OFFICIAL STATEMENT DATED OCTOBER 15, 2015

RATINGS:
S&P: AA+
MOODY'S: Aa1

Interest on the Series A Bonds is not excludable from gross income for federal tax purposes under existing law. See "TAX MATTERS RELATING TO THE SERIES A BONDS" herein. Bracewell & Giuliani LLP, Bond Counsel, is of the opinion that, subject to certain conditions described herein and under existing law, (i) interest on the Series B Bonds is excludable from gross income for federal income tax purposes and (ii) interest on the Series B 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. See "TAX MATTERS RELATING TO THE SERIES B BONDS" herein.

NEW ISSUES - BOOK-ENTRY ONLY

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

$33,825,000	**$19,870,000**
Single Family Mortgage	**Single Family**
Revenue Refunding Bonds	**Mortgage Revenue Bonds**
2015 Series A (Taxable)	**2015 Series B (Non-AMT)**

Dated Date: Date of Delivery | Due: As shown on inside cover page

The Texas Department of Housing and Community Affairs Single Family Mortgage Revenue Refunding Bonds, 2015 Series A (Taxable) (the "Series A Bonds") and the Texas Department of Housing and Community Affairs Single Family Mortgage Revenue Bonds, 2015 Series B (the "Series B Bonds," together with the Series A Bonds, the "Series 2015 Bonds"), are issuable by the Texas Department of Housing and Community Affairs (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 2015 Bonds. The Series 2015 Bonds will be available to purchasers only in book-entry form in denominations of $5,000 or any integral multiple thereof. For as long as Cede & Co. is the exclusive registered owner of the Series 2015 Bonds, the principal or redemption price of and interest on the Series 2015 Bonds will be payable by The Bank of New York Mellon Trust Company, N.A., in Dallas, 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 2015 Bonds. The purchasers of the Series 2015 Bonds will not receive certificates representing their beneficial ownership interest. See "THE SERIES 2015 BONDS – DTC and Book-Entry."

The Series 2015 Bonds will accrue interest from the date of delivery, until their respective maturities or prior redemption at the respective per annum rates of interest set forth on the inside cover page hereof. Interest on the Series 2015 Bonds will be payable to DTC on March 1, 2016, and semi-annually on each September 1 and March 1 thereafter until maturity or prior redemption, as more fully described on the inside cover page hereof.

THE SERIES 2015 BONDS ARE SUBJECT TO REDEMPTION AS MORE FULLY DESCRIBED HEREIN. See "THE SERIES 2015 BONDS – Redemption Provisions."

The Series A Bonds are being issued for the primary purpose of refunding the Department's outstanding Single Family Variable Rate Mortgage Revenue Bonds 2006 Series H. The Series B Bonds are being issued for the primary purpose of providing funds for the purchase of mortgage-backed, pass-through certificates (the "Mortgage Certificates"). For certain purchase price and income restrictions, see "APPENDIX I- CERTAIN INFORMATION REGARDING THE PROGRAM, THE MORTGAGE LOANS, PRIOR SWAP AGREEMENTS AND PRIOR LIQUIDITY FACILITIES." The Mortgage Certificates will be guaranteed as to timely payment of principal and interest by either the Government National Mortgage Association ("Ginnie Mae") (the "Ginnie Mae Certificates"), Freddie Mac ("Freddie Mac") (the "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 2015 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 2015 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 GINNIE MAE, FREDDIE MAC, AND FANNIE MAE, IS OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2015 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. GINNIE MAE, FREDDIE MAC, AND FANNIE MAE GUARANTEE ONLY THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE GINNIE MAE CERTIFICATES, THE FREDDIE MAC CERTIFICATES, AND THE FANNIE MAE CERTIFICATES, RESPECTIVELY, WHEN DUE AND DO NOT GUARANTEE THE PAYMENT OF THE SERIES 2015 BONDS OR ANY OTHER OBLIGATIONS ISSUED BY THE DEPARTMENT.

The Series 2015 Bonds are offered when, as, and if issued by the Department. Delivery of the Series 2015 Bonds is subject to approval of the legality thereof by Bracewell & Giuliani LLP, Bond Counsel, and certain other conditions. Delivery of the Series 2015 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, James "Beau" Eccles, Esq. and by its Co-Disclosure Counsel, McCall, Parkhurst & Horton L.L.P and Mahomes Bolden PC. 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 George K. Baum & Company and Kipling Jones & Co. It is expected that the Series 2015 Bonds will be available for delivery to DTC in book-entry only form on or about October 29, 2015.

Morgan Stanley

Estrada Hinojosa & Company Inc. Ramirez & Co., Inc. RBC Capital Markets

MATURITY SCHEDULE

$33,825,000 Series A Bonds (Taxable)

$ 33,825,000 Series A Bonds Due September 1, 2039; Rate 3.20%, Price 100%, CUSIP 88275FNU9

(Accrued Interest from Date of Delivery)

$19,870,000 Series B Bonds (Non-AMT)

$ 19,870,000 Series B Bonds Due March 1, 2046; Rate 3.125%, Price 100%, CUSIP 88275FNV7

(Accrued Interest from Date of Delivery)

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 2015 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 information set forth in this Official Statement has been obtained from the Department and other sources which are believed to be reliable. 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. 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 such document shall, under any circumstances, create any implications that there has been no change in the affairs of the Department or other matters described herein since the date hereof.

Neither the Department nor the Underwriters make any representation as to the accuracy, completeness, or adequacy of the information supplied by The Depository Trust Company 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.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2015 BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2015 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF

COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2015 BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENTS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED HEREIN, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

The Series 2015 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 2015 Bonds in accordance with applicable provisions of the securities laws or the states in which the Series 2015 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 2015 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

$33,825,000	**$19,870,000**
Single Family Mortgage	**Single Family**
Revenue Refunding Bonds	**Mortgage Revenue Bonds**
2015 Series A (Taxable)	**2015 Series B (Non-AMT)**

INTRODUCTION

This Official Statement provides certain information concerning the Texas Department of Housing and Community Affairs (the "Department") in connection with the issuance of its Single Family Mortgage Revenue Refunding Bonds, 2015 Series A (Taxable) (the "Series A Bonds") and Single Family Mortgage Revenue Bonds, 2015 Series B (the "Series B Bonds," together with the Series A Bonds, the "Series 2015 Bonds"). 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 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 of Texas and to refund bonds previously issued by the Agency, the Department or certain other quasi-governmental issuers. See "THE DEPARTMENT."

The Series 2015 Bonds are authorized to be issued pursuant to the Act, a resolution adopted by the Governing Board of the Department on September 3, 2015, a Single Family Mortgage Revenue Bond Trust Indenture, dated as of October 1, 1980 (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 The Fort Worth National Bank or its successor, The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), a Fifty-Eighth Supplemental Single Family Mortgage Revenue Bond Trust Indenture (the "Fifty-Eighth Supplemental Indenture") with respect to the Series A Bonds and a Fifty-Ninth Supplemental Single Family Mortgage Revenue Bond Trust Indenture (the "Fifty-Ninth Supplemental Indenture," together with the Fifty- Eighth Supplemental Indenture, the "2015 Supplemental Indentures") with respect to the Series B Bonds. The Trust Indenture authorizes the Department to issue bonds to provide funds to acquire or refinance single family 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, and to pay costs associated therewith. The Department has previously issued multiple series of single family mortgage revenue bonds (the "Prior Bonds") under the Trust Indenture of which $349,145,000 in aggregate principal amount was Outstanding as of June 30, 2015. The Series 2015 Bonds, the Prior Bonds and, unless subordinated, all bonds subsequently issued pursuant to the Trust Indenture (collectively, the "Bonds" or the "Single Family Mortgage Revenue Bonds") will be 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."

In addition to the Single Family Mortgage Revenue Bonds, the Department has previously issued four (4) series of Junior Lien Bonds (the "Prior Junior Lien Bonds"), of which $3,855,000 in aggregate principal amount was outstanding as of June 30, 2015. The Junior Lien Bonds are limited obligations of the Department and are payable solely from revenues (as defined in the Junior Lien Trust Indenture) and funds pledged for the payment thereof on a basis which is junior and subordinate to the Bonds. See "THE TRUST INDENTURE".

The Series A Bonds are being issued for the purpose of refunding and redeeming all of the Department's outstanding Single Family Variable Rate Mortgage Revenue Bonds, 2006 Series H ("the Series 2006H Bonds"). The mortgage backed, pass through certificates (the "Mortgage Certificates") originally funded with the Series 2006H Bonds will become 2015 A Transferred Mortgage Certificates. The 2015 A Mortgage Certificates are comprised of Ginnie Mae Certificates, Fannie Mae Certificates and Freddie Mac Certificates. The Series B Bonds are being issued for the primary purpose of providing funds for the purchase of the 2015 B Mortgage Certificates guaranteed as to timely payment of principal and interest by Ginnie Mae which represent beneficial ownership of pools of Mortgage Loans (the "2015 B Mortgage Loans").

Upon issuance of the Series A Bonds, the 2015 A Transferred Mortgage Certificates will be transferred to the 2015A Mortgage Loan Account. Mortgage Loan Principal Payments on the Mortgage Loans underlying the 2015 A Transferred Mortgage Certificates will be applied to the redemption of the Series A Bonds. See "THE SERIES 2015 BONDS-Redemption Provisions-Redemption From Mortgage Loan Principal Payments -- Series A Bonds." Upon issuance of the Series B Bonds, amounts on deposit in the 2015 B Mortgage Loan Account will be used to purchase the 2015 B Mortgage Certificates described in the following paragraph. Mortgage Loan Principal Payments on the Mortgage Loans underlying the 2015 B Mortgage Certificates will be applied to the redemption of the Series B Bonds. See "THE SERIES 2015 BONDS-Redemption Provisions-Redemption From Mortgage Loan Principal Payments -- Series B Bonds."

The 2015 B Mortgage Certificates will be delivered at closing and will consist of GNMA Securities with a pass-through rate of not less than 3.75% or greater than 4.75%. Once identified, all 2015 B Mortgage Certificates will be disclosed in either the - "APPENDIX H – DATA REGARDING 2015 B MORTGAGE CERTIFICATES" or will be filed with the Municipal Securities Rulemaking Board, at its internet repository named "Electronic Municipal Market Access" ("EMMA"), in a document identifying the 2015 B Mortgage Certificates by CUSIP Number, pool number, pass-through rate and outstanding principal amount no later than two Business Days after the date of issuance of the Series B Bonds. Summary information regarding the 2015 B Mortgage Certificates is described herein under "THE 2015 B MORTGAGE CERTIFICATES." The Department has instructed its master servicer to pool specific, existing closed Mortgage Loans into 2015 B Mortgage Certificates, equal to the amount of Series B Bonds being offered. To the extent the 2015 B Mortgage Certificates delivered at closing are less than what is reflected in the table under the caption "THE 2015 B MORTGAGE CERTIFICATES," the Department will deliver within 30 days of delivery of the Series B Bonds a replacement 2015 B Mortgage Certificate with similar characteristics to those reflected in "APPENDIX H – DATA REGARDING THE 2015 B MORTGAGE CERTIFICATES."

For more detailed data regarding the 2015 A Mortgage Certificates and 2015 B Mortgage Certificates see "APPENDIX G – DATA REGARDING 2015 A TRANSFERRED MORTGAGE CERTIFICATES" and "APPENDIX H – DATA REGARDING 2015 B MORTGAGE CERTIFICATES."

The 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 Account, the Swap Agreement Termination Payment Subaccount and the Swap Agreement Termination Receipt Subaccount of the Surplus Revenues Account of the Revenue Fund and the Policy Payments Account) and other property pledged under the Trust Indenture (collectively, the "Trust Estate"). All payments with respect to principal of and interest on Mortgage Loans (net of servicers' 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 other than the excluded Funds and Accounts constitute Revenues. Bondholders have no rights to or lien on the Swap Agreements. 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.

The Series 2015 Bonds are on a parity in all respects with all outstanding Prior Bonds, and, unless subordinated, any bonds subsequently issued under the Trust Indenture. The Mortgage Loans securing the Bonds were (i) in an amount not greater than eighty percent (80%) of the lesser of (a) the appraised value of the mortgaged property or (b) the sales price of the mortgaged property, or (ii) insured by the Federal Housing Administration ("FHA") or guaranteed by the Department of Veterans Affairs (formerly, the Veterans Administration) ("VA") or (iii) insured by a private mortgage insurance company which has been approved by the Department in the amount by which the Mortgage Loan exceeds eighty percent (80%) of the value of the mortgaged property. The Trust Indenture also permits the acquisition of Mortgage Loans guaranteed by another agency or instrumentality of the United States exercising powers similar to FHA or VA, such as the United States Department of Agriculture Rural Housing Services ("RHS"). In connection with each series of Prior Bonds, the Department either obtained a mortgage pool insurance policy in an amount at least equal to ten percent (10%) of the initial aggregate amount of Mortgage Loans purchased, provided for a mortgage pool self-insurance reserve or used proceeds to acquire Mortgage Certificates. Each Eligible Borrower is required to maintain standard hazard insurance coverage and, if applicable, flood insurance. For information regarding the Mortgage Loans, including the Mortgage Loans underlying the 2015 A Transferred Mortgage Certificates and the Master Servicers for such Mortgage Loans, see "APPENDIX I- CERTAIN INFORMATION REGARDING THE PROGRAM, THE MORTGAGE LOANS, PRIOR SWAP AGREEMENTS AND PRIOR LIQUIDITY FACILITIES-THE PROGRAM AND THE MORTGAGE LOANS."

The Trust Indenture establishes a Debt Service Reserve Account (the "Debt Service Reserve Account") within the Debt Service Fund. The Trust Indenture requires that the Debt Service Reserve Account be maintained in an amount at least equal to three percent (3%) of the aggregate principal amount of the Mortgage Loans outstanding (zero percent (0%) for Mortgage Loans represented by Mortgage Certificates) from time to time (the "Debt Service Reserve Account Requirement"). Moneys in the Debt Service Reserve Account will be made available in the event that there are insufficient funds on deposit in the other accounts of the Debt Service Fund and the Mortgage Loan Fund, respectively, to pay, when due, principal of and interest on the Series 2015 Bonds or any other Outstanding Bonds. As of June 30, 2015, the Debt Service Reserve Account Requirement for the Single Family Mortgage Revenue Bonds was $22,491 and $290,092 was on deposit in the Debt Service Reserve Account.

THE SERIES 2015 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 GINNIE MAE, FREDDIE MAC AND FANNIE MAE, IS OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2015 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. GINNIE MAE, FREDDIE MAC AND FANNIE MAE GUARANTEE ONLY THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE GINNIE MAE CERTIFICATES, FREDDIE

MAC CERTIFICATES AND FANNIE MAE CERTIFICATES, RESPECTIVELY, WHEN DUE AND DO NOT GUARANTEE THE PAYMENT OF THE SERIES 2015 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 2015 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 2015 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 – The 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."

PLAN OF FINANCE

Proceeds of the Series A Bonds are to be applied, within ninety (90) days after the date of issuance, to refund and redeem the Series 2006 H Bonds.

Proceeds of the Series B Bonds will be (a) deposited to the 2015 B Mortgage Loan Account of the Mortgage Loan Fund and used to purchase 2015 B Mortgage Certificates, and (b) used to pay a portion of the costs of issuance of the Series B Bonds.

SOURCES AND USES OF FUNDS

The sources of funds and the uses thereof in connection with the Series 2015 Bonds are expected to be approximately as set forth below.

SOURCES OF FUNDS	
Series 2015 A Bond Proceeds	$33,825,000
Series 2015 B Bond Proceeds	$19,870,000
Series 2006H Revenue Fund	$916,675
Issuer Contribution	$2,498,072
TOTAL	$57,109,747
USES OF FUNDS	
Redemption of Refunded Bonds	$34,741,675
2015 B Mortgage Loan Account*	$21,519,292
2015 B Redemption Subaccount Deposit	$10,000
Underwriter Compensation	$361,439
Costs of Issuance	$477,341
TOTAL	$57,109,747

*Includes the purchase of 2015 B Mortgage Certificates, accrued interest on the mortgage-backed securities, down payment assistance funds, and lender servicing release premiums.

THE SERIES 2015 BONDS

General

The Series 2015 Bonds will be dated the date of delivery. The Series 2015 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 the Bond Depository for the Series 2015 Bonds. The Series 2015 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 2015 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 2015 Bonds or their nominees. See "THE SERIES 2015 BONDS – DTC and Book-Entry."

The Series 2015 Bonds mature on the dates and in the amounts set forth on the inside cover hereof.

Interest Rate

The Series 2015 Bonds will accrue interest from the date of delivery, until maturity or prior redemption at the per annum rates of interest set forth on the inside cover page hereof. Interest accrued on the Series 2015 Bonds will be payable on March 1, 2016 and semiannually on each September 1 and March 1 thereafter until maturity or prior redemption. Interest on the Series 2015 Bonds will be calculated on the basis of a 360-day year composed of twelve 30-day months.

Redemption Provisions

The Series 2015 Bonds are subject to redemption at various times prior to their scheduled maturities as described below. **The Department anticipates that substantially all of the Series 2015 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.**

Redemption From Mortgage Loan Principal Payments

Series A Bonds

The Series A Bonds are subject to redemption prior to maturity and shall be redeemed, in whole or in part, 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 A Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date, from Mortgage Loan Principal Payments on the 2015 A Transferred Mortgage Certificates transferred to the 2015 A Redemption Subaccount.

It is expected that the redemptions will occur on the first day of each month and will be in an aggregate principal amount (subject to rounding to Authorized Denominations) equal to the Mortgage Loan Principal Payments on deposit in the 2015 A Redemption Subaccount approximately 32 days prior to the redemption date.

Series B Bonds

The Series B Bonds are subject to redemption prior to maturity and shall be redeemed, in whole or in part, 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 B Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date, from Mortgage Loan Principal Payments on the 2015 B Mortgage Certificates transferred to the 2015 B Redemption Subaccount.

It is expected that the redemptions will occur on the first day of each month and will be in an aggregate principal amount (subject to rounding to Authorized Denominations) equal to the Mortgage Loan Principal Payments on deposit in the 2015 B Redemption Subaccount approximately 32 days prior to the redemption date.

Optional Redemption

The Series 2015 Bonds shall be subject to redemption prior to maturity, in whole or in part, at any time and from time to time, on and after September 1, 2024, at the option of the Department, after giving notice as provided in the Trust Indenture, at a Redemption Price equal to 100% of the principal amount of such Series 2015 Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date.

Redemption From Excess Revenues

The Series 2015 Bonds are subject to redemption, in whole or in part, beginning only on and after the initial optional redemption date of September 1, 2024, after giving notice as provided in the Trust Indenture, at a Redemption Price equal to 100% of the principal amount of the Series 2015 Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date, from excess Revenues (including Surplus Indenture Revenues whether or not derived in connection with the Series 2015 Bonds).

In general, excess Revenues will consist of funds remaining on each Interest Payment Date in the Revenue Fund after taking into account (1) the provision for payment of Debt Service on such Interest Payment Date, (2) the required transfers of amounts for the redemption of the Bonds, (3) the amounts, if any, required to fund the Debt Service Reserve Account on such Interest Payment Date, and (4) the payment of Department Expenses in accordance with the Trust Indenture.

Selection of Series 2015 Bonds to be Redeemed

The particular Series 2015 Bonds or portions thereof to be redeemed shall be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate. Any Series 2015 Bonds redeemed in part shall be redeemed in an amount such that the unredeemed portion thereof shall equal an Authorized Denomination, and, in selecting Series 2015 Bonds for redemption, the Trustee shall treat each Series 2015 Bond in a denomination greater than the minimum Authorized Denomination as representing that number of Series 2015 Bonds of the minimum Authorized Denomination which is obtained by dividing the principal amount of such Series 2015 Bonds by the minimum Authorized Denomination.

Notice of Redemption

The Trustee shall give notice, in the name of the Department, of the redemption of Series 2015 Bonds to the holders thereof, which notice shall specify the Series and the maturity date of the Series 2015 Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Series 2015 Bonds are to be redeemed, the letters and numbers or other distinguishing marks of such Series 2015 Bonds so to be redeemed, and, in the case of Series 2015 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 that on such date there shall become due and payable upon each Series 2015 Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof, in the case of Series 2015 Bonds to be redeemed in part only, together with interest accrued to but not including the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable.

The Trustee shall mail a copy of such notice by first class mail, postage prepaid, not less than 30 days prior to the redemption date, nor more than 60 days to the holders of any Series 2015 Bonds or portions thereof which are to be redeemed, at their last addresses, if any, appearing upon the registry books of the Trustee. The Trustee's obligation to give such notice shall not be conditioned upon the prior payment to the Trustee of funds sufficient to pay the Redemption Price on the Series 2015 Bonds to which such notice relates or interest thereon to the redemption date.

Payment of Redeemed Bonds

Notice having been given as provided in the Trust Indenture, the Series 2015 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. Upon presentation and surrender thereof at the office specified in such notice, such Series 2015 Bonds or portions thereof shall be paid at the Redemption Price, plus interest accrued and unpaid to the redemption date. If there shall be called for redemption less than all of the Series 2015 Bonds, the Department shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Series 2015 Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Series 2015 Bond so surrendered, of the registered Series 2015 Bonds in any Authorized Denomination. If, on the redemption date, moneys for the redemption of all the Series 2015 Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be held by the Trustee so as to be available 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 2015 Bonds or portions thereof of the Series 2015 Bonds so called for redemption shall cease to accrue and become payable. If such moneys shall not be available on the redemption date, such Series 2015 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.

Average Life and Prepayment Speeds

The following information is provided in order to enable potential investors to evaluate the Series 2015 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 the Series A Bonds will be influenced by, among other things, the rate at which principal payments are made on the 2015 A Transferred Mortgage Certificates. The weighted average life of the Series B Bonds will be influenced by, among other things, the rate at which principal payments are made on the 2015 B Mortgage Certificates. 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 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 2015 B 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 30^{th} month. Beginning in the 30^{th} 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.

The following table assumes, among other things, that (i) all Series A Bond proceeds will be used to refund Series 2006H Bonds and Series B Bond proceeds deposited into the 2015 B Mortgage Loan Account will be used to purchase 2015 B Mortgage Certificates, (ii) Series A Bonds and Series B Bonds will be redeemed only as described under "Redemption From Mortgage Loan Principal Prepayments" above, (iii) the weighted average remaining maturity of 2015 A Transferred Mortgage Certificates is 253 months and the weighted average mortgage rate of 2015 A Transferred Mortgage Certificates is 5.912% (iv) 2015 B Mortgage Certificates will have an original term of 30 years, (v) the weighted average mortgage rate of 2015 B Mortgage Certificates is 4.623% (vi) the 2015 A Mortgage Loans and 2015 B Mortgage Loans prepay at the indicated percentage of the SIFMA Prepayment Model, (vii) payments on 2015 A Transferred Mortgage Certificates and 2015 B Mortgage Certificates are timely made and used on a timely basis to redeem the Series A and Series B Bonds, respectively, (viii) the Series A Bonds and Series B Bonds are not redeemed pursuant to optional redemption, and (x) no amounts allocable to any other series of Bonds are used to cross-call the Series A Bonds and Series B Bonds and no amounts allocable to the Series A Bonds and Series B Bonds are used to cross-call any other Series of Bonds.

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 life of the Series A Bonds and Series B Bonds.

Prepayment Speed of Mortgage Loans (SIFMA)	Projected Weighted Average Life (in Years) [(1)] Series A Bonds	Projected Weighted Average Life (in Years) [(1)] Series B Bonds
0%	12.8	18.4
50%	10.3	14.0
75%	9.3	12.3
100%	8.4	11.0
125%	7.6	9.9
150%	7.0	9.0
175%	6.4	8.2
200%	5.9	7.5
250%	5.0	6.4
300%	4.3	5.6
400%	3.4	4.5
500%	2.7	3.8

[(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.

Additional assumptions that do not affect the projected weighted average life table above include (i) Trustee's fees are paid in the amount of .0275% per annum of Series 2015 Bonds outstanding, (ii) Department Expenses are paid in the amount of .20% per annum of 2015 A Transferred Mortgage Certificates and .20% per annum of 2015 B Mortgage Certificates outstanding, and (iii) DPA Recovery Fees in the amount of .75% per annum of 2015 B Mortgage Certificates outstanding with pass-through rates ranging from 3.75% to 4.125% and 1.20% per annum of 2015 B Mortgage Certificates outstanding with pass-through rates ranging from 4.500% to 4.750%. DPA Recovery Fees are transferred to the Surplus Revenues Account.

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 A Bonds and Series B 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.

The Mortgage Loans underlying the 2015 A Transferred Mortgage Certificates will have experienced the following cumulative prepayment rates (taking into account all principal repayments and prepayments to be paid through October 25, 2015 based on October 2015 Factors):

(i) 183% of the SIFMA Prepayment Model since inception,

(ii) 161% of the SIFMA Prepayment Model for the most recent twelve (12) months, and

(iii) 120% of the SIFMA Prepayment Model for the most recent six (6) months.

The information set forth above with respect to the prepayment experience (as a percentage of the SIFMA Prepayment Model) has been obtained from sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation of the Department, the Financial Advisor or the Underwriters.

DTC and Book-Entry

DTC will act as securities depository for the Series 2015 Bonds. The Series 2015 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 2015 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 subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. 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 2015 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2015 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2015 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 2015 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 2015 Bonds, except in the event that use of the book-entry system for the Series 2015 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2015 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 2015 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2015 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2015 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 2015 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2015 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Series 2015 Bonds may wish to ascertain that the nominee holding the Series 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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.

The Department, the Underwriters and the Trustee cannot and do not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Series 2015 Bonds (i) payments of principal of or interest and premium, if any, on the Series Bonds, (ii) certificates representing an ownership interest or other confirmation of beneficial ownership interest in Series 2015 Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2015 Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities Exchange Commission, and the current "Procedures" of DTC to be followed in dealing with Direct Participants are on file with DTC.

NEITHER THE DEPARTMENT, THE UNDERWRITERS NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON WITH RESPECT TO: (1) THE SERIES 2015 BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES BONDS; (4) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTIONS TO BE GIVEN TO OWNERS OF SERIES BONDS; (5) THE SELECTION OF THE BENEFICIAL OWNERS

TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF SERIES 2015 BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS A BONDOWNER

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 2015 Bonds. Series 2015 Bonds may be exchanged for an equal aggregate principal amount of Series 2015 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 2015 Bond may be registered on the books maintained by the Trustee for such purpose only upon the surrender of such Series 2015 Bond to the Trustee with a duly executed assignment in form satisfactory to the Trustee. For every exchange or transfer of registration of Series 2015 Bonds, the Department and or Trustee may make a charge sufficient to reimburse it or 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 administrative expenses, if any, charged by the Trustee for the transfer or exchange. The Trustee will not be required to transfer or exchange any Series 2015 Bond for a period of 20 days next preceding an interest payment date on such Series 2015 Bonds or next preceding any selection of Series 2015 Bonds to be redeemed or thereafter until after mailing of any notice of redemption on any Series 2015 Bonds called for redemption, or transfer or exchange any Series 2015 Bonds called for redemption. The Department and the Trustee may treat the Person in whose name a Series 2015 Bond is registered as the absolute owner thereof for all purposes, whether such Series 2015 Bond is overdue or not, for the purpose of receiving payment of, or on account of the principal of, interest on, such Series 2015 Bond. If any Series 2015 Bond is not presented for payment when the principal or the Redemption Price therefor becomes due, and if moneys sufficient to pay such Series 2015 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 2015 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 2015 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.

THE 2015 A TRANSFERRED MORTGAGE CERTIFICATES

Upon delivery of the Series A Bonds for the purpose of refunding the Refunded Bonds, the 2015 A Transferred Mortgage Certificates will be allocated to the 2015 A Mortgage Loan Account. Mortgage Loan Principal Payments on the 2015 A Transferred Mortgage Certificates will be used to redeem the Series A Bonds as described herein under "THE SERIES 2015 BONDS-Redemption Provisions-Redemption from Mortgage Loan Principal Payments – Series A Bonds." The Trust Indenture does not grant a priority in the 2015 A Mortgage Loan Account to the Series A Bonds over any other series of Bonds.

Based upon October 2015 factors, the outstanding principal amount of the 2015 A Transferred Mortgage Certificates, as of October 25, 2015, will be $33,827,826.79. Substantially all of the 2015 A Transferred Mortgage Certificates were acquired between January 2007 and August 2009. The 2015 A Mortgage Loans had original terms of thirty years. The following table reflects summary information with respect to the 2015 A Transferred Mortgage Certificates:

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Mortgage Certificates	Outstanding Principal*	Weighted Average Pass-Through Rate*	Weighted Average Mortgage Rate*	Weighted Average Remaining Term (in months)*
GNMA II	$24,079,354.88	5.406%	5.906%	253
Fannie Mae	$9,006,569.36	5.434%	5.934%	251
Freddie Mac	$741,902.55	5.355%	5.855%	265
Total / Weighted Average	$33,827,826.79	5.412%	5.912%	253

*Based upon October 2015 factors

For detailed data regarding the 2015 A Transferred Mortgage Certificates see "APPENDIX G – DATA REGARDING 2015 A TRANSFERRED MORTGAGE CERTIFICATES."

THE 2015 B MORTGAGE CERTIFICATES

Upon delivery of the Series B Bonds for the purpose of providing funds for the purchase of 2015 B Mortgage Certificates, the 2015 B Mortgage Certificates will be allocated to the 2015 B Mortgage Loan Account. Mortgage Loan Principal Payments on the 2015 B Mortgage Certificates will be used to redeem the Series B Bonds as described herein under "THE SERIES 2015 BONDS-Redemption Provisions-Redemption from Mortgage Loan Principal Payments – Series B Bonds." The Trust Indenture does not grant a priority in the 2015B Mortgage Loan Account to the Series 2015 B Bonds over any other series of Bonds.

Expect as noted below, the 2015 B Mortgage Certificates will be acquired on October 29, 2015. The 2015 B Mortgage Loans have original terms of thirty years. The following table reflects summary information with respect to the 2015 B Mortgage Certificates expected to be purchased from 2015 B bond proceeds:

Mortgage Certificates	Outstanding Principal	Weighted Average Pass-Through Rate	Weighted Average Mortgage Rate	Weighted Average Remaining Term (in months)
GNMA II	$2,040,412	3.750%	4.250%	359
GNMA II	$3,289,888	4.000%	4.500%	358
GNMA II	$11,868,205	4.125%	4.625%	359
GNMA II	$1,092,611	4.500%	5.000%	357
GNMA II	$828,338	4.625%	5.125%	358
GNMA II	$392,580	4.750%	5.250%	358
GNMA II*	$229,761	4.125%	4.625%	358
GNMA II*	$120,138	4.625%	5.125%	358
Total / Weighted Average	$19,861,933	4.123%	4.623%	359

*Expected to be delivered within thirty days of closing.

For more detailed data regarding the 2015 B Mortgage Certificates see "APPENDIX H – DATA REGARDING 2015 B MORTGAGE CERTIFICATES."

SECURITY FOR THE BONDS

Pledge of Trust Indenture

The Bonds, including the Series 2015 Bonds, 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.

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, which consists generally of the Revenues, Mortgages, Mortgage Loans (including Mortgage Certificates), money and Investment Securities held in the Funds (excluding the Rebate Account, the Swap Agreement Termination Payment Subaccount and the Swap Agreement Termination Receipt Subaccount of the Surplus Revenues Account of the Revenue Fund and the Policy Payments Account), and other property pledged under the Trust Indenture and any supplemental indenture. Revenues include all payments with respect to the Mortgage Loans (net of servicing, accounting and collection fees) which include Mortgage Certificates (net of servicing and guaranty fees) and the earnings on investments of amounts held under the Trust Indenture and any supplemental indenture. Revenues do not include Swap Agreement Periodic Receipts or Swap Agreement Termination Receipts, payments made in order to obtain or maintain mortgage insurance and fire and other hazard insurance with respect to Mortgage Loans (including Mortgage Certificates), and any payments required to be made with respect to Mortgage Loans (including Mortgage Certificates) for taxes, other governmental charges, and other similar charges customarily required to be escrowed on mortgage loans or commitment fees or other financing charges paid by a Mortgage Lender or the Servicer to the Department in connection with a commitment to sell and deliver Mortgage Loans (including Mortgage Certificates) to the Department. Swap Agreement Periodic Receipts will be available to pay Debt Service on the Bonds. Bondholders have no rights to or lien on the Swap Agreements.

All Bonds issued under the Trust Indenture are also equally and ratably secured by amounts in the Debt Service Reserve Account of the Debt Service Fund. See "THE TRUST INDENTURE–Debt Service Reserve Account." The Trust Indenture requires that the Debt Service Reserve Account be funded in the amount sufficient to cause the Account to be maintained at a level at least equal to three percent (3%) of the aggregate principal amount of Mortgage Loans outstanding (zero percent (0%) for Mortgage Loans represented by Mortgage Certificates) from time to time. As of June 30, 2015 the Debt Service Reserve Account Requirement for the Bonds was $22,491. As of such date, $290,092 was on deposit in the Debt Service Reserve Account.

The Series 2015 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 Ginnie Mae, Freddie Mac, and Fannie Mae, is obligated to pay the principal or redemption price of, or interest on, the Series 2015 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. Ginnie Mae, Freddie Mac and Fannie Mae guarantee only the payment of the principal of and interest on the Ginnie Mae Certificates, Freddie Mac Certificates and Fannie

Mae Certificates, respectively, when due and do not guarantee the payment of the Series 2015 Bonds or any other obligations issued by the Department.

Certain Information as to Revenues, Investments, Debt Service and Department Expenses

On the basis of the Statement of Projected Revenues prepared in connection with the issuance of the Series 2015 Bonds, as discussed below, the Department expects that the scheduled payments, together with 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 2015 Bonds and all other Outstanding Bonds when due. In arriving at the foregoing conclusions, the Department has included all Prior Bonds but has not considered the issuance of other additional Bonds or the application or investment of the proceeds thereof.

Since obligations issued under the Trust Indenture will rank equally and ratably with the Series 2015 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. See "Additional Bonds."

Statement of Projected Revenues

The Department is required to prepare periodically a statement comparing estimates of Revenues with the Debt Service requirements and estimated Department Expenses with respect to Outstanding Bonds (the "Statement of Projected Revenues"). This Statement of Projected Revenues is required to be prepared as a condition to the issuance of Bonds and annually within 180 days after each August 31. A Statement of Projected Revenues is also required to be prepared semiannually at any time that unexpended Bond proceeds remain on deposit in the Mortgage Loan Fund to the extent reasonably necessary to reflect the actual application of amounts therein, the expiration or other termination or alteration of any commitment for the acquisition or refinancing of Mortgage Loans or any revised estimates with respect thereto.

The Department has covenanted that during such time as it is not meeting the Asset Test (as described herein under "THE TRUST INDENTURE – Revenue Fund"), the Department may only direct the Trustee (i) to transfer Surplus Indenture Revenues to the Mortgage Loan Fund or the Redemption Account of the Debt Service Fund; (ii) to invest the Surplus Indenture Revenues in Investment Securities; or (iii) if the Department shall have on file with the Trustee a Statement of Projected Revenues, projecting that Revenues to the extent deemed available or to be available to pay Department Expenses and aggregate Debt Service, including Swap Agreement Periodic Payments, will be sufficient to pay Department Expenses and aggregate Debt Service, including Swap Agreement Periodic Payments, when due in the then current and each succeeding Bond Year and as of the date of such Statement of Projected Revenues, the Department Assets are at least equal to one hundred percent (100%) of the aggregate principal amount of Outstanding Bonds, then Surplus Indenture Revenues may be used to pay principal, interest and redemption price on Junior Lien Bonds or to establish and maintain reserves or other funds and accounts as provided in the indenture or indentures authorizing such Junior Lien Bonds.

At the end of any Bond Year, if the Department meets the Asset Test, the Department may apply any Surplus Indenture Revenues (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):

(i) to the trustee under the Junior Lien Trust Indenture to be used to originate mortgage loans as described in the Trust Indenture, to reimburse a bond insurer or credit provider for amounts provided under a bond insurance policy or other credit support or to originate junior lien mortgage loans;

(ii) to pay principal, interest, and redemption premium on Junior Lien Bonds, or to establish and maintain reserves or other funds and accounts as provided in the indenture authorizing Junior Lien Bonds;

(iii) (a) subject to the provisions of the Trust Indenture or any Supplemental Indenture to the redemption of the Bonds (only on and after the optional redemption date for the Series 2015 Bonds); (b) to the payment of any Department Expenses; (c) to the establishment of reserves therefor, free and clear of the pledge and lien of the Trust Indenture; or (d) to the purchase of Bonds; and

(iv) any other purpose or payment authorized or required by the Act free and clear of the pledge and lien of the Trust Indenture;

provided, however, that no such amounts may be applied in any way which would result in less than ninety percent (90%) of all amounts received by the Department with respect to the Mortgage Loans being used for the following purposes: (v) to pay the principal or Redemption Price of or interest on or purchase or otherwise to service the Bonds; (w) to reimburse the Department for Department Expenses, or to pay, for costs of issuance; (x) to reimburse the Department, or to pay for administrative or other costs or anticipated future losses directly related to the Program; (y) to acquire Mortgage Loans or other loans or mortgages financing residential real property in the State; and (z) to redeem or retire obligations of the Department.

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 legally issued in accordance with the Trust Indenture and the Act. The Department must also deliver a Statement of Projected Revenues which gives effect to the issuance of such additional Bonds, including refunding Bonds, and demonstrates that (i) the estimated Revenues and any other revenues, investment income or moneys reasonably estimated by the Department to be available for the payment of aggregate Debt Service, including Swap Agreement Periodic Payments, for all Outstanding Bonds when due will be sufficient to pay the aggregate Debt Service for all Outstanding Bonds, including Swap Agreement Periodic Payments, and (ii) the remaining balance of the scheduled and estimated Revenues and other revenues, investment income or moneys reasonably estimated by the Department to be available to pay budgeted or estimated Department Expenses allocable by the Department to the Outstanding Bonds, the Trust Indenture and the Department's programs under the Trust Indenture will be sufficient to pay such budgeted or estimated Department Expenses. No additional parity Bonds may be issued unless, upon the issuance of such Bonds, the amounts credited to the Debt Service Reserve Account will be sufficient to maintain its requirements. The Department has reserved the right to adopt one or more additional general bond indentures and to issue other obligations, such as the Junior Lien Bonds, payable from sources other than the Trust Estate and has also reserved the right to issue obligations, other than the Bonds, payable from the Trust Estate, including the Revenues, if the pledge of and lien on the Trust Estate and the Revenues securing such obligations is junior to or subordinate to the pledge of and lien on the Trust Estate and the Revenues securing the Bonds.

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The Prior Bonds

In addition to the Series 2015 Bonds to be issued, fifty-two series of Prior Bonds have been issued pursuant to the Trust Indenture. As of June 30, 2015, $349,145,000 in aggregate principal amount of such Prior Bonds were Outstanding in the following principal amounts:

Series	Original Issue Amount	Bonds Outstanding
2004 Series A, B	$176,610,000	$44,260,000
2004 Series C, D, E, F	$175,070,000	$29,585,000
2005 Series A	$100,000,000	$37,115,000
2005 Series B, C, D	$38,195,000	$5,805,000
2006 Series A, B, C, D, E	$282,430,000	$71,035,000
2006 Series F, G, H	$132,195,000	$36,000,000
2007 Series A	$143,005,000	$48,190,000
2007 Series B	$157,060,000	$47,830,000
2013 Series A	$42,500,000	$29,325,000
TOTAL	$1,247,065,000	$349,145,000

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

Prior Mortgage Loans and Mortgage Certificates

Prior Mortgage Loans and Mortgage Certificates held under the Single Family Mortgage Revenue Bond Program as of June 30, 2015 are as follows:

Prior Mortgage Loans and Mortgage Certificates

Ginnie Mae	$284,815,059.54
Fannie Mae	$54,803,364.24
Freddie Mac	$6,100,629.07
Whole Loans	$1,012,924.10
TOTAL	$346,731,976.95

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 June 30, 2015.

BONDHOLDER RISKS

Swap Basis Risk

In connection with the issuance of certain Bonds, the Department entered into the Prior Swap Agreements. Pursuant to the Prior Swap Agreements the Department will pay the Prior Swap Providers payments computed at a fixed rate based on a notional amounts which correspond to the outstanding principal balances of the Bonds associated with the respective Prior Swap Agreements, and the Prior Swap Providers will pay the Department payments computed based on variable rate indices on the same notional amounts. The variable rate used under each of the Prior Swap Agreements are based on specified percentages of LIBOR, which is intended to approximate the variable interest rate on the Bonds associated with the Prior Swap Agreements. Unlike LIBOR, however, the interest on the Bonds associated with the Prior Swap Agreements, is excludable from gross income for federal income tax purposes; therefore, one of the primary determinants of any changes to the relationship between the variable rate index used under the Prior Swap Agreements and the interest rates on the Bonds associated with the Prior Swap Agreements is expected to include, among other factors, any changes to the top marginal rate of federal income taxation. Payments to the Department under the Prior Swap Agreements may exceed, equal or be less than the Department's interest obligation on the Bonds associated with the Prior Swap Agreements. Regardless of the amount of moneys received under the Prior Swap Agreements, the Department is obligated to make interest payments on variable rate Bonds at rates that are determined by the respective Remarketing Agents. Any mismatch between Bond interest payments associated with the Prior Swap Agreements and the payments due under the Prior Swap Agreements could cause financial losses under the Trust Indenture. See "CERTAIN INFORMATION REGARDING THE PROGRAM, THE MORTGAGE LOANS, PRIOR SWAP AGREEMENTS AND PROIOR LIQUIDITY FACILITIES -- PRIOR SWAP AGREEMENTS" and Note 5 of APPENDIX D-1 – AUDITED FINANCIAL STATEMENTS OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS FOR THE FISCAL YEAR ENDED AUGUST 31, 2014.

