3,775,000	21,995,000	10,999
2001 SERIES B	11,360,000			760,000	10,600,000	650,000
2001 SERIES C	6,225,000		1,005,000	450,000	4,770,000	920,375
2002 SERIES A	26,655,000		340,000	3,615,000	22,700,000	379,704
2003 SERIES A	55,140,000		745,000	6,860,000	47,535,000	645,212
2009 SERIES A	80,000,000			10,000	79,990,000	415,722
2009 SERIES B	22,605,000		560,000	2,495,000	19,550,000	777,545
2009 SERIES C		300,000,000			300,000,000	10,633
1992 SERIES A-C	9,100,000			1,100,000	8,000,000	
Total Single Family Bonds	1,434,345,000	300,000,000	18,645,000	252,255,000	1,463,445,000	16,598,135
1996 SERIES A&B (BRIGHTON'S MARK)	8,075,000				8,075,000	
1996 SERIES A&B (BRAXTON'S MARK)	14,273,700				14,273,700	
1998 SERIES (PEBBLE BROOK)	9,465,000		105,000	110,000	9,250,000	225,000
1998 SERIES A-C (RESIDENCE OAKS)	7,098,000		169,000		6,929,000	180,000
1998 SERIES (GREENS-HICKORY TRAIL)	11,835,000		270,000		11,565,000	290,000
1999 SERIES (MAYFIELD)	9,976,000		235,000		9,741,000	248,000
2000 SERIES (TIMBER POINT APTS)	7,470,000			100,000	7,370,000	
2000 SERIES A/B (OAKS at HAMPTON)	9,597,547		89,260		9,508,287	96,379
2000 SERIES (DEERWOOD APTS)	5,885,000		105,000		5,780,000	115,000
2000 SERIES (CREEK POINT APTS)	6,365,000			105,000	6,260,000	
2000 SERIES A/B (PARKS at WESTMORELAND)	9,551,242		87,074		9,464,168	93,604
2000 SERIES A-C (HIGHLAND MEADOW APTS)	8,314,000		139,000		8,175,000	149,000

(Continued)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS — REVENUE BOND PROGRAM

SCHEDULE 4

CHANGES IN BOND INDEBTEDNESS
AS OF AUGUST 31, 2010

Description of Issue	Bonds Outstanding September 1, 2009	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding August 31, 2010	Amounts Due Within One Year
2000 SERIES A/B (GREENBRIDGE @ BUCKINGHM	$ 19,474,075	$ -	$ -	$ -	$ 19,474,075	$ 339,089
2000 SERIES A-C (COLLINGHAM PARK APTS)	12,553,000		230,000		12,323,000	244,000
2000 SERIES A/B (WILLIAMS RUN APTS)	12,417,289				12,417,289	410,665
2001 SERIES (BLUFF SENIOR APTS)	10,365,641		69,051		10,296,591	74,485
2001 SERIES (KNOLLWOOD VILLAS APTS)	13,320,333		88,733		13,231,600	95,717
2001 SERIES A (SKYWAY VILLAS)	7,320,000		130,000		7,190,000	135,000
2001 SERIES A/B (COBB PARK APTS)	7,584,303				7,584,303	130,156
2001 SERIES A (GREENS ROAD APTS)	7,810,000		135,000		7,675,000	145,000
2001 SERIES A/B (MERIDIAN APARTMENTS)	8,485,000		72,000		8,413,000	75,000
2001 SERIES A/B (WILDWOOD BRANCH	6,572,000		60,000		6,512,000	60,000
2001 SERIES A-C (FALLBROOK APTS)	13,815,000		235,000		13,580,000	251,000
2001 SERIES (OAK HOLLOW APTS)	6,298,072		45,899		6,252,173	49,217
2001 SERIES A/B (HILLSIDE APTS)	12,508,343		51,666		12,456,677	55,426
2001 SERIES A (MILLSTONE APTS)	10,235,000		185,000		10,050,000	195,000
2002 SERIES (SUGARCREEK APTS)	11,550,000		45,000	11,505,000	-	
2002 SERIES (WEST OAKS APTS)	9,453,913		66,151		9,387,762	71,039
2002 SERIES (PARK MEADOWS APTS)	4,205,000		65,000		4,140,000	80,000
2002 SERIES (CLARKRIDGE VILLAS APTS)	13,622,465		93,138		13,529,328	99,871
2002 SERIES A (HICKORY TRACE APTS)	11,263,077		76,518		11,186,559	82,049
2002 SERIES A (GREEN CREST APTS)	11,214,042		76,185		11,137,858	81,692
2002 SERIES A/B (IRON WOOD CROSSING)	16,699,569		86,716		16,612,853	94,616
2002 SERIES A (WOODWAY VILLAGE)	7,420,000		120,000		7,300,000	130,000
2003 SERIES A/B (READING ROAD)	11,840,000		30,000	200,000	11,610,000	30,000
2003 SERIES A/B (NORTH VISTA)	12,500,000		210,000		12,290,000	230,000
2003 SERIES A/B (WEST VIRGINIA)	9,020,000		155,000		8,865,000	165,000
2003 SERIES A/B (SPHINX @ MURDEAUX)	14,380,000		180,000		14,200,000	185,000
2003 SERIES A/B (PRIMROSE HOUSTON)	16,387,166		92,690		16,294,476	100,503
2003 SERIES A/B (TIMBER OAKS)	12,980,191		66,852		12,913,340	72,941
2003 SERIES A/B (ASH CREEK APTS)	16,112,424		93,571		16,018,853	101,439
2003 SERIES A/B (PENINSULA APTS)	11,780,000		150,000	25,000	11,605,000	180,000
2003 SERIES A (EVERGREEN @ MESQUITE)	10,629,280		124,696		10,504,584	132,918
2003 SERIES A/B (ARLINGTON VILLAS)	16,898,908		87,217		16,811,691	94,502
2003 SERIES A/B (PARKVIEW TWNHMS)	16,315,780		94,102		16,221,678	102,420
2003 SERIES (NHP-ASMARA)REFUNDING	20,550,000		400,000	115,000	20,035,000	420,657
2004 SERIES A/B (TIMBER RIDGE)	6,597,263		39,289		6,557,974	42,119
2004 SERIES A/B (CENTURY PARK)	12,285,000		185,000		12,100,000	190,000
2004 SERIES A/B (VETERANS MEMORIAL)	16,027,900		93,749		15,934,152	102,036
2004 SERIES (RUSH CREEK)	8,718,821		55,877		8,662,944	59,734
2004 SERIES (HUMBLE PARK)	11,400,000		110,000		11,290,000	120,000
2004 SERIES (CHISHOLM TRAIL)	11,700,000			200,000	11,500,000	
2004 SERIES (EVERGREEN @ PLANO)	14,572,560		90,760		14,481,800	96,886
2004 SERIES (MONTGOMERY PINES)	12,300,000			200,000	12,100,000	
2004 SERIES (BRISTOL)	12,200,000			100,000	12,100,000	
2004 SERIES (PINNACLE)	14,165,000			100,000	14,065,000	
2004 SERIES (TRANQUILITY BAY)	14,077,936		95,915		13,982,022	102,338
2004 SERIES (SPHINX @ DELAFIELD)	11,025,000		110,000		10,915,000	120,000
2004 SERIES (CHURCHILL @ PINNACLE)	9,955,805		76,501		9,879,304	81,665
2004 SERIES A/B (POST OAK EAST)	13,600,000				13,600,000	
2004 SERIES (VILLAGE FAIR)	13,884,895		90,747		13,794,149	96,824
2005 SERIES (PECAN GROVE)	13,823,227		89,810		13,733,417	95,824
2005 SERIES (PRAIRIE OAKS)	10,887,147		70,733		10,816,414	75,470
2005 SERIES (PORT ROYAL)	12,026,481		77,675		11,948,806	82,876
2005 SERIES (MISSION DEL RIO)	11,326,579		73,155		11,253,424	78,053
2005 SERIES (ATASCOCITA)	11,700,000			100,000	11,600,000	
2005 SERIES (TOWER RIDGE)	15,000,000				15,000,000	
2005 SERIES (PRAIRIE RANCH)	11,935,000		125,000		11,810,000	125,000
2005 SERIES (ST. AUGUSTINE)	7,150,000			770,000	6,380,000	

(Continued)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS — REVENUE BOND PROGRAM

SCHEDULE 4

CHANGES IN BOND INDEBTEDNESS AS OF AUGUST 31, 2010

Description of Issue	Bonds Outstanding September 1, 2009	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding August 31, 2010	Amounts Due Within One Year
2005 SERIES (PARK MANOR)	$ 10,400,000	$ -	$ -	$ -	$ 10,400,000	$ -
2005 SERIES (PROVIDENCE @ MOCKINGBIRD)	14,194,965		90,762		14,104,203	96,745
2005 SERIES (PLAZA CHASE OAKS)	13,896,799		226,606		13,670,193	238,319
2005 SERIES (CANAL PLACE)	16,100,000		56,423		16,043,577	80,804
2006 SERIES (CORAL HILLS)	4,995,000		70,000	25,000	4,900,000	45,000
2006 SERIES (HARRIS BRANCH)	14,900,000			200,000	14,700,000	
2006 SERIES (BELLA VISTA)	6,740,000		45,000		6,695,000	45,000
2006 SERIES (VILLAGE PARK)	10,565,000		150,000		10,415,000	150,000
2006 SERIES (OAKMOOR)	14,420,556		94,376		14,326,180	100,196
2006 SERIES (SUNSET POINTE)	15,000,000				15,000,000	
2006 SERIES (HILLCREST)	12,435,000		230,000	1,215,000	10,990,000	150,000
2006 SERIES (PLEASANT VILLAGE)	5,896,900		78,983		5,817,917	83,924
2006 SERIES (GROVE VILLAGE)	6,073,807		81,352		5,992,455	86,441
2006 SERIES (RED HILLS)	4,915,000				4,915,000	
2006 SERIES (CHAMPION'S CROSSING)	5,025,000			100,000	4,925,000	
2006 SERIES (STONEHAVEN)	11,238,793		77,453		11,161,340	82,069
2006 SERIES (CENTER RIDGE)	8,325,000				8,325,000	
2006 SERIES (MEADOWLANDS)	12,403,768		77,254		12,326,515	82,018
2006 SERIES (EAST TEXAS PINES)	13,500,000				13,500,000	80,000
2006 SERIES (VILLAS @ HENDERSON)	7,200,000				7,200,000	145,273
2006 SERIES (ASPEN PARKS)	9,800,000		105,000		9,695,000	95,000
2006 SERIES (IDLEWILDE)	14,250,000			210,000	14,040,000	
2007 SERIES (LANDCASTER)	14,250,000			210,000	14,040,000	
2007 SERIES (PARK PLACE AT LOYOLA)	15,000,000				15,000,000	97,983
2007 SERIES (TERRACE AT CIBOLO)	8,000,000				8,000,000	
2007 SERIES (SANTORA VILLAS)	13,072,000				13,072,000	63,576
2007 SERIES (A/B VILLAS @ MESQUITE)	16,860,000		75,000	135,000	16,650,000	155,000
2007 SERIES (SUMMIT POINT)	11,700,000		165,000		11,535,000	100,000
2007 SERIES (COSTA RIALTO)	12,385,000				12,385,000	91,043
2007 SERIES (WINDSHIRE)	14,000,000				14,000,000	
2007 SERIES (RESIDENCES @ ONION CREEK)	15,000,000				15,000,000	
2008 SERIES (WEST OAKS APTS)	13,125,000				13,125,000	
2008 SERIES (COSTA IBIZA APTS)	13,900,000				13,900,000	
2008 SERIES (ADDISON PARKS APTS)	13,900,000			100,000	13,800,000	
2008 SERIES (ALTA CULLEN)	14,000,000				14,000,000	
2009 SERIES (COSTA MARIPOSA)	13,690,000				13,690,000	
2009 SERIES (WOODMONT APTS)	15,000,000				15,000,000	
Total Multifamily Bonds	1,224,001,567	-	7,821,935	15,825,000	1,200,354,632	9,648,602
	$2,658,346,567	$ 300,000,000	$26,466,935	$ 268,080,000	$2,663,799,632	$26,246,737

FOOTNOTES:

(a) Bonds outstanding balance at 8/31/10 does not include unamortized premium or discounts.

