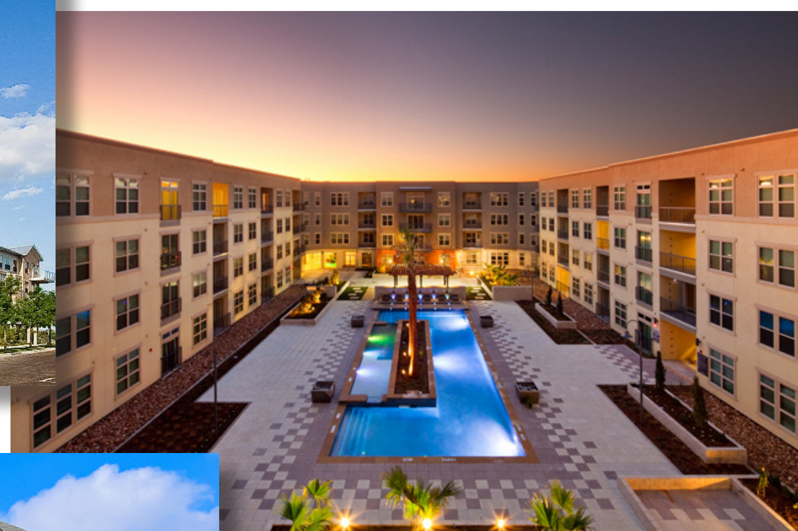
Texas Department of Housing & Community Affairs

Basic Financial Statements

For the Year Ended August 31, 2012

(With Independent Auditors' Report Thereon)



Texas Department of
Housing & Community Affairs
Building Homes. Strengthening Communities.

EQUAL HOUSING OPPORTUNITY

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

December 20, 2012

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The Honorable Rick Perry, Governor
The Honorable Susan Combs, Texas Comptroller
Ms. Ursula Parks, Director, Legislative Budget Board
Mr. John Keel, CPA, State Auditor

RE: AUDITED ANNUAL FINANCIAL REPORT

Dear Governor Perry, Comptroller Combs, Ms. Parks, and Mr. Keel:

We are pleased to submit the Annual Financial Report of the Texas Department of Housing and Community Affairs for the year ended August 31, 2012, in compliance with TEX. GOV'T CODE ANN. §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

The accompanying annual financial report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) reporting requirements. The financial report has been audited by an independent auditor as required by statute.

If you have any questions, please contact David Cervantes, Chief Financial Officer, at (512) 475-3875. Esther Ku may be contacted at (512) 475-3871 for questions related to the Schedule of Expenditures of Federal Awards.

Respectfully,

Timothy K. Irvine
Executive Director

TKI/tt

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Basic Financial Statements
for the year ended August 31, 2012

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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
Mr. Tom H. Gann, Vice Chair
Ms. Leslie Bingham Escareño
Mr. Lowell A. Keig
Mr. J. Mark McWatters
Dr. Juan Sanchez Muñoz

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the governmental fund, the proprietary fund, and the aggregate remaining fund information of the Department of Housing and Community Affairs (Department), as of and for the year ended August 31, 2012, which collectively comprise the Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Department's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the governmental fund, the proprietary fund, and the aggregate remaining fund information of the Department, as of August 31, 2012, 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.

In accordance with *Government Auditing Standards,* we have also issued our report dated December 20, 2012, on our consideration 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* and should be considered in assessing the results of our audit.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's financial statements. The supplementary bond schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

John Keel, CPA
State Auditor

December 20, 2012

MANAGEMENT’S

DISCUSSION AND ANALYSIS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the Texas Department of Housing and Community Affairs' (Department) annual financial report presents management's discussion and analysis of the Department's financial performance during the fiscal year that ended on August 31, 2012. Please read it in conjunction with the Department's financial statements, which follow this section.

The Department was created to assist local governments in helping residents overcome financial, social and environmental problems; to address very 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 Manufactured Housing Division is administratively attached to the Department and is responsible for establishing standards and requirements for the construction and installation of manufactured housing that are reasonably necessary to protect the health, safety and welfare of the occupants of such housing and the general public. The Manufactured Housing Division has a governing Board of five members appointed by the Governor.

The Department is governed by a Board, composed of seven members, all of whom are appointed by the Governor with the advice and consent of the Texas Senate.

Financial Highlights

- The Department's business-type activities net assets increased $18.8 million and governmental activities net assets decreased $58.8 million.

- The Department's proprietary fund experienced a decrease in operating income in the amount of $22.2 million to an operating income of $16.3 million. This impact on operating income resulted primarily from a decrease in the change in the fair value of investments in the amount of $26.7 million, a decrease of $3.9 million in interest expense, and a decrease of $1.6 million in expenses related to professional fees and services.

- The Department administers several significant programs under the Housing and Economic Recovery Act of 2008 (HERA) and the American Recovery and Reinvestment Act of 2009 (ARRA): Homelessness Prevention and Rapid Re-Housing Program (HPRP), Weatherization (ARRA DOE), Community Services Block Grant (ARRA CSBG), Tax Credit Assistance Program (TCAP), Housing Tax Credit Exchange (Exchange), and Neighborhood Stabilization Program (NSP). There was significant revenue reduction because most of the ARRA grants were phasing out during fiscal year 2012. HERA activities are expected to be significantly reduced in the next couple of years.

- Effective July 1, 2011, TDHCA is no longer responsible for the administration of the Community Development disaster recovery funding related to Hurricanes Rita, Katrina, Ike and Dolly. This grant has been transferred to the General Land Office. Therefore, our federal revenue was at a lower level in fiscal year 2012.

- Net Assets in the Department's Governmental Activities decreased from $496.6 million to $437.8 million. The majority of the change represents a decrease in long-term revolving loans and contracts. It is a combination of increase balances in loans associated with HOME, NSP and TCAP and transfers out of loans associated with CDBG.

- The Bond Program's debt outstanding of $2.4 billion as of August 31, 2012, decreased $36.6 million. Debt issuances and debt retirements totaled $88.0 million and $124.9 million, respectively.

- Loan originations in the Department's proprietary and governmental funds for the year totaled $18.8 million and $65.4 million, respectively.

- In accordance with Governmental Accounting Standards Board (GASB) Statement 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, 2012, the Department's five interest rate swaps had a total notional amount of $286.3 million and a negative $46.9 million fair value which was recorded in the deferred outflow of resources account and as a derivative swap liability.

Overview of the Financial Statements

The financial statements consist of three parts – management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two types of statements that present different views of the Department.

- The first set of statements is government-wide financial statements that provide information about the Department's overall financial position and results. These statements, which are presented on an accrual basis, consist of the Statement of Net Assets and the Statement of Activities.

- The remaining statements are fund financial statements of the Department's governmental, fiduciary and proprietary funds. The governmental fund's activities are funded primarily from federal funds that include General Revenue appropriations for which the Department follows a modified accrual basis of accounting. The Department's proprietary fund operates similar to business activities and follows an accrual basis of accounting.

- The basic financial statements also include a “Notes to Financial Statements” section which explains some of the information presented in the Government-wide and fund financial statements and provides additional detailed data.

- The Notes to the Financial Statements are followed by a “Supplementary Information” section, which presents supplementary bond information.

The remainder of this overview section of the management’s discussion and analysis explains the structure and contents of each of these statements.

Government-Wide Financial Statements

The Statement of Net Assets shows Governmental Activities and Business-Type Activities presented on a full accrual basis. The Statement of Activities presents a government-wide format of expenses, charges for services, operating grants and contributions and net expenses by both Governmental activities and Business-type activities. Both activities are further broken down by function and programs. The second section of the Statement of Activities shows general revenues not associated with a particular program but provides resources for the Department’s programs and operations. The fiduciary activity is not included in the government wide statements.

Statement of Net Assets – Governmental Activities

The following tables show a summary of changes from prior year amounts for governmental activities.

Texas Department of Housing and Community Affairs
Governmental Activities - Condensed Statement of Net Assets
As of August 31, 2012

	Governmental Activities		Increase / (Decrease)	
Assets	**2012**	**2011**	**Amount**	**%**
Legislative Appropriations	$ 3,089,410	$ 4,140,727	$ (1,051,317)	(25.4)
Federal Receivables	4,928,543	39,098,470	(34,169,927)	(87.4)
Internal Balances	(260,244)	-	(260,244)	-
Current Loans and Contracts	15,847,186	30,294,863	(14,447,677)	(47.7)
Other Current Assets	6,281,197	7,258,201	(977,004)	(13.5)
Non-Current Loans and Contracts	420,642,791	464,607,591	(43,964,800)	(9.5)
Capital Assets	180,194	146,994	33,200	22.6
Total Assets	450,709,077	545,546,846	(94,837,769)	(17.4)
Liabilities				
Accounts Payable	7,091,029	40,617,042	(33,526,013)	(82.5)
Interfund Payable	-	95,231	(95,231)	(100.0)
Deferred Revenues	3,651,052	4,961,627	(1,310,575)	(26.4)
Other Current Liabilities	1,721,306	2,869,117	(1,147,811)	(40.0)
Other Non-current Liabilities	402,657	403,273	(616)	(0.2)
Total Liabilities	12,866,044	48,946,290	(36,080,246)	(73.7)
Net Assets				
Invested in Capital Assets	180,194	146,994	33,200	22.6
Restricted	436,489,977	495,064,096	(58,574,119)	(11.8)
Unrestricted	1,172,862	1,389,466	(216,604)	(15.6)
Total Net Assets	$ 437,843,033	$ 496,600,556	$ (58,757,523)	(11.8)

Net Assets of the Department's governmental activities decreased by $58.8 million. The change was a result of a decrease in Restricted Net Assets, which primarily consists of loans associated with HOME, NSP and TCAP. Effective July 1, 2011, all CDBG disaster recovery activities conducted by the Department were transferred to the General Land Office (GLO). Loans associated with CDBG also were transferred to the GLO.

Legislative Appropriations decreased by $1.1 million. The decrease primarily represents a decreased balance in the Homeless Housing and Services Program (HHSP). This state funded program was appropriated during the 81st Legislative Session and will expire at end of fiscal year 2013.

The Department experienced a decrease in Federal Receivables of $34.2 million. This change occurred primarily because of the substantially decreased activities funded by the ARRA grants. Three ARRA grants administrated by the Department expired during the fiscal year. There were also decreased activities for LIHEAP and CSBG at year end. Similar changes were experienced in Accounts Payable as well.

Expenditure transfers after year end were reported in Interfund Payable in FY 2011. Those transactions were netted and reported as Internal Balances in FY 2012. The change is necessary in order to comply with GAAP requirements.

The Department experienced a $58.4 million decrease of Loans and Contracts. The variance represents the transfer of $115.3 million of current and non-current CDBG loans to the GLO. The decrease was offset by increased disbursement of new loans. During the fiscal year, loan balances for TCAP, NSP and HOME increased by approximately $12.8 million, $11.1 million, and $32.9 million, respectively.

The balance in Deferred Revenues decreased by $1.3 million. The change is associated with increases in Accounts Payable in several grants including HOME and DOE. In addition, there is a decrease in cash balance for the amount of $3.0 million in the Section 8 program and an increase of $2.7 million in TCAP. The cash decrease in Section 8 results from implementation of a new cash management procedure which is the transition from net restricted assets held by public housing authorities to the reserve being maintained by HUD. The increase in TCAP cash occurred due to program income received from loan repayments.

Included in Other Current Liability is primarily Payroll Payable. Also included in Other Current and Non-Current Liabilities is the Employees' Compensable Leave, which represents unpaid balances of employees' accumulated annual leave.

Business Type Activities

Texas Department of Housing and Community Affairs
Business-Type Activities
Condensed Statement of Net Assets

	Business-Type Activities		Increase / (Decrease)	
Assets	**2012**	**2011**	**Amount**	**%**
Current Assets:				
Cash & Investments	$ 216,889,370	$ 339,949,550	$ (123,060,180)	(36.2)
Loans and Contracts	22,965,121	14,938,316	8,026,805	53.7
Interest Receivable	13,466,690	13,799,643	(332,953)	(2.4)
Other Current Assets	1,316,626	2,904,129	(1,587,503)	(54.7)
Non-current Assets:				
Investments	1,351,615,865	1,232,370,854	119,245,011	9.7
Loans and Contracts	1,148,368,454	1,169,950,321	(21,581,867)	(1.8)
Capital Assets	126,508	104,237	22,271	21.4
Deferred Outflow of Resources	46,906,789	38,672,925	8,233,864	21.3
Other Non-Current Assets	9,298,283	8,912,941	385,342	4.3
Total Assets	2,810,953,706	2,821,602,916	(10,649,210)	(0.4)
Liabilites				
Current				
Interest Payable	27,799,612	29,103,084	(1,303,472)	(4.5)
Bonds Payable	117,013,054	237,154,879	(120,141,825)	(50.7)
Other Liabilities	19,066,514	23,453,970	(4,387,456)	(18.7)
Non-current				
Bonds Payable	2,243,400,303	2,159,880,108	83,520,195	3.9
Derivative Hedging Instrument	46,906,789	38,672,925	8,233,864	21.3
Other Non-current Liabilities	72,008,984	67,421,485	4,587,499	6.8
Total Liabilities	2,526,195,256	2,555,686,451	(29,491,195)	(1.2)
Net Assets				
Invested in Capital Assets	126,508	104,237	22,271	21.4
Restricted	201,984,440	179,534,185	22,450,255	12.5
Unrestricted	82,647,502	86,278,043	(3,630,541)	(4.2)
Total Net Assets	$ 284,758,450	$ 265,916,465	$ 18,841,985	7.1

Business Type Activities Cont'd

Net assets of the Department's Business-Type Activities increased $18.8 million, or 7.1%, to $284.8 million. Restricted net assets of the Department's proprietary fund increased $22.5 million or 12.5%. These restrictions are related to bond covenants and do not significantly affect the availability of resources for future use. Unrestricted net assets decreased $3.6 million or 4.2%.

Cash and investments decreased $3.8 million, or 0.2%, to $1.6 billion, which is reflective of the change in fair value of investments, interest earnings, fees and funds received related to the Housing Trust Fund. Program loans receivable (current and non-current) decreased $13.6 million, or 1.1%, to $1.2 billion, primarily as a result of loan payoffs related to the Department's Multifamily Bond Program and repayment of loans in the Housing Trust Fund Program.

The Department has $2.4 billion in bonds outstanding related to its revenue bonds. It has issued $88.0 million in revenue bonds. The Department's bonds have been rated AA+ by Standard & Poor's. Total bonds payable (current and non-current) decreased by $36.6 million, or 1.5%, due to the Department's monthly retirement of existing debt being greater than bond issuance. The $1.3 million decrease in total interest payable to $27.8 million is reflective of the decrease of the Department's debt. For more information on the Department's debt, refer to Note 5.

Statement of Activities

The Statement of Activities reflects the sources of the Department's changes in net assets as they arise through its various programs and functions. Single Family, Multifamily and Housing Trust Fund are shown as business-type activities, and other state and federal programs are shown as governmental activities. Federal and state assistance activities allocate various subsidy funds to local governments, nonprofit organizations or individuals.

A condensed Statement of Activities for the fiscal years ended August 31, 2011 and 2012 is shown in the table below.

Texas Department of Housing and Community Affairs
Condensed Statement of Activities
(In Thousands)

	Governmental Activities		Business-Type Activities		Total		% Change
	2012	2011	2012	2011	2012	2011	
Program Revenues:							
Charge for Services	$ 5,777	$ 5,646	$ 133,138	$ 130,146	$ 138,915	$ 135,792	2.3
Operating Grants and Contributions	436,515	1,207,918	-	-	436,515	1,207,918	(63.9)
Total Revenue	442,292	1,213,564	133,138	130,146	575,430	1,343,710	(57.2)
Total Expenses:	386,398	1,031,318	123,623	125,594	510,021	1,156,912	(55.9)
Net Revenue	55,894	182,246	9,515	4,552	65,409	186,798	(65.0)
General Revenues	7,492	22,007	6,761	39,850	14,253	61,857	(77.0)
Transfers	(122,144)	(9,276)	2,566	6,720	(119,578)	(2,556)	4,578.3
Change in Net Assets	(58,758)	194,977	18,842	51,122	(39,916)	246,099	(116.2)
Beginning Net Assets	496,601	301,624	265,916	214,794	762,517	516,418	47.7
Ending Net Assets	$ 437,843	$ 496,601	$ 284,758	$ 265,916	$ 722,601	$ 762,517	(5.2)

Governmental Activities

Revenues of the Department's Governmental Activities were received primarily from Operating Grants and Contributions. The majority of the revenues were from the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Health and Human Services (HHS). General Revenues are revenues appropriated to the Department in accordance with legislative acts and regulations.

Total program revenues decreased $771.3 million. This change consisted primarily of decreases in Operating Grants and Contributions as a result of expiring federal programs associated with the American Recovery and Reinvestment Act (ARRA) and the transfer of CDBG programs.

Expenses of the Department's Governmental Activities consisted primarily of Intergovernmental Payments and Public Assistance Payments. The Department distributes program funds to local providers, including local governments, nonprofit and for-profit organizations, community based organizations and real estate developers. The net impact to expenses is primarily due to decreased activities in the ARRA and CDBG programs.

Transfers are composed primarily of the transfer of excess Manufactured Housing collected revenues to the Comptroller's Office and the transfer of Housing Trust Fund from General Revenue to Texas Treasury Safekeeping Trust Company. The change is also a result of transferring $115.3 million of CDBG loans to the General Land Office.

Net Assets are primarily composed of Restricted Net Assets which primarily represent loan balances at year end. These restrictions, commitments or limitations will not significantly affect the availability of fund resources for future use.

Business-Type Activities

Revenues of the Department's Business-Type Activities were primarily from Charges for Services of $133.1 million and an increase in fair value of investments of $6.6 million. Charges for Services consist primarily of earned interest income on loans for the three housing lending programs. It also includes program investment income which is earned within the Department's bond programs, the investments and the income of which are restricted to those programs by a pledge to the respective bond indentures. Total charges for services increased $3.0 million which is primarily an increase in interest income on investments and a decrease in interest income on mortgage loans.

Expenses of the Department's Business-Type Activities consist primarily of interest expense of $99.6 million which decreased $3.9 million; professional fees and services of $2.7 million which decreased $1.6 million; and salaries and wages/payroll related expense of $11.1 million. The decrease in interest expense is a result of an increase of the frequency in the retirement of the Department's bonds and lower interest rates related to the Department's variable rate debt. The direct expenses also include Administrative Funds and overhead expenses, allocations involving production or monitoring activities of the Department, as well as internal and external costs.

Business-Type Activities Cont’d

The Department’s Business-Type Activities Charges for Services of $133.1 million exceeded expenses of $123.6 million by $9.5 million. Charges for Services, primarily interest income on loans and investment income, are intended to cover bond principal and interest expense as required by the bond indenture covenants. The Charges for Services also cover other direct expenses.

The Department’s Business-Type Activities also generated $204.9 thousand of unrestricted investment income, which was used primarily to pay administrative costs.

Fund Financial Statements

The fund financial statements provide more detailed information about the Department’s most significant funds and the Department as a whole. The Department has three types of funds:

- Governmental fund – The General Revenue Fund is the Department’s only Governmental Fund. It is the principal operating fund used to account for the Department’s general activities. The financing for this fund is authorized through state legislative appropriations either as committed or collected revenues. Federal and state programs are also reported within this fund. The Condensed Balance Sheet – Governmental Fund would be substantially the same as the Condensed Statement of Net Assets – Governmental-Activities; therefore, it is not included.

- Proprietary fund – The Department’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 issuance of taxable and tax-exempt bonds whose proceeds are used primarily to fund various types of loans to finance low and moderate-income housing. This fund also receives fee income from the Multifamily Tax Credit Program and Compliance fees collected for the purpose of covering the operating costs of the Department. The net assets of these funds represent accumulated earnings since their inception and are generally restricted for program purposes or debt service. The Condensed Balance Sheet – Proprietary Fund would be substantially the same as the Condensed Statement of Net Assets – Business-Type Activities; therefore, it is not included.

- Fiduciary Fund – The Fiduciary Fund is used to account for the assets held for distribution by the state as an agent for another entity for which the government has custodial responsibility and accounts for the flow of assets. It includes an Escrow Account and the Child Support Addenda Deducts Account.

Governmental Fund

Texas Department of Housing and Community Affairs
Governmental Fund
Condensed Statements of Revenues, Expenditures and Changes in Fund Balances

			Increase / (Decrease)	
OPERATING REVENUES	**2012**	**2011**	**Amount**	**%**
Legislative Appropriations	$ 7,847,161	$ 21,472,761	$ (13,625,600)	(63.5)
Federal Revenues	435,777,996	1,111,544,941	(675,766,945)	(60.8)
Federal Grant Pass-Through	730,723	95,741,310	(95,010,587)	(99.2)
Other Revenue	6,193,587	6,902,977	(709,390)	(10.3)
Total Operating Revenues	450,549,467	1,235,661,989	(785,112,522)	(63.5)
OPERATING EXPENDITURES				
Salaries and Wages	11,114,988	13,517,465	(2,402,477)	(17.8)
Payroll Related Costs	3,062,995	3,635,642	(572,647)	(15.8)
Professional Fess and Services	1,626,084	3,897,984	(2,271,900)	(58.3)
Federal Grant Pass-Through	-	7,648,717	(7,648,717)	(100.0)
Intergovernmental Payments	104,431,453	217,547,175	(113,115,722)	(52.0)
Public Assistance Payments	264,507,473	782,024,554	(517,517,081)	(66.2)
Other Operating Expenditures	2,291,035	3,346,053	(1,055,018)	(31.5)
Total Operating Expenditures	387,034,028	1,031,617,590	(644,583,562)	(62.5)
Excess of Revenues over Expenditures	63,515,439	204,044,399	(140,528,960)	(68.9)
Other Financing Sources (Uses)	(122,144,066)	(9,275,683)	(112,868,383)	1216.8
CHANGE IN FUND BALANCE	(58,628,627)	194,768,716	(253,397,343)	(130.1)
Beginning Fund Balance	498,021,742	303,345,722	194,676,020	64.2
Appropriations (Lapsed)	(764,781)	(92,696)	(672,085)	725.0
Ending Fund Balance	$ 438,628,334	$ 498,021,742	$ (59,393,408)	(11.9)

Revenues of the Department's governmental fund totaled $450.5 million. These revenues were generated by federal grants primarily from LIHEAP, CSBG, HOME and ARRA programs. Expenditures of $387.0 million consisted primarily of Intergovernmental and Public Assistance Payments.

Total revenues of the governmental fund decreased by $785.1 million in 2012. It primarily consisted of decreases in Legislative Appropriations, Federal Revenues and Federal Grant Pass-Through Revenues.

Legislative Appropriations decreased by $13.6 million. In 2011, the Legislature appropriated $10.0 million annually to fund the Homeless Housing and Services Program (HHSP). This funding is phasing out. Appropriation authority for Housing Trust Fund was also lower in fiscal year 2012.

Federal Revenues decreased by $675.8 million. There was a significant reduction in federal revenues related to ARRA grants. Three ARRA grants, HPRP, TCAP and Exchange, closed during the fiscal year. The ARRA grant awarded by the Department of Energy is expected to close in 2013 (activities were at significantly lower levels). HERA activities also declined.

Governmental Fund Cont’d

Additionally, the Department is no longer responsible for the administration of CDBG disaster recovery program as of July 1, 2011. It results in reductions in Federal Revenues, Federal Grant Pass-Through Revenues and Federal Pass-Through Expenditures.

The Department experienced similar changes in expenditures. Decreases in Salaries and Wages and Payroll Related Costs were primarily due to workforce reduction as a result of phasing out ARRA grants and the transfer of the CDBG grant.

The decrease of Professional Fees and Services was primarily attributed to the expiration of service contracts funded by the Department of Energy ARRA grant.

The decrease of the Intergovernmental and Public Assistance Payments was primarily due to phasing out of ARRA grants and transfer of the CDBG funding for disaster relief efforts. The decrease in Intergovernmental Payments primarily reflects a reduction of $41.8 million in ARRA grants and $69.7 million of CDBG funding. The decrease in Public Assistance Payments is primarily associated with decreased activities in ARRA, CDBG and LIHEAP grants of $435.1 million, $61.1 million and $21.1 million, respectively.