Swap Termination Risk

Under certain circumstances, including certain events of default with respect to the Department or the Prior Swap Providers, the Prior Swap Agreements may be terminated in whole or in part prior to maturity. Following termination, if any, of the Prior Swap Agreements, under certain market conditions, the Department could owe a termination payment to the respective Prior Swap Providers that could be substantial. Such termination payment will be payable from amounts pledged under the Trust Indenture, subject and subordinate to (i) the payment or provision of arbitrage rebate; (ii) expenses and compensation of the Trustee; (iii) the payment of principal and interest on all Senior Bonds and Junior Lien Bonds, if any, (iv) the payment of regularly scheduled payments under the Prior Swap Agreements, and (v) required replenishment of the Debt Service Reserve Fund, if any. A bond insurer has issued swap insurance policies insuring the scheduled fixed payments from the Department for all of the Prior Swap Agreements, except the 2006 Series H Bonds and Series 2007A Bonds. The Department's obligation to reimburse the bond insurer, if any, and to pay any Prior Swap Provider that is owed a termination payment is subordinate to scheduled payment of principal of and interest on all Senior Bonds and Junior Lien Bonds, if any, the payment of regularly scheduled payments under the Prior Swap Agreements, and any required replenishment of the Debt Service Reserve Fund.

As of June 30, 2015, the Department estimates that the aggregate termination payments that would have been owed by the Department to the Prior Swap Providers was approximately $18.5 million; however such estimation is by no means incontrovertible as the actual termination payment, were the Prior Swap Agreements to be terminated, would likely be subject to different valuations from the Prior Swap Providers. For more detailed information concerning "fair value" estimations for each Prior Swap Agreement see "CERTAIN INFORMATION REGARDING THE PROGRAM, THE MORTGAGE LOANS, PRIOR SWAP AGREEMENTS AND PROIOR LIQUIDITY FACILITIES -- PRIOR SWAP AGREEMENTS" and Note 5 of 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, 2014.

Mortgage Loan Principal Prepayments

The Department anticipates that the Trustee will receive Mortgage Loan Principal Prepayments on the 2015 A Transferred Mortgage Certificates and the 2015 B Mortgage Certificates. Mortgage Loan Principal Prepayments are usually the result of the resale of the premises securing a Mortgage Loan or the refinancing of a Mortgage Loan due to changes in mortgage interest rates. Therefore, economic and financial market conditions may have a significant short-term effect on the rate of prepayments. The Department is not aware of any means which would allow it to accurately predict the actual level of prepayments it will receive from the 2015 A Transferred Mortgage Certificates and 2015 B Mortgage Certificates. Mortgage Loan Principal Prepayments will be applied to the redemption of the respective Series of the Series 2015 Bonds at the price of one hundred percent (100%) of the principal amount thereof, but without any redemption premium. See "THE SERIES 2015 BONDS—Redemption Provisions—Redemption from Mortgage Loan Principal Payments."

Nature of the Guarantees of Freddie Mac and Fannie Mae

The obligations of Freddie Mac under its guarantees of the Freddie Mac Certificates are obligations of Freddie Mac only, and the obligations of Fannie Mae under its guarantees of the Fannie Mae Certificates are obligations of Fannie Mae only. Neither the Freddie Mac Certificates nor the Fannie Mae Certificates, including the interest thereon, are guaranteed by the United States or constitute debts or obligations of the United States or any agency or instrumentality of the United States other than Freddie Mac and Fannie Mae, as applicable, and neither is entitled to the full faith and credit of the United States. If Freddie Mac or Fannie Mae is unable to satisfy its obligations under its guarantees, distributions on the Freddie Mac Certificates or the Fannie Mae Certificates, as applicable, would consist solely of payments and other recoveries on the related mortgage loans. In such event, prepayments, delinquencies and defaults on the mortgages would affect distributions on the Freddie Mac and the Fannie Mae Certificates, as applicable, and could adversely affect payments on the Series 2015 Bonds.

Risk of Non-Payment Due to Bank Bond Acceleration

The Department's ability to pay the debt service on Bonds may be negatively impacted by the inability to remarket variable rate Prior Bonds. Variable rate Prior Bonds comprise approximately 56.2% of the Department's bonded debt under the Trust Indenture. As of June 30, 2015, the Department has no unremarketed outstanding Bank Bonds. For purposes of this section, the term "Bank Bonds" means Prior Bonds purchased by the Prior Liquidity Facility Provider. As Bank Bonds, the terms of such Bank Bonds have more onerous interest rates and/or principal repayment schedules.

In connection with the Department's variable rate Prior Bonds, the Department has replaced the original liquidity facility providers with Liquidity Facilities provided by the Comptroller (each, a "Comptroller Liquidity Facility"). The Comptroller Liquidity Facilities expire on December 31, 2015. There is no assurance that the Department will be able to secure substitute liquidity or extend the Comptroller Liquidity Facilities. Failure to do either may have an adverse effect on the ability of the Indenture to generate revenues sufficient to pay principal of and interest on the Series 2015 Bonds.

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/RD. Under the Program, the Mortgage Loans related to the Series 2006H Bonds and 2015 B Mortgage Loans were securitized as 2015 A Transferred Mortgage Certificates and 2015 B Mortgage Certificates, respectively, and guaranteed as to timely payment of principal and interest by Ginnie Mae, 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 2015 Bonds may be adversely affected. For certain information about Ginnie Mae and the Ginnie Mae 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 2015 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 2015 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 agency of the State of Texas (the "State") 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 continued the Department in existence until September 1, 2011. House Bill 3361 extended the existence of the Department until September 2025, at which time it will be subject to review. The Sunset Act, however, recognizes the continuing obligation of the State to provide for the payment of bonded indebtedness incurred by a State agency abolished under the provisions thereof and provides that the Governor of the State shall designate an appropriate State agency to continue to carry out all covenants with respect to any bonds outstanding, including the payment of any bonds from the sources provided in the proceedings authorizing such bonds.

In the Act, the State also pledges and agrees with the holders of any bonds issued under the Act 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:

J. PAUL OXER, P.E., Chair and Board Member. Managing Director of McDaniel, Hunter & Prince Inc. His term expires January 31, 2017.

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, 2017.

LESLIE BINGHAM-ESCARENO, Board Member. Chief Executive Officer of Valley Baptist Medical Center-Brownsville. Her term expires January 31, 2019.

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

TOLBERT CHISUM, Board Member. Trustee of The Modern Group. Founder and Vice Chairman and past Chairman and CEO of the Abraham Lincoln Presidential Library Foundation. His term expires January 31, 2019.

J.B. GOODWIN, Board Member. CEO OF JB Goodwin Realtors. His term expired January 31, 2015.

There is currently one vacant seat on the Board.

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 who has tendered his or her resignation continues to serve until his or her successor has been appointed.

Administrative Personnel

The Act provides that the 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 276 employees. 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.

TIMOTHY K. IRVINE, Executive Director since September 16, 2011. Mr. Irvine has been a licensed attorney in Texas since 1976. He has been with the Department since January 2009 and was appointed General Counsel in March 2010 and Acting Director in June 18, 2011. His prior experience includes serving as an attorney for the Federal Reserve Bank of Dallas, heading the legal division and serving as secretary of Texas Commerce Bancshares and as General Counsel of its lead bank, heading the legal division and serving as secretary for Franklin Federal Bancorp as well as overseeing its mortgage banking, human resources, and other support functions, serving as a partner in the Austin office Locke Liddell & Sapp (now Locke Lord LLP), serving as General Counsel of the Texas Savings and Loan Department (now the Savings and Mortgage Lending), as Executive Director of the 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.

DAVID CERVANTES, Director of Financial Administration. During his 26 year tenure with State Government, Mr. Cervantes has been responsible for the overall fiscal management, accounting and financial reporting for the Department. The Financial Administration Division includes Accounting Operations, Financial Services, Budget/Payroll & Travel, Purchasing & Staff Services and the Loan Servicing Sections. The Division is also responsible for the coordination of information and planning related to the state budget/appropriations process. The annual financial audit, conducted by an independent auditor, is facilitated through the Financial Administration Division. In conjunction with Bond Finance, this Division monitors the financial status of the bonds and performs all responsibilities of the Department in accordance with the bond covenants stated in the bonds’ legal documents. Mr. Cervantes received his Bachelor of Business Administration in Accounting and his Master of Business Administration from Southwest Texas State University. He is a member of the Government Finance Officers’ Association (GFOA) and a graduate of the 2002 inaugural class of the Texas Fiscal Officers’ Academy (TFOA).

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

CATHY GUTIERREZ, Director of the Texas Homeownership Division. Cathy began her career at the Texas Department of Housing and Community Affairs in 1992. Her first position was with the Finance and Accounting Division in Loan Administration and progressed through several positions in the Community Affairs, Housing Finance, and HOME Divisions. In 2003 she joined the Texas Homeownership Division. During her 12 year tenure in the Division, Cathy served as the Business Development Officer and Program Manager, assisting in new program structure, marketing, lender and Realtor trainings, business development, lender participation process, and consumer related inquires. In April 2015, Cathy became the Director of the Texas Homeownership Division. She is responsible for the development and administration of the Single Family Homeownership and Mortgage Credit Certificate programs.

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

THE TRUST INDENTURE

General

The Trust Indenture, which includes the Master Indenture and each of the supplements and amendments thereto relating to the Bonds, contains various covenants and security provisions, certain of which are summarized below. 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 are established under the Trust Indenture: Mortgage Loan Fund; Revenue Fund; Debt Service Fund (and a Principal Account, an Interest Account, a Debt Service Reserve Account, a Swap Agreement Periodic Payment Account, and a Redemption Account therein); Expense Fund (and a Rebate Account therein); and Special Mortgage Loan Fund. The Funds and Accounts (except for the Principal Account, Interest Account, Swap Agreement Periodic Payment Account and Redemption Account of the Debt Service Fund which are held and invested by the Trustee and the Expense Fund which is held by the Department) are held by the Trustee and maintained and invested by the Comptroller, acting by and through the Texas Treasury Safekeeping Trust Company, as depository (the "Depository") under the Trust Indenture. See "ADDITIONAL INFORMATION" for information on Texas Treasury Safekeeping Trust Company.

The 2015 Supplemental Indentures create an account for the Series A Bonds and the Series B Bonds, respectively, within each listed Fund, and a Subaccount for the Series A Bonds, and the Series B Bonds, respectively, within each listed Account except for the Special Mortgage Loan Fund, the Debt Service Reserve Account and the Swap Agreement Periodic Payment Account. Moreover, in connection with the Swap Agreements, the corresponding Supplemental Indentures each created a corresponding Swap Agreement Termination Payment Subaccount, Swap Agreement Periodic Receipt Subaccount and Swap

Agreement Termination Receipt Subaccount within the Surplus Revenues Account of the Revenue Fund. The Swap Agreement Termination Payment Subaccount and the Swap Agreement Termination Receipt Subaccount are not pledged as security for the payment of principal of or interest on any Bonds. The Accounts and Subaccounts so created do not grant a priority of the Series A Bonds or the Series B Bonds over that of any other series of Bonds.

Mortgage Loan Fund

Amounts in the Mortgage Loan Fund will be used to pay: (i) the costs of acquiring the Mortgage Certificates, (ii) a portion of the costs of issuance of the Bonds, and (iii) any other fees and expenses incurred in connection with the acquisition of the Mortgage Certificates which are payable by the Trustee on behalf of the Department pursuant to any agreement with Mortgage Lenders, and the fees and expenses of the Trustee, the Department and any consultants to the Department. The 2015 A Transferred Mortgage Certificates will be deposited to the 2015 A Mortgage Loan Account.

Under certain circumstances, as required by the Trust Indenture, the Trustee, at the direction of the Department, is required to transfer amounts in the Mortgage Loan Fund to the Redemption Account to pay the principal of Bonds to be redeemed or to be purchased. To the extent other moneys are not available in any other fund or account, amounts in the Mortgage Loan Fund may be applied to the payment of principal or Redemption Price of and interest on the Bonds.

The Department has covenanted in the Trust Indenture that it will acquire, refinance or sell Mortgage Loans or Mortgage Certificates only if it has determined, on the basis of its most recent Statement of Projected Revenues, and other information available to it, that such action will not adversely affect the Department's ability to pay, when due, the principal or Redemption Price of and interest on the Bonds. See "SECURITY FOR THE BONDS – Certain Information as to Revenues, Investments, Debt Service and Department Expenses" and "– Statement of Projected Revenues" and "APPENDIX I – CERTAIN INFORMATION REGARDING THE PROGRAM, THE MORTGAGE LOANS, PRIOR SWAP AGREEMENTS AND PRIOR LIQUIDITY FACILITIES- Sale of Mortgage Loans or Mortgage Certificates."

Expense Fund

Amounts in the Expense Fund (except for amounts in the Rebate Account therein) 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.

Funds on deposit in the Rebate Account 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.

Revenue Fund

All Revenues are required to be deposited in the Revenue Fund promptly upon receipt by the Department. On the first day of each month, or as soon thereafter as possible, the Trustee is required to transfer from the Revenue Fund to the Expense Fund the amount, estimated by the Department, to be required to pay the Department Expenses during the next month together with the amount, if any, necessary to maintain or restore an operating reserve in the Expense Fund to the sum estimated in the Department's current annual budget to be required to pay two months' Department Expenses. The Trust Indenture requires the Department to estimate periodically the amounts necessary to pay an amount (the "Rebate Amount") to the United States of America as required under Section 148(f) of the Code and applicable provisions thereunder and thus include such amounts in its monthly estimate of Department Expenses.

On or before each Interest Payment Date on the Bonds, the Trustee is required to transfer Mortgage Loan Principal Payments at the Department's direction to either the Principal Account, the Mortgage Loan Fund, or to the Redemption Account; provided, however, that all amounts representing Mortgage Loan Principal Payments shall be transferred to a Redemption Account and applied to the redemption of the respective Series of Bonds within six months after receipt. The Trustee also must transfer from the Revenue Fund the other amounts on deposit therein representing investment earnings on Funds and Accounts and Mortgage Loan Interest Payments to the Debt Service Fund as follows: (i) to the Interest Account, to the extent required so that the balance in said account equals the amount of the interest which will be due and unpaid on such Interest Payment Date, (ii) to the Principal Account, to the extent required so that the balance in said account equals the amount of principal which will be due and unpaid on such Interest Payment Date, (iii) to the Debt Service Reserve Account, to the extent required so that the balance in such account equals the Debt Service Reserve Account Requirement, and (iv) to the Swap Agreement Periodic Payment Account to the extent required so that the balance in said account equals the Swap Agreement Periodic Payment which will be due and unpaid on such Interest Payment Date. Any amounts remaining in the Revenue Fund after such payments described above are made are deemed Surplus Indenture Revenues.

Surplus Indenture Revenues (with certain exceptions) are transferred to the Surplus Revenues Account of the Revenue Fund. If the Department has satisfied the requirements in the Trust Indenture, amounts in the Surplus Revenues Account are transferred on or before each Interest Payment Date or redemption date for the Junior Lien Bonds to the trustee under the Junior Lien Trust Indenture to the extent such amounts are needed to pay amounts due on the Junior Lien Bonds, to pay fees and expenses associated with the Junior Lien Bonds and to restore reserves and other accounts for such Junior Lien Bonds.

During such time as the Department is not meeting the Asset Test described in the next succeeding paragraph, the Department may only direct the Trustee to use Surplus Indenture Revenues as described under "SECURITY FOR THE BONDS – Statement of Projected Revenues."

The Department will be deemed to have met the Asset Test if (i) the Department shall have on file with the Trustee a Statement of Projected Revenues giving effect to a transfer and release proposed as described in the next succeeding paragraph projecting that available Revenues will be sufficient to pay Department Expenses and aggregate Debt Service on the Bonds, including Swap Agreement Periodic Payments, and debt service on any Outstanding Junior Lien Bonds when due in the then-current and each succeeding Bond Year; (ii) as of the date of such Statement of Projected Revenues the Department Assets (including that portion of junior lien mortgage loans that are permitted to be included as Department Assets by each Rating Agency) are at least equal to one hundred two percent (102%) of the aggregate principal amount of Bonds and any Junior Lien Bonds then Outstanding; and (iii) amounts then on deposit in the Debt Service Reserve Account are at least equal to the Debt Service Reserve Account Requirement and amounts in the reserve fund for the Junior Lien Bonds are equal to the reserve fund requirement therefore.

At the end of any Bond Year, if the Department meets the Asset Test, the Department may direct the Trustee to transfer the Surplus Indenture Revenues (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) to the trustee under the Junior Lien Trust Indenture to be used to originate mortgage loans as described in the Trust Indenture, to reimburse a bond insurer or credit provider for amounts provided under a bond insurance policy or other credit support or to originate Junior Lien Mortgage Loans, or the Department may apply such Surplus Indenture Revenues: (1) in any manner permitted during periods when the Department is not meeting the Asset Test, as described under "SECURITY FOR THE BONDS – Statement of Projected Revenues"; (2) (A) to the redemption of Bonds (only after the optional redemption date for the Series 2015 Bonds); (B) to the payment of any Department Expenses; (C) to the establishment of reserves therefor, free and clear of the pledge and lien of the Trust Indenture; or (D) to the purchase of Bonds; and (3) any other purpose or payment authorized by the Act, free and clear of the pledge and lien of the Trust Indenture.

No Surplus Indenture Revenues may be applied in any way which would result in less than ninety percent (90%) of all amounts received by the Department with respect to the Mortgage Loans being used for the following purposes: (i) to pay the principal or Redemption Price of or interest on or purchase or otherwise to service the Bonds; (ii) to reimburse the Department for Department Expenses, or to pay for costs of issuance of the Bonds; (iii) to reimburse the Department, or to pay for administrative or other costs or anticipated future losses directly related to the Program; (iv) to acquire Mortgage Loans or other loans or mortgages financing residential real property in the State; and (v) to redeem or retire obligations of the Department.

Debt Service Fund – Interest Account; Principal Account; Swap Agreement Periodic Payment Account; Redemption Account

The Trustee is required to pay out of the Interest Account by each Interest Payment Date the amount required for the interest payment on such date. The Trustee is required to pay out of the Principal Account by each principal installment due date, the amount required for the principal installment payable on such due date. By the redemption date for any Bonds, the Trustee is required to pay out of the Interest Account the amount required for the payment of interest on the Bonds to be redeemed. The Trustee is required to pay the Swap Agreement Periodic Payment out of the Swap Agreement Periodic Payment Account on each Interest Payment Date.

Amounts in the Principal Account with respect to any sinking fund redemption (together with amounts in the Interest Account with respect to accrued interest on the Bonds to be so redeemed) are required to be applied by the Trustee to pay the Redemption Price of the Bonds to be so redeemed. Amounts in the Redemption Account (together with amounts in the Interest Account with respect to accrued interest on the Bonds to be redeemed from the Redemption Account) shall be applied by the Trustee to pay the Redemption Price of the Bonds to be redeemed or may (subject to the provisions of any supplemental indenture), at the direction of the Department, be transferred to the Revenue Fund if notice of redemption has not been published or mailed or such amounts have not been committed to the purchase of Bonds. As soon as practicable after the 40th day preceding the redemption date, the Trustee shall proceed to call for redemption, by giving notice as provided in the Trust Indenture, Bonds in such amount as shall be necessary to exhaust as nearly as possible the amounts in the Redemption Account. In the event that any supplemental indenture establishes a "special sinking fund bond payment," amounts in the Redemption Account representing any such special sinking fund bond payment shall be used only for the purpose of redeeming or purchasing the special sinking fund Bonds for which such payments were established.

Upon any purchase or redemption, other than a sinking fund redemption, of Bonds of any series and maturity for which sinking fund installments have been established, there shall be credited toward each such sinking fund installment thereafter to become due a proportional amount of the total principal amount of such Bonds so purchased or redeemed, or may be credited otherwise at the direction of the Department upon satisfaction of certain conditions set out in the Trust Indenture. The Trustee, at any time at the direction of the Department, is required to apply amounts available in the Principal Account or the Redemption Account to pay the principal portion of Bonds which the Department may purchase at a price (excluding accrued interest to the purchase date but including any brokerage or other charges), no greater than the applicable Redemption Price of such Bonds.

The Department has covenanted that it will only purchase Bonds or redeem Bonds pursuant to an optional or special redemption, out of amounts in the Redemption Account, if it has determined, on the basis of its most recent Statement of Projected Revenues, and other information available to the Department, that such action will not adversely affect the ability of the Department to pay, when due, the principal or Redemption Price of and interest on the Bonds.

Debt Service Reserve Account

If on any Interest Payment Date for the Bonds, the amount in the Principal Account is less than the amount required to pay the principal and Redemption Price of Bonds then payable, or the amount in the Interest Account shall be less than the amount required to pay interest then due on the Bonds, the Trustee is required to apply amounts from the Debt Service Reserve Account to the extent necessary to eliminate the deficiency first in the Interest Account and second in the Principal Account.

Any amount on deposit in the Debt Service Reserve Account prior to the monthly allocation from the Revenue Fund that is in excess of the Debt Service Reserve Requirement will, upon the request of the Department, be transferred to the Revenue Fund.

Whenever the amount in the Debt Service Reserve Account, together with the amounts in the Debt Service Fund is sufficient to fully pay all Outstanding Bonds in accordance with their terms (including principal or Redemption Price and interest thereon), the funds on deposit in the Debt Service Reserve Account may be transferred to the Debt Service Fund for credit to the Redemption Account and the Interest Account, as appropriate.

The Debt Service Reserve Account Requirement is three percent (3%) of the current balance of the Mortgage Loans outstanding (for Mortgage Loans represented by Mortgage Certificates the requirement is zero percent (0%)).

Special Mortgage Loan Fund

As a result of the issuance of certain Series of Bonds, the Trust Indenture establishes the Special Mortgage Loan Fund as a separate fund pledged (unless withdrawn as provided by the next paragraph) to and available for payment of Debt Service on the Bonds. In the event of any shortfall in funds available to pay any Debt Service on the Bonds, the Depository shall, upon the request of the Trustee, transfer to the Trustee from the Special Mortgage Loan Fund any amount necessary to provide sufficient funds to pay the amount then due and owing.

Moneys on deposit in the Special Mortgage Loan Fund may be withdrawn by the Department for the purpose of acquiring from mortgage lenders Special Mortgage Loans (including participations therein). Special Mortgage Loans are mortgage loans which otherwise meet the requirements of the Code, applicable to mortgage loans financed with the proceeds of qualified mortgage bonds, which bear interest at a rate of zero percent (0%) per annum, and for which principal amortizes over the term of the loan. Special Mortgage Loans may not satisfy all Mortgage Loan requirements for a Program under the Trust Indenture.

Withdrawals from Funds to Pay Debt Service

If on any Interest Payment Date on the Bonds, the amount in the Interest Account or the Principal Account shall be less than the amount required to be in such Accounts in order to make payments then due, the Trustee shall transfer from the following Funds and Accounts in the following order of priority the amount of such deficit and apply such amount to pay aggregate Debt Service as necessary: (i) Redemption Account, (ii) Mortgage Loan Fund, and (iii) Debt Service Reserve Account.

None of the following are deemed available under the Trust Indenture for the payment of Debt Service on Bonds: (i) moneys in the Redemption Account 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 acquire or refinance Mortgage Loans (or Mortgage Certificates) with respect to which the Department has entered into commitments with borrowers or Mortgage Lenders, or (iii) Mortgage Loans credited to the Mortgage Loan Fund. Prior to withdrawing any amounts from the Mortgage Loan Fund, the Department shall file with the Trustee a Statement of Projected Revenues giving effect to such withdrawal, which shall project Revenues sufficient to pay Department Expenses and Debt Service when due in the then-current and each succeeding Bond Year. If there is not sufficient amount in all Funds and Accounts to pay all required principal, interest and Redemption Price on all Bonds, the available amounts will be applied in accordance with the provisions of the Trust Indenture.

Investments

Moneys held in the Mortgage Loan Fund, the Revenue Fund and the Debt Service 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 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 Fund, in accordance with instructions from the Department, to the fullest extent practicable and if permitted by the Act, in Investment Securities (or certificates of deposit or time deposits) 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 such 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 or as otherwise provided in a Supplemental Indenture), are required to be transferred to the Revenue Fund. In computing the amount in any Fund or Account created under the provisions of the Trust Indenture for any purpose provided in the Trust Indenture, obligations purchased as an investment of moneys therein must be valued at their amortized value, computed as prescribed in the Trust Indenture.

Other Department Covenants

Prior to the beginning of each Bond Year the Department shall prepare and file with the Trustee an annual budget for the ensuing Bond Year. The Department may not expend any amount from the Expense Fund for Department Expenses for such year in excess of the amounts provided therefor in the annual budget as originally adopted or as amended. The Department shall keep proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions in accordance with generally accepted accounting principles. The Department shall annually, within 150 days after the close of each Bond Year, file 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 year; a statement of Revenues and Department Expenses; and a summary, with respect to each Fund and Account established under the Trust Indenture of the receipts therein and disbursements therefrom during such year and the amounts held therein at the end of such year. The Department shall at all times appoint, retain and employ competent personnel for the purpose of carrying out the Program and shall 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 shall be qualified for their respective positions.

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 or any sinking fund installment when due and the continuance of such default for a period of 30 days; (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 ten percent (10%) in principal amount of the Bonds 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

Acceleration. 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 twenty-five percent (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 fifty percent (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.

Other Actions by Trustee. 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 twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding and upon being indemnified to its satisfaction, 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 an express 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.

Judicial Proceedings. If any Event of Default occurs and is continuing, then the Trustee may, and upon written request by the owners of not less than twenty-five percent (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 owners of the Bonds 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 or Redemption Price then due on the Bonds, as follows:

(i) unless the principal of all the Bonds shall have become or have been declared due and payable, to the payment to the persons entitled thereto of: first, all installments of interest then due, including Swap Agreement Periodic Payments then due, in order of maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installments maturing on the same date or Swap Agreement Periodic Payments then due, 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 shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, without any discrimination or preference;

(ii) if the principal of all the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds, including Swap Agreement Periodic Payments then due and unpaid, without preference or priority of principal over interest or of interest over principal, including, in each case, Swap Agreement Periodic Payments, or of any installment of interest over any other installment of interest, including Swap Agreement Periodic Payments or of any Bond over any other Bond ratably, according to the amounts due respectively for principal and interest, including Swap Agreement Periodic Payments, to the persons entitled thereto without any discrimination or preference;

(c) to the payment of Swap Agreement Termination Payments but only to the extent that the amount available shall be sufficient to pay the principal or Redemption Price of and interest on any Junior Lien Bonds then due and payable prior to the payment of any amount in satisfaction of Swap Agreement Termination Payments; and

(d) to the payment of the amounts required for reasonable and necessary Department Expenses allocable to the Bonds, the Trust Indenture or the Program.

Trustee

The Bank of New York Mellon Trust Company, N.A. serves as the Trustee for the Bonds issued under the Trust Indenture, including the Series 2015 Bonds. The Trustee is required to be removed if so requested by the owners of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Department. The Trustee may also resign. In either event, a successor is required to be appointed.

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 of the Department may be adopted, which, upon filing with the Trustee a copy thereof, certified by an authorized officer of the Department, shall be fully effective in accordance with its terms: (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 close the Trust Indenture against, or provide limitations on, the delivery of Bonds; (iii) to add to the covenants of the Department in the Trust Indenture; (iv) 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; (v) to confirm the subjection to any lien or pledge created by the Trust Indenture of the Trust Estate or any other moneys; (vi) 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 the adoption of such supplemental indenture shall cease to be Outstanding; (vii) to amend the Trust Indenture to permit its qualification under the Trust Indenture Act of 1939 or any state blue sky law; or (viii) to surrender any right conferred upon the Department by the terms of the Trust Indenture, provided that the surrender of such right is not inconsistent with the covenants of the Department contained in the Trust Indenture.

For any one or more of the following purposes and at any time or from time to time, a supplemental indenture may be adopted with the consent of the Trustee: (i) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision of the Trust Indenture; (ii) 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; or (iii) to provide for additional duties of the Trustee in connection with the Trust Estate, the Mortgage Loans or the Program.

Amendment of Indenture with Consent of Bondholders

No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the owner of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds of which the consent of the owners is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any fiduciary without its written assent thereto. 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 the Bonds of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment, Bonds of any particular Series or maturity would be affected by any modification or amendment of the Trust Indenture and any such determination shall be binding and conclusive on the Department and all owners of Bonds.

Defeasance

If the Department shall pay or cause to be paid, or there shall otherwise be paid, to the owners of all Bonds the principal 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, shall thereupon terminate.

Bonds or interest installments for the payment or redemption of which moneys shall be held in trust by the Trustee or the Paying Agents at the maturity or redemption date thereof shall be deemed to have been paid within the meaning of the Trust Indenture. In addition, all Outstanding Bonds of any Series shall be deemed to have been paid within the meaning of the Trust Indenture if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Department shall have given to the Trustee irrevocable instructions to give notice of redemption of such Bonds on said date, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Investment Securities 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 Paying Agents at the same time shall be 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 be redeemed within the next succeeding 60 days, the Department shall have 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 the Paying Agents 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.

If there are Junior Lien Bonds Outstanding at the time all Bonds are defeased, all moneys or securities held by the Trustee and not required for the payment of principal or Redemption Price and interest on the Bonds shall be transferred to the trustee under the Junior Lien Trust Indenture.

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. Any depository appointed by the Department must be: (i) the Comptroller, acting by and through the Texas Treasury Safekeeping Trust Company; or (ii) a bank, trust company, a national banking association, a savings and loan association, savings bank, or other banking institution or association selected by the Department. 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 owners of the Bonds, and may not be applied in any manner that is inconsistent with the provisions of the Trust Indenture. Each Fund or Account held by the Depository shall be a trust fund for purposes of the Trust Indenture.

TEXAS TREASURY SAFEKEEPING TRUST COMPANY

The Department has entered into a Depository Agreement relating to the Bonds (as amended and supplemented, the "Depository Agreement"), by and among the Department, the Trustee, and the Treasurer of the State of Texas (now, the Texas Treasury Safekeeping Trust Company, a special-purpose trust company organized under the laws of the State of Texas (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 Account, Interest Account, Swap Agreement Periodic Payment Account and Redemption Account of the Debt Service Fund, and the Expense Fund). All money and securities required by the Trust Indenture to be credited to such Funds and Accounts 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 a fee for 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 RELATING TO THE SERIES A BONDS

General

The following discussion summarizes certain material U.S. federal income tax considerations that may be relevant to the acquisition, ownership and disposition of the Series A Bonds by an initial U.S. bondholder (as defined below). This discussion is based upon the provisions of the Code, applicable U.S. Treasury Regulations promulgated thereunder, judicial authority and administrative interpretations, as of the date of this document, all of which are subject to change, possibly with retroactive effect, or are subject to different interpretations. Neither the Department nor Bond Counsel offers any assurance that the Internal Revenue Service, or IRS, will not challenge one or more of the tax consequences described in this discussion, and neither of the Department nor Bond Counsel has obtained, nor do the Department or Bond Counsel intend to obtain, a ruling from the IRS or an opinion of counsel with respect to the U.S. federal tax consequences of acquiring, holding or disposing of the Series A Bonds.

This discussion is limited to U.S. bondholders who purchase the Series A Bonds in this initial offering for a price equal to the issue price of the Series A Bonds (*i.e.*, the first price at which a substantial amount of the Series A Bonds is sold for cash other than to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and who hold the Series A Bonds as capital assets (generally, property held for investment). This discussion does not address the tax considerations arising under the laws of any foreign, state, local or other jurisdiction or income tax treaties or any U.S. federal estate or gift tax considerations. In addition, this discussion does not address all tax considerations that may be important to a particular holder in light of the holder's circumstances or to certain categories of investors that may be subject to special rules, such as:

- dealers in securities or currencies;
- traders in securities that have elected the mark-to-market method of accounting for their securities;
- U.S. bondholders (as defined below) whose functional currency is not the U.S. dollar;
- persons holding the Series A Bonds as part of a hedge, straddle, conversion or other "synthetic security" or integrated transaction;
- certain U.S. expatriates;
- financial institutions;
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- persons subject to the alternative minimum tax;
- entities that are tax-exempt for U.S. federal income tax purposes; and

- partnerships and other pass-through entities and holders of interests therein.

If a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) holds the Series A Bonds, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partner of a partnership acquiring the Series A Bonds should consult his/her own tax advisor about the U.S. federal income tax consequences of acquiring, holding and disposing of the Series A Bonds.

INVESTORS CONSIDERING THE PURCHASE OF THE SERIES A BONDS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP OR DISPOSITION OF THE SERIES A BONDS UNDER THE LAWS OF ANY STATE, LOCAL OR FOREIGN JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

Tax Consequences to U.S. Bondholders

As used herein "U.S. bondholder" means a beneficial owner of a Series A Bond and who or that is, for U.S. federal income tax purposes:

- an individual who is a U.S. citizen or U.S. resident alien;

- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, that was created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

- an estate whose income is subject to U.S. federal income taxation regardless of its source; or

- a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or that has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a United States person.

Interest on the Series A Bonds

A U.S. bondholder will be required to include any stated interest payments in income in accordance with its method of accounting for U.S. federal income tax purposes. If a U.S. bondholder is a cash method taxpayer, such holder must report interest on the Series A Bonds as ordinary income when it is received. If a U.S. bondholder is an accrual method taxpayer, such holder must report the interest on the Series A Bonds as ordinary income as it accrues.

Disposition of the Series A Bonds

A U.S. bondholder will generally recognize capital gain or loss on the sale, redemption, exchange, retirement or other taxable disposition of a Series A Bond. This gain or loss will equal the difference between the U.S. bondholder's adjusted tax basis in the Series A Bond and the amount realized (excluding any proceeds attributable to accrued but unpaid stated interest which will be recognized as ordinary interest income to the extent any such bondholder has not previously included such amounts in income) by the bondholder. A U.S. bondholder's adjusted tax basis in the Series A Bonds will generally equal the amount the U.S. bondholder paid for the Series A Bonds. The gain or loss will be long-term capital gain or loss if the bondholder held the Series A Bonds for more than one year at the time of the sale, redemption, exchange, retirement or other disposition. Long-term capital gains of individuals, estates and trusts currently are subject to a reduced rate of U.S. federal income tax. The deductibility of capital losses is subject to certain limitations.

Additional Tax on Investment Income

An additional 3.8% net investment income tax, or the "NIIT," is imposed on the "net investment income" of certain U.S. bondholders who are individuals and on the undistributed "net investment income" of certain estates and trusts, to the extent the sum of net investment income and other modified adjusted gross income exceeds specified dollar amounts. Among other items, "net investment income" would generally include interest income and net gain from the disposition of property, such as the Series A Bonds, less certain deductions. U.S. bondholders should consult their tax advisors with respect to the tax consequences of the NIIT.

Tax Consequences to Non-U.S. Bondholders

As used herein, a "non-U.S. bondholder" means a beneficial owner of Series A Bonds that is an individual, corporation, estate or trust that is not a U.S. bondholder.

Interest on the Series A Bonds-Portfolio Interest

Payments to a non-U.S. bondholder of interest on the Series A Bonds generally will be exempt from withholding of U.S. federal tax under the "portfolio interest" exemption if the non-U.S. bondholder properly certifies as to the non-U.S. bondholder's foreign status as described below, and:

- the non-U.S. bondholder does not own, actually or constructively, 10% or more of the Department's voting stock;
- the non-U.S. bondholder is not a "controlled foreign corporation" for U.S. federal income tax purposes that is related to the Department (actually or constructively); and
- the non-U.S. bondholder is not a bank whose receipt of interest on the Series A Bonds is in connection with an extension of credit made pursuant to a loan agreement entered into in the ordinary course of such bondholder's trade or business.

The exemption from withholding tax will not apply unless (a) the non-U.S. bondholder provides his, her or its name and address on an IRS Form W-8BEN or IRS Form W-8BEN-E (or successor form), and certifies under penalties of perjury, that such holder is not a U.S. person, (b) a financial institution holding the Series A Bonds on a non-U.S. bondholder's behalf certifies, under penalties of perjury, that it has received an IRS Form W-8BEN or IRS Form W-8BEN-E (or successor form) from such holder and provides the Trustee with a copy, or (c) the non-U.S. bondholder holds their Series A Bonds directly through a "qualified intermediary," and the qualified intermediary has sufficient information in its files indicating that such holder is not a U.S. bondholder.

If a non-U.S. bondholder cannot satisfy the requirements described above, payments of principal and interest made to such holder will be subject to the 30% U.S. federal withholding tax, unless such non-U.S. bondholder provides the Trustee with a properly executed (1) IRS Form W-8BEN or IRS Form W-8BEN-E or successor form claiming an exemption from or a reduction of withholding under an applicable tax treaty or (2) IRS Form W-8ECI (or successor form) stating that interest paid on the Series A Bonds is not subject to withholding tax because it is effectively connected with your conduct of a trade or business in the United States.

Interest on the Series A Bonds-Effectively Connected Income

If a non-U.S. bondholder is engaged in an active trade or business in the United States and interest on the Series A Bonds is effectively connected with the active conduct of that trade or business (and, in the case of an applicable tax treaty, is attributable to a U.S. permanent establishment maintained by such holder), such non-U.S. bondholder will be subject to U.S. federal income tax on the interest on a net income basis (although exempt from the 30% withholding tax) in the same manner as if such non-U.S. bondholder were a U.S. person as defined under the Code. In addition, if a non-U.S. bondholder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (or lower applicable treaty rate) of such holder's earnings and profits for the taxable year, subject to certain adjustments, including earnings and profits from an investment in the Series A Bonds, that is effectively connected with the active conduct by such non-U.S. bondholder of a trade or business in the United States.

Disposition of the Series A Bonds

A non-U.S. bondholder generally will not be subject to U.S. federal income tax on any gain realized on the sale, redemption, exchange, retirement or other taxable disposition of a Series A Bond unless:

- the gain is effectively connected with the conduct by the non-U.S. bondholder of a U.S. trade or business (and, if required by an applicable income tax treaty, is treated as attributable to a permanent establishment maintained by the bondholder in the United States);

- the non-U.S. bondholder is a nonresident alien individual who has been present in the United States for 183 days or more in the taxable year of disposition and certain other requirements are met;

- the gain represents accrued interest, in which case the rules for taxation of interest would apply.

If a non-U.S. bondholder is described in the first bullet point above, the non-U.S. bondholder generally will be subject to U.S. federal income tax in the same manner as a U.S. bondholder (See "—Tax Consequences to Non-U.S. Bondholders—Interest on the Series A Bonds—Effectively Connected Income"). If a non-U.S. bondholder is described in the second bullet point above, the bondholder generally will be subject to U.S. federal income tax at a flat rate of 30% on the gain derived from the sale or other disposition, which may be offset by U.S. source capital losses.

Information Reporting and Backup Withholding

U.S. Bondholders

Information reporting will apply to payments of principal and interest made by the Department on, or the proceeds of the sale or other disposition of, the Series A Bonds with respect to U.S. bondholders (unless such holder is an exempt recipient such as a corporation), and backup withholding, currently at a rate of 28%, may apply unless the recipient of such payment provides the appropriate intermediary with a taxpayer identification number, certified under penalties of perjury, as well as certain other information or otherwise establishes an exemption from backup withholding. Any amount withheld under the backup withholding rules is allowable as a credit against the U.S. bondholder's U.S. federal income tax liability, provided the required information is timely provided to the IRS.

Non-U.S. Bondholders

Payments to non-U.S. bondholders of interest on their Series A Bonds and any amounts withheld from such payments generally will be reported to the IRS and such holder. Backup withholding will not apply to payments of principal and interest on the Series A Bonds if the non-U.S. bondholder certifies as to his, her or its non-U.S. bondholder status on an IRS Form W-8BEN or IRS Form W-8BEN-E (or successor form) under penalties of perjury or such non-U.S. bondholder otherwise qualifies for an exemption (provided that neither the Department nor its agent, if any, know or have reason to know that such bondholder is a U.S. person or that the conditions of any other exemptions are not in fact satisfied).

The payment of the proceeds of the disposition of Series A Bonds to or through the U.S. office of a U.S. or foreign broker will be subject to information reporting and backup withholding unless a non-U.S. bondholder provides the certification described above or such bondholder otherwise qualifies for an exemption.