Bonds outstanding per schedule	$2,663,799,632
Unamortized (discount)/premium:	
Single Family	8,342,734
RMRB	1,380,236
CHMRB	147,174
Multi-Family	(213,337)
Unamortized deferred gain/(loss) on refunding:	
Single Family	(1,834,272)
RMRB	(572,798)
Bonds outstanding	$2,671,049,369

(Concluded)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS — REVENUE BOND PROGRAM

SCHEDULE 5

DEBT SERVICE REQUIREMENTS (PRINCIPAL AND INTEREST)
AS OF AUGUST 31, 2010

DESCRIPTION		2011	2012	2013	2014	2015	2016-20	2021-25	2026-30	2031-35	2036-40	2041-45	2046-50	TOTAL REQUIRED
2002 SINGLE FAMILY, SERIES A	Principal	$ -	$ -	$ -	$ -	$ -	$ -	$ 11,510	$ 6,335	$ 13,660	$ -	$ -	$ -	$ 31,505
2002 SINGLE FAMILY, SERIES A	Interest	1,734	1,734	1,734	1,734	1,734	8,669	7,618	4,095	2,829				31,880
2002 SINGLE FAMILY, SERIES B	Principal								6,465	15,240				21,705
2002 SINGLE FAMILY, SERIES B	Interest	1,190	1,190	1,190	1,190	1,190	5,952	5,952	5,352	2,152				25,359
2002 SINGLE FAMILY, SERIES C	Principal	500	530	1,130	1,200	1,280	3,440							8,080
2002 SINGLE FAMILY, SERIES C	Interest	401	377	351	293	229	271							1,921
2002 SINGLE FAMILY, SERIES D	Principal	835	880	925										2,640
2002 SINGLE FAMILY, SERIES D	Interest	98	61	21										180
2004 SINGLE FAMILY, SERIES A	Principal	2,145	2,220	2,425	3,460	2,085	8,935	10,740	13,110	16,920	4,145			66,185
2004 SINGLE FAMILY, SERIES A	Interest	2,942	2,865	2,779	2,683	2,558	11,645	9,439	6,704	3,342	97			45,054
2004 SINGLE FAMILY, SERIES A (JUNIOR LIEN)	Principal										3,855			3,855
2004 SINGLE FAMILY, SERIES A (JUNIOR LIEN)	Interest	15	15	15	15	15	77	77	77	77	23			408
2004 SINGLE FAMILY, SERIES B	Principal					895	9,925	11,965	14,510	15,705				53,000
2004 SINGLE FAMILY, SERIES B	Interest	154	159	159	159	159	717	555	359	121				2,541
2004 SINGLE FAMILY, SERIES C	Principal					525	3,130	4,560	4,445	5,855	1,060			19,575
2004 SINGLE FAMILY, SERIES C	Interest	908	908	908	908	902	4,149	3,293	2,257	1,059	36			15,328
2004 SINGLE FAMILY, SERIES D	Principal					1,125	6,590	8,380	8,165	10,740				35,000
2004 SINGLE FAMILY, SERIES D	Interest	103	105	105	105	104	466	354	231	92				1,666
2004 SINGLE FAMILY, SERIES E	Principal	995	1,050	1,095	1,150	110	475							4,875
2004 SINGLE FAMILY, SERIES E	Interest	187	149	107	62	24	46							575
2005 SINGLE FAMILY, SERIES A	Principal						8,440	16,405	19,940	24,255	8,250			77,290
2005 SINGLE FAMILY, SERIES A	Interest	244	271	270	271	271	1,317	1,080	767	385	29			4,903
2005 SINGLE FAMILY, SERIES B	Principal	570	600	620	625	655	3,810	4,735	785					12,400
2005 SINGLE FAMILY, SERIES B	Interest	557	533	508	482	454	1,780	805	29					5,148
2005 SINGLE FAMILY, SERIES C	Principal						5,800							5,800
2005 SINGLE FAMILY, SERIES C	Interest	17	17	17	17	17	42							126
2005 SINGLE FAMILY, SERIES D	Principal								2,110	840	90			3,040
2005 SINGLE FAMILY, SERIES D	Interest	152	152	152	152	152	760	760	451	141	2			2,874
2006 SINGLE FAMILY, SERIES A	Principal	430	465	500	525	555	3,345	4,570	6,010	12,450	14,520			43,370
2006 SINGLE FAMILY, SERIES A	Interest	2,163	2,141	2,118	2,092	2,066	9,870	8,901	7,603	5,767	1,106			43,828
2006 SINGLE FAMILY, SERIES B	Principal	1,210	1,265	1,320	1,385	1,455	8,205	10,145	12,840	11,680				49,505
2006 SINGLE FAMILY, SERIES B	Interest	2,460	2,399	2,335	2,268	2,198	9,826	7,575	4,746	1,308				35,117

(Continued)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS — REVENUE BOND PROGRAM

SCHEDULE 5

DEBT SERVICE REQUIREMENTS (PRINCIPAL AND INTEREST)
AS OF AUGUST 31, 2010

DESCRIPTION		2011	2012	2013	2014	2015	2016-20	2021-25	2026-30	2031-35	2036-40	2041-45	2046-50	TOTAL REQUIRED
2006 SINGLE FAMILY, SERIES C	Principal	$ 1,295	$ 1,355	$ 1,440	$ 1,515	$ 1,580	$ 9,205	$ 11,915	$ 15,340	$ 19,805	$ 11,900	$ -	$ -	$ 75,350
2006 SINGLE FAMILY, SERIES C	Interest	3,845	3,778	3,708	3,633	3,554	16,455	13,798	10,368	5,945	930			66,015
2006 SINGLE FAMILY, SERIES D	Principal						3,085	7,280	6,770					17,135
2006 SINGLE FAMILY, SERIES D	Interest	782	782	782	782	782	3,776	2,509	694					10,891
2006 SINGLE FAMILY, SERIES E	Principal	1,370	1,420	1,480	1,545	1,605	5,260							12,680
2006 SINGLE FAMILY, SERIES E	Interest	498	444	386	325	260	350							2,264
2006 SINGLE FAMILY, SERIES F	Principal	415	435	460	485	520	3,850	9,000	12,035	16,100	11,450			54,750
2006 SINGLE FAMILY, SERIES F	Interest	2,882	2,858	2,833	2,806	2,777	13,384	11,720	9,025	5,402	1,010			54,696
2006 SINGLE FAMILY, SERIES G	Principal	895	950	1,005	1,060	1,130	3,145							8,185
2006 SINGLE FAMILY, SERIES G	Interest	344	308	268	225	179	318							1,643
2006 SINGLE FAMILY, SERIES H	Principal						4,170	6,125	8,190	10,955	6,560			36,000
2006 SINGLE FAMILY, SERIES H	Interest	104	108	108	108	108	516	438	333	193	29			2,047
2007 SINGLE FAMILY, SERIES A	Principal						17,505	25,665	32,005	26,670	18,930			120,775
2007 SINGLE FAMILY, SERIES A	Interest	350	363	361	362	362	1,715	1,384	950	514	99			6,460
2007 SINGLE FAMILY, SERIES B	Principal	1,915	2,000	2,090	2,175	2,285	14,350	17,530	22,780	30,930	37,325			133,380
2007 SINGLE FAMILY, SERIES B	Interest	6,953	6,865	6,772	6,673	6,568	30,936	26,911	21,669	14,717	5,137			133,202
TOTAL SINGLE FAMILY BONDS		41,660	41,754	42,476	42,470	42,470	245,704	263,694	267,544	275,849	126,585			1,390,207
1998 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Principal						6,190		9,345	12,185				27,720
1998 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Interest	1,465	1,465	1,465	1,465	1,465	6,673	5,698	5,506	320				25,520
1998 RESIDENTIAL MTG REVENUE BONDS, SERIES B	Principal							5,175						5,175
1998 RESIDENTIAL MTG REVENUE BONDS, SERIES B	Interest	274	274	274	274	274	1,371	460						3,202
1999 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Principal						665	2,990						3,655
1999 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Interest	196	196	196	196	196	918	82						1,982
2000 RESIDENTIAL MTG REVENUE BONDS, SERIES B	Principal							12,000						12,000
2000 RESIDENTIAL MTG REVENUE BONDS, SERIES B	Interest	698	698	698	698	698	3,492	3,492						10,476
2000 RESIDENTIAL MTG REVENUE BONDS, SERIES C	Principal							3,675						3,675
2000 RESIDENTIAL MTG REVENUE BONDS, SERIES C	Interest	214	214	214	214	214	1,069	962						3,101
2001 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Principal	10	10	10	10	10	50	4,615	9,640	7,640				21,995
2001 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Interest	1,178	1,177	1,177	1,176	1,176	5,869	5,559	3,525	760				21,596

(Continued)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS —
REVENUE BOND PROGRAM

SCHEDULE 5

DEBT SERVICE REQUIREMENTS (PRINCIPAL AND INTEREST)
AS OF AUGUST 31, 2010

DESCRIPTION		2011	2012	2013	2014	2015	2016-20	2021-25	2026-30	2031-35	2036-40	2041-45	2046-50	TOTAL REQUIRED
2001 RESIDENTIAL MTG REVENUE BONDS, SERIES B	Principal	$ 650	$ 685	$ 710	$ 730	$ 755	$ 4,750	$ 2,320	$ -	$ -	$ -	$ -	$ -	$ 10,600
2001 RESIDENTIAL MTG REVENUE BONDS, SERIES B	Interest	538	505	470	434	398	1,327	154						3,826
2001 RESIDENTIAL MTG REVENUE BONDS, SERIES C	Principal	950	995	1,070	1,115	640								4,770
2001 RESIDENTIAL MTG REVENUE BONDS, SERIES C	Interest	195	153	118	68	17								551
2002 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Principal	370	360	425	430	455	2,385	3,325	7,965	6,985				22,700
2002 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Interest	1,199	1,182	1,164	1,141	1,119	5,226	4,549	3,083	769				19,432
2003 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Principal	660	675	675	790	820	4,690	7,485	15,885	15,855				47,535
2003 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Interest	2,328	2,302	2,275	2,252	2,213	10,426	9,128	6,229	1,835				38,990
2009 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Principal	360	715	695	680	680	2,840	9,370	19,595	18,490	26,565			79,990
2009 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Interest	4,105	4,097	4,083	4,066	4,047	19,874	19,052	15,085	9,977	4,101			88,486
2009 RESIDENTIAL MTG REVENUE BONDS, SERIES B	Principal	800	1,120	1,210	1,305	1,400	8,865	4,850						19,550
2009 RESIDENTIAL MTG REVENUE BONDS, SERIES B	Interest	937	899	852	799	739	2,579	320						7,124
2009 RESIDENTIAL MTG REVENUE BONDS, SERIES C	Principal		300,000											300,000
2009 RESIDENTIAL MTG REVENUE BONDS, SERIES C	Interest	548	183											730,032
TOTAL RESIDENTIAL MTG REVENUE BONDS		17,675	317,905	17,782	17,844	17,315	89,260	105,262	95,859	74,816	30,666			784,382
1992 COLL HOME MTG REV BONDS, SERIES C	Princpal							8,000						8,000
1992 COLL HOME MTG REV BONDS, SERIES C	Interest	529	582	529	582	529	2,752	2,166						7,670
TOTAL COLL HOME MTG REV BONDS		529	582	529	582	529	2,752	10,166						15,670
1996 MF SERIES A&B (BRAXTON'S MARK)	Principal								14,274					14,274
1996 MF SERIES A&B (BRAXTON'S MARK)	Interest	829	829	829	829	829	4,147	4,147	829					13,269
1996 MF SERIES A&B (BRIGHTON'S MARK)	Principal								8,075					8,075
1996 MF SERIES A&B (BRIGHTON'S MARK)	Interest	495	495	495	495	495	2,475	2,475	495					7,920
1998 MF SERIES (PEBBLE BROOK APARTMENTS)	Principal	225	245	255	275	295	1,775	2,430	3,355	395				9,250
1998 MF SERIES (PEBBLE BROOK APARTMENTS)	Interest	511	498	485	471	455	2,007	1,438	651	11				6,527
1998 MF SERIES A&B (GREENS OF HICKORY TRAIL)	Principal	290	310	335	355	370	2,260	3,055	4,110	480				11,565
1998 MF SERIES A&B (GREENS OF HICKORY TRAIL)	Interest	608	590	571	553	534	2,347	1,666	746	13				7,625
1998 MF SERIES A-C (RESIDENCE AT THE OAKS)	Principal	180	189	202						6,358				6,929
1998 MF SERIES A-C (RESIDENCE AT THE OAKS)	Interest	412	401	389	381	381	1,906	1,906	1,906	95				7,776
1999 MF SERIES A-C (MAYFIELD)	Principal	248	263	279	294	312	1,852	2,458	3,264	771				9,741
1999 MF SERIES A-C (MAYFIELD)	Interest	552	537	522	506	489	2,151	1,552	753	33				7,096

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DESCRIPTION		2011	2012	2013	2014	2015	2016-20	2021-25	2026-30	2031-35	2036-40	2041-45	2046-50	TOTAL REQUIRED
2000 MF SERIES (CREEK POINT APTS)	Principal	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,260	$ -	$ -	$ -	$ 6,260
2000 MF SERIES (CREEK POINT APTS)	Interest	21	21	21	21	21	106	106	106	46				472
2000 MF SERIES (DEERWOOD APTS)	Principal	115	120				1,305			4,240				5,780
2000 MF SERIES (DEERWOOD APTS)	Interest	365	359	354	354	354	1,768	1,357	1,357	678				6,945
2000 MF SERIES A&B (OAKS AT HAMPTON)	Principal	96	104	111	120	128	801	1,146	1,641	2,350	3,011			9,508
2000 MF SERIES A&B (OAKS AT HAMPTON)	Interest	681	674	667	658	649	3,089	2,743	2,248	1,539	529			13,478
2000 MF SERIES (TIMBER POINT APTS)	Principal									7,370				7,370
2000 MF SERIES (TIMBER POINT APTS)	Interest	25	25	25	25	25	125	125	125	52				553
2000 A&B MF SERIES (GREENBRIDGE)	Principal	339	159	171	184	198	1,244	1,799	2,602	3,763	5,441	3,573		19,474
2000 A&B MF SERIES (GREENBRIDGE)	Interest	1,719	1,411	1,398	1,385	1,371	6,604	6,049	5,246	4,086	2,407	43		31,720
2000 MF SERIES PARKS AT (WESTMORELAND)	Principal	94	101	108	116	125	778	1,113	1,594	2,281	3,155			9,464
2000 MF SERIES PARKS AT (WESTMORELAND)	Interest	678	671	664	656	647	3,082	2,747	2,266	1,578	593			13,582
2000 A&B MF SERIES (WILLIAMS RUN)	Principal	411	115	124	133	144	910	1,333	1,952	2,858	4,184	254		12,417
2000 A&B MF SERIES (WILLIAMS RUN)	Interest	1,077	915	905	896	885	4,235	3,813	3,194	2,288	961	3		19,172
2000 A/C MF SERIES (COLLINGHAM PARK)	Principal	244	259	274	291	308	1,854	2,519	3,444	3,130				12,323
2000 A/C MF SERIES (COLLINGHAM PARK)	Interest	824	807	790	771	751	3,413	2,696	1,718	432				12,204
2000 A/C MF SERIES (HIGHLAND MEADOWS)	Principal	149	159	170	182	194	1,189	1,664	2,320	2,148				8,175
2000 A/C MF SERIES (HIGHLAND MEADOWS)	Interest	549	539	528	517	504	2,301	1,832	1,177	300				8,247
2001A MF SERIES (BLUFFVIEW SR. APTS.)	Principal	74	80	87	93	101	637	930	1,358	1,983	2,897	2,057		10,297
2001A MF SERIES (BLUFFVIEW SR. APTS.)	Interest	883	876	869	861	853	4,114	3,782	3,298	2,590	1,557	117		19,800
2001 MF SERIES (GREENS ROAD APTS.)	Principal	145	155	165	175	185	1,110	1,505	2,060	2,175				7,675
2001 MF SERIES (GREENS ROAD APTS.)	Interest	410	402	393	385	375	1,714	1,374	907	274				6,234
2001A MF SERIES (KNOLLWOOD VILLAS APTS)	Principal	96	103	111	120	130	818	1,195	1,745	2,549	3,722	2,643		13,232
2001A MF SERIES (KNOLLWOOD VILLAS APTS)	Interest	1,002	995	987	978	968	4,672	4,295	3,745	2,942	1,768	133		22,486
2001 MF SERIES (OAK HOLLOW APTS.)	Principal	49	53	57	61	65	403	571	810	1,148	1,628	1,407		6,252
2001 MF SERIES (OAK HOLLOW APTS.)	Interest	436	433	429	425	420	2,023	1,855	1,617	1,278	799	108		9,822
2001A MF SERIES (SKYWAY VILLAS)	Principal	135	145	150	160	170	1,020	1,370	1,840	2,200				7,190
2001A MF SERIES (SKYWAY VILLAS)	Interest	401	394	385	377	368	1,683	1,359	918	322				6,207
2001A MF SERIES (COBB PARK)	Principal	130	60	64	69	75	469	678	980	1,417	2,048	1,595		7,584
2001A MF SERIES (COBB PARK)	Interest	1,445	550	545	540	535	2,579	2,370	2,068	1,631	999	94		13,354
2001 A/B MF SERIES (HILLSIDE APTS.)	Principal	55	59	64	68	73	454	643	912	1,293	1,833	7,000		12,457
2001 A/B MF SERIES (HILLSIDE APTS.)	Interest	870	866	862	857	852	4,174	3,985	3,716	3,335	2,795	627		22,940