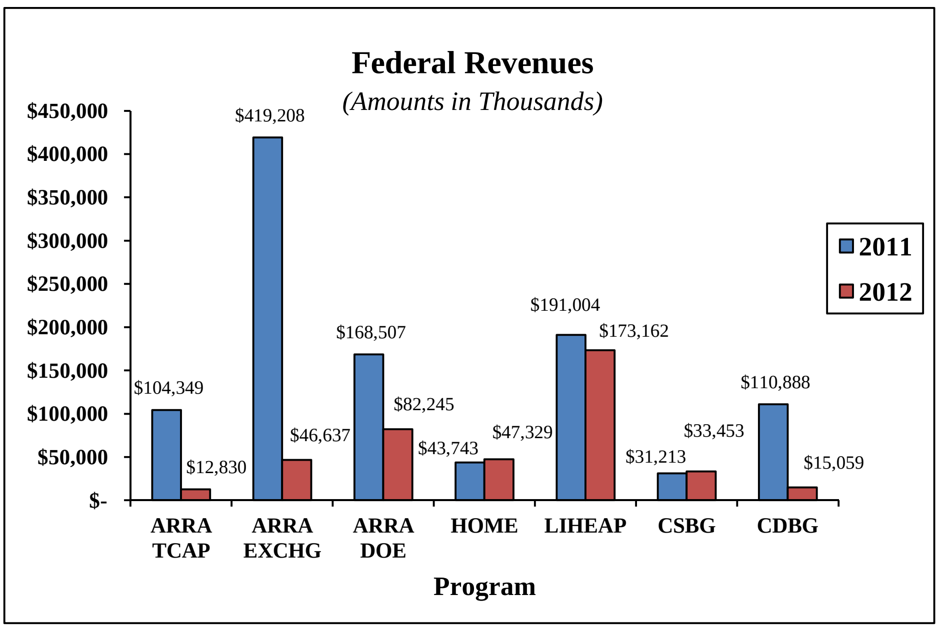
In fiscal year 2012, Other Financing Sources (Uses) consisted primarily of the transfer of CDBG loans to the General Land Office of approximately $115.3 million. It also included transfers of excess Manufactured Housing collected revenues to the Comptroller's Office. In addition, there was a decrease attributed to the transfer of Housing Trust Fund from General Revenue to Texas Treasury Safekeeping Trust Company. The lapse resulted from expired appropriations for appropriation years 2010 and 2011.

Governmental Fund Cont'd

The following graphs illustrate a comparison between fiscal year 2011 and 2012 for Federal Revenues, Intergovernmental and Public Assistance Payments. The acronyms used in the graphs are defined as follows:

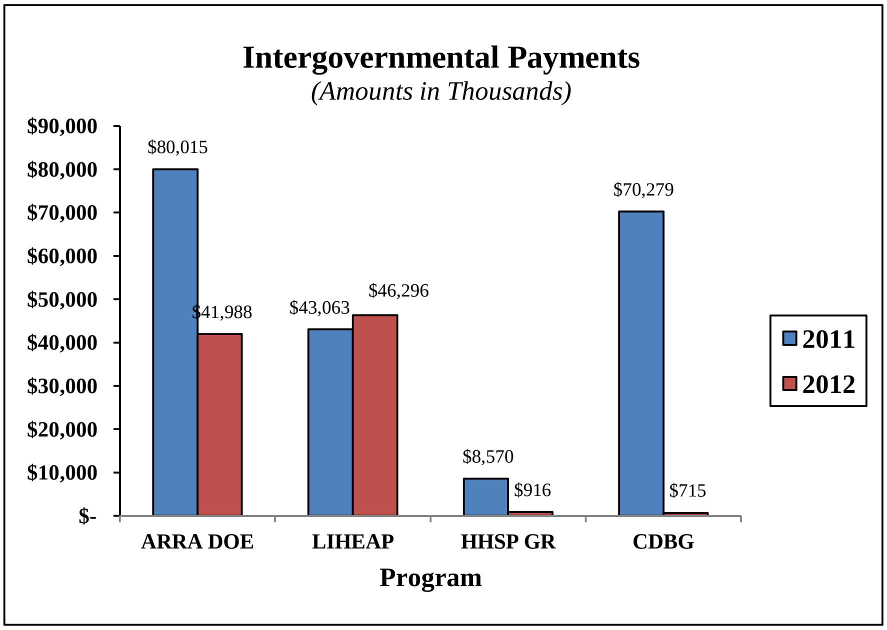
ARRA HPRP	Homeless Prevention and Rapid Re-Housing Program – Recovery Act
ARRA TCAP	Tax Credit Assistance Program – Recovery Act
ARRA EXCHG	Housing Tax Credit Exchange – Recovery Act
ARRA DOE	Department of Energy, Weatherization Assistance for Low-Income Persons – Recovery Act
HOME	HOME Investment Partnerships Program
LIHEAP	Low-Income Home Energy Assistance Program
CSBG	Community Services Block Grant
HHSP GR	Homeless Housing & Services Program-General Revenue
CDBG	Community Development Block Grant

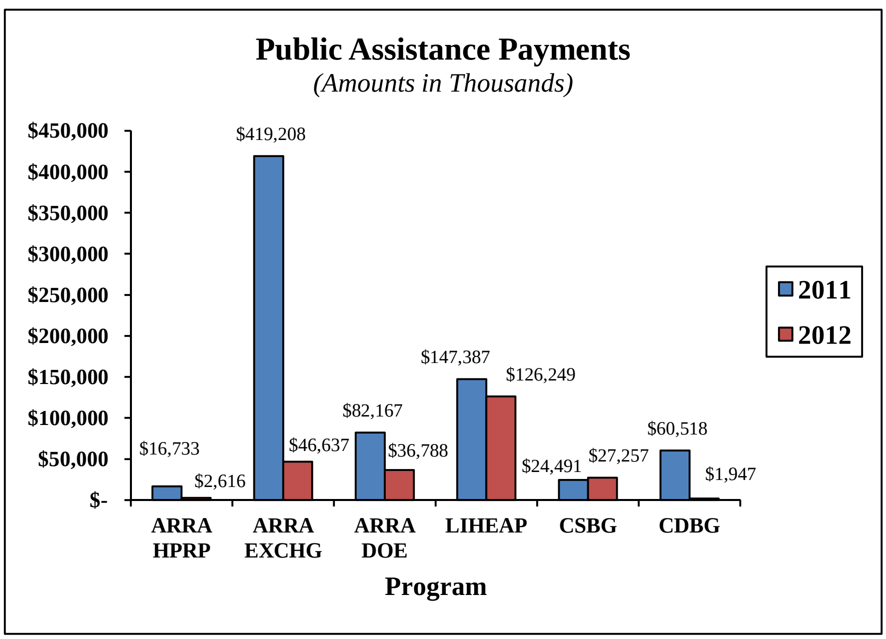
Federal Revenues: Receipts from the State's participation in programs financed with federal funds.



Governmental Fund Cont'd

Intergovernmental and Public Assistance Payments: Payment of grants to cities, counties, councils of government, community action groups and organizations for community service programs.





Proprietary Fund

The following table summarizes the Statement of Revenues, Expenses and Changes in Net Assets of the Department's proprietary fund for the fiscal years ended August 31, 2012 and August 31, 2011.

Texas Department of Housing and Community Affairs
Proprietary Fund
Condensed Statement of Revenues, Expenses and Changes in Net Assets

			Increase / (Decrease)	
OPERATING REVENUES	**2012**	**2011**	**Amount**	**%**
Interest and Investment Income	$ 111,751,451	$ 111,581,189	$ 170,262	0.15
Net Increase in Fair Value	6,556,694	33,223,121	(26,666,427)	(80.26)
Other Operating Revenues	21,590,954	19,247,915	2,343,039	12.17
Total Operating Revenues	139,899,099	164,052,225	(24,153,126)	(14.72)
OPERATING EXPENSES				
Professional Fees and Services	2,686,508	4,327,131	(1,640,623)	(37.91)
Depreciation Expense	662,320	685,204	(22,884)	(3.34)
Interest	99,621,702	103,484,220	(3,862,518)	(3.73)
Bad Debt Expense	2,412,304	950,488	1,461,816	153.80
Other Operating Expenses	18,239,918	16,147,320	2,092,598	12.96
Total Operating Expenses	123,622,752	125,594,363	(1,971,611)	(1.57)
Operating Income	16,276,347	38,457,862	(22,181,515)	(57.68)
NONOPERATING REVENUES		5,944,101	(5,944,101)	(100.00)
TRANSFERS	2,565,638	6,720,386	(4,154,748)	(61.82)
CHANGE IN NET ASSETS	18,841,985	51,122,349	(32,280,364)	(63.14)
Beginning Net Assets	265,916,465	214,794,116	51,122,349	23.80
Ending Net Assets	$ 284,758,450	$ 265,916,465	$ 18,841,985	7.09

Net assets of the Department's proprietary fund increased by $18.8 million, or 7.1 %, to $284.8 million.

Earnings within the Department's proprietary fund were $139.9 million of which $119.8 million is classified as restricted and $20.1 million is unrestricted.

Proprietary Fund Cont'd

Restricted earnings are composed of $111.3 million in interest and investment income, $6.6 million net increase in fair value of investments, and $2.0 million in other revenue. Interest and investment income are restricted per bond covenants for debt service. The net increase in fair value of investments is a combination of unrealized and realized gains and losses. Other revenue is predominately an accounting recognition of fees received in previous years that are deferred and are being amortized over a period of time.

Interest earned on program loans decreased by $3.8 million, or 7.0%, primarily due to a decrease in the Department's Multifamily Bond Program, resulting from lower interest rates related to variable rate debt and the corresponding mortgage loans.

Investment income increased $3.9 million or 6.8% due to higher investment yields. The primary changes in investment income were in the Single Family Revenue Bond Program funds that decreased $2.5 million, or 5.8%. The Residential Mortgage Revenue Bond Program increased $6.6 million or 47.9%.

The Net Increase in Fair Value of investments decreased by $26.7 million primarily due to a lower increase in the fair value of the Department's mortgage backed securities during the fiscal year.

Other Operating Revenues increased $2.3 million primarily due to an increase in collected fees related to the Department's various Housing Programs.

Interest expense decreased $3.9 million related to the Department's debt. One of the factors in this decrease is the Department's decision to pay down its bonds on a monthly basis as opposed to every six months. Another factor is a decrease in interest rates related to variable rate debt.

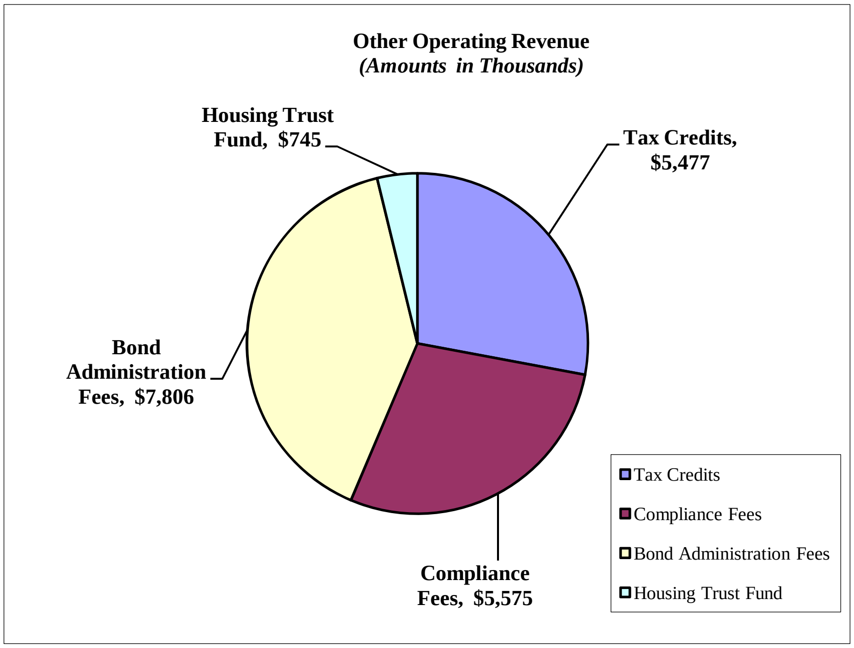
Unrestricted earnings are composed of $489.2 thousand in interest and investment income, $63.7 thousand related to the increase in fair value of investments and $19.6 million in other operating revenue.

Interest and investment income earned from unrestricted investments are used to support various housing initiatives such as the Housing Trust Fund and Bootstrap Programs. Sources for other operating revenues are fees from the Tax Credit Program, compliance fees, bond administrative fees, and miscellaneous interest earned from funds held by the Comptroller.

Fees earned under the Tax Credit Program are application fees, commitment fees and inspection fees. Yearly compliance fees are generated from the Department's portfolio of multifamily properties. The Department performs on-site visits and desk reviews to ensure the properties are in compliance with the various housing regulations. Bond administrative fees are generated yearly from the various bond issuances to support the Department's administrative expenses.

Proprietary Fund Cont'd

The graph below illustrates the composition of the $19.6 million in other operating revenue, classified as unrestricted earnings, according to the different housing programs.



The following table illustrates the changes in net assets by program of the Department's Proprietary Fund for fiscal years 2012 and 2011.

Texas Department of Housing and Community Affairs
Proprietary Fund
Changes in Net Assets by Program
(Amounts in Thousands)

Program	2012	2011	Increase / (Decrease) Amount	Increase / (Decrease) %
Single Family	$ 120,785	$ 123,147	$ (2,362)	(1.9)
RMRB	78,151	53,418	24,733	46.3
CHMRB	2,019	1,968	51	2.6
Multifamily	(1,086)	(563)	(523)	92.9
General Funds	13,204	14,459	(1,255)	(8.7)
Housing Trust Fund	63,404	66,462	(3,058)	(4.6)
Administration Fund	(194)	(1,081)	887	(82.1)
Housing Initiatives & Compliance	8,475	8,105	370	4.6
Total	$ 284,758	$ 265,915	$ 18,843	7.1

Proprietary Fund Cont'd

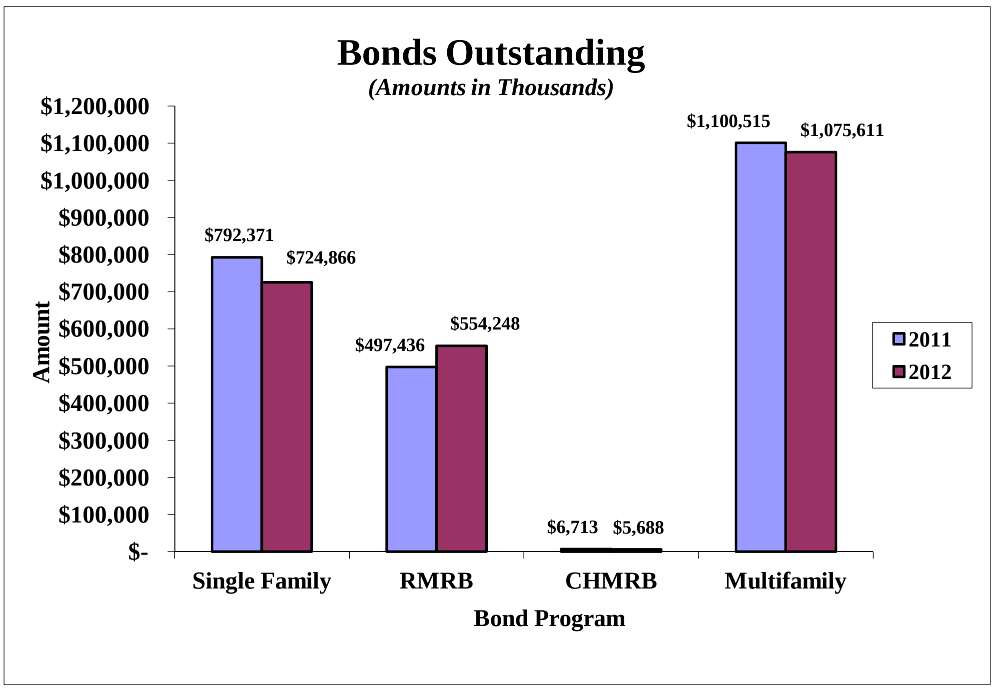
The net assets of the Single Family Bond Program decreased by $2.4 million or 1.9%, and the RMRB Bond Program increased $24.7 million or 46.3%, primarily due to an increase in fair value in investments and interest income on investments.

The net assets of the Housing Trust Fund decreased $3.1 million or 4.6% which is reflective of $3.9 million in grants funded during the year offset by transfers and interest income.

Department Debt

The Department's new debt issuances during fiscal year 2012 totaled $88.0 million related to the Residential Mortgage Revenue Bond Program. The Department also had $124.9 million in debt retirement during the year primarily due to consumer refinancing and prepayments of original loans. The net result was a decrease in bonds payable of $36.6 million to $2.4 billion of which $117.0 million is due within one year. For additional information, see Note 5, Bond Indebtedness, and supplementary bond information schedules.

The following graph illustrates a comparison of bonds outstanding between fiscal year 2011 and 2012 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' (TDHCA) 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.

BASIC

FINANCIAL STATEMENTS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT I
STATEMENT OF NET ASSETS - GOVERNMENT WIDE
As of August 31, 2012

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
ASSETS			
Current Assets:			
Cash and Cash Equivalents (Note 3):			
Cash on Hand	$ 200	$ 200	$ 400
Cash in Bank	20,000	157,633	177,633
Cash in State Treasury	-	1,537,148	1,537,148
Cash Equivalents	-	39,564,760	39,564,760
Restricted:			
Cash and Cash Equivalents (Note 3):			
Cash in Bank	-	3,733,376	3,733,376
Cash in State Treasury	5,781,623	-	5,781,623
Cash Equivalents	-	171,896,253	171,896,253
Loans and Contracts	15,847,186	20,788,222	36,635,408
Interest Receivable	-	13,347,514	13,347,514
Federal Receivable	4,928,543	-	4,928,543
Legislative Appropriations	3,089,410	-	3,089,410
Receivables From:			
Interest Receivable	30,304	119,176	149,480
Accounts Receivable	76,368	1,010,531	1,086,899
Other Intergovernmental	357,404	-	357,404
Internal Balances (Note 8)	(260,244)	260,244	-
Due From Other Funds (Note 8)	-	3,585	3,585
Due From Other Agencies (Note 8)	486	-	486
Consumable Inventories	14,812	14,812	29,624
Loans and Contracts	-	2,176,899	2,176,899
Other Current Assets	-	27,454	27,454
Total Current Assets	29,886,092	254,637,807	284,523,899
Non-Current Assets:			
Loans and Contracts	-	46,823,312	46,823,312
Capital Assets (Note 2):			
Depreciable or Amortizable, Net	180,194	126,508	306,702
Restricted Assets:			
Investments (Note 3)	-	1,351,615,865	1,351,615,865
Loans and Contracts	420,642,791	1,101,545,142	1,522,187,933
Deferred Outflow of Resources	-	46,906,789	46,906,789
Other Non-Current Assets:			
Deferred Issuance Cost, net (Note 5)	-	8,957,751	8,957,751
Real Estate Owned, net	-	340,532	340,532
Total Non-Current Assets	420,822,985	2,556,315,899	2,977,138,884
Total Assets	$ 450,709,077	$ 2,810,953,706	$ 3,261,662,783

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT I (Continued)
STATEMENT OF NET ASSETS - GOVERNMENT WIDE
As of August 31, 2012

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
LIABILITIES			
Current Liabilities:			
Payables:			
Accounts Payable	$ 7,091,029	$ 1,350,285	$ 8,441,314
Accrued Bond Interest Payable	-	27,799,612	27,799,612
Payroll Payable	1,154,883	-	1,154,883
Due To Other Funds (Note 8)	3,585	-	3,585
Deferred Revenues	3,651,052	17,155,843	20,806,895
Employees' Compensable Leave (Note 4)	562,838	503,344	1,066,182
Revenue Bonds Payable (Notes 4 & 5)	-	117,013,054	117,013,054
Other Current Liabilities	-	57,042	57,042
Total Current Liabilities	12,463,387	163,879,180	176,342,567
Non-Current Liabilities:			
Employees' Compensable Leave (Note 4)	402,657	417,303	819,960
Revenue Bonds Payable (Notes 4 & 5)	-	2,243,400,303	2,243,400,303
Derivative Hedging Instrument (Note 6)	-	46,906,789	46,906,789
Other Non-Current Liabilities (Note 4)	-	71,591,681	71,591,681
Total Non-Current Liabilities	402,657	2,362,316,076	2,362,718,733
Total Liabilities	12,866,044	2,526,195,256	2,539,061,300
NET ASSETS			
Invested in Capital Assets	180,194	126,508	306,702
Restricted	436,489,977	201,984,440	638,474,417
Unrestricted	1,172,862	82,647,502	83,820,364
Total Net Assets	$ 437,843,033	$ 284,758,450	$ 722,601,483

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT II
STATEMENT OF ACTIVITIES - GOVERNMENT WIDE
For the Year Ended August 31, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Assets, Primary Government: Governmental Activities	Business-type Activities	2012 Total
Primary Government						
Governmental Activities:						
Manufactured Housing	$ 5,190,629	$ 5,833,826	$ -	$ 643,197	$ -	$ 643,197
HOME Investment in Affordable Housing	14,222,714	(139,628)	47,328,958	32,966,616	-	32,966,616
Energy Assistance	179,720,053		179,867,801	147,748	-	147,748
Community Services	38,318,350		38,573,967	255,617	-	255,617
Community Development	199,260	56,340	597,557	454,637	-	454,637
Section 8	6,712,433		6,692,136	(20,297)	-	(20,297)
National Foreclosure Mitigation Counseling	747,890		747,890	-	-	-
Neighborhood Stabilization Program	3,759,596		14,868,018	11,108,422	-	11,108,422
Real Choice Systems Change Grant	330,000		330,000	-	-	-
Community Services Block Grant - ARRA	(8,789)		(8,789)	-	-	-
Homeless Prevention & Rapid Re-Housing-ARRA	3,381,016		3,397,016	16,000	-	16,000
DOE Weatherization Assistance - ARRA	81,741,879		82,245,255	503,376	-	503,376
Tax Credit Assistance Program - ARRA	-		12,830,490	12,830,490	-	12,830,490
Housing Tax Credit Exchange -ARRA	46,637,467		46,637,467	-	-	-
Homeless Housing & Services Program	1,191,389		-	(1,191,389)	-	(1,191,389)
Housing Trust Fund	1,860,311		-	(1,860,311)	-	(1,860,311)
Administration	2,393,946	26,768	2,407,068	39,890	-	39,890
Total Governmental Activities	386,398,144	5,777,306	436,514,834	55,893,996	-	55,893,996
Business-type Activities:						
Single Family Bonds	53,385,946	64,120,220	-	-	10,734,274	10,734,274
Multifamily Bonds	49,127,816	49,128,455	-	-	639	639
Housing Trust Fund Program	6,653,653	1,029,938	-	-	(5,623,715)	(5,623,715)
Administration	14,455,337	18,858,922	-	-	4,403,585	4,403,585
Total Business-type Activities	123,622,752	133,137,535	-	-	9,514,783	9,514,783
Total Primary Government	$ 510,020,896	$ 138,914,841	$ 436,514,834	55,893,996	9,514,783	65,408,779

General Revenues:	Governmental Activities	Business-type Activities	2012 Total
Original Appropriations	6,541,145	-	6,541,145
Additional Appropriations	1,306,016	-	1,306,016
Interest & Other Investment Income	68,074	204,870	272,944
Appropriations Lapsed	(764,781)	-	(764,781)
Other Revenues	342,093	-	342,093
Net Increase in Fair Value of Investments	-	6,556,694	6,556,694
Transfers In (Out) (Note 8)	(122,144,066)	2,565,638	(119,578,428)
Total General Revenues and Transfers	(114,651,519)	9,327,202	(105,324,317)
Change in Net Assets	(58,757,523)	18,841,985	(39,915,538)
Net Assets, September 1, 2011	496,600,556	265,916,465	762,517,021
Net Assets - August 31, 2012	$ 437,843,033	$ 284,758,450	$ 722,601,483