Foreign Account Tax Compliance

Pursuant to the Foreign Account Tax Compliance Act ("FATCA"), withholding at a rate of 30% generally will be required in certain circumstances on payments of interest in respect of, and, after December 31, 2016, gross proceeds from the sale or other disposition (including payments of principal) of, Series A Bonds held by or through certain foreign financial institutions (including investment funds) that do not qualify for an exemption from these rules, unless the institution either (i) enters into, and complies with, an agreement with the IRS to undertake certain diligence and to report, on an annual basis, information with respect to interests in, and accounts maintained by, the institution that are owned by certain U.S. persons and by certain non-U.S. entities that are wholly or partially owned by U.S. persons and to withhold 30% on certain payments, or (ii) if required under an intergovernmental agreement between the United States and an applicable foreign country, undertakes such diligence and reports such information to its local tax authority, which will exchange such information with the U.S. authorities. An intergovernmental agreement between the United States and an applicable foreign country, or future Treasury Regulations or other guidance, may modify these requirements. Accordingly, the entity through which the Series A Bonds are held will affect the determination of whether such withholding is required. Similarly, in certain circumstances, payments of interest in respect of, and, after December 31, 2016, gross proceeds from the sale or other disposition of, Series A Bonds held by or through a non-financial foreign entity that does not qualify under certain exemptions generally will be subject to withholding at a rate of 30%, unless such entity either (i) certifies that such entity does not have any "substantial United States owners" or (ii) provides certain information regarding the entity's "substantial United States owners," which will be provided to the IRS, as required. Prospective bondholders should consult their tax advisors regarding the possible implications of these rules on their investment in the Series A Bonds.

THE PRECEDING DISCUSSION OF CERTAIN U.S. FEDERAL INCOME CONSIDERATIONS IS FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE PARTICULAR U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF PURCHASING, HOLDING AND DISPOSING OF THE SERIES A BONDS, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGE IN APPLICABLE LAWS.

TAX MATTERS RELATING TO THE SERIES B BONDS

Tax Exemption

In the opinion of Bracewell & Giuliani LLP, Bond Counsel, subject to certain conditions set forth in the opinion and under existing law, (i) interest on the Series B Bonds will be excludable from gross income for federal income tax purposes and (ii) interest on the Series B 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 B 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 Agreements pertaining to those sections of the Code that affect the exclusion from gross income of the interest on the Series B Bonds for federal income tax purposes, and in addition, will rely on representations by the Department, the Department's Financial Advisor, the Master Servicer, the Mortgage Lenders and the Underwriters with respect to matters solely within the knowledge of the Department, the Department's Financial Advisor, the Master Servicer, the Mortgage Lenders and the Underwriters, 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 should be determined to be inaccurate or incomplete, interest on the Series B 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 B Bonds.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to 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 B 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 B Bonds could adversely affect the value and liquidity of the Series B Bonds, regardless of the ultimate outcome of the audit.

Collateral Tax Consequences

Prospective purchasers of the Series B Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit, and individuals otherwise qualifying for the earned income 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 B Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Series B 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 B Bonds, received or accrued during the year.

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Series B Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Series B Bonds. Prospective purchasers of the Series B Bonds should consult with their own tax advisors with respect to any proposed, pending or future legislation.

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 of issuance 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 refunding's, 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 or (ii) areas of chronic economic distress designated by the State and approved by HUD. 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 has reserved an amount equal to 20% of the lendable proceeds of the Series B 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 Series B 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 tax-exempt 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 closed, 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 Agreements to comply with the above-described requirements of the Code as applied to the Series B 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 B 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 October 1, 2015 (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 2015 Bonds. The Department is required to observe the Disclosure Agreement for so long as it remains obligated to advance funds to pay the Series 2015 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 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 this Official Statement had such Eligible Borrower been known at the time of the offering of the Series 2015 Bonds.

Annual Reports

The Department will provide certain updated financial information and operating data to the MSRB 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, 2014" (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 2015. The Department will provide the updated information to 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, 2016. 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 2017 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.

Event Notices

The Department will provide notice to the MSRB of any of the following events with respect to the Series 2015 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 2015 Bond calls; (4) release, substitution, or sale of property securing repayment of the Series 2015 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 2015 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) tender offers; (6) defeasances; (7) rating changes; and (8) 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 2015 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. Such information is available at no charge at www.emma.msrb.org.

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 2015 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 2015 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 2015 Bonds in the primary offering of the Series 2015 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 2015 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 2015 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 2015 Bonds in the primary offering of such Series 2015 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.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services, a Standard & Poor's Financial Service LLC business ("S&P"), have assigned ratings to the Series 2015 Bonds of "Aa1" and "AA+," 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 2015 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 2015 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 2015 Bonds.

UNDERWRITING

The Series 2015 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 2015 Bonds (the "Bond Purchase Agreement") the Underwriters have agreed to purchase the Series 2015 Bonds at a total purchase price of $53,695,000. The Underwriters will receive a fee of $361,439.19 in connection with the purchase of the Series 2015 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 2015 Bonds may be changed, from time to time, by the Underwriters. The Underwriters may offer and sell the Series 2015 Bonds offered to the public to certain dealers (including dealers depositing the Series 2015 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.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, an Underwriter of the Series 2015 Bonds, has entered into a retail distribution arrangement with Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2015 Bonds.

The Underwriters and their respective affiliates are full service co-financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the Department and to persons and entities with relationships with the Department, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Department (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Department. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

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 ADVISORS

George K. Baum & Company and Kipling Jones & Co. (collectively, the "Financial Advisors") have served as co-financial advisors to the Department for purposes of assisting the Department with the development and implementation of the bond program in connection with the Bonds. The Financial Advisors have 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 the Financial Advisors, and inclusion of such information is not and should not be construed as a representation by either of the Financial Advisors as to its accuracy or completeness or otherwise. Neither of the Financial Advisors is a public accounting firm, and neither has been engaged by the Department to review or audit any information in this Official Statement in accordance with accounting standards.

The Financial Advisors do 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, 2014 included in Appendix D-1 in this Official Statement have been audited by the Texas State Auditor's Office, independent auditors, as stated in their report appearing herein.

The financial data as of and for the ten months ended June 30, 2015 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 2015 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 2015 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 2015 Bonds, or in any way contesting or affecting the validity of the Series 2015 Bonds, the Trust Indenture, or any proceedings of the Department taken with respect to the delivery of the Series 2015 Bonds, or the existence or powers of the Department insofar as they relate to the delivery of the Series 2015 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, fiduciaries, trustees, guardians, and the sinking and other public funds of the State, municipalities, 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 2015 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 2015 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 2015 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 2015 Bonds for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Series 2015 Bonds for such purposes.

APPROVAL OF LEGALITY

Legal matters incident to the delivery of the Series 2015 Bonds are subject to the approving opinions of Bracewell & Giuliani LLP, Bond Counsel. Certain legal matters will be passed upon for the Department by its General Counsel, James "Beau" Eccles, Esq., and by its Co-Disclosure Counsel, McCall, Parkhurst & Horton L.L.P and Mahomes Bolden PC. Certain legal matters will be passed upon for the Underwriters by their counsel, Chapman and Cutler LLP.

In its capacity as Bond Counsel, Bracewell & Giuliani LLP has reviewed the information appearing in this Official Statement describing the Series 2015 Bonds, the security therefor and the federal income tax status thereof, particularly the information appearing under "THE SERIES 2015 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 "The Prior Bonds" and "Prior Mortgage Loans and Mortgage Certificates"), "THE TRUST INDENTURE," "TEXAS TREASURY SAFEKEEPING TRUST COMPANY," "TAX MATTERS," "LEGALITY FOR INVESTMENT" and "APPROVAL OF LEGALITY" and in APPENDIX A, APPENDIX E, APPENDIX I (but excluding the information contained therein under the subheadings "The Program and The Mortgage Loans – Servicing," The Program and The Mortgage Loans - Master Servicers," "Investments of Funds," "Prior Swap Agreements," and "Prior Liquidity Facilities"), 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 2015 Supplemental Indentures, the Depository Agreement, the Series 2015 Bonds and the federal tax implications with respect to the Series 2015 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.

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 and reference is made to such documents for a full and complete statement of their respective provisions. The information contained above is subject to change without notice and no implication is to be derived therefrom or from the sale of the Series 2015 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 2015 Bonds.

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: J. Paul Oxer
Chair and Member
Governing Board

By: Timothy K. Irvine
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:

"Account" or "Accounts" shall mean any one or more, as the case may be, of the separate special trust accounts created and established within the Funds created and established under the Trust Indenture and the 2015 Supplemental Indentures.

"Act" shall mean Chapter 2306, Texas Government Code, as amended.

"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.

"Authorized Denomination" shall mean $5,000 and any integral multiple thereof.

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

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

"Bond Depository" shall mean The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, and any successor Bond Depository appointed pursuant to the 2015 Supplemental Indentures.

"Bond Purchase Agreement" shall mean the Bond Purchase Agreement providing for the initial purchase of the Series 2015 Bonds by the Underwriters.

"Bond Year" shall mean each twelve-month period ending August 31.

"Bondholder," "Holder" or "Owner" shall mean the bearer of any coupon Bond not registered as to principal or registered as to principal to bearer, the registered owner of any Bond registered as to principal other than to bearer and the registered owner of any fully registered Bond as to both principal and interest.

"Bonds" shall mean any bond or bonds, as the case may be, authenticated and delivered pursuant to the Trust Indenture, including the Series 2015 Bonds, the Prior Bonds and any additional bonds.

"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 of Texas or the city in which the payment office of the Paying Agent is located are authorized or obligated by law or executive order to be closed for business, or (iii) day on which the New York Stock Exchange is closed.

"Code" shall mean the Internal Revenue Code of 1986, as amended, together with the corresponding and applicable final, temporary or proposed regulations and revenue rulings issued or amended with respect thereto by the United States Treasury Department or the Internal Revenue Service.

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

"Compliance Agreement" shall mean the Program Administration Agreement as of May 7, 2013, by and between the Department and the Compliance Agent, together with any amendments thereto.

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

"Conventional Mortgage Loan" shall mean a Mortgage Loan which is not federally insured or guaranteed and which complies with the provisions of the Trust Indenture.

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

"Debt Service" shall mean, with respect to any particular Bond Year and any Series of Bonds, an amount equal to the sum of (a) all interest payable on such Bonds during such Bond Year except to the extent such interest is to be paid from deposits in the Interest Account in the Debt Service Fund made from Bond proceeds, plus (b) the principal installment or installments of such Bonds during such Bond Year. Such interest and principal installments for such Series shall be calculated on the assumption that no Bonds of such Series Outstanding on the date of calculation will cease to be Outstanding except by reason of the payment of each principal installment on the due date thereof.

"Department" shall mean the Texas Department of Housing and Community Affairs, a public and official agency of the State, and its successors and assigns. The terms Department and Agency shall be used interchangeably.

"Department Assets" shall mean the aggregate of (i) the outstanding principal balance of all Mortgage Loans and (ii) the moneys and Investment Securities in all Funds and Accounts (other than amounts in the Rebate Account, any bond purchase fund and amounts designated for payment of costs of issuance and amounts estimated to pay Department Expenses), with the Investment Securities valued at their amortized value in accordance with the provisions of the Trust Indenture.

"Department Expenses" shall mean the Department's expenses of carrying out and administering its powers, duties and functions in connection with the 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 Trustee, Depositories and Paying Agents; Mortgage Loan servicing fees; costs of issuance not paid from proceeds of Bonds; payments to pension, retirement, health and hospitalization funds; and any other expenses required or permitted to be paid by the Department under the provisions of the Act, the Trust Indenture and any Supplemental Indenture, all to the extent properly allocable to the Program.

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

"Depository Agreement" shall mean that certain Amended and Restated Depository Agreement, dated as of August 1, 1991, by and among the Department, the Trustee and the Depository, together with any amendments or supplements thereto.

“DPA Loans” shall mean the applicable subordinated term loans for down payment and closing cost assistance, if applicable.

“DPA Recovery Fee” shall mean the applicable amount of DPA recovery fee specified in the Fifty-Ninth Supplemental Indenture.

"Eligible Borrowers" shall mean persons that meet the requirements set forth in the caption "APPENDIX I--CERTAIN INFORMATION REGARDING THE PROGRAM, THE MORTGAGE LOANS, PRIOR SWAP AGREEMENTS AND PRIOR LIQUIDITY FACILITIES—The Program and the Mortgage Loans.”

"Fannie Mae" shall mean Fannie Mae, a corporation organized and existing under the laws of the United States of America, or its successor.

"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.

"Fannie Mae Guides" shall mean the Fannie Mae Selling and Servicer Guides, or other Fannie Mae Guides then in effect on the date of its application.

"FDIC" shall mean the Federal Deposit Insurance Corporation, or its successor.

"FHA" shall mean the United States Department of Housing and Urban Development, Federal Housing Administration, or its successor.

"FHA Mortgage Loan" shall mean a Mortgage Loan insured by FHA under the provisions of the National Housing Act, as amended, and which complies with the Trust Indenture.

"Fifty-Eighth Supplemental Indenture" shall mean the Fifty-Eighth Supplemental Single Family Mortgage Revenue Bond Trust Indenture, dated as of October 1, 2015, by and between the Department and The Bank of New York Mellon Trust Company, N.A., as trustee, pursuant to which the issuance of the Series A Bonds is authorized.

"Fifty-Ninth Supplemental Indenture" shall mean the Fifty-Ninth Supplemental Single Family Mortgage Revenue Bond Trust Indenture, dated as of October 1, 2015, by and between the Department and The Bank of New York Mellon Trust Company, N.A., as trustee, pursuant to which the issuance of the Series B Bonds is authorized.

"Freddie Mac" shall mean Freddie Mac, a corporation organized and existing under the laws of the United States of America, or its successor.

"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.

"Freddie Mac Guide" shall mean the Freddie Mac Single-Family Seller/Servicer Guide, or other Freddie Mac Guide then in effect on the date of its application.

"Fund" shall mean any one or more, as the case may be, of the Mortgage Loan Fund, the Expense Fund, the Revenue Fund, the Debt Service Fund and the Special Mortgage Loan Fund.

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

"Ginnie Mae Certificate" or "GNMA Certificate" shall mean a fully-modified, mortgage-backed, pass-through security issued by the Master Servicer in accordance with the applicable Ginnie Mae Guide bearing interest at the applicable pass-through rate and representing the beneficial ownership interest in a Ginnie Mae pool, registered in the name of the Trustee and guaranteed as to timely payment of principal and interest by Ginnie Mae 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 Servicer into a Ginnie Mae pool.

"Ginnie Mae 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.

"Ginnie Mae Issuer" shall mean any issuer of Ginnie Mae Certificates backed by Ginnie Mae Mortgage Loans.

"Ginnie Mae Mortgage Loans" shall mean the Mortgage Loans constituting part of a Mortgage Pool backing a Ginnie Mae Certificate.

"Ginnie Mae Paying Agent" shall mean JPMorgan Chase Bank, New York, New York, in its capacity as the central transfer and paying agent pursuant to the Ginnie Mae Guide, or its successors or assigns.

"Interest Payment Date" shall mean, with respect to the Series 2015 Bonds, each March 1 and September 1, commencing March 1, 2016 and any other date on which the Series 2015 Bonds are subject to redemption.

"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) obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States of America ("Government Obligations");

(b) FHA debentures which must not be redeemable prior to their stated maturity;

(c) obligations of Freddie Mac (including only securities guaranteed as to timely payment of principal and interest);

(d) obligations of the Farm Credit System;

(e) obligations of Federal Home Loan Banks;

(f) obligations of Fannie Mae (excluding interest-only and principal-only stripped securities);

(g) obligations of the Student Loan Marketing Association ("SLMA") excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date;

(h) obligations of Resolution Funding Corporation ("REFCORP");

(i) federal funds, unsecured certificates of deposit, time deposits and bankers acceptances (in each case, having maturities of not more than 365 days) of any bank, the short-term obligations of which are rated in the highest applicable rating category by the Rating Agency;

(j) deposits which are fully insured by the FDIC (including deposits with the Trustee or an affiliate of the Trustee);

(k) debt obligations of a state or municipality rated in the highest applicable rating category by the Rating Agency (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date);

(l) commercial paper having maturities not in excess of one year rated in the highest applicable category by the Rating Agency;

(m) investment in money market funds registered under the 1940 Act and whose shares are registered under the 1933 Act rated in the highest applicable rating category by the Rating Agency;

(n) repurchase agreements with any transferor with long-term unsecured debt rated in the highest applicable rating category or commercial paper rated in the highest applicable rating category by the Rating Agency;

(o) U.S. Treasury STRIPS, REFCORP STRIPS (stripped by the Federal Reserve Bank of New York) and any stripped securities assessed or rated in the highest applicable rating category by the Rating Agency;

(p) investment agreements secured or unsecured as required by the Department with or guaranteed by any Person whose long-term unsecured general indebtedness is at the date of execution of such agreement rated by the Rating Agency in the highest category for long-term obligations or, if the term of such investment agreement does not exceed one year, whose short term unsecured general indebtedness is at the date of execution of such agreement rated by the Rating Agency in the highest category for short-term obligations (A-1+ if the Rating Agency is then S&P);

(q) any other investment which in Counsel's Opinion is at the time permitted by then applicable law for the investment of the Department's funds and to the extent such investments are rated by a Rating Agency in its highest rating category;

(r) any pooled or common trust fund containing only securities described in the foregoing clauses (a) through (i);

(s) obligations the interest on which is excludable from gross income under Section 103(a) of the Code; provided that such obligations are rated by the Rating Agency in its highest rating category;

(t) United States Treasury Securities – State and Local Government Series; and

(u) investment securities described in any Supplemental Indenture for the related Series of Bonds the inclusion of which in the definition of Investment Securities for purposes of the Trust Indenture will not, in and of itself, adversely affect any rating then assigned to the Bonds by the Rating Agency, as evidenced by a letter from the Rating Agency (determined without regard to any credit facility).

"Junior Lien Bonds" shall mean any bond or bonds issued by the Department for the purpose of making, acquiring or refinancing mortgage loans, which may or may not be pledged as Mortgage Loans under the Trust Indenture, provided the income, revenues and receipts received by the Department on such mortgage loans are pledged as Revenues under the Trust Indenture, which is superior to the pledge of such amounts to such junior lien bonds other than to the payment of Department expenses in carrying out and administering its powers, duties and functions in connection with such mortgage loans.

"Junior Lien Trust Indenture" shall mean the Junior Lien Trust Indenture dated as of May 1, 1994, as supplemented, between the Department and the Trustee, as the same may be amended or supplemented from time to time by a series supplement and any other supplemental indenture in accordance with the terms thereof.

"Letter of Instructions" shall mean, with respect to the Series 2015 Bonds, a written directive and authorization to the Trustee or any Depository specifying the period of time for which such directive and authorization shall remain in effect, executed by two authorized officers of the Department.

"LIBOR" shall have the meaning set forth in the 2000 ISDA (International Swaps and Derivatives Association) Definitions, subject to the condition that the rate shall be for one-month maturities.

"Master Indenture" shall mean the Agency's Single Family Mortgage Revenue Bond Trust Indenture, dated as of October 1, 1980 pursuant to which the Bonds of each series are authorized to be issued.

"Master Servicer" when used with respect to Program 84, shall mean U.S. Bank National Association. or any successor thereto as servicer for such Program and when used with respect to another particular Program, shall mean the entity designated as servicer for such Program in the documents for such Program, or any successor thereto.

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

"Mortgage Certificate" shall mean a Ginnie Mae Certificate, a Freddie Mac Certificate or a Fannie Mae Certificate that evidences beneficial ownership of and a one hundred percent (100%) participation in a Mortgage Pool.

"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) a note or bond secured by a Mortgage which is eligible under the requirements of the Trust Indenture and is acquired with proceeds of Bonds, with temporary indebtedness incurred in anticipation of the issuance of the Bonds or other moneys of the Department which are, or may be, pledged by the Department to the Trustee by the Trust Indenture or by a Supplemental Indenture or (ii) other notes or bonds secured by a mortgage which is eligible under the requirements of the Trust Indenture and which is pledged by the Department to the Trustee by a Supplemental Indenture and which is held under the Trust Indenture. In the proper context Mortgage Loan may mean and include a Mortgage Certificate and a participation in a Mortgage Loan.

"Mortgage Loan Interest Payment" shall mean, with respect to any Mortgage Loan, the amounts paid or required to be paid from time to time as interest on such Mortgage Loan, after deducting any fees required to be paid for servicing of such Mortgage Loan and excluding any late charges or other charges which may be permitted by the Department to be retained by the servicer of such Mortgage Loan, and shall include amounts (other than amounts which are Mortgage Loan Principal Payments) received from the sale or other disposition of any Mortgage Loan or any collateral securing any Mortgage Loan or from any insurer or guarantor of any Mortgage Loan.

"Mortgage Loan Principal Payments" shall mean all Mortgage Loan Principal Prepayments and all regularly scheduled payments of principal with respect to all Mortgage Loans included in the 2015 A Transferred Mortgage Certificates and 2015 B Mortgage Certificates, respectively.

"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 mortgagor or (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) or (iii) by the sale, assignment, endorsement or other disposition of such Mortgage Loan by the Department or (iv) in the event of a default thereon by the mortgagor, by the acceleration, sale, assignment, endorsement or other disposition of such Mortgage Loan by the Department or by any other proceedings taken by the Department or (v) from any special hazard insurance policy or standard hazard insurance policy covering mortgaged premises or (vi) from any mortgage insurance, including a private mortgage insurance policy and a mortgage pool insurance policy, or (vii) from any proceeds received from the United States of America or any instrumentality thereof in respect of any insurance or guaranty of a Mortgage Loan.

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

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

"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:

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

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

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

"Person" shall mean any individual, public or private corporation, district, authority, municipality, political subdivision or other agency or entity of the State of Texas or the United States of America, and any incorporated city, town or village, whether operating under general or special law or under its home-rule charter, and any partnership, association, firm, trust, estate, or any other entity whatsoever.

"Policy Payments Account" shall mean, collectively, the Policy Payments Accounts held by the Trustee into which payments from claims on the bond insurance policies will be deposited until disbursed.

"Primary Custodial Account" shall mean the account established by the Ginnie Mae Issuer with a depository institution which is a member of an automated clearing house (or a correspondent of such institution) into which the principal and interest payment on Ginnie Mae Mortgage Loans are deposited for payment to the Ginnie Mae Paying Agent at the times specified in the Ginnie Mae Guide.

“Prior Swap Agreements” shall mean the interest rate swap agreements previously entered by the Department with the respective Prior Swap Providers, as set forth under the caption "APPENDIX I--CERTAIN INFORMATION REGARDING THE PROGRAM, THE MORTGAGE LOANS, PRIOR SWAP AGREEMENTS AND PRIOR LIQUIDITY FACILITIES—Prior Swap Agreements” herein, pursuant to which the Department and the respective Prior Swap Providers agreed to make payments thereunder with respect to a notional amount corresponding to the outstanding principal amount of the corresponding bonds for the purpose of effectively converting the interest rate on such bond to a fixed interest rate.

"Prior Swap Providers" shall mean the Swap Providers for the respective Prior Swap Agreements.

"Program" shall mean the Department's Single Family Mortgage Revenue Bond Program as set forth and implemented through the Program Agreements.

"Program Agreements" shall mean the Mortgage Origination Agreement, the Servicing Agreement, the Compliance Agreement and the Program Guidelines.

"Program Guidelines" shall mean the Program Guidelines for Texas Department of Housing and Community Affairs effective August 3, 2015, relating to specific provisions of the Program, as amended from time to time.

"RHS" shall mean the United States Department of Agriculture Rural Housing Services, formerly Farmer's Home Administration and any successor thereto.

"Rating Agency" shall mean: (i) Standard & Poor's Rating Services, a Standard & Poor’s Financial Services LLC business and any successor thereto; and (ii) Moody's Investors Service Inc., and any successor thereto to the extent either agency then has a rating on the Bonds in effect at the request of the Department.

"Rebate Account" shall mean collectively, the Rebate Accounts within the Expense Fund into which amounts to be paid to the United States of America will be deposited until disbursed.

"Redemption Price" shall mean, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Trust Indenture.

"Revenues" when used with respect to the Series A Bonds and the Series B Bonds, shall mean in addition to those items defined as such in the Trust Indenture, all amounts paid or required to be paid from time to time on the 2015 A Transferred Mortgage Certificates and the 2015 B Mortgage Certificates, respectively, including any payments received from Ginnie Mae, Freddie Mac or Fannie Mae pursuant to their respective guaranties of the Ginnie Mae Certificates Freddie Mac Certificates or Fannie Mae Certificates (as applicable), all Mortgage Loan Principal Payments representing the same, all prepayment premiums or penalties received by or on behalf of the Department in respect of the 2015 A Transferred Mortgage Certificates and the 2015 B Mortgage Certificates, respectively, and all other net proceeds of such 2015 A Transferred Mortgage Certificates and 2015 B Mortgage Certificates.

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

"Series 2015 Bonds" shall mean collectively the Series A Bonds and Series B Bonds.

"Series A Bonds" shall mean the Department's Single Family Mortgage Revenue Refunding Bonds, 2015 Series A (Taxable), issued under the Trust Indenture and the Fifty-Eighth Supplemental Indenture.

"Series B Bonds" shall mean the Department's Single Family Mortgage Revenue Bonds, 2015 Series B, issued under the Trust Indenture and the Fifty-Ninth Supplemental Indenture.

"Servicing Agreement" shall mean the Amended and Restated Servicing Agreement dated as of October 1, 2015 between the Department and U.S. Bank National Association, as servicer, together with any amendments thereto.

"SIFMA" shall mean The Securities Industry and Financial Markets Association.

"State" shall mean the State of Texas.

"Supplemental Indenture" shall mean any indenture supplemental to or amendatory of the Trust Indenture, adopted by the Department in accordance with the Master Indenture.

"Surplus Indenture Revenues" shall mean any moneys remaining in the Revenue Fund after all transfers required by the Indenture on any Interest Payment Date on the Bonds.

"Surplus Revenues Account" shall mean the Surplus Revenues Account of the Revenue Fund held by the Trustee into which Surplus Indenture Revenues are held until disbursed.

"Swap Agreement" shall mean any interest rate swap agreement entered into by the Department with a Swap Provider, pursuant to which the Department and the Swap Provider agree to make payments thereunder with respect to a notional amount corresponding to the outstanding principal amount of one or more Series of variable rate Bonds for the purpose of effectively converting the interest rate on such Bonds to a fixed interest rate.

"Swap Agreement Periodic Payment" shall mean any payment required to be paid by the Department under a Swap Agreement, other than a Swap Agreement Termination Payment.

"Swap Agreement Periodic Receipt" shall mean any payment required to be paid to the Department or the Trustee under a Swap Agreement, other than a Swap Agreement Termination Receipt.

"Swap Agreement Termination Payment" shall mean any payment required to be paid by the Department under a Swap Agreement in connection with the termination of the respective Swap Agreement, whether voluntarily or upon the occurrence of an event of default or similar event thereunder.

"Swap Agreement Termination Payment Subaccount" shall mean, collectively, the Swap Agreement Termination Payment Subaccounts held by the Trustee into which Swap Termination Payments are held until disbursed.

"Swap Agreement Termination Receipt" shall mean any payment required to be paid to the Department or the Trustee under a Swap Agreement in connection with the termination of the respective Swap Agreement, whether voluntarily or upon the occurrence of an event of default or similar event thereunder.

"Swap Agreement Termination Receipt Subaccount" shall mean, collectively, the Swap Agreement Termination Receipt Subaccounts held by the Trustee into which Termination Receipt Payments are held until disbursed.

"Swap Provider" shall mean any Person with which the Department enters into an interest rate swap agreement with respect to any Bonds issued pursuant to the Trust Indenture.

“Swap Termination Payment” shall mean the termination payments paid by the Department, if any, in connection with termination of the 2006H Swap.

"2015 A Mortgage Loan Account" shall mean the 2015 A Account of the Mortgage Loan Fund.

"2015 B Mortgage Loan Account" shall mean the 2015 B Account of the Mortgage Loan Fund.

"2015 A Principal Subaccount" shall mean the 2015 A Subaccount of the Principal Account of the Debt Service Fund.

"2015 A Redemption Subaccount" shall mean the 2015 A Subaccount of the Redemption Account of the Debt Service Fund.

"2015 A Revenue Account" shall mean the 2015A Account of the Revenue Fund.

"2015 A Transferred Mortgage Certificates" shall mean the Mortgage Certificates transferred to the 2015 A Mortgage Loan Account.

“2015 B Mortgage Certificates” shall mean Mortgage Certificates which are purchased by the Trustee on and subsequent to the issuance date of the Series B Bonds and pledged by the Department to the Trustee pursuant to the Trust Indenture and the Fifty-Ninth Supplemental Indenture.

"2015 B Mortgage Loans" shall mean the Mortgage Loans included in each Mortgage Pool represented by a 2015 B Mortgage Certificate.

"2015 B Principal Subaccount" shall mean the 2015B Subaccount of the Principal Account of the Debt Service Fund.

"2015 B Redemption Subaccount" shall mean the 2015B Subaccount of the Redemption Account of the Debt Service Fund.

"2015 B Revenue Account" shall mean the 2015B Account of the Revenue Fund.

“Series 2006H Bonds” shall mean the Department’s Single Family Variable Rate Mortgage Revenue Bonds, 2006 Series H, issued under the Trust Indenture and the Fifty-Third Supplemental Single Family Mortgage Revenue Bond Trust Indenture, as amended from time to time.

“2006 H Swap” shall mean the interest rate swap transaction with UBS AG with respect to the Series 2006 H Bonds and subsequently restructured and transferred pursuant to a Novation Confirmation, ISDA Master Agreement, Schedule and Credit Support Annex with The Bank of New York Mellon.

"Underwriters" shall mean Morgan Stanley & Co. LLC and the other underwriters named on a schedule to the Bond Purchase Agreement.

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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 attorney's 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. On August 17, 2012 the Treasury announced modifications to the Preferred Stock Purchase Agreement whereby Fannie Mae and Freddie Mac would accelerate the wind down of its retained mortgage investment portfolios at an annual rate of 15% and would replace the dividend repayment requirement to the Treasury with a quarterly sweep of every dollar of profit that each firm earns going forward.

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.

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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 pay or 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 certificate holders. 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 certificate holder) 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 certificate holders, 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, 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 l0-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.

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. On August 17, 2012 the Treasury announced modifications to the Preferred Stock Purchase Agreement whereby Fannie Mae and Freddie Mac would accelerate the wind down of its retained mortgage investment portfolios at an annual rate of 15% and would replace the dividend repayment requirement to the Treasury with a quarterly sweep of every dollar of profit that each firm earns going forward.

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 pay or 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 certificate holders. 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. If FHFA, as receiver, were to transfer a GSE's guaranty obligation to another party, the Department (as a certificate holder) 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 certificate holders, 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, 2014

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Revenue Bond Program Enterprise Fund

Basic Financial Statements
for the Year Ended August 31, 2014

(With Independent Auditor's Report)

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

Basic Financial Statements for the Year Ended August 31, 2014

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State Auditor's Office
John Keel, CPA
State Auditor

Independent Auditor's Report

Department of Housing and Community Affairs Board of Directors
Mr. J. Paul Oxer, P.E., Chair
Dr. Juan Sanchez Muñoz, Vice Chair
Mr. T. Tolbert Chisum
Ms. Leslie Bingham Escareño
Mr. Tom H. Gann
Mr. J. B. Goodwin

Report on the Financial Statements

We have audited the accompanying financial statements of the Revenue Bond Program Enterprise Fund (Program) of the Department of Housing and Community Affairs (Department), as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Program of the Department, as of August 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Fund Financial Statements

As discussed in Note 1, the financial statements present only the Program, an enterprise fund of the Department and of State of Texas, and do not purport to, and do not, present fairly the financial position of the State of Texas or the Department as of August 31, 2014, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Program's financial statements. The supplementary bond schedules and supplemental schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary bond schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary bond schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The supplemental schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 19, 2014, of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

John Keel, CPA
State Auditor

December 19, 2014

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the Texas Department of Housing and Community Affairs - Revenue Bond Program ("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, 2014. Please read it in conjunction with the Department's Bond Program financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Bond Program's net position increased by $28.9 million. This was primarily because of the $3.8 million positive change in fair value of investments, an increase of $6 million in fees related to the Taxable Mortgage Program ("TMP"), a positive $12.8 million difference between interest income and interest expense, and a restatement of beginning net position of $4.3 million as explained below.

- The Bond Program had an Operating Income of $29.2 million, an increase of $57.4 million from the prior year. The change in operating income was a result of the following factors. Interest and investment income decreased $15.0 million due to declining investment balances; the net change in fair value of investments increased from a negative change of $43.6 million in fiscal year 2013 to a positive change of $3.8 million in fiscal year 2014, or $47.4 million; other operating revenue increased $3.1 million primarily related to fees collected related to the Taxable Mortgage Program; and bond interest expense decreased $18.0 million due to lower bonds outstanding and lower interest rates related to variable rate debt.

- The Bond Program's debt outstanding of $1.7 billion as of August 31, 2014, decreased $219.9 million. Debt issuances and debt retirements totaled $43.1 million and $262.2 million, respectively. Loan originations for the year totaled $55.5 million in the Bond Program.

- In accordance with Governmental Accounting Standards Board Statement (GASB) No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the Department identified its derivative instruments, measured their effectiveness, and reported the 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 at the end of the fiscal year in the balance sheet. As of August 31, 2014, the Department's five interest rate swaps had a total notional amount of $217.0 million and a negative $22.4 million fair value which was recorded in the deferred outflow of resources account and as a derivative swap liability.

- In accordance with Governmental Accounting Standards Board Statement (GASB) No. 65, *Items Previously Reported as Assets and Liabilities*, the Department identified and reclassified certain balance sheet items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources and recognized certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflow of resources (revenue). The implementation of GASB 65 resulted in a reclassification of beginning net position of $4.3 million from the recognition of deferred issuance costs as expenses and deferred commitments as revenues.

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 position of these funds represents accumulated earnings since their inception and is generally restricted for program purposes or debt service.

FINANCIAL ANALYSIS OF THE REVENUE BOND PROGRAM

Bond Program - Condensed Statement of Net Position

			Increase (Decrease)	
	2014	**2013**	**Amount**	**Percentage**
ASSETS:				
Current Assets:				
Cash and investments	$ 130,067,960	$ 107,566,046	$ 22,501,914	20.92 %
Loans and Contracts	10,974,577	12,221,178	(1,246,601)	(10.20)%
Interest receivable	12,031,065	11,511,196	519,869	4.52 %
Other Current Assets	425,269	356,147	69,122	19.41 %
Non-Current Assets:				
Investments	826,977,158	1,005,554,656	(178,577,498)	(17.76)%
Loans and Contracts	1,050,058,287	1,054,175,156	(4,116,869)	(0.39)%
Other Non-Current Assets	74,905	5,737,498	(5,662,593)	(98.69)%
Total assets	2,030,609,221	2,197,121,877	(166,512,656)	(7.58)%
DEFERRED OUTFLOWS OF RESOURCES	22,441,099	25,144,123	(2,703,024)	(10.75)%
LIABILITIES:				
Current Liabilities				
Bonds payable	21,806,680	24,849,568	(3,042,888)	(12.25)%
Interest payable	19,262,560	21,848,815	(2,586,255)	(11.84)%
Other current liabilities	690,519	11,004,049	(10,313,530)	(93.72)%
Non-Current Liabilities				
Bonds payable	1,674,310,169	1,891,171,055	(216,860,886)	(11.47)%
Derivative Hedging Instrument	22,441,099	25,144,123	(2,703,024)	(10.75)%
Other non-current liabilities	104,746,634	67,375,914	37,370,720	55.47 %
Total liabilities	1,843,257,661	2,041,393,524	(198,135,863)	(9.71)%
DEFERRED INFLOWS OF RESOURCES				
NET POSITION:				
Restricted for Bonds	198,730,752	169,151,068	29,579,684	17.49 %
Unrestricted	11,061,907	11,721,408	(659,501)	(5.63)%
Total Net Position	$ 209,792,659	$ 180,872,476	$ 28,920,183	15.99 %

The Net Position of the Bond Program increased $28.9 million, or 16%, to $209.8 million. The restricted net position of the Bond Program increased $29.6 million, or 17.5%. The increase can be primarily attributed to the positive change in fair value of investments and a positive difference between interest earnings and interest expense. The unrestricted net position decreased $656.5 thousand, or 5.6%, to $11.1 million. The unrestricted net position is composed of $6.5 million related to the Operating Fund and $6.9 million related to the Taxable Mortgage Program offset by a negative net position related to Multifamily of $2.2 million.

Cash and investments (current and non-current) decreased $156.1 million, or 14%, to $957.0 million, primarily due to the sale of investments and decreasing investment balances as debt is being retired.

The Bond Program's loans and contracts (current and non-current) decreased $5.4 million, or .5%, to $1.1 billion, due primarily as a result of loans issued and paid off related to the Department's Multi-family Bond Program. Total bonds payable (current and non-current) decreased $219.9 million, or 11.5%, due to the Department's monthly retirement of existing debt primarily due to consumer refinancing and paying off of original loans and sale of pledged assets within the RMRB indenture with the retirement of the associated debt offset by the issuance of $43.1 million in multifamily bonds.

In accordance with Governmental Accounting Standards Board Statement (GASB) No. 53*, Accounting and Financial Reporting for Derivative Instruments*, the Department reported its 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 $22.4 million fair value of the swaps decreased by $2.7 million and is reported as deferred outflow of resources and a derivative hedging instrument classified as a liability.

A comparison between 2014 and 2013 for the Statement of Revenues, Expenses, and Changes in Fund Net Position is as follows:

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

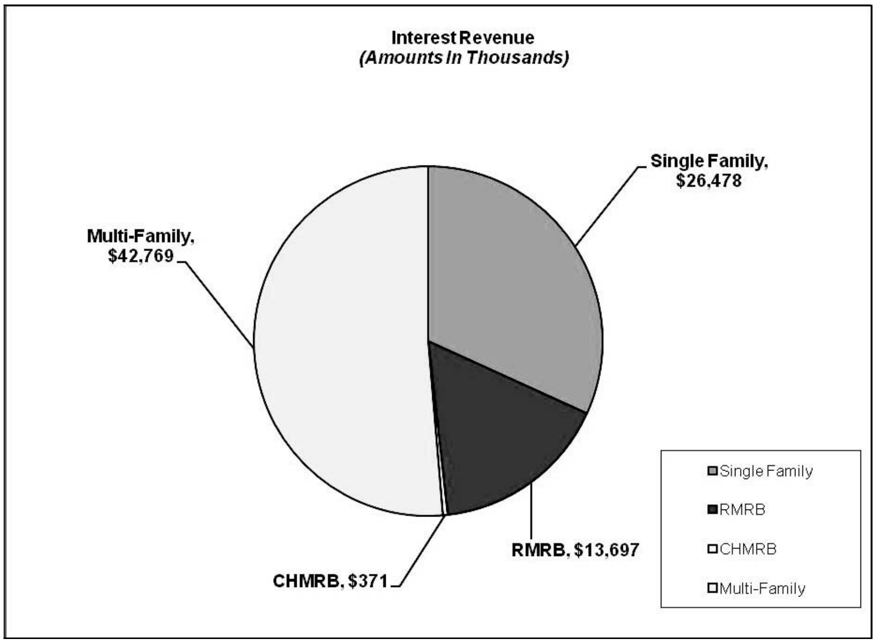
			Increase (Decrease)	
	2014	2013	Amount	Percentage
OPERATING REVENUES:				
Interest and investment income	$ 83,648,421	$ 98,653,386	$ (15,004,965)	(15.21)%
Net change in fair value of Investments	3,783,495	(43,623,321)	47,406,816	(108.67)%
Other operating revenues	18,289,161	15,163,557	3,125,604	20.61 %
Total operating revenues	105,721,077	70,193,622	35,527,455	50.61 %
OPERATING EXPENSES:				
Professional fees and services	2,576,948	2,870,266	(293,318)	(10.22)%
Depreciation expense		2,189,089	(2,189,089)	(100.00)%
Interest	70,876,933	88,877,460	(18,000,527)	(20.25)%
Bad debt expense	363,510	545,738	(182,228)	(33.39)%
Down payment assistance	1,239,349	1,587,960	(348,611)	(21.95)%
Other operating expenses	1,504,324	2,336,116	(831,792)	(35.61)%
Total operating expenses	76,561,064	98,406,629	(21,845,565)	(22.20)%
OPERATING INCOME (LOSS)	29,160,013	(28,213,007)	57,373,020	(203.36)%
TRANSFERS	(4,504,499)	(3,987,119)	(517,380)	(12.98)%
CHANGE IN NET POSITION	24,655,514	(32,200,126)	56,855,640	(176.57)%
BEGINNING NET POSITION	180,872,476	213,072,602	(32,200,126)	(15.11)%
RESTATEMENTS	4,264,669		4,264,669	
BEGINNING NET ASSETS—As restated	185,137,145	213,072,602	(27,935,457)	(13.11)%
ENDING NET POSITION	$ 209,792,659	$ 180,872,476	$ 28,920,183	15.99 %

Earnings within the Bond Program’s various bond indentures were $105.7 million, of which $87.3 million is classified as restricted and $18.4 million as unrestricted.

Restricted earnings are composed of $83.3 million in interest and investment income and $3.9 million net increase in fair value of investments. Interest and investment income is restricted per bond covenants for debt service and the net increase in fair value in investments is a combination of both unrealized and realized gains.

Unrestricted earnings are composed of $333.1 thousand in interest and investment income, $105.7 thousand net decrease in fair value of investments, and $18.2 million in other operating revenue.

The graph below illustrates the composition of interest and investment income for the various bond indentures that make up the Bond Program:



Interest earned on program loans decreased by $2.5 million, or 5.6%, due primarily to a decrease of $2.4 million, or 5.3%, within the Bond Program's Multi-Family Program, due to lower loan amounts outstanding throughout the year as a result of loan payoffs and lower interest rates.