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DEBT SERVICE REQUIREMENTS (PRINCIPAL AND INTEREST)
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DESCRIPTION		2011	2012	2013	2014	2015	2016-20	2021-25	2026-30	2031-35	2036-40	2041-45	2046-50	TOTAL REQUIRED
2001 MF SERIES (MERIDIAN APTS.)	Principal	$ 75	$ 84	$ 84	$ 94	$ 96	$ 587	$ 846	$ 6,537	$ 10	$ -	$ -	$ -	$ 8,413
2001 MF SERIES (MERIDIAN APTS.)	Interest	503	498	493	488	482	2,312	2,100	1,751	3				8,629
2001 MF SERIES (WILDWOOD APTS.)	Principal	60	67	72	72	81	477	642	5,036	5				6,512
2001 MF SERIES (WILDWOOD APTS.)	Interest	389	385	381	377	372	1,781	1,615	1,090	1				6,392
2001 A/C MF SERIES (FALLBROOK APTS.)	Principal	251	268	283	302	320	1,919	2,587	3,487	4,163				13,580
2001 A/C MF SERIES (FALLBROOK APTS.)	Interest	819	804	787	770	751	3,436	2,768	1,868	656				12,660
2002 SERIES (CLARKRIDGE VILLAS APTS)	Principal	100	107	115	123	132	818	1,159	1,644	2,330	3,303	3,698		13,529
2002 SERIES (CLARKRIDGE VILLAS APTS)	Interest	944	937	929	921	912	4,401	4,059	3,575	2,889	1,915	419		21,901
2002 SERIES A (GREEN CREST APTS)	Principal	82	88	94	101	108	669	948	1,345	1,906	2,702	3,096		11,138
2002 SERIES A (GREEN CREST APTS)	Interest	777	771	765	758	751	3,625	3,345	2,949	2,388	1,592	373		18,093
2002 SERIES A (HICKORY TRACE APTS)	Principal	82	88	94	101	108	672	953	1,350	1,914	2,714	3,109		11,187
2002 SERIES A (HICKORY TRACE APTS)	Interest	780	775	768	761	754	3,641	3,360	2,962	2,398	1,599	374		18,172
2002 MF SERIES (MILLSTONE APTS.)	Principal	195	215	215	230	240	1,425	1,865	2,450	3,215				10,050
2002 MF SERIES (MILLSTONE APTS.)	Interest	551	540	528	516	504	2,301	1,861	1,277	510				8,587
2002 MF SERIES (PARK MEADOWS APTS.)	Principal	80	80	85	90	95	590	810	1,120	1,190				4,140
2002 MF SERIES (PARK MEADOWS APTS.)	Interest	269	264	259	253	247	1,130	907	599	181				4,109
2002 MF SERIES (WEST OAKS APTS.)	Principal	71	76	82	88	94	588	840	1,199	1,713	2,447	2,189		9,388
2002 MF SERIES (WEST OAKS APTS.)	Interest	669	664	658	652	645	3,112	2,860	2,500	1,987	1,253	181		15,181
2002 SERIES A (WOODWAY VILLAGE)	Principal	130	135	145	155	160	965	5,610						7,300
2002 SERIES A (WOODWAY VILLAGE)	Interest	375	369	362	355	347	1,602	829						4,239
2002 SERIES A/B (IRON WOOD CROSSING)	Principal	95	103	113	123	134	878	1,312	1,862	2,640	3,742	5,611		16,613
2002 SERIES A/B (IRON WOOD CROSSING)	Interest	1,187	1,179	1,169	1,159	1,148	5,532	5,098	4,548	3,770	2,668	724		28,183
2003 SERIES (EVERGREEN @ MESQUITE)	Principal	133	142	151	161	172	1,043	1,435	1,974	2,717	1,349	1,228		10,505
2003 SERIES (EVERGREEN @ MESQUITE)	Interest	697	688	679	669	659	3,107	2,715	2,176	1,434	694	190		13,709
2003 SERIES A/B (ASH CREEK APTS)	Principal	101	110	119	129	140	891	1,258	1,760	2,463	9,046			16,019
2003 SERIES A/B (ASH CREEK APTS)	Interest	1,068	1,059	1,050	1,040	1,030	4,961	4,602	4,110	3,421	390			22,732
2003 SERIES A/B (NORTH VISTA)	Principal	230	240	250	260	275	1,625	2,125	2,775	3,650	860			12,290
2003 SERIES A/B (NORTH VISTA)	Interest	616	606	595	584	571	2,627	2,160	1,549	749	33			10,091
2003 SERIES A/B (PENINSULA APTS)	Principal	180	190	205	215	230	120	955	1,735	7,775				11,605
2003 SERIES A/B (PENINSULA APTS)	Interest	53	44	35	25	14	2,221	2,700	2,323	206				7,622
2003 SERIES A/B (PRIMROSE HOUSTON)	Principal	101	109	118	128	139	891	1,274	1,774	2,470	9,292			16,294
2003 SERIES A/B (PRIMROSE HOUSTON)	Interest	1,075	1,067	1,058	1,048	1,037	4,993	4,621	4,131	3,450	539			23,018

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DESCRIPTION		2011	2012	2013	2014	2015	2016-20	2021-25	2026-30	2031-35	2036-40	2041-45	2046-50	TOTAL REQUIRED
2003 SERIES A/B (READING ROAD)	Principal	$ 30	$ 30	$ 30	$ 30	$ 40	$ 220	$ 305	$ 430	$ 600	$ 9,895	$ -	$ -	$ 11,610
2003 SERIES A/B (READING ROAD)	Interest	154	151	149	147	145	684	598	477	307	33			2,845
2003 SERIES A/B (SPHINX @ MURDEAUX)	Principal	185	195	205	215	225	1,300	1,655	2,090	2,670	3,410	2,050		14,200
2003 SERIES A/B (SPHINX @ MURDEAUX)	Interest	697	688	678	668	658	3,114	2,764	2,316	1,742	999	156		14,478
2003 SERIES A/B (TIMBER OAKS)	Principal	73	80	87	95	103	677	1,045	1,518	2,125	2,976	4,135		12,913
2003 SERIES A/B (TIMBER OAKS)	Interest	909	902	895	887	879	4,233	3,864	3,392	2,785	1,934	605		21,286
2003 SERIES A/B (WEST VIRGINIA)	Principal	165	165	180	190	195	1,155	1,535	2,015	2,640	625			8,865
2003 SERIES A/B (WEST VIRGINIA)	Interest	444	437	430	422	412	1,899	1,565	1,123	542	24			7,299
2004 SERIES (BRISTOL)	Principal										12,100			12,100
2004 SERIES (BRISTOL)	Interest	34	34	34	34	34	169	169	169	169	62			909
2004 SERIES (CHISHOLM TRAIL)	Principal										11,500			11,500
2004 SERIES (CHISHOLM TRAIL)	Interest	32	32	32	32	32	161	161	161	161	54			859
2004 SERIES (CHURCHILL @ PINNACLE)	Principal	82	87	93	99	106	648	898	1,245	1,726	2,392	2,503		9,879
2004 SERIES (CHURCHILL @ PINNACLE)	Interest	645	639	633	627	620	2,984	2,734	2,387	1,906	1,239	342		14,756
2004 SERIES (EVERGREEN @ PLANO)	Principal	97	103	110	118	126	769	1,065	1,477	2,047	2,838	5,731		14,482
2004 SERIES (EVERGREEN @ PLANO)	Interest	946	939	932	925	917	4,444	4,147	3,736	3,165	2,375	1,082		23,609
2004 SERIES (HUMBLE PARK)	Principal	120	130	135	145	155	955	1,335	1,840	2,540	3,505	430		11,290
2004 SERIES (HUMBLE PARK)	Interest	743	735	726	717	708	3,366	2,999	2,486	1,783	809	14		15,087
2004 SERIES (MONTGOMERY PINES)	Principal										12,100			12,100
2004 SERIES (MONTGOMERY PINES)	Interest	34	34	34	34	34	169	169	169	169	62			909
2004 SERIES (PINNACLE)	Principal										14,065			14,065
2004 SERIES (PINNACLE)	Interest	38	38	38	38	38	190	190	190	190	70			1,019
2004 SERIES (RUSH CREEK)	Principal	60	64	68	73	78	479	669	934	1,305	1,822	3,111		8,663
2004 SERIES (RUSH CREEK)	Interest	579	574	570	565	560	2,713	2,523	2,258	1,887	1,369	536		14,134
2004 SERIES (SPHINX @ DELAFIELD)	Principal	120	125	135	140	150	880	1,155	1,510	1,995	2,510	2,195		10,915
2004 SERIES (SPHINX @ DELAFIELD)	Interest	572	566	559	552	545	2,602	2,350	2,011	1,561	971	241		12,531
2004 SERIES (TRANQUILITY BAY)	Principal	102	109	117	124	133	809	1,119	1,547	2,139	2,958	4,826		13,982
2004 SERIES (TRANQUILITY BAY)	Interest	906	899	892	884	876	4,232	3,922	3,494	2,902	2,083	851		21,939
2004 SERIES A/B (CENTURY PARK)	Principal	190	200	210	230	245	1,450	1,925	2,570	3,415	1,665			12,100
2004 SERIES A/B (CENTURY PARK)	Interest	650	639	628	617	604	2,805	2,360	1,766	976	114			11,159
2004 SERIES A/B (POST OAK EAST)	Principal										13,600			13,600
2004 SERIES A/B (POST OAK EAST)	Interest	41	41	41	41	41	205	205	205	205	82			1,105

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DESCRIPTION		2011	2012	2013	2014	2015	2016-20	2021-25	2026-30	2031-35	2036-40	2041-45	2046-50	TOTAL REQUIRED
2004 SERIES A/B (TIMBER RIDGE)	Principal	$ 42	$ 45	$ 48	$ 52	$ 56	$ 344	$ 487	$ 690	$ 976	$ 3,818	$ -	$ -	$ 6,558
2004 SERIES A/B (TIMBER RIDGE)	Interest	441	438	435	432	428	2,077	1,939	1,743	1,465	250			9,651
2004 SERIES A/B (VETERANS MEMORIAL)	Principal	102	111	121	132	143	913	1,277	1,775	2,466	3,428	5,467		15,934
2004 SERIES A/B (VETERANS MEMORIAL)	Interest	1,065	1,056	1,047	1,036	1,024	4,925	4,561	4,063	3,371	2,410	907		25,465
2003 SERIES A/B (PARKVIEW TWNHMS)	Principal	102	111	121	132	144	929	1,319	1,833	2,547	3,539	5,444		16,222
2003 SERIES A/B (PARKVIEW TWNHMS)	Interest	1,090	1,081	1,071	1,060	1,049	5,033	4,643	4,129	3,415	2,422	878		25,871
2003 SERIES A/B (ARLINGTON VILLAS)	Principal	95	102	111	120	130	834	1,232	1,744	2,461	9,983			16,812
2003 SERIES A/B (ARLINGTON VILLAS)	Interest	1,154	1,146	1,138	1,128	1,118	5,411	5,018	4,516	3,815	865			25,309
2003 SERIES (NHP-ASMARA)REFUNDING	Principal	430	450	480	510	540	3,230	4,325	5,795	4,275				20,035
2003 SERIES (NHP-ASMARA)REFUNDING	Interest	54	53	52	50	49	221	171	105	22				777
2004 SERIES (VILLAGE FAIR)	Principal	97	103	110	118	125	765	1,058	1,463	2,024	2,798	5,132		13,794
2004 SERIES (VILLAGE FAIR)	Interest	894	887	880	873	865	4,188	3,895	3,490	2,929	2,155	1,014		22,069
2005 SERIES (PECAN GROVE)	Principal	96	102	109	116	124	757	1,047	1,448	2,003	2,769	5,160		13,733
2005 SERIES (PECAN GROVE)	Interest	890	883	877	869	861	4,171	3,881	3,480	2,926	2,159	1,037		22,034
2005 SERIES (PRAIRIE OAKS)	Principal	75	81	86	92	98	597	825	1,141	1,577	2,181	4,064		10,816
2005 SERIES (PRAIRIE OAKS)	Interest	701	696	690	685	679	3,285	3,057	2,741	2,304	1,700	817		17,354
2005 SERIES (PORT ROYAL)	Principal	83	88	94	101	107	655	906	1,253	1,732	2,395	4,534		11,949
2005 SERIES (PORT ROYAL)	Interest	774	769	763	756	750	3,630	3,380	3,033	2,553	1,890	926		19,225
2005 SERIES (MISSION DEL RIO)	Principal	78	83	89	95	101	617	853	1,180	1,631	2,256	4,270		11,253
2005 SERIES (MISSION DEL RIO)	Interest	729	724	718	712	706	3,419	3,183	2,856	2,405	1,780	872		18,106
2005 SERIES (ATASCOCITA)	Principal										11,600			11,600
2005 SERIES (ATASCOCITA)	Interest	33	33	32	32	32	162	162	162	162	87			899
2005 SERIES (TOWER RIDGE)	Principal										15,000			15,000
2005 SERIES (TOWER RIDGE)	Interest	55	56	55	56	56	278	277	278	278	146			1,533
2005 SERIES (PRAIRIE RANCH)	Principal	125	135	140	150	160	915	1,195	1,545	1,920	2,440	3,085		11,810
2005 SERIES (PRAIRIE RANCH)	Interest	571	565	558	552	544	2,596	2,346	2,019	1,605	1,085	426		12,867
2005 SERIES (ST. AUGUSTINE)	Principal										6,380			6,380
2005 SERIES (ST. AUGUSTINE)	Interest	19	19	18	19	19	93	92	93	93	57			520
2005 SERIES (PARK MANOR)	Principal											10,400		10,400
2005 SERIES (PARK MANOR)	Interest	666	666	666	666	666	3,328	3,328	3,328	3,328	3,328	3,273		23,241
2005 SERIES (PROVIDENCE @ MOCKINGBIRD)	Principal	97	103	110	117	125	759	1,045	1,438	1,978	2,722	5,611		14,104
2005 SERIES (PROVIDENCE @ MOCKINGBIRD)	Interest	900	893	887	879	872	4,224	3,938	3,546	3,005	2,261	1,238		22,643