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT III
BALANCE SHEET - GOVERNMENTAL FUND
As of August 31, 2012

	Total
ASSETS	
Current Assets:	
Cash and Cash Equivalents (Note 3):	
Cash on Hand	$ 200
Cash in Bank	20,000
Restricted:	
Cash and Cash Equivalents (Note 3):	
Cash in State Treasury	5,781,623
Federal Receivable	4,928,543
Legislative Appropriations	3,089,410
Accounts Receivable	76,368
Receivables From:	
Other Intergovernmental	357,404
Interest	30,304
Due From Other Agencies (Note 8)	486
Consumable Inventories	14,812
Restricted - Loans and Contracts	15,847,186
Total Current Assets	30,146,336
Non-Current Assets:	
Restricted - Loans and Contracts	420,642,791
Total Non-Current Assets	420,642,791
Total Assets	450,789,127
LIABILITIES	
Current Liabilities:	
Payables:	
Accounts Payable	7,091,029
Payroll Payable	1,154,883
Interfund Payable (Note 8)	260,244
Due To Other Funds (Note 8)	3,585
Deferred Revenues	3,651,052
Total Liabilities	12,160,793
FUND FINANCIAL STATEMENT-FUND BALANCES	
Fund Balances:	
Nonspendable for Inventory	14,812
Restricted	435,510,695
Committed	486
Assigned	842,001
Unassigned	2,260,340
Total Fund Balances as of August 31	438,628,334
NOTE: Amounts reported for governmental activities in the statement of net assets are different because:	
Capital net assets net of accumulated depreciation used in governmental activities are not financial resources and therefore not reported in the funds.	180,194
Long term liabilities relating to employees' compensable leave are not due and payable in the current year therefore are not reported in the funds.	(965,495)
NET ASSETS AS OF AUGUST 31	$ 437,843,033

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT IV
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
Year Ended August 31, 2012

		Total
REVENUES		
Legislative Appropriations:		
Original Appropriations (GR)	$	6,541,145
Additional Appropriations (GR)		1,306,016
Federal Revenue (PR-OP G/C)		435,777,996
Federal Revenue Grant Pass-Thru Revenue (PR-OP G/C)		730,723
State Grant Pass-Through Revenue (PR-OP G/C)		6,114
Licenses, Fees & Permits (PR-C/S)		5,232,408
Interest and Other Investment Income (GR)		68,074
Sales of Goods and Services (PR-C/S)		544,898
Other (GR)		342,093
Total Revenues		450,549,467
EXPENDITURES		
Salaries and Wages		11,114,988
Payroll Related Costs		3,062,995
Professional Fees and Services		1,626,084
Travel		592,551
Materials and Supplies		215,902
Communication and Utilities		161,582
Repairs and Maintenance		278,627
Rentals & Leases		219,167
Printing and Reproduction		94,964
Claims and Judgments		260,011
Intergovernmental Payments		104,431,453
Public Assistance Payments		264,507,473
Other Expenditures		387,679
Capital Outlay		80,552
Total Expenditures		387,034,028
Excess of Revenues Over Expenditures		63,515,439
OTHER FINANCING SOURCES (USES)		
Transfers Out (Note 8)		(122,144,066)
Total Other Financing (Uses)		(122,144,066)
Net Change in Fund Balances		(58,628,627)
FUND FINANCIAL STATEMENT-FUND BALANCES		
Fund Balances--Beginning		498,021,742
Appropriations (Lapsed)		(764,781)
Fund Balances - August 31	$	438,628,334

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT IV (Continued)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
Year Ended August 31, 2012

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the statement of activities.

		Total
Net Change in Fund Balances (Exhibit IV)	$	(58,628,627)
Appropriations (Lapsed)		(764,781)
Changes in Fund Balances		(59,393,408)
Amounts reported for governmental activities in the Statement of Activities (Exhibit II) are different because of the adjustments to:		
- capital outlay expense		80,552
- depreciation expense		(47,352)
- payroll expense due to Compensable Leave		602,685
Changes in Net Assets, August 31 (Exhibit II)	$	(58,757,523)

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT V
STATEMENT OF NET ASSETS - PROPRIETARY FUND
August 31, 2012

	Total
ASSETS AND DEFERRED OUTFLOWS	
Current Assets:	
Cash and Cash Equivalents (Note 3)	
Cash on Hand	$ 200
Cash in Bank	157,633
Cash in State Treasury	1,537,148
Cash Equivalents	39,564,760
Restricted Assets:	
Cash and Cash Equivalents (Note 3)	
Cash in Bank	3,733,376
Cash Equivalents	171,896,253
Loans and Contracts	20,788,222
Interest Receivable	13,347,514
Receivable:	
Interest Receivable	119,176
Accounts Receivable	1,010,531
Interfund Receivable (Note 8)	260,244
Due From Other Funds (Note 8)	3,585
Consumable Inventories	14,812
Loans and Contracts	2,176,899
Other Current Assets	27,454
Total Current Assets	254,637,807
Non-Current Assets and Deferred Outflows:	
Loans and Contracts	46,823,312
Capital Assets: (Note 2)	
Depreciable or Amortizable, Net	126,508
Restricted Assets:	
Investments (Note 3)	1,351,615,865
Loans and Contracts	1,101,545,142
Deferred Outflow of Resources (Note 6)	46,906,789
Deferred Issuance Cost, net (Note 5)	8,957,751
Real Estate Owned, net	340,532
Total Non-Current Assets and Deferred Outflows	2,556,315,899
Total Assets and Deferred Outflows	$ 2,810,953,706

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT V (Continued)
STATEMENT OF NET ASSETS - PROPRIETARY FUND
August 31, 2012

		Total
LIABILITIES AND DEFERRED INFLOWS		
Current Liabilities		
Payables:		
Accounts Payable	$	1,350,285
Accrued Bond Interest Payable		27,799,612
Deferred Revenues		17,155,843
Employees' Compensable Leave (Note 4)		503,344
Revenue Bonds Payable (Notes 4 & 5)		117,013,054
Other Current Liabilities		57,042
Total Current Liabilities		163,879,180
Non-Current Liabilities and Deferred Inflows		
Employees' Compensable Leave (Note 4)		417,303
Revenue Bonds Payable (Note 4 & 5)		2,243,400,303
Derivative Hedging Instrument (Note 6)		46,906,789
Other Non-Current Liabilities (Note 4)		71,591,681
Total Non-Current Liabilities and Deferred Inflows		2,362,316,076
Total Liabilities and Deferred Inflows		2,526,195,256
NET ASSETS		
Invested in Capital Assets		126,508
Restricted		201,984,440
Unrestricted		82,647,502
Total Net Assets	$	284,758,450

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - PROPRIETARY FUND

For the fiscal year ended August 31, 2012

	Total
OPERATING REVENUES	
Interest and Investment Income	$ 111,751,451
Net Increase in Fair Value	6,556,694
Other Operating Revenues	21,590,954
Total Operating Revenues	139,899,099
OPERATING EXPENSES	
Salaries and Wages	8,895,266
Payroll Related Costs	2,192,633
Professional Fees and Services	2,686,508
Travel	208,490
Materials and Supplies	167,003
Communications and Utilities	92,241
Repairs and Maintenance	244,846
Rentals and Leases	66,662
Printing and Reproduction	43,650
Depreciation and Amortization	662,320
Interest	99,621,702
Bad Debt Expense	2,412,304
Down Payment Assistance	4,684,273
Other Operating Expenses	1,644,854
Total Operating Expenses	123,622,752
Operating Income	16,276,347
OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS	
Transfers In (Note 8)	2,565,638
Total Other Revenues, Expenses, Gains, Losses and Transfers	2,565,638
CHANGE IN NET ASSETS	18,841,985
Net Assets, September 1, 2011	265,916,465
NET ASSETS, AUGUST 31, 2012	$ 284,758,450

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VII
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the fiscal year ended August 31, 2012

		Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from Loan Programs	$	80,614,672
Proceeds from Other Revenues		19,116,190
Payments to Suppliers for Goods/Services		(10,978,747)
Payments to Employees		(11,200,660)
Payments for Loans Provided		(18,774,903)
Net Cash Provided by Operating Activities		58,776,552
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from Debt Issuance		89,915,374
Proceeds from Transfers from Other Funds		1,690,952
Payments of Principal on Debt Issuance		(124,602,840)
Payments of Interest		(101,565,152)
Payments for Other Cost of Debt		(1,732,736)
Net Cash (Used for) Noncapital Financing Activities		(136,294,402)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for Additions to Capital Assets		(59,362)
Net Cash (Used for) Capital Activities		(59,362)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments		261,963,551
Proceeds from Interest/Invest. Income		61,992,240
Payments to Acquire Investments		(368,750,670)
Net Cash (Used for) Investing Activities		(44,794,879)
Net (Decrease) in Cash and Cash Equivalents		(122,372,091)
Cash and Cash Equivalents, September 1, 2011		339,261,461
Cash and Cash Equivalents, August 31, 2012	$	216,889,370

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VII (Continued)
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the fiscal year ended August 31, 2012

		Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	$	16,276,347
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Amortization and Depreciation		662,320
Provision for Uncollectibles		2,412,304
Operating Income and Cash Flow Categories		
Classification Differences		25,493,333
Changes in Assets and Liabilities:		
Decrease in Receivables		517,523
Decrease in Accrued Interest Receivable		332,953
Decrease in Loans / Contracts		13,662,165
Decrease in Property Owned		65,118
(Increase) in Acquisition Costs		(450,459)
Decrease in Other Assets		938,843
(Decrease) in Payables		(799,696)
(Decrease) in Deferred Revenues		(1,777,629)
(Decrease) in Accrued Interest Payable		(1,303,472)
Increase in Other Liabilities		2,746,902
Total Adjustments		42,500,205
Net Cash Provided by Operating Activities	$	58,776,552

NON CASH TRANSACTIONS
Increase in Fair Value of Investments for 2012 was $3,877,168

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VIII
STATEMENT OF FIDUCIARY NET ASSETS
As of August 31, 2012

AGENCY FUND		**Total**
ASSETS		
Current Assets:		
Restricted:		
Cash in State Treasury	$	127,797
Total Current Assets		127,797
Total Assets	$	127,797
LIABILITIES		
Current Liabilities:		
Funds Held for Others	$	127,797
Total Current Liabilities		127,797
Total Liabilities	$	127,797

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

NOTES TO THE

FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ENTITY

The Texas Department of Housing and Community Affairs (Department) is an agency of the State of Texas and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' Reporting Requirements for State Agencies.

Effective September 1, 1991, the Department was created to assist local governments in helping residents overcome financial, social and environmental problems; to address very 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 (*Texas Government Code Ann., Chapter 2306*). The Department was created by merging two former agencies, the Texas Housing Agency and the Texas Department of Community Affairs.

The regulation of manufactured housing was transferred from the Texas Department of Licensing and Regulation to the Department on September 1, 1995. The Manufactured Housing Division is administratively attached to the Department and is responsible for issuing Statements of Ownership and Location, industry licensing, installation inspection, and consumer protection. The Manufactured Housing Division also serves as a State Administrative Agency, inspecting manufacturing plants on HUD's behalf. The Manufactured Housing Division has a governing Board of five members appointed by the Governor.

The Department is governed by a Board, composed of seven members, all of whom are appointed by the Governor with the advice and consent of the Texas Senate. The Board then appoints the Executive Director, with the approval of the Governor.

The accompanying financial statements of the Department have been prepared to conform with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

Component Units - No component units have been identified which should be included in the Department's financial statements.

FUND STRUCTURE

The government-wide financial statements are presented on the accrual basis of accounting and consist of the Statement of Net Assets and the Statement of Activities. Program revenues include charges to customers who purchase, use or directly benefit from services or privileges provided by the Department and grants/contributions that are restricted to meeting the operational requirements of a particular program. The fiduciary activity is not included in the government-wide statements.

The accompanying financial statements are presented on the basis of funds, each of which is considered a separate accounting entity.

Governmental Fund

The Governmental Fund is the principal operating fund used to account for most of the Department's general activities. It accounts for all financial resources except those accounted for in other funds.

Proprietary Fund Types

Enterprise Funds (Business-Type Activity)
Enterprise Funds account for operations financed and operated in a manner similar to private business. The intent is to recover costs through user charges and where a periodic determination of revenues earned, expenses incurred, and net income are appropriate for management control, accountability, contractual obligations and other purposes.

Fiduciary Fund Types

Agency Funds
Agency funds are used to account for assets the government holds on behalf of others in a purely custodial capacity. Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. The fiduciary activity is not included in the government-wide financial statements.

Basis of Accounting

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Governmental funds are accounted for using the modified accrual basis of accounting. Under modified accrual, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year end. The Department considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year for the Fund Financial Statements prepared on the modified accrual basis of accounting. Expenditures and other uses of financial resources are recognized when the related liability is incurred except for certain long-term liabilities.

The Government-wide Financial Statements are accounted for using the accrual method of accounting. This includes unpaid Employee Compensable leave, capital assets and accumulated depreciation.

Proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Proprietary Funds distinguish operating from non-operating items. Operating revenues result from providing services or producing and delivering goods in connection with the proprietary fund's principal ongoing operations. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Agency funds are custodial in nature and do not involve measurement of operations and provide the most appropriate mechanism for accounting for assets and liabilities.

The Department has elected not to apply Financial Accounting Standards Board pronouncements issued after November 30, 1989 as allowed by GASB Statement No. 20.

BUDGET AND BUDGETARY ACCOUNTING

The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act). The state monitors its statewide budget by establishing the legal level of control at the agency level to ensure that expenditures are not made in excess of budgetary authority. Within the Department, procedures are used to ensure that expenditures do not exceed their total budget at the division level, but the State Comptroller ultimately ensures that each total authorized agency budget is not exceeded.

Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

ASSETS, LIABILITIES AND FUND BALANCES/NET ASSETS

Assets

Cash and Cash Equivalents
Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents.

Investments
Investments are stated at fair value in accordance with Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* (GASB Statement 31). The Department utilizes established quoted market prices for determining the fair value of its debt securities in reserve funds. Fair value of the Department's securitized mortgage loans Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC) has been established by each bond issue's trustee using a pricing service.

The Department has reported all investment securities at fair value as of August 31, 2012 with exception of some short-term money market investments, and nonparticipating interest-earning investments contracts which are reported at amortized cost provided that the fair value of these investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors.

Changes in the fair value of investments for the Enterprise Fund are reported in the Statement of Revenues, Expenses, and Changes in Net Assets-Proprietary Fund as "Net Increase in the Fair Value of Investments." These investments are held and pledged per bond covenants and are intended to be held until maturity. The sale of these assets is considered to be incidental to the Department's course of business and any gain/loss on the sale is reported as "Net Increase in the Fair Value of Investments."

Restricted Assets
Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets in the Governmental Fund include federal grants which are restricted by the grantor for specific program purposes. The Proprietary Fund includes certain assets pledged to respective bond indentures, the use of which is restricted by those same bond covenants.

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Consumable Inventories
Consumable inventories consist of postage on hand at year-end. Inventories for governmental fund types and proprietary fund types are accounted for using the consumption method of accounting. Specific identification is the method used to determine the cost of inventories. The costs of these items are expensed when the items are consumed.

Capital Assets
Assets with an initial, individual cost meeting the thresholds established by the Comptroller's Office and an estimated useful life in excess of one year are capitalized. The capitalization threshold for furniture and equipment is $5,000. Other Capital Assets which are lease-hold improvements have a capitalization threshold of $100,000. Effective September 1, 2009, the Comptroller's Office increased the capitalization threshold for Computer software from $5,000 to $100,000. Currently, the Department's computer software is reflective of the $5,000 threshold. The assets are capitalized at cost or, if donated, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all "exhaustible" assets. Assets are depreciated over the estimated useful life of the asset (5 years for both Furniture & Equipment and Other Capital Assets) using the straight-line method.

All capital assets acquired by proprietary funds are reported at cost or estimated historical cost, if actual historical cost is not available. Donated assets are reported at fair value on the donation date. Depreciation is charged to operations over the estimated useful life of each asset using the straight-line method.

Loans and Contracts
Loans and contracts consist of loans in the Governmental Fund made from federal funds for the purpose of Single Family loans and Multifamily development loans from the HOME, Tax Credit Assistance Program (TCAP) and Neighborhood Stabilization Program (NSP) grants.

Restricted loans and contracts in proprietary funds consist of mortgage loans made from Single Family and Multifamily bond proceeds. Unrestricted loans and contracts consist of Single Family loans and Multifamily development loans from the Housing Trust Fund and other Housing Initiative Programs. Loans receivable are carried at the unpaid principal balance outstanding, net of the allowance for estimated losses. Deferred commitment fees relating to the Single Family, Residential Mortgage Revenue Bonds (RMRB) Series 1987A and certain Multifamily programs are included as a reduction of loans receivable. 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 they are past due 90 days as to either principal or interest or when payment in full of principal and interest is not expected. Deferred commitment fees are recognized using the interest method over the estimated lives of the loans.

Deferred Outflow of Resources
The Department identified its derivative instruments and measured their effectiveness in accordance with Government Accountant Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments.* The Department contracted a service provider to measure its derivative effectiveness. Since the derivative instruments were deemed to be effective, the Department will be deferring the changes in fair value for these derivatives and reporting them as a deferred outflow of resources.

Real Estate Owned
Real estate owned are properties acquired through foreclosure that 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, which approximates the net realizable value of the property at foreclosure.

Loans secured by Single Family properties on which there is an indication that the borrower no longer has the ability to repay the loan and that foreclosure is likely are considered in-substance foreclosures and are classified as real estate owned in the accompanying balance sheet. Interest on real estate owned is credited to income as earned based on a calculation of interest recoverable in accordance with the Department's agreements with its mortgage insurers.

Allowance for Estimated Losses on Loans and Foreclosed Properties
The allowance for estimated losses on loans is calculated for future charge-offs on Single Family and Multifamily loans. The allowance for estimated losses on real estate owned is calculated for future charge-offs on foreclosed Single Family loans.

All losses are charged to the allowance when the loss actually occurs or when a determination is made that a loss is likely to occur. Periodically, management estimates the 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 credited 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 additions may be necessary based on changes in economic conditions. However, it is the judgment of management that allowances are currently adequate to absorb reasonably foreseeable losses in the existing loan and real estate owned portfolios.

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

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

Liabilities

Accounts Payable
Accounts payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Other Current Liabilities
Other current liabilities primarily consist of escrow fees and arbitrage rebate liability.

Deferred Revenues
Deferred Revenues in the proprietary fund represent fees such as commitment fees and compliance fees that are deferred upon receipt and amortized over a period of time. Deferred Revenues in the governmental fund represent federal revenues that have not been earned but are available at fiscal year-end in the amount that revenues exceed expenditures.

Employees' Compensable Leave Balances
Employees' Compensable Leave Balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the statement of net assets.

Bonds Payable – Revenue Bonds
Revenue bonds are accounted for in the proprietary funds. The bonds payable are reported at par less unamortized discount or plus unamortized premium. Interest expense is reported on the accrual basis, with amortization of discount or premium. Payables are reported separately as either current or noncurrent in the statement of net assets.

Discounts and Premiums on Debt
Discounts and premiums on debt are recognized using the interest method over the lives of the bonds to which they relate. Prepayments on the bonds result in the proportionate amortization during the current year of the remaining balance of discounts and premiums related to that debt.

Derivative Hedging Instrument
Per GASB Statement No. 53, the Department is to recognize its interest rate swaps at fair value on the Statement of Net Assets. For the year ended August 31, 2012, the fair value of the Department's five swaps is considered to be negative indicating the Department would be obligated to pay the counterparty the fair value as of the termination date. The Department has the option to terminate prior to the maturity date.

Other Non-current Liabilities
Other non-current liabilities primarily account for funds due to Developers as a result of Multifamily bond proceeds. 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 developers' fluctuation in cash flow needs, the current portion cannot be reasonably estimated.

Fund Balance/Net Assets

Fund Balance/Net Assets – "Net assets" is the difference between fund assets and liabilities on the government-wide and proprietary fund statements. "Fund balance" is the difference between fund assets and liabilities on the governmental fund statements.

Fund Balance Components

Nonspendable Fund Balance
Includes amounts that cannot be spent because they are either (1) not in a spendable form or (2) legally or contractually required to be maintained intact.

Restricted Fund Balance
Includes those resources that have constraints placed on their use through external parties or by law through constitutional provisions.

Committed Fund Balance
Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Texas Legislature, the state's highest level of decision-making authority.

Assigned Fund Balance
Includes amounts constrained by the state's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (1) the Texas Legislature or (2) a body (for example, a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance
This is the residual classification for the governmental fund. This classification represents fund balance that has not been assigned to other funds and has not been restricted, committed or assigned to specific purposes within the governmental fund.

Net Assets Components

Invested in Capital Assets
Includes amounts for capital assets net of accumulated depreciation. There is no debt associated with these capital assets.

Restricted Net Assets
Includes amounts restricted through bond covenants.

Unrestricted Net Assets
Includes amounts that do not fall under the Invested in Capital Assets or Restricted Net Assets categories.

Interfund Transactions and Balances

Transfers
Legally required transfers that are reported when incurred as “Transfers In” by the recipient fund and as “Transfers Out” by the disbursing fund.

Legislative Sources/Uses
Budget transfers between agencies within the General Revenue Fund (0001).

Quasi-External Transactions
Charges or collections for services rendered by one fund to another that are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

Interfund Receivables and Payables
Interfund receivables and payables are netted within the governmental and proprietary funds. The amounts due between governmental and business-type activities are netted to the Internal Balances line item on the Statement of Net Assets – Government Wide.

NOTE 2: CAPITAL ASSETS

Capital Assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Depreciation and amortization was reported in the Statement of Activities in the Administration Function for Business-Type Activities in the amount of $37,091 and $47,351 for Governmental Activities. A summary of changes in Capital Assets for the year ended August 31, 2012, is presented below:

	PRIMARY GOVERNMENT				
	Balance 09/01/11	Adjustments	Additions	Deletions	Balance 08/31/12
GOVERNMENTAL ACTIVITIES					
Depreciable Assets					
Furniture and Equipment	$ 568,378	$ -	$ 80,552	$ (25,853)	$ 623,077
Other Capital Assets	130,964	-	-	-	130,964
Total Depreciable Assets	$ 699,342	$ -	$ 80,552	$ (25,853)	$ 754,041
Less Accumulated Depreciation for:					
Furniture and Equipment	$ (423,059)	$ -	$ (46,012)	$ 25,853	$ (443,218)
Other Capital Assets	(130,963)	-	-	-	(130,963)
Total Accumulated Depreciation	(554,022)	-	(46,012)	25,853	(574,181)
Depreciable Assets, Net	$ 145,320	$ -	$ 34,540	$ -	$ 179,859
Amortizable Assets - Intangible					
Computer Software	$ 1,307,012	$ -	$ -	$ -	$ 1,307,012
Total Amortizable Assets - Intangible	$ 1,307,012	$ -	$ -	$ -	$ 1,307,012
Less Accumulated Amortization for:					
Computer Software	$ (1,305,338)	$ -	$ (1,339)	$ -	$ (1,306,677)
Total Accumulated Amortization	(1,305,338)	-	(1,339)	-	(1,306,677)
Amortizable Assets - Intangible, Net	$ 1,674	$ -	$ (1,339)	$ -	$ 335
Governmental Activities Capital Assets, Net	$ 146,994	$ -	$ 33,200	$ -	$ 180,194
BUSINESS-TYPE ACTIVITIES					
Depreciable Assets					
Furniture and Equipment	$ 443,631	$ -	$ 59,362	$ (13,596)	$ 489,397
Other Capital Assets	132,279	-	-	-	132,279
Total Depreciable Assets	$ 575,910	$ -	$ 59,362	$ (13,596)	$ 621,676
Less Accumulated Depreciation for:					
Furniture and Equipment	$ (341,187)	$ -	$ (35,657)	$ 13,596	$ (363,248)
Other Capital Assets	(132,279)	-	-	-	(132,279)
Total Accumulated Depreciation	(473,466)	-	(35,657)	13,596	(495,527)
Depreciable Assets, Net	$ 102,444	$ -	$ 23,705	$ -	$ 126,149
Amortizable Assets - Intangible					
Computer Software	$ 679,785	$ -	$ -	$ -	$ 679,785
Total Amortizable Assets - Intangible	$ 679,785	$ -	$ -	$ -	$ 679,785
Less Accumulated Amortization for:					
Computer Software	$ (677,992)	$ -	$ (1,434)	$ -	$ (679,426)
Total Accumulated Amortization	(677,992)	-	(1,434)	-	(679,426)
Amortizable Assets - Intangible, Net	$ 1,793	$ -	$ (1,434)	$ -	$ 359
Business-Type Activities Capital Assets, Net	$ 104,237	$ -	$ 22,271	$ -	$ 126,508

NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS

The Department is authorized by statute to make investments following the "prudent person rule" and its Investments Policy adopted by the Board for all funds except funds invested under a trust indenture. Each trust indenture sets the authorized investments for that particular trust indenture. There were no significant violations of legal provisions during the period.