Investment income decreased $12.3 million, or 23.3%, and reflected lower investment yields due to declining investment balances. The decrease was primarily due to a decrease of $8.4 million in the Single Family Revenue Bond Program and a $3.1 million decrease in the RMRB Revenue Bond Program.

Expenses of the Bond Program consist primarily of interest expense and professional fees and services. Interest expense was $70.9 million, which decreased $18.0 million, or 20.3%, on the Bond Program's debt incurred to fund its various lending programs. Professional fees and services was $2.6 million which decreased $293.3 thousand or 10.2% associated with costs incurred to evaluate and administer funds within the various bond indentures.

The changes in net assets by bond indenture for the Bond Program for fiscal years 2014 and 2013 are as follows:

Changes in Net Position by Bond Program, Year Ended August 31, (Amounts in Thousands)				
			Increase (Decrease)	
Fund	**2014**	**2013**	**Amount**	**Percentage**
Single Family	$ 100,010	$ 87,761	$ 12,249	14.0 %
RMRB	91,668	74,490	17,178	23.1 %
CHMRB	1,753	1,800	(47)	(2.6)%
Taxable Mortgage Program	10,966	10,347	619	6.0 %
Multifamily	(2,171)	(2,001)	(170)	8.5 %
General funds	7,566	8,476	(910)	(10.7)%
Total	$ 209,792	$180,873	$ 28,919	16.0 %

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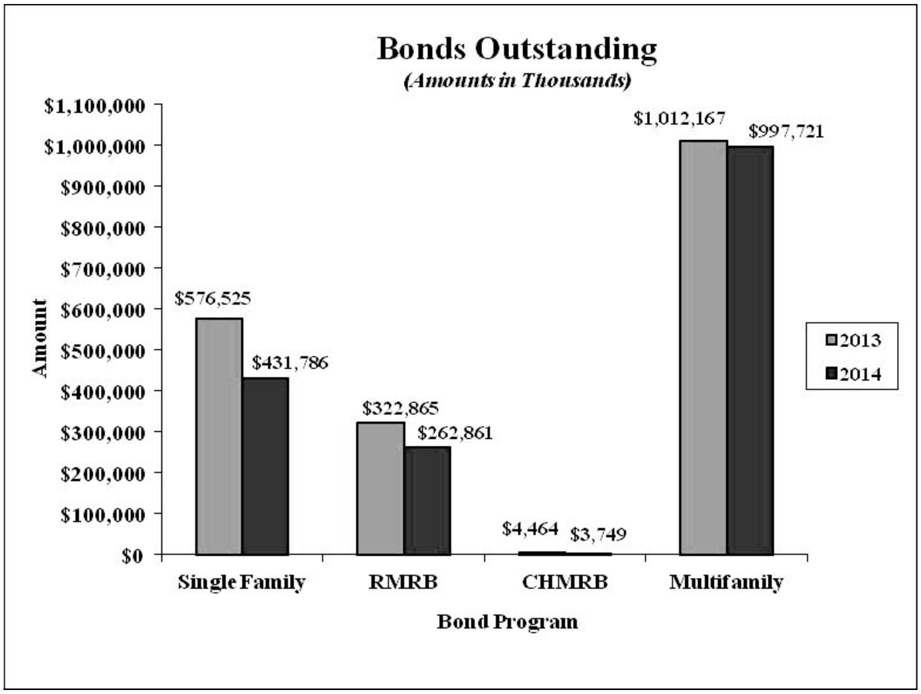
The Net Position of the Single Family Bond Program increased by $12.2 million, or 14%, primarily due to a positive $4.9 million restatement of net position due to the implementation of GASB 65, a positive difference of $8.8 million between interest income and bond interest expense offset by approximately $948.5 thousand in professional fees and a negative change in fair value of investments of $95.5 thousand.

The Net Position of the RMRB Program increased by $17.2 million, or 23.1%, primarily due to a negative $1.1 million restatement of net position due to the implementation of GASB 65, a positive difference of $4 million between interest income and bond interest expense, and a positive change in fair value of investments of $4.0 million and $10.9 million transferred from the Taxable Mortgage Program to fund down payment assistance loans.

BOND PROGRAM DEBT

The Bond Program's new debt issuances during fiscal year 2014 totaled $43.1 million related to the Multifamily Bond Program. The Bond Program also had $262.2 million in debt retirements during the year primarily due to consumer refinancing and paying off of original loans. The net result was a decrease in bonds payable of $219.9 million to $1.7 billion of which $21.8 million is due within one year. For additional information, see Note 4, Bonds Payable, and supplementary bond schedules.

The following graph will illustrate a comparison of bonds outstanding between fiscal year 2014 and 2013 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, Chief Financial Officer, P.O. Box 13941, Austin, Texas, 78711-3941.

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BASIC

FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION
As of August 31, 2014

ASSETS	
Current Assets:	
Cash and Cash Equivalents (Note 2)	
Cash in Bank	$ 263
Cash Equivalents	10,266,414
Restricted Assets:	
Cash and Cash Equivalents (Note 2)	
Cash in Bank	18,929,204
Cash Equivalents	100,748,788
Short-term Investments (Note 2)	123,291
Loans and Contracts	10,958,062
Interest Receivable	12,023,626
Receivable:	
Interest Receivable	7,439
Accounts Receivable	245,606
Loans and Contracts	16,515
Other Current Assets	179,663
Total Current Assets	153,498,871
Non-Current Assets :	
Investments (Note 2)	2,774,806
Loans and Contracts	25,194
Restricted Assets:	
Investments (Note 2)	824,202,352
Loans and Contracts	1,050,033,093
Other Non-current Assets	
Real Estate Owned, net	74,905
Total Non-Current Assets	1,877,110,350
Total Assets	$ 2,030,609,221
DEFERRED OUTFLOWS OF RESOURCES	
Accumulated decrease in fair value of hedging derivatives (Note 5)	22,441,099
Total Deferred Outflows of Resources	$ 22,441,099
LIABILITIES	
Current Liabilities	
Payables:	
Accounts Payable	$ 463,260
Accrued Bond Interest Payable	19,262,560
Revenue Bonds Payable (Notes 3 & 4)	21,806,680
Other Current Liabilities	227,259
Total Current Liabilities	41,759,759
Non-Current Liabilities	
Revenue Bonds Payable (Note 3 & 4)	1,674,310,169
Derivative Hedging Instrument	22,441,099
Other Non-Current Liabilities (Note 3)	104,746,634
Total Non-Current Liabilities	1,801,497,902
Total Liabilities	$ 1,843,257,661
DEFERRED INFLOWS OF RESOURCES	
Total Deferred Inflows of Resources	$
NET POSITION	
Restricted for Bonds	198,730,752
Unrestricted	11,061,907
Total Net Position	$ 209,792,659

The notes to the financial statements are an integral part of this statement.

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the fiscal year ended August 31, 2014

OPERATING REVENUES	
Interest and Investment Income	$ 83,648,421
Net Increase (Decrease) in Fair Value	3,783,495
Other Operating Revenues	18,289,161
Total Operating Revenues	105,721,077
OPERATING EXPENSES	
Professional Fees and Services	2,576,948
Printing and Reproduction	58,874
Interest	70,876,933
Bad Debt Expense	363,510
Down Payment Assistance	1,239,349
Other Operating Expenses	1,445,450
Total Operating Expenses	76,561,064
Operating Income	29,160,013
OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS	
Transfers Out	(4,504,499)
Total Other Revenues, Expenses, Gains, Losses and Transfers	(4,504,499)
CHANGE IN NET POSITION	24,655,514
Net Position, September 1, 2013	180,872,476
Restatement (Note 9)	4,264,669
Net Position, September 1, 2013, as Restated	185,137,145
NET POSITION, AUGUST 31, 2014	$ 209,792,659

The notes to the financial statements are an integral part of this statement.

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

STATEMENT OF CASH FLOWS
For the fiscal year ended August 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds from Loan Programs	$ 103,611,486
Proceeds from Other Revenues	63,088,285
Payments to Suppliers for Goods/Services	(14,554,938)
Payments for Loans Provided	(55,461,328)
Net Cash Provided By Operating Activities	96,683,505
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from Debt Issuance	43,100,000
Payments for Transfer to Other Funds	(4,504,500)
Payments of Principal on Debt Issuance	(262,083,735)
Payments of Interest	(75,764,455)
Payments for Other Cost of Debt	(406,537)
Net Cash (Used for) Noncapital Financing Activities	(299,659,227)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales of Investments	275,077,272
Proceeds from Interest/Invest. Income	42,408,556
Payments to Acquire Investments	(92,131,483)
Net Cash Provided By Investing Activities	225,354,345
Net Increase in Cash and Cash Equivalents	22,378,623
Cash and Cash Equivalents, September 1, 2013	107,566,046
Cash and Cash Equivalents, August 31, 2014	$ 129,944,669

The notes to the financial statements are an integral part of this statement.

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

STATEMENT OF CASH FLOWS (Continued)
For the fiscal year ended August 31, 2014

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Income	$ 29,160,013
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Provision for Uncollectibles	363,510
Operating Income and Cash Flow Categories Classification Differences	32,251,975
Changes in Assets and Liabilities:	
(Increase) in Receivables	(35,918)
(Increae) in Accrued Interest Receivable	(519,869)
Decrease in Loans / Contracts	5,363,470
Decrease in Property Owned	58,211
Decrease in Acquisition Costs	5,604,382
(Increase) in Other Assets	(33,204)
Increase in Payables	100,460
(Decrease) in Unearned Revenues	(10,449,329)
(Decrease) in Accrued Interest Payable	(2,586,255)
Increase in Other Liabilities	37,406,059
Total Adjustments	67,523,492
Net Cash Provided by Operating Activities	$ 96,683,505

NON CASH TRANSACTIONS
Increase in Fair Value of Investments for 2014 was $2,424,376

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NOTES TO THE

FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF 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") — Thirty-four series (six of which have been refunded) of these bonds have been issued pursuant to the RMRB master indenture and thirty-one 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.

Taxable Mortgage Program ("TMP") — The TMP program was created to provide loans to low to moderate income homebuyers as a tool to fund the First Time Homebuyer Program. It facilitates the trading of mortgage backed securities ("MBS"). The program will be paid for from revenues generated by the packaging and sale of the associated mortgage backed securities.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

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.

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 Statement of Net Position. 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, 2014, 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 and any realized gains/losses on the sale of investments are reported in the Statement of Revenues, Expenses, and Changes in Fund Net Position as net increase (decrease) in fair value of investments.

Loans and Contracts — Loans and contracts are carried at the unpaid principal balance outstanding less the allowance for estimated loan losses. 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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

Allowance for Estimated Losses on Loans and Foreclosed Properties — The allowance for estimated losses on loans is available for future charge offs on single-family and multifamily 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 Outflows of Resources/Derivative Hedging Instrument—The Department identified its derivative instruments and measured their effectiveness in accordance with Governmental Accounting Standards Board Statement (GASB*)* No. 53*, Accounting and Financial Reporting for Derivative Instruments*. The Department contracted a service provider to measure its derivative effectiveness using the regression analysis method. Since the derivative instruments were deemed to be effective, the Department deferred the changes in fair value for these derivatives and reported them as a deferred outflows of resources.

Operating and Nonoperating Revenues and Expenses — The Department distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Bond Program. The principal operating revenues of the Bond Program are related to interest derived from investments, interest on mortgage loans and bond related administrative fees. Operating expenses are primarily related to interest expense on bonds and general administrative expenses. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 Position — Certain Net Position of the Bond Program are restricted for various purposes of the bond trust indentures. When both restricted and unrestricted resources are available for use, restricted resources are used first, then unrestricted resources are used as they are needed.

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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

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 Statement of Net Position 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.

New Accounting Pronouncements – For 2014, the Department implemented Governmental Accounting Standards Board Statement (GASB) No. 65*, Items Previously Reported as Assets and Liabilities*, the Department identified and reclassified certain balance sheet items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources and recognized certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenue). The implementation of GASB 65 resulted in a reclassification of beginning net position of $4.3 million from the recognition of deferred issuance costs as expenses and deferred commitments as revenues.

NOTE 2: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS

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 legal provisions during the period.

Deposits of Cash in Bank
In accordance with bond trust indentures and depository agreements, all cash is to be fully collateralized, with the collateral held by a third party in the name of the Department. At August 31, 2014, the Department's cash and deposits were fully collateralized by securities with a trustee in the Department's name. As of August 31, 2014, the carrying amount of deposits was $18,929,467.

Current Assets Cash in Bank	
Texas Treasury Safekeeping Trust	$ 263
Current Assets Restricted Cash in Bank	
Texas Treasury Safekeeping Trust	$ 147,599
Demand Deposits	18,781,605
Cash in Bank	$ 18,929,467

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. 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; direct or general obligations of any state within the territorial U.S.; investment agreements with any bank or financial institution; and guaranteed investment contracts. Certain trust indentures restrict the Department from investing in certain of the aforementioned investments.

The Department holds $65,694,879 in overnight repurchase agreements maturing on the following business day, September 2, 2014, at a rate of .03%.

NOTE 2: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS Cont'd

At August 31, 2014, the fair value of investments (including both short-term and long-term) are shown below.

Business Type Activities	Carrying Value	Fair Value
U.S. Government Agency Obligations	$ 734,027,169	$ 798,102,830
Repurchase Agreements (TTSTC)	65,694,879	65,694,879
Fixed Income Money Markets	45,320,323	45,320,323
Misc (Investment Agreements/GICs)	28,997,619	28,997,619
Total	$ 874,039,990	$ 938,115,651

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.
- Pre-qualifying 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, 2014, the Department's credit quality distribution for securities with credit risk exposure was as follows.

Standard & Poor's

Investment Type	Not Rated	AAA	AA+	A
U.S. Government Agency Obligations			$ 86,350,207	
Repurchase Agreements (TTSTC)	$ 65,694,879			
Misc (Investment Agreements/GICs)	$ 28,997,619			

Investment Type	Not Rated	AAA-M	AA-M	A-M
Fixed Income Money Market		$ 45,320,323		

A total of $711,752,623 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.

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2014, the Department's concentration of credit risk is as follows.

Issuer	Carrying Value	% of Total Porfolio
Greenwich	$ 65,694,879	7.00%

NOTE 2: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS Cont'd

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of any investment. The longer the 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 Department's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Department's investments by maturity:

Remaining Maturity (in months)

Business Type Activities	Fair Value	12 months or less	13 to 24 months	25 to 60 months	More than 60 months
U.S. Government Agency Obligations	$ 798,102,830	$ 123,291	$ 146,303	$ 1,557,978	$ 796,275,258
Repurchase Agreements (TTSTC)	65,694,879	65,694,879			
Fixed Income Money Markets	45,320,323	45,320,323			
Misc (Investment Agreements/GICs)	28,997,619				28,997,619
Total	$ 938,115,651	$ 111,138,493	$ 146,303	$ 1,557,978	$ 825,272,877

Highly Sensitive Investments

Mortgage backed securities-These 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. However, in recent years the Department has sold some of these investments at a premium and used the realized gain to fund Down Payment Assistance loans in connection with the Single Family, First-Time Homebuyer Program. Any fluctuation in fair value generates an unrealized gain or loss. As of August 31, 2014, the Department holds $798,102,830 in mortgage backed securities.

NOTE 3: SUMMARY OF LONG TERM LIABILITIES

Changes in Long-Term Liabilities
During the year ended August 31, 2014, the following changes occurred in liabilities.

Business-Type Activities	Balance 09/01/2013	Additions	Reductions	Balance 08/31/2014	Amounts Due Within One Year
Revenue Bonds Payable	$ 1,916,020,623	$ 43,100,000	$ 263,003,774	$ 1,696,116,849	$ 21,806,680
Total Business-Type Activities	$ 1,916,020,623	$ 43,100,000	$ 263,003,774	$ 1,696,116,849	$ 21,806,680

NOTE 3: SUMMARY OF LONG TERM LIABILITIES Cont'd

Revenue Bonds Payable
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. (See Note 4 for more information.) The $263,003,774 in reductions is inclusive of $833,772 in amortization of bond premium/discount and the recognition of deferred gain/loss on refunding per GASB 65.

Other Non-current Liabilities
Other non-current liabilities in the Enterprise Fund totaling $104,746,634 account for funds due to Developers as a result of Multifamily bond proceeds which have corresponding investment balances adjusted to market value. 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 various variables related to the balance, the current portion cannot be reasonably estimated.

NOTE 4: BONDED INDEBTEDNESS

The Department has 118 bond series outstanding at August 31, 2014. 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 disclosed in Schedules 3, 4, 5, 6 and 7.) Proceeds from the issuance of bonds under the Single Family indenture prior to 1987 and Residential Mortgage Revenue Bonds (RMRB) Series 1987A Programs were used to acquire loans. Proceeds from Collateralized Home Mortgage Revenue Bond (CHMRB) and the remaining Single Family and RMRB programs were used to acquire pass-through certificates (GNMA, FNMA, FHLMC) backed by mortgage loans. Proceeds from the remaining Multifamily bond issues were used to finance mortgage loans.

Interest on bonds and collateralized mortgage obligations 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 the following: 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 non-performance or non-observance of any other covenants, agreements or conditions contained in the indentures. Management believes they are in compliance with the covenants of the indentures.

NOTE 4: BONDED INDEBTEDNESS Cont'd

Bond contractual maturities (principal only) at August 31, 2014, are as follows (in thousands):

Description	2015	2016	2017	2018	2019	2020 to 2024	2025 to 2029
Single-family	$ 6,500	$ 8,150	$ 8,910	$ 13,425	$ 8,380	$ 48,345	$ 77,155
RMRB	5,625	5,700	5,935	6,305	6,245	35,650	43,555
CHMRB						3,700	
Multifamily	9,423	8,933	29,843	10,353	11,010	80,949	126,226
Total	$ 21,548	$ 22,783	$ 44,688	$ 30,083	$ 25,635	$ 168,644	$ 246,936

Description	2030 to 2034	2035 to 2039	2040 to 2044	2045 to 2049	2050 to 2054	2055 to 2059	Total
Single-family	$ 121,940	$ 133,330	$ 3,755	$	$	$	$ 429,890
RMRB	52,185	71,385	28,190				260,775
CHMRB							3,700
Multifamily	135,397	283,900	228,951	64,765	8,147		997,897
Total	$ 309,522	$ 488,615	$ 260,896	$ 64,765	$ 8,147	$	$ 1,692,262

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.

The interest payment requirements at August 31, 2014, are as follows (in thousands):

Description	2015	2016	2017	2018	2019	2020 to 2024	2025 to 2029
Single-family	$ 9,061	$ 8,827	$ 8,599	$ 8,359	$ 8,118	$ 37,331	$ 30,736
RMRB	9,435	9,295	9,132	8,941	8,722	39,500	30,666
CHMRB	245	269	245	269	245	1,246	
Multifamily	42,383	40,986	40,395	39,747	39,109	183,802	153,752
Total	$ 61,124	$ 59,377	$ 58,371	$ 57,316	$ 56,194	$261,879	$ 215,154

Description	2030 to 2034	2035 to 2039	2040 to 2044	2045 to 2049	2050 to 2054	2055 to 2059	Total
Single-family	$ 22,601	$ 8,604	$ 97	$	$	$	$ 142,333
RMRB	20,508	10,672	961				147,832
CHMRB							2,519
Multifamily	119,210	78,577	32,314	7,337	1,459		779,071
Total	$162,319	$ 97,853	$ 33,372	$ 7,337	$ 1,459	$	$ 1,071,755

Interest requirements on variable rate debt are calculated using the interest rate in effect at August 31, 2014. Interest rates on variable rate debt reset on a weekly basis by the remarketing agent.

NOTE 4: BONDED INDEBTEDNESS Cont'd

Changes in Bonds Payable

Description	Bonds Outstanding 09/01/13	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/14	Amounts Due Within One Year
Single Family	$ 574,100,000	$	$ 6,685,000	$ 137,525,000	$ 429,890,000	$ 6,634,683
RMRB	320,480,000		5,830,000	53,875,000	260,775,000	5,752,923
CHMRB	4,400,000			700,000	3,700,000	4,945
Multifamily	1,012,352,740	43,100,000	8,413,651	49,141,351	997,897,738	9,414,129
Total Principal	$ 1,911,332,740	$ 43,100,000	$ 20,928,651	$ 241,241,351	$ 1,692,262,738	$ 21,806,680
Unamortized Premium	6,005,956				4,030,074	
Unamortized (Discount)	(185,307)				(175,963)	
Unamortized Refunding (Loss)	(1,132,766)					
Total	$ 1,916,020,623				$ 1,696,116,849	

Demand Bonds

The Department currently holds seven single family bond series in the amount $237,255,000 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	**Remarketing Agent**	**Liquidity Provider**	**Commitment Fee Rate**	**Outstanding Variable Rate Demand Bonds as of 8/31/14**	**Liquidity Facility Expiration Date**
2004A Jr. Lien	JP Morgan	Comptroller of Public Accounts	0.12%	$ 3,855,000	1/31/2015
2004B	JP Morgan	Comptroller of Public Accounts	0.12%	53,000,000	1/31/2015
2004D	Piper Jaffray	Comptroller of Public Accounts	0.12%	35,000,000	1/31/2015
2005A	JP Morgan	Comptroller of Public Accounts	0.12%	45,070,000	1/31/2015
2005C	JP Morgan	Comptroller of Public Accounts	0.12%	3,430,000	1/31/2015
2006H	JP Morgan	Comptroller of Public Accounts	0.12%	36,000,000	1/31/2015
2007A	JP Morgan	Comptroller of Public Accounts	0.12%	60,900,000	1/31/2015
Total Demand Bonds				**$ 237,255,000**	

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 yearly on an ongoing basis. The Department shall use its best effort to cause the bonds to be purchased from the liquidity facility as soon as possible. The purchased bonds are not subject to term out provisions. For fiscal year 2014, the Trustee did not draw from the liquidity provider, Comptroller of Public Accounts, related to the Department's demand bonds.

NOTE 4: BONDED INDEBTEDNESS Cont'd

Federal Arbitrage Regulations

In accordance with Federal law, the Agency is required to rebate to the Internal Revenue Service ("IRS") the excess of the amount derived from investing the bond proceeds over the amount that would have been earned if those investments had a rate equal to the yield on the bond issue. As of August 31, 2014, the Bond Program had liabilities to the IRS totaling $39,448 reported in the Statement of Net Position as Other Current Liabilities. Any increase in this liability account has been recorded as a decrease to interest income.

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 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.

	Pledged and Other Sources and Related Expenditures for FY 2014						
	Net Available for Debt Service		Debt Service				
Description of Issue	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay	Principal	Interest	Pledged Revenue for Future Debt Service	Terms of Commitment Year Ending August 31,	Percentage of Revenue Pledged
Total Single Family Bonds	$ 161,950,393	$ 684,920	$ 6,685,000	$ 19,037,471	$ 572,224,228	2040	100%
Total Residential Mtg Revenue Bonds	65,444,142	288,714	5,830,000	10,345,712	408,608,482	2041	100%
Total 1992 CHMRB	1,070,982	64		287,310	6,219,307	2024	100%
Total Multifamily Bonds	91,910,637		8,413,651	42,766,443	1,776,965,657	2054	100%
Total	**$ 320,376,154**	**$ 973,698**	**$ 20,928,651**	**$ 72,436,936**	**$ 2,764,017,674**		

NOTE 5: DERIVATIVE INSTRUMENTS

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 that are expected to be 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.

NOTE 5: DERIVATIVE INSTRUMENTS Cont'd

SUMMARY

The fair value balances and notional amounts of derivative instruments outstanding as of August 31, 2014, classified by type, and the changes in fair value of such derivative instruments for the year ended as reported in the 2014 financial statements are as follows.

Business Type Activities		Changes in Fair Value		Fair Value at August 31, 2014		
Cash Flow Hedges	**Bond Issue**	**Classification**	**Amount**	**Classification**	**Amount**	**Notional**
Pay-fixed, receive-variable interest rate swap	2004B	Deferred outflow of resources	$ 31,120	Debt	$ (3,895,463)	$ 40,000,000
Pay-fixed, receive-variable interest rate swap	2004D	Deferred outflow of resources	481,112	Debt	(2,106,210)	35,000,000
Pay-fixed, receive-variable interest rate swap	2005A	Deferred outflow of resources	391,623	Debt	(6,595,678)	45,070,000
Pay-fixed, receive-variable interest rate swap	2006H	Deferred outflow of resources	953,715	Debt	(1,764,453)	36,000,000
Pay-fixed, receive-variable interest rate swap	2007A	Deferred outflow of resources	845,452	Debt	(8,079,295)	60,900,000
			$ 2,703,022		$ (22,441,099)	$ 216,970,000

TERMS AND FAIR VALUE

The terms, including the fair value of the outstanding swaps as of August 31, 2014 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
Bank of New York Melllon	$ 40,000,000	$ (3,895,463)	9/1/2004	3.67%	65.5% of LIBOR + .20%	9/1/34 (a)
Goldman Sachs Bank USA	35,000,000	(2,106,210)	1/1/2005	3.08%	Lesser of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR	3/1/35 (b)
JP Morgan Chase Bank	45,070,000	(6,595,678)	8/1/2005	4.01%	Less of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR	9/1/36 (c)
Bank of New York Melllon	36,000,000	(1,764,453)	11/15/2006	3.86%	63% of LIBOR +.30%	9/1/25 (d)
JP Morgan Chase Bank	60,900,000	(8,079,295)	6/5/2007	4.01%	Less of (the greater of (a) 65% of LIBOR and (b) 56% of LIBOR + .45%) and LIBOR	9/1/38 (c)
Total	$ 216,970,000	$ (22,441,099)				

NOTE 5: DERIVATIVE INSTRUMENTS Cont'd

a. Swap Agreement has an optional early par termination date of September 1, 2015 and every March and September thereafter. The Swap Agreement has 100% optional par termination rights on or after September 1, 2021.
b. Swap Agreement has an optional early par termination date of March 1, 2015 and every March and September thereafter. The Swap Agreement has 100% optional par termination rights on or after September 1, 2021.
c. Swap Agreement is subject to mandatory early termination date each March 1 and September 1 from mortgage loan repayments.
d. The Swap Agreement has 100% optional par termination rights on or after 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, 2014, the Department is not exposed to credit risk on any of its outstanding swaps because the swaps currently have a negative fair value indicating an obligation for the Department to pay the counterparty as opposed to receive payments should the Department exercise it's optional right to terminate. 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. The 2004B swap contains swap termination insurance policies with Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) to mitigate a portion of any termination payment due by the Department. The credit ratings for the counterparties are as follows.

Counterparty	Standard & Poor's	Moody's
Bank of New York Mellon	AA-/Stable	Aa2/Stable
Goldman Sachs Bank USA*	A/Neg	A2/Stable
JP Morgan Chase Bank	A+/Stable	Aa3/Stable

*Guaranteed by Goldman Sachs Group, Inc.

BASIS RISK

The Department's variable-rate bond coupon payments are related to the Securities Industry and Financial Markets Association (SIFMA) rate. The swap agreements designate a function of LIBOR as the rate for payments received on these swaps. The Department will be exposed to basis risk should LIBOR and SIFMA rates converge. The swap agreements provide an option to terminate as stated in the Terms and Fair Value table on previous page.

ROLLOVER RISK

Rollover risk 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 because the variable rate debt has been structured to decline with the swap notional balances. 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.

NOTE 5: DERIVATIVE INSTRUMENTS Cont'd

The Department has retained par optional termination rights which are listed below. The par optional termination rights are intended to keep the notional amount in line with bonds outstanding to the extent the Department receives prepayments.

Associated Debt Issuance	Debt Maturity Date	Swap Termination Date
2004B Single Family	September 2034	Optional early par termination rights beginning September 2015, with 100% par termination rights in September 2021
2004D Single Family	March 2035	Optional early par termination rights beginning March 2015, with 100% par termination rights in September 2021
2005A Single Family	September 2036	Mandatory par termination each March 1 and September 1 from mortgage loan repayments
2006H Single Family	September 2037	100% par termination on or after March 2016
2007A Single Family	September 2038	Mandatory par termination each March 1 and September 1 from mortgage loan repayments

SWAP PAYMENTS AND ASSOCIATED DEBT

Using rates as of August 31, 2014, 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 Year Ending August 31	Variable-Rate Bonds Principal	Variable-Rate Bonds Interest	Interest Rate Swaps, Net	Total
2015	$ 2,020,000	$ 172,838	$ 7,918,867	$ 10,111,705
2016	3,435,000	150,357	7,840,016	11,425,373
2017	4,010,000	146,978	7,720,782	11,877,760
2018	4,205,000	144,371	7,588,882	11,938,253
2019	4,410,000	141,285	7,450,593	12,001,878
2020-2024	25,470,000	655,039	34,932,749	61,057,788
2025-2029	47,385,000	549,293	30,063,748	77,998,041
2030-2034	87,360,000	318,362	17,420,706	105,099,068
2035-2039	51,675,000	59,107	3,457,400	55,191,507
	$ 229,970,000	**$ 2,337,630**	**$ 124,393,743**	**$ 356,701,373**

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, 2014, the Department has an aggregate liability related to the interest rate swaps in the amount of $3,843,048 payable September 1, 2014.

NOTE 6: CONTINUANCE SUBJECT TO REVIEW

Under the Texas Sunset Act, the Department will be abolished effective September 1, 2025 unless continued in existence as provided by the Act. If abolished, the Department may continue until September 1, 2026 to close out its operations.

NOTE 7: CONTINGENCIES AND COMMITMENTS

The Department is a defendant in two legal actions known as Inclusive Communities Project, Inc. vs. Texas Department of Housing and Community Affairs ("TDHCA"), *et al* and Galveston Open Government Project vs. TDHCA, *et al*. In the first action, the Plaintiffs were awarded $1.87 million in attorney's fees and injunctive relief but no monetary damages. The U.S. Fifth Circuit Court of Appeals ("Fifth Circuit") has reversed the trial court on several issues, including the attorney's fees, and remanded the matter to the district court judge for further action. TDHCA filed a writ of certiorari with the United States Supreme Court. The writ has been granted and oral arguments will probably occur in early 2015. The trial judge has stayed any additional proceedings in his court until the Supreme Court rules on the matter. Because the Department is contesting the plaintiff's request, management cannot estimate the amount of its liability for the plaintiff's attorneys' fees. In the second action, the Plaintiff is asking for injunctive relief and attorneys fees. The federal district court judge dismissed TDHCA from the lawsuit. GOGP has appealed that and other issues to the Fifth Circuit. The Department is waiting for a briefing order that would clarify whether the dismissal of the lawsuit stands.

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 AGM and TDHCA	After downgrade of AGM and TDHCA or counterparty, 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) *AGM Swap Insurance in effect. Collateral posting only required if AGM is downgraded to A3/A- or below AND TDHCA is downgraded to A3/A- or below.*

As of August 31, 2014 the Department's credit rating related to the Single Family Indenture was AA+ 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 $22,441,099. If the collateral posting requirements had been triggered at August 31, 2014, the Department would have been required to post eligible collateral equal to the aggregate fair value of the derivative instruments.

NOTE 7: CONTINGENCIES AND COMMITMENTS (Cont'd)

TAXABLE MORTGAGE PROGRAM

On July 26, 2012, the Department approved the Taxable Mortgage Program ("TMP"). The TMP market facilitates the forward trading of Mortgage Backed Securities ("MBSs") issued by Ginnie Mae. In a TMP trade, the seller and buyer agree to the type of security, coupon, face value, price and settlement date at the time of trade but do not specify the actual pools to be traded. The securities are "to be announced" two business days prior to the trade settlement date. The TMP program was created to provide loans to low to moderate income homebuyers as a tool to fund the First Time Homebuyer Program in order to take advantage of this opportunity. The program is paid for from revenues generated by the packaging and sale of the TMP MBSs. An escrow agreement was negotiated and established to limit the recourse to the servicer, who delivers the MBSs to the purchaser who acquires the MBSs backed by the mortgage loans. The amount of the escrow is $4 million, which is funded from the Department's general funds. The TMP program commenced on October 1, 2012.

NOTE 8: RISK MANAGEMENT

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, $350,000 Public Employee Fidelity Bond and Commercial Property, Equipment Breakdown Insurance for the Alpine Retirement Center in the amount of $224,515.

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 three years. The department did not incur any claims in fiscal year 2014.

NOTE 9: AJUSTMENT TO NET POSITION

During fiscal year 2014, a certain accounting change and adjustment was made that required the restatement of net position/fund balance. The restatement is presented below.

	Enterprise Fund	
Net Position, September 1, 2013	$	249,204,879
Restatement		4,264,669
Net Position, Sept. 1, 2013, as Restated	$	253,469,548

The restatement of $4,264,669 in the Enterprise Fund is due to the implementation of GASB Statement No. 65, Items Previously Reported as Assets and Liabilities (GASB 65). Pursuant to the requirements in GASB 65, a restatement was required to properly expense cost of issuance related to debt and recognize commitment fees that were previously deferred.

NOTE 10: SEGMENT INFORMATION FOR ENTERPRISE FUND

The Segment information below is for the Department's direct debt associated with the issuance of Single Family bonds only and does not include the Multifamily bonds where the Department is only a conduit issuer. Therefore, this note represents less than what is reported in the Enterprise Fund as a whole. Each grouping consists of separate indentures that have one or more bonds outstanding with the revenue stream and assets exclusively pledged in support of that debt. Bonds are issued for the primary purpose of providing funds for the purchase of mortgage-backed securities which represent securitized loans financing single family housing. Each indenture imposes the requirement of separate accounting of the revenues, expenses, gains, losses, assets, and liabilities.

CONDENSED STATEMENT OF NET POSITION

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds
Restricted Assets:			
Current Assets	$ 42,886,462	$ 16,247,512	$ 164,473
Non-Current Assets	497,731,084	339,935,097	5,345,036
Total Assets	540,617,546	356,182,609	5,509,509
Deferred Outflows of Resources:	22,441,099		
Liabilities:			
Current Liabilities	15,455,642	7,406,633	12,638
Non-Currrent Liabilities	447,592,551	257,107,862	3,743,703
Total Liabilities	463,048,193	264,514,495	3,756,341
Deferred Inflows of Resources:			
Net Position:			
Restricted Net Position	$ 100,010,452	$ 91,668,114	$ 1,753,168
Net Position:	$ 100,010,452	$ 91,668,114	$ 1,753,168

NOTE 10: SEGMENT INFORMATION FOR ENTERPRISE FUND Cont'd

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds
Operating Revenues:			
Interest and Investment Income	$ 26,477,908	$ 13,697,178	$ 370,982
Net Increase (Decrease) in Fair Value	(95,461)	3,984,022	(275,632)
Other Operating Revenues	106,062	1	
Operating Expenses	(19,099,743)	(10,358,127)	(272,338)
Operating Income (Loss)	7,388,766	7,323,074	(176,988)
Nonoperating Revenues (Expenses):			
Transfers In (Out)	(78,579)	10,903,779	
Changes in Net Position	7,310,187	18,226,853	(176,988)
Net Position, September 1, 2013	87,760,537	74,489,550	1,799,853
Restatements	4,939,728	(1,048,289)	130,303
Net Position, September 1, 2013, as restated	92,700,265	73,441,261	1,930,156
Net Position, August 31, 2014	$ 100,010,452	$ 91,668,114	$ 1,753,168

CONDENSED STATEMENT OF CASH FLOWS

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds
Net Cash Provided (Used) By:			
Operating Activities	$ 759,596	$ (10,847,883)	$ (309)
Noncapital Financing Activities	(166,740,521)	(61,191,376)	(1,005,400)
Investing Activities	155,757,899	63,964,786	1,107,956
Net Increase (Decrease)	(10,223,026)	(8,074,473)	102,247
Beginning Cash and Cash Equivalents	49,969,386	23,059,832	35,312
Ending Cash and Cash Equivalents	$ 39,746,360	$ 14,985,359	$ 137,559

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SUPPLEMENTAL SCHEDULES

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

SCHEDULE 1

SUPPLEMENTAL SCHEDULE — STATEMENT OF NET POSITION INFORMATION
BY INDIVIDUAL ACTIVITY (UNAUDITED)
AS OF AUGUST 31, 2014

	Single-Family Program	RMRB Program	CHMRB Program	Taxable Mortgage Program	Multifamily Program	Operating Fund	Total
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents:							
Cash in bank	$	$	$	$	$	$ 263	$ 263
Cash equivalents				3,878,960		6,387,454	10,266,414
Restricted assets:							
Cash and cash equivalents:							
Cash in bank	144,031	5,737			18,779,436		18,929,204
Cash equivalents	39,602,330	14,979,622	137,559	363,464	45,320,323	345,490	100,748,788
Short-term investments				123,291			123,291
Loans and contracts	1,325,076	209,514			9,423,472		10,958,062
Interest receivable	1,779,215	1,043,937	26,914	13,470	9,156,327	3,763	12,023,626
Receivable:							
Interest receivable				7,234		205	7,439
Accounts receivable						245,606	245,606
Loans and Contracts						16,515	16,515
Other current assets	35,810	8,702		119,529		15,622	179,663
Total current assets	42,886,462	16,247,512	164,473	4,505,948	82,679,558	7,014,918	153,498,871
NONCURRENT ASSETS:							
Investments				2,737,443		37,363	2,774,806
Loans and Contracts						25,194	25,194
Restricted assets:							
Investments	477,996,087	297,861,196	5,345,036	3,722,653	38,550,493	726,887	824,202,352
Loans, contracts, and notes receivable	19,660,890	42,073,901			988,298,302		1,050,033,093
Other noncurrent assets:							
Real estate owned — net	74,107					798	74,905
Total noncurrent assets	497,731,084	339,935,097	5,345,036	6,460,096	1,026,848,795	790,242	1,877,110,350
TOTAL ASSETS	$ 540,617,546	$ 356,182,609	$ 5,509,509	$ 10,966,044	$ 1,109,528,353	$ 7,805,160	$ 2,030,609,221
DEFERRED OUTFLOWS OF RESOURCES							
Accumulated decrease in fair value hedging derivatives	22,441,099						22,441,099
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 22,441,099	$	$	$	$	$	$ 22,441,099
LIABILITIES							
CURRENT LIABILITIES:							
Payables:							
Accounts payable	$ 252,212	$ 75,638	$	$ 205	$	$ 135,205	$ 463,260
Accrued bond interest payable	8,422,003	1,578,066	7,693		9,254,798		19,262,560
Revenue bonds payable	6,634,683	5,752,923	4,945		9,414,129		21,806,680
Other current liabilities	146,744	6				80,509	227,259
Total current liabilities	15,455,642	7,406,633	12,638	205	18,668,927	215,714	41,759,759
NONCURRENT LIABILITIES:							
Revenue bonds payable	425,150,958	257,107,862	3,743,703		988,307,646		1,674,310,169
Derivative Hedging Instrument	22,441,099						22,441,099
Other noncurrent liabilities	494				104,723,169	22,971	104,746,634
Total noncurrent liabilities	447,592,551	257,107,862	3,743,703		1,093,030,815	22,971	1,801,497,902
TOTAL LIABILITIES	$ 463,048,193	$ 264,514,495	$ 3,756,341	$ 205	$ 1,111,699,742	$ 238,685	$ 1,843,257,661
DEFERRED INFLOWS OF RESOURCES							
TOTAL DEFERRED INFLOWS OF RESOURCES	$	$	$	$	$	$	$
NET POSITION							
RESTRICTED FOR BONDS	100,010,452	91,668,114	1,753,168	4,222,878		1,076,140	198,730,752
UNRESTRICTED				6,742,961	(2,171,389)	6,490,335	11,061,907
TOTAL NET POSITION	$ 100,010,452	$ 91,668,114	$ 1,753,168	$ 10,965,839	$ (2,171,389)	$ 7,566,475	$ 209,792,659

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS **SCHEDULE 2**
REVENUE BOND PROGRAM ENTERPRISE FUND

SUPPLEMENTAL SCHEDULE — STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION INFORMATION BY INDIVIDUAL ACTIVITY (UNAUDITED)
FOR THE YEAR ENDED AUGUST 31, 2014

	Single-Family Program	RMRB Program	CHMRB Program	Taxable Mortgage Program	Multifamily Program	Operating Fund	Total
OPERATING REVENUES:							
Interest and investment income	$ 26,477,908	$ 13,697,178	$ 370,982	$ 198,402	$ 42,769,284	$ 134,667	$ 83,648,421
Net increase (decrease) in fair value	(95,461)	3,984,022	(275,632)	276,283		(105,717)	3,783,495
Other operating revenues	106,062	1		15,309,994		2,873,104	18,289,161
Total operating revenues	26,488,509	17,681,201	95,350	15,784,679	42,769,284	2,902,054	105,721,077
OPERATING EXPENSES:							
Professional fees and services	948,500	124,000	1,500			1,502,948	2,576,948
Printing and reproduction						58,874	58,874
Interest	17,720,246	9,702,090	272,275		43,182,322		70,876,933
Bad debt expense	162,047	198,115				3,348	363,510
Down Payment Assistance	6,563	209,481				1,023,305	1,239,349
Other operating expenses	262,387	124,441	(1,437)	891,188		168,871	1,445,450
Total operating expenses	19,099,743	10,358,127	272,338	891,188	43,182,322	2,757,346	76,561,064
Operating Income (Loss)	7,388,766	7,323,074	(176,988)	14,893,491	(413,038)	144,708	29,160,013
OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS							
Transfers in (out)	(78,579)	10,903,779		(14,275,151)		(1,054,548)	(4,504,499)
CHANGE IN NET POSITION	7,310,187	18,226,853	(176,988)	618,340	(413,038)	(909,840)	24,655,514
NET POSITION —							
September 1, 2013	87,760,537	74,489,550	1,799,853	10,347,499	(2,001,278)	8,476,315	180,872,476
Restatement	4,939,728	(1,048,289)	130,303		242,927		4,264,669
September 1, 2013,as Restated	92,700,265	73,441,261	1,930,156	10,347,499	(1,758,351)	8,476,315	185,137,145
NET POSITION —							
August 31, 2014	$ 100,010,452	$ 91,668,114	$ 1,753,168	$ 10,965,839	$ (2,171,389)	$ 7,566,475	$ 209,792,659