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DESCRIPTION		2011	2012	2013	2014	2015	2016-20	2021-25	2026-30	2031-35	2036-40	2041-45	2046-50	TOTAL REQUIRED
2005 SERIES (PLAZA CHASE OAKS)	Principal	$ 238	$ 251	$ 264	$ 277	$ 292	$ 1,700	$ 2,187	$ 2,814	$ 3,620	$ 2,028	$ -	$ -	$ 13,670
2005 SERIES (PLAZA CHASE OAKS)	Interest	685	673	660	646	632	2,916	2,429	1,802	996	126			11,564
2005 SERIES (CANAL PLACE APTS)	Principal	81	88	95	103	112	719	1,021	1,404	1,932	10,489			16,044
2005 SERIES (CANAL PLACE APTS)	Interest	1,018	1,011	1,004	996	988	4,783	4,491	4,116	3,601	2,248			24,256
2005 SERIES (CORAL HILLS)	Principal	45	80	85	90	90	525	710	3,275					4,900
2005 SERIES (CORAL HILLS)	Interest	247	244	240	236	231	1,081	930	163					3,373
2006 SERIES (HARRIS BRANCH APTS)	Principal										14,700			14,700
2006 SERIES (HARRIS BRANCH APTS)	Interest	44	44	44	44	44	221	220	221	221	158			1,261
2006 SERIES (BELLA VISTA APTS)	Principal	45	50	55	55	60	365	495	670	915	1,240	1,685	1,060	6,695
2006 SERIES (BELLA VISTA APTS)	Interest	412	409	406	403	399	1,935	1,808	1,635	1,401	1,083	650	65	10,605
2006 SERIES (VILLAGE PARK)	Principal	150	155	170	175	185	1,100	1,475	7,005					10,415
2006 SERIES (VILLAGE PARK)	Interest	524	517	509	501	493	2,318	2,012	525					7,398
2006 SERIES (OAKMOOR)	Principal	100	106	113	120	127	764	1,031	1,391	1,876	2,530	3,413	2,754	14,326
2006 SERIES (OAKMOOR)	Interest	857	851	844	837	830	4,021	3,754	3,394	2,909	2,255	1,372	89	22,014
2006 SERIES (SUNSET POINTE)	Principal										15,000			15,000
2006 SERIES (SUNSET POINTE)	Interest	51	51	51	51	51	255	255	255	255	200			1,475
2006 SERIES (HILLCREST)	Principal	150	150	160	170	185	1,105	1,520	7,550					10,990
2006 SERIES (HILLCREST)	Interest	575	567	559	551	542	2,547	2,212	764					8,317
2006 SERIES (PLEASANT VILLAGE)	Principal	84	88	95	101	107	642	4,702						5,818
2006 SERIES (PLEASANT VILLAGE)	Interest	352	347	341	335	329	1,536	707						3,947
2006 SERIES (GROVE VILLAGE)	Principal	86	91	98	104	110	661	4,843						5,992
2006 SERIES (GROVE VILLAGE)	Interest	362	358	351	345	338	1,582	728						4,065
2006 SERIES (RED HILLS VILLAS)	Principal							500	900	1,200	2,315			4,915
2006 SERIES (RED HILLS VILLAS)	Interest	18	18	18	18	18	88	83	71	52	8			391
2006 SERIES (CHAMPIONS CROSSING)	Principal						400	500	900	1,200	1,925			4,925
2006 SERIES (CHAMPIONS CROSSING)	Interest	18	18	18	18	18	85	76	64	45	6			365
2006 SERIES (STONEHAVEN)	Principal	82	87	92	98	103	617	824	9,257					11,161
2006 SERIES (STONEHAVEN)	Interest	645	640	635	630	624	3,019	2,812	619					9,624
2006 SERIES (CENTER RIDGE)	Principal										8,325			8,325
2006 SERIES (CENTER RIDGE)	Interest	416	416	416	416	416	2,081	2,081	2,081	2,081	1,665			12,071
2006 SERIES (MEADOWLANDS)	Principal	82	87	92	98	104	626	844	1,138	1,536	2,071	2,794	2,854	12,327
2006 SERIES (MEADOWLANDS)	Interest	737	732	727	721	715	3,471	3,253	2,958	2,561	2,026	1,303	164	19,369
2006 SERIES (EAST TEX PINES)	Principal	80	95	105	110	110	685	900	1,195	1,585	2,105	2,785	3,745	13,500
2006 SERIES (EAST TEX PINES)	Interest	781	776	770	764	757	3,675	3,447	3,145	2,744	2,213	1,508	288	20,865
2006 SERIES (VILLAS @ HENDERSON)	Principal	145	104	110	116	123	727	961	1,270	1,678	1,966			7,200
2006 SERIES (VILLAS @ HENDERSON)	Interest	21	20	20	20	19	91	79	63	41	14			387
2006 SERIES (ASPEN PARK)	Principal	95	100	110	110	120	710	950	460		7,040			9,695
2006 SERIES (ASPEN PARK)	Interest	484	479	474	468	462	2,214	2,012	1,789	1,760	1,408			11,550
2006 SERIES (IDLEWILDE)	Principal										14,040			14,040
2006 SERIES (IDLEWILDE)	Interest	40	39	39	39	39	197	197	197	197	190			1,173

(Continued)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS —
REVENUE BOND PROGRAM

DEBT SERVICE REQUIREMENTS (PRINCIPAL AND INTEREST)
AS OF AUGUST 31, 2010

DESCRIPTION		2011	2012	2013	2014	2015	2016-20	2021-25	2026-30	2031-35	2036-40	2041-45	2046-50	TOTAL REQUIRED
2007 SERIES (LANCASTER)	Principal	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 14,040	$ -	$ -	$ 14,040
2007 SERIES (LANCASTER)	Interest	40	39	39	39	39	197	197	197	197	193			1,176
2007 SERIES (PARK PLACE AT LOYOLA)	Principal	98	104	110	117	123	737	984	1,314	1,755	2,344	3,131	4,181	15,000
2007 SERIES (PARK PLACE AT LOYOLA)	Interest	867	862	855	849	842	4,090	3,843	3,513	3,072	2,483	1,696	318	23,289
2007 SERIES (TERRACES AT CIBOLO)	Principal										8,000			8,000
2007 SERIES (TERRACES AT CIBOLO)	Interest	23	23	23	23	23	116	116	116	116	110			690
2007 SERIES (SANTORA VILLAS)	Principal	64	89	94	100	106	633	845	1,129	1,508	2,014	2,689	3,800	13,072
2007 SERIES (SANTORA VILLAS)	Interest	757	752	747	741	735	3,574	3,361	3,078	2,699	2,193	1,517	332	20,485
2007 SERIES (A/B VILLAS @ MESQUITE CREEK)	Principal	155	165	175	185	195	1,170	1,515	1,935	2,480	3,180	4,065	1,430	16,650
2007 SERIES (A/B VILLAS @ MESQUITE CREEK)	Interest	844	835	825	814	804	3,831	3,489	3,064	2,522	1,827	938	72	19,864
2007 SERIES (SUMMIT POINT)	Principal	100	105	120	120	130	740	955	1,245	1,635	2,165	2,845	1,375	11,535
2007 SERIES (SUMMIT POINT)	Interest	594	589	583	578	572	2,760	2,553	2,282	1,919	1,433	788	91	14,741
2007 SERIES (COSTA RIALTO)	Principal	91	96	101	107	113	663	866	1,131	1,477	1,929	2,519	3,290	12,385
2007 SERIES (COSTA RIALTO)	Interest	660	655	650	645	639	3,094	2,891	2,626	2,280	1,828	1,238	282	17,487
2007 SERIES (WINDSHIRE)	Principal											14,000		14,000
2007 SERIES (WINDSHIRE)	Interest	39	39	39	39	39	196	196	196	196	196	16		1,193
2007 SERIES (RESIDENCE @ ONION CREEK)	Principal											15,000		15,000
2007 SERIES (RESIDENCE @ ONION CREEK)	Interest	51	51	51	51	51	255	255	255	255	255	17		1,547
2008 SERIES (ADDISON PARK APTS)	Principal											13,800		13,800
2008 SERIES (ADDISON PARK APTS)	Interest	45	44	44	44	44	221	221	221	221	221	151		1,476
2008 SERIES (COSTA IBIZA APTS)	Principal											13,900		13,900
2008 SERIES (COSTA IBIZA APTS)	Interest	41	42	42	42	42	209	208	208	208	209	42		1,292
2008 SERIES (WEST OAKS APTS)	Principal											13,125		13,125
2008 SERIES (WEST OAKS APTS)	Interest	36	35	35	35	35	177	177	177	177	177	32		1,096

(Continued)

DEBT SERVICE REQUIREMENTS (PRINCIPAL AND INTEREST)
AS OF AUGUST 31, 2010

DESCRIPTION		2011	2012	2013	2014	2015	2016-20	2021-25	2026-30	2031-35	2036-40	2041-45	2046-50	TOTAL REQUIRED
2009 SERIES (COSTA MARIPOSA)	Principal	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 13,690	$ -	$ 13,690
2009 SERIES (COSTA MARIPOSA)	Interest	44	44	44	44	44	219	219	219	219	219	77		1,391
2009 SERIES (WOODMONT APTS)	Principal											15,000		15,000
2009 SERIES (WOODMONT APTS)	Interest	45	45	45	45	45	225	225	225	225	225	82		1,432
2008 SERIES (ALTA CULLEN)	Principal											14,000		14,000
2008 SERIES (ALTA CULLEN)	Interest	47	48	48	48	48	238	238	238	238	238	218		1,646
TOTAL MULTI-FAMILY BONDS		$ 65,103	$ 63,239	$ 63,172	$ 63,004	$ 63,056	$ 319,009	$ 331,570	$ 359,741	$ 301,619	$ 435,463	$ 284,299	$ 26,190	$ 2,375,464
Total		$ 124,967	$ 423,480	$ 123,959	$ 123,900	$ 123,371	$ 656,725	$ 710,691	$ 723,144	$ 652,284	$ 592,714	$ 284,299	$ 26,190	$ 4,565,723
Less Interest		98,934	96,075	94,488	93,097	91,503	434,644	380,427	292,030	192,804	95,972	30,249	1,700	1,901,923
Total Principal		$ 26,033	$ 327,405	$ 29,471	$ 30,803	$ 31,868	$ 222,081	$ 330,264	$ 431,113	$ 459,480	$ 496,742	$ 254,050	$ 24,489	$ 2,663,800

(Concluded)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS - SCHEDULE 6
REVENUE BOND PROGRAM

ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE - REVENUE BONDS
For the Fiscal Year Ended August 31, 2010
(Amounts in Thousands)

	Pledged and Other Sources and Related Expenditures for FY 2010			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay	Principal	Interest
2002 Single Family Series A	$ 6,066	$ 44	$	$ 1,829
2002 Single Family Series A (Jr. Lien)	4,378	5		154
2002 Single Family Series B	8,531	31		1,352
2002 Single Family Series C	1,563	12	530	435
2002 Single Family Series D	240	4	840	118
2004 Single Family Series A	26,886	159	2,845	3,508
2004 Single Family Series A (Jr. Lien)		8		13
2004 Single Family Series B	2,790	125		1,938
2004 Single Family Series C	8,451	58	165	1,069
2004 Single Family Series D	1,780	103		1,278
2004 Single Family Series E	896	14	1,085	220
2005 Single Family Series A	17,290	224		3,314
2005 Single Family Series B	3,088	55	630	617
2005 Single Family Series C	1,129	25		17
2005 Single Family Series D	166	13		152
2006 Single Family Series A	14,434	43	485	2,454
2006 Single Family Series B	16,577	49	1,450	2,815
2006 Single Family Series C	25,145	74	1,530	4,382
2006 Single Family Series D	5,701	18		882
2006 Single Family Series E	767	12	1,315	525
2006 Single Family Series F	25,545	96	510	3,470
2006 Single Family Series G	4,181	14	1,210	454
2006 Single Family Series H	2,276	61		1,321
2007 Single Family Series A	21,756	366		5,119
2007 Single Family Series B	27,356	127	1,440	7,587
Total Single Family Bonds	226,991	1,737	14,035	45,023
1998 RMRB Series A	5,420	27	1,025	1,593
1998 RMRB Series B	1,012	5		293
1999 RMRB Series A	707	394		209
2000 RMRB Series A	14,926	13		681
2000 RMRB Series B	30,004	219		1,920
2000 RMRB Series C	5,377	65		441
2000 RMRB Series D	4,780		605	233
2001 RMRB Series A	4,991	23	330	1,294
2001 RMRB Series B	1,337	11		568
2001 RMRB Series C	718	5	1,005	239
2001 RMRB Series D				
2002 RMRB Series A	4,934	22	340	1,323
2003 RMRB Series A	9,289	46	745	2,540
2009 RMRB Series A	1,814	99		4,105
2009 RMRB Series B	2,946	25	560	1,003
2009 RMRB Series C	275			272
Total Residential Mtg Revenue Bonds	88,530	955	4,610	16,716
1992 CHMRB Series C	1,795	7		591
Total 1992 CHMRB	1,795	7		591

(Continued)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS - SCHEDULE 6
REVENUE BOND PROGRAM

ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE - REVENUE BONDS
For the Fiscal Year Ended August 31, 2010
(Amounts in Thousands)