As of August 31, 2012, the fair value of investments not under trust indentures and subject to the Department's investment policy was $40,195,306 or 2.6%. The remaining $1,522,881,572 or 97.4% is excluded from the Department's investment policy but is governed by the bond trust indentures.

Deposits of Cash in Bank

As of August 31, 2012, the carrying amount of deposits was $11,229,780.

Governmental and Business-Type Activities	
CASH IN BANK - CARRYING VALUE	$ 11,229,780

Governmental Funds Current Assets Cash in Bank	$ 20,000
Governmental Funds - Cash in State Treasury	5,781,623
Proprietary Funds - Cash in State Treasury	1,537,148
Texas Treasury Safekeeping Trust	157,633
Texas Treasury Safekeeping Trust	2,771,321
Demand Deposits	962,055
Cash in Bank	$ 11,229,780

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, 2012 the Department's cash and deposits in the State Treasury amounted to $7,318,771. Of that amount, $7,318,771 was fully collateralized by securities held with a trustee in the State's name, as reported to the Department by the Comptroller of Public Accounts of the State of Texas. The remaining $3,911,009 was fully collateralized with a trustee in the Departments name.

Investments

The types of investments in which the Department may invest are restricted by the provisions of the master bond indentures and the Department's Investment Policy adopted by its Board. 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 $105,274,860 in overnight repurchase agreements maturing on the following business day, September 4, 2012, at a rate of .15%.

At August 31, 2012, the fair value of investments (including both short-term and long-term) and cash equivalents are shown below.

Business Type Activities	**Carrying Value**	**Fair Value**
U.S. Government		
U.S. Government Agency Obligations	$ 1,194,744,564	$ 1,325,925,981
Repurchase Agreements (TTSTC)	105,274,860	105,274,860
Fixed Income Money Markets	106,186,153	106,186,153
Misc (Investment Agreements/GICs)	25,689,884	25,689,884
Total	$ 1,431,895,461	$ 1,563,076,878

NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS Cont'd

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. The trust indentures which account for 97.4% of the portfolio do not address credit risk. The Department's investment policy covers the remaining 2.6% of investments. 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, 2012, 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			$156,730,604	
Repurchase Agreements (TTSTC)	$105,274,860			
Misc (Investment Agreements/GICs)	$25,689,884			

	Not Rated	AAA-M	AA-M	A-M
Fixed Income Money Market		$106,186,153		

A total of $1,169,195,377 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, 2012, the Department's concentration of credit risk is as follows.

Issuer	Carrying Value	% of Total Portfolio
Warburg	$105,274,860	6.74%

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 trust indentures which account for 97.4% of the investment portfolio do not address interest rate risk. The Department's investment policy covers the remaining 2.6% of investments. Interest rate risk is mitigated 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.

NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS Cont'd

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)

Government and 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	1,325,925,981	$ -	$ -	$ 2,064,636	$1,323,861,345
Repurchase Agreements (TTSTC)	105,274,860	105,274,860			
Fixed Income Money Markets	106,186,153	106,186,153			
Misc (Investment Agreements/GICs)	25,689,884	-			25,689,884
Total	$ 1,563,076,878	$ 211,461,013	$ -	$ 2,064,636	$ 1,349,551,229

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 other fluctuation in fair value generates an unrealized gain or loss. As of August 31, 2012, the Department holds $1,325,925,981 in mortgage backed securities.

NOTE 4: SUMMARY OF LONG TERM LIABILITIES

Changes in Long-Term Liabilities

During the year ended August 31, 2012, the following changes occurred in liabilities.

Governmental Activities	Balance 09/01/2011	Additions	Reductions	Balance 08/31/2012	Amounts Due Within One Year
Compensable Leave	$ 1,568,180	$ 714,937	$ 1,317,622	$ 965,495	$ 562,838
Total Governmental Activities	$ 1,568,180	$ 714,937	$ 1,317,622	$ 965,495	$ 562,838

Business-Type Activities	Balance 09/01/2011	Additions	Reductions	Balance 08/31/2012	Amounts Due Within One Year
Revenue Bonds Payable	$ 2,397,034,987	$ 89,623,564	$ 126,245,194	$ 2,360,413,357	$ 117,013,054
Compensable Leave	1,139,700	602,041	821,094	920,647	503,344
Total Business-Type Activities	$ 2,398,174,687	$ 90,225,605	$ 127,066,288	$ 2,361,334,004	$ 117,516,398

Employees' Compensable Leave
A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal or separation from State employment, provided the employee has had continuous employment with the State for six months. This obligation is paid only at the time of termination, usually from the same funding source(s) from which the employee's salary or wage compensation was paid. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the Statement of Net Assets. An expense and liability for proprietary fund types are recorded in the proprietary funds as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Revenue Bonds Payable
The Department issues bonds to assist in financing the purchase of homes 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 5 for more information.)

Other Non-current Liabilities
Other non-current liabilities in the Proprietary Fund totaling $71,591,681 primarily account for funds due to Developers as a result of Multifamily unexpended bond proceeds and Developer deposits which have corresponding investment balances adjusted to market value. These proceeds are conduit debt issued on behalf of the Developers for the purpose of Multifamily developments and are held by the trustees. Due to the various variables related to the balance, the current portion cannot be reasonably estimated.

NOTE 5: BOND INDEBTEDNESS

The Department has 132 bond series outstanding at August 31, 2012. 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 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 1-A, 1-B, 1-C, 1-D and 1-E.)

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.

Bond contractual maturities (principal only) at August 31, 2012, are as follows (in thousands):

Description	2013	2014	2015	2016	2017	2018 to 2022
Single-family	$ 11,925	$ 12,115	$ 13,310	$ 14,675	$ 15,475	$ 89,265
RMRB	86,375	9,020	9,310	9,565	9,980	55,745
CHMRB						
Multifamily	18,431	9,553	10,151	10,811	11,600	71,250
Total	$ 116,731	$ 30,688	$ 32,771	$ 35,051	$ 37,055	$ 216,260

Description	2023 to 2027	2028 to 2032	2033 to 2037	2038 to 2042	2043 to 2047	Total
Single-family	$ 159,905	$170,540	$ 199,990	$ 33,700	$	$ 720,900
RMRB	73,550	95,705	105,510	96,845		551,605
CHMRB	5,600					5,600
Multifamily	159,928	125,846	218,570	311,542	128,123	1,075,805
Total	$ 398,983	$392,091	$ 524,070	$ 442,087	$128,123	$ 2,353,910

NOTE 5: BOND INDEBTEDNESS Cont'd

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, 2012, are as follows (in thousands):

Description	2013	2014	2015	2016	2017	2018 to 2022
Single-family	$ 21,883	$ 21,364	$ 20,821	$ 20,287	$ 19,753	$ 90,531
RMRB	17,651	17,228	17,009	16,756	16,471	76,799
CHMRB	371	408	371	408	371	1,927
Multifamily	47,597	47,028	46,460	45,855	45,204	214,698
Total	$ 87,502	$ 86,028	$ 84,661	$ 83,306	$ 81,799	$ 383,955

Description	2023 to 2027	2028 to 2032	2033 to 2037	2038 to 2042	2043 to 2047	Total
Single-family	$ 72,710	$ 50,209	$ 22,780	$ 1,803	$	$ 342,141
RMRB	63,978	45,488	25,434	6,781		303,595
CHMRB	735					4,591
Multifamily	185,700	143,163	103,239	55,098	15,915	949,957
Total	$323,123	$238,860	$151,453	$ 63,682	$ 15,915	$ 1,600,284

Interest requirements on variable rate debt are calculated using the interest rate in effect at August 31, 2012. Interest rates on variable rate debt reset on a weekly basis by the remarketing agent.

Deferred issuance costs at August 31, 2012, consist of the following:

	Amount
Deferred Issuance Costs at August 31, 2012	$ 46,274,167
Less Accumulated Amortization	(37,316,416)
Deferred Issuance Costs, net	$ 8,957,751

NOTE 5: BOND INDEBTEDNESS Cont'd

CHANGES IN BONDS PAYABLE

Description	Bonds Outstanding 09/01/11	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/12	Amounts Due Within One Year
Single Family	$ 787,310,000	$ -	$ 11,755,000	$ 54,655,000	$ 720,900,000	$ 12,075,927
RMRB	496,215,000	87,955,000	5,245,000	27,320,000	551,605,000	86,507,508
CHMRB	6,600,000	-	-	1,000,000	5,600,000	7,467
Multifamily	1,100,718,693	-	8,641,436	16,271,952	1,075,805,305	18,422,152
Total Principal	$ 2,390,843,693	$ 87,955,000	$ 25,641,436	$ 99,246,952	$ 2,353,910,305	$ 117,013,054
Unamortized Premium	8,258,324				8,494,019	
Unamortized (Discount)	(203,994)				(194,651)	
Unamortized Refunding (Loss)	(1,863,036)				(1,796,316)	
Total	$ 2,397,034,987				$ 2,360,413,357	

Demand Bonds

The Department currently holds seven single family bond series in the amount $294,440,000 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 8/31/12**	**Liquidity Facility Expiration Date**
2004A Jr. Lien	JP Morgan	Comptroller of Public Accounts	0.12%	$ 3,855,000	8/31/2013
2004B	JP Morgan	Comptroller of Public Accounts	0.12%	53,000,000	8/31/2013
2004D	Piper Jaffray	Comptroller of Public Accounts	0.12%	35,000,000	8/31/2013
2005A	JP Morgan	Comptroller of Public Accounts	0.12%	67,475,000	8/31/2013
2005C	JP Morgan	Comptroller of Public Accounts	0.12%	4,290,000	8/31/2013
2006H	JP Morgan	Comptroller of Public Accounts	0.12%	36,000,000	8/31/2013
2007A	JP Morgan	Comptroller of Public Accounts	0.12%	94,820,000	8/31/2013
Total Demand Bonds				**$ 294,440,000**	

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 take out provisions. For fiscal year 2012, the bondholders did not draw from the liquidity provider, Comptroller of Public Accounts, related to the Department's demand bonds.

NOTE 5: BOND INDEBTEDNESS Cont'd

Federal Arbitrage Regulations

In accordance with Federal law, the Department 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, 2012, the Bond Program had liabilities to the IRS totaling $148,242 reported in the Statement of Net Assets 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 1-D.

	Pledged and Other Sources and Related Expenditures for FY 2012						
	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	$ 94,214,258	$ 1,336,931	$ 11,755,000	$ 33,570,278	$ 1,063,041,002	2039	100%
Total Residential Mtg Revenue Bonds	$ 45,841,370	$ 855,025	$ 5,245,000	$ 17,406,643	$ 855,199,575	2041	100%
Total 1992 CHMRB	$ 1,540,045	$ 5,700	$ -	$ 433,375	$ 10,191,061	2024	100%
Total Multifamily Bonds	$ 65,400,007	$ 6,126	$ 8,641,436	$ 49,112,124	$ 2,025,762,763	2027	100%
Total	**$ 206,995,680**	**$ 2,203,782**	**$ 25,641,436**	**$ 100,522,420**	**$ 3,954,194,401**		

NOTE 6: 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 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 6: DERIVATIVE INSTRUMENTS Cont'd

SUMMARY

The fair value balances and notional amounts of derivative instruments outstanding as of August 31 2012, classified by type, and the changes in fair value of such derivative instruments for the year ended as reported in the 2012 financial statements are as follows.

Business Type Activities		Changes in Fair Value		Fair Value at August 31, 2012		
Cash Flow Hedges	Bond Issue	Classification	Amount	Classification	Amount	Notional
Pay-fixed, receive-variable interest rate swap	2004B	Deferred outflow of resources	$ (514,989)	Debt	$ (7,263,325)	$ 53,000,000
Pay-fixed, receive-variable interest rate swap	2004D	Deferred outflow of resources	$ (313,173)	Debt	$ (4,440,371)	$ 35,000,000
Pay-fixed, receive-variable interest rate swap	2005A	Deferred outflow of resources	$ (3,860,828)	Debt	$ (13,475,147)	$ 67,475,000
Pay-fixed, receive-variable interest rate swap	2006H	Deferred outflow of resources	$ 334,947	Debt	$ (4,016,718)	$ 36,000,000
Pay-fixed, receive-variable interest rate swap	2007A	Deferred outflow of resources	$ (3,879,822)	Debt	$ (17,711,228)	$ 94,820,000
			$ (8,233,865)		$ (46,906,789)	$ 286,295,000

TERMS AND FAIR VALUE

The terms, including the fair value of the outstanding swaps as of August 31, 2012 are as follows. The notional amounts of the swaps match the principal amount of the associated debt.

Counterparty	Notional Amount	Fair Value	Effective Date	Fixed Rate	Variable Rate	Swap Termination Date
UBS AG	$ 53,000,000	$ (7,263,325)	9/1/2004	3.84%	63% of LIBOR + .30%	9/1/34 (a)
Goldman Sachs Capital Markets, LP	$ 35,000,000	$ (4,440,371)	1/1/2005	3.64%	Lesser of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR	3/1/35 (b)
JP Morgan Chase & Co.	$ 67,475,000	$ (13,475,147)	8/1/2005	4.01%	Less of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR	9/1/36 (c)
UBS AG	$ 36,000,000	$ (4,016,718)	11/15/2006	3.86%	63% of LIBOR +.30%	9/1/25 (d)
JP Morgan Chase & Co.	$ 94,820,000	$ (17,711,228)	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	$ 286,295,000	$ (46,906,789)				

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

NOTE 6: DERIVATIVE INSTRUMENTS Cont'd

CREDIT RISK

As of August 31, 2012, 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. If interest rates change and the fair value of the swaps become positive, the Department would be exposed to credit risk on those swaps. The swap agreements contain varying collateral agreements and insurance policies with the counterparties. The credit ratings for the counterparties are as follows.

Counterparty	Standard & Poor's	Moody's
UBS AG	A	A2
Goldman Sachs Bank	A	A2
JP Morgan Chase & Co.	A+	Aa3

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 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.

The Department has retained optional termination rights which are listed below. The 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	60% may terminate as early as March 2014
2004D Single Family	March 2035	60% may terminate as early as September 2014, 100% may terminate after March 2023
2005A Single Family	September 2036	May terminate at anytime from mortgage loan prepayments giving 10 day notice
2006H Single Family	September 2037	100% may terminate as early as March 2016
2007A Single Family	September 2038	May terminate at anytime from mortgage loan prepayments giving 10 day notice

NOTE 6: DERIVATIVE INSTRUMENTS Cont'd

SWAP PAYMENTS AND ASSOCIATED DEBT

Using rates as of August 31, 2012, 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
2013	$ -	$ 564,020	$ 10,122,495	$ 10,686,515
2014	-	564,020	10,122,495	10,686,515
2015	2,020,000	563,520	10,113,043	12,696,563
2016	3,435,000	559,038	10,028,370	14,022,408
2017	4,010,000	552,414	9,903,193	14,465,607
2018-2022	28,965,000	2,639,911	47,212,190	78,817,101
2023-2027	74,360,000	2,144,822	38,110,841	114,615,663
2028-2032	84,915,000	1,346,420	23,528,942	109,790,362
2033-2037	81,475,000	489,417	8,265,880	90,230,297
2038-2042	7,115,000	10,630	191,777	7,317,407
	$ 286,295,000	**$ 9,434,212**	**$ 167,599,226**	**$ 463,328,438**

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, 2012, the Department has an aggregate liability related to the interest rate swaps in the amount of $5,162,161 payable September 1, 2012.

NOTE 7: LEASES

OPERATING LEASES

The Department's five-year operating lease at office space located at 1106 Clayton Lane, Austin, Texas expires on September 30, 2015.

Year Ended August 31	Governmental Activities	Business-Type Activities	Total
2013 (Future Year 1)	$ 133,343	$ 13,593	$ 146,936
2014 (Future Year 2)	133,343	13,593	146,936
2015 (Future Year 3)	133,343	13,593	146,936
2016 (Future Year 4)	11,112	1,133	12,245
Total Minimum Future Lease Rental Payments	$ 411,141	$ 41,912	$ 453,053

NOTE 8: INTERFUND ACTIVITY AND TRANSACTIONS

As explained in Note 1 on Interfund Transactions and Balances, there are numerous transactions between funds and agencies. At year-end, amounts to be received or paid are reported as:

- Interfund Receivables or Interfund Payables
- Due From Other Funds or Due To Other Funds
- Due From Other Agencies or Due To Other Agencies
- Transfers In or Transfers Out

The Department experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer. Repayment of interfund balances will occur within one year from the date of the financial statements. Individual balances and activity at August 31, 2012, follows:

Fund	**Current Interfund Receivable**	**Current Interfund Payable**	**Purpose**
Governmental Fund (01)			
General Revenue (0001)		$ 323,116	Expenditure Transfer
Consolidated Federal (0127, 0369)	$ 284,179	221,307	Expenditure Transfer
Subtotal Governmental Fund (01)	***$ 284,179***	***$ 544,423***	
Governmental Fund (01) (Exhibit III)		260,244	*Net Receivable/Payable above*
Enterprise Fund (05, 0896) (Exhibit V)	260,244		Expenditure Transfer
Total Internal Balances (Exhibit I)	**$ 260,244**	**$ 260,244**	

Fund	**Current Due From Other Funds**	**Current Due To Other Funds**
Governmental Fund (01)		
General Revenue (0001)		$ 3,585
Enterprise Fund (05, 3054)	$ 3,585	
Total Due From Other Funds/Due to Other Funds (Exhibit I, III, & V)	**$ 3,585**	**$ 3,585**

Governmental Fund (01)	**Due From Other Agencies**	**Due To Other Agencies**	**Source**
Appd Fund 5140, D23 Fund 5140			
(Agency 608, D23 Fund 5140)	$ 486		Transfers
Total Due From Other Agencies/Due To Other Agencies (Exhibit I)	**$ 486**		

NOTE 8: INTERFUND ACTIVITY AND TRANSACTIONS Cont'd

Governmental Fund	Transfers In	Transfers Out	Purpose
Governmental Fund (01)			
Appd Fund 0001, D23 Fund 0001		$ 2,565,638	Article VII-6, Rider 10
Appd Fund 0001, D23 Fund 0001		2,457,394	Article IX, Sect. 6.22
Appd Fund 0001, D23 Fund 0066		1,824,073	Gov't Code, Sect. 403.021
Appd Fund 0001, D23 Fund 0127		115,279,213	82nd Leg., 1st Called Sess., ch5,
Appd Fund 0369, D23 Fund 0369		17,748	Article IX, Sect. 6.22
Total Transfers for Fund 0001 (Exhibit II & IV)		**$ 122,144,066**	
Enterprise Fund (05)			
Appd Fund 3054, D23 Fund 0999	$ 2,565,638		Article VII-6, Rider 10
Total Transfers for Fund 3054 (Exhibit II & VI)	**$ 2,565,638**		
Total Transfers*	**$ 2,565,638**	**$ 122,144,066**	

* The $119,578,428 difference between total transfers in/out represents transfers to the Texas General Land Office in the amount of $115,279,213 and $4,299,215 to the Texas Comptroller of Public Accounts.

NOTE 9: CONTINUANCE SUBJECT TO REVIEW

Under the Texas Sunset Act, the Department will be abolished effective September 1, 2013 unless continued in existence as provided by the Act. If abolished, the Department may continue until September 1, 2014 to close out its operations.

NOTE 10: CONTINGENCIES AND COMMITMENTS

The Department receives federal grants that are subject to review and audit by the grantor agencies. Such audits could result in request(s) for reimbursement to the grantor agency for expenditures disallowed under the terms of the applicable grants. The Department's management is working to resolve HOME compliance matters identified by the U. S. Department of Housing and Urban Development (HUD) in an audit. If the Department is unsuccessful in resolving these issues it may be required to reimburse HUD. As an alternative to any direct reimbursement it is possible that the Department could request a reduction of a future grant, but HUD staff has indicated that any such request would have to be made with the approval of the state's chief elected official. If any such repayments are ultimately required and they are resolved through reduction of any future grant, this would have the effect of reducing services funded through such grants in future periods. Management is actively working multiple alternative resolution strategies for several properties and therefore cannot reasonably estimate the final amount of repayment liability to HUD, if any, at this time.

The Department is a defendant in the legal action known as Inclusive Communities Project, Inc. vs. Texas Department of Housing and Community Affairs, et al The court has issued its judgment in this case and has given the plaintiff leave to make a claim for its attorneys' fees. Although this litigation did not involve any claim or award for monetary damages, the plaintiff has sought recovery of its attorneys' fees in the amount of approximately $1,870,250. Because the Department is contesting the plaintiff's request, management cannot estimate the amount of its liability for the plaintiff's attorneys' fees.

NOTE 10: CONTINGENCIES AND COMMITMENTS Cont'd

DERIVATIVE INSTRUMENTS

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

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

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

As of August 31, 2012 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 $46,906,789. If the collateral posting requirements had been triggered at August 31, 2012, the Department would have been required to post eligible collateral equal to the aggregate fair value of the derivative instruments.

WAREHOUSING AGREEMENT

The Department revised its Warehousing Agreement on January 1, 2011 between PlainsCapital Bank and First Southwest Company. The agreement allows for the temporary warehousing of mortgage backed securities by the provider until the Department purchases them with expected issued bond proceeds. The maximum dollar volume of mortgage backed securities to be held by the providers should not exceed $200,000,000 ($100,000,000 per provider) at any time with a cumulative purchased maximum of $500,000,000 ($250,000,000 per provider). The Department has agreed to purchase the warehoused mortgage backed securities from the providers before December 31, 2012 at a price equal to the current par value of the securities. As of August 31, 2012, Plains Capital Bank and First Southwest Company have warehoused $85,838,972 in mortgage backed securities.

NOTE 11: SUBSEQUENT EVENTS

Bond Issuance	Series	Amount	Date of Issuance	Purpose
Revenue Bonds	Residential Mortgage Revenue Bond Series 2009 C-4 (NIBP Program Bonds)	$ 78,070,000	9/13/2012	Bonds are being issued for the primary purpose of providing funds for the purchase of mortgage-backed securities guaranteed as timely payments of principal and interest by Government National Mortgage Association ("Ginnie Mae").

NOTE 12: 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 and a $350,000 Public Employee Fidelity Bond.

The Department's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience and economic factors. There have been no significant reductions in insurance coverage in the past year and losses did not exceed funding arrangements during the past three years. The Department did not incur any claims in fiscal year 2011 or fiscal year 2012.

NOTE 13: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Department's Enterprise Fund 0896 reported a positive change in Net Assets of $886,523 resulting in a negative Net Assets balance of $194,308 at August 31, 2012. Balances are due to the accrual of expenditures with transfer of funds made in Fiscal Year 2013, therefore, offsetting the negative balance.