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SUPPLEMENTARY BOND

SCHEDULES

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

SCHEDULE 3

Supplementary Bond Schedules
MISCELLANEOUS BOND INFORMATION
For the fiscal year ended August 31, 2014

				Scheduled Mat.			
Description of Issue	Bonds Issued To Date	Range Of Interest Rates		First Year	Final Maturity Date	First Call Date	
2004 Single Family Series A	$ 123,610,000	2.00%	4.70%	2006	09/01/2035	03/01/2013	
2004 Single Family Series B	53,000,000	VAR - Weekly		2015	09/01/2034	03/01/2015	(e)
2004 Single Family Series A (Jr. Lien)	4,140,000	VAR - Weekly		2036	09/01/2036	09/01/2036	(e)
2004 Single Family Series C	41,245,000	4.30%	4.80%	2019	03/01/2036	09/01/2014	
2004 Single Family Series D	35,000,000	VAR - Weekly		2035	03/01/2035	(f)	
2004 Single Family Series E	10,825,000	2.45%	4.30%	2006	03/01/2019	09/01/2014	
2005 Single Family Series A	100,000,000	VAR - Weekly		2007	09/01/2036	03/01/2006	
2005 Single Family Series B	25,495,000	4.38%	4.38%	2006	09/01/2026	03/01/2006	
2005 Single Family Series C	8,970,000	VAR - Weekly		2017	09/01/2017	03/01/2006	
2005 Single Family Series D	3,730,000	5.00%	5.00%	2025	09/01/2035	03/01/2006	
2006 Single Family Series A	59,555,000	5.00%	5.00%	2008	09/01/2037	09/01/2006	
2006 Single Family Series B	70,485,000	5.00%	5.00%	2008	09/01/2034	09/02/2006	
2006 Single Family Series C	105,410,000	5.13%	5.13%	2008	09/01/2037	09/03/2006	
2006 Single Family Series D	29,685,000	4.50%	4.50%	2018	09/01/2028	09/04/2006	
2006 Single Family Series E	17,295,000	4.06%	4.06%	2007	09/01/2017	09/05/2006	
2006 Single Family Series F	81,195,000	4.65%	5.75%	2008	03/01/2038	03/01/2016	
2006 Single Family Series G	15,000,000	3.75%	4.60%	2012	09/01/2019	03/01/2016	
2006 Single Family Series H	36,000,000	VAR - Weekly		2016	09/01/2037	03/01/2016	
2007 Single Family Series A	143,005,000	VAR - Weekly		2008	09/01/2038	03/01/2008	(e)
2007 Single Family Series B	157,060,000	3.90%	5.63%	2008	09/01/2039	03/01/2008	
2013 Single Family Series A	42,500,000	2.80%	2.80%	2013	03/01/2036	09/01/2020	
2009 RMRB Series A	80,000,000	5.13%	5.13%	2011	07/01/2039	01/01/2019	
2009 RMRB Series B	22,605,000	4.72%	4.72%	2010	07/01/2022	01/01/2019	
2009 RMRB Series C-1	89,030,000	0.70%	3.57%	2029	07/01/2041	04/01/2011	
2009 RMRB Series C-2	60,080,000	0.60%	2.48%	2034	07/01/2041	11/01/2011	
2011 RMRB Series A	60,000,000	0.70%	5.05%	2012	07/01/2029	01/01/2021	
2011 RMRB Series B	87,955,000	0.30%	4.45%	2012	01/01/2034	01/01/2021	
1992 Coll Home Mtg Rev Bonds, Series C	72,700,000	3.48%	10.27%	2024	07/01/2024	05/04/1995	
TOTAL SINGLE FAMILY & RMRB BONDS	$ 1,635,575,000						
1996 MF Series A/B (Brighton's Mark Development)	$ 10,174,000	6.13%	6.13%	2026	04/01/2026	01/01/2003	
1998 MF Series A (Pebble Brook Apartments Project)	10,900,000	4.95%	5.60%	2001	12/01/2030	06/01/2001	
1998 MF Series A-C (Residence at the Oaks Projects)	8,200,000	5.98%	7.18%	2001	11/01/2030	05/01/2001	
1998 MF Series A/B (Greens of Hickory Trail Apartments)	13,500,000	5.20%	6.03%	2001	09/01/2030	09/01/2008	
1999 MF Series A-C (Mayfield Apartments)	11,445,000	5.70%	7.25%	2001	05/01/2031	05/01/2002	
2000 MF Series A (Timber Point Apartments)	8,100,000	VAR - Weekly		2003	09/01/2032	07/01/2000	(a)
2000 MF Series A/B (Oaks at Hampton Apartments)	10,060,000	7.20%	9.00%	2002	03/01/2040	03/01/2017	(a)
2000 MF Series A (Deerwood Apartments)	6,435,000	5.25%	6.40%	2003	12/01/2032	06/01/2010	
2000 MF Series A (Creek Point Apartments)	7,200,000	VAR - Weekly		2004	10/01/2032	07/01/2000	(a)
2000 MF Series A/B (Parks at Westmoreland Apartments)	9,990,000	7.20%	9.00%	2002	07/01/2040	07/01/2017	(a)
2000 MF Series A-C (Highland Meadow Village Apartments)	13,500,000	6.75%	8.00%	2004	11/01/2033	05/01/2019	
2000 MF Series A/B (Greenbridge at Buckingham Apartments)	20,085,000	7.40%	10.00%	2003	10/01/2040	03/01/2014	
2000 MF Series A-C (Collingham Park Apartments)	13,500,000	6.72%	7.72%	2004	11/01/2033	05/01/2019	
2000 MF Series A/B (Williams Run Apartments)	12,850,000	7.65%	9.25%	2002	11/01/2040	01/01/2011	
2001 MF Series A (Bluffview Apartments)	10,700,000	7.65%	7.65%	2003	05/01/2041	05/01/2018	
2001 MF Series A (Knollwood Apartments)	13,750,000	7.65%	7.65%	2003	05/01/2041	05/01/2018	
2001 MF Series A (Skyway Villas Apartments)	13,250,000	6.00%	6.50%	2005	12/01/2034	12/01/2011	
2001 MF Series A/B (Meridian Apartments)	14,310,000	5.45%	6.85%	2004	12/01/2034	12/01/2011	
2001 MF Series A/B (Wildwood Apartments)	14,365,000	5.45%	6.75%	2004	12/01/2034	12/01/2011	
2001 MF Series A-C (Fallbrook Apartments)	14,700,000	6.06%	6.78%	2005	12/01/2034	01/01/2012	
2001 MF Series A (Oak Hollow Apartments)	8,625,000	7.00%	7.90%	2003	12/01/2041	11/01/2018	
2001 MF Series A/B (Hillside Apartments)	12,900,000	7.00%	9.25%	2003	12/01/2041	11/01/2018	
2002 MF Series A (Park Meadows Apartments)	4,600,000	6.53%	6.53%	2004	06/01/2034	05/01/2012	
2002 MF Series A (Clarkridge Villas Apartments)	14,600,000	7.00%	7.00%	2004	09/01/2042	08/01/2019	
2002 MF Series A (Hickory Trace Apartments)	11,920,000	7.00%	7.00%	2004	11/01/2042	12/01/2019	
2002 MF Series A (Green Crest Apartments)	12,500,000	7.00%	7.00%	2004	11/01/2042	11/01/2019	
2002 MF Series A/B (Ironwood Crossing)	16,970,000	5.50%	8.75%	2005	11/01/2042	10/01/2027	
2003 MF Series A/B (Reading Road)	12,200,000	VAR-Weekly		2007	07/01/2036	01/01/2004	(a)
2003 MF Series A/B (North Vista Apartments)	14,000,000	4.10%	5.41%	2006	06/01/2036	06/01/2013	
2003 MF Series A/B (West Virginia Apartments)	9,450,000	4.15%	5.41%	2006	06/01/2036	06/01/2013	
2003 MF Series A/B (Primrose Houston School)	16,900,000	5.50%	8.00%	2006	07/01/2036	07/01/2003	(a)

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

Supplementary Bond Schedules
MISCELLANEOUS BOND INFORMATION (Continued)
For the fiscal year ended August 31, 2014

Description of Issue	Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat. First Year	Scheduled Mat. Final Maturity Date	First Call Date	
2003 MF Series A/B (Timber Oaks Apartments)	$ 13,200,000	6.75%	8.75%	2005	11/01/2038	06/01/2020	
2003 MF Series A/B (Ash Creek Apartments)	16,375,000	5.60%	15.00%	2006	04/01/2036	10/01/2003	(a)
2003 MF Series A/B (Peninsula Apartments)	12,400,000	4.25%	5.30%	2007	10/01/2024	10/01/2013	
2003 MF Series A/B (Arlington Villas)	17,100,000	6.75%	8.00%	2007	12/01/2036	01/01/2007	(a)
2003 MF Series A/B (Parkview Townhomes)	16,600,000	6.60%	8.50%	2006	04/01/2041	12/01/2020	
2003 MF Series A (NHP Foundation-Asmara Proj Refunding)	31,500,000	VAR - Weekly		2007	07/01/2033	07/01/2007	(a)
2004 MF Series A/B (Timber Ridge II Apartments)	7,500,000	5.75%	8.00%	2007	08/01/2036	03/01/2007	(a)
2004 MF Series A/B (Century Park Townhomes)	13,000,000	5.75%	5.75%	2007	06/01/2037	05/01/2007	(a)
2004 MF Series A/B (Providence at Veterans Memorial)	16,300,000	6.60%	8.50%	2006	01/01/2041	03/01/2006	(a)
2004 MF Series A (Providence at Rush Creek II)	10,000,000	5.38%	6.70%	2006	01/01/2044	03/01/2021	
2004 MF Series A (Humble Parkway Townhomes)	11,700,000	6.60%	6.60%	2007	01/01/2041	07/01/2021	
2004 MF Series A (Chisholm Trail Apartments)	12,000,000	VAR - Weekly (b)		2006	04/15/2037	10/15/2006	(a)
2004 MF Series A (Evergreen at Plano Parkway)	14,750,000	5.25%	6.55%	2007	05/01/2044	06/01/2021	
2004 MF Series A (Montgomery Pines Apartments)	12,300,000	VAR - Weekly		2006	06/15/2037	12/15/2006	(a)
2004 MF Series A (Bristol Apartments)	12,625,000	VAR - Weekly		2007	06/15/2037	06/15/2007	(a)
2004 MF Series A (Pinnacle Apartments)	14,500,000	VAR - Weekly (c)		2007	06/15/2037	09/01/2007	(a)
2004 MF Series A (Tranquility Bay Apartments)	14,350,000	6.50%	6.50%	2007	06/01/2044	06/01/2021	(d)
2004 MF Series A (Churchill at Pinnacle Park)	10,750,000	5.25%	6.55%	2007	07/01/2044	09/01/2021	(d)
2004 MF Series A (Providence at Village Fair)	14,100,000	5.00%	6.50%	2007	12/01/2044	12/01/2021	
2005 MF Series A (Homes at Pecan Grove)	14,030,000	5.00%	6.50%	2007	01/01/2045	01/01/2022	
2005 MF Series A (Providence at Prairie Oaks)	11,050,000	4.75%	6.50%	2007	01/01/2045	01/01/2022	
2005 MF Series A (Port Royal Homes)	12,200,000	5.00%	6.50%	2007	02/01/2045	02/01/2022	
2005 MF Series A (Mission Del Rio Homes)	11,490,000	5.00%	6.50%	2007	02/01/2045	02/01/2022	
2005 MF Series A (Atascocita Pines Apartments)	11,900,000	VAR - Weekly (c)		2007	04/15/2038	(e)	
2005 MF Series A (Tower Ridge Apartments)	15,000,000	VAR - Weekly (b)		2009	04/01/2038	(e)	
2005 MF Series A (Prairie Ranch Apartments)	12,200,000	4.85%	4.85%	2007	06/20/2045	12/20/2015	
2005 MF Series A (St Augustine Estate Apartments)	7,650,000	VAR - Weekly		2009	09/15/2038	n/a	
2005 MF Series A (Park Manor Senior Community)	10,400,000	5.00%	6.40%	2008	07/01/2045	09/01/2022	
2005 MF Series A (Providence at Mockingbird Apartments)	14,360,000	6.40%	6.40%	2007	08/01/2040	08/01/2022	
2005 MF Series A (Plaza at Chase Oaks Apartments)	14,250,000	5.05%	5.05%	2007	08/01/2035	(g)	
2005 MF Series A (Coral Hills Apartments)	5,320,000	5.05%	5.05%	2009	08/01/2026	08/01/2015	
2006 MF Series A (Harris Branch Apartments)	15,000,000	VAR - Weekly		2009	03/15/2039	(i)	
2006 MF Series A (Bella Vista Apartments)	6,800,000	6.15%	6.15%	2008	04/01/2046	04/01/2016	
2006 MF Series A (Village Park Apartments)	13,660,000	4.75%	5.13%	2009	12/1/2026	06/01/2021	
2006 MF Series A (Oakmoor Apartments)	14,635,000	5.50%	6.00%	2008	03/01/2046	03/01/2023	
2006 MF Series A (The Residences at Sunset Pointe)	15,000,000	VAR - Weekly		2039	07/15/2039	(h)	
2006 MF Series A (Hillcrest Apartments)	12,435,000	5.25%	5.25%	2009	04/01/2027	04/01/2021	
2006 MF Series A (Pleasant Village)	6,000,000	6.00%	6.00%	2008	03/01/2023	(j)	
2006 MF Series A (Grove Village)	6,180,000	6.00%	6.00%	2008	02/28/2023	(j)	
2006 MF Series A (Red Hills Villas)	5,015,000	VAR - Weekly		2036	09/15/2036	(i)	
2006 MF Series A (Champion Crossing Apartments)	5,125,000	VAR - Weekly		2036	09/15/2036	(i)	
2006 MF Series A (Stonehaven Apartments)	11,300,000	5.80%	5.80%	2008	10/01/2026	(g)	
2006 MF Series A (Meadowlands Apartments)	13,500,000	6.00%	6.00%	2009	09/01/2046	09/01/2023	
2006 MF Series A (East Tex Pines)	13,500,000	4.95%	4.95%	2010	10/01/2046	(k)	
2006 MF Series A (Villas at Henderson)	7,200,000	VAR - Weekly		2010	11/01/2023	(l)	
2006 MF Series A (Aspen Park)	9,800,000	5.00%	5.00%	2010	07/01/2027	07/01/2021	
2006 MF Series A (Idlewilde)	14,250,000	VAR - Weekly		2010	06/15/2040	(i)	
2007 MF Series A (Lancaster)	14,250,000	VAR - Weekly		2010	07/15/2040	(i)	
2007 MF Series A (Park Place at Loyola)	15,000,000	5.80%	5.80%	2010	02/01/2047	03/01/2024	
2007 MF Series A (Terrace at Cibolo)	8,000,000	VAR - Weekly		2010	05/01/2040	(l)	
2007 MF Series A (Santora Villas)	13,072,000	5.80%	5.80%	2010	05/01/2047	06/01/2024	
2007 MF Series A (Villas at Mesquite Creek)	16,860,000	5.00%	5.81%	2010	01/20/2047	01/20/2017	
2007 MF Series A (Summit Point)	11,700,000	4.80%	5.25%	2009	06/20/2047	06/20/2017	
2007 MF Series A (Costa Rialto)	12,385,000	5.35%	5.35%	2010	07/01/2047	08/01/2025	
2007 MF Series A (Windshire)	14,000,000	VAR - Weekly		2010	01/15/2041	(i)	
2007 MF Series A (Residences at Onion Creek)	15,000,000	VAR - Weekly		2011	12/15/2040	(i)	
2008 MF Series A (West Oaks Apartments)	13,125,000	VAR - Weekly		2011	07/01/2041	(m)	
2008 MF Series A (Costa Ibiza Apartments)	13,900,000	VAR - Weekly		2011	08/01/2041	(e)	
2008 MF Series A (Addison Park Apartments)	14,000,000	VAR - Weekly		2008	01/01/2044	(m)	
2008 MF Series A (Alta Cullen Apartments Refunding)	14,000,000	VAR - Weekly		2011	03/01/2045	(m)	
2009 MF Series A (Costa Mariposa Apartments)	13,690,000	VAR - Weekly		2012	05/01/2042	(m)	

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS -
REVENUE BOND PROGRAM ENERPRISE FUND

Supplementary Bond Schedules
MISCELLANEOUS BOND INFORMATION (Continued)
For the fiscal year ended August 31, 2014

Description of Issue	Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat. First Year	Scheduled Mat. Final Maturity Date	First Call Date
2009 MF Series A (Woodmont Apartments)	$ 15,000,000	VAR - Weekly		2012	06/01/2042	(m)
2013 MF Series A (Waters at Willow Run Apartments)	14,500,000	0.35%	0.35%	2014	10/01/2016	10/01/2014
2014 MF Series A (Decatur-Angle Apartments)	23,000,000	5.75%	5.75%	2016	01/01/2054	09/01/2016
2014 MF Series A (Northcrest Apartments)	2,900,000	0.35%	0.35%	2015	06/01/2017	07/01/2015
2014 MF Series A (Pine Haven Apartments)	2,700,000	0.35%	0.35%	2015	06/01/2017	07/01/2015
TOTAL MULTIFAMILY BONDS	$ 1,199,061,000					
TOTAL BONDS ISSUED	**$ 2,834,636,000**					

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) 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.

(e) 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.

(f) The Series bonds are subject to redemption prior to maturity, after giving notice as provided in the Trust Indendure, 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.

(g) 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.

(h) 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.

(i) The Bonds are subject to optional redemption in whole or in part upon optional prepayment of the Loan by the Borrower.

(j) 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 Exhibit H in the bond documents plus accrued and unpaid interest, redemption if any, to the 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.

(k) 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.

(l) 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 written consent of the Bank, in whole or in part, at a redemption price equal to the principal amount, without premium, plus accrued interest to the date of redemptions.

(m) 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.

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

SCHEDULE 4

Supplementary Bond Schedules
CHANGES IN BOND INDEBTEDNESS
For the fiscal year ended August 31, 2014

Description of Issue	Bonds Outstanding 09/01/13	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/14	Amounts Due Within One Year
2004 Single Family Series A	$ 29,585,000	$	$ 1,110,000	$ 28,475,000	$	$
2004 Single Family Series B	53,000,000				53,000,000	895,000
2004 Single Family Series A (Jr. Lien)	3,855,000				3,855,000	
2004 Single Family Series C	5,100,000			5,100,000		
2004 Single Family Series D	35,000,000				35,000,000	1,125,000
2004 Single Family Series E	445,000		150,000	295,000		
2005 Single Family Series A	57,500,000			12,430,000	45,070,000	
2005 Single Family Series B	6,425,000		300,000	3,390,000	2,735,000	185,000
2005 Single Family Series C	3,825,000			395,000	3,430,000	
2005 Single Family Series D	2,835,000			1,540,000	1,295,000	
2006 Single Family Series A	26,520,000		340,000	6,460,000	19,720,000	297,459
2006 Single Family Series B	28,865,000		820,000	6,970,000	21,075,000	713,074
2006 Single Family Series C	45,100,000		870,000	10,950,000	33,280,000	826,419
2006 Single Family Series D	9,510,000			1,825,000	7,685,000	
2006 Single Family Series E	8,410,000		1,545,000		6,865,000	1,605,000
2006 Single Family Series F	19,985,000		60,000	14,825,000	5,100,000	6,522
2006 Single Family Series G	2,625,000		390,000	1,530,000	705,000	185,000
2006 Single Family Series H	36,000,000				36,000,000	
2007 Single Family Series A	78,700,000			17,800,000	60,900,000	
2007 Single Family Series B	79,150,000		1,100,000	18,300,000	59,750,000	796,210
2013 Single Family Series A	41,665,000			7,240,000	34,425,000	
2009 RMRB Series A	40,800,000		370,000	6,155,000	34,275,000	377,617
2009 RMRB Series B	12,850,000		1,005,000	1,265,000	10,580,000	1,005,000
2009 RMRB Series C-1	79,370,000			16,995,000	62,375,000	
2009 RMRB Series C-2	57,450,000			7,930,000	49,520,000	
2011 RMRB Series A	49,285,000		1,895,000	10,415,000	36,975,000	1,807,546
2011 RMRB Series B	80,725,000		2,560,000	11,115,000	67,050,000	2,562,761
1992 Coll Home Mtg Rev Bonds, Series C	4,400,000			700,000	3,700,000	4,945
Total Single Family Bonds	$ 898,980,000	$	$ 12,515,000	$ 192,100,000	$ 694,365,000	$ 12,392,551
1996 MF Series A/B (Brighton's Mark Development)	$ 8,075,000	$	$	$	$ 8,075,000	$
1998 MF Series A (Pebble Brook Aparments Project)	8,525,000		135,000	8,390,000		
1998 MF Series A-C (Residence at the Oaks Projects)	6,358,000		288,000		6,070,000	295,000
1998 MF Series A/B (Greens of Hickory Trail Apartments)	10,630,000		170,000	10,460,000		
1999 MF Series A-C (Mayfield Apartments)	8,951,000		294,000		8,657,000	312,000
2000 MF Series A (Timber Point Apartments)	6,870,000			200,000	6,670,000	
2000 MF Series A/B (Oaks at Hampton Apartments)	9,197,100		119,538		9,077,562	128,436
2000 MF Series A (Deerwood Apartments)	5,420,000		135,000		5,285,000	145,000
2000 MF Series A (Creek Point Apartments)	5,860,000			200,000	5,660,000	
2000 MF Series A/B (Parks at Westmoreland Apartments)	9,161,938		116,097		9,045,841	124,738
2000 MF Series A-C (Highland Meadow Village Apts)	7,697,000		182,000		7,515,000	194,000
2000 MF Series A/B (Greenbridge at Buckingham Apts)	19,474,075				19,474,075	1,051,858
2000 MF Series A-C (Collingham Park Apartments)	11,546,000		291,000		11,255,000	308,000
2000 MF Series A/B (Williams Run Apartments)	12,122,024		477,643		11,644,381	153,407
2001 MF Series A (Bluffview Apartments)	10,055,087		93,493		9,961,594	100,851
2001 MF Series A (Knollwood Apartments)	12,921,256		120,142		12,801,114	129,598
2001 MF Series A (Skyway Villas Apartments)	6,760,000		160,000		6,600,000	170,000
2001 MF Series A/B (Meridian Apartments)	8,170,000		94,000		8,076,000	96,000
2001 MF Series A/B (Wildwood Apartments)	6,313,000		72,000		6,241,000	81,000
2001 MF Series A-C (Fallbrook Apartments)	12,778,000		302,000		12,476,000	320,000
2001 MF Series A (Oak Hollow Apartments)	6,093,591		60,681		6,032,910	65,068
2001 MF Series A/B (Hillside Apartments)	12,278,089		68,336		12,209,753	73,276
2002 MF Series A (Park Meadows Apartments)	3,895,000		90,000		3,805,000	95,000
2002 MF Series A (Clarkridge Villas Apartments)	13,207,535		123,133		13,084,402	132,034
2002 MF Series A (Hickory Trace Apartments)	10,922,189		101,161		10,821,028	108,473
2002 MF Series A (Green Crest Apartments)	10,874,638		98,713		10,775,925	82,314
2002 MF Series A/B (Ironwood Crossing)	16,302,364		123,321		16,179,043	138,449
2003 MF Series A/B (Reading Road)	10,920,000		30,000	200,000	10,690,000	40,000
2003 MF Series A/B (North Vista Apartments)	11,570,000		260,000		11,310,000	275,000
2003 MF Series A/B (West Virginia Apartments)	8,355,000		190,000		8,165,000	195,000
2003 MF Series A/B (Primrose Houston School)	15,966,837		128,120		15,838,717	138,921
2003 MF Series A/B (Timber Oaks Apartments)	12,669,090		95,166		12,573,924	99,786
2003 MF Series A/B (Ash Creek Apartments)	15,688,235		129,237		15,558,998	140,101
2003 MF Series A/B (Peninsula Apartments)	11,000,000		210,000	15,000	10,775,000	210,000
2003 MF Series A/B (Arlington Villas)	16,503,842		120,219		16,383,623	130,262
2003 MF Series A/B (Parkview Townhomes)	13,398,423		105,483		13,292,940	110,604
2003 MF Series A (NHP Foundation-Asmara Proj Refunding)	18,675,000			475,000	18,200,000	(9,343)
2004 MF Series A/B (Timber Ridge II Apartments)	6,422,306		51,881		6,370,425	55,616
2004 MF Series A/B (Century Park Townhomes)	11,500,000		230,000		11,270,000	245,000
2004 MF Series A/B (Providence at Veterans Memorial)	6,808,108		54,391		6,753,717	57,032
2004 MF Series A (Providence at Rush Creek II)	8,471,064		72,996		8,398,068	78,039
2004 MF Series A (Humble Parkway Townhomes)	10,905,000		145,000		10,760,000	155,000
2004 MF Series A (Chisholm Trail Apartments)	11,000,000			200,000	10,800,000	
2004 MF Series A (Evergreen at Plano Parkway)	14,171,079		117,861		14,053,218	125,816
2004 MF Series A (Montgomery Pines Apartments)	11,500,000			200,000	11,300,000	

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

Supplementary Bond Schedules
CHANGES IN BOND INDEBTEDNESS (Continued)
For the fiscal year ended August 31, 2014

Description of Issue	Bonds Outstanding 09/01/13	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2014	Amounts Due Within One Year
2004 MF Series A (Bristol Apartments)	$ 11,700,000	$	$	$ 100,000	$ 11,600,000	$
2004 MF Series A (Pinnacle Apartments)	13,665,000			200,000	13,465,000	
2004 MF Series A (Tranquility Bay Apartments)	13,653,986		81,973	13,572,013		
2004 MF Series A (Churchill at Pinnacle Park)	9,617,398		99,345		9,518,053	106,051
2004 MF Series A (Providence at Village Fair)	13,483,789		117,609		13,366,180	125,486
2005 MF Series A (Homes at Pecan Grove)	13,445,385		99,248	229,160	13,116,977	77,999
2005 MF Series A (Providence at Prairie Oaks)	10,574,501		83,804		10,490,697	105,684
2005 MF Series A (Port Royal Homes)	11,683,154		100,668		11,582,486	107,408
2005 MF Series A (Mission Del Rio Homes)	11,033,514		91,030	2,009,731	8,932,753	53,118
2005 MF Series A (Atascocita Pines Apartments)	11,190,000			100,000	11,090,000	
2005 MF Series A (Tower Ridge Apartments)	15,000,000				15,000,000	
2005 MF Series A (Prairie Ranch Apartments)	11,410,000		150,000		11,260,000	160,000
2005 MF Series A (St Augustine Estate Apartments)	6,180,000			100,000	6,080,000	
2005 MF Series A (Park Manor Senior Community)	10,400,000				10,400,000	
2005 MF Series A (Providence at Mockingbird Apts)	10,924,900		83,412		10,841,488	88,030
2005 MF Series A (Plaza at Chase Oaks Apartments)	12,845,088		280,964		12,564,124	295,486
2005 MF Series A (Coral Hills Apartments)	4,665,000		40,000	50,000	4,575,000	90,000
2006 MF Series A (Harris Branch Apartments)	13,990,000			200,000	13,790,000	
2006 MF Series A (Bella Vista Apartments)	6,545,000		55,000		6,490,000	60,000
2006 MF Series A (Village Park Apartments)	9,940,000		175,000		9,765,000	185,000
2006 MF Series A (Oakmoor Apartments)	14,006,670		119,903		13,886,767	127,299
2006 MF Series A (The Residences at Sunset Pointe)	15,000,000				15,000,000	
2006 MF Series A (Hillcrest Apartments)	10,530,000		170,000		10,360,000	185,000
2006 MF Series A (Pleasant Village)	5,583,009		55,798	183,288	5,343,923	183,635
2006 MF Series A (Grove Village)	5,750,500		57,472	229,504	5,463,524	189,144
2006 MF Series A (Red Hills Villas)	4,715,000				4,715,000	
2006 MF Series A (Champion Crossing Apartments)	4,675,000			100,000	4,575,000	
2006 MF Series A (Stonehaven Apartments)	9,957,670		25,015	9,932,655		
2006 MF Series A (Meadowlands Apartments)	12,064,971		98,150		11,966,821	104,203
2006 MF Series A (East Tex Pines)	13,220,000		110,000		13,110,000	110,000
2006 MF Series A (Villas at Henderson)	6,825,000			105,000	6,720,000	
2006 MF Series A (Aspen Park)	9,345,000		110,000		9,235,000	120,000
2006 MF Series A (Idlewilde)	13,725,000			235,000	13,490,000	
2007 MF Series A (Lancaster)	13,710,000			230,000	13,480,000	
2007 MF Series A (Park Place at Loyola)	14,065,478		97,465		13,968,013	103,271
2007 MF Series A (Terrace at Cibolo)	5,000,000			100,000	4,900,000	
2007 MF Series A (Santora Villas)	11,944,992		86,422		11,858,570	91,570
2007 MF Series A (Villas at Mesquite Creek)	16,155,000		185,000		15,970,000	195,000
2007 MF Series A (Summit Point)	9,170,000		100,000		9,070,000	110,000
2007 MF Series A (Costa Rialto)	10,470,864		84,761		10,386,103	89,409
2007 MF Series A (Windshire)	13,600,000			100,000	13,500,000	
2007 MF Series A (Residences at Onion Creek)	15,000,000				15,000,000	
2008 MF Series A (West Oaks Apartments)	12,525,000			200,000	12,325,000	
2008 MF Series A (Costa Ibiza Apartments)	13,320,000			100,000	13,220,000	
2008 MF Series A (Addison Park Apartments)	13,205,000			200,000	13,005,000	
2008 MF Series A (Alta Cullen Apartments Refunding)	12,400,000			200,000	12,200,000	
2009 MF Series A (Costa Mariposa Apartments)	13,580,000			110,000	13,470,000	
2009 MF Series A (Woodmont Apartments)	14,880,000			215,000	14,665,000	
2013 MF Series A (Waters @ Willow Run)		14,500,000			14,500,000	
2014 MF Series A (Decatur Angle Apartments)		23,000,000			23,000,000	
2014 MF Series A (Northcrest Apartments)		2,900,000			2,900,000	
2014 MF Series A (Pine Haven Apartments)		2,700,000			2,700,000	
Total Multifamily Bonds	$ 1,012,352,740	$ 43,100,000	$ 8,413,651	$ 49,141,351	$ 997,897,738	$ 9,414,129
	$ 1,911,332,740	**$ 43,100,000**	**$ 20,928,651**	**$ 241,241,351**	**$ 1,692,262,738**	**$ 21,806,680**

FOOTNOTES:

(a) Bonds Outstanding balance at 8/31/14 does not include unamortized premium or discounts.

Bonds Outstanding per schedule	$ 1,692,262,738
Unamortized (Discount)/Premium:	
Single Family	1,895,641
RMRB	2,085,785
CHMRB	48,648
Multi-Family	(175,963)
Bonds Outstanding	**$ 1,696,116,849**

SCHEDULE 5

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2014

DESCRIPTION		2015	2016	2017	2018	2019
2004 Single Family, Series A (Junior Lien)	Principal					
2004 Single Family, Series A (Junior Lien)	Interest	4,997	5,023	5,000	5,011	5,011
2004 Single Family, Series B	Principal	895,000	1,840,000	1,905,000	1,980,000	2,060,000
2004 Single Family, Series B	Interest	43,083	41,417	39,746	38,299	36,699
2004 Single Family, Series D	Principal	1,125,000	1,185,000	1,245,000	1,315,000	1,385,000
2004 Single Family, Series D	Interest	26,896	23,563	22,618	21,786	20,853
2005 Single Family, Series A	Principal					
2005 Single Family, Series A	Interest	32,920	27,104	26,980	27,042	27,042
2005 Single Family, Series B	Principal	185,000	200,000	220,000	220,000	220,000
2005 Single Family, Series B	Interest	129,720	121,488	111,520	100,960	90,400
2005 Single Family, Series C	Principal				3,430,000	
2005 Single Family, Series C	Interest	4,114	4,125	4,107	2,075	
2005 Single Family, Series D	Principal					
2005 Single Family, Series D	Interest	64,750	64,750	64,750	64,750	64,750
2006 Single Family, Series A	Principal	285,000	295,000	320,000	310,000	330,000
2006 Single Family, Series A	Interest	982,375	968,125	953,000	937,125	921,500
2006 Single Family, Series B	Principal	695,000	710,000	735,000	785,000	810,000
2006 Single Family, Series B	Interest	1,045,000	1,010,125	974,500	937,125	897,250
2006 Single Family, Series C	Principal	745,000	790,000	835,000	880,000	925,000
2006 Single Family, Series C	Interest	1,696,247	1,657,425	1,616,425	1,573,119	1,527,378
2006 Single Family, Series D	Principal				255,000	520,000
2006 Single Family, Series D	Interest	366,561	366,561	366,561	366,561	348,711
2006 Single Family, Series E	Principal	1,605,000	1,675,000	1,755,000	1,830,000	
2006 Single Family, Series E	Interest	260,476	191,579	118,253	40,259	
2006 Single Family, Series F	Principal	5,000	10,000	10,000	10,000	10,000
2006 Single Family, Series F	Interest	250,765	250,334	249,759	249,184	248,609
2006 Single Family, Series G	Principal	185,000	150,000	115,000	120,000	120,000
2006 Single Family, Series G	Interest	29,577	21,408	15,700	10,350	4,830
2006 Single Family, Series H	Principal		410,000	860,000	910,000	965,000
2006 Single Family, Series H	Interest	25,457	21,649	21,179	20,704	20,151
2007 Single Family, Series A	Principal					
2007 Single Family, Series A	Interest	44,482	36,624	36,456	36,540	36,540
2007 Single Family, Series B	Principal	775,000	885,000	910,000	1,380,000	1,035,000
2007 Single Family, Series B	Interest	3,089,860	3,051,672	3,008,954	2,964,165	2,904,027
2013 Single Family, Series A	Principal					
2013 Single Family, Series A	Interest	963,900	963,900	963,900	963,900	963,900
TOTAL SINGLE FAMILY BONDS		15,561,180	16,976,872	17,509,408	21,783,955	16,497,651
2009 Residential Mtg Revenue Bonds, Series A	Principal	360,000	360,000	355,000	350,000	350,000
2009 Residential Mtg Revenue Bonds, Series A	Interest	1,781,965	1,770,603	1,757,935	1,744,453	1,730,715
2009 Residential Mtg Revenue Bonds, Series B	Principal	1,005,000	1,005,000	1,080,000	1,330,000	1,085,000
2009 Residential Mtg Revenue Bonds, Series B	Interest	516,665	468,425	421,033	366,463	305,078
2009 Residential Mtg Revenue Bonds, Series C-1	Principal					
2009 Residential Mtg Revenue Bonds, Series C-1	Interest	1,793,281	1,793,281	1,793,281	1,793,281	1,793,281
2009 Residential Mtg Revenue Bonds, Series C-2	Principal					
2009 Residential Mtg Revenue Bonds, Series C-2	Interest	1,228,096	1,228,096	1,228,096	1,228,096	1,228,096
2011 Residential Mtg Revenue Bonds, Series A	Principal	1,770,000	1,810,000	1,905,000	1,985,000	2,085,000
2011 Residential Mtg Revenue Bonds, Series A	Interest	1,627,141	1,582,530	1,528,895	1,466,382	1,393,004
2011 Residential Mtg Revenue Bonds, Series B	Principal	2,490,000	2,525,000	2,595,000	2,640,000	2,725,000
2011 Residential Mtg Revenue Bonds, Series B	Interest	2,488,013	2,451,818	2,402,525	2,342,593	2,272,073
TOTAL RESIDENTIAL MTG REVENUE BONDS		15,060,161	14,994,753	15,066,765	15,246,268	14,967,247

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2014

2020-24	2025-29	2030-34	2035-39	2040-44	2045-49	2050-54	TOTAL REQUIRED
			3,855,000				3,855,000
25,068	25,045	25,056	12,557				112,768
11,530,000	13,955,000	16,955,000	1,880,000				53,000,000
157,316	106,905	45,955	759				510,179
8,160,000	8,030,000	10,165,000	2,390,000				35,000,000
88,443	59,514	28,763	1,265				293,701
	8,260,000	23,320,000	13,490,000				45,070,000
135,272	131,400	80,120	12,322				500,202
1,285,000	405,000						2,735,000
278,236	19,844						852,168
							3,430,000
							14,421
	840,000	350,000	105,000				1,295,000
323,750	235,750	74,375	5,244				962,869
2,030,000	2,680,000	4,350,000	9,120,000				19,720,000
4,322,000	3,757,375	2,980,000	961,496				16,782,996
4,585,000	5,860,000	6,545,000	350,000				21,075,000
3,844,125	2,560,750	940,750	8,749				12,218,374
5,415,000	6,995,000	8,950,000	7,745,000				33,280,000
6,866,733	5,296,689	3,297,426	815,002				24,346,444
2,790,000	4,120,000						7,685,000
1,369,340	629,185						3,813,480
							6,865,000
							610,567
805,000	1,110,000	1,455,000	1,685,000				5,100,000
1,161,328	933,443	625,292	206,035				4,174,749
15,000							705,000
346							82,211
5,780,000	7,725,000	10,335,000	9,015,000				36,000,000
91,224	71,328	44,851	10,942				327,485
	9,415,000	26,585,000	24,900,000				60,900,000
182,784	180,145	118,674	33,818				706,063
5,950,000	7,760,000	12,930,000	24,370,000	3,755,000			59,750,000
13,665,848	11,909,112	9,520,536	4,608,292	97,285			54,819,751
			34,425,000				34,425,000
4,819,500	4,819,500	4,819,500	1,927,800				21,205,800
85,676,313	107,890,985	144,541,298	141,934,281	3,852,285			572,224,228
2,715,000	8,230,000	8,100,000	13,455,000				34,275,000
8,500,491	7,012,319	4,807,488	2,555,735				31,661,704
5,075,000							10,580,000
465,938							2,543,602
	1,025,000	21,980,000	27,960,000	11,410,000			62,375,000
8,966,405	8,966,405	7,459,044	3,929,405	378,857			38,666,521
		2,770,000	29,970,000	16,780,000			49,520,000
6,140,480	6,140,480	6,139,240	4,187,108	582,306			29,330,094
12,405,000	15,015,000						36,975,000
5,487,938	2,026,444						15,112,334
15,455,000	19,285,000	19,335,000					67,050,000
9,939,223	6,520,542	2,102,440					30,519,227
75,150,475	74,221,190	72,693,212	82,057,248	29,151,163			408,608,482