	Pledged and Other Sources and Related Expenditures for FY 2010			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay	Principal	Interest
1996 MF Series A/B (Brighton's Mark)	$ 508	$ 6	$	$ 502
1996 MF Series A/B (Braxton's Mark)	845	3		841
1998 MF Series A (Pebble Brook)	629		105	519
1998 MF Series A-C (Residence Oaks)	420		169	420
1998 MF Series A/B (Greens of Hickory Trial)	616		270	616
1999 MF Series A-C (Mayfield)	561		235	561
2000 MF Series A (Creek Point Apts)	124			19
2000 MF Series A (Deerwood Apts)	370		105	370
2000 MF Series A (Timber Point Apts)	123			23
2000 MF Series A/B (Greenbridge)	1,441			1,441
2000 MF Series A/B (Oaks at Hampton)	688		89	688
2000 MF Series A/B (Parks @ Westmoreland)	684		87	684
2000 MF Series A/B (Williams Run)	950			950
2000 MF Series A-C (Collingham Park)	835		230	835
2000 MF Series A-C (Highland Meadow Apts)	556		139	556
2001 MF Series A (Bluffview Senior Apts)	785		69	785
2001 MF Series A (Knollwood Villas Apts)	1,009		89	1,009
2001 MF Series A (Oak Hollow Apts.)	439		46	439
2001 MF Series A (Greens Road Apts.)	415		135	415
2001 MF Series A (Skyway Villas)	406		130	406
2001 MF Series A/B (Cobb Park)	563			563
2001 MF Series A/B (Hillside Apts.)	874		52	874
2001 MF Series A/B (Meridian Apts.)	507		72	507
2001 MF Series A/B (Wildwood Apts.)	392		60	392
2001 MF Series A-C (Fallbrook Apts.)	832		235	832
2002 MF Series A (Clarkridge Villas Apts)	950		93	950
2002 MF Series A (Park Meadows Apts)	272		65	272
2002 MF Series A (Sugar Creek Apts.)	12,017		45	512
2002 MF Series A (West Oaks Apts.)	673		66	673
2002 MF Series A (Green Crest Apts)	782		76	782
2002 MF Series A (Hickory Trace Apts)	786		77	786
2002 MF Series A (Millstone Apts.)	558		185	558
2002 MF Series A (Woodway Village Apts)	380		120	380
2002 MF Series A/B (Ironwood Crossing)	1,195		87	1,195
2003 MF Series A (NHP-Asmara) Refunding	171		400	56
2003 MF Series A (Evergreen @ Mesquite)	715		125	715
2003 MF Series A/B (Reading Road)	358		30	158
2003 MF Series A/B (Arlington Villas)	1,161		87	1,161
2003 MF Series A/B (Ash Creek Apts)	1,075		94	1,075
2003 MF Series A/B (North Vista Apts)	623		210	623
2003 MF Series A/B (Parkview Twnhms)	1,098		94	1,098
2003 MF Series A/B (Peninsula Apts)	638		150	613
2003 MF Series A/B (Primrose Houston School)	1,082		93	1,082
2003 MF Series A/B (Sphinx @ Murdeaux)	703		180	703
2003 MF Series A/B (Timber Oaks Apts)	915		67	915
2003 MF Series A/B (West Virginia Apts)	450		155	450
2004 MF Series A (Bristol)	137			37

(Continued)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS — SCHEDULE 6
REVENUE BOND PROGRAM

ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE - REVENUE BONDS
For the Fiscal Year Ended August 31, 2010
(Amounts in Thousands)

	Pledged and Other Sources and Related Expenditures for FY 2010			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay	Principal	Interest
2004 MF Series A (Chisholm Trail)	$ 236	$	$	$ 36
2004 MF Series A (Churchill @ Pinnacle)	649		77	649
2004 MF Series A (Evergreen @ Plano)	951		91	951
2004 MF Series A (Humble Park)	749		110	749
2004 MF Series A (Montgomery Pines)	238			38
2004 MF Series A (Pinnacle)	142			42
2004 MF Series A (Rush Creek)	582		56	582
2004 MF Series A (Sphinx @ Delafield)	577		110	577
2004 MF Series A (Tranquility Bay)	912		96	912
2004 MF Series A (Village Fair)	899		91	899
2004 MF Series A/B (Century Park)	657		185	657
2004 MF Series A/B (Post Oak East)	43			43
2004 MF Series A/B (Timber Ridge)	444		39	444
2004 MF Series A/B (Veterans Memorial)	1,073		94	1,073
2005 MF Series A (Atascocita Pines)	136			36
2005 MF Series A/B (Canal Place)	1,024		56	1,024
2005 MF Series A (Del Rio)	734		73	734
2005 MF Series A (Park Manor)	666			666
2005 MF Series A (Pecan Grove)	895		90	895
2005 MF Series A (Chase Oaks)	696		227	696
2005 MF Series A (Port Royal)	779		78	779
2005 MF Series A (Prairie Oaks)	705		71	705
2005 MF Series A (Prairie Ranch)	576		125	576
2005 MF Series A (Mockingbird)	905		91	905
2005 MF Series A (St Augustine)	792			22
2005 MF Series A (Tower Ridge)	54			54
2006 MF Series A (Aspen Park Apts)	488		105	488
2006 MF Series A (Bella Vista)	413		45	413
2006 MF Series A (Center Ridge)	416			416
2006 MF Series A (Champion Crossing)	117			17
2005 MF Series A (Coral Hills)	276		70	251
2006 MF Series A (East Tex Pines)	783			783
2006 MF Series A (Grove Village)	367		81	367
2006 MF Series A (Harris Branch)	254			54
2006 MF Series A (Hillcrest)	1,795		230	580
2006 MF Series A (Idlewilde Apts)	254			44
2006 MF Series A (Meadowlands)	742		77	742
2006 MF Series A (Oakmoor)	862		94	862
2006 MF Series A (Pleasant Village)	356		79	356
2006 MF Series A (Red Hills Villas)	17			17
2006 MF Series A (Stonehaven)	649		77	649
2006 MF Series A (Sunset Pointe)	54			54
2006 MF Series A (Village Park)	529		150	529
2006 MF Series A (Villas at Henderson)	22			22
2007 MF Series A (Villas @ Mesquite Creek)	990		75	855
2007 MF Series A (Costa Rialto)	663			663
2007 MF Series A (Lancaster Apts)	254			44

(Continued)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS - SCHEDULE 6
REVENUE BOND PROGRAM

ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE - REVENUE BONDS
For the Fiscal Year Ended August 31, 2010
(Amounts in Thousands)

	Pledged and Other Sources and Related Expenditures for FY 2010			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay	Principal	Interest
2007 MF Series A (Park Place @ Loyola)	$ 870	$	$	$ 870
2007 MF Series A (Santora Villas)	758			758
2007 MF Series A (Summit Point)	598		165	598
2007 MF Series A (Terraces at Cibolo)	24			24
2007 MF Series A (Windshire)	43			43
2007 MF Series A (Residences @ Onion Creek)	58			58
2008 MF Series A (West Oaks Apts)	39			39
2008 MF Series A (Costa Ibiza Apts)	35			35
2008 MF Series A(Addison Park)	150			50
2008 MF Series A (Alta Cullen)	42			42
2009 MF Series A (Costa Mariposa)	38			38
2009 MF Series A (Woodmont Apts)	41			41
Total Multifamily Bonds	71,423	9	7,822	55,587
Total	$ 388,740	$ 2,709	$ 26,467	$ 117,917

(Concluded)

MISCELLANEOUS BOND INFORMATION — EARLY EXTINGUISHMENT AND REFUNDING AS OF AUGUST 31, 2010

			For Refunding Only		
Description of Issue	Category	Amount Extinguished or Refunded	Refunding Issue Par Value	Cash Flow Increase (Decrease)	Economic Gain/ (Loss)
BUSINESS-TYPE ACTIVITIES:					
2002 Single Family Series A (Jr. Lien)	Early Extinguishment	$ 3,995,000	$ -	$ -	$ -
2002 Single Family Series A	Early Extinguishment	4,415,000			
2002 Single Family Series B	Early Extinguishment	7,385,000			
2002 Single Family Series C	Early Extinguishment	1,125,000			
2002 Single Family Series D	Early Extinguishment	105,000			
2004 Single Family Series A	Early Extinguishment	23,335,000			
2004 Single Family Series C	Early Extinguishment	7,455,000			
2004 Single Family Series E	Early Extinguishment	655,000			
2005 Single Family Series A	Early Extinguishment	13,535,000			
2005 Single Family Series B	Early Extinguishment	2,390,000			
2005 Single Family Series C	Early Extinguishment	810,000			
2006 Single Family Series A	Early Extinguishment	11,620,000			
2006 Single Family Series B	Early Extinguishment	13,380,000			
2006 Single Family Series C	Early Extinguishment	20,285,000			
2006 Single Family Series D	Early Extinguishment	4,550,000			
2006 Single Family Series F	Early Extinguishment	22,005,000			
2006 Single Family Series G	Early Extinguishment	3,675,000			
2007 Single Family Series A	Early Extinguishment	16,040,000			
2007 Single Family Series B	Early Extinguishment	20,800,000			
1998 RMRB Series A	Early Extinguishment	3,390,000			
1998 RMRB Series B	Early Extinguishment	625,000			
1999 RMRB Series A	Early Extinguishment	390,000			
2000 RMRB Series A	Early Extinguishment	13,965,000			
2000 RMRB Series B	Early Extinguishment	27,770,000			
2000 RMRB Series C	Early Extinguishment	4,710,000			
2000 RMRB Series D	Early Extinguishment	4,780,000			
2001 RMRB Series A	Early Extinguishment	3,775,000			
2001 RMRB Series B	Early Extinguishment	760,000			
2001 RMRB Series C	Early Extinguishment	450,000			
2002 RMRB Series A	Early Extinguishment	3,615,000			
2003 RMRB Series A	Early Extinguishment	6,860,000			
2009 RMRB Series A	Early Extinguishment	10,000			
2009 RMRB Series B	Early Extinguishment	2,495,000			
1992 Coll Home Mtg Rev Bonds, Series C	Early Extinguishment	1,100,000			
1998 Series (Pebble Brook)	Early Extinguishment	110,000			
2000 Series (Timber Point Apts)	Early Extinguishment	100,000			
2000 Series (Creek Point Apts)	Early Extinguishment	105,000			
2002 Series (Sugar Creek)	Early Extinguishment	11,505,000			
2003 Series A/B (Reading Road)	Early Extinguishment	200,000			
2003 Series (Peninsula)	Early Extinguishment	25,000			
2003 Series (NHP-Asmara- Refunding)	Early Extinguishment	115,000			
2004 Series A (Chisholm Trail)	Early Extinguishment	200,000			
2004 Series (Montgomery Pines)	Early Extinguishment	200,000			
2004 Series (Bristol)	Early Extinguishment	100,000			
2004 Series (Pinnacle)	Early Extinguishment	100,000			
2005 Series (Atascocita Pines)	Early Extinguishment	100,000			
2005 Series (St Augustine)	Early Extinguishment	770,000			
2006 Series (Corral Hills)	Early Extinguishment	25,000			
2006 Series (Harris Branch)	Early Extinguishment	200,000			
2006 Series (Hillcrest)	Early Extinguishment	1,215,000			
2006 Series (Champion's Crossing)	Early Extinguishment	100,000			
2006 Series (Idlewilde)	Early Extinguishment	210,000			
2007 Series (Landcaster)	Early Extinguishment	210,000			
2007 Series (Villas @ Mesquite Creek)	Early Extinguishment	135,000			
2008 Series (Addison Park)	Early Extinguishment	100,000			
Total Business-Type Activities		$ 268,080,000	$ -	$ -	$ -

APPENDIX D-2

SELECTED UNAUDITED CONDENSED FINANCIAL INFORMATION OF THE DEPARTMENT FOR THE THREE MONTHS ENDED NOVEMBER 30, 2010

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
COMBINING BALANCE SHEETS
at November 30, 2010
(Unaudited)

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds	Multi-Family Program Funds	General Funds	Combined Totals
ASSETS						
Current Assets						
Cash and Temporary Investments						
Cash in Bank	$	$	$	$	$ 13,252	$ 13,252
Cash Equivalents					7,005,663	7,005,663
Restricted Assets:						
Cash in Bank	139,094			5,877,986		6,017,080
Cash Equivalents	11,487,694	312,742,491	58,486	25,891,931	5,003,289	355,183,891
Interest Receivable	4,014,209	1,532,483	56,159	10,027,503	40,647	15,671,001
Receivables:						
Interest and Dividends						-
Accounts Receivables					354,307	354,307
Other Current Assets	172,676				352,984	525,660
Total Current Assets	15,813,673	314,274,974	114,645	41,797,420	12,770,142	384,770,854
Non-Current Assets						
Loans and Contracts						-
Restricted:						
Investments	929,461,172	239,143,754	10,072,700	64,802,440		1,243,480,066
Loans and Contracts	30,638,572	4,680,929		1,179,218,757	1,155,650	1,215,693,908
Deferred Outflow of Resources	36,966,154					36,966,154
Other Non-current Assets						
Deferred Issuance Cost, net	5,603,814	2,896,710	50,384	460,471		9,011,379
Real Estate Owned, net	110,091					110,091
Total Non-Current Assets	1,002,779,803	246,721,393	10,123,084	1,244,481,668	1,155,650	2,505,261,598
Total Assets	$ 1,018,593,476	$ 560,996,367	$ 10,237,729	$ 1,286,279,088	$ 13,925,792	$ 2,890,032,452
LIABILITIES						
Current Liabilities						
Payables:						
Accounts Payable	$ 2,083	$ 280	$	$	$	$ 2,363
Accrued Bond Interest Payable	9,700,804	5,096,278	9,068	10,171,970		24,978,120
Deferred Revenues	7,541,812	2,143,430	245,132			9,930,374
Other Current Liabilities	4,604,730	755,543			8,188	5,368,461
Total Current Liabilities	21,849,429	7,995,531	254,200	10,171,970	8,188	40,279,318
Notes and Loans Payable						-
Bonds Payable	856,531,760	520,985,513	8,144,523	1,179,682,153		2,565,343,949
Derivative Hedging Instrument	36,966,154					36,966,154
Other Non-Current Liabilities	23,203			96,825,891		96,849,094
Total Non-Current Liabilities	893,521,117	520,985,513	8,144,523	1,276,508,044		2,699,159,197
Total Liabilities	915,370,546	528,981,044	8,398,723	1,286,680,014	8,188	2,739,438,515
NET ASSETS						
Invested in Capital Assets, net of related debt			-	-		-
Restricted	103,222,930	32,015,323	1,839,006		5,003,289	142,080,548
Unrestricted				(400,926)	8,914,315	8,513,389
Total Net Assets	103,222,930	32,015,323	1,839,006	(400,926)	13,917,604	150,593,937
Total Liabilites and Net Assets	$ 1,018,593,476	$ 560,996,367	$ 10,237,729	$ 1,286,279,088	$ 13,925,792	$ 2,890,032,452