NOTE 14: 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 ASSETS

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds
Restricted Assets:			
Current Assets	$ 53,075,759	$ 100,733,754	$ 77,828
Non-Current Assets	865,126,901	536,478,375	7,829,399
Total Assets	918,202,660	637,212,129	7,907,227
Liabilities:			
Current Liabilities	37,720,538	91,321,126	207,331
Non-Current Liabilities	759,697,192	467,740,463	5,680,936
Total Liabilities	797,417,730	559,061,589	5,888,267
Net Assets:			
Restricted Net Assets	$ 120,784,930	$ 78,150,540	$ 2,018,960
Total Restricted Net Assets	$ 120,784,930	$ 78,150,540	$ 2,018,960

NOTE 14: SEGMENT INFORMATION FOR ENTERPRISE FUND Cont'd

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds
Operating Revenues:			
Interest and Investment Income	$ 41,110,078	$ 20,531,539	$ 498,708
Net Increase in Fair Value of Investments	(7,590,956)	14,150,791	(66,853)
Other Operating Revenues	953,062	992,731	34,102
Operating Expenses	(34,359,688)	(17,989,916)	(417,235)
Depreciation and Amortization	(322,654)	(293,498)	(2,952)
Operating Income	(210,158)	17,391,647	45,770
Transfers In (Out)	(2,152,335)	7,340,467	4,855
Changes in Net Assets	(2,362,493)	24,732,114	50,625
Net Assets, September 1, 2011	123,147,423	53,418,426	1,968,335
Net Assets, August 31, 2012	$ 120,784,930	$ 78,150,540	$ 2,018,960

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	$ 1,483,161	$ (9,753,463)	$ 1,645
Noncapital Financing Activities	(103,959,826)	46,132,502	(1,459,663)
Investing Activities	110,203,015	(158,563,624)	1,357,796
Net Increase (Decrease)	7,726,350	(122,184,585)	(100,222)
Beginning Cash and Cash Equivalents	40,201,472	220,624,035	140,376
Ending Cash and Cash Equivalents	$ 47,927,822	$ 98,439,450	$ 40,154

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SUPPLEMENTARY BOND

SCHEDULES

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-A
MISCELLANEOUS BOND INFORMATION
For the fiscal year ended August 31, 2012

Description of Issue		Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat. First Year	Scheduled Mat. Last Year	First Call Date	
2002 Single Family Series A	$	38,750,000	5.45%	5.55%	2023	2034	03/01/2012	
2002 Single Family Series B		52,695,000	5.35%	5.55%	2033	2033	03/01/2012	
2002 Single Family Series C		12,950,000	2.80%	5.20%	2004	2017	03/01/2012	
2002 Single Family Series D		13,605,000	2.00%	4.50%	2003	2012	03/01/2012	
2004 Single Family Series A		123,610,000	2.00%	4.70%	2006	2035	03/01/2013	
2004 Single Family Series B		53,000,000	VAR - Weekly		2015	2034	03/01/2015	(e)
2004 Single Family Series A (Jr. Lien)		4,140,000	VAR - Weekly		2036	2036	09/01/2036	(e)
2004 Single Family Series C		41,245,000	4.30%	4.80%	2019	2036	09/01/2014	
2004 Single Family Series D		35,000,000	VAR - Weekly		2035	2035	(f)	
2004 Single Family Series E		10,825,000	2.45%	4.30%	2006	2013	09/01/2014	
2005 Single Family Series A		100,000,000	VAR - Weekly		2007	2036	03/01/2006	
2005 Single Family Series B		25,495,000	4.38%	4.38%	2006	2026	03/01/2006	
2005 Single Family Series C		8,970,000	VAR - Weekly		2017	2017	03/01/2006	
2005 Single Family Series D		3,730,000	5.00%	5.00%	2025	2035	03/01/2006	
2006 Single Family Series A		59,555,000	5.00%	5.00%	2008	2037	09/01/2006	
2006 Single Family Series B		70,485,000	5.00%	5.00%	2008	2034	09/02/2006	
2006 Single Family Series C		105,410,000	5.13%	5.13%	2008	2037	09/03/2006	
2006 Single Family Series D		29,685,000	4.50%	4.50%	2018	2028	09/04/2006	
2006 Single Family Series E		17,295,000	4.06%	4.06%	2007	2017	09/05/2006	
2006 Single Family Series F		81,195,000	4.65%	5.75%	2008	2038	03/01/2016	
2006 Single Family Series G		15,000,000	3.75%	4.60%	2012	2019	03/01/2016	
2006 Single Family Series H		36,000,000	VAR - Weekly		2016	2037	03/01/2016	
2007 Single Family Series A		143,005,000	VAR - Weekly		2008	2038	03/01/2008	(e)
2007 Single Family Series B		157,060,000	3.90%	5.63%	2008	2039	03/01/2008	
2002 RMRB Series A		42,310,000	2.25%	5.35%	2004	2034	07/01/2012	
2003 RMRB Series A		73,630,000	1.70%	5.00%	2005	2034	01/01/2013	
2009 RMRB Series A		80,000,000	5.13%	5.13%	2011	2039	01/01/2019	
2009 RMRB Series B		22,605,000	4.72%	4.72%	2010	2022	01/01/2019	
2009 RMRB Series C		300,000,000	VAR - Weekly		2010	2041	12/31/2011	
2009 RMRB Series C-1		89,030,000	0.70%	3.57%	2029	2041	04/01/2011	
2009 RMRB Series C-2		60,080,000	0.60%	2.48%	2034	2041	11/01/2011	
2009 RMRB Series C-3		72,820,000	0.60%	2.49%	2013	2041	02/01/2012	
2011 RMRB Series A		60,000,000	0.70%	5.05%	2012	2029	01/01/2021	
2011 RMRB Series B		87,955,000	0.30%	4.45%	2012	2034	01/01/2021	
1992 Coll Home Mtg Rev Bonds, Series C		72,700,000	3.48%	10.27%	2024	2024	05/04/1995	
TOTAL SINGLE FAMILY & RMRB BONDS	$	2,199,835,000						
1996 MF Series A/B (Brighton's Mark Development)	$	10,174,000	6.13%	6.13%	2026	2026	01/01/2003	
1998 MF Series A (Pebble Brook Aparments Project)		10,900,000	4.95%	5.60%	2001	2030	06/01/2001	
1998 MF Series A-C (Residence at the Oaks Projects)		8,200,000	5.98%	7.18%	2001	2030	05/01/2001	
1998 MF Series A/B (Greens of Hickory Trial Apartments)		13,500,000	5.20%	6.03%	2001	2030	09/01/2008	
1999 MF Series A-C (Mayfield Apartments)		11,445,000	5.70%	7.25%	2001	2031	05/01/2002	
2000 MF Series A (Timber Point Apartments)		8,100,000	VAR - Weekly		2003	2032	07/01/2000	(a)
2000 MF Series A/B (Oaks at Hampton Apartments)		10,060,000	7.20%	9.00%	2002	2040	03/01/2017	(a)
2000 MF Series A (Deerwood Apartments)		6,435,000	5.25%	6.40%	2003	2032	06/01/2010	
2000 MF Series A (Creek Point Apartments)		7,200,000	VAR - Weekly		2004	2032	07/01/2000	(a)
2000 MF Series A/B (Parks at Westmoreland Apartments)		9,990,000	7.20%	9.00%	2002	2040	07/01/2017	(a)
2000 MF Series A-C (Highland Meadow Village Apartments)		13,500,000	6.75%	8.00%	2004	2033	05/01/2019	
2000 MF Series A/B (Greenbridge at Buckingham Apartments)		20,085,000	7.40%	10.00%	2003	2040	03/01/2014	
2000 MF Series A-C (Collingham Park Apartments)		13,500,000	6.72%	7.72%	2004	2033	05/01/2019	
2000 MF Series A/B (Williams Run Apartments)		12,850,000	7.65%	9.25%	2002	2040	01/01/2011	
2001 MF Series A (Bluffview Apartments)		10,700,000	7.65%	7.65%	2003	2041	05/01/2018	
2001 MF Series A (Knollwood Apartments)		13,750,000	7.65%	7.65%	2003	2041	05/01/2018	
2001 MF Series A (Skyway Villas Apartments)		13,250,000	6.00%	6.50%	2005	2034	12/01/2011	
2001 MF Series A (Greens Road Apartments)		8,375,000	5.30%	5.40%	2004	2034	12/01/2011	
2001 MF Series A/B (Meridian Apartments)		14,310,000	5.45%	6.85%	2004	2034	12/01/2011	
2001 MF Series A/B (Wildwood Apartments)		14,365,000	5.45%	6.75%	2004	2034	12/01/2011	
2001 MF Series A-C (Fallbrook Apartments)		14,700,000	6.06%	6.78%	2005	2034	01/01/2012	

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Supplementary Bond Schedules
SCHEDULE 1-A (Continued)
MISCELLANEOUS BOND INFORMATION
For the fiscal year ended August 31, 2012

Description of Issue	Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat. First Year	Scheduled Mat. Last Year	First Call Date	
2001 MF Series A (Oak Hollow Apartments)	$ 8,625,000	7.00%	7.90%	2003	2041	11/01/2018	
2001 MF Series A/B (Hillside Apartments)	12,900,000	7.00%	9.25%	2003	2041	11/01/2018	
2002 MF Series A (Millstone Apartments)	12,700,000	5.35%	5.86%	2005	2035	06/01/2012	
2002 MF Series A (Park Meadows Apartments)	4,600,000	6.53%	6.53%	2004	2034	05/01/2012	
2002 MF Series A (Clarkridge Villas Apartments)	14,600,000	7.00%	7.00%	2004	2042	08/01/2019	
2002 MF Series A (Hickory Trace Apartments)	11,920,000	7.00%	7.00%	2004	2042	12/01/2019	
2002 MF Series A (Green Crest Apartments)	12,500,000	7.00%	7.00%	2004	2042	11/01/2019	
2002 MF Series A/B (Ironwood Crossing)	16,970,000	5.50%	8.75%	2005	2042	10/01/2027	
2002 MF Series A (Woodway Village)	9,100,000	4.95%	5.20%	2006	2023	01/01/2013	
2003 MF Series A/B (Reading Road)	12,200,000	VAR-Weekly		2007	2036	01/01/2004	(a)
2003 MF Series A/B (North Vista Apartments)	14,000,000	4.10%	5.41%	2006	2036	06/01/2013	
2003 MF Series A/B (West Virginia Apartments)	9,450,000	4.15%	5.41%	2006	2036	06/01/2013	
2003 MF Series A/B (Primrose Houston School)	16,900,000	5.50%	8.00%	2006	2036	07/01/2003	(a)
2003 MF Series A/B (Timber Oaks Apartments)	13,200,000	6.75%	8.75%	2005	2043	06/01/2020	
2003 MF Series A/B (Ash Creek Apartments)	16,375,000	5.60%	15.00%	2006	2036	10/01/2003	(a)
2003 MF Series A/B (Peninsula Apartments)	12,400,000	4.25%	5.30%	2007	2024	10/01/2013	
2003 MF Series A/B (Arlington Villas)	17,100,000	6.75%	8.00%	2007	2036	01/01/2007	(a)
2003 MF Series A/B (Parkview Townhomes)	16,600,000	6.60%	8.50%	2006	2043	12/01/2020	
2003 MF Series A (NHP Foundation-Asmara Project) Refunding	31,500,000	VAR - Weekly		2007	2033	07/01/2007	(a)
2004 MF Series A/B (Timber Ridge II Apartments)	7,500,000	5.75%	8.00%	2007	2037	03/01/2007	(a)
2004 MF Series A/B (Century Park Townhomes)	13,000,000	5.75%	5.75%	2007	2037	05/01/2007	(a)
2004 MF Series A/B (Providence at Veterans Memorial)	16,300,000	6.60%	8.50%	2006	2044	03/01/2006	(a)
2004 MF Series A (Providence at Rush Creek II)	10,000,000	5.38%	6.70%	2006	2044	03/01/2021	
2004 MF Series A (Humble Parkway Townhomes)	11,700,000	6.60%	6.60%	2007	2041	07/01/2021	
2004 MF Series A (Chisholm Trail Apartments)	12,000,000	VAR - Weekly (b)		2006	2037	10/15/2006	(a)
2004 MF Series A (Evergreen at Plano Parkway)	14,750,000	5.25%	6.55%	2007	2044	06/01/2021	
2004 MF Series A (Montgomery Pines Apartments)	12,300,000	VAR - Weekly		2006	2037	12/15/2006	(a)
2004 MF Series A (Bristol Apartments)	12,625,000	VAR - Weekly		2007	2037	06/15/2007	(a)
2004 MF Series A (Pinnacle Apartments)	14,500,000	VAR - Weekly (c)		2007	2044	09/01/2007	(a)
2004 MF Series A (Tranquility Bay Apartments)	14,350,000	6.50%	6.50%	2007	2044	06/01/2021	(d)
2004 MF Series A (Churchill at Pinnacle Park)	10,750,000	5.25%	6.55%	2007	2044	09/01/2021	(d)
2004 MF Series A (Providence at Village Fair)	14,100,000	5.00%	6.50%	2007	2044	12/01/2021	
2005 MF Series A (Homes at Pecan Grove)	14,030,000	5.00%	6.50%	2007	2045	01/01/2022	
2005 MF Series A (Providence at Prairie Oaks)	11,050,000	4.75%	6.50%	2007	2045	01/01/2022	
2005 MF Series A (Port Royal Homes)	12,200,000	5.00%	6.50%	2007	2045	02/01/2022	
2005 MF Series A (Mission Del Rio Homes)	11,490,000	5.00%	6.50%	2007	2045	02/01/2022	
2005 MF Series A (Atascocita Pines Apartments)	11,900,000	VAR - Weekly (c)		2007	2037	(e)	
2005 MF Series A (Tower Ridge Apartments)	15,000,000	VAR - Weekly (b)		2009	2038	(e)	
2005 MF Series A (Prairie Ranch Apartments)	12,200,000	4.85%	4.85%	2007	2045	12/20/2015	
2005 MF Series A (St Augustine Estate Apartments)	7,650,000	VAR - Weekly		2009	2038	n/a	
2005 MF Series A (Park Manor Senior Community)	10,400,000	5.00%	6.40%	2008	2045	09/01/2022	
2005 MF Series A (Providence at Mockingbird Apartments)	14,360,000	6.40%	6.40%	2007	2045	08/01/2022	
2005 MF Series A (Plaza at Chase Oaks Apartments)	14,250,000	5.05%	5.05%	2007	2035	(g)	
2005 MF Series A/B (Canal Place Apartments)	16,100,000	3.45%	8.00%	2019	2039	(h)	
2005 MF Series A (Coral Hills Apartments)	5,320,000	5.05%	5.05%	2038	2038	08/01/2015	
2006 MF Series A (Harris Branch Apartments)	15,000,000	VAR - Weekly		2009	2039	(i)	
2006 MF Series A (Bella Vista Apartments)	6,800,000	6.15%	6.15%	2008	2046	04/01/2016	
2006 MF Series A (Village Park Apartments)	13,660,000	4.75%	5.13%	2009	2026	06/01/2021	
2006 MF Series A (Oakmoor Apartments)	14,635,000	5.50%	6.00%	2008	2046	03/01/2023	
2006 MF Series A (The Residences at Sunset Pointe)	15,000,000	VAR - Weekly		2039	2039	(h)	
2006 MF Series A (Hillcrest Apartments)	12,435,000	5.25%	5.25%	2009	2039	04/01/2021	
2006 MF Series A (Pleasant Village)	6,000,000	6.00%	6.00%	2008	2023	(j)	
2006 MF Series A (Grove Village)	6,180,000	6.00%	6.00%	2008	2023	(j)	
2006 MF Series A (Red Hills Villas)	5,015,000	VAR - Weekly		2036	2036	(i)	
2006 MF Series A (Champion Crossing Apartments)	5,125,000	VAR - Weekly		2036	2036	(i)	
2006 MF Series A (Stonehaven Apartments)	11,300,000	5.80%	5.80%	2008	2026	(g)	
2006 MF Series A (Center Ridge Apartments)	8,325,000	5.00%	5.00%	2009	2039	05/01/2021	
2006 MF Series A (Meadowlands Apartments)	13,500,000	6.00%	6.00%	2009	2046	09/01/2023	

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Supplementary Bond Schedules
SCHEDULE 1-A (Continued)
MISCELLANEOUS BOND INFORMATION
For the fiscal year ended August 31, 2012

Description of Issue		Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat. First Year	Scheduled Mat. Last Year	First Call Date
2006 MF Series A (East Tex Pines)	$	13,500,000	4.95%	4.95%	2010	2046	(k)
2006 MF Series A (Villas at Henderson)		7,200,000	VAR - Weekly		2010	2039	(l)
2006 MF Series A (Aspen Park)		9,800,000	5.00%	5.00%	2010	2039	07/01/2021
2006 MF Series A (Idlewilde)		14,250,000	VAR - Weekly		2010	2040	(i)
2007 MF Series A (Lancaster)		14,250,000	VAR - Weekly		2010	2040	(i)
2007 MF Series A (Park Place at Loyola)		15,000,000	5.80%	5.80%	2010	2047	03/01/2024
2007 MF Series A (Terrace at Cibolo)		8,000,000	VAR - Weekly		2010	2040	(l)
2007 MF Series A (Santora Villas)		13,072,000	5.80%	5.80%	2010	2047	06/01/2024
2007 MF Series A (Villas at Mesquite Creek)		16,860,000	5.00%	5.81%	2010	2047	01/20/2017
2007 MF Series A (Summit Point)		11,700,000	4.80%	5.25%	2009	2047	06/20/2017
2007 MF Series A (Costa Rialto)		12,385,000	5.35%	5.35%	2010	2047	08/01/2025
2007 MF Series A (Windshire)		14,000,000	VAR - Weekly		2010	2041	(i)
2007 MF Series A (Residences at Onion Creek)		15,000,000	VAR - Weekly		2011	2040	(i)
2008 MF Series A (West Oaks Apartments)		13,125,000	VAR - Weekly		2011	2041	(m)
2008 MF Series A (Costa Ibiza Apartments)		13,900,000	VAR - Weekly		2011	2041	(e)
2008 MF Series A (Addison Park Apartments)		14,000,000	VAR - Weekly		2008	2044	(m)
2008 MF Series A (Alta Cullen Apartments Refunding)		14,000,000	VAR - Weekly		2011	2045	(m)
2009 MF Series A (Costa Mariposa Apartments)		13,690,000	VAR - Weekly		2012	2042	(m)
2009 MF Series A (Woodmont Apartments)		15,000,000	VAR - Weekly		2012	2042	(m)
TOTAL MULTIFAMILY BONDS	$	1,210,561,000					
TOTAL BONDS ISSUED	**$**	**3,410,396,000**					

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 plus accrued and unpaid interest, if any, to the redemption date. Optional redemptions may be made only in denominations of $100,000 plus integral multiples of $5,000 or for the entire amount of the bonds outstanding.

(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.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-B
CHANGES IN BOND INDEBTEDNESS
For the fiscal year ended August 31, 2012

Description of Issue	Bonds Outstanding 09/01/11	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/12	Amounts Due Within One Year
2002 Single Family Series A	$ 30,180,000	$	$	$ 510,000	$ 29,670,000	$ -
2002 Single Family Series B	17,770,000		140,000	3,100,000	14,530,000	(1,163)
2002 Single Family Series C	7,255,000		510,000	110,000	6,635,000	1,059,218
2002 Single Family Series D	1,765,000		865,000	10,000	890,000	890,000
2004 Single Family Series A	55,735,000		1,935,000	7,390,000	46,410,000	1,840,000
2004 Single Family Series B	53,000,000				53,000,000	-
2004 Single Family Series A (Jr. Lien)	3,855,000				3,855,000	-
2004 Single Family Series C	16,835,000			3,830,000	13,005,000	-
2004 Single Family Series D	35,000,000				35,000,000	-
2004 Single Family Series E	3,330,000		865,000	595,000	1,870,000	713,029
2005 Single Family Series A	70,820,000			3,345,000	67,475,000	-
2005 Single Family Series B	10,120,000		515,000	1,385,000	8,220,000	435,414
2005 Single Family Series C	4,900,000			610,000	4,290,000	-
2005 Single Family Series D	3,040,000				3,040,000	-
2006 Single Family Series A	38,025,000		435,000	2,655,000	34,935,000	482,096
2006 Single Family Series B	42,740,000		1,130,000	2,965,000	38,645,000	1,148,250
2006 Single Family Series C	65,580,000		1,180,000	4,580,000	59,820,000	1,331,629
2006 Single Family Series D	12,695,000			1,290,000	11,405,000	(30,450)
2006 Single Family Series E	11,310,000		1,420,000		9,890,000	1,419,007
2006 Single Family Series F	42,000,000		320,000	5,905,000	35,775,000	291,422
2006 Single Family Series G	5,785,000		750,000		5,035,000	795,000
2006 Single Family Series H	36,000,000				36,000,000	-
2007 Single Family Series A	104,290,000			9,470,000	94,820,000	(19,898)
2007 Single Family Series B	115,280,000		1,690,000	6,905,000	106,685,000	1,722,373
2002 RMRB Series A	20,700,000		240,000	20,460,000	-	-
2003 RMRB Series A	43,700,000		590,000	3,270,000	39,840,000	546,001
2009 RMRB Series A	55,300,000		495,000	1,135,000	53,670,000	525,123
2009 RMRB Series B	17,240,000		1,035,000	895,000	15,310,000	1,037,993
2009 RMRB Series C	210,970,000	(132,900,000)			78,070,000	78,070,000
2009 RMRB Series C-1	88,595,000			315,000	88,280,000	-
2009 RMRB Series C-2	-	60,080,000		320,000	59,760,000	(4,951)
2009 RMRB Series C-3	-	72,820,000		160,000	72,660,000	1,091,169
2011 RMRB Series A	59,710,000		2,245,000	270,000	57,195,000	2,343,004
2011 RMRB Series B	-	87,955,000	640,000	495,000	86,820,000	2,899,169
1992 Coll Home Mtg Rev Bonds, Series C	6,600,000			1,000,000	5,600,000	7,467
Total Single Family Bonds	$ 1,290,125,000	$ 87,955,000	$ 17,000,000	$ 82,975,000	$ 1,278,105,000	$ 98,590,902
1996 MF Series A/B (Brighton's Mark)	$ 8,075,000	$	$	$	$ 8,075,000	$ -
1998 MF Series A (Pebble Brook)	9,025,000		245,000		8,780,000	255,000
1998 MF Series A-C (Residence Oaks)	6,749,000		189,000		6,560,000	202,000
1998 MF Series A/B (Greens of Hickory Trail)	11,275,000		310,000		10,965,000	335,000
1999 MF Series A-C (Mayfield)	9,493,000		263,000		9,230,000	279,000
2000 MF Series A (Timber Point Apts)	7,170,000			200,000	6,970,000	-
2000 MF Series A/B (Oaks at Hampton)	9,411,908		103,550		9,308,358	111,258
2000 MF Series A (Deerwood Apts)	5,665,000		120,000		5,545,000	-
2000 MF Series A (Creek Point Apts)	6,060,000			100,000	5,960,000	-
2000 MF Series A/B (Parks @ Westmoreland)	9,370,564		100,571		9,269,993	108,055
2000 MF Series A-C (Highland Meadow Apts)	8,026,000		159,000		7,867,000	170,000
2000 MF Series A/B (Greenbridge)	19,474,075				19,474,075	669,230
2000 MF Series A-C (Collingham Park)	12,079,000		259,000		11,820,000	274,000
2000 MF Series A/B (Williams Run)	12,417,289		75,846		12,341,443	573,021
2001 MF Series A (Bluffview Senior Apts)	10,222,105		80,348		10,141,757	86,671
2001 MF Series A (Knollwood Villas Apts)	13,135,883		103,250		13,032,633	111,377
2001 MF Series A (Skyway Villas)	7,055,000		145,000		6,910,000	150,000
2001 MF Series A (Greens Road Apts.)	7,530,000		155,000		7,375,000	165,000
2001 MF Series A/B (Meridian Apts.)	8,338,000		84,000		8,254,000	84,000
2001 MF Series A/B (Wildwood Apts.)	6,452,000		67,000		6,385,000	72,000
2001 MF Series A-C (Fallbrook Apts.)	13,329,000		268,000		13,061,000	283,000
2001 MF Series A (Oak Hollow Apts.)	6,202,956		52,775		6,150,181	56,590
2001 MF Series A/B (Hillside Apts.)	12,401,251		59,433		12,341,818	63,729
2002 MF Series A (Millstone Apts.)	9,855,000		215,000		9,640,000	215,000
2002 MF Series A (Park Meadows Apts)	4,060,000		80,000		3,980,000	85,000
2002 MF Series A (Clarkridge Villas Apts)	13,429,457		107,090		13,322,367	114,832
2002 MF Series A (Hickory Trace Apts)	11,104,510		87,981		11,016,529	94,341
2002 MF Series A (Green Crest Apts)	11,056,166		87,598		10,968,568	93,930