SCHEDULE 5

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2014

DESCRIPTION		2015	2016	2017	2018	2019
1992 Coll Home Mtg Rev Bonds, Series C	Principal					
1992 Coll Home Mtg Rev Bonds, Series C	Interest	244,797	269,276	244,797	269,276	244,797
TOTAL COLL HOME MTG REV BONDS		244,797	269,276	244,797	269,276	244,797
1996 MF Series A/B (Brighton's Mark)	Principal					
1996 MF Series A/B (Brighton's Mark)	Interest	494,998	494,998	494,998	494,998	494,998
1998 MF Series A-C (Residence Oaks)	Principal	295,000.00	304,000.00	312,000.00	321,000.00	329,000.00
1998 MF Series A-C (Residence Oaks)	Interest	165,518	157,301	148,850	140,166	131,262
1999 MF Series A-C (Mayfield)	Principal	312,000	329,000	349,000	369,000	391,000
1999 MF Series A-C (Mayfield)	Interest	489,060	471,048	452,010	429,866	410,486
2000 MF Series A (Creek Point Apts)	Principal					
2000 MF Series A (Creek Point Apts)	Interest	4,506	4,533	4,523	4,528	4,528
2000 MF Series A (Deerwood Apts)	Principal	145,000.00	155,000.00	170,000.00	180,000.00	190,000.00
2000 MF Series A (Deerwood Apts)	Interest	334,833	325,540	315,618	304,750	293,253
2000 MF Series A/B (Oaks at Hampton)	Principal	128,436	137,994	148,265	159,298	171,152
2000 MF Series A/B (Oaks at Hampton)	Interest	649,399	639,841	629,570	618,536	606,681
2000 MF Series A (Timber Point Apts)	Principal					
2000 MF Series A (Timber Point Apts)	Interest	5,310	5,342	5,330	5,336	5,336
2000 MF Series A/B (Greenbridge)	Principal	1,051,858	213,555	229,906	247,508	266,457
2000 MF Series A/B (Greenbridge)	Interest	1,293,396	1,356,097	1,339,747	1,322,145	1,303,195
2000 MF Series A/B (Parks @ Westmoreland)	Principal	124,738	134,023	143,995	154,715	166,227
2000 MF Series A/B (Parks @ Westmoreland)	Interest	647,237	637,954	627,979	617,262	605,748
2000 MF Series A/B (Williams Run)	Principal	153,407	155,422	167,738	181,029	195,374
2000 MF Series A/B (Williams Run)	Interest	885,096	873,685	861,369	848,078	833,733
2000 MF Series A-C (Collingham Park)	Principal	308,000	327,000	348,000	370,000	392,000
2000 MF Series A-C (Collingham Park)	Interest	751,229	730,229	707,918	684,163	658,930
2000 MF Series A-C (Highland Meadow Apts)	Principal	194,000	207,000	221,000	237,000	253,000
2000 MF Series A-C (Highland Meadow Apts)	Interest	504,024	490,726	476,517	461,330	445,062
2001 MF Series A (Bluffview Senior Apts)	Principal	100,851	108,788	117,350	126,586	136,549
2001 MF Series A (Bluffview Senior Apts)	Interest	753,617	745,680	737,117	727,882	717,919
2001 MF Series A (Knollwood Villas Apts)	Principal	129,598	139,798	150,801	162,669	175,472
2001 MF Series A (Knollwood Villas Apts)	Interest	968,432	958,232	947,229	935,361	922,558
2001 MF Series A (Oak Hollow Apts.)	Principal	65,068	69,771	74,815	80,224	86,023
2001 MF Series A (Oak Hollow Apts.)	Interest	420,243	415,539	410,495	405,086	399,287
2001 MF Series A (Skyway Villas)	Principal	170,000	180,000	195,000	205,000	215,000
2001 MF Series A (Skyway Villas)	Interest	367,924	358,369	348,257	337,290	325,777
2001 MF Series A/B (Hillside Apts.)	Principal	73,276	78,573	84,253	90,344	96,875
2001 MF Series A/B (Hillside Apts.)	Interest	852,362	847,065	841,385	835,294	828,763
2001 MF Series A/B (Meridian Apts.)	Principal	96,000	105,000	108,000	119,000	123,000
2001 MF Series A/B (Meridian Apts.)	Interest	481,920	475,980	469,530	462,775	455,565
2001 MF Series A/B (Wildwood Apts.)	Principal	81,000	84,000	89,000	96,000	100,000
2001 MF Series A/B (Wildwood Apts.)	Interest	372,300	367,290	362,200	356,580	350,790
2001 MF Series A-C (Fallbrook Apts.)	Principal	320,000	339,000	360,000	383,000	406,000
2001 MF Series A-C (Fallbrook Apts.)	Interest	751,289	731,594	710,717	688,568	665,024
2002 MF Series A (Clarkridge Villas Apts)	Principal	132,034	141,579	151,814	162,788	174,556
2002 MF Series A (Clarkridge Villas Apts)	Interest	911,726	902,181	891,946	880,972	869,204
2002 MF Series A (Green Crest Apts)	Principal	82,314	86,957	91,863	97,044	102,518
2002 MF Series A (Green Crest Apts)	Interest	590,621	585,978	581,073	575,891	570,417
2002 MF Series A (Hickory Trace Apts)	Principal	108,473	116,315	124,723	133,740	143,408
2002 MF Series A (Hickory Trace Apts)	Interest	754,034	746,193	737,784	728,768	719,100
2002 MF Series A (Park Meadows Apts)	Principal	95,000	105,000	105,000	120,000	125,000
2002 MF Series A (Park Meadows Apts)	Interest	246,997	240,631	233,611	226,591	218,592
2002 MF Series A/B (Ironwood Crossing)	Principal	138,449	149,198	160,780	173,262	186,713
2002 MF Series A/B (Ironwood Crossing)	Interest	728,733	717,985	706,402	693,921	680,470

2020-24	2025-29	2030-34	2035-39	2040-44	2045-49	2050-54	TOTAL REQUIRED
3,700,000							3,700,000
1,246,364							2,519,307
4,946,364							6,219,307
	8,075,000						8,075,000
2,474,990	989,990						5,939,970
1,787,000	2,048,000	674,000					6,070,000
513,896	251,762	18,724					1,527,479
2,323,000	3,084,000	1,500,000					8,657,000
1,685,919	931,354	108,352					4,978,095
		5,660,000					5,660,000
22,645	22,635	14,344					82,242
1,185,000	1,680,000	1,580,000					5,285,000
1,261,768	816,800	209,118					3,861,680
1,066,892	1,527,560	2,187,145	3,131,522	419,298			9,077,562
2,822,286	2,361,616	1,702,035	757,653	9,679			10,797,296
		6,670,000					6,670,000
26,686	26,674	16,467					96,481
1,671,383	2,416,972	3,495,160	5,054,320	4,826,956			19,474,075
6,176,879	5,431,290	4,353,102	2,793,944	358,604			25,728,399
1,036,180	1,483,590	2,124,191	3,040,383	637,799			9,045,841
2,823,696	2,376,283	1,735,687	818,777	21,762			10,912,385
1,235,133	1,808,442	2,647,858	3,876,904	1,223,074			11,644,381
3,910,403	3,337,095	2,497,677	1,268,631	63,304			15,379,071
2,368,000	3,234,000	3,908,000					11,255,000
2,857,545	1,939,090	682,147					9,011,251
1,557,000	2,170,000	2,676,000					7,515,000
1,938,908	1,326,040	471,589					6,114,196
861,896	1,258,829	1,838,561	2,685,281	2,726,903			9,961,594
3,410,442	3,013,511	2,433,776	1,587,054	287,983			14,414,981
1,107,578	1,617,653	2,362,637	3,450,711	3,504,197			12,801,114
4,382,570	3,872,496	3,127,514	2,039,441	370,071			18,523,904
532,887	755,433	1,070,922	1,518,168	1,779,599			6,032,910
1,893,663	1,671,117	1,355,630	908,386	220,907			8,100,353
1,290,000	1,735,000	2,340,000	270,000				6,600,000
1,431,982	1,016,730	455,821	7,605				4,649,755
600,111	850,734	1,206,021	1,709,686	7,419,880			12,209,753
4,028,080	3,777,456	3,422,167	2,918,502	1,133,354			19,484,428
788,000	1,065,000	5,662,000	10,000				8,076,000
2,148,615	1,871,425	281,420	175				6,647,405
606,000	5,180,000		5,000				6,241,000
1,652,280	1,397,015	1,500	100				4,860,055
2,437,000	3,285,000	4,427,000	519,000				12,476,000
2,918,254	2,070,460	927,907	15,724				9,479,537
1,081,324	1,532,912	2,173,095	3,080,635	4,453,665			13,084,402
4,137,475	3,685,885	3,045,702	2,138,163	707,301			18,170,555
606,141	797,501	1,049,276	7,862,311				10,775,925
2,758,536	2,567,176	2,315,402	939,451				11,484,545
888,841	1,259,374	1,785,318	2,530,913	3,729,924			10,821,029
3,424,118	3,053,005	2,527,057	1,781,465	615,498			15,087,022
760,000	1,050,000	1,445,000					3,805,000
957,788	669,162	271,648					3,065,020
1,144,143	1,422,078	1,762,504	11,041,916				16,179,043
3,200,111	2,913,834	2,573,410	1,859,387				14,074,253

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

SCHEDULE 5

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2014

DESCRIPTION		2015	2016	2017	2018	2019
2003 MF Series A/B (Ash Creek Apts)	Principal	140,101	151,881	164,649	178,399	191,406
2003 MF Series A/B (Ash Creek Apts)	Interest	1,029,693	1,018,024	1,005,412	991,916	979,262
2003 MF Series A/B (North Vista Apts)	Principal	275,000	290,000	310,000	325,000	340,000
2003 MF Series A/B (North Vista Apts)	Interest	571,340	557,104	542,108	526,227	509,440
2003 MF Series A/B (Peninsula Apts)	Principal	210,000	235,000	250,000	265,000	295,000
2003 MF Series A/B (Peninsula Apts)	Interest	567,066	556,639	544,178	530,795	516,485
2003 MF Series A/B (Primrose Houston School)	Principal	138,921	150,631	163,327	177,095	192,023
2003 MF Series A/B (Primrose Houston School)	Interest	1,037,078	1,025,541	1,013,032	999,469	984,762
2003 MF Series A/B (Reading Road)	Principal	40,000	40,000	40,000	40,000	50,000
2003 MF Series A/B (Reading Road)	Interest	123,139	120,348	117,634	114,941	112,072
2003 MF Series A/B (Timber Oaks Apts)	Principal	99,786	104,630	109,710	115,036	120,621
2003 MF Series A/B (Timber Oaks Apts)	Interest	878,251	869,327	859,970	850,158	839,870
2003 MF Series A/B (West Virginia Apts)	Principal	195,000	205,000	215,000	235,000	245,000
2003 MF Series A/B (West Virginia Apts)	Interest	412,413	402,374	391,835	380,661	368,581
2004 MF Series A (Bristol)	Principal					
2004 MF Series A (Bristol)	Interest	8,184	8,128	8,112	8,120	8,120
2004 MF Series A (Chisholm Trail)	Principal					
2004 MF Series A (Chisholm Trail)	Interest	7,619	7,568	7,552	7,560	7,560
2004 MF Series A (Churchill @ Pinnacle)	Principal	106,051	113,209	120,851	129,009	137,717
2004 MF Series A (Churchill @ Pinnacle)	Interest	620,286	613,127	605,485	597,327	588,619
2004 MF Series A (Evergreen @ Plano)	Principal	125,816	134,309	143,376	153,054	163,385
2004 MF Series A (Evergreen @ Plano)	Interest	916,754	908,261	899,195	889,516	879,185
2004 MF Series A (Humble Park)	Principal	155,000	165,000	180,000	190,000	205,000
2004 MF Series A (Humble Park)	Interest	707,685	697,290	686,070	674,025	661,320
2004 MF Series A (Montgomery Pines)	Principal					
2004 MF Series A (Montgomery Pines)	Interest	7,972	7,918	7,902	7,910	7,910
2004 MF Series A (Pinnacle)	Principal					
2004 MF Series A (Pinnacle)	Interest	8,153	8,087	8,071	8,079	8,079
2004 MF Series A (Rush Creek)	Principal	78,039	83,432	89,196	95,360	101,949
2004 MF Series A (Rush Creek)	Interest	560,303	554,911	549,146	542,983	536,394
2004 MF Series A/B (Century Park)	Principal	245,000	255,000	275,000	290,000	305,000
2004 MF Series A/B (Century Park)	Interest	604,244	590,902	576,885	561,775	546,003
2004 MF Series A/B (Timber Ridge)	Principal	55,616	59,619	63,909	68,509	73,439
2004 MF Series A/B (Timber Ridge)	Interest	428,307	424,430	420,275	415,821	411,045
2004 MF Series A/B (Veterans Memorial)	Principal	57,032	59,801	62,704	65,748	68,940
2004 MF Series A/B (Veterans Memorial)	Interest	444,035	440,188	436,154	431,924	427,489
2003 MF Series A/B (Parkview Twnhms)	Principal	110,604	115,973	121,603	127,507	133,697
2003 MF Series A/B (Parkview Twnhms)	Interest	874,017	866,556	858,733	850,530	841,929
2003 MF Series A/B (Arlington Villas)	Principal	130,262	141,142	152,933	165,710	179,553
2003 MF Series A/B (Arlington Villas)	Interest	1,118,483	1,107,669	1,095,952	1,083,255	1,069,498
2003 MF Series A (NHP-Asmara) Refunding	Principal					
2003 MF Series A (NHP-Asmara) Refunding	Interest	7,435	7,288	7,272	7,280	7,280
2004 MF Series A (Village Fair)	Principal	125,486	133,890	142,857	152,424	162,632
2004 MF Series A (Village Fair)	Interest	865,108	856,704	847,737	838,169	827,961
2005 MF Series A (Pecan Grove)	Principal	77,999	83,223	88,796	94,743	101,088
2005 MF Series A (Pecan Grove)	Interest	850,307	845,083	839,510	833,563	827,218
2005 MF Series A (Prairie Oaks)	Principal	105,684	104,364	111,353	118,810	126,768
2005 MF Series A (Prairie Oaks)	Interest	735,289	671,954	664,965	657,507	649,550
2005 MF Series A (Port Royal)	Principal	107,408	114,604	122,279	130,468	139,206
2005 MF Series A (Port Royal)	Interest	749,700	742,506	734,831	726,642	717,904
2005 MF Series A (Del Rio)	Principal	53,118	56,675	60,471	64,521	68,842
2005 MF Series A (Del Rio)	Interest	579,065	575,507	571,712	567,662	563,341

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2014

2020-24	2025-29	2030-34	2035-39	2040-44	2045-49	2050-54	TOTAL REQUIRED
1,176,125	1,645,890	2,303,289	9,607,258				15,558,998
4,681,763	4,221,755	3,578,014	1,007,796				18,513,635
2,010,000	2,635,000	3,450,000	1,675,000				11,310,000
2,263,598	1,684,996	927,279	107,730				7,689,822
1,755,000	7,765,000						10,775,000
2,322,197	205,771						5,243,131
1,192,077	1,660,063	2,311,600	9,852,980				15,838,717
4,700,653	4,242,601	3,604,799	1,162,849				18,770,784
285,000	400,000	565,000	9,230,000				10,690,000
507,211	394,303	235,850	36,141				1,761,639
696,840	427,302	-	10,900,000				12,573,925
4,026,683	3,729,276	3,678,750	3,126,938				18,859,223
1,450,000	1,905,000	2,500,000	1,215,000				8,165,000
1,639,364	1,220,982	671,003	78,270				5,565,483
			11,600,000				11,600,000
40,608	40,592	40,600	23,002				185,466
			10,800,000				10,800,000
37,808	37,792	37,800	20,153				171,412
841,235	1,166,170	1,616,616	2,241,050	3,046,145			9,518,053
2,790,447	2,465,513	2,015,068	1,390,635	525,010			12,211,517
998,025	1,383,522	1,917,922	2,658,738	6,375,072			14,053,219
4,214,828	3,829,330	3,294,930	2,554,114	1,480,766			19,866,879
1,245,000	1,730,000	2,375,000	3,290,000	1,225,000			10,760,000
3,082,200	2,602,050	1,942,380	1,030,095	82,170			12,165,285
			11,300,000				11,300,000
39,558	39,542	39,550	22,408				180,670
			13,465,000				13,465,000
40,403	40,387	40,395	22,886				184,540
625,660	873,822	1,220,410	1,704,473	3,525,727			8,398,068
2,566,053	2,317,891	1,971,299	1,487,239	759,222			11,845,441
1,815,000	2,430,000	3,230,000	2,425,000				11,270,000
2,458,835	1,899,190	1,153,072	234,285				8,625,191
454,503	643,366	910,684	4,040,780				6,370,425
1,970,672	1,787,776	1,528,885	516,299				7,903,510
398,274	504,806	639,832	810,973	4,085,606			6,753,716
2,063,007	1,914,986	1,727,370	1,489,571	335,462			9,710,186
772,384	978,980	1,240,838	1,572,738	8,118,617			13,292,941
4,065,281	3,778,219	3,414,375	2,953,210	795,997			19,298,847
1,143,628	1,628,386	2,296,993	10,545,016				16,383,623
5,104,114	4,629,270	3,975,195	1,559,377				20,742,813
		18,200,000					18,200,000
36,408	36,392	28,501					137,856
991,880	1,371,588	1,896,657	2,622,731	3,626,756	2,139,278		13,366,179
3,961,088	3,581,381	3,056,311	2,330,237	1,326,209	44,036		18,534,941
616,528	852,545	1,178,916	10,023,139				13,116,977
4,025,001	3,788,982	3,462,614	2,115,918				17,588,196
773,137	1,069,106	1,478,378	2,044,328	2,826,929	1,731,840		10,490,697
3,108,444	2,812,471	2,403,198	1,837,249	1,054,646	43,891		14,639,164
848,997	1,174,010	1,623,444	2,244,929	3,104,320	1,972,821		11,582,486
3,436,546	3,111,533	2,662,099	2,040,618	1,181,221	59,149		16,162,749
419,860	580,589	802,850	6,825,827				8,932,753
2,741,053	2,580,322	2,358,063	1,474,033				12,010,758

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

SCHEDULE 5

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2014

DESCRIPTION		2015	2016	2017	2018	2019
2005 MF Series A (Atascocita Pines)	Principal					
2005 MF Series A (Atascocita Pines)	Interest	7,824	7,771	7,755	7,763	7,763
2005 MF Series A (Tower Ridge)	Principal					
2005 MF Series A (Tower Ridge)	Interest	12,000	12,013	11,987	12,000	12,000
2005 MF Series A (Prairie Ranch)	Principal	160,000	165,000	175,000	180,000	190,000
2005 MF Series A (Prairie Ranch)	Interest	544,170	536,289	528,165	519,677	510,826
2005 MF Series A (St Augustine)	Principal					
2005 MF Series A (St Augustine)	Interest	4,289	4,260	4,252	4,256	4,256
2005 MF Series A (Park Manor)	Principal					
2005 MF Series A (Park Manor)	Interest	665,600	665,600	665,600	665,600	665,600
2005 MF Series A (Mockingbird)	Principal	88,030	92,903	98,045	103,473	109,201
2005 MF Series A (Mockingbird)	Interest	583,284	578,411	573,268	567,841	562,113
2005 MF Series A (Chase Oaks)	Principal	295,486	310,759	326,820	343,712	361,477
2005 MF Series A (Chase Oaks)	Interest	627,711	612,439	596,377	579,485	561,720
2005 MF Series A (Coral Hills)	Principal	90,000	100,000	100,000	100,000	110,000
2005 MF Series A (Coral Hills)	Interest	229,902	225,230	220,180	215,130	209,954
2006 MF Series A (Harris Branch)	Principal					
2006 MF Series A (Harris Branch)	Interest	9,653	9,663	9,643	9,653	9,653
2006 MF Series A (Bella Vista)	Principal	60,000	65,000	70,000	70,000	80,000
2006 MF Series A (Bella Vista)	Interest	399,135	395,445	391,447	387,142	382,837
2006 MF Series A (Village Park)	Principal	185,000	195,000	205,000	220,000	235,000
2006 MF Series A (Village Park)	Interest	492,506	483,600	474,219	464,244	453,675
2006 MF Series A (Oakmoor)	Principal	127,299	135,150	143,486	152,336	161,731
2006 MF Series A (Oakmoor)	Interest	829,744	821,892	813,556	804,706	795,310
2006 MF Series A (Sunset Pointe)	Principal					
2006 MF Series A (Sunset Pointe)	Interest	12,000	12,013	11,987	12,000	12,000
2006 MF Series A (Hillcrest)	Principal	185,000	195,000	210,000	225,000	230,000
2006 MF Series A (Hillcrest)	Interest	541,538	531,694	521,194	510,038	498,094
2006 MF Series A (Pleasant Village)	Principal	183,635	112,693	120,648	128,195	136,215
2006 MF Series A (Pleasant Village)	Interest	760,015	311,667	303,743	296,196	288,176
2006 MF Series A (Grove Village)	Principal	189,143	116,074	124,267	132,041	140,301
2006 MF Series A (Grove Village)	Interest	777,846	318,534	310,379	302,605	294,345
2006 MF Series A (Red Hills Villas)	Principal					
2006 MF Series A (Red Hills Villas)	Interest	4,716	4,720	4,710	4,716	4,716
2006 MF Series A (Champion Crossing)	Principal			100,000	100,000	100,000
2006 MF Series A (Champion Crossing)	Interest	4,576	4,580	4,479	4,384	4,284
2006 MF Series A (Meadowlands)	Principal	104,203	110,631	117,454	124,698	132,389
2006 MF Series A (Meadowlands)	Interest	715,176	708,748	701,925	694,681	686,990
2006 MF Series A (East Tex Pines)	Principal	110,000	125,000	125,000	135,000	145,000
2006 MF Series A (East Tex Pines)	Interest	757,190	750,375	743,125	735,585	727,465
2006 MF Series A (Villas at Henderson)	Principal					
2006 MF Series A (Villas at Henderson)	Interest	5,411	5,382	5,370	5,376	5,376
2006 MF Series A (Aspen Park Apts)	Principal	120,000	125,000	135,000	140,000	150,000
2006 MF Series A (Aspen Park Apts)	Interest	460,250	454,250	447,875	441,000	433,875
2006 MF Series A (Idlewilde Apts)	Principal					
2006 MF Series A (Idlewilde Apts)	Interest	9,517	9,453	9,433	9,443	9,443
2007 MF Series A (Lancaster Apts)	Principal					
2007 MF Series A (Lancaster Apts)	Interest	9,510	9,446	9,426	9,436	9,436
2007 MF Series A (Park Place)	Principal	103,271.00	109,423.00	115,941.00	122,847.00	130,165.00
2007 MF Series A (Park Place)	Interest	807,429	801,278	794,760	787,853	780,536
2007 MF Series A (Terrace at Cibolo)	Principal					
2007 MF Series A (Terrace at Cibolo)	Interest	3,481	3,434	3,426	3,430	3,430
2007 MF Series A (Santora Villas)	Principal	91,570.00	97,025.00	102,804.00	108,928.00	115,416.00
2007 MF Series A (Santora Villas)	Interest	685,389	679,935	674,155	668,031	661,543

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2014

2020-24	2025-29	2030-34	2035-39	2040-44	2045-49	2050-54	TOTAL REQUIRED
			11,090,000				11,090,000
38,823	38,807	38,815	28,458				183,779
			15,000,000				15,000,000
60,013	59,987	60,000	43,528				283,528
1,135,000	1,470,000	1,840,000	2,325,000	2,945,000	675,000		11,260,000
2,401,719	2,090,714	1,695,560	1,199,041	570,239	24,613		10,621,013
			6,080,000				6,080,000
21,284	21,276	21,280	17,384				102,537
					10,400,000		10,400,000
3,328,000	3,328,000	3,328,000	3,328,000	3,328,000	610,135		20,578,135
643,656	842,655	1,103,180	1,444,252	6,316,093			10,841,488
2,712,912	2,513,911	2,253,384	1,912,310	332,771			12,590,205
2,107,708	2,711,689	3,488,744	2,617,729				12,564,124
2,508,277	1,904,298	1,127,246	113,627				8,631,180
665,000	3,410,000						4,575,000
957,858	332,164						2,390,418
			13,790,000				13,790,000
48,275	48,255	48,265	44,218				237,278
465,000	630,000	860,000	1,165,000	1,585,000	1,440,000		6,490,000
1,836,388	1,674,029	1,453,859	1,154,354	747,223	153,756		8,975,615
1,390,000	7,335,000						9,765,000
2,082,277	897,002						5,347,523
971,174	1,309,966	1,766,950	2,383,351	3,214,784	3,520,540		13,886,767
3,814,035	3,475,239	3,018,255	2,401,854	1,570,424	279,778		18,624,793
			15,000,000				15,000,000
60,013	59,987	60,000	58,980				298,980
1,420,000	7,895,000						10,360,000
2,288,082	1,174,292						6,064,932
4,662,537							5,343,923
959,108							2,918,905
4,761,698							5,463,524
978,307							2,982,016
200,000	800,000	1,100,000	2,615,000				4,715,000
23,298	20,539	15,569	4,554				87,538
500,000	800,000	1,100,000	1,875,000				4,575,000
19,923	16,840	11,868	3,011				73,945
794,979	1,072,308	1,446,383	1,950,955	2,631,544	3,481,278		11,966,822
3,301,914	3,024,585	2,650,512	2,145,940	1,465,349	355,840		16,451,660
855,000	1,130,000	1,500,000	1,985,000	2,635,000	4,365,000		13,110,000
3,497,545	3,212,040	2,833,010	2,331,165	1,665,325	522,726		17,775,551
6,720,000							6,720,000
22,653							49,568
895,000	7,670,000						9,235,000
2,045,875	1,109,623						5,392,748
				13,490,000			13,490,000
47,225	47,205	47,215	47,215	7,880			244,029
				13,480,000			13,480,000
47,190	47,170	47,180	47,180	8,646			244,620
776,784	1,037,391	1,385,431	1,850,235	2,470,977	5,865,547		13,968,012
3,776,716	3,516,110	3,168,068	2,703,262	2,082,518	745,886		19,964,416
				4,900,000			4,900,000
17,154	17,146	17,150	17,150	2,573			88,374
688,772	919,852	1,228,457	1,640,596	2,191,007	4,674,143		11,858,570
3,196,026	2,964,946	2,656,340	2,244,196	1,693,786	632,372		16,756,719

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

SCHEDULE 5

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2014

DESCRIPTION		2015	2016	2017	2018	2019
2007 MF Series A (Villas @ Mesquite Creek)	Principal	195,000	210,000	220,000	235,000	245,000
2007 MF Series A (Villas @ Mesquite Creek)	Interest	803,597	791,977	779,631	766,704	752,946
2007 MF Series A (Summit Point)	Principal	110,000	110,000	110,000	115,000	130,000
2007 MF Series A (Summit Point)	Interest	467,618	462,338	457,058	451,778	445,953
2007 MF Series A (Costa Rialto)	Principal	89,409	94,312	99,483	104,938	110,691
2007 MF Series A (Costa Rialto)	Interest	553,487	548,585	543,414	537,959	532,205
2007 MF Series A (Windshire)	Principal					
2007 MF Series A (Windshire)	Interest	9,524	9,460	9,440	9,450	9,450
2007 MF Series A (Residences @ Onion Creek)	Principal					
2007 MF Series A (Residences @ Onion Creek)	Interest	12,000	12,013	11,987	12,000	12,000
2008 MF Series A (Addison Park)	Principal					
2008 MF Series A (Addison Park)	Interest	10,425	10,416	10,392	10,404	10,404
2008 MF Series A (Costa Ibiza)	Principal					
2008 MF Series A (Costa Ibiza)	Interest	6,632	6,618	6,602	6,610	6,610
2008 MF Series A (West Oaks)	Principal					
2008 MF Series A (West Oaks)	Interest	7,530	7,403	7,387	7,395	7,395
2009 MF Series A (Costa Mariposa Apartments)	Principal					
2009 MF Series A (Costa Mariposa Apartments)	Interest	6,757	6,743	6,727	6,735	6,735
2009 MF Series A (Woodmont Apartments)	Principal					
2009 MF Series A (Woodmont Apartments)	Interest	7,357	7,341	7,324	7,332	7,332
2008 MF Series A (Alta Cullen Apartments)	Principal					
2008 MF Series A (Alta Cullen Apartments)	Interest	8,560	8,550	8,530	8,540	8,540
2013 MF Series A (Waters @ Willow Run)	Principal			14,500,000.00		
2013 MF Series A (Waters @ Willow Run)	Interest	50,750	50,750	25,375		
2014 MF Series A (Decatur Angle Apartments)	Principal			152,311.00	161,464.00	171,167.00
2014 MF Series A (Decatur Angle Apartments)	Interest	1,322,500	1,322,500	1,318,528	1,309,532	1,299,995
2014 MF Series A (Northcrest Apartments)	Principal			2,900,000.00		
2014 MF Series A (Northcrest Apartments)	Interest	10,150	10,150	9,304		
2014 MF Series A (Pine Haven Apartments)	Principal			2,700,000.00		
2014 MF Series A (Pine Haven Apartments)	Interest	9,450	9,450	8,663		
TOTAL MULTI-FAMILY BONDS		51,806,400	49,919,187	70,237,277	50,099,894	50,118,879
Total		82,672,538	82,160,088	103,058,247	87,399,393	81,828,574
Less Interest		61,124,067	59,376,762	58,370,671	57,316,161	56,193,231
Total Principal		$ 21,548,471	$ 22,783,326	$ 44,687,576	$ 30,083,232	$ 25,635,343

2020-24	2025-29	2030-34	2035-39	2040-44	2045-49	2050-54	TOTAL REQUIRED
1,440,000	1,845,000	2,360,000	3,025,000	3,865,000	2,330,000		15,970,000
3,561,500	3,157,500	2,641,875	1,980,000	1,133,250	177,500		16,546,480
740,000	965,000	1,270,000	1,675,000	2,205,000	1,640,000		9,070,000
2,125,390	1,916,311	1,635,819	1,261,052	761,383	153,694		10,138,394
651,434	850,718	1,110,968	1,450,831	1,894,665	3,928,653		10,386,102
2,563,045	2,363,758	2,103,509	1,763,642	1,319,808	512,513		13,341,925
				13,500,000			13,500,000
47,260	47,240	47,250	47,250	13,413			249,737
				15,000,000			15,000,000
60,013	59,987	60,000	60,000	16,012			316,012
				13,005,000			13,005,000
52,032	52,008	52,020	52,020	45,978			306,099
				13,220,000			13,220,000
33,058	33,042	33,050	33,050	13,220			178,492
				12,325,000			12,325,000
36,983	36,967	36,975	36,975	14,162			199,172
				13,470,000			13,470,000
33,683	33,667	33,675	33,675	18,507			186,904
				14,665,000			14,665,000
36,670	36,653	36,661	36,661	20,777			204,108
					12,200,000		12,200,000
42,710	42,690	42,700	42,700	42,710	4,951		261,181
							14,500,000
							126,875
1,023,060	1,369,693	1,833,775	2,455,096	3,286,932	4,400,615	8,145,887	23,000,000
6,335,605	5,994,895	5,538,749	4,928,050	4,110,430	3,015,787	1,459,301	37,955,872
							2,900,000
							29,604
							2,700,000
							27,563
264,751,661	279,978,582	254,606,460	362,475,768	261,265,019	72,101,342	9,605,188	1,776,965,657
430,524,813	462,090,757	471,840,970	586,467,297	294,268,467	72,101,342	9,605,188	2,764,017,674
261,880,349	215,154,262	162,318,965	97,852,542	33,371,998	7,336,627	1,459,301	1,071,754,936
$ 168,644,464	$ 246,936,495	$ 309,522,005	$ 488,614,755	$ 260,896,469	$ 64,764,715	$ 8,145,887	$ 1,692,262,738

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

SCHEDULE 6

Supplementary Bond Schedules
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE
For the Fiscal Year Ended August 31, 2014

	Pledged and Other Sources and Related Expenditures for FY 2014			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2004 Single Family Series A	$ 28,475,000	$	$ 1,110,000	$ 141,629
2004 Single Family Series A (Jr. Lien)	34	30		5,244
2004 Single Family Series B	2,698,426	143,094		1,629,466
2004 Single Family Series C	5,100,000			48,560
2004 Single Family Series D	1,695,522	108,193		1,142,652
2004 Single Family Series E	295,000		150,000	2,688
2005 Single Family Series A	14,640,329	110,790		1,903,815
2005 Single Family Series B	3,572,652	10,787	300,000	150,312
2005 Single Family Series C	622,081	13,411		4,745
2005 Single Family Series D	1,623,921	4,956		72,375
2006 Single Family Series A	7,719,078	5,338	340,000	1,119,750
2006 Single Family Series B	8,343,539	5,823	820,000	1,202,833
2006 Single Family Series C	13,124,771	9,220	870,000	1,941,329
2006 Single Family Series D	2,340,077	2,184		397,452
2006 Single Family Series E	400,616	1,698	1,545,000	293,780
2006 Single Family Series F	15,165,588	11,486	60,000	544,157
2006 Single Family Series G	1,586,765	1,914	390,000	60,807
2006 Single Family Series H	2,440,884	82,316		1,270,366
2007 Single Family Series A	21,101,159	146,931		2,572,384
2007 Single Family Series B	22,031,694	14,756	1,100,000	3,490,290
2013 Single Family Series A	8,973,257	11,993		1,042,837
Total Single Family Bonds	$ 161,950,393	$ 684,920	$ 6,685,000	$ 19,037,471
2009 RMRB Series A	$ 8,251,953	$ 187,539	$ 370,000	$ 1,962,833
2009 RMRB Series B	1,927,196	59,223	1,005,000	581,037
2009 RMRB Series C-1	19,826,852	15,249		1,988,781
2011 RMRB Series A	12,093,681	8,956	1,895,000	1,839,146
2009 RMRB Series C-2	9,735,773	7,454		1,303,074
2011 RMRB Series B	13,608,687	10,293	2,560,000	2,670,841
Total Residential Mtg Revenue Bonds	$ 65,444,142	$ 288,714	$ 5,830,000	$ 10,345,712
1992 CHMRB Series C	$ 1,070,982	$ 64	$	$ 287,310
Total 1992 CHMRB	$ 1,070,982	$ 64	$	$ 287,310
1996 MF Series A/B (Brighton's Mark Development)	$ 501,873	$	$	$ 501,873
1998 MF Series A (Pebble Brook Apartments Project)	8,540,989		135,000	157,474
1998 MF Series A-C (Residence at the Oaks Projects)	170,864		288,000	170,864
1998 MF Series A/B (Greens of Hickory Trail Apartments)	10,542,210		170,000	82,209
1999 MF Series A-C (Mayfield Apartments)	500,489		294,000	500,489
2000 MF Series A (Creek Point Apartments)	205,784			5,781
2000 MF Series A (Deerwood Apartments)	341,369		135,000	341,369
2000 MF Series A (Timber Point Apartments)	205,671			5,674
2000 MF Series A/B (Greenbridge at Buckingham Apartments)	1,441,082			1,441,082
2000 MF Series A/B (Oaks at Hampton Apartments)	657,581		119,538	657,581
2000 MF Series A/B (Parks at Westmoreland Apartments)	655,181		116,097	655,181
2000 MF Series A/B (Williams Run Apartments)	908,308		477,643	908,308
2000 MF Series A-C (Collingham Park Apartments)	764,534		291,000	764,534
2000 MF Series A-C (Highland Meadow Village Apartments)	512,415		182,000	512,415
2001 MF Series A (Bluffview Apartments)	760,382		93,493	760,382
2001 MF Series A (Knollwood Apartments)	977,127		120,142	977,127
2001 MF Series A (Oak Hollow Apartments)	424,275		60,681	424,275
2001 MF Series A (Skyway Villas Apartments)	374,565		160,000	374,565
2001 MF Series A/B (Hillside Apartments)	856,903		68,336	856,903
2001 MF Series A/B (Meridian Apartments)	487,195		94,000	487,195
2001 MF Series A/B (Wildwood Apartments)	376,440		72,000	376,440
2001 MF Series A-C (Fallbrook Apartments)	765,257		302,000	765,257
2002 MF Series A (Clarkridge Villas Apartments)	919,908		123,133	919,908
2002 MF Series A (Park Meadows Apartments)	251,405		90,000	251,405
2002 MF Series A (Green Crest Apartments)	730,510		98,713	730,510
2002 MF Series A (Hickory Trace Apartments)	760,758		101,161	760,758
2002 MF Series A/B (Ironwood Crossing)	1,088,239		123,321	1,088,239

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

SCHEDULE 6

Supplementary Bond Schedules
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE Continued
For the Fiscal Year Ended August 31, 2014

	Pledged and Other Sources and Related Expenditures for FY 2014			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2003 MF Series A (NHP Foundation-Asmara Project) Refunding	$ 495,172	$	$	$ 10,834
2003 MF Series A/B (Reading Road)	326,306		30,000	126,308
2003 MF Series A/B (Arlington Villas)	1,127,662		120,219	1,127,662
2003 MF Series A/B (Ash Creek Apartments)	1,039,528		129,237	1,039,528
2003 MF Series A/B (North Vista Apartments)	580,907		260,000	580,907
2003 MF Series A/B (Parkview Townhomes)	880,552		105,483	880,552
2003 MF Series A/B (Peninsula Apartments)	588,295		210,000	573,295
2003 MF Series A/B (Primrose Houston School)	1,046,864		128,120	1,046,864
2003 MF Series A/B (Timber Oaks Apartments)	886,068		95,166	886,068
2003 MF Series A/B (West Virginia Apartments)	419,446		190,000	419,446
2004 MF Series A (Bristol Apartments)	109,871			9,871
2004 MF Series A (Chisholm Trail Apartments)	209,203			9,203
2004 MF Series A (Churchill at Pinnacle Park)	626,450		99,345	626,450
2004 MF Series A (Evergreen at Plano Parkway)	924,066		117,861	924,066
2004 MF Series A (Humble Parkway Townhomes)	715,825		145,000	715,825
2004 MF Series A (Montgomery Pines Apartments)	209,627			9,627
2004 MF Series A (Pinnacle Apartments)	210,110			10,110
2004 MF Series A (Providence at Rush Creek II)	564,939		72,996	564,939
2004 MF Series A (Tranquility Bay Apartments)	14,127,390		81,973	555,379
2004 MF Series A (Providence at Village Fair)	872,346		117,609	872,346
2004 MF Series A/B (Century Park Townhomes)	613,599		230,000	613,599
2004 MF Series A/B (Timber Ridge II Apartments)	431,629		51,881	431,629
2004 MF Series A/B (Providence at Veterans Memorial)	447,405		54,391	447,405
2005 MF Series A (Atascocita Pines Apartments)	109,427			9,427
2005 MF Series A (Mission Del Rio Homes)	2,593,774		91,030	584,042
2005 MF Series A (Park Manor Senior Community)	665,600			665,600
2005 MF Series A (Homes at Pecan Grove)	1,085,618		99,248	856,458
2005 MF Series A (Plaza at Chase Oaks Apartments)	641,051		280,964	641,051
2005 MF Series A (Port Royal Homes)	755,896		100,668	755,896
2005 MF Series A (Providence at Prairie Oaks)	684,147		83,804	684,147
2005 MF Series A (Prairie Ranch Apartments)	550,131		150,000	550,131
2005 MF Series A (Providence at Mockingbird Apartments)	587,525		83,412	587,525
2005 MF Series A (St Augustine Estate Apartments)	105,179			5,179
2005 MF Series A (Tower Ridge Apartments)	15,956			15,962
2006 MF Series A (Aspen Park)	464,958		110,000	464,958
2006 MF Series A (Bella Vista Apartments)	401,108		55,000	401,108
2006 MF Series A (Champion Crossing Apartments)	105,372			5,372
2005 MF Series A (Coral Hills Apartments)	284,068		40,000	234,068
2006 MF Series A (East Tex Pines)	760,912		110,000	760,912
2006 MF Series A (Grove Village)	564,427		57,472	334,924
2006 MF Series A (Harris Branch Apartments)	210,369			10,370
2006 MF Series A (Hillcrest Apartments)	546,875		170,000	546,875
2006 MF Series A (Idlewilde)	246,516			11,516
2006 MF Series A (Meadowlands Apartments)	720,738		98,150	720,738
2006 MF Series A (Oakmoor Apartments)	836,539		119,903	836,539
2006 MF Series A (Pleasant Village)	510,657		55,798	327,369
2006 MF Series A (Red Hills Villas)	5,463			5,463
2006 MF Series A (Stonehaven Apartments)	10,025,531		25,015	92,876
2006 MF Series A (The Residences at Sunset Pointe)	15,962			15,962
2006 MF Series A (Village Park Apartments)	498,916		175,000	498,916
2006 MF Series A (Villas at Henderson)	110,901			5,901
2007 MF Series A (Villas at Mesquite Creek)	813,267		185,000	813,267
2007 MF Series A (Costa Rialto)	557,755		84,761	557,755
2007 MF Series A (Lancaster)	241,507			11,507
2007 MF Series A (Park Place at Loyola)	812,763		97,465	812,763
2007 MF Series A (Santora Villas)	690,118		86,422	690,118
2007 MF Series A (Summit Point)	471,591		100,000	471,591
2007 MF Series A (Terrace at Cibolo)	104,386			4,386

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

SCHEDULE 6

Supplementary Bond Schedules
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE Continued
For the Fiscal Year Ended August 31, 2014

	Pledged and Other Sources and Related Expenditures for FY 2014			
	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 (Windshire)	$ 111,463	$	$	$ 11,463
2007 MF Series A (Residences at Onion Creek)	15,962			15,962
2008 MF Series A (West Oaks Apartments)	209,262			9,262
2008 MF Series A (Costa Ibiza Apartments)	107,957			7,957
2008 MF Series A (Addison Park Apartments)	213,987			13,987
2008 MF Series A (Alta Cullen Apartments Refunding)	209,830			9,830
2009 MF Series A (Costa Mariposa Apartments)	118,095			8,095
2009 MF Series A (Woodmont Apartments)	223,839			8,839
2013 MF Series A (Waters at Willow Run)	47,508			47,508
2014 MF Series A (Decatur Angle Apartments)	679,618			679,618
2014 MF Series A (Northcrest Apartments)	1,833			1,833
2014 MF Series A (Pine Haven Apartments)	1,706			1,706
Total Multifamily Bonds	$ 91,910,637	$	$ 8,413,651	$ 42,766,443
Total	$ 320,376,154	$ 973,698	$ 20,928,651	$ 72,436,936

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

SCHEDULE 7

Supplementary Bond Schedules
EARLY EXTINGUISHMENT AND REFUNDING
For the fiscal year ended August 31, 2014