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Third Period Ending November 30, 2010
(Unaudited)

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds	Multi-Family Program Funds	General Funds	Combined Totals
OPERATING REVENUES						
Interest and Investment Income	$ 11,523,176	$ 3,177,396	$ 155,030	$ 13,673,317	$ 91,795	$ 28,620,714
Net Increase (Decrease) in Fair Value	1,736,805	1,341,146	(17,603)			3,060,348
Commitment Fees	113,856	42,046	8,220	2,803		166,925
Application Fees					2,000	2,000
Other Operating Revenues	1,226	27,828			1,069,037	1,098,091
Total Operating Revenues	13,375,063	4,588,416	145,647	13,676,120	1,162,832	32,948,078
OPERATING EXPENSES						
Professional Fees and Services	207,308	2,800			803,593	1,013,701
Depreciation and Amortization	105,978	49,343	924	2,383		158,628
Interest	9,754,456	3,137,195	134,964	13,673,043		26,699,658
Trustee Fees	74,426	16,080	1,251	57	1,189	93,003
Mortgage Loan Servicing Fees	8,541	692				9,233
Mortgage Pool & Self Insurance	23,911					23,911
Bad Debt Expense	(523)					(523)
Down Payment Assistance	502,066	63,610				565,676
Other Operating Expenses	4,697	389	(80)		57,984	62,990
Total Operating Expenses	10,680,860	3,270,109	137,059	13,675,483	862,766	28,626,277
Operating Income (Loss)	2,694,203	1,318,307	8,588	637	300,066	4,321,801
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	2,694,203	1,318,307	8,588	637	300,066	4,321,801
OTHER REVENUES, EXPENSES, GAINS LOSSES AND TRANSFERS						
Extraordinary Items	351,772	(382,594)				(30,822)
Transfers In (Out)	(1,192,513)	(211,553)	1,251	56	291,759	(1,111,000)
CHANGE IN NET ASSETS	1,853,462	724,160	9,839	693	591,825	3,179,979
Net Assets, Beginning	101,369,468	31,291,163	1,829,167	(401,619)	13,325,779	147,413,958
NET ASSETS, Ending	$ 103,222,930	$ 32,015,323	$ 1,839,006	$ (400,926)	$ 13,917,604	$ 150,593,937

APPENDIX E

FORM OF PROPOSED OPINION OF BOND COUNSEL

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[CLOSING DATE]

Texas Department of Housing and
Community Affairs
221 East 11th Street
Austin, Texas 78711

The Bank of New York Mellon Trust
Company, N.A., as Trustee
601 Travis, 16th Floor
Houston, Texas 77002

Fannie Mae
3900 Wisconsin Avenue, N.W.
Washington, D.C. 20016

Freddie Mac
1551 Park Run Drive
McLean, Virginia 22102

Morgan Keegan & Company, Inc.,
as Representative of the Underwriters
5956 Sherry Lane, Suite 1900
Dallas, Texas 75225

Ladies and Gentlemen:

We have acted as Bond Counsel for the Texas Department of Housing and Community Affairs (the "Department") in connection with (i) the issuance of the Department's Residential Mortgage Revenue Bonds, Series 2011A (the "Series 2011A Bonds") and (ii) the conversion of a portion of the Department's taxable Residential Mortgage Revenue Bonds, Series 2009C (the "Series 2009C Bonds") to tax-exempt bonds and the resulting release of a portion of the proceeds of the Series 2009C Bonds from escrow (the "Released Proceeds"). The Series 2009C Bonds being converted and reissued as tax-exempt bonds are designated as the "Series 2009C-1 Bonds." The Series 2009C-1 Bonds and the Series 2011A Bonds are collectively referred to as the "Series 2011 Bonds."

The Series 2011A Bonds shall bear interest from the date of delivery thereof. Interest on the Series 2011A Bonds is payable July 1, 2011, and semiannually thereafter on each July 1 and January 1 until maturity or prior redemption. The Series 2011A Bonds are issuable only as fully registered bonds without coupons in denominations of $5,000 principal amount or any integral multiple thereof. The Series 2011A Bonds are being issued in the principal amounts, bear interest at the rates and mature on the dates as provided in the Indenture mentioned below. The Series 2011A Bonds are subject to mandatory, optional and special redemption prior to maturity on the dates, at the redemption prices and under the circumstances described in the Indenture.

The Series 2011A Bonds are being issued pursuant to a resolution adopted by the Governing Board of the Department on January 20, 2011 (the "Bond Resolution"), a Residential Mortgage Revenue Bond Trust Indenture dated as of November 1, 1987, between the Department's predecessor, the Texas Housing Agency, or the Department, as the case may be, and MTrust Corp, or its successors, as trustee, including The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), as amended and supplemented (collectively, the "RMRB Indenture"), and a Thirty-First Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of March 1, 2011 (the "Thirty-First Supplemental Indenture") relating to the Series 2011A Bonds. The Series 2009C Bonds were issued pursuant to the RMRB Indenture and the Thirtieth Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of December 1, 2009, including the Appendix thereto, as amended by the First Amendment to Thirtieth Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of December 1, 2010, including the Appendix thereto (collectively, the "Thirtieth Supplemental Indenture"), each between the Department and the Trustee. The RMRB Indenture, the Thirtieth Supplemental Indenture and the Thirty-First Supplemental Indenture are referred to herein collectively as the

"Indenture." The Series 2011A Bonds are being issued for the purpose of providing funds to pay a portion of the costs of issuance of the Series 2011 Bonds and to be used, together with the Released Proceeds, to acquire Mortgage Certificates. Capitalized terms not otherwise defined herein have the meanings assigned to such terms in the Indenture.

The RMRB Indenture permits the issuance of additional bonds on a parity with the Series 2011 Bonds upon the terms and conditions set forth in the RMRB Indenture. The Department reserves the right in the RMRB Indenture to issue other bonds of the Department under the RMRB Indenture for other programs similar to the program initially funded with the proceeds of the Series 2011 Bonds or funds made available through the issuance of the Series 2011 Bonds and to refund bonds issued under the RMRB Indenture, and further reserves the right to issue bonds payable from the pledges and assignments in trust pursuant to the RMRB Indenture that are junior to or subordinate to the Series 2011 Bonds, all as provided in the RMRB Indenture.

The scope of our engagement as Bond Counsel extends solely to an examination of the facts and law incident to rendering an opinion with respect to the legality and validity of the Series 2011A Bonds and the security therefor, the enforceability of the Series 2009C-1 Bonds and the exclusion from gross income for federal income tax purposes of interest on the Series 2011 Bonds. We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2011A Bonds, the Series 2009C Bonds or the Series 2009C-1 Bonds and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement). We have not assumed any responsibility with respect to the financial condition or capability of the Department or the disclosure thereof. In our capacity as Bond Counsel, we have participated in the preparation of and have examined a transcript of certain proceedings pertaining to the Series 2011 Bonds, including certain certified and original proceedings of the Department and the State of Texas (the "State"), and customary certificates, opinions, affidavits and other documents executed by officers, agents and representatives of the Department, the State, the Trustee and others. We have also examined executed Bond No. TR-1 of the Series 2011A Bonds.

We have assumed without independent verification (i) the genuineness of certificates, records and other documents (collectively, "documents") and the accuracy and completeness of the statements of fact contained therein; (ii) the due authorization, execution and delivery of the documents described above by the other parties thereto; (iii) that all documents submitted to us as originals are accurate and complete; and (iv) that all documents submitted to us as copies are true and correct copies of the originals thereof.

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

The Department is a public and official agency of the State, duly created and existing under the laws of the State, particularly Chapter 2306, Texas Government Code, as amended (together with other laws of the State applicable to the Department, the "Act"), and has full power and authority to adopt the Bond Resolution and to perform its obligations thereunder; to execute and deliver the Thirty-First Supplemental Indenture; to perform its obligations under the Indenture; and to issue and sell the Series 2011A Bonds and to utilize the proceeds therefrom for the purposes set forth in the Bond Resolution and the Indenture.

The Department has duly adopted the Bond Resolution and has duly authorized, executed and delivered the Thirty-First Supplemental Indenture. The Indenture constitutes a legal, valid and binding obligation of the Department. Pursuant to the Indenture, all of the Department's right, title and interest in and to the Trust Estate, including the Revenues and other amounts to be received by the Department have been validly and effectively assigned and, upon receipt of such Revenues and amounts by the Trustee, pledged as security for the payment of the principal and redemption price of and interest on the Series 2011A Bonds. We draw your attention to the fact that the Series 2011A Bonds are secured on a parity basis with the

Department's Residential Mortgage Revenue Bonds, Series 1998A, Residential Mortgage Revenue Refunding Bonds, Series 1998B, Residential Mortgage Revenue Refunding Bonds, Series 1999A, Residential Mortgage Revenue Bonds, Series 1999B, Residential Mortgage Revenue Bonds, Series 2001A, Residential Mortgage Revenue Refunding Bonds, Series 2001B, Residential Mortgage Revenue Refunding Bonds, Series 2001C, Residential Mortgage Revenue Bonds, Series 2002A, Residential Mortgage Revenue Refunding Bonds, Series 2003A, Residential Mortgage Revenue Bonds, Series 2009A, Residential Mortgage Revenue Refunding Bonds, Series 2009B and Residential Mortgage Revenue Bonds, Series 2009C, all issued under the RMRB Indenture.

The Department has duly authorized the issuance, execution and delivery of the Series 2011A Bonds. The authorized officers of the Department have duly executed the Series 2011A Bonds and the Trustee has duly authenticated the Series 2011A Bonds, to the extent required by the Indenture, and delivered the Series 2011A Bonds to or at the direction of the initial purchasers thereof. The Series 2011 Bonds constitute legal, valid and binding limited obligations of the Department and are entitled to the benefit and security of the Indenture.

The Series 2011A Bonds are issued pursuant to the provisions of the Act and constitute limited obligations of the Department and are payable solely from the revenues, funds and assets of the Department pledged under the Indenture and not from any other revenues, funds or assets of the Department. The Series 2011A Bonds are not and do not create or constitute in any way an obligation, a debt or a liability of the State, or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State. The Department has no taxing power.

Interest on the Series 2011 Bonds is excludable from gross income for federal income tax purposes under existing law.

Interest on the Series 2011 Bonds is not an item of tax preference includable in alternative minimum taxable income for purposes of calculating the federal alternative minimum tax on individuals and corporations and is not included in a corporation's adjusted current earnings for purposes of determining its alternative minimum tax.

In providing the opinions set forth in paragraphs 5 and 6 above with respect to the Series 2011 Bonds, we have relied on representations of the Department, the Underwriters, the Servicer and the Mortgage Lenders, with respect to matters solely within the knowledge of the Department, the Underwriters, the Servicer and the Mortgage Lenders, respectively, which we have not independently verified, and have assumed continuing compliance with the procedures, safeguards and covenants in the Indenture and other documents relating to the requirements of the Internal Revenue Code of 1986, as amended. We have further relied on the report (the "Report") of Causey Demgen & Moore, Inc., certified public accountants, regarding the mathematical accuracy of certain computations. In the event that any of such representations or the Report is determined to be inaccurate or incomplete or the Department, a Mortgage Lender or the Servicer fails to comply with the foregoing procedures, safeguards and covenants in the Indenture, interest on the Series 2011 Bonds could become includable in gross income for federal income tax purposes under existing law from the date of original delivery thereof, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of the Series 2011 Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Thirtieth Supplemental Indenture and the Thirty-First Supplemental Indenture, upon the advice or with an approving opinion of nationally recognized bond counsel. We express no opinion with respect to our ability to render an opinion that such actions, if taken or omitted, will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2011 Bonds.

The enforceability of certain provisions of the Series 2011 Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors. Furthermore, the availability of equitable remedies under the Series 2011 Bonds may be limited by general principles of equity that permit the exercise of judicial discretion.

Holders of the Series 2011 Bonds should also be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits" tax on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Series 2011 Bonds.

The opinions set forth above speak only as of their date and only in connection with the Series 2011 Bonds and may not be applied to any other transaction. Such opinions are specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Series 2011 Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Department as the taxpayer. We observe that the Department has covenanted in the Thirtieth Supplemental Indenture and the Thirty-First Supplemental Indenture not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Series 2011 Bonds as includable in gross income for federal income tax purposes.

Very truly yours,

APPENDIX F-1

ADDITIONAL INFORMATION CONCERNING MORTGAGE LOANS AND

MORTGAGE CERTIFICATES

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Additional Information Concerning Mortgage Loans And Mortgage Certificates

The Texas Department of Housing and Community Affairs (the "Department") owns an extensive portfolio of mortgage loans (the "Portfolio Mortgage Loans") and GNMA/FNMA Certificates ("Mortgage Certificates") acquired with the proceeds of the Department's Residential Mortgage Revenue Bonds, GNMA Collateralized Home Mortgage Revenue Bonds, Single Family Mortgage Revenue Bonds, Single Family Collateralized Home Mortgage Revenue Bond and Collateralized Home Mortgage Revenue Bonds. The following tables summarize certain information regarding the Portfolio Mortgage Loans and Mortgage Certificates, as of November 30, 2010, and are included solely for the purpose of providing comparative information with respect to the Portfolio Mortgage Loans and Mortgage Certificates. This information should not be construed as a representation or opinion of the Department that the information concerning the new Mortgage Loans and Mortgage Certificates will approximate the information shown below.