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-B (Continued)
CHANGES IN BOND INDEBTEDNESS
For the fiscal year ended August 31, 2012

Description of Issue	Bonds Outstanding 09/01/11	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2012	Amounts Due Within One Year
2002 MF Series A/B (Ironwood Crossing)	$ 16,518,238	$	$ 103,235.00	$	$ 16,415,003	$ 112,639
2002 MF Series A (Woodway Village Apts)	7,125,000		130,000	25,000	6,970,000	140,000
2003 MF Series A/B (Reading Road)	11,380,000		30,000	200,000	11,150,000	30,000
2003 MF Series A/B (North Vista Apts)	12,060,000		240,000		11,820,000	250,000
2003 MF Series A/B (West Virginia Apts)	8,700,000		165,000		8,535,000	180,000
2003 MF Series A/B (Primrose Houston School)	16,193,973		108,975		16,084,998	118,161
2003 MF Series A/B (Timber Oaks Apts)	12,840,398		80,548		12,759,850	90,760
2003 MF Series A/B (Ash Creek Apts)	15,917,414		109,967		15,807,447	119,212
2003 MF Series A/B (Peninsula Apts)	11,410,000		180,000	10,000	11,220,000	200,000
2003 MF Series A/B (Arlington Villas)	16,717,189		102,396		16,614,793	110,951
2003 MF Series A/B (Parkview Twnhms)	16,119,258		108,540	2,511,696	13,499,022	100,599
2003 MF Series A (NHP-Asmara) Refunding	19,605,000		450,000		19,155,000	470,656
2004 MF Series A/B (Timber Ridge)	6,515,855		45,150		6,470,705	48,399
2004 MF Series A/B (Century Park)	11,910,000		200,000		11,710,000	210,000
2004 MF Series A/B (Veterans Memorial)	15,832,116		100,295	8,871,840	6,859,981	51,873
2004 MF Series A (Rush Creek)	8,603,207		63,865		8,539,342	68,278
2004 MF Series A (Humble Park)	11,170,000		130,000		11,040,000	135,000
2004 MF Series A (Chisholm Trail)	11,400,000			200,000	11,200,000	-
2004 MF Series A (Evergreen @ Plano)	14,384,914		103,426		14,281,488	110,408
2004 MF Series A (Montgomery Pines)	11,900,000			200,000	11,700,000	-
2004 MF Series A (Bristol)	12,000,000			100,000	11,900,000	-
2004 MF Series A (Pinnacle)	13,865,000			100,000	13,765,000	-
2004 MF Series A (Tranquility Bay)	13,879,683		109,192		13,770,491	116,505
2004 MF Series A (Churchill @ Pinnacle)	9,797,639		87,178		9,710,461	93,063
2004 MF Series A (Village Fair)	13,697,325		103,309		13,594,016	110,227
2005 MF Series A (Pecan Grove)	13,637,593		102,242		13,535,351	109,089
2005 MF Series A (Prairie Oaks)	10,740,944		80,525		10,660,419	85,920
2005 MF Series A (Port Royal)	11,865,930		88,427		11,777,503	94,349
2005 MF Series A (Del Rio)	11,227,969		135,864		11,092,105	88,860
2005 MF Series A (Atascocita Pines)	11,500,000			100,000	11,400,000	-
2005 MF Series A (Tower Ridge)	15,000,000				15,000,000	-
2005 MF Series A (Prairie Ranch)	11,685,000		135,000		11,550,000	140,000
2005 MF Series A (St Augustine)	6,380,000			100,000	6,280,000	-
2005 MF Series A (Park Manor)	10,400,000				10,400,000	-
2005 MF Series A (Mockingbird)	14,007,459		103,121		13,904,338	109,918
2005 MF Series A (Chase Oaks)	13,431,874		319,630		13,112,244	267,156
2005 MF Series A/B (Canal Place)	15,671,834		88,884		15,582,950	96,430
2005 MF Series A (Coral Hills)	4,830,000		30,000	50,000	4,750,000	60,000
2006 MF Series A (Harris Branch)	14,490,000			200,000	14,290,000	-
2006 MF Series A (Bella Vista)	6,650,000		50,000		6,600,000	55,000
2006 MF Series A (Village Park)	10,265,000		155,000		10,110,000	170,000
2006 MF Series A (Oakmoor)	14,225,984		106,376		14,119,608	112,937
2006 MF Series A (Sunset Pointe)	15,000,000				15,000,000	-
2006 MF Series A (Hillcrest)	10,840,000		150,000		10,690,000	160,000
2006 MF Series A (Pleasant Village)	5,733,994		88,201		5,645,793	94,691
2006 MF Series A (Grove Village)	5,906,013		90,847		5,815,166	97,532
2006 MF Series A (Red Hills Villas)	4,915,000			100,000	4,815,000	-
2006 MF Series A (Champion Crossing)	4,925,000			145,000	4,780,000	-
2006 MF Series A (Stonehaven)	11,079,271		86,957		10,992,314	92,138
2006 MF Series A (Center Ridge)	8,325,000				8,325,000	8,325,000
2006 MF Series A (Meadowlands)	12,244,497		87,077		12,157,420	92,448
2006 MF Series A (East Tex Pines)	13,420,000		95,000		13,325,000	105,000
2006 MF Series A (Villas at Henderson)	7,025,000			100,000	6,925,000	-
2006 MF Series A (Aspen Park Apts)	9,600,000		100,000	45,000	9,455,000	110,000
2006 MF Series A (Idlewilde Apts)	13,935,000			105,000	13,830,000	-
2007 MF Series A (Lancaster Apts)	13,935,000			105,000	13,830,000	-
2007 MF Series A (Park Place)	14,150,000				14,150,000	-
2007 MF Series A (Terrace at Cibolo)	5,000,000				5,000,000	-
2007 MF Series A (Santora Villas)	12,072,000		45,444		12,026,556	81,564
2007 MF Series A (Villas @ Mesquite Creek)	16,495,000		165,000		16,330,000	175,000
2007 MF Series A (Summit Point)	9,355,000		85,000		9,270,000	100,000
2007 MF Series A (Costa Rialto)	12,293,958		84,323	1,658,416	10,551,219	80,355
2007 MF Series A (Windshire)	13,800,000			100,000	13,700,000	-
2007 MF Series A (Residences @ Onion Creek)	15,000,000				15,000,000	-
2008 MF Series A (West Oaks)	13,125,000			490,000	12,635,000	-
2008 MF Series A (Costa Ibiza)	13,550,000			100,000	13,450,000	-

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-B (Continued)
CHANGES IN BOND INDEBTEDNESS
For the fiscal year ended August 31, 2012

Description of Issue	Bonds Outstanding 09/01/11	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2012	Amounts Due Within One Year
2008 MF Series A (Addison Park)	$ 13,590,000	$	$	$ 155,000	$ 13,435,000	$ -
2008 MF Series A (Alta Cullen Apartments)	12,700,000			200,000	12,500,000	-
2009 MF Series A (Costa Mariposa Apartments)	13,690,000				13,690,000	-
2009 MF Series A (Woodmont Apartments)	15,000,000				15,000,000	-
Total Multifamily Bonds	$ 1,100,718,693	$	$ 8,641,436	$ 16,271,952	$ 1,075,805,305	$ 18,422,152
	$ 2,390,843,693	**$ 87,955,000**	**$ 25,641,436**	**$ 99,246,952**	**$ 2,353,910,305**	**$ 117,013,054**

FOOTNOTES:

(a) Bonds Outstanding balance at 8/31/12 does not include unamortized premium or discounts.

Bonds Outstanding per schedule	$ 2,353,910,305
Unamortized (Discount)/Premium:	
Single Family	5,018,786
RMRB	3,386,830
CHMRB	88,403
Multi-Family	(194,651)
Unamortized Deferred Gain/(Loss) on Refunding:	
Single Family	(1,052,456)
RMRB	(743,860)
Bonds Outstanding	**$ 2,360,413,357**

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2012

DESCRIPTION		2013	2014	2015	2016	2017
2002 Single Family, Series A	Principal	-	-	-	-	-
2002 Single Family, Series A	Interest	1,632,868	1,632,867	1,632,867	1,632,867	1,632,867
2002 Single Family, Series B	Principal	-	-	-	-	-
2002 Single Family, Series B	Interest	804,805	804,805	804,805	804,805	804,805
2002 Single Family, Series C	Principal	1,070,000	1,140,000	1,215,000	1,260,000	1,280,000
2002 Single Family, Series C	Interest	330,320	274,820	214,370	150,540	84,890
2002 Single Family, Series D	Principal	890,000	-	-	-	-
2002 Single Family, Series D	Interest	20,025	-	-	-	-
2004 Single Family, Series A	Principal	1,840,000	2,585,000	1,550,000	1,295,000	1,300,000
2004 Single Family, Series A	Interest	2,079,982	2,007,643	1,916,349	1,855,999	1,800,855
2004 Single Family, Series A (Junior Lien)	Principal	-	-	-	-	-
2004 Single Family, Series A (Junior Lien)	Interest	9,191	9,252	9,252	9,273	9,231
2004 Single Family, Series B	Principal	-	-	895,000	1,840,000	1,905,000
2004 Single Family, Series B	Interest	96,658	95,400	95,400	93,188	89,428
2004 Single Family, Series C	Principal	-	-	385,000	370,000	370,000
2004 Single Family, Series C	Interest	603,123	603,123	598,823	582,590	566,680
2004 Single Family, Series D	Principal	-	-	1,125,000	1,185,000	1,245,000
2004 Single Family, Series D	Interest	66,069	63,000	62,505	60,590	58,159
2004 Single Family, Series E	Principal	720,000	725,000	80,000	80,000	85,000
2004 Single Family, Series E	Interest	70,670	41,125	17,415	13,975	10,535
2005 Single Family, Series A	Principal	-	-	-	-	-
2005 Single Family, Series A	Interest	137,372	141,697	141,697	142,022	141,373
2005 Single Family, Series B	Principal	475,000	470,000	490,000	535,000	560,000
2005 Single Family, Series B	Interest	381,656	361,415	340,818	318,519	292,730
2005 Single Family, Series C	Principal	-	-	-	-	-
2005 Single Family, Series C	Interest	10,684	10,725	10,725	10,750	10,700
2005 Single Family, Series D	Principal	-	-	-	-	-
2005 Single Family, Series D	Interest	152,000	152,000	152,000	152,000	152,000
2006 Single Family, Series A	Principal	460,000	470,000	490,000	510,000	540,000
2006 Single Family, Series A	Interest	1,741,125	1,717,875	1,694,125	1,669,500	1,643,500
2006 Single Family, Series B	Principal	1,115,000	1,135,000	1,190,000	1,240,000	1,295,000
2006 Single Family, Series B	Interest	1,918,375	1,862,375	1,805,000	1,744,875	1,682,375
2006 Single Family, Series C	Principal	1,185,000	1,235,000	1,300,000	1,370,000	1,435,000
2006 Single Family, Series C	Interest	3,050,785	2,989,413	2,925,350	2,857,829	2,786,719
2006 Single Family, Series D	Principal	-	-	-	-	-
2006 Single Family, Series D	Interest	530,240	530,240	530,240	530,240	530,240
2006 Single Family, Series E	Principal	1,480,000	1,545,000	1,605,000	1,675,000	1,755,000
2006 Single Family, Series E	Interest	385,952	325,066	260,476	191,579	118,253
2006 Single Family, Series F	Principal	245,000	245,000	270,000	280,000	305,000
2006 Single Family, Series F	Interest	1,847,257	1,833,170	1,818,795	1,802,982	1,797,987
2006 Single Family, Series G	Principal	795,000	840,000	900,000	725,000	545,000
2006 Single Family, Series G	Interest	213,134	179,165	142,610	102,742	75,410
2006 Single Family, Series H	Principal	-	-	-	410,000	860,000
2006 Single Family, Series H	Interest	65,655	64,800	64,800	64,948	63,537
2007 Single Family, Series A	Principal	-	-	-	-	-
2007 Single Family, Series A	Interest	193,225	199,122	199,122	199,578	198,666
2007 Single Family, Series B	Principal	1,650,000	1,725,000	1,815,000	1,900,000	1,995,000
2007 Single Family, Series B	Interest	5,541,884	5,465,326	5,383,825	5,295,869	5,202,144
TOTAL SINGLE FAMILY BONDS		33,808,055	33,479,424	34,131,369	34,962,260	35,228,084

2018-22	2023-27	2028-32	2033-37	2038-42	2043-47	TOTAL REQUIRED
-	16,800,000	-	12,870,000	-	-	29,670,000
8,164,335	5,623,316	3,571,425	1,236,961	-	-	26,760,373
-	1,410,000	8,350,000	4,770,000	-	-	14,530,000
4,024,025	4,004,600	2,646,239	291,435	-	-	14,990,324
670,000	-	-	-	-	-	6,635,000
17,420	-	-	-	-	-	1,072,360
-	-	-	-	-	-	890,000
-	-	-	-	-	-	20,025
7,370,000	8,700,000	10,600,000	11,170,000	-	-	46,410,000
8,091,454	6,291,503	4,016,033	1,243,856	-	-	29,303,674
-	-	-	3,855,000	-	-	3,855,000
46,260	46,260	46,281	41,660	-	-	226,660
10,700,000	12,915,000	15,680,000	9,065,000	-	-	53,000,000
393,449	288,532	161,575	24,797	-	-	1,338,427
2,560,000	2,975,000	3,220,000	3,125,000	-	-	13,005,000
2,550,286	1,899,077	1,193,344	333,239	-	-	8,930,285
7,330,000	8,220,000	9,100,000	6,795,000	-	-	35,000,000
254,802	182,466	108,147	21,900	-	-	877,638
180,000	-	-	-	-	-	1,870,000
9,674	-	-	-	-	-	163,394
4,805,000	17,740,000	21,555,000	23,375,000	-	-	67,475,000
703,256	577,313	373,798	125,931	-	-	2,484,459
3,115,000	2,575,000	-	-	-	-	8,220,000
1,045,250	251,643	-	-	-	-	2,992,031
4,290,000	-	-	-	-	-	4,290,000
5,407	-	-	-	-	-	58,991
-	1,640,000	795,000	605,000	-	-	3,040,000
760,000	725,375	262,125	62,245	-	-	2,569,745
3,195,000	4,125,000	5,425,000	17,230,000	2,490,000	-	34,935,000
7,779,125	6,872,000	5,705,375	3,460,500	62,248	-	32,345,373
7,265,000	9,210,000	11,520,000	4,675,000	-	-	38,645,000
7,376,375	5,360,750	2,804,625	293,876	-	-	24,848,626
8,405,000	10,905,000	13,955,000	17,970,000	2,060,000	-	59,820,000
12,736,909	10,301,893	7,176,667	3,156,617	52,785	-	48,034,967
3,735,000	4,990,000	2,680,000	-	-	-	11,405,000
2,318,591	1,297,452	156,505	-	-	-	6,423,748
1,830,000	-	-	-	-	-	9,890,000
40,260	-	-	-	-	-	1,321,586
3,785,000	6,770,000	8,965,000	12,080,000	2,830,000	-	35,775,000
8,596,694	7,148,230	5,166,242	2,497,761	104,496	-	32,613,614
1,230,000	-	-	-	-	-	5,035,000
74,289	-	-	-	-	-	787,350
5,140,000	6,875,000	9,205,000	12,310,000	1,200,000	-	36,000,000
292,904	239,969	169,226	74,415	1,089	-	1,101,343
990,000	28,610,000	29,375,000	29,930,000	5,915,000	-	94,820,000
995,610	856,889	534,517	242,384	9,583	-	3,628,696
12,670,000	15,445,000	20,115,000	30,165,000	19,205,000	-	106,685,000
24,254,322	20,742,453	16,116,885	9,672,589	1,572,016	-	99,247,313
179,795,697	232,614,721	220,749,009	222,770,166	35,502,217	-	1,063,041,002

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-C (Continued)
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2012

DESCRIPTION		2013	2014	2015	2016	2017
2003 Residential Mtg Revenue Bonds, Series A	Principal	560,000	730,000	740,000	750,000	775,000
2003 Residential Mtg Revenue Bonds, Series A	Interest	1,963,350	1,943,299	1,907,773	1,871,761	1,835,265
2009 Residential Mtg Revenue Bonds, Series A	Principal	490,000	485,000	490,000	485,000	490,000
2009 Residential Mtg Revenue Bonds, Series A	Interest	2,773,133	2,761,250	2,747,425	2,731,959	2,714,890
2009 Residential Mtg Revenue Bonds, Series B	Principal	1,055,000	1,135,000	1,225,000	1,255,000	1,385,000
2009 Residential Mtg Revenue Bonds, Series B	Interest	739,656	693,806	641,185	581,545	522,205
2009 Residential Mtg Revenue Bonds, Series C	Principal	78,070,000.00	-	-	-	-
2009 Residential Mtg Revenue Bonds, Series C	Interest	258,704.00	-	-	-	-
2009 Residential Mtg Revenue Bonds, Series C-1	Principal	-	-	-	-	-
2009 Residential Mtg Revenue Bonds, Series C-1	Interest	3,151,596	3,151,596	3,151,596	3,151,596	3,151,596
2009 Residential Mtg Revenue Bonds, Series C-2	Principal	-	-	-	-	-
2009 Residential Mtg Revenue Bonds, Series C-2	Interest	1,482,048	1,482,048	1,482,048	1,482,048	1,482,048
2009 Residential Mtg Revenue Bonds, Series C-3	Principal	1,100,000.00	1,470,000.00	1,520,000.00	1,580,000.00	1,640,000.00
2009 Residential Mtg Revenue Bonds, Series C-3	Interest	1,804,379	1,772,756	1,735,904	1,697,682	1,657,967
2011 Residential Mtg Revenue Bonds, Series A	Principal	2,295,000	2,360,000	2,440,000	2,535,000	2,650,000
2011 Residential Mtg Revenue Bonds, Series A	Interest	2,399,669	2,365,844	2,318,486	2,256,564	2,181,569
2011 Residential Mtg Revenue Bonds, Series B	Principal	2,805,000	2,840,000	2,895,000	2,960,000	3,040,000
2011 Residential Mtg Revenue Bonds, Series B	Interest	3,078,190	3,057,080	3,024,970	2,982,738	2,924,965
TOTAL RESIDENTIAL MTG REVENUE BONDS		104,025,725	26,247,679	26,319,387	26,320,893	26,450,505
1992 Coll Home Mtg Rev Bonds, Series C	Princpal	-	-	-	-	-
1992 Coll Home Mtg Rev Bonds, Series C	Interest	370,503	407,553	370,503	407,553	370,503
TOTAL COLL HOME MTG REV BONDS		370,503.00	407,553.00	370,503.00	407,553.00	370,503.00

2018-22	2023-27	2028-32	2033-37	2038-42	2043-47	TOTAL REQUIRED
4,025,000	9,665,000	15,335,000	7,260,000	-	-	39,840,000
8,599,904	7,206,256	4,005,375	459,374	-	-	29,792,357
1,010,000	11,325,000	13,260,000	13,430,000	12,205,000	-	53,670,000
13,356,288	12,081,288	8,822,239	5,401,627	1,069,377	-	54,459,476
9,255,000	-	-	-	-	-	15,310,000
1,412,293	-	-	-	-	-	4,590,690
-	-	-	-	-	-	78,070,000
-	-	-	-	-	-	258,704
-	-	19,210,000	35,990,000	33,080,000	-	88,280,000
15,757,980	15,757,980	14,832,101	9,565,102	2,580,930	-	74,252,073
-	-	-	23,950,000	35,810,000	-	59,760,000
7,410,240	7,410,240	7,410,240	6,541,248	2,201,995	-	38,384,203
9,180,000	11,040,000	13,320,000	16,060,000	15,750,000	-	72,660,000
7,639,819	6,395,940	4,898,080	3,090,839	929,634	-	31,623,000
15,480,000	20,735,000	8,700,000	-	-	-	57,195,000
9,301,504	5,165,688	499,997	-	-	-	26,489,321
16,795,000	20,785,000	25,880,000	8,820,000	-	-	86,820,000
13,320,657	9,960,267	5,019,649	376,235	-	-	43,744,751
132,543,685	137,527,659	141,192,681	130,944,425	103,626,936	-	855,199,575
-	5,600,000	-	-	-	-	5,600,000
1,926,615	737,831	-	-	-	-	4,591,061
1,926,615	6,337,831	-	-	-	-	10,191,061

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-C (Continued)
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2012