			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					
2004 Single Family Series A	Early Extinguishment	$ 28,475,000	$	$	$
2004 Single Family Series C	Early Extinguishment	5,100,000			
2004 Single Family Series E	Early Extinguishment	295,000			
2005 Single Family Series A	Early Extinguishment	12,430,000			
2005 Single Family Series B	Early Extinguishment	3,390,000			
2005 Single Family Series C	Early Extinguishment	395,000			
2005 Single Family Series D	Early Extinguishment	1,540,000			
2006 Single Family Series A	Early Extinguishment	6,460,000			
2006 Single Family Series B	Early Extinguishment	6,970,000			
2006 Single Family Series C	Early Extinguishment	10,950,000			
2006 Single Family Series D	Early Extinguishment	1,825,000			
2006 Single Family Series F	Early Extinguishment	14,825,000			
2006 Single Family Series G	Early Extinguishment	1,530,000			
2007 Single Family Series A	Early Extinguishment	17,800,000			
2007 Single Family Series B	Early Extinguishment	18,300,000			
2013 Single Family Series A	Early Extinguishment	7,240,000			
2009 RMRB Series A	Early Extinguishment	6,155,000			
2009 RMRB Series B	Early Extinguishment	1,265,000			
2009 RMRB Series C-1	Early Extinguishment	16,995,000			
2011 RMRB Series A	Early Extinguishment	10,415,000			
2009 RMRB Series C-2	Early Extinguishment	7,930,000			
2011 RMRB Series B	Early Extinguishment	11,115,000			
1992 Coll Home Mtg Rev Bonds, Series C	Early Extinguishment	700,000			
1998 MF Series A (Pebble Brook Aparments Project)	Early Extinguishment	8,390,000			
1998 MF Series A/B (Greens of Hickory Trail Apartments)	Early Extinguishment	10,460,000			
2000 MF Series A (Timber Point Apartments)	Early Extinguishment	200,000			
2000 MF Series A (Creek Point Apartments)	Early Extinguishment	200,000			
2003 MF Series A/B (Reading Road)	Early Extinguishment	200,000			
2003 MF Series A/B (Peninsula Apartments)	Early Extinguishment	15,000			
2003 MF Series (NHP Foundation-Asmara Proj Refunding)	Early Extinguishment	475,000			
2004 MF Series A (Chisholm Trail Apartments)	Early Extinguishment	200,000			
2004 MF Series A (Montgomery Pines Apartments)	Early Extinguishment	200,000			
2004 MF Series A (Bristol Apartments)	Early Extinguishment	100,000			
2004 MF Series A (Pinnacle Apartments)	Early Extinguishment	200,000			
2004 MF Series A (Tranquility Bay Apartments)	Early Extinguishment	13,572,013			
2005 MF Series A (Homes at Pecan Grove)	Early Extinguishment	229,160			
2005 MF Series A (Mission Del Rio Homes)	Early Extinguishment	2,009,731			
2005 MF Series A (Atascocita Pines Apartments)	Early Extinguishment	100,000			
2005 MF Series A (St Augustine Estate Apartments)	Early Extinguishment	100,000			
2005 MF Series A (Coral Hills Apartments)	Early Extinguishment	50,000			
2006 MF Series A (Harris Branch Apartments)	Early Extinguishment	200,000			
2006 MF Series A (Pleasant Village)	Early Extinguishment	183,288			
2006 MF Series A (Grove Village)	Early Extinguishment	229,504			
2006 MF Series A (Champion Crossing Apartments)	Early Extinguishment	100,000			
2006 MF Series A (Stonehaven Apartments)	Early Extinguishment	9,932,655			
2006 MF Series A (Villas at Henderson)	Early Extinguishment	105,000			
2006 MF Series A (Idlewilde)	Early Extinguishment	235,000			
2007 MF Series A (Lancaster)	Early Extinguishment	230,000			
2007 MF Series A (Terraces at Cibolo)	Early Extinguishment	100,000			
2007 MF Series A (Windshire)	Early Extinguishment	100,000			
2008 MF Series A (West Oaks Apartments)	Early Extinguishment	200,000			
2008 MF Series A (Costa Ibiza Apartments)	Early Extinguishment	100,000			
2008 MF Series A (Addison Park Apartments)	Early Extinguishment	200,000			
2008 MF Series A (Alta Cullen Apartments Refunding)	Early Extinguishment	200,000			
2009 MF Series A (Costa Mariposa Apartments)	Early Extinguishment	110,000			
2009 MF Series A (Woodmont Apartments)	Early Extinguishment	215,000			
Total Business-Type Activities		$ 241,241,351	$	$	$

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APPENDIX D-2

SELECTED UNAUDITED CONDENSED FINANCIAL INFORMATION OF THE DEPARTMENT FOR THE TEN MONTHS ENDED JUNE 30, 2015

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Tenth Period Ending June 30, 2015
(Unaudited)

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds	Taxable Mortgage Program	Multi-Family Program Funds	General Funds	Combined Totals
OPERATING REVENUES							
Interest and Investment Income	$ 18,279,679	$ 9,617,225	$ 265,451	$ 185,726	$ 34,146,624	$ 33,585	$ 62,528,290
Net Increase (Decrease) in Fair Value	(2,230,746)	2,767,115	(71,832)	57,441		(9,642)	512,336
Application Fees						22,000	22,000
Other Operating Revenues	6,075	9,601		9,792,792		1,991,275	11,799,743
Total Operating Revenues	16,055,008	12,393,941	193,619	10,035,959	34,146,624	2,037,218	74,862,369
OPERATING EXPENSES							
Professional Fees and Services	589,153	51,000	1,000			432,247	1,073,400
Printing and Reproduction						48,000	48,000
Depreciation and Amortization						18,080	18,080
Interest	12,282,948	7,186,587	188,150		34,146,631		53,804,316
Trustee Fees	84,599	30,429	263	82,629		24,590	222,510
Mortgage Loan Servicing Fees	7,996			1,103,643			1,111,639
Mortgage Pool & Self Insurance	2,574						2,574
Bad Debt Expense	138,728	192,392				13,547	344,667
Down Payment Assistance	3,317	186,121					189,438
Other Operating Expenses	12,933	790	(916)	18,315		92,977	124,099
Total Operating Expenses	13,122,248	7,647,319	188,497	1,204,587	34,146,631	629,441	56,938,723
Operating Income (Loss)	2,932,760	4,746,622	5,122	8,831,372	(7)	1,407,777	17,923,646
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	2,932,760	4,746,622	5,122	8,831,372	(7)	1,407,777	17,923,646
OTHER REVENUES, EXPENSES, GAINS LOSSES AND TRANSFERS							
Extraordinary Items	537,538	314,218	20,639				872,395
Transfers In (Out)		7,097,516		(10,617,516)		(521,549)	(4,071,549)
CHANGE IN NET ASSETS	3,470,298	12,158,356	25,761	(1,816,144)	(7)	886,228	14,724,492
Net Assets, Beginning	100,010,452	93,435,250	1,753,168	10,965,839	(2,171,389)	7,566,474	211,559,794
NET ASSETS, Ending	$ 103,480,750	$ 105,593,606	$ 1,778,929	$ 9,149,695	$ (2,171,396)	$ 8,452,702	$ 226,284,286

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
COMBINING BALANCE SHEETS
at June 30, 2015
(Unaudited)

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds	Taxable Mortgage Program	Multi-Family Program Funds	General Funds	Combined Totals
ASSETS							
Current Assets							
Cash Equivalents				2,409,719		7,025,218	9,434,937
Restricted Assets:							
Cash in Bank	131,249	7,746			1,171,264	6,153	1,316,412
Cash Equivalents	11,934,156	24,499,133	33,240	1,302,121	45,385,620	534,897	83,689,167
Interest Receivable	2,168,337	898,457	22,058	11,126	9,071,456	2,814	12,174,248
Receivables:							
Interest and Dividends				5,811		199	6,010
Accounts Receivables						254,720	254,720
Other Current Assets	28,562	5,321		36,491		11,749	82,123
Total Current Assets	14,262,314	25,410,657	55,298	3,765,268	55,628,340	7,835,740	106,957,617
Non-Current Assets							
Investments				2,396,996		27,721	2,424,717
Loans and Contracts						15,772	15,772
Restricted:							
Investments	428,671,424	262,306,436	4,364,672	2,987,431	38,061,693	572,674	736,964,330
Loans and Contracts	19,466,676	50,033,805			969,949,405		1,039,449,886
Deferred Outflow of Resources	22,720,649						22,720,649
Real Estate Owned, net	74,106					798	74,904
Total Non-Current Assets	470,941,855	312,340,241	4,364,672	5,384,427	1,008,011,098	616,965	1,801,659,258
Total Assets	$ 485,204,169	$ 337,750,898	$ 4,419,970	$ 9,149,695	$ 1,063,639,438	$ 8,452,705	$ 1,908,616,875
LIABILITIES							
Current Liabilities							
Payables:							
Accounts Payable	$ 310	$	$	$	$	$	$ 310
Accrued Bond Interest Payable	4,585,998	4,122,924	16,750		9,139,261		17,864,933
Other Current Liabilities	142,569						142,569
Total Current Liabilities	4,728,877	4,122,924	16,750		9,139,261		18,007,812
Non-Current Liabilities							
Bonds Payable	354,264,440	223,034,368	2,624,291		969,949,405		1,554,872,504
Derivative Hedging Instrument	22,720,649						22,720,649
Other Non-Current Liabilities	453				86,722,168	3	86,722,624
Total Non-Current Liabilities	376,994,542	223,034,368	2,624,291		1,056,671,573	3	1,664,324,777
Total Liabilities	381,723,419	232,157,292	2,641,041		1,065,810,834	3	1,682,332,589
NET ASSETS							
Restricted	103,480,750	105,593,606	1,778,929	4,300,678		1,116,528	216,270,491
Unrestricted				4,849,017	(2,171,396)	7,336,174	10,013,795
Total Net Assets	103,480,750	105,593,606	1,778,929	9,149,695	(2,171,396)	8,452,702	226,284,286
Total Liabilites and Net Assets	$ 485,204,169	$ 337,750,898	$ 4,419,970	$ 9,149,695	$ 1,063,639,438	$ 8,452,705	$ 1,908,616,875

APPENDIX E

FORM OF PROPOSED OPINION OF BOND COUNSEL

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[FORM OF PROPOSED OPINION OF BOND COUNSEL]

October ___, 2015

Texas Department of Housing and
Community Affairs
221 East 11th Street
Austin, Texas 78701

The Bank of New York Mellon Trust Company,
N.A., as Trustee
10161 Centurion Parkway
Jacksonville, Florida 32256

Morgan Stanley & Co. LLP,
as Representative of the Underwriters
1585 Broadway, 16th Floor
New York, New York 10036

Ladies and Gentlemen:

We have acted as Bond Counsel to the Texas Department of Housing and Community Affairs (the "Department") in connection with the issuance of the Department's Single Family Mortgage Revenue Refunding Bonds, 2015 Series A (Taxable) (the "Series A Bonds") and the Department's Single Family Mortgage Revenue Bonds, 2015 Series B (the "Series B Bonds" and together with the Series A Bonds, collectively the "Series 2015 Bonds"). The Series 2015 Bonds will bear interest from the date of delivery thereof. Interest on the Series 2015 Bonds is payable March 1, 2016, and semiannually thereafter on each March 1 and September 1, and as further provided in the Supplemental Indentures mentioned below, until maturity or prior redemption. The Series 2015 Bonds are issuable only as fully-registered bonds without coupons in denominations of $5,000 principal amount or any integral multiple thereof. The Series 2015 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 2015 Bonds are subject to redemption prior to maturity on the dates, at the redemption prices and under the circumstances described in the Indenture.

The Series 2015 Bonds are being issued pursuant to a resolution adopted by the Governing Board of the Department on September 3, 2015 (the "Bond Resolution"), the Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 1980, between the Department's predecessor, the Texas Housing Agency, or the Department, as the case may be, and The Fort Worth National Bank or its successors as trustee, including The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), as amended and supplemented (collectively, the "Single Family Indenture"), and the Fifty-Eighth Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 2015 between the Department and the Trustee with respect to the Series A Bonds (the "Fifty-Eighth Supplemental Indenture") and the Fifty-Ninth Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 2015 between the Department and the Trustee with respect to the Series B Bonds (the "Fifty-Ninth Supplemental Indenture"). The Fifty-Eighth Supplemental Indenture and the Fifty-Ninth Supplemental Indenture are referred to herein collectively as the "2015 Supplemental Indentures" and the Single Family Indenture and the 2015 Supplemental Indentures are referred to herein collectively as the "Indenture." The Series A Bonds are being issued by the Department for the purpose of providing funds to refund its outstanding Single Family Variable Rate Mortgage Revenue Bonds, 2006 Series H (the "Refunded Bonds"). The Series B Bonds are being issued for the purpose of providing funds to make and acquire Mortgage Loans and paying a portion of the costs of issuance of the Series B Bonds. Capitalized terms not otherwise defined herein have the meanings assigned to such terms in the Indenture.

The Single Family Indenture permits the issuance of additional bonds on a parity with the Series 2015 Bonds upon the terms and conditions set forth in the Single Family Indenture. The Department reserves the right in the Single Family Indenture to issue other bonds of the Department under the Single Family Indenture for other programs similar to the program initially funded with the proceeds of the Refunded Bonds or initially funded with the proceeds of the Series B Bonds and to refund bonds issued under the Single Family Indenture, and further reserves the right to issue bonds payable from the pledges and assignments in trust pursuant to the Single Family Indenture that are junior or subordinate to the Series 2015 Bonds, all as provided in the Single Family 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 2015 Bonds and the security therefor. 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 2015 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 2015 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 applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, Treasury Regulations and published ratings of the Internal Revenue Service (the "Service") as we have deemed relevant. We have also examined executed Bond No. TR-1 of each Series of the Series 2015 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:

1. The Department is a public and official governmental 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 2015 Supplemental Indentures; to perform its obligations under the Indenture; and to issue and sell the Series 2015 Bonds and to utilize the proceeds therefrom for the purposes set forth in the Bond Resolution and the Indenture.

2. The Department has duly adopted the Bond Resolution and has duly authorized, executed and delivered the 2015 Supplemental Indentures. 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 2015 Bonds. We draw your attention to the fact that the Series 2015 Bonds are secured on a parity basis with the Department's Single Family Variable Rate Mortgage Revenue Refunding Bonds, 2004 Series B; Single Family Variable Rate Mortgage Revenue Bonds, 2004 Series D; Single Family Variable Rate Mortgage Revenue Refunding Bonds, 2005 Series A; Single Family Mortgage Revenue Refunding Bonds, 2005 Series B; Taxable Single Family Variable Rate Mortgage Revenue Refunding Bonds, 2005 Series C; Single Family Mortgage Revenue Bonds, 2005 Series D; Single Family Mortgage Revenue Refunding Bonds, 2006 Series A; Single Family Mortgage Revenue Refunding Bonds, 2006 Series B; Single Family Mortgage Revenue Bonds, 2006 Series C; Single Family Mortgage Revenue Refunding Bonds, 2006 Series D; Single Family Mortgage Revenue Refunding Bonds, 2006 Series E; Single Family Variable Rate Mortgage Revenue Bonds, 2007 Series A; Single Family Mortgage Revenue Bonds, 2007 Series B; and Single Family Mortgage Revenue Refunding Bonds, 2013 Series A (Taxable), all issued under the Single Family Indenture. The Department has also issued its Taxable Junior Lien Single Family Variable Rate Mortgage Revenue Bonds, Series 2004A, which are secured on a basis subordinate to the Series 2015 Bonds. The Department has also granted security interests on a subordinate basis to the swap providers and the liquidity providers for certain of the foregoing bonds.

3. The Department has duly authorized the issuance, execution and delivery of the Series 2015 Bonds. The authorized officers of the Department have duly executed the Series 2015 Bonds and the Trustee has duly authenticated the Series 2015 Bonds, to the extent required by the Indenture, and delivered the Series 2015 Bonds to or at the direction of the initial purchasers thereof. The Series 2015 Bonds constitute legal, valid and binding limited obligations of the Department and are entitled to the benefit and security of the Indenture.

4. The Series 2015 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 2015 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.

5. Interest on the Series B Bonds is excludable from gross income for federal income tax purposes under existing law.

6. Interest on the Series B 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.

We observe that the Department has taken no action to make interest on the Series A Bonds excludable from gross income for federal income tax purposes. 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 A Bonds.

In providing the opinions set forth in paragraphs 5 and 6 above with respect to the Series B Bonds, we have relied on representations of the Department, the Department's Financial Advisor, the Underwriters, the Master Servicer and the Mortgage Lenders, with respect to matters solely within the knowledge of the Department, the Department's Financial Advisor, the Underwriters, the Master 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 Code. 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 Master Servicer fails to comply with the foregoing procedures, safeguards and covenants in the Indenture, interest on the Series B 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 B Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Fifty-Ninth 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 B Bonds.

The enforceability of certain provisions of the Series 2015 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 2015 Bonds may be limited by general principles of equity that permit the exercise of judicial discretion. Furthermore, the enforceability of any indemnification provisions contained in the Indenture may be limited by applicable securities laws and public policy.

Holders of the Series B 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, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit, 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 B Bonds.

The opinions set forth above speak only as of their date and only in connection with the Series 2015 Bonds and may not be applied to any other transaction. Such opinions are specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Series B 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 Fifty-Ninth 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 B 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 Single Family Mortgage Revenue Bonds, Single Family Mortgage Revenue Bonds (Collateralized Home Mortgage Revenue Bonds), Residential Mortgage Revenue Bonds, GNMA Collateralized Home Mortgage Revenue Bonds and Collateralized Home Mortgage Revenue Bonds. The following tables summarize certain information regarding the Portfolio Mortgage Loans and Mortgage Certificates, as of June 30, 2015, 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: Single Family Mortgage Revenue Bond Trust Indenture and Junior Lien Indenture

1980 Trust Indenture

Surplus				$ 1,012,924
1980 A	$ 150,000,000	$ ---	11.20 %	0
1982 A	100,000,000	---	---	0
1983 A	238,800,000	---	10.79	0
1984 A/B	304,200,000	---	12.10/9.75	0
1985 A	200,000,000	---	9.75	0
1985 B	123,996,157	---	9.70	0
1985 C	30,000,000	---	8.20	0
1986 A	83,425,000	---	8.70	0
1986 B	90,280,000	---	7.99	0
1987 A	14,840,000	---	---	0
1987 B	77,700,000	---	7.99/8.05	0
1991 A	81,605,000	---	---	0
1995 A-1, B-1, C-1	167,125,000	---	6.65	0
1996 A, B, C	59,140,000	---	---	0
1996 D, E	169,490,000	---	---	0
1997 A, B, C	79,500,000	---	---	0
1997 D, E, F	85,090,000	---	5.95/6.75	0
2002 A, B, C, D	118,000,000	---	4.99/5.9/6.65/6.9	1,644,341
2004 A, B	176,610,000	44,260,000	4.99/5.50	40,444,022
2004 C, D, E, F	175,070,000	29,585,000	4.99/6.60-7.60	26,627,990
2005 A	100,000,000	37,115,000	4.99	35,131,861
2005 B, C, D	38,195,000	5,805,000	6.65	6,004,860 (2)
2006 A, B, C, D, E	282,430,000	71,035,000	5.625/5.875/5.95 6.125/6.75/6.95	70,408,983
2006 F, G, H	132,195,000	36,000,000	5.65/5.99/6.20	36,091,254
2007 A	143,005,000	48,190,000	5.25/5.95/5.99 6.5/6.75	50,457,197 (3)
2007 B	157,060,000	47,830,000	5.75/6.50	48,916,036
2013 A	42,500,000	29,325,000	4.99/5.9/6.65/6.9	28,425,671
TOTAL	$ 3,377,756,157	349,145,000		$ 345,165,140

(1) The Single Family Mortgage Revenue Refunding Bonds 1991 Series A refunded all outstanding 1980 Series A Bonds.

The Junior Lien Single Family Revenue Refunding Bonds 1994 Series A&B refunded all outstanding 1983 Series A Bonds.

The Single Family Mortgage Revenue Bonds 1995 Series A-1 provided lendable proceeds for the purchase of mortgage-backed, pass-through certificates. The Single Family Mortgage Revenue Refunding Bonds 1995 Series B-1 refunded certain notes which previously refunded certain Bonds outstanding. The Single Family Mortgage Revenue Refunding Bonds 1995 Series C-1 refunded all outstanding Single Family Mortgage Revenue Bonds 1985 Series A and a portion of the 1985 Series B.

The Single Family Mortgage Revenue Bonds 1996 Series A provided lendable proceeds for the purchase of mortgage-backed, pass-through certificates. The Single Family Mortgage Revenue Refunding Bonds 1996 Series B refunded all outstanding 1986 Series A Bonds.

The Single Family Mortgage Revenue Bonds 1996 Series D provided lendable proceeds for the purchase of mortgage-backed, pass-through certificates. The Single Family Mortgage Revenue Refunding Bonds 1996 Series E refunded all 1985 Series C and 1986 Series B Bonds and refunded certain notes which previously refunded certain Bonds outstanding.

The Single Family Mortgage Revenue Bonds 1997 Series A and C provided lendable proceeds for the purchase of mortgage-backed, pass-through certificates. The Single Family Mortgage Revenue Refunding Bonds 1997 Series B refunded certain notes which previously refunded certain Bonds outstanding.

The Single Family Mortgage Revenue Bonds 1997 Series D and Series F provided lendable proceeds for the purchase of mortgage-backed, pass-through certificates. The Single Family Mortgage Revenue Refunding Bonds 1997 Series E refunded all outstanding 1987 Series B Bonds.

The Single Family Mortgage Revenue Bonds 2002 Series A provided lendable proceeds for the purchase of mortgage-backed, pass-through certificates. The Single Family Mortgage Revenue Refunding Bonds 2002 Series B refunded and redeemed an equal amount of Residential Mortgage Revenue Bonds 2001 Series E and the 2002 Series C refunded certain notes which previously refunded certain Bonds outstanding. The Single Family Mortgage Revenue Refunding Bonds 2002 Series D refunded all outstanding 1991 Series A Bonds.

The Single Family Mortgage Revenue Refunding Bonds 2004 Series A and the Single Family Variable Rate Mortgage Revenue Refunding Bonds 2004 Series B were issued for the primary purpose of refunding the Department's Single Family Mortgage Revenue Refunding Tax-Exempt Commercial Paper Notes, Series A and Single Family Mortgage Revenue Tax-Exempt Commercial Paper Notes, Series C thereby providing funds for the purchase of mortgage-backed, pass-through certificates.

The Single Family Mortgage Revenue Bonds 2004 Series C and the Single Family Variable Rate Mortgage Revenue Bonds 2004 Series D were issued for the primary purpose of providing funds for the purchase of mortgage-backed, pass-through certificates. The proceeds of the Single Family Mortgage Revenue Refunding Bonds 2004 Series E were used to refund and redeem all of the Department's outstanding Collateralized Home Mortgage Revenue Bonds Series 1993A, Series 1993B, Series 1993C, Series 1993D and Series 1993E. The Single Family Mortgage Revenue Bonds 2004 Series F are interim rate bonds and were redeemed at par, as a whole, on July 15, 2005 from the proceeds of the Series 2005A Bonds.

The Single Family Variable Rate Mortgage Revenue Refunding Bonds 2005 Series A refunded a portion of the Department's Single Family Mortgage Revenue Refunding Tax-Exempt Commercial Paper Notes, Series A and the Department's Single Family Mortgage Revenue Bonds 2004 Series F.

The Single Family Mortgage Revenue Refunding Bonds 2005 Series B refunded and redeemed all outstanding Single Family Mortgage Revenue Bonds 1995 Series A-1. The Taxable Single Family Variable Rate Mortgage Revenue Refunding Bonds 2005 Series C refunded and redeemed all outstanding Taxable Single Family Mortgage Revenue Refunding Bonds 1995 Series C-1. The Single Family Mortgage Revenue Bonds 2005 Series D provided funds for the purchase of mortgage-backed, pass-through certificates, provided funds for the refunding of the 1995 Series A-1 Bonds, and provided a portion of the costs of issuance of the Series B/D Bonds.

The Single Family Mortgage Revenue Refunding Bonds 2006 Series A refunded the Department's outstanding Single Family Mortgage Revenue Tax-Exempt Commercial Paper Notes, Series C. The Single Family Mortgage Revenue Refunding Bonds 2006 Series B refunded the Department's outstanding Single Family Mortgage Revenue Tax-Exempt Commercial Paper Notes, Series A. The Single Family Mortgage Revenue Bonds 2006 Series C were issued for the primary purpose of providing funds for the purchase of mortgage certificates. The Single Family Mortgage Revenue Refunding Bonds 2006 Series D were issued to refund and redeem all of the Department's outstanding Single Family Mortgage Revenue Bonds, 1996 Series A and outstanding Single Family Mortgage Revenue Bonds, 1996 Series D. The

Single Family Mortgage Revenue Refunding Bonds 2006 Series E was issued to refund and redeem all of the Department's outstanding Single Family Mortgage Revenue Bonds, 1996 Series E.

The Single Family Mortgage Revenue Bonds 2006 Series F and the Single Family Variable Rate Mortgage Revenue Bonds 2006 Series H were issued for the primary purpose of providing funds for the purchase of mortgage-backed, pass-through certificates. The Single Family Mortgage Revenue Refunding Bonds 2006 Series G were issued to refund the Department's outstanding Single Family Mortgage Revenue Refunding Tax-Exempt Commercial Paper Notes, Series A.

The Single Family Variable Rate Bonds 2007 Series A were issued for the primary purpose of providing funds for the purchase of mortgage-backed, pass-through certificates, as well as to refund and redeem all of the Department's outstanding Single Family Mortgage Revenue Bonds, 1997 Series A and outstanding Single Family Mortgage Revenue Bonds, 1997 Series D.

The Single Family Variable Rate Bonds 2007 Series B were issued for the primary purpose of providing funds for the purchase of mortgage-backed, pass-through certificates.

The Single Family Mortgage Revenue Refunding Bonds 2013 Series A refunded and redeemed all outstanding Single Family Mortgage Revenue Bonds 2002 Series ABC.

(2) Includes outstanding balances on Single Family 1995A-1/B-1 transferred mortgage certificates.

(3) Includes outstanding balances on Single Family 1997A and 1997D transferred mortgage certificates.

1994 Junior Lien Trust Indenture

Series[4]	Original Issue Amount	Bonds Outstanding	Mortgage Rate	Loans/Certificates Outstanding[5]
1994 AB	$ 90,995,932	$ -	4.99/5.95/6.65% 6.75/7.25%	$ 1,566,837
2002 A	10,000,000	-		-
2004 A	4,140,000	3,855,000		-
TOTAL	$ 105,135,932	$ 3,855,000		$ 1,566,837

(4) The Junior Lien Single Family Revenue Refunding Bonds 1994 Series A&B refunded all outstanding 1983 Series A Bonds.

The Taxable Junior Lien Single Family Mortgage Revenue Bonds 2002 Series A were issued for the primary purpose of providing funds to finance single-family mortgage loans, multifamily mortgage loans, downpayment assistance for eligible very low income first-time homebuyers in connection with the purchase or development of homes located primarily in rural and border regions, to pay cost of issuance of the 2002 Series A Bonds and other permitted programs and purposes as determined by the Department from time to time.

The Taxable Junior Lien Single Family Variable Rate Mortgage Revenue Bonds 2004 Series A were issued for the primary purpose of providing down payment assistance.

(5) 2002 Series A and 2004 Series A loan balances are not included in the table above because debt service is not dependent on loan repayments.

Portfolio Mortgage Loans

The following table characterizes the loan type of the Portfolio Mortgage Loans, excluding loans included in Ginnie Mae/Fannie Mae Mortgage Certificates, of the 1980 Trust Indenture:

Loan Type	Outstanding # of Mortgage Loans	Outstanding Principal Amount	Percent of Total Prior Mortgage Loans
Conventional	39	$ 122,165	12.06%
FHA	114	890,759	87.94%
VA	0	-	0.00%
Total	153	$ 1,012,924	100.00%

Based on reports submitted by Mortgage Loan Servicers, the table below sets forth information concerning delinquent Portfolio Mortgage Loans (except for loans included in Mortgage Certificates) of the 1980 Trust Indenture:

Conventional

Duration of Delinquency	Number of Delinquent Loans	Outstanding Principal Amount	Percent of Total No. of Loans
30 days	0	$ -	0.00%
60 days	1	5,585	2.56%
90 days or more	2	10,492	2.60%
Total	3	$ 16,076	5.16%

FHA

Duration of Delinquency	Number of Delinquent Loans	Outstanding Principal Amount	Percent of Total No. of Loans
30 days	8	$ 71,323	7.02%
60 days	2	21,891	1.75%
90 days or more	8	96,866	7.02%
Total	18	$ 190,081	15.79%

VA

Duration of Delinquency	Number of Delinquent Loans	Outstanding Principal Amount	Percent of Total No. of Loans
30 days	0	$ 0	0.00%
60 days	0	0	0.00%
90 days or more	0	0	0.00%
Total	0	$ 0	0.00%

TOTAL

Duration of Delinquency	Number of Delinquent Loans	Outstanding Principal Amount	Percent of Total No. of Loans
30 days	8	$ 71,323	5.23%
60 days	3	27,476	1.96%
90 days or more	10	107,358	6.54%
Total	21	$ 206,157	13.73%

The table below sets forth certain information with respect to prepayments of the 1980 Trust Indenture Mortgage Loans and is provided for historical purposes only. Prepayments of Mortgage Loans could occur on a more or less frequent basis than that shown for the 1980 Trust Indenture Mortgage Loans below.

Series	Mortgage Rate	Total Loans Acquired	Total Loans Prepaid[6]	Percent Prepaid
1980 Series A	11.20	2,947	2,947	100.00%
1982 Series A	13.93	340	340	100.00%
1983 Series A	10.79	3,737	3,737	100.00%
1984 Series A/B	12.10/9.75	3,040	3,039	99.97%
1985 Series A	9.75	2,011	1,987	98.81%
1985 Series B	9.70/9.55	558	551	98.75%
1985 Series C	8.20	462	452	97.84%
1986 Series A	8.70	1,121	1,077	96.07%
1986 Series B	7.99/7.90	1,291	1,258	97.44%
1987 Series A	9.55	451	431	95.57%
1987 Series B	7.99/8.05/8.70	1,168	1,154	98.80%
Totals		17,126	16,973	99.11%

(8) Total Loan Prepayments includes Portfolio Mortgage Loans (except for loans included in Mortgage Certificates) actually prepaid by the borrower, Portfolio Mortgage Loans acquired by the Department through foreclosure and Portfolio Mortgage Loans repurchased by the originating Mortgage Lender.

From the inception of the Department's single family mortgage program through June 30, 2015, the Department has foreclosed on 3,075 Portfolio Mortgage Loans having an unpaid principal balance at default of $157,796,639. As of June 30, 2015, the Department continued to hold title to property securing zero of such Portfolio Mortgage Loans aggregating approximately $0 in unpaid principal balance. In an effort to maximize its return on real estate owned by the Department as a result of foreclosures, the Department has employed outside contractors to manage, maintain, and arrange for sale, in conjunction with brokers, such real estate owned.

The tables below set forth the Servicers of the Mortgage Loans and Mortgage Loans included in Mortgage Certificates:

Master Servicers—Mortgage Certificate Loans--Single Family

Servicers	Percent of Total Loans
CitiMortgage, Inc.	0.06%
Texas Star Mortgage	2.35%
Bank of America	97.59%
Total	100.00%

Servicers—Mortgage Loans--Single Family

Servicers	Percent of Total Loans
Amegy Mortgage Company	53.32%
Saxon Mortgage Services, Inc.	18.10%
CitiMortgage, Inc.	9.57%
MetLife Home Loan Corp.	6.67%
Other	12.34%
Total	100.00%

Mortgage Pool Insurance and Self Insurance Fund Balance

Single Family Mortgage Revenue Bonds

Initial Bond (Refunded Bond) Series	Insurance Provider	Remaining Coverage Amount (000's)
1980A	MGIC	$ 5,448
1983A	MGIC	8,653
1984A/B	GEMIC	5,683
1985A	MGIC	513
1985B/C	MGIC	171
1986A(1996B)(9)	Self-Insurance	14.5
1986B(1996E)(9)	Self-Insurance	18.4
1987B(1997E)(9)	Self-Insurance	7
Total		$ 20,508

(9) The Department has obtained Rating Agency approval to reduce the noted Self Insurance Fund balances to the following amounts: 1986A(1996B)--$14,439; 1986B(1996E)--$18,319; 1987B(1997E)--$6,765.

Reserve Fund Balance

Single Family Mortgage Revenue Bonds (1980 Trust Indenture and Junior Lien)

	Debt Service Reserve(10)	
Bond Series	Par Value Fund Balances Actual	Average Investment Rate(11)
1996 D-E	290,092	0.070%
2004A Jr. Lien	115,650	0.070%
Total	$ 405,742	

(10) 1980 Trust Indenture Twentieth Supplement reduced the Debt Service Reserve Requirement from 10% of bonds outstanding to 3% of loans outstanding and eliminated the Mortgage Reserve Requirement but did not affect the Debt Service Reserve Requirement relating to the Junior Lien Bonds.
(11) Weighted average rate of investments, which mature periodically.

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.

DISCLAIMER

"All information contained herein is obtained from sources believed to be accurate and reliable. Refer to the Official Statement and operative documents of each series for complete information on that issue. Because of the possibility of human and mechanical error as well as other factors, such information is provided "as is" without warranty of any kind and, in particular, no representation or warranty, expressed or implied, is made nor to be inferred as to the accuracy, timeliness or completeness, of any such information. Under no circumstances shall the Texas Department of Housing and Community Affairs have any liability to any person or entity for (a) any loss or damage in whole or part caused by, resulting from, or relating to any error (negligent or otherwise) or other circumstances involved in procuring, collecting, compiling, interpreting, analyzing, editing, transcribing, transmitting, communicating or delivering any such information, or (b) any direct, indirect, special, consequential or incidental damages whatsoever, even if the Texas Department of Housing and Community Affairs is advised in advance of the possibility of such damages, resulting from the use of, or inability to use, any such information."

APPENDIX F-2

OTHER INDEBTEDNESS OF THE DEPARTMENT

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Other Indebtedness of the Texas Department of Housing and Community Affairs

General - Single Family Since 1979, the year of creation of the Texas Housing Agency (the "Agency"), a predecessor to the Department, through June 30, 2015, there have been issued by the Agency or the Department, thirty-six series of Residential Mortgage Revenue Bonds, fifty-two 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 June 30, 2015, the outstanding principal amount of bonded indebtedness of the Department for single family housing purposes was $581,960,000.

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 June 30, 2015, one hundred six series were outstanding with an aggregate outstanding principal amount of $970,117,580.

Single Family Mortgage Revenue Bonds (“SFMRBs”) The Department has issued fifty-two 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-seven indentures supplemental thereto, which are secured on an equal and ratable basis by the trust estate established by the SFMRB Indenture. As of June 30, 2015, fifteen were outstanding with an aggregate outstanding principal amount totaling $349,145,000.

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 June 30, 2015, one series was outstanding with an aggregate outstanding principal of $3,855,000.

Residential Mortgage Revenue Bonds (“RMRBs”) The Department has issued thirty-six series of Residential Mortgage Revenue and Refunding Bonds pursuant to the Residential Mortgage Revenue Bond Trust Indenture and thirty-six separate series supplements, and are secured on an equal and ratable basis by the trust estate established by the RMRB Indenture. As of June 30, 2015, six series were outstanding with an aggregate outstanding principal amount of $226,360,000.

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 June 30, 2015, two series of CHMRBs were outstanding with an aggregate outstanding principal amount of $2,600,000.

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

DATA REGARDING THE 2015 A TRANSFERRED MORTGAGE CERTIFICATES

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APPENDIX G

DATA REGARDING THE 2015 SERIES A TRANSFERRED MORTGAGE CERTIFICATES

CUSIP	Pool Number	Pass-through Rate	Mortgage Rate	Issue Date	Original Princ.	Principal Outstanding (October 2015 Factors)	Weighted Average Remaining Maturity (Months)	6 Month Prepayment Speed (PSA)	12 Month Prepayment Speed (PSA)	Lifetime Prepayment Speed (PSA)
36294YHS6	G2 663641	5.49%	5.99%	1/1/2007	$ 5,529,579.00	$ 1,756,268.50	244	179	271	205
36294YKB9	G2 663690	5.15%	5.65%	2/1/2007	45,511.00	29,000.72	156	0	0	32
36294YKC7	G2 663691	5.49%	5.99%	2/1/2007	2,453,266.00	456,996.70	252	0	504	308
36294YKD5	G2 663692	5.49%	5.99%	2/1/2007	189,660.00	88,821.63	255	0	0	130
36294YMN1	G2 663765	5.70%	6.20%	2/1/2007	591,365.00	320,486.66	250	1	1	100
36294YMQ4	G2 663767	5.49%	5.99%	2/1/2007	1,343,112.00	359,843.97	241	0	679	240
36294YTW4	G2 663965	5.15%	5.65%	3/1/2007	782,303.00	284,800.87	254	4	2	181
36295CUR0	G2 666692	5.49%	5.99%	3/1/2007	1,481,904.00	549,612.56	241	3	3	177
36295CUU3	G2 666695	5.15%	5.65%	3/1/2007	278,347.00	106,879.01	254	0	0	169
36295CVN8	G2 666721	5.49%	5.99%	3/1/2007	2,472,702.00	933,384.13	236	249	135	172
36295ES24	G2 668437	5.70%	6.20%	4/1/2007	526,551.00	203,956.05	235	6	6	170
36295ES32	G2 668438	5.15%	5.65%	4/1/2007	1,610,150.00	312,250.45	250	683	386	305
36295ES40	G2 668439	5.49%	5.99%	4/1/2007	1,838,362.00	722,721.08	241	12	12	167
36295EVL8	G2 668519	5.15%	5.65%	3/1/2007	1,332,234.00	201,176.19	257	0	903	352
36295EVM6	G2 668520	5.49%	5.99%	3/1/2007	542,550.00	357,683.23	252	0	0	58
36295EWX1	G2 668562	5.15%	5.65%	4/1/2007	1,829,704.00	232,595.98	253	4	612	383
36295EWY9	G2 668563	5.49%	5.99%	4/1/2007	1,518,261.00	629,705.60	240	356	191	154
36295EWZ6	G2 668564	5.49%	5.99%	4/1/2007	193,935.00	58,006.62	126	1	130	175
36295FN67	G2 669213	5.15%	5.65%	5/1/2007	652,687.00	241,067.83	240	4	5	180
36295FN75	G2 669214	5.15%	5.65%	5/1/2007	76,024.00	64,354.43	249	0	0	2
36295FN83	G2 669215	5.49%	5.99%	5/1/2007	759,055.00	122,176.51	254	0	0	342
36295FN91	G2 669216	5.49%	5.99%	5/1/2007	198,392.00	99,167.87	245	14	13	115
36295FPA6	G2 669217	5.70%	6.20%	5/1/2007	183,756.00	86,146.97	228	0	0	130
36295FQZ0	G2 669272	5.49%	5.99%	5/1/2007	571,324.00	79,333.48	234	53	1012	369
36295FTF1	G2 669350	5.15%	5.65%	6/1/2007	1,595,318.00	206,334.00	250	0	669	383
36295FTK0	G2 669354	5.49%	5.99%	6/1/2007	1,328,682.00	268,783.33	246	7	6	299
36295FWV2	G2 669460	5.15%	5.65%	6/1/2007	1,346,794.00	115,107.47	257	0	0	457
36295FWW0	G2 669461	5.70%	6.20%	6/1/2007	443,900.00	226,880.91	243	3	4	117
36295JC87	G2 671595	5.15%	5.65%	7/1/2007	1,455,135.00	118,003.34	173	1213	802	451

DATA REGARDING THE 2015 SERIES A TRANSFERRED MORTGAGE CERTIFICATES

CUSIP	Pool Number	Pass-through Rate	Mortgage Rate	Issue Date	Original Princ.	Principal Outstanding (October 2015 Factors)	Weighted Average Remaining Maturity (Months)	6 Month Prepayment Speed (PSA)	12 Month Prepayment Speed (PSA)	Lifetime Prepayment Speed (PSA)
36295JC95	G2 671596	5.70%	6.20%	7/1/2007	431,562.00	163,649.87	253	837	496	184
36295JDA1	G2 671597	5.49%	5.99%	7/1/2007	446,827.00	288,132.10	259	0	0	69
36295JDB9	G2 671598	5.49%	5.99%	7/1/2007	462,625.00	60,842.03	259	0	0	387
36295JE93	G2 671660	5.15%	5.65%	7/1/2007	1,102,647.00	251,393.83	257	0	0	286
36295JFA9	G2 671661	5.70%	6.20%	7/1/2007	571,474.00	203,290.68	258	0	0	198
36295JKK1	G2 671798	5.15%	5.65%	8/1/2007	1,354,665.00	340,918.04	260	0	305	267
36295JKL9	G2 671799	5.70%	6.20%	8/1/2007	611,958.00	81,216.90	252	0	0	394
36295JKM7	G2 671800	5.49%	5.99%	8/1/2007	935,793.00	287,006.22	226	783	458	222
36295MLU1	G2 674539	5.15%	5.65%	11/1/2007	942,071.00	325,608.69	256	0	0	212
36295MLV9	G2 674540	5.70%	6.20%	11/1/2007	572,032.00	265,743.18	262	1	1	150
36295MLZ0	G2 674544	5.49%	5.99%	11/1/2007	101,593.00	89,122.31	263	0	0	0
36295MM63	G2 674581	5.49%	5.99%	9/1/2007	479,369.00	161,716.39	253	0	0	215
36295MM71	G2 674582	5.15%	5.65%	9/1/2007	3,898,948.00	862,807.44	258	0	363	298
36295MM89	G2 674583	5.49%	5.99%	9/1/2007	814,664.00	29,473.28	221	1594	1321	602
36295MM97	G2 674584	5.70%	6.20%	9/1/2007	267,503.00	70,516.64	243	2	9	257
36295MP60	G2 674645	5.15%	5.65%	10/1/2007	1,255,074.00	462,950.44	257	2	349	193
36295MP94	G2 674648	5.49%	5.99%	10/1/2007	82,333.00	72,089.52	262	0	0	0
36295MR68	G2 674709	5.15%	5.65%	8/1/2007	1,275,011.00	432,815.50	251	532	292	207
36295MR76	G2 674710	5.49%	5.99%	8/1/2007	886,323.00	252,853.85	259	872	515	246
36295MR84	G2 674711	5.70%	6.20%	8/1/2007	804,511.00	156,245.04	248	5	4	318
36295MU31	G2 674802	5.15%	5.65%	9/1/2007	994,691.00	352,503.17	262	0	0	202
36295MU49	G2 674803	5.70%	6.20%	9/1/2007	299,752.00	76,824.23	226	5	759	262
36295MU56	G2 674804	5.49%	5.99%	9/1/2007	565,808.00	229,530.55	259	0	0	169
36295QZN3	G2 677649	5.15%	5.65%	11/1/2007	774,862.00	180,001.11	239	1	1	289
36295Q2Z2	G2 677692	5.15%	5.65%	12/1/2007	80,334.00	69,198.10	258	0	0	2
36295Q3A6	G2 677693	5.49%	5.99%	12/1/2007	252,878.00	85,632.06	265	1188	773	222
36295Q5T3	G2 677758	5.70%	6.20%	10/1/2007	977,146.00	396,480.60	260	0	1	178
36295RCH9	G2 677872	5.15%	5.65%	10/1/2007	2,363,080.00	757,168.95	237	52	35	221
36295RDQ8	G2 677911	5.15%	5.65%	11/1/2007	611,333.00	183,908.12	264	1113	706	243
36295RDS4	G2 677913	5.70%	6.20%	11/1/2007	482,333.00	216,646.11	262	0	426	156