Part I: Residential Mortgage Revenue Bond Trust Indenture

Series	Amount	Outstanding[8]	Loans/Certificates	Outstanding
1987 Series A [1]	$ 30,000,000	$ -		$ -
1987 Series B	25,000,000			
1987 Series C	47,000,000			
1987 Series D [1]	47,000,000	-		-
1988 Series A	40,920,000	-		-
1989 Series A/B	89,000,000	-		-
1998 Series A/B [2]	116,355,000	32,120,000	5.85%	36,507,580
1999 Series A	25,615,000	3,630,000	5.85/8.00/9.25/9.55%	3,457,012
1999 Series B/C/D[3]	140,765,000	-		
2000 Series A	50,000,000	-	6.95%	-
2000 Series B/C/D/E[4]	124,915,000	-	5.90/6.25/6.60%	5,161,985
2001 Series A/B/C/D/E[5]	155,125,000	36,550,000	5.45/5.95/6.69% 7.69/8.69/9.25%	31,769,677
2002 Series A/B[6]	116,965,000	22,390,000	5.30/5.99%	20,816,306
2003 Series A	73,630,000	46,915,000	4.99/5.99%	43,676,907
2009 Series A/B[7]	102,605,000	78,950,000	6.25/6.60/7.68% 8.68/9.25%	72,474,590
2009 Series C	300,000,000	300,000,000		
TOTAL	$ 1,184,895,000	$ 520,555,000		$ 213,864,057

(1) The Residential Mortgage Revenue Bonds 1987 Series A and 1987 Series D were refunded by the Residential Mortgage Revenue Refunding Bonds 1999 Series A. The Mortgage Loans associated with the Residential Mortgage Revenue Bonds 1987 Series A and 1987 Series D were transferred to the Residential Mortgage Revenue Refunding Bonds 1999 Series A.

(2) The Residential Mortgage Revenue Bonds 1998 Series A and the Residential Mortgage Revenue Refunding Bonds 1998 Series B provided lendable proceeds for the purchase of mortgage-backed, pass-through certificates. The Residential Mortgage Revenue Refunding Bonds 1998 Series B refunded certain commercial paper notes totaling $14,300,000 which previously redeemed certain Bonds outstanding.

(3) The Residential Mortgage Revenue Bonds 1999 Series B-1 and the Residential Mortgage Revenue Refunding Bonds 1999 Series C provided lendable proceeds for the purchase of mortgage-backed, pass-through certificates. The Residential Mortgage Revenue Refunding Bonds 1999 Series C refunded certain commercial paper notes totaling $12,150,000 which previously redeemed certain Bonds outstanding. The Residential Mortgage Revenue Refunding Bonds 1999 Series D refunded all outstanding GNMA Collateralized Home Mortgage Revenue Bonds 1989 Series A and B. $84,197,738 representing the original certificate purchase price of the 1989 Series A and B certificates was transferred to 1999 Series D. The Residential Mortgage Revenue Bonds 1999 Series B-2 were interim rate bonds that were refunded by the Residential Mortgage Revenue Refunding Bonds 2000 Series A. The Residential Mortgage Revenue Refunding Bonds 2000 Series A were fully redeemed on July 1, 2010.

(4) The Residential Mortgage Revenue Bonds 2000 Series B and the Residential Mortgage Revenue Bonds 2000 Series E provided lendable proceeds for the purchase of mortgage-backed, pass-through certificates. The Residential Mortgage Revenue Refunding Bonds 2000 Series C and 2000 Series D refunded certain commercial paper notes totaling $13,675,000 and $18,265,000, respectively, which previously redeemed certain Bonds outstanding. The Residential Mortgage Revenue Bonds 2000 Series B were fully redeemed on September 1, 2010 . The Residential Mortgage Revenue Refunding Bonds 2000 Series C were fully redeemed on September 1, 2010. The Residential Mortgage Revenue Refunding Bonds 2000 Series D were fully redeemed on July 1, 2010.

(5) The Residential Mortgage Revenue Bonds 2001 Series A and the Residential Mortgage Revenue Bonds 2001 Series D provided lendable proceeds for the purchase of mortgage-backed, pass-through certificates. The Residential Mortgage Revenue Refunding Bonds 2001 Series B refunded certain commercial paper notes totaling $15,585,000, which previously redeemed certain Bonds outstanding. The Residential Mortgage Revenue Refunding Bonds 2001 Series C refunded all outstanding Residential Mortgage Revenue Bonds 1988 Series A and a portion of Residential Mortgage Revenue Bonds 1989 Series A. $50,753,152 representing the original certificate purchase price of 1988 Series A and 1989 Series A certificates was transferred to 2001 Series C. On September 1, 2002, the 1989 Series A&B Bonds were paid in full which allowed the remaining 1989 Series A&B Mortgage Certificates to be transferred to the 2001 Series A-C Mortgage Loan Account. The Residential Mortgage Revenue Bonds 2001 Series E were interim rate bonds that were refunded by the Single Family Mortgage Revenue Refunding Bonds 2002 Series B on June 26, 2002. The Residential Mortgage Revenue Bonds 2001 Series D and E were defeased on November 1, 2008 and July 1, 2002, respectively.

(6) The Residential Mortgage Revenue Bonds 2002 Series B was defeased on August 21, 2003.

(7) On August 18, 2009, the Department issued the Residential Mortgage Revenue Bonds 2009 Series A totaling $80,000,000 to provide lendable proceeds for the purchase of mortgage-backed, pass-through certificates, and the Residential Mortgage Revenue Refunding Bonds 2009 Series B totaling $22,605,000 to refund the Residential Mortgage Revenue Bonds 1999 Series B and C.

(8) As of November 30, 2010, there are eleven bond series outstanding within the Residential Mortgage Revenue Bond Indenture.

The following table characterizes the type of Portfolio Mortgage Loans and Mortgage Certificates of the Trust Indenture:

Loan Type	Number of Outstanding Mortgage Loans	Outstanding Principal Amount	Percent of Total Mortgage Loans
GNMA Certificates	3,586	$ 199,199,612	93.14%
FNMA Certificates	253	13,910,249	6.50%
FHA Mortgage Loans	30	754,196	0.35%
Freddie Mac	0	0	0.00%
Total	3,869	$ 213,864,057	100.00%

Based on reports submitted by the Servicers, the tables below set forth information concerning delinquent Mortgage Loans included in Mortgage Certificates and Portfolio Mortgage Loans of the Trust Indenture:

Mortgage Certificate Loans

Duration of Delinquency	Number of Delinquent Loans	Percent of Total No. of Loans
30 days	289	7.53%
60 days	94	2.45%
90 days +	47	1.22%
Total	430	11.20%

Mortgage Loans

Duration of Delinquency	Number of Delinquent Loans	Percent of Total No. of Loans
30 days	3	10.00%
60 days	1	3.33%
90 days +	1	3.33%
Total	5	16.66%

The tables below set forth the Servicers of the Mortgage Loans included in Mortgage Certificates and Portfolio Mortgage Loans:

Mortgage Certificate Loans

Servicers	Number of Loans	Percent of Total No. of Loans
Bank of America, N.A.	2,569	66.92%
Texas Star Mortgage	657	17.11%
Amegy Mortgage Company	567	14.77%
CitiMortgage, Inc.	46	1.20%
Total	3,839	100.00%

Mortgage Loans

Servicers	Number of Loans	Percent of Total No. of Loans
Amegy Mortgage Company	17	56.67%
Saxon Mortgage Services, Inc.	9	30.00%
Metlife Home Loan Corporation	1	3.33%
PrimeWest Mortgage Corp.	1	3.33%
CitiMortgage, Inc.	1	3.33%
EverHome Mortgage Company	1	3.33%
Total	30	100.00%

The table below set forth Self Insurance Fund and Reserve Fund Balances established by the Indenture:

Self Insurance Fund Balance

Bond Series	Coverage Funded	per Rating Agency
1999A	$ 16,199	$ 16,086

Reserve Fund Balance

As of September 1, 2002, there is no longer Mortgage or Debt Service Reserve requirements.

Part II: Other Information

Mortgage Loan Information Management System

All Mortgage Loans made with proceeds of the Department's mortgage revenue bonds, including the Portfolio Mortgage Loans and any Mortgage Certificate loans, permit partial or complete prepayment without penalty. Mortgage Loans, in general, may also be terminated prior to their respective maturities as a result of events such as default, sale, condemnation or casualty loss. A number of factors, including general economic conditions, homeowner mobility and mortgage market interest rates, will affect the rate of actual prepayments for a particular portfolio of mortgage loans. The Department is currently managing its Mortgage Loans (other than Mortgage Loans backing Mortgage Certificates) through review of the performance of the various lending institutions participating in the program, review of the delinquency and foreclosure reports of the lenders, directing the investment of monthly receipts, payment of expenses and supervision of claims under the mortgage insurance policies. The Department does not service the Mortgage Loans backing Mortgage Certificates; however, the Department monitors the origination and payment of such Mortgage Loans. The Department currently manages the Mortgage Loans using a new Loan Administration and Servicing System from the MITAS Group, Inc. The MITAS Loan Administration software is a comprehensive and fully integrated system that has the ability to combine all types of loans into a central database and is also capable of fully complying with all aspects of loan servicing as prescribed by major secondary market investors.

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APPENDIX F-2

OTHER INDEBTEDNESS OF THE DEPARTMENT

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Other Indebtedness of The Department

General - Single Family Since 1979, the year of creation of the Texas Housing Agency (the "Agency"), a predecessor to the Department, through November 30, 2010, there have been issued by the Agency or the Department, thirty series of Residential Mortgage Revenue Bonds, fifty-one series of Single Family Mortgage Revenue Bonds, four series of Junior Lien Single Family Mortgage Revenue Refunding Bonds, ten series of GNMA/FNMA Collateralized Home Mortgage Revenue Bonds, eleven series of Collateralized Home Mortgage Revenue Bonds, and two series of Government National Mortgage Association Collateralized Home Mortgage Revenue Bonds. As of November 30, 2010, the outstanding principal amount of bonded indebtedness of the Department for single family housing purposes was $1,379,145,000.

General - Multifamily The Department and the Agency have issued two hundred and thirteen multifamily housing revenue bonds which have been issued pursuant to separate trust indentures and are secured by individual trust estates which are separate and distinct from each other. As of November 30, 2010, one hundred thirty series were outstanding with an aggregate outstanding principal amount of $1,179,893,154.

Single Family Mortgage Revenue Bonds ("SFMRBs") The Department has issued fifty-one series of Single Family Mortgage Revenue and Refunding Bonds under a Single Family Mortgage Revenue Bond Trust Indenture, dated as of October 1, 1980, and fifty-six indentures supplemental thereto, which are secured on an equal and ratable basis by the trust estate established by the SFMRB Indenture. As of November 30, 2010, twenty-three were outstanding with an aggregate outstanding principal amount totaling $846,735,000.

Junior Lien Bonds The Department has issued four series of its Junior Lien Single Family Mortgage Revenue Refunding Bonds (the "Junior Lien Bonds") pursuant to a Junior Lien Trust Indenture, dated as of May 1, 1994, and four indentures supplemental thereto. The Junior Lien Bonds are secured on an equal and ratable basis with each other and on a subordinated basis to the Single Family Mortgage Revenue Bonds by the trust estate held under the SFMRB Indenture. As of November 30, 2010, one series was outstanding with an aggregate outstanding principal of $3,855,000.

Residential Mortgage Revenue Bonds ("RMRBs") The Department has issued thirty series of Residential Mortgage Revenue and Refunding Bonds pursuant to the Residential Mortgage Revenue Bond Trust Indenture and thirty separate series supplements, and are secured on an equal and ratable basis by the trust estate established by the RMRB Indenture. As of November 30, 2010, eleven series were outstanding with an aggregate outstanding principal amount of $520,555,000.

Collateralized Home Mortgage Revenue Bonds ("CHMRBs") The Department has issued eleven series of Collateralized Home Mortgage Revenue Bonds pursuant to the Collateralized Home Mortgage Revenue Bond Master Indenture and six separate series supplements, and are secured on an equal and ratable basis by the trust estate established by such trust indentures. As of November 30, 2010, two series of CHMRBs were outstanding with an aggregate outstanding principal amount of $8,000,000.

Single Family Collateralized Home Mortgage Revenue Bonds – 1993 (SFCHMRB - 1993) The Department has issued five series of single family mortgage revenue bonds under a GNMA/FNMA Collateralized Home Mortgage Revenue Bond Trust Indenture dated as of November 1, 1993, amended as of February 1, 1995 by and between the Department and Bank One, Texas, NA. On November 1, 2004, the SFCHMRB – 1993s were redeemed in whole by the SFMRB 2004 Series E Bonds.

Single Family Collateralized Home Mortgage Revenue Bonds – 1994 (SFCHMRB – 1994) The Department has issued three series of single family mortgage revenue bonds in 1994 and 1995 under a GNMA/FNMA Collateralized Home Mortgage Revenue Bond Master Trust Indenture dated as of November 1, 1994, supplemented by a First Supplemental GNMA/FNMA Collateralized Home Mortgage Revenue Bond Trust Indenture dated as of November 1, 1994, as amended as of February 1, 1995, by and between the Department and Bank One, Texas, N.A. On December 16, 2004, the underlying mortgage backed securities were sold and funds were escrowed to redeem the bonds in whole on their optional redemption dates of February 22, 2005, April 26, 2005 and June 27, 2006.

The Department has issued two series of single family mortgage revenue refunding bonds in 1995 for the purpose of refunding certain notes which previously refunded certain Bonds outstanding, under a GNMA/FNMA Collateralized Home Mortgage Revenue Bond Master Trust Indenture and a First Supplemental GNMA/FNMA Collateralized Home Mortgage Revenue Bond Trust Indenture and Second Supplemental GNMA/FNMA Collateralized Home Mortgage Revenue Bond Trust Indenture, each dated as of November 1, 1994, each amended as of February 1, 1995, and each by and between the Department and Bank One, Texas, NA, as Trustee. On December 1, 2003, all series of SFCHMRB – 1995s were redeemed in whole.

GNMA Collateralized Home Mortgage Revenue Bonds The Department has issued two series of GNMA Collateralized Home Mortgage Revenue Bonds, Series 1989A and Series 1989B in aggregate principal amounts of $72,000,000 and $48,250,000, respectively (the "GNMA Collateralized Bonds"), pursuant to two separate indentures, which are not on an equal and ratable basis with each other. The GNMA Collateralized Bonds were sold through two separate private placement transactions with FNMA. The proceeds of the Series 1989A GNMA Collateralized Bonds were used by the Department to redeem in whole the Department's previously issued $25,000,000 Residential Mortgage Revenue Bonds, Series 1987B, and its previously issued $47,000,000 Residential Mortgage Revenue Bonds, Series 1987C. The proceeds of the Series 1989B GNMA Collateralized Bonds were used to finance mortgage loans through the acquisition of GNMA Certificates and, except for a portion reserved for targeted area loans, such proceeds were reserved to finance the purchase by eligible borrowers of real estate owned by financial institutions in the State of Texas or by the Department. On December 2, 1999, the GNMA Collateralized Home Mortgage Revenue Bonds were redeemed in whole by the RMRB 1999 Series D Bonds.