DESCRIPTION		2013	2014	2015	2016	2017
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 (Pebble Brook)	Principal	255,000	275,000	295,000	315,000	335,000
1998 MF Series A (Pebble Brook)	Interest	484,865	470,565	455,165	438,665	421,065
1998 MF Series A/B (Greens of Hickory Trial)	Principal	335,000	355,000	370,000	395,000	425,000
1998 MF Series A/B (Greens of Hickory Trial)	Interest	570,776	552,541	533,821	514,191	493,261
1998 MF Series A-C (Residence Oaks)	Principal	202,000	-	-	-	-
1998 MF Series A-C (Residence Oaks)	Interest	389,163	381,108	381,108	381,108	381,108
1999 MF Series A-C (Mayfield)	Principal	279,000	294,000	312,000	329,000	349,000
1999 MF Series A-C (Mayfield)	Interest	522,206	506,075	489,060	471,048	452,010
2000 MF Series A (Creek Point Apts)	Principal	-	-	-	-	-
2000 MF Series A (Creek Point Apts)	Interest	10,636	10,728	10,728	10,740	10,716
2000 MF Series A (Deerwood Apts)	Principal	-	-	-	-	-
2000 MF Series A (Deerwood Apts)	Interest	353,575	353,575	353,575	353,575	353,575
2000 MF Series A/B (Oaks at Hampton)	Principal	111,258	119,538	128,436	137,994	148,265
2000 MF Series A/B (Oaks at Hampton)	Interest	666,576	658,296	649,399	639,841	629,570
2000 MF Series A (Timber Point Apts)	Principal	-	-	-	-	-
2000 MF Series A (Timber Point Apts)	Interest	12,438	12,546	12,546	12,560	12,532
2000 MF Series A/B (Greenbridge)	Principal	669,230	184,261	198,368	213,555	229,906
2000 MF Series A/B (Greenbridge)	Interest	1,406,736	1,385,392	1,371,284	1,356,097	1,339,747
2000 MF Series A/B (Parks @ Westmoreland)	Principal	108,055	116,097	124,738	134,023	143,995
2000 MF Series A/B (Parks @ Westmoreland)	Interest	663,920	655,878	647,237	637,954	627,979
2000 MF Series A/B (Williams Run)	Principal	573,021	133,437	144,011	155,422	167,738
2000 MF Series A/B (Williams Run)	Interest	899,665	889,868	879,294	867,883	855,567
2000 MF Series A-C (Collingham Park)	Principal	274,000	291,000	308,000	327,000	348,000
2000 MF Series A-C (Collingham Park)	Interest	789,768	771,053	751,229	730,229	707,918
2000 MF Series A-C (Highland Meadow Apts)	Principal	170,000	182,000	194,000	207,000	221,000
2000 MF Series A-C (Highland Meadow Apts)	Interest	528,189	516,511	504,024	490,726	476,517
2001 MF Series A (Bluffview Senior Apts)	Principal	86,671	93,493	100,851	108,788	117,350
2001 MF Series A (Bluffview Senior Apts)	Interest	767,796	760,975	753,617	745,680	737,117
2001 MF Series A (Greens Road Apts.)	Principal	165,000	175,000	185,000	195,000	210,000
2001 MF Series A (Greens Road Apts.)	Interest	393,485	384,607	375,200	365,262	354,662
2001 MF Series A (Knollwood Villas Apts)	Principal	111,377	120,142	129,598	139,798	150,801
2001 MF Series A (Knollwood Villas Apts)	Interest	986,653	977,887	968,432	958,232	947,229
2001 MF Series A (Oak Hollow Apts.)	Principal	56,590	60,681	65,068	69,771	74,815
2001 MF Series A (Oak Hollow Apts.)	Interest	428,720	424,629	420,243	415,539	410,495
2001 MF Series A (Skyway Villas)	Principal	150,000	160,000	170,000	180,000	195,000
2001 MF Series A (Skyway Villas)	Interest	385,397	376,933	367,924	358,369	348,257
2001 MF Series A/B (Hillside Apts.)	Principal	63,729	68,336	73,276	78,573	84,253
2001 MF Series A/B (Hillside Apts.)	Interest	861,909	857,302	852,362	847,065	841,385
2001 MF Series A/B (Meridian Apts.)	Principal	84,000	94,000	96,000	105,000	108,000
2001 MF Series A/B (Meridian Apts.)	Interest	492,930	487,665	481,920	475,980	469,530
2001 MF Series A/B (Wildwood Apts.)	Principal	72,000	72,000	81,000	84,000	89,000
2001 MF Series A/B (Wildwood Apts.)	Interest	381,120	376,800	372,300	367,290	362,200
2001 MF Series A-C (Fallbrook Apts.)	Principal	283,000	302,000	320,000	339,000	360,000
2001 MF Series A-C (Fallbrook Apts.)	Interest	787,285	769,832	751,289	731,594	710,717
2002 MF Series A (Clarkridge Villas Apts)	Principal	114,832	123,133	132,034	141,579	151,814
2002 MF Series A (Clarkridge Villas Apts)	Interest	928,928	920,627	911,726	902,181	891,946
2002 MF Series A (Green Crest Apts)	Principal	93,930	100,720	108,001	115,809	124,180
2002 MF Series A (Green Crest Apts)	Interest	764,823	758,033	750,752	742,945	734,573
2002 MF Series A (Hickory Trace Apts)	Principal	94,341	101,161	108,473	116,315	124,723
2002 MF Series A (Hickory Trace Apts)	Interest	768,167	761,347	754,034	746,193	737,784
2002 MF Series A (Millstone Apts.)	Principal	215,000	230,000	240,000	260,000	265,000
2002 MF Series A (Millstone Apts.)	Interest	528,080	516,093	503,571	489,941	475,764
2002 MF Series A (Park Meadows Apts)	Principal	85,000	90,000	95,000	105,000	105,000
2002 MF Series A (Park Meadows Apts)	Interest	258,588	252,874	246,997	240,631	233,611

2018-22	2023-27	2028-32	2033-37	2038-42	2043-47	TOTAL REQUIRED
-	8,075,000	-	-	-	-	8,075,000
2,474,990	1,979,985	-	-	-	-	6,929,965
2,010,000	2,765,000	2,530,000	-	-	-	8,780,000
1,801,350	1,154,315	291,619	-	-	-	5,517,609
2,555,000	3,440,000	3,090,000	-	-	-	10,965,000
2,099,528	1,330,221	333,635	-	-	-	6,427,974
-	-	6,358,000	-	-	-	6,560,000
1,905,540	1,905,540	1,238,608	-	-	-	6,963,283
2,075,000	2,753,000	2,839,000	-	-	-	9,230,000
1,930,848	1,259,047	376,081	-	-	-	6,006,375
-	-	-	5,960,000	-	-	5,960,000
53,640	53,640	53,652	1,789	-	-	216,269
1,305,000	-	-	4,240,000	-	-	5,545,000
1,603,445	1,356,800	1,356,800	135,679	-	-	6,220,599
924,203	1,323,268	1,894,635	2,712,715	1,808,046	-	9,308,358
2,964,970	2,565,911	1,994,542	1,176,462	176,600	-	12,122,167
-	-	-	6,970,000	-	-	6,970,000
62,730	62,730	62,744	1,063	-	-	251,889
1,442,107	2,085,420	3,015,705	4,360,984	7,074,539	-	19,474,075
6,406,154	5,762,843	4,832,557	3,487,279	1,250,326	-	28,598,415
897,603	1,285,176	1,840,100	2,633,634	1,986,572	-	9,269,993
2,962,274	2,574,699	2,019,774	1,225,386	217,082	-	12,232,183
1,060,419	1,552,631	2,273,310	3,328,502	2,952,952	-	12,341,443
4,056,106	3,563,895	2,843,215	1,788,023	372,780	-	17,016,296
2,094,000	2,852,000	3,908,000	1,418,000	-	-	11,820,000
3,152,386	2,341,147	1,232,549	95,793	-	-	10,572,072
1,362,000	1,900,000	2,648,000	983,000	-	-	7,867,000
2,132,330	1,595,804	847,700	67,095	-	-	7,158,896
740,714	1,081,837	1,580,060	2,307,730	3,924,263	-	10,141,757
3,531,626	3,190,501	2,692,279	1,964,605	799,557	-	15,943,753
1,255,000	1,705,000	2,330,000	1,155,000	-	-	7,375,000
1,590,594	1,205,357	673,920	79,112	-	-	5,422,199
951,852	1,390,212	2,030,450	2,965,541	5,042,862	-	13,032,633
4,538,296	4,099,937	3,459,700	2,524,610	1,027,469	-	20,488,445
463,459	657,009	931,393	1,320,368	2,451,027	-	6,150,181
1,963,091	1,769,541	1,495,158	1,106,185	520,102	-	8,953,703
1,145,000	1,540,000	2,075,000	1,295,000	-	-	6,910,000
1,564,926	1,198,378	700,489	111,412	-	-	5,412,085
521,924	739,893	1,048,891	1,486,934	8,176,009	-	12,341,818
4,106,267	3,888,297	3,579,298	3,141,253	2,228,502	-	21,203,640
681,000	952,000	6,124,000	10,000	-	-	8,254,000
2,236,345	1,992,025	990,230	1,375	-	-	7,628,000
538,000	726,000	4,718,000	5,000	-	-	6,385,000
1,720,635	1,533,145	503,785	700	-	-	5,617,975
2,163,000	2,916,000	3,929,000	2,449,000	-	-	13,061,000
3,192,560	2,440,211	1,426,130	227,036	-	-	11,036,654
940,440	1,333,192	1,889,966	2,679,265	3,798,194	2,017,918	13,322,367
4,278,360	3,885,606	3,328,830	2,539,533	1,420,605	11,768	20,020,110
769,259	1,090,523	1,545,953	2,191,582	3,106,843	1,721,768	10,968,568
3,524,509	3,203,248	2,747,817	2,102,188	1,186,927	29,052	16,544,867
772,625	1,095,765	1,552,713	2,201,165	3,120,428	1,728,820	11,016,529
3,539,915	3,217,097	2,759,664	2,111,212	1,191,951	29,172	16,616,536
1,590,000	2,075,000	2,730,000	2,035,000	-	-	9,640,000
2,139,592	1,647,113	995,146	201,579	-	-	7,496,879
670,000	925,000	1,270,000	635,000	-	-	3,980,000
1,049,371	795,844	446,163	52,404	-	-	3,576,483

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-C (Continued)
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2012

DESCRIPTION		2013	2014	2015	2016	2017
2002 MF Series A (Woodway Village Apts)	Principal	140,000	150,000	150,000	160,000	170,000
2002 MF Series A (Woodway Village Apts)	Interest	358,783	351,729	344,304	336,755	328,711
2002 MF Series A/B (Ironwood Crossing)	Principal	112,639	122,900	134,096	146,311	159,639
2002 MF Series A/B (Ironwood Crossing)	Interest	1,169,367	1,159,106	1,147,910	1,135,695	1,122,366
2003 MF Series A/B (Ash Creek Apts)	Principal	119,212	129,237	140,101	151,881	164,649
2003 MF Series A/B (Ash Creek Apts)	Interest	1,050,288	1,040,389	1,029,693	1,018,024	1,005,412
2003 MF Series A/B (North Vista Apts)	Principal	250,000	260,000	275,000	290,000	310,000
2003 MF Series A/B (North Vista Apts)	Interest	595,205	584,197	571,340	557,104	542,108
2003 MF Series A/B (Peninsula Apts)	Principal	200,000	215,000	225,000	245,000	260,000
2003 MF Series A/B (Peninsula Apts)	Interest	588,936	578,994	568,324	557,290	544,310
2003 MF Series A/B (Primrose Houston School)	Principal	118,161	128,120	138,921	150,631	163,327
2003 MF Series A/B (Primrose Houston School)	Interest	1,057,531	1,047,718	1,037,078	1,025,541	1,013,032
2003 MF Series A/B (Reading Road)	Principal	30,000	30,000	40,000	40,000	40,000
2003 MF Series A/B (Reading Road)	Interest	138,523	136,735	134,541	131,862	129,121
2003 MF Series A/B (Timber Oaks Apts)	Principal	90,760	95,166	99,786	104,630	109,710
2003 MF Series A/B (Timber Oaks Apts)	Interest	894,878	886,762	878,251	869,327	859,970
2003 MF Series A/B (West Virginia Apts)	Principal	180,000	190,000	195,000	205,000	215,000
2003 MF Series A/B (West Virginia Apts)	Interest	429,930	421,884	412,413	402,374	391,835
2004 MF Series A (Bristol)	Principal	-	-	-	-	-
2004 MF Series A (Bristol)	Interest	22,440	22,610	22,610	22,633	22,586
2004 MF Series A (Chisholm Trail)	Principal	-	-	-	-	-
2004 MF Series A (Chisholm Trail)	Interest	21,120	21,280	21,280	21,302	21,258
2004 MF Series A (Churchill @ Pinnacle)	Principal	93,063	99,345	106,051	113,209	120,851
2004 MF Series A (Churchill @ Pinnacle)	Interest	633,274	626,992	620,286	613,127	605,485
2004 MF Series A (Evergreen @ Plano)	Principal	110,408	117,861	125,816	134,309	143,376
2004 MF Series A (Evergreen @ Plano)	Interest	932,163	924,710	916,754	908,261	899,195
2004 MF Series A (Humble Park)	Principal	135,000	145,000	155,000	165,000	180,000
2004 MF Series A (Humble Park)	Interest	726,495	717,420	707,685	697,290	686,070
2004 MF Series A (Montgomery Pines)	Principal	-	-	-	-	-
2004 MF Series A (Montgomery Pines)	Interest	22,063	22,230	22,230	22,253	22,207
2004 MF Series A (Pinnacle)	Principal	-	-	-	-	-
2004 MF Series A (Pinnacle)	Interest	24,582	24,777	24,777	24,803	24,751
2004 MF Series A (Rush Creek)	Principal	68,278	72,996	78,039	83,432	89,196
2004 MF Series A (Rush Creek)	Interest	570,064	565,346	560,303	554,911	549,146
2004 MF Series A (Tranquility Bay)	Principal	116,505	124,307	132,633	141,515	150,993
2004 MF Series A (Tranquility Bay)	Interest	891,652	883,849	875,524	866,642	857,164
2004 MF Series A/B (Century Park)	Principal	210,000	230,000	245,000	255,000	275,000
2004 MF Series A/B (Century Park)	Interest	628,355	616,913	604,244	590,902	576,885
2004 MF Series A/B (Timber Ridge)	Principal	48,399	51,881	55,616	59,619	63,909
2004 MF Series A/B (Timber Ridge)	Interest	435,296	431,923	428,307	424,430	420,275
2004 MF Series A/B (Veterans Memorial)	Principal	51,873	54,391	57,032	59,801	62,704
2004 MF Series A/B (Veterans Memorial)	Interest	451,203	447,704	444,035	440,188	436,154
2003 MF Series A/B (Parkview Twnhms)	Principal	100,599	105,483	110,604	115,973	121,603
2003 MF Series A/B (Parkview Twnhms)	Interest	887,918	881,132	874,017	866,556	858,733
2003 MF Series A/B (Arlington Villas)	Principal	110,951	120,219	130,262	141,142	152,933
2003 MF Series A/B (Arlington Villas)	Interest	1,137,675	1,128,464	1,118,483	1,107,669	1,095,952
2003 MF Series A (NHP-Asmara) Refunding	Principal	480,000	510,000	540,000	570,000	610,000
2003 MF Series A (NHP-Asmara) Refunding	Interest	33,963	33,537	32,614	31,674	30,571
2004 MF Series A (Village Fair)	Principal	110,227	117,609	125,486	133,890	142,857
2004 MF Series A (Village Fair)	Interest	880,366	872,984	865,108	856,704	847,737
2005 MF Series A (Pecan Grove)	Principal	109,089	116,395	124,190	132,508	141,382
2005 MF Series A (Pecan Grove)	Interest	876,587	869,281	861,486	853,168	844,294
2005 MF Series A (Prairie Oaks)	Principal	85,920	91,672	97,812	104,364	111,353
2005 MF Series A (Prairie Oaks)	Interest	690,398	684,644	678,505	671,954	664,965

2018-22	2023-27	2028-32	2033-37	2038-42	2043-47	TOTAL REQUIRED
1,085,000	5,115,000	-	-	-	-	6,970,000
1,491,490	262,600	-	-	-	-	3,474,372
1,041,572	1,510,349	2,141,110	3,035,290	4,302,903	3,708,194	16,415,003
5,368,455	4,899,678	4,268,920	3,374,738	2,107,123	63,397	25,816,755
1,027,629	1,438,870	2,013,581	10,622,287	-	-	15,807,447
4,827,094	4,424,474	3,861,702	2,347,236	-	-	20,604,312
1,810,000	2,360,000	3,095,000	3,170,000	-	-	11,820,000
2,454,704	1,935,369	1,255,067	374,130	-	-	8,869,224
1,555,000	8,520,000	-	-	-	-	11,220,000
2,493,383	1,080,671	-	-	-	-	6,411,908
1,036,547	1,454,148	2,024,873	10,870,270	-	-	16,084,998
4,851,406	4,444,172	3,885,483	2,514,072	-	-	20,876,033
250,000	350,000	490,000	9,880,000	-	-	11,150,000
600,311	501,592	363,234	152,919	-	-	2,288,838
633,806	725,993	-	-	10,899,999	-	12,759,850
4,142,797	3,831,691	3,678,750	3,678,750	919,687	-	20,640,863
1,300,000	1,710,000	2,250,000	2,290,000	-	-	8,535,000
1,776,849	1,402,019	909,221	270,771	-	-	6,417,296
-	-	-	11,900,000	-	-	11,900,000
113,049	113,049	113,072	109,252	-	-	561,301
-	-	-	11,200,000	-	-	11,200,000
106,400	106,400	106,422	99,265	-	-	524,727
738,209	1,023,349	1,418,630	1,966,589	2,726,203	1,304,962	9,710,461
2,893,473	2,608,332	2,213,055	1,665,095	905,482	87,182	13,471,783
875,797	1,214,083	1,683,034	2,333,124	3,234,314	4,309,366	14,281,488
4,337,055	3,998,770	3,529,817	2,879,729	1,978,537	418,761	21,723,752
1,090,000	1,525,000	2,085,000	2,890,000	2,670,000	-	11,040,000
3,233,505	2,813,250	2,231,625	1,430,880	364,980	-	13,609,200
-	-	-	11,700,000	-	-	11,700,000
111,150	111,150	111,173	107,413	-	-	551,869
-	-	-	13,765,000	-	-	13,765,000
123,885	123,885	123,911	119,718	-	-	615,089
547,401	764,520	1,067,758	1,491,271	2,082,766	2,193,685	8,539,342
2,644,313	2,427,193	2,123,953	1,700,440	1,108,947	176,236	12,980,852
920,892	1,273,425	1,760,913	2,435,022	3,367,190	3,347,096	13,770,491
4,119,892	3,767,357	3,279,869	2,605,763	1,673,593	313,366	20,134,671
1,625,000	2,160,000	2,880,000	3,830,000	-	-	11,710,000
2,641,311	2,142,845	1,477,135	591,869	-	-	9,870,459
395,525	559,872	792,510	4,443,374	-	-	6,470,705
2,027,791	1,868,631	1,643,336	1,090,740	-	-	8,770,729
362,247	459,143	581,955	737,616	4,433,219	-	6,859,981
2,113,075	1,978,432	1,807,790	1,591,500	899,022	-	10,609,103
702,516	890,426	1,128,596	1,430,474	8,792,748	-	13,499,022
4,162,360	3,901,264	3,570,332	3,150,882	1,914,703	-	21,067,897
979,045	1,419,048	2,001,694	11,559,499	-	-	16,614,793
5,266,726	4,834,060	4,264,071	3,055,851	-	-	23,008,951
3,630,000	4,860,000	6,520,000	1,435,000	-	-	19,155,000
135,157	98,123	48,512	2,363	-	-	446,514
871,270	1,204,808	1,666,030	2,303,816	3,185,756	3,732,267	13,594,016
4,081,696	3,748,161	3,286,939	2,649,152	1,767,210	432,234	20,288,291
862,274	1,192,370	1,648,828	2,280,028	3,152,861	3,775,426	13,535,351
4,066,104	3,736,010	3,279,551	2,648,349	1,775,515	450,536	20,260,881
679,128	939,106	1,298,614	1,795,744	2,483,185	2,973,521	10,660,419
3,202,456	2,942,471	2,582,964	2,085,832	1,398,390	354,844	15,957,423

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-C (Continued)
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2012

DESCRIPTION		2013	2014	2015	2016	2017
2005 MF Series A (Port Royal)	Principal	94,349	100,668	107,408	114,604	122,279
2005 MF Series A (Port Royal)	Interest	762,760	756,441	749,700	742,506	734,831
2005 MF Series A (Del Rio)	Principal	88,860	94,810	101,159	107,933	115,161
2005 MF Series A (Del Rio)	Interest	718,369	712,418	706,068	699,293	692,065
2005 MF Series A (Atascocita Pines)	Principal	-	-	-	-	-
2005 MF Series A (Atascocita Pines)	Interest	21,497	21,660	21,660	21,683	21,637
2005 MF Series A (Tower Ridge)	Principal	-	-	-	-	-
2005 MF Series A (Tower Ridge)	Interest	32,748	33,000	33,000	33,034	32,966
2005 MF Series A (Prairie Ranch)	Principal	140,000	150,000	160,000	165,000	175,000
2005 MF Series A (Prairie Ranch)	Interest	558,477	551,566	544,170	536,289	528,165
2005 MF Series A (St Augustine)	Principal	-	-	-	-	-
2005 MF Series A (St Augustine)	Interest	11,842	11,932	11,932	11,945	11,920
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	109,918	117,163	124,885	133,116	141,890
2005 MF Series A (Mockingbird)	Interest	886,692	879,447	871,725	863,494	854,720
2005 MF Series A (Chase Oaks)	Principal	267,156	280,964	295,486	310,759	326,820
2005 MF Series A (Chase Oaks)	Interest	656,041	642,233	627,711	612,439	596,377
2005 MF Series A/B (Canal Place)	Principal	96,430	104,622	113,508	123,150	133,610
2005 MF Series A/B (Canal Place)	Interest	980,653	972,643	963,952	954,523	944,293
2005 MF Series A (Coral Hills)	Principal	60,000	90,000	90,000	100,000	100,000
2005 MF Series A (Coral Hills)	Interest	239,370	235,709	231,164	226,493	221,442
2006 MF Series A (Harris Branch)	Principal	-	-	-	-	-
2006 MF Series A (Harris Branch)	Interest	28,343	28,580	28,580	28,610	28,550
2006 MF Series A (Bella Vista)	Principal	55,000	55,000	60,000	65,000	70,000
2006 MF Series A (Bella Vista)	Interest	405,900	402,517	399,135	395,445	391,447
2006 MF Series A (Village Park)	Principal	170,000	175,000	185,000	195,000	205,000
2006 MF Series A (Village Park)	Interest	509,013	500,938	492,506	483,600	474,219
2006 MF Series A (Oakmoor)	Principal	112,937	119,903	127,299	135,150	143,486
2006 MF Series A (Oakmoor)	Interest	844,105	837,139	829,744	821,892	813,556
2006 MF Series A (Sunset Pointe)	Principal	-	-	-	-	-
2006 MF Series A (Sunset Pointe)	Interest	32,748	33,000	33,000	33,034	32,966
2006 MF Series A (Hillcrest)	Principal	160,000	170,000	185,000	195,000	210,000
2006 MF Series A (Hillcrest)	Interest	559,125	550,594	541,538	531,694	521,194
2006 MF Series A (Pleasant Village)	Principal	94,691	100,615	106,910	112,693	120,648
2006 MF Series A (Pleasant Village)	Interest	340,849	334,925	328,631	322,847	314,893
2006 MF Series A (Grove Village)	Principal	97,532	103,634	110,117	116,074	124,267
2006 MF Series A (Grove Village)	Interest	351,076	344,974	338,491	332,533	324,341
2006 MF Series A (Red Hills Villas)	Principal	-	-	-	-	-
2006 MF Series A (Red Hills Villas)	Interest	11,485	11,556	11,556	11,568	11,544
2006 MF Series A (Champion Crossing)	Principal	-	-	-	-	100,000
2006 MF Series A (Champion Crossing)	Interest	11,402	11,473	11,473	11,484	11,241
2006 MF Series A (Stonehaven)	Principal	92,138	97,626	103,443	109,604	116,133
2006 MF Series A (Stonehaven)	Interest	635,130	629,642	623,826	617,665	611,136
2006 MF Series A (Center Ridge)	Principal	8,325,000.00	-	-	-	-
2006 MF Series A (Center Ridge)	Interest	26,439	-	-	-	-
2006 MF Series A (Meadowlands)	Principal	92,448	98,150	104,203	110,631	117,454
2006 MF Series A (Meadowlands)	Interest	726,931	721,229	715,176	708,748	701,925
2006 MF Series A (East Tex Pines)	Principal	105,000	110,000	110,000	125,000	125,000
2006 MF Series A (East Tex Pines)	Interest	769,805	763,570	757,190	750,375	743,125
2006 MF Series A (Villas at Henderson)	Principal	-	-	-	-	-
2006 MF Series A (Villas at Henderson)	Interest	15,153	15,235	15,235	15,251	15,219
2006 MF Series A (Aspen Park Apts)	Principal	110,000	110,000	120,000	125,000	135,000
2006 MF Series A (Aspen Park Apts)	Interest	471,375	465,875	460,250	454,250	447,875
2006 MF Series A (Idlewilde Apts)	Principal	-	-	-	-	-
2006 MF Series A (Idlewilde Apts)	Interest	26,080	26,277	26,277	26,304	26,250