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CUSIP	Pool Number	Pass-through Rate	Mortgage Rate	Issue Date	Original Princ.	Principal Outstanding (October 2015 Factors)	Weighted Average Remaining Maturity (Months)	6 Month Prepayment Speed (PSA)	12 Month Prepayment Speed (PSA)	Lifetime Prepayment Speed (PSA)
36295RDT2	G2 677914	5.49%	5.99%	11/1/2007	426,545.00	104,465.29	263	0	579	284
36295UHN4	G2 680737	5.49%	5.99%	1/1/2008	252,906.00	144,756.96	265	0	0	105
36295UH61	G2 680753	5.70%	6.20%	12/1/2007	242,292.00	146,814.94	252	0	0	90
36295ULT6	G2 680838	5.49%	5.99%	12/1/2007	156,543.00	135,893.14	258	0	0	2
36295UPB1	G2 680918	5.49%	5.99%	12/1/2007	418,059.00	62,291.22	265	0	881	391
36295UPE5	G2 680921	5.70%	6.20%	12/1/2007	415,988.00	97,013.44	265	0	0	302
36295UPF2	G2 680922	5.49%	5.99%	12/1/2007	449,203.00	152,235.01	264	0	0	222
36295UPK1	G2 680926	5.15%	5.65%	12/1/2007	91,205.00	79,573.67	264	0	0	0
36295UTF8	G2 681050	5.70%	6.20%	12/1/2007	214,845.00	187,959.65	260	4	4	2
36295WPL5	G2 682727	5.15%	5.65%	1/1/2008	69,660.00	60,856.61	265	0	0	0
36295WRQ2	G2 682795	5.15%	5.65%	1/1/2008	837,679.00	118,410.27	265	0	0	400
36295WT56	G2 682872	5.49%	5.99%	1/1/2008	195,322.00	89,975.48	265	2	1	154
36295WUD7	G2 682880	5.15%	5.65%	1/1/2008	278,506.00	110,132.25	236	9	12	183
36295XZ99	G2 683968	5.49%	5.99%	2/1/2008	107,496.00	94,785.73	266	1	0	0
36295X6H3	G2 684072	5.15%	5.65%	2/1/2008	75,809.00	66,407.28	266	0	0	0
36295X6P5	G2 684078	5.49%	5.99%	2/1/2008	1,347,347.00	575,441.52	260	6	3	173
36295YKF9	G2 684394	5.15%	5.65%	3/1/2008	336,018.00	187,104.81	267	0	0	114
36295YKG7	G2 684395	5.49%	5.99%	3/1/2008	222,964.00	60,843.57	128	269	200	230
36295YKL6	G2 684399	5.49%	5.99%	3/1/2008	374,709.00	78,896.97	268	0	0	338
36295YNE9	G2 684489	5.15%	5.65%	2/1/2008	134,923.00	118,264.88	267	0	0	0
36295YRA3	G2 684581	5.49%	5.99%	2/1/2008	276,678.00	61,442.49	238	1177	766	317
36296ASB1	G2 685514	5.49%	5.99%	3/1/2008	157,948.00	85,050.44	268	0	0	124
36296ASC9	G2 685515	5.49%	5.99%	3/1/2008	212,125.00	98,604.89	258	2	2	159
36296AUD4	G2 685580	5.70%	6.20%	3/1/2008	213,376.00	26,671.77	269	1475	1102	445
36296BXU1	G2 686591	5.70%	6.20%	4/1/2008	123,613.00	107,985.75	257	3	2	2
36296DUS5	G2 688293	5.49%	5.99%	5/1/2008	494,706.00	104,749.61	266	0	2	341
36296DV21	G2 688333	5.15%	5.65%	5/1/2008	563,027.00	194,251.76	268	0	0	232
36296DWZ7	G2 688364	5.49%	5.99%	5/1/2008	79,193.00	69,889.13	267	0	1	1
36296DXC7	G2 688375	5.15%	5.65%	6/1/2008	291,547.00	256,136.89	268	0	0	1
36296GKJ9	G2 690697	5.70%	6.20%	7/1/2008	259,145.00	141,969.51	267	0	0	128

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CUSIP	Pool Number	Pass-through Rate	Mortgage Rate	Issue Date	Original Princ.	Principal Outstanding (October 2015 Factors)	Weighted Average Remaining Maturity (Months)	6 Month Prepayment Speed (PSA)	12 Month Prepayment Speed (PSA)	Lifetime Prepayment Speed (PSA)
36296GKV2	G2 690708	5.15%	5.65%	7/1/2008	77,517.00	67,447.71	263	0	0	3
36296GLZ2	G2 690744	5.15%	5.65%	6/1/2008	424,188.00	150,031.89	272	0	0	233
36296GMK4	G2 690762	5.15%	5.65%	6/1/2008	192,152.00	88,593.51	243	11	11	163
36296GMT5	G2 690770	5.15%	5.65%	6/1/2008	102,092.00	90,280.96	272	0	0	0
36296GM40	G2 690779	5.70%	6.20%	6/1/2008	1,092,521.00	390,219.42	268	0	0	227
36296KJP8	G2 693370	5.49%	5.99%	7/1/2008	267,050.00	130,216.52	273	0	0	159
36296K5P3	G2 693954	5.70%	6.20%	7/1/2008	198,506.00	111,139.53	264	0	0	123
36296K5R9	G2 693956	5.49%	5.99%	7/1/2008	212,426.00	87,729.55	273	1	0	200
36296K5S7	G2 693957	5.15%	5.65%	7/1/2008	152,438.00	69,371.11	266	0	0	169
36296LAG5	G2 694007	5.15%	5.65%	7/1/2008	239,863.00	206,537.87	259	4	4	5
36296N3Y0	G2 696615	5.49%	5.99%	8/1/2008	106,443.00	92,953.01	263	18	12	4
36296N7B6	G2 696690	5.49%	5.99%	8/1/2008	227,991.00	69,899.67	271	0	0	265
36296PBK6	G2 696742	5.15%	5.65%	8/1/2008	373,208.00	199,156.41	273	0	0	137
36296RMN4	G2 698865	5.70%	6.20%	9/1/2008	124,488.00	107,867.53	255	0	0	6
36296RSD0	G2 699016	5.15%	5.65%	9/1/2008	89,100.00	78,116.21	273	1	1	4
36296R3K1	G2 699302	5.15%	5.65%	10/1/2008	362,207.00	101,971.88	274	0	0	295
36296TH97	G2 700556	5.15%	5.65%	10/1/2008	282,824.00	153,359.49	268	3	2	132
36296TTD5	G2 700848	5.15%	5.65%	11/1/2008	117,049.00	104,290.91	275	0	0	0
36296W3B0	G2 703794	5.70%	6.20%	11/1/2008	79,180.00	64,137.81	223	16	15	17
36297APN7	G2 706129	5.15%	5.65%	3/1/2009	380,547.00	119,784.64	278	0	0	289
36297AQD8	G2 706152	5.49%	5.99%	3/1/2009	143,487.00	129,503.13	279	0	0	0
36297ARN5	G2 706193	5.15%	5.65%	4/1/2009	146,921.00	58,908.92	280	0	0	234
36297ARP0	G2 706194	5.15%	5.65%	4/1/2009	74,371.00	66,494.66	277	0	0	1
36297AUY7	G2 706299	5.70%	6.20%	1/1/2009	68,461.00	61,361.61	273	0	0	1
36297AUZ4	G2 706300	5.15%	5.65%	1/1/2009	146,357.00	35,806.17	276	0	0	346
3620A2NY8	G2 716907	5.15%	5.65%	5/1/2009	294,558.00	123,083.92	275	5	4	225
3620A6JF5	G2 720362	6.00%	6.50%	7/1/2009	398,193.00	230,780.49	280	7	4	142
3620A6KC0	G2 720391	6.00%	6.50%	8/1/2009	456,383.00	113,141.22	284	0	0	379
3620A6LY1	G2 720443	6.00%	6.50%	8/1/2009	439,245.00	139,430.96	272	0	0	308
3620A6LZ8	G2 720444	5.49%	5.99%	8/1/2009	119,272.00	108,104.23	282	0	0	1

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3620A6NH6	G2 720492	5.15%	5.65%	8/1/2009	80,525.00	72,928.00	286	0	0	0
31411JNR3	FN 909500	5.49%	5.99%	1/1/2007	1,212,859.00	426,083.59	229	22	286	182
31411JVE3	FN 909713	5.15%	5.65%	2/1/2007	177,124.00	58,027.63	232	9	9	195
31411JVF0	FN 909714	5.49%	5.99%	2/1/2007	1,412,093.00	299,670.20	246	797	463	283
31411JVG8	FN 909715	5.49%	5.99%	2/1/2007	203,755.00	78,578.17	236	0	0	166
31411KBP7	FN 910046	5.49%	5.99%	2/1/2007	1,263,052.00	104,835.87	245	1145	1024	447
31411KBR3	FN 910048	5.15%	5.65%	2/1/2007	216,115.00	183,280.74	251	10	7	1
31411KJD6	FN 910260	5.49%	5.99%	3/1/2007	2,498,494.00	386,014.55	255	629	352	342
31411S3P9	FN 914406	5.15%	5.65%	3/1/2007	348,860.00	85,103.07	239	11	9	257
31411S4C7	FN 914419	5.49%	5.99%	3/1/2007	1,721,933.00	320,426.38	252	1123	715	311
31411UR45	FN 915007	5.49%	5.99%	4/1/2007	2,757,251.00	94,400.91	251	0	901	597
31411UR52	FN 915008	5.49%	5.99%	4/1/2007	379,263.00	323,198.53	249	0	0	2
31411XWB7	FN 917842	5.49%	5.99%	4/1/2007	1,282,206.00	209,732.40	225	15	14	327
31411YRY1	FN 918603	5.49%	5.99%	5/1/2007	293,215.00	86,728.07	240	10	27	226
31411YR21	FN 918605	5.70%	6.20%	5/1/2007	237,941.00	175,554.30	253	0	0	37
31412XDE1	FN 937601	5.15%	5.65%	6/1/2007	625,776.00	126,324.01	232	0	0	298
31412XRL0	FN 937991	5.49%	5.99%	6/1/2007	896,705.00	215,228.43	253	1071	670	273
31412XZ23	FN 938261	5.49%	5.99%	7/1/2007	651,483.00	324,145.07	257	1	2	125
31413DC54	FN 942092	5.15%	5.65%	7/1/2007	517,736.00	144,161.03	259	0	0	244
31413DUB1	FN 942578	5.70%	6.20%	8/1/2007	1,078,384.00	171,292.57	259	2	1	361
31413DUD7	FN 942580	5.49%	5.99%	8/1/2007	989,032.00	264,971.16	258	1	1	253
31413HX29	FN 946297	5.49%	5.99%	8/1/2007	487,429.00	199,899.16	251	3	5	167
31413HX37	FN 946298	5.70%	6.20%	8/1/2007	273,857.00	73,724.89	250	0	467	252
31413JGF5	FN 946698	5.15%	5.65%	9/1/2007	622,702.00	214,683.14	261	2	1	208
31413JGG3	FN 946699	5.49%	5.99%	9/1/2007	666,623.00	38,823.19	156	54	68	496
31413JGH1	FN 946700	5.49%	5.99%	9/1/2007	156,603.00	136,877.38	260	0	0	0
31413JWH3	FN 947148	5.70%	6.20%	9/1/2007	529,618.00	82,506.83	202	24	570	361
31413JWL4	FN 947151	5.49%	5.99%	9/1/2007	553,733.00	311,179.29	250	1	1	97
31413JWM2	FN 947152	5.49%	5.99%	9/1/2007	543,674.00	35,693.73	260	2	1380	518
31413JWS9	FN 947157	5.15%	5.65%	9/1/2007	245,233.00	38,052.10	262	0	1172	368

DATA REGARDING THE 2015 SERIES A TRANSFERRED MORTGAGE CERTIFICATES

CUSIP	Pool Number	Pass-through Rate	Mortgage Rate	Issue Date	Original Princ.	Principal Outstanding (October 2015 Factors)	Weighted Average Remaining Maturity (Months)	6 Month Prepayment Speed (PSA)	12 Month Prepayment Speed (PSA)	Lifetime Prepayment Speed (PSA)
31413KK59	FN 947716	5.15%	5.65%	10/1/2007	1,018,411.00	464,156.93	253	453	472	148
31413KK75	FN 947718	5.49%	5.99%	10/1/2007	1,029,361.00	340,638.87	252	2	2	215
31413KK83	FN 947719	5.70%	6.20%	10/1/2007	599,215.00	126,706.05	262	0	0	311
31413KXA4	FN 948073	5.49%	5.99%	11/1/2007	264,362.00	230,856.65	259	0	0	0
31413KXB2	FN 948074	5.49%	5.99%	11/1/2007	347,024.00	86,824.68	259	0	0	276
31413K2B6	FN 948170	5.70%	6.20%	11/1/2007	508,744.00	235,834.86	242	4	7	147
31413SJN5	FN 953969	5.15%	5.65%	12/1/2007	840,286.00	346,373.37	258	0	1	174
31413SLB8	FN 954022	5.49%	5.99%	12/1/2007	732,186.00	357,566.31	258	12	7	136
31413SLK8	FN 954030	5.15%	5.65%	12/1/2007	351,425.00	37,358.48	198	1218	806	427
31413SLM4	FN 954032	5.70%	6.20%	12/1/2007	335,001.00	249,255.47	265	0	0	42
31413SQB3	FN 954150	5.15%	5.65%	12/1/2007	223,817.00	194,198.46	261	15	7	1
31413SX66	FN 954401	5.15%	5.65%	1/1/2008	274,171.00	122,205.78	265	0	817	160
31413S3Z5	FN 954516	5.15%	5.65%	1/1/2008	117,738.00	102,764.66	264	0	0	0
31413TAU6	FN 954619	5.49%	5.99%	2/1/2008	301,271.00	97,676.43	259	0	0	234
31414BAB6	FN 960902	5.49%	5.99%	2/1/2008	277,348.00	103,124.68	263	0	685	204
31414BCT5	FN 960982	5.49%	5.99%	3/1/2008	252,496.00	70,572.39	262	1255	840	259
31414BDY3	FN 961019	5.49%	5.99%	3/1/2008	218,507.00	193,029.94	267	0	1	0
31414BE48	FN 961055	5.49%	5.99%	4/1/2008	129,609.00	114,528.41	267	0	0	0
31414BE89	FN 961059	5.49%	5.99%	4/1/2008	204,169.00	179,095.59	263	0	0	1
31414BHD5	FN 961128	5.49%	5.99%	4/1/2008	189,985.00	86,096.40	268	0	0	165
31417KZU4	FN AC1654	5.15%	5.65%	8/1/2009	77,017.00	58,508.55	206	0	12	36
31321XD92	FG U31928	5.15%	5.65%	5/1/2008	160,200.00	140,031.36	263	0	0	1
31321XF41	FG U31987	5.70%	6.20%	6/1/2008	43,861.00	39,079.78	268	0	0	0
31321XHR8	FG U32040	5.70%	6.20%	6/1/2008	132,472.00	80,498.60	239	35	32	91
31321XKU7	FG U32107	5.15%	5.65%	7/1/2008	168,109.00	74,498.29	264	0	0	177
31321XK60	FG U32117	5.70%	6.20%	7/1/2008	264,396.00	97,908.49	252	0	0	221
31321XSY1	FG U32335	5.49%	5.99%	10/1/2008	106,386.00	94,740.46	271	6	3	1
31321XWK6	FG U32450	5.15%	5.65%	1/1/2009	143,152.00	127,998.56	277	0	0	0
31321XX25	FG U32497	5.15%	5.65%	3/1/2009	97,187.00	87,147.02	278	0	0	0
Total / Weighted Average		5.41%	5.91%		$ 106,909,358.00	$ 33,827,826.79	253	120	161	183

* With respect to the cumulative weighted average of historical prepayment speeds above, the sum of the individual prepayment speeds for each Mortgage-Backed Security Pool, multiplied by its outstanding principal balance amount (as provided by Bloomberg Data services), and then divided by the total Principal Amount of the 2015 Series A Transferred Mortgage Certificates, results in the stated cumulative weighted average prepayment speeds with respect to the 2015 Series A Transferred Mortgage Certificates (based on October 2015 Factors).

APPENDIX H

DATA REGARDING THE 2015 B MORTGAGE CERTIFICATES

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APPENDIX H

DATA REGARDING THE 2015 SERIES B MORTGAGE CERTIFICATES*

CUSIP	Pool Number	Mortgage Rate	Pass-Through Rate	Issue Date	Original Principal	Principal Outstanding as of Oct. 29, 2015	Weighted Average Remaining Maturity (Months)
3617A9XV4	GN2 AO8792	4.250%	3.750%	10/1/2015	2,040,412	2,040,412	359
3617A9XW2	GN2 AO8793	4.500%	4.000%	10/1/2015	3,289,888	3,289,888	358
3617A9XX0	GN2 AO8794	4.625%	4.125%	10/1/2015	11,868,205	11,868,205	359
3617A9XY8	GN2 AO8795	5.000%	4.500%	10/1/2015	1,092,611	1,092,611	357
3617A9XZ5	GN2 AO8796	5.125%	4.625%	10/1/2015	828,338	828,338	358
3617A9X28	GN2 AO8797	5.250%	4.750%	10/1/2015	392,580	392,580	358
Total/Weighted Average**		4.620%	4.120%		19,512,034	19,512,034	358

* A certificate in the amount of approximately $229,761 with a 4.125% pass-through rate is expected to be purchased no later than November 30, 2015; a certificate in the amount of approximately $120,138 with a 4.625% pass-through rate is expected to be purchased no later than November 30, 2015.

** With respect to the cumulative Weighted Average Remaining Maturity above, the sum of the individual Weighted Average Remaining Maturities for each Mortgage-Backed Security Pool, multiplied by its outstanding principal balance amount (as provided by Bloomberg Data services), and then divided by the total Principal Amount of the 2015 Series B Mortgage Certificates, results in the stated cumulative Weighted Average Remaining Maturity with respect to the 2015 Series B Mortgage Certificates.

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APPENDIX I

CERTAIN INFORMATION REGARDING THE PROGRAM, THE MORTGAGE LOANS, PRIOR SWAP AGREEMENTS AND PROIOR LIQUIDITY FACILITIES

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Terms not defined herein shall have the meanings set forth in "APPENDIX A—GLOSSARY."

THE PROGRAM AND THE MORTGAGE LOANS

The Program

The Department has established a Single Family Mortgage Revenue Bond Program (the "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). In connection with the issuance of the Series 2015 Bonds and the Prior Bonds and any additional Bonds, the Department purchased or shall purchase 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"). As a result of the issuance of the Series 2015 Bonds, the Trustee on behalf of the Department has agreed to purchase 2015 B Mortgage Certificates.

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 and the respective Mortgage Lenders executed origination, sale and servicing agreements or mortgage origination agreements as supplemented by program supplements or program guidelines (collectively, the "Agreement"). The Agreement obligated 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 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, RHS, Ginnie Mae, VA or other major secondary mortgage market institutions.

Eligible Borrowers

Each Mortgage Loan was required to be made to a person whose family income does not exceed certain income limits. 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; (ii) who, except in the case of certain targeted area loans, 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. The maximum income for Eligible Borrowers varies according to family size and location.

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 ("PUD") 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. The maximum Acquisition Cost varies according to location.

Eligible Mortgage Loans

Each Mortgage Loan, or participation therein, acquired by the Department under the Program is required by the Trust Indenture to be a Conventional Mortgage Loan, an FHA Mortgage Loan, a VA Mortgage Loan, or a Mortgage Loan insured or guaranteed by another agency or instrumentality of the United States of America exercising powers similar to the FHA or VA, such as RHS, and must have met the following requirements at the date of purchase thereof:

(a) Each Mortgage Loan must be secured by a first mortgage lien on a one-to-four family residence, subject only to those encumbrances which are permitted under the Fannie Mae FHA/VA Mortgage Selling Contract Supplement, the Fannie Mae Conventional Home Mortgage Selling Contract Supplement, the FHLMC Seller's Guide Conventional Mortgages, or the FHLMC Seller's Guide FHA/VA or similar guide from a successor agency;

(b) Each Mortgage Loan must: (i) be insured or guaranteed by FHA, VA or another similar agency or instrumentality of the United States of America or the State, or (ii) have (or have had at the time it was made) a principal balance not exceeding eighty percent (80%) of the value of the property securing the Mortgage Loan, or (iii) be insured by a private insurance company in the amount by which the loan exceeds eighty percent (80%) of the lower of the appraised value or the purchase price of the property;

(c) Each Mortgage Loan or participation therein must comply in all respects with the guidelines of the Department pertaining thereto;

(d) Each Mortgage Loan must be covered by a valid and subsisting title insurance policy, the benefits of which run to the Department, in an amount at least equal to the outstanding principal balance of the Mortgage Loan and the improvements on the real property securing each Mortgage Loan must be fully covered by a hazard insurance policy and a flood insurance policy, if in the flood plain, in such amount as the Department deems advisable;

(e) Each Mortgage Loan must have a term not exceeding 30 years, must provide for substantially equal payments of principal and interest due on the first day of each month, and must be subject to prepayment at any time without penalty; and

(f) Each Mortgage Loan must be assumable only with the prior approval of the Department and FHA/VA, if applicable, and then only if all requirements relating to the tax exemption of interest on the Bonds are met and upon payment of certain assumption fees.

The Department is not permitted under the Trust Indenture to sell, assign, transfer or otherwise dispose of any Mortgage Loan or any of the rights of the Department with respect to any Mortgage Loan unless the Department determines that such action is in the best interests of the Department and the Bondholders and will not adversely affect the ability of the Department to pay when due the principal or Redemption Price of and interest on the Bonds, in which case such Mortgage Loan may be so disposed of by the Department free and clear of the lien of the Trust Indenture. See "APPENDIX I -- Sale of Mortgage Loans or Mortgage Certificates."

The Department shall not consent or agree to or permit any amendment or modification of any Mortgage Loan which will in any manner materially impair or materially adversely affect the rights or security of the Bondholders under the Trust Indenture in such Mortgage Loan except for amendments and modifications made in connection with settling any default on any Mortgage Loan which settlement the Department determines to be in the best interests of the Department and the Bondholders or with a refinancing of a Mortgage Loan.

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 lender 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 or federal tax transcripts 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; and (vi) 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

The compliance agent reviews and examines, or cause to be reviewed and examined, certain documents submitted by each Mortgage Lender in connection with the Mortgage Loans under such Program and 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 Ginnie Mae Guide, the Fannie Mae Guide, the Freddie Mac Guide and the Program Agreements, 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 release of the Series 2015 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

Each Mortgage Lender was required to be a FHA-approved mortgagee and a Fannie Mae-, VA- or RHS-approved seller and servicer of FHA-insured mortgages. Each Mortgage Lender must service Mortgage Loans in accordance with the servicing standards set forth in the Fannie Mae Home Mortgage Servicer's Contract Supplement or the RHS Servicer's Guide as they may be in effect during the term of the Program, except as such standards are specifically modified by the Agreement, the Department or the lender's manual published by the Department. The servicing standards of the Department are applicable to its existing Mortgage Loans except where additional services must be provided to ensure compliance with applicable federal income tax laws. Each Mortgage Lender is required to service the Mortgage Loans sold by it to the Department unless, prior to the execution of the Agreement, the Department directs the assignment of servicing to another Mortgage Lender. As compensation for such services, a Mortgage Lender is entitled to receive a monthly servicing fee of between 0.25 and 0.375 percent of the unpaid principal balance of each Mortgage Loan serviced. For Mortgage Loans delinquent 15 days or more, late charges may be collected and retained by Mortgage Lenders as permitted by law. A Mortgage Lender is required to pay all expenses incurred by it in connection with its servicing activities (including maintenance of its errors and omissions insurance policy and fidelity bond). A Mortgage Lender may, with the prior written consent of the Department, assign its servicing rights and obligations to another Mortgage Lender in good standing under the Program. The Department may maintain a list of approved standby servicers that have agreed to service Mortgage Loans originated by other Mortgage Lenders at the applicable servicing fee.

All moneys collected by the Mortgage Lender pertaining to the Mortgage Loans may be deposited to a clearing account maintained by the Mortgage Lender; however, all Revenues shall be received in trust by the Mortgage Lender and are required to be deposited promptly to a custodial account on a daily basis subject to withdrawal on the demand of the Trustee on behalf of the Department at any time. The deposits must be made into an account insured by the FDIC. The Mortgage Lender must remit to the Trustee for deposit into the Revenue Fund, after deduction of its servicing fee, on or before the fifteenth day of each calendar month all moneys deposited or held in the custodial account from the first day of such month through the tenth day of such month, and on or before the fifth Business Day of each calendar month all moneys deposited or held in the custodial account on or before the last day of the preceding calendar month which have not been remitted to the Trustee, except that (i) any insurance proceeds are to be held in the custodial account pending the determination of whether such moneys shall be applied to the repair of the related property or constitute principal prepayments, and (ii) any principal prepayment representing payment in full of a Mortgage Loan less any credit required for federal income tax purposes are to be remitted within five Business Days after receipt by the Trustee for application in accordance with the Trust Indenture. If at any time the amount on deposit in the custodial account shall exceed the lesser of $100,000 or the amount insured by the FDIC, as the case may be, the Mortgage Lender must remit immediately to the Trustee for application in accordance with the Trust Indenture the amount on deposit in the custodial account. All moneys received as escrow payments by the Mortgage Lender are to be received in trust for the Department and the applicable eligible borrower and are to be deposited by the Mortgage Lender in such account or accounts as the Mortgage Lender is required to maintain for like payments made with respect to mortgages which are being serviced for Fannie Mae or RHS. In the event any mortgagor's escrow account is insufficient for a payment required to be made from such account, the Mortgage Lender must advance such money to make the required payment.

With respect to any Mortgage Loan it is servicing, the Mortgage Lender is responsible for determining the necessity of instituting foreclosure action. The Mortgage Lender is required to submit its foreclosure recommendation to the Department within five Business Days after a Mortgage Loan is 60 days delinquent. If the Department concurs with a recommendation to foreclose, the Mortgage Lender must conduct all foreclosure procedures in accordance with the Agreement. If the Department does not concur with a recommendation to foreclose, the Mortgage Lender is required to continue to service the Mortgage Loan in accordance with the procedures specified in the Agreement. With respect to FHA-insured Mortgage Loans, the regulations governing all of the FHA mortgage insurance programs provide that insurance benefits are payable either upon foreclosure (or other acquisition or possession) and conveyance of the mortgaged premises to the United States Department of Housing and Urban Development ("HUD") or upon assignment of the defaulted Mortgage Loan to HUD.

Upon default in the payment of a Mortgage Loan guaranteed by the VA, the VA has the option to either (i) pay the holder of the Mortgage Loan an amount not in excess of the pro-rata portion of the amount originally guaranteed or (ii) pay the holder of the Mortgage Loan the unpaid balance thereon plus accrued interest and receive an assignment of the Mortgage Loan and security. See "APPENDIX B – SUMMARY OF CERTAIN MORTGAGE INSURANCE PROGRAMS AND TEXAS FORECLOSURE LAWS."

Mortgage Lenders are required to submit various reports and information to the Department, including information concerning Mortgage Loans that are delinquent or in foreclosure, audited annual financial statements and annual certifications regarding compliance by the Mortgage Lender with the Agreement.

The Department may terminate the Agreement with respect to any Mortgage Lender upon the occurrence of certain events set forth in the Agreement. Within 30 days following such termination, a Mortgage Lender is required to deliver to the Department all Mortgage Loan files, all moneys in escrow relating to the Mortgage Loans serviced by such Mortgage Lender and all Revenues received by such Mortgage Lender not previously remitted to the Trustee.

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 (subject to adjustment upon written notice from the Department) of the outstanding principal amount of the Mortgage Certificates issued 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. 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 amount 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 amount 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

U.S. Bank National Association ("US Bank") will serve as Master Servicer of Mortgage Loans related to the Series B 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 June 30, 2015, TSM participates as Master Servicer for the Department for 491 Mortgage Loans financed with the proceeds of the Prior Bonds, which Mortgage Loans had an outstanding principal balance in the amount of $8,128,474.

CitiMortgage, Inc. ("CitiMortgage") is the Master Servicer for various Mortgage Loans financed pursuant to the Trust Indenture. As of June 30, 2015, CitiMortgage participates as Master Servicer for the Department for 480 Mortgage Loans financed with the proceeds of the Prior Bonds, which Mortgage Loans had an outstanding principal balance of $213,502.

Bank of America, N.A. ("Bank of America") is the Master Servicer for various Mortgage Loans financed pursuant to the Trust Indenture. As of June 30, 2015, Bank of America participates as Master Servicer for the Department for approximately 2,988 Mortgage Loans financed with the proceeds of the Prior Bonds, which Mortgage Loans had an outstanding principal balance of $337,377,077.

Under the terms of the servicing agreement relating to the Series 2015 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.

Miscellaneous

Enforcement of Mortgage Loans

The Department has covenanted in the Trust Indenture to diligently enforce, 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 Mortgage Loan interest and principal payments and all other amounts due the Department thereunder, to enforce any insurance policy or guaranty relating to a Mortgage Loan, and to foreclose Mortgages or to enforce the security interests for defaulting Mortgage Loans. 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 the Department shall determine to be in the best interests of the Department and the Bondholders and to forebear from taking action with respect to enforcement of a Mortgage Loan, if it determines such forbearance to be in the best interest of the Department and the Bondholders. The Department has the right under the Trust Indenture to refinance any Mortgage Loan if it will not adversely affect the tax-exempt status of interest on the Bonds (other than any taxable bonds).

Mortgage Pool Insurance

The Trust Indenture imposes no requirement for mortgage pool insurance upon the Series B Bonds or additional Bonds issued in the future. The Trust Indenture does require that, for Bonds issued prior to November 14, 1996, the Department use its best reasonable efforts to maintain a mortgage pool insurance policy in an amount at least equal to ten percent (10%) of the initial aggregate principal amount of Mortgage Loans acquired with the proceeds of all series of Bonds issued prior to November 14, 1996. Due to the fact that the cost of mortgage pool insurance was, at the time, prohibitively expensive, the Department established a mortgage pool self-insurance program in connection with its Series 1986A Bonds, Series 1986B Bonds, and Series 1987B Bonds. Similarly, the Department was unable to obtain mortgage pool insurance at commercially reasonable rates for Mortgage Loans to be provided with proceeds of the Series 1995 Bonds and Series 1996 Bonds. Instead, such Mortgage Loans have been included in Mortgage Certificates. Information concerning mortgage insurance and guaranty programs and the extent of the coverage provided thereby is contained in "APPENDIX B – SUMMARY OF CERTAIN MORTGAGE INSURANCE PROGRAMS AND TEXAS FORECLOSURE LAWS."

Sale of Mortgage Loans or Mortgage Certificates

The Department may sell the 2015 A Transferred Mortgage Certificates or the 2015 B Mortgage Certificates in whole or in part only upon delivery by the Department of (i) a statement of Projected Revenues establishing that such sale will not adversely affect the ability of the Department to pay when due the principal or the Redemption Price of and interest on the Bonds and (ii) written confirmation from each Rating Agency that such sale will not adversely affect the then current ratings on the Bonds (determined without regard to any bond insurance or similar credit enhancement). If proceeds from the sale of the 2015 A Transferred Mortgage Certificates or the 2015 B Mortgage Certificates are to be applied to the redemption of Series 2015 Bonds, such Series 2015 Bonds must be redeemed under the applicable optional redemption provision.

Investment of Funds

Moneys in all Funds other than the Debt Service Fund (except for the Debt Service Reserve Account therein) will be invested pursuant to the Depository Agreement with the Texas Treasury Safekeeping Trust Company in Investment Securities. See "TEXAS TREASURY SAFEKEEPING TRUST COMPANY." Moneys held or invested in all Funds and Accounts under the Trust Indenture (other than the Rebate Account, the Swap Agreement Termination Payment Subaccount and the Swap Agreement Termination Receipt Subaccount of the Surplus Revenues Account of the Revenue Fund and the Policy Payments Account) are for the equal and ratable benefit of all owners of the Bonds.

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The following table summarizes certain information as of June 30, 2015, regarding yields (calculated on the basis of stated maturity) on existing investments (valued at par) within the Float Fund in connection with outstanding Prior Bonds.

Fund or Account	Approximate Amount Invested (Par Value)	Investment Rate (%)	Investment Maturity Date	Investment Security / Investment Agreement Provider
1980 Single Family Surplus Rev	$ 19,688,375.26	6.08	9/30/2029	FGIC
1980 Single Family Surplus Rev	$ 149,645.37	0.07	Short Term	Greenwich Repo
1987 B Single Family	$ 7,203.63	0.07	Short Term	Greenwich Repo
1991 A S/F (1980 A Refunding)	$ 1,989,493.56	6.08	9/30/2029	FGIC
1991 A S/F (1980 A Refunding)	$ 744,287.59	0.07	Short Term	Greenwich Repo
1994 A&B SF (1983 Refunding)	$ 14,390.00	6.08	9/30/2029	FGIC
1994 A&B SF (1983 Refunding)	$ 76,731.84	0.07	Short Term	Greenwich Repo
1995 A&B Single Family	$ 11,978.52	6.08	9/30/2029	FGIC
1995 A&B Single Family	$ 3,900.57	0.07	Short Term	Greenwich Repo
1996 A-C Single Family	$ 14,506.02	0.07	Short Term	Greenwich Repo
1996 D&E Single Family	$ 308,498.36	0.07	Short Term	Greenwich Repo
1997 D-F Single Family	$ 228,370.85	0.07	Short Term	Greenwich Repo
2002 A-D SF MRB	$ 174,644.62	0.07	Short Term	Greenwich Repo
2002A Single Family (JR Lien)	$ 154,981.62	0.07	Short Term	Greenwich Repo
2004 A Single Family (JR Lien)	$ 115,651.28	0.07	Short Term	Greenwich Repo
2004 A/B Single Family	$ 5,917,040.73	3.96	3/1/2036	Transamerica Life
2004 A/B Single Family	$ 667,649.31	0.07	Short Term	Greenwich Repo
2004 CDEF Single Family	$ 3,167,021.93	3.80	3/1/2036	Transamerica Life
2004 CDEF Single Family	$ 578,081.62	0.07	Short Term	Greenwich Repo
2005 A SF	$ 2,474,995.44	3.37	9/1/2036	Transamerica Life
2005 A SF	$ 788,135.01	0.07	Short Term	Greenwich Repo
2005 BCD Single Family	$ 436,890.96	0.07	Short Term	Greenwich Repo
2006 ABCDE Single Family	$ 3,469,002.75	4.73	8/31/2037	CALYON
2006 ABCDE Single Family	$ 1,935,949.46	0.07	Short Term	Greenwich Repo
2006 FGH Single Family	$ 3,239,839.18	4.33	2/26/2036	CALYON
2006 FGH Single Family	$ 961,892.85	0.07	Short Term	Greenwich Repo
2007A Single Family	$ 3,903,593.68	4.32	9/1/2038	Transamerica Life
2007A Single Family	$ 1,109,055.69	0.07	Short Term	Greenwich Repo
2007B Single Family	$ 1,962,169.17	4.52	8/31/2039	CALYON
2007B Single Family	$ 850,457.59	0.07	Short Term	Greenwich Repo
2013A SF Refunding	$ 2,627,631.45	0.07	Short Term	Greenwich Repo
Grand Total	**$57,772,065.91**			

The ability of the Department to make timely payments of principal of and interest on the Series 2015 Bonds and the Prior Bonds, could be affected if the parties to the various investment agreements for 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 cash flow 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 in accordance with the applicable law, in particular the Public Funds Investment Act and as permitted by the applicable trust indenture.

PRIOR SWAP AGREEMENTS

In connection with the issuance of the certain Prior Bonds, the Department has entered into the following interest rate swap agreements with the respective swap providers described below (the "Prior Swap Providers"), as shown in the table below. Under each of the Prior Swap Agreements, the Department is obligated to make payments to the related Swap Provider at a fixed rate and is to receive from such Swap Provider a floating rate payment based upon the variable rate index shown in the table.

Related Series	Swap Provider	Initial Notional Amount	Fixed Rate	Variable Rate Index
2004 Series B	Bank of New York Mellon	$ 53,000,000	3.671%	65.5% of LIBOR + 0.20%
2004 Series D	Goldman Sachs Capital Markets, L.P.	$ 35,000,000	3.64%	Lesser of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR
2005 Series A	JPMorgan Chase Bank, N.A.	$100,000,000	4.01%	Lesser of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR
2006 Series H	Bank of New York Mellon	$ 36,000,000	3.857%	63% of LIBOR + .30%
2007 Series A	JPMorgan Chase Bank, N.A.	$143,005,000	4.013%	Lesser of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR

Scheduled payments under the Prior Swap Agreements are subordinate to payments of principal and interest on the Bonds. The Department's scheduled payments under the Prior Swap Agreements (other than the swaps associated with the 2006 Series H Bonds and the Series 2007A Bonds) are insured by Assured Guaranty Municipal Corp. (formerly Financial Security Assurance).

The Prior Swap Agreements present certain financial risks to the Department under the Indenture. See "BONDHOLDER RISKS – Swap Basis Risk" and" – Swap Termination Risk" herein, and Note 5 of APPENDIX D-1 – AUDITED FINANCIAL STATEMENTS OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS FOR THE FISCAL YEAR ENDED AUGUST 31, 2014.

PRIOR LIQUIDITY FACILITIES

General

In connection with the issuance of certain Prior Bonds, the Department entered into standby bond purchase agreements (the "Prior Liquidity Facilities") with the Tender Agent and the Comptroller (the "Prior Liquidity Provider"), which succeeded the original liquidity facility providers. The Bondholders of such Prior Bonds have the right, and in certain circumstances may be required, to tender such Prior Bonds at a purchase price equal to 100% of the principal amount thereof, plus accrued interest, if any, to the date of purchase. The purchase price of any such Prior Bonds tendered or deemed tendered for purchase and not remarketed by the purchase date will (subject to certain conditions) be payable from amounts made available under the respective Prior Liquidity Facilities.

Bond Series	Outstanding Bond Amount as of 6/30/2015	Bank Bonds as of 6/30/2015	Liquidity Provider	Liquidity Provider Expiration Date
2004B	$ 44,260,000	$ -	Texas Comptroller	12/31/2015
2004D	$ 29,585,000	$ -	Texas Comptroller	12/31/2015
2005A	$ 37,115,000	$ -	Texas Comptroller	12/31/2015
2006H	$ 36,000,000	$ -	Texas Comptroller	12/31/2015
2007A	$ 48,190,000	$ -	Texas Comptroller	12/31/2015
2004A JL Taxable	$ 3,855,000	$ -	Texas Comptroller	12/31/2015
2005C Taxable	$ 3,090,000	$ -	Texas Comptroller	12/31/2015

Variable Rate Bondholders and Liquidity Facilities

The Prior Liquidity Facilities are scheduled to expire prior to the scheduled final maturity of the related Prior Bonds. In connection with any such scheduled expiration, the Department may take various actions, including, but not limited to, extending, with the consent of the Comptroller, the scheduled expiration of the Prior Liquidity Facility, obtain a substitute liquidity facility to replace the existing Prior Liquidity Facility, or cause the related Prior Bonds to be converted to a fixed rate or to bear interest at an interest rate mode that does not require a liquidity facility. Under certain circumstances, the Prior Liquidity Provider may terminate a Prior Liquidity Facility without affording the applicable Bondholders a right to optionally tender their Prior Bonds. No assurance is given that the Department will be able or will choose to extend the scheduled expiration on any particular Prior Liquidity Facility or obtain a substitute liquidity facility to replace a Prior Liquidity Facility upon terms substantially similar to the terms of the existing Prior Liquidity Facility.

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