Collateralized Mortgage Obligations On May 4, 1987, the Department issued its $100,000,000 Collateralized Mortgage Obligations, Series 1987A, as an investment vehicle to provide funds to carry out certain housing assistance programs of the Department. As of February 1, 1996, the Collateralized Mortgage Obligations were redeemed in whole.

APPENDIX G

APPLICABLE MEDIAN FAMILY INCOMES AND MAXIMUM ACQUISITION COST LIMITATIONS

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APPLICABLE MEDIAN FAMILY INCOMES ("AMFI")

Area	80% of AMFI^	100% of AMFI*	115% of AMFI**	120% of AMFI***	140% of AMFI****
Austin-Round Rock-San Marcos, MSA					
Austin-Round Rock-San Marcos, MSA (1)	$59,040	$73,800	$84,870	$88,560	$103,320
Dallas-Fort Worth-Arlington, MSA					
Dallas, HMFA (2)	$54,640	$68,300	$78,545	$81,960	$95,620
Fort Worth - Arlington, HMFA (3)	$53,920	$67,400	$77,510	$80,880	$94,360
Wise County, HMFA	$50,880	$63,600	$73,140	$76,320	$89,040
Houston-Baytown-Sugar Land, MSA					
Austin County, HMFA	$47,360	$59,200	$68,080	$71,040	$82,880
Brazoria County, HMFA	$58,720	$73,400	$84,410	$88,080	$102,760
Houston-Baytown-Sugar Land, HMFA (4)	$52,080	$65,100	$74,865	$78,120	$91,140
Midland, MSA					
Midland, MSA (5)	$50,400	$63,000	$72,450	$75,600	$88,200
Cooke County	$47,280	$59,100	$67,965	$70,920	$82,740
Gillespie County	$47,600	$59,500	$68,425	$71,400	$83,300
Hartley County	$54,160	$67,700	$77,855	$81,240	$94,780
Hood County	$52,080	$65,100	$74,865	$78,120	$91,140
Kendall County	$60,000	$75,000	$86,250	$90,000	$105,000
Loving County	$54,480	$68,100	$78,315	$81,720	$95,340
Roberts County	$51,520	$64,400	$74,060	$77,280	$90,160
Somervell County	$47,440	$59,300	$68,195	$71,160	$83,020
Balance of State	**$46,880**	**$58,600**	**$67,390**	**$70,320**	**$82,040**

(1) Bastrop, Caldwell, Hays, Travis & Williamson Counties
(2) Collin, Dallas, Delta, Denton, Ellis, Hunt, Kaufman & Rockwall Counties
(3) Johnson, Parker & Tarrant Counties
(4) Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, San Jacinto & Waller Counties
(5) Midland County

* Non-Targeted Area - 1-2 persons.
** Non-Targeted Area - 3+ persons.
*** Targeted Area - 1-2 persons.
**** Targeted Area - 3+ persons.

^ For use in monitoring compliance with Chapter 2306, Texas Government Code, with respect to loans made to families of low income (80% of AMFI)

Effective: June 1, 2010

MAXIMUM ACQUISITION COST IN TARGETED AREAS
(110% of Average Area Purchase Price)

Atascosa County	$365,750
Bandera County	$365,750
Bastrop County	$317,625
Bexar County	$365,750
Caldwell County	$317,625
Comal County	$365,750
Guadalupe County	$365,750
Hays County	$317,625
Jeff Davis County	$298,375
Kendall County	$365,750
Medina County	$365,750
Travis County	$317,625
Williamson County	$317,625
Wilson County	$365,750
Balance of State	$298,155

MAXIMUM ACQUISITION COST IN ALL OTHER AREAS
(90% of Average Area Purchase Price)

Atascosa County	$299,250
Bandera County	$299,250
Bastrop County	$259,875
Bexar County	$299,250
Caldwell County	$259,875
Comal County	$299,250
Guadalupe County	$299,250
Hays County	$259,875
Jeff Davis County	$244,125
Kendall County	$299,250
Medina County	$299,250
Travis County	$259,875
Williamson County	$259,875
Wilson County	$299,250
Balance of State	$243,945

Effective: July 1, 2010

APPENDIX H

SCHEDULE OF PREMIUM PAC TERM BONDS OUTSTANDING APPLICABLE AMOUNT

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SCHEDULE OF PREMIUM PAC TERM BONDS OUTSTANDING APPLICABLE AMOUNT

Date	Amount ($)	Date	Amount($)	Date	Amount($)
3/10/2011	15,000,000	7/1/2015	7,935,000	8/1/2019	1,825,000
7/1/2011	15,000,000	8/1/2015	7,765,000	9/1/2019	1,740,000
8/1/2011	14,880,000	9/1/2015	7,600,000	10/1/2019	1,660,000
9/1/2011	14,845,000	10/1/2015	7,440,000	11/1/2019	1,580,000
10/1/2011	14,790,000	11/1/2015	7,285,000	12/1/2019	1,500,000
11/1/2011	14,720,000	12/1/2015	7,130,000	1/1/2020	1,410,000
12/1/2011	14,645,000	1/1/2016	6,980,000	2/1/2020	1,340,000
1/1/2012	14,560,000	2/1/2016	6,825,000	3/1/2020	1,270,000
2/1/2012	14,485,000	3/1/2016	6,670,000	4/1/2020	1,205,000
3/1/2012	14,405,000	4/1/2016	6,520,000	5/1/2020	1,140,000
4/1/2012	14,320,000	5/1/2016	6,370,000	6/1/2020	1,080,000
5/1/2012	14,230,000	6/1/2016	6,225,000	7/1/2020	1,005,000
6/1/2012	14,135,000	7/1/2016	6,080,000	8/1/2020	950,000
7/1/2012	14,110,000	8/1/2016	5,935,000	9/1/2020	895,000
8/1/2012	13,930,000	9/1/2016	5,795,000	10/1/2020	845,000
9/1/2012	13,820,000	10/1/2016	5,655,000	11/1/2020	795,000
10/1/2012	13,700,000	11/1/2016	5,515,000	12/1/2020	750,000
11/1/2012	13,570,000	12/1/2016	5,375,000	1/1/2021	690,000
12/1/2012	13,435,000	1/1/2017	5,245,000	2/1/2021	650,000
1/1/2013	13,355,000	2/1/2017	5,115,000	3/1/2021	610,000
2/1/2013	13,145,000	3/1/2017	4,980,000	4/1/2021	570,000
3/1/2013	12,990,000	4/1/2017	4,845,000	5/1/2021	535,000
4/1/2013	12,825,000	5/1/2017	4,710,000	6/1/2021	500,000
5/1/2013	12,660,000	6/1/2017	4,580,000	7/1/2021	455,000
6/1/2013	12,485,000	7/1/2017	4,460,000	8/1/2021	425,000
7/1/2013	12,350,000	8/1/2017	4,340,000	9/1/2021	395,000
8/1/2013	12,115,000	9/1/2017	4,215,000	10/1/2021	365,000
9/1/2013	11,930,000	10/1/2017	4,095,000	11/1/2021	340,000
10/1/2013	11,745,000	11/1/2017	3,975,000	12/1/2021	315,000
11/1/2013	11,555,000	12/1/2017	3,850,000	1/1/2022	275,000
12/1/2013	11,360,000	1/1/2018	3,740,000	2/1/2022	255,000
1/1/2014	11,190,000	2/1/2018	3,630,000	3/1/2022	235,000
2/1/2014	10,970,000	3/1/2018	3,520,000	4/1/2022	215,000
3/1/2014	10,780,000	4/1/2018	3,405,000	5/1/2022	195,000
4/1/2014	10,595,000	5/1/2018	3,285,000	6/1/2022	180,000
5/1/2014	10,400,000	6/1/2018	3,175,000	7/1/2022	155,000
6/1/2014	10,210,000	7/1/2018	3,075,000	8/1/2022	140,000
7/1/2014	10,035,000	8/1/2018	2,970,000	9/1/2022	125,000
8/1/2014	9,830,000	9/1/2018	2,870,000	10/1/2022	115,000
9/1/2014	9,650,000	10/1/2018	2,760,000	11/1/2022	105,000
10/1/2014	9,475,000	11/1/2018	2,655,000	12/1/2022	100,000
11/1/2014	9,300,000	12/1/2018	2,550,000	1/1/2023	80,000
12/1/2014	9,120,000	1/1/2019	2,460,000	2/1/2023	60,000
1/1/2015	8,950,000	2/1/2019	2,365,000	3/1/2023	55,000
2/1/2015	8,765,000	3/1/2019	2,275,000	4/1/2023	50,000
3/1/2015	8,595,000	4/1/2019	2,185,000	5/1/2023	45,000
4/1/2015	8,425,000	5/1/2019	2,085,000	6/1/2023	35,000
5/1/2015	8,260,000	6/1/2019	1,990,000	7/1/2023	20,000
6/1/2015	8,095,000	7/1/2019	1,910,000	8/1/2023	

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APPENDIX I

SCHEDULE OF SERIES 2011A CUMULATIVE APPLICABLE AMOUNT

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SCHEDULE OF SERIES 2011A CUMULATIVE APPLICABLE AMOUNT

Date	Amount ($)	Date	Amount($)	Date	Amount($)
3/10/2011	60,000,000	4/1/2016	13,150,000	3/1/2021	1,425,000
5/10/2011	60,000,000	5/1/2016	12,745,000	4/1/2021	1,375,000
7/1/2011	60,000,000	6/1/2016	12,355,000	5/1/2021	1,325,000
8/1/2011	59,520,000	7/1/2016	11,765,000	6/1/2021	1,275,000
9/1/2011	59,295,000	8/1/2016	11,405,000	7/1/2021	1,160,000
10/1/2011	59,020,000	9/1/2016	11,050,000	8/1/2021	1,110,000
11/1/2011	58,685,000	10/1/2016	10,710,000	9/1/2021	1,065,000
12/1/2011	58,305,000	11/1/2016	10,375,000	10/1/2021	1,025,000
1/1/2012	56,790,000	12/1/2016	10,045,000	11/1/2021	990,000
2/1/2012	56,255,000	1/1/2017	9,565,000	12/1/2021	955,000
3/1/2012	55,735,000	2/1/2017	9,265,000	1/1/2022	855,000
4/1/2012	55,170,000	3/1/2017	8,975,000	2/1/2022	810,000
5/1/2012	54,555,000	4/1/2017	8,695,000	3/1/2022	780,000
6/1/2012	53,890,000	5/1/2017	8,420,000	4/1/2022	745,000
7/1/2012	52,175,000	6/1/2017	8,155,000	5/1/2022	715,000
8/1/2012	51,400,000	7/1/2017	7,750,000	6/1/2022	685,000
9/1/2012	50,635,000	8/1/2017	7,510,000	7/1/2022	600,000
10/1/2012	49,815,000	9/1/2017	7,275,000	8/1/2022	555,000
11/1/2012	48,965,000	10/1/2017	7,040,000	9/1/2022	525,000
12/1/2012	48,085,000	11/1/2017	6,815,000	10/1/2022	500,000
1/1/2013	46,265,000	12/1/2017	6,600,000	11/1/2022	480,000
2/1/2013	45,320,000	1/1/2018	6,275,000	12/1/2022	455,000
3/1/2013	44,360,000	2/1/2018	6,070,000	1/1/2023	395,000
4/1/2013	43,370,000	3/1/2018	5,875,000	2/1/2023	365,000
5/1/2013	42,360,000	4/1/2018	5,685,000	3/1/2023	345,000
6/1/2013	41,320,000	5/1/2018	5,500,000	4/1/2023	325,000
7/1/2013	39,490,000	6/1/2018	5,325,000	5/1/2023	310,000
8/1/2013	38,450,000	7/1/2018	5,055,000	6/1/2023	295,000
9/1/2013	37,400,000	8/1/2018	4,890,000	7/1/2023	245,000
10/1/2013	36,340,000	9/1/2018	4,735,000	8/1/2023	225,000
11/1/2013	35,295,000	10/1/2018	4,575,000	9/1/2023	210,000
12/1/2013	34,260,000	11/1/2018	4,425,000	10/1/2023	190,000
1/1/2014	32,610,000	12/1/2018	4,275,000	11/1/2023	180,000
2/1/2014	31,630,000	1/1/2019	4,045,000	12/1/2023	165,000
3/1/2014	30,685,000	2/1/2019	3,915,000	1/1/2024	125,000
4/1/2014	29,760,000	3/1/2019	3,785,000	2/1/2024	100,000
5/1/2014	28,865,000	4/1/2019	3,660,000	3/1/2024	95,000
6/1/2014	28,000,000	5/1/2019	3,535,000	4/1/2024	90,000
7/1/2014	26,650,000	6/1/2019	3,410,000	5/1/2024	85,000
8/1/2014	25,850,000	7/1/2019	3,220,000	6/1/2024	75,000
9/1/2014	25,075,000	8/1/2019	3,110,000	7/1/2024	45,000
10/1/2014	24,320,000	9/1/2019	3,010,000	8/1/2024	30,000
11/1/2014	23,580,000	10/1/2019	2,910,000	9/1/2024	20,000
12/1/2014	22,865,000	11/1/2019	2,810,000	11/1/2024	5,000
1/1/2015	21,760,000	12/1/2019	2,720,000		
2/1/2015	21,105,000	1/1/2020	2,550,000		
3/1/2015	20,465,000	2/1/2020	2,465,000		
4/1/2015	19,840,000	3/1/2020	2,385,000		
5/1/2015	19,230,000	4/1/2020	2,305,000		
6/1/2015	18,640,000	5/1/2020	2,230,000		
7/1/2015	17,745,000	6/1/2020	2,150,000		
8/1/2015	17,205,000	7/1/2020	2,005,000		
9/1/2015	16,680,000	8/1/2020	1,925,000		
10/1/2015	16,165,000	9/1/2020	1,860,000		
11/1/2015	15,675,000	10/1/2020	1,800,000		
12/1/2015	15,185,000	11/1/2020	1,735,000		
1/1/2016	14,450,000	12/1/2020	1,670,000		
2/1/2016	14,005,000	1/1/2021	1,540,000		
3/1/2016	13,570,000	2/1/2021	1,480,000		

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS • RESIDENTIAL MORTGAGE REVENUE BONDS, SERIES 2009C-1 AND SERIES 2011A

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