2018-22	2023-27	2028-32	2033-37	2038-42	2043-47	TOTAL REQUIRED
745,764	1,031,254	1,426,040	1,971,951	2,726,847	3,336,339	11,777,503
3,539,782	3,254,289	2,859,505	2,313,593	1,558,695	409,848	17,681,950
702,367	971,239	1,343,050	1,857,190	2,568,154	3,142,182	11,092,105
3,333,772	3,064,895	2,693,089	2,178,947	1,467,984	385,991	16,652,891
-	-	-	-	11,400,000	-	11,400,000
108,300	108,300	108,323	108,277	14,419	-	555,756
-	-	-	-	15,000,000	-	15,000,000
165,000	165,000	165,034	164,966	20,705	-	845,453
1,015,000	1,330,000	1,680,000	2,120,000	2,680,000	1,935,000	11,550,000
2,504,296	2,224,937	1,864,098	1,411,956	839,778	167,325	11,731,057
-	-	-	-	6,280,000	-	6,280,000
59,661	59,661	59,674	59,649	12,942	-	311,158
-	-	-	-	-	10,400,000	10,400,000
3,328,000	3,328,000	3,328,000	3,328,000	3,328,000	1,941,335	21,909,335
862,686	1,187,021	1,633,290	2,247,336	3,092,238	4,254,795	13,904,338
4,120,361	3,796,027	3,349,759	2,735,711	1,890,807	601,299	20,850,042
1,905,631	2,451,704	3,154,260	4,119,464	-	-	13,112,244
2,710,355	2,164,283	1,461,729	458,287	-	-	9,929,455
535,527	1,159,500	1,595,426	2,195,239	9,525,938	-	15,582,950
4,642,674	4,355,250	3,929,541	3,343,788	993,413	-	22,080,730
585,000	3,725,000	-	-	-	-	4,750,000
1,026,285	700,183	-	-	-	-	2,880,646
-	-	-	-	14,290,000	-	14,290,000
142,900	142,900	142,930	142,870	45,180	-	759,443
410,000	560,000	760,000	1,030,000	1,400,000	2,135,000	6,600,000
1,888,663	1,744,754	1,550,414	1,285,041	925,266	395,450	9,784,032
1,235,000	7,945,000	-	-	-	-	10,110,000
2,208,639	1,688,558	-	-	-	-	6,357,473
861,612	1,162,183	1,567,612	2,114,475	2,852,110	4,922,841	14,119,608
3,923,597	3,623,023	3,217,593	2,670,730	1,933,096	791,562	20,306,037
-	-	-	-	15,000,000	-	15,000,000
165,000	165,000	165,034	164,966	63,198	-	887,946
1,245,000	8,525,000	-	-	-	-	10,690,000
2,425,239	2,045,267	-	-	-	-	7,174,651
725,427	4,384,809	-	-	-	-	5,645,793
1,452,279	153,459	-	-	-	-	3,247,883
747,189	4,516,353	-	-	-	-	5,815,166
1,495,850	157,323	-	-	-	-	3,344,588
100,000	600,000	1,000,000	3,115,000	-	-	4,815,000
57,561	52,864	42,393	24,296	-	-	234,823
500,000	600,000	1,000,000	2,580,000	-	-	4,780,000
52,665	46,443	35,971	19,050	-	-	211,202
693,052	9,780,318	-	-	-	-	10,992,314
2,943,297	2,278,157	-	-	-	-	8,338,853
-	-	-	-	-	-	8,325,000
-	-	-	-	-	-	26,439
705,294	951,335	1,283,211	1,730,859	2,334,668	4,629,167	12,157,420
3,391,601	3,145,556	2,813,684	2,366,036	1,762,225	846,710	17,899,821
765,000	1,010,000	1,340,000	1,775,000	2,350,000	5,510,000	13,325,000
3,591,505	3,335,870	2,997,730	2,548,955	1,954,310	1,096,491	19,308,926
-	6,925,000	-	-	-	-	6,925,000
76,175	18,492	-	-	-	-	170,760
795,000	8,060,000	-	-	-	-	9,455,000
2,129,125	1,901,248	-	-	-	-	6,329,998
-	-	-	-	13,830,000	-	13,830,000
131,385	131,385	131,412	131,358	74,477	-	731,205

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-C (Continued)
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2012

DESCRIPTION		2013	2014	2015	2016	2017
2007 MF Series A (Lancaster Apts)	Principal	-	-	-	-	-
2007 MF Series A (Lancaster Apts)	Interest	26,080	26,277	26,277	26,304	26,250
2007 MF Series A (Park Place)	Principal	-	-	-	-	-
2007 MF Series A (Park Place)	Interest	820,700	820,700	820,700	820,700	820,700
2007 MF Series A (Terrace at Cibolo)	Principal	-	-	-	-	-
2007 MF Series A (Terrace at Cibolo)	Interest	10,373	10,500	10,500	10,512	10,488
2007 MF Series A (Santora Villas)	Principal	81,564.00	86,422.00	91,570.00	97,025.00	102,804.00
2007 MF Series A (Santora Villas)	Interest	695,396	690,537	685,389	679,935	674,155
2007 MF Series A (Villas @ Mesquite Creek)	Principal	175,000	185,000	195,000	210,000	220,000
2007 MF Series A (Villas @ Mesquite Creek)	Interest	824,804	814,491	803,597	791,977	779,631
2007 MF Series A (Summit Point)	Principal	100,000	100,000	110,000	110,000	110,000
2007 MF Series A (Summit Point)	Interest	477,338	472,538	467,618	462,338	457,058
2007 MF Series A (Costa Rialto)	Principal	80,355	84,761	89,409	94,312	99,483
2007 MF Series A (Costa Rialto)	Interest	562,541	558,135	553,487	548,585	543,414
2007 MF Series A (Windshire)	Principal	-	-	-	-	-
2007 MF Series A (Windshire)	Interest	25,834	26,030	26,030	26,057	26,003
2007 MF Series A (Residences @ Onion Creek)	Principal	-	-	-	-	-
2007 MF Series A (Residences @ Onion Creek)	Interest	32,748	33,000	33,000	33,034	32,966
2008 MF Series A (Addison Park)	Principal	-	-	-	-	-
2008 MF Series A (Addison Park)	Interest	29,156	29,557	29,557	29,591	29,523
2008 MF Series A (Costa Ibiza)	Principal	-	-	-	-	-
2008 MF Series A (Costa Ibiza)	Interest	22,523	22,865	22,865	22,891	22,839
2008 MF Series A (West Oaks)	Principal	-	-	-	-	-
2008 MF Series A (West Oaks)	Interest	22,424	22,743	22,743	22,769	22,717
2009 MF Series A (Costa Mariposa Apartments)	Principal	-	-	-	-	-
2009 MF Series A (Costa Mariposa Apartments)	Interest	22,925	23,273	23,273	23,300	23,246
2009 MF Series A (Woodmont Apartments)	Principal	-	-	-	-	-
2009 MF Series A (Woodmont Apartments)	Interest	25,118	25,500	25,500	25,529	25,471
2008 MF Series A (Alta Cullen Apartments)	Principal	-	-	-	-	-
2008 MF Series A (Alta Cullen Apartments)	Interest	23,429	23,750	23,750	23,777	23,723
TOTAL MULTI-FAMILY BONDS		66,028,340	56,581,036	56,610,209	56,665,747	56,804,164
Total		204,232,623	116,715,692	117,431,468	118,356,453	118,853,256
Less Interest		87,501,127	86,027,773	84,660,772	83,305,560	81,797,899
Total Principal		116,731,496	30,687,919	32,770,696	35,050,893	37,055,357

2018-22	2023-27	2028-32	2033-37	2038-42	2043-47	TOTAL REQUIRED
-	-	-	-	13,830,000	-	13,830,000
131,385	131,385	131,412	131,358	76,631	-	733,359
-	-	-	-	-	14,150,000	14,150,000
4,103,500	4,103,500	4,103,500	4,103,500	4,103,500	3,693,151	28,314,151
-	-	-	-	5,000,000	-	5,000,000
52,500	52,500	52,512	52,488	28,872	-	291,245
613,505	819,335	1,094,216	1,461,319	1,951,582.00	5,627,214	12,026,556
3,271,291	3,065,465	2,790,581	2,423,475	1,933,210	1,233,219	18,142,653
1,300,000	1,675,000	2,135,000	2,740,000	3,505,000	3,990,000	16,330,000
3,699,525	3,331,125	2,863,625	2,264,625	1,496,875	515,500	18,185,775
670,000	865,000	1,135,000	1,500,000	1,975,000	2,595,000	9,270,000
2,195,215	2,006,640	1,757,745	1,424,677	977,815	389,288	11,088,270
585,469	764,575	998,470	1,303,919	1,702,810	4,747,656	10,551,219
2,629,011	2,449,903	2,216,007	1,910,556	1,511,662	979,300	14,462,601
-	-	-	-	13,700,000	-	13,700,000
130,150	130,150	130,177	130,123	89,001	-	739,555
-	-	-	-	15,000,000	-	15,000,000
165,000	165,000	165,034	164,966	110,035	-	934,783
-	-	-	-	-	13,435,000	13,435,000
147,785	147,785	147,819	147,751	147,785	41,946	928,255
-	-	-	-	13,450,000	-	13,450,000
114,325	114,325	114,351	114,299	91,460	-	662,743
-	-	-	-	12,635,000	-	12,635,000
113,715	113,715	113,741	113,689	89,041	-	657,297
-	-	-	-	13,690,000	-	13,690,000
116,365	116,365	116,392	116,338	110,499	-	691,976
-	-	-	-	15,000,000	-	15,000,000
127,500	127,500	127,529	127,471	123,238	-	760,356
-	-	-	-	-	12,500,000	12,500,000
118,750	118,750	118,777	118,723	118,750	61,293	773,472
285,948,235	345,627,820	269,008,981	321,808,573	366,640,185	144,039,473	2,025,762,763
600,214,232	722,108,031	630,950,671	675,523,164	505,769,338	144,039,473	3,954,194,401
383,954,246	323,124,969	238,859,794	151,453,588	63,682,112	15,916,256	1,600,284,096
216,259,986	398,983,062	392,090,877	524,069,576	442,087,226	128,123,217	2,353,910,305

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-D
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE
For the Fiscal Year Ended August 31, 2012

	Pledged and Other Sources and Related Expenditures for FY 2012			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2002 Single Family Series A	$ 2,003,583	$ 49,829	$ -	$ 1,654,785
2002 Single Family Series B	3,831,438	24,402	140,000	897,825
2002 Single Family Series C	444,005	11,143	510,000	347,560
2002 Single Family Series D	54,802	1,495	865,000	40,163
2004 Single Family Series A	9,748,479	109,578	1,935,000	2,291,731
2004 Single Family Series A (Jr. Lien)	89	1,495	-	8,692
2004 Single Family Series B	2,693,372	125,138	-	1,875,753
2004 Single Family Series C	4,480,197	41,989	-	701,296
2004 Single Family Series D	1,749,858	113,004	-	1,247,895
2004 Single Family Series E	688,492	6,038	865,000	99,093
2005 Single Family Series A	6,516,593	194,224	-	2,679,992
2005 Single Family Series B	1,806,210	36,041	515,000	418,819
2005 Single Family Series C	829,828	18,809	-	11,562
2005 Single Family Series D	155,776	13,329	-	152,000
2006 Single Family Series A	4,886,828	25,921	435,000	1,820,292
2006 Single Family Series B	5,433,842	28,673	1,130,000	2,022,271
2006 Single Family Series C	8,401,610	44,385	1,180,000	3,201,161
2006 Single Family Series D	2,018,610	8,462	-	555,211
2006 Single Family Series E	631,824	7,338	1,420,000	415,552
2006 Single Family Series F	8,065,845	62,685	320,000	2,042,949
2006 Single Family Series G	304,119	8,822	750,000	229,118
2006 Single Family Series H	2,174,435	63,079	-	1,279,136
2007 Single Family Series A	14,364,992	252,437	-	3,803,512
2007 Single Family Series B	12,929,431	88,615	1,690,000	5,773,910
Total Single Family Bonds	$ 94,214,258	$ 1,336,931	$ 11,755,000	$ 33,570,278
2002 RMRB Series A	$ 21,571,263	$ 222,645	$ 240,000	$ 951,568
2003 RMRB Series A	5,214,666	33,506	590,000	2,076,001
2009 RMRB Series A	4,208,331	267,945	495,000	2,818,820
2009 RMRB Series B	1,771,704	76,435	1,035,000	797,154
2009 RMRB Series C	118,149	-	-	111,240
2009 RMRB Series C-1	4,004,734	82,110	-	3,159,361
2011 RMRB Series A	2,660,511	53,198	2,245,000	2,426,620
2009 RMRB Series C-2	2,152,578	39,283	-	1,182,425
2011 RMRB Series B	3,157,390	57,071	640,000	2,854,451
2009 RMRB Series C-3	982,044	22,832	-	1,029,003
Total Residential Mtg Revenue Bonds	$ 45,841,370	$ 855,025	$ 5,245,000	$ 17,406,643
1992 CHMRB Series C	$ 1,540,045	$ 5,700	$ -	$ 433,375
Total 1992 CHMRB	$ 1,540,045	$ 5,700	$ -	$ 433,375
1996 MF Series A/B (Brighton's Mark Development)	$ 509,812	$ 6,126	$ -	$ 503,248
1998 MF Series A (Pebble Brook Apartments Project)	495,109	-	245,000	495,109
1998 MF Series A-C (Residence at the Oaks Projects)	397,976	-	189,000	397,976
1998 MF Series A/B (Greens of Hickory Trail Apartments)	580,423	-	310,000	580,423
1999 MF Series A-C (Mayfield Apartments)	532,399	-	263,000	532,399
2000 MF Series A (Creek Point Apartments)	110,849	-	-	10,851
2000 MF Series A (Deerwood Apartments)	357,078	-	120,000	357,078
2000 MF Series A (Timber Point Apartments)	212,806	-	-	12,804
2000 MF Series A/B (Greenbridge at Buckingham Apartments)	1,441,082	-	-	1,441,082
2000 MF Series A/B (Oaks at Hampton Apartments)	673,663	-	103,550	673,663
2000 MF Series A/B (Parks at Westmoreland Apartments)	670,801	-	100,571	670,801
2000 MF Series A/B (Williams Run Apartments)	970,076	-	75,846	970,076
2000 MF Series A-C (Collingham Park Apartments)	801,606	-	259,000	801,606
2000 MF Series A-C (Highland Meadow Village Apartments)	535,511	-	159,000	535,511
2001 MF Series A (Bluffview Apartments)	773,611	-	80,348	773,611
2001 MF Series A (Knollwood Apartments)	994,126	-	103,250	994,126
2001 MF Series A (Oak Hollow Apartments)	432,227	-	52,775	432,227
2001 MF Series A (Greens Road Apartments)	399,779	-	155,000	399,779
2001 MF Series A (Skyway Villas Apartments)	391,426	-	145,000	391,426
2001 MF Series A/B (Hillside Apartments)	865,858	-	59,433	865,858
2001 MF Series A/B (Meridian Apartments)	497,550	-	84,000	497,550

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-D (Continued)
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE
For the Fiscal Year Ended August 31, 2012

	Pledged and Other Sources and Related Expenditures for FY 2012			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2001 MF Series A/B (Wildwood Apartments)	$ 385,030	$ -	$ 67,000.00	$ 385,030
2001 MF Series A-C (Fallbrook Apartments)	799,678	-	268,000	799,678
2002 MF Series A (Clarkridge Villas Apartments)	936,045	-	107,090	936,045
2002 MF Series A (Park Meadows Apartments)	262,506	-	80,000	262,506
2002 MF Series A (Green Crest Apartments)	770,646	-	87,598	770,646
2002 MF Series A (Hickory Trace Apartments)	774,015	-	87,981	774,015
2002 MF Series A (Millstone Apartments)	536,658	-	215,000	536,658
2002 MF Series A (Woodway Village)	390,309	-	130,000	365,309
2002 MF Series A/B (Ironwood Crossing)	1,178,018	-	103,235	1,178,018
2003 MF Series A (NHP Foundation-Asmara Project) Refunding	36,221	-	450,000	26,875
2003 MF Series A/B (Reading Road)	339,281	-	30,000	139,276
2003 MF Series A/B (Arlington Villas)	1,145,492	-	102,396	1,145,492
2003 MF Series A/B (Ash Creek Apartments)	1,058,687	-	109,967	1,058,687
2003 MF Series A/B (North Vista Apartments)	602,953	-	240,000	602,953
2003 MF Series A/B (Parkview Townhomes)	3,548,603	-	108,540	1,036,907
2003 MF Series A/B (Peninsula Apartments)	604,312	-	180,000	594,312
2003 MF Series A/B (Primrose Houston School)	1,065,854	-	108,975	1,065,854
2003 MF Series A/B (Timber Oaks Apartments)	901,802	-	80,548	901,802
2003 MF Series A/B (West Virginia Apartments)	435,317	-	165,000	435,317
2004 MF Series A (Bristol Apartments)	120,487	-	-	20,487
2004 MF Series A (Chisholm Trail Apartments)	219,339	-	-	19,338
2004 MF Series A (Churchill at Pinnacle Park)	638,683	-	87,178	638,683
2004 MF Series A (Evergreen at Plano Parkway)	938,579	-	103,426	938,579
2004 MF Series A (Humble Parkway Townhomes)	733,645	-	130,000	733,645
2004 MF Series A (Montgomery Pines Apartments)	220,250	-	-	20,248
2004 MF Series A (Pinnacle Apartments)	122,341	-	-	22,341
2004 MF Series A (Providence at Rush Creek II)	574,121	-	63,865	574,121
2004 MF Series A (Tranquility Bay Apartments)	898,373	-	109,192	898,373
2004 MF Series A (Providence at Village Fair)	886,725	-	103,309	886,725
2004 MF Series A/B (Century Park Townhomes)	636,381	-	200,000	636,381
2004 MF Series A/B (Timber Ridge II Apartments)	438,187	-	45,150	438,187
2004 MF Series A/B (Providence at Veterans Memorial)	9,787,749	-	100,295	915,909
2005 MF Series A (Atascocita Pines Apartments)	119,616	-	-	19,616
2005 MF Series A/B (Canal Place Apartments)	987,443	-	88,884	987,443
2005 MF Series A (Mission Del Rio Homes)	723,495	-	135,864	723,495
2005 MF Series A (Park Manor Senior Community)	665,600	-	-	665,600
2005 MF Series A (Homes at Pecan Grove)	882,879	-	102,242	882,879
2005 MF Series A (Plaza at Chase Oaks Apartments)	668,105	-	319,630	668,105
2005 MF Series A (Port Royal Homes)	768,203	-	88,427	768,203
2005 MF Series A (Providence at Prairie Oaks)	695,354	-	80,525	695,354
2005 MF Series A (Prairie Ranch Apartments)	563,734	-	135,000	563,734
2005 MF Series A (Providence at Mockingbird Apartments)	892,937	-	103,121	892,937
2005 MF Series A (St Augustine Estate Apartments)	111,065	-	-	11,064
2005 MF Series A (Tower Ridge Apartments)	31,253	-	-	31,248
2006 MF Series A (Aspen Park)	521,417	-	100,000	476,417
2006 MF Series A (Bella Vista Apartments)	407,694	-	50,000	407,694
2006 MF Series A (Center Ridge Apartments)	416,250	-	-	416,250
2006 MF Series A (Champion Crossing Apartments)	156,021	-	-	11,020
2005 MF Series A (Coral Hills Apartments)	292,568	-	30,000	242,568
2006 MF Series A (East Tex Pines)	773,309	-	95,000	773,309
2006 MF Series A (Grove Village)	357,292	-	90,847	357,292
2006 MF Series A (Harris Branch Apartments)	222,946	-	-	22,946
2006 MF Series A (Hillcrest Apartments)	563,850	-	150,000	563,850
2006 MF Series A (Idlewilde)	128,857	-	-	23,857
2006 MF Series A (Meadowlands Apartments)	731,866	-	87,077	731,866
2006 MF Series A (Oakmoor Apartments)	850,133	-	106,376	850,133
2006 MF Series A (Pleasant Village)	346,885	-	88,201	346,885
2006 MF Series A (Red Hills Villas)	111,089	-	-	11,088

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-D (Continued)
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE
For the Fiscal Year Ended August 31, 2012

	Pledged and Other Sources and Related Expenditures for FY 2012			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2006 MF Series A (Stonehaven Apartments)	$ 639,890	$ -	$ 86,957.00	$ 639,890
2006 MF Series A (The Residences at Sunset Pointe)	31,248	-	-	31,248
2006 MF Series A (Village Park Apartments)	514,800	-	155,000	514,800
2006 MF Series A (Villas at Henderson)	112,950	-	-	12,950
2007 MF Series A (Villas at Mesquite Creek)	833,444	-	165,000	833,444
2007 MF Series A (Costa Rialto)	2,254,440	-	84,323	596,024
2007 MF Series A (Lancaster)	130,282	-	-	25,282
2007 MF Series A (Park Place at Loyola)	820,700	-	-	820,700
2007 MF Series A (Santora Villas)	699,302	-	45,444	699,302
2007 MF Series A (Summit Point)	480,853	-	85,000	480,853
2007 MF Series A (Terrace at Cibolo)	9,085	-	-	9,085
2007 MF Series A (Windshire)	123,668	-	-	23,668
2007 MF Series A (Residences at Onion Creek)	31,248	-	-	31,248
2008 MF Series A (West Oaks Apartments)	510,712	-	-	20,712
2008 MF Series A (Costa Ibiza Apartments)	120,905	-	-	20,902
2008 MF Series A (Addison Park Apartments)	183,195	-	-	28,193
2008 MF Series A (Alta Cullen Apartments Refunding)	222,623	-	-	22,623
2009 MF Series A (Costa Mariposa Apartments)	31,459	-	-	31,459
2009 MF Series A (Woodmont Apartments)	29,287	-	-	29,287
Total Multifamily Bonds	$ 65,400,007	$ 6,126	$ 8,641,436	$ 49,112,124
Total	$ 206,995,680	$ 2,203,782	$ 25,641,436	$ 100,522,420

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-E
EARLY EXTINGUISHMENT AND REFUNDING
For the fiscal year ended August 31, 2012

			For Refunding Only		
Description of Issue	**Category**	**Amount Extinguished or Refunded**	**Refunding Issue Par Value**	**Cash Flow Increase (Decrease)**	**Economic Gain/ (Loss)**
Business-Type Activities					
2002 Single Family Series A	Early Extinguishment	$ 510,000	$ -	$ -	$ -
2002 Single Family Series B	Early Extinguishment	3,100,000			
2002 Single Family Series C	Early Extinguishment	110,000			
2002 Single Family Series D	Early Extinguishment	10,000			
2004 Single Family Series A	Early Extinguishment	7,390,000			
2004 Single Family Series C	Early Extinguishment	3,830,000			
2004 Single Family Series E	Early Extinguishment	595,000			
2005 Single Family Series A	Early Extinguishment	3,345,000			
2005 Single Family Series B	Early Extinguishment	1,385,000			
2005 Single Family Series C	Early Extinguishment	610,000			
2006 Single Family Series A	Early Extinguishment	2,655,000			
2006 Single Family Series B	Early Extinguishment	2,965,000			
2006 Single Family Series C	Early Extinguishment	4,580,000			
2006 Single Family Series D	Early Extinguishment	1,290,000			
2006 Single Family Series F	Early Extinguishment	5,905,000			
2007 Single Family Series A	Early Extinguishment	9,470,000			
2007 Single Family Series B	Early Extinguishment	6,905,000			
2002 RMRB Series A	Early Extinguishment	20,460,000			
2003 RMRB Series A	Early Extinguishment	3,270,000			
2009 RMRB Series A	Early Extinguishment	1,135,000			
2009 RMRB Series B	Early Extinguishment	895,000			
2009 RMRB Series C-1	Early Extinguishment	315,000			
2009 RMRB Series C-2	Early Extinguishment	320,000			
2009 RMRB Series C-3	Early Extinguishment	160,000			
2011 RMRB Series A	Early Extinguishment	270,000			
2011 RMRB Series B	Early Extinguishment	495,000			
1992 Coll Home Mtg Rev Bonds, Series C	Early Extinguishment	1,000,000			
2000 MF Series A (Timber Point Apartments)	Early Extinguishment	200,000			
2000 MF Series A (Creek Point Apartments)	Early Extinguishment	100,000			
2002 MF Series A (Woodway Village)	Early Extinguishment	25,000			
2003 MF Series A/B (Reading Road)	Early Extinguishment	200,000			
2003 MF Series A/B (Peninsula Apartments)	Early Extinguishment	10,000			
2003 MF Series A/B (Parkview Townhomes)	Early Extinguishment	2,511,696			
2004 MF Series A/B (Providence at Veterans Memorial)	Early Extinguishment	8,871,840			
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	100,000			
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 (Red Hills Villas)	Early Extinguishment	100,000			
2006 MF Series A (Champion Crossing Apartments)	Early Extinguishment	145,000			
2006 MF Series A (Villas at Henderson)	Early Extinguishment	100,000			
2006 MF Series A (Aspen Park)	Early Extinguishment	45,000			
2006 MF Series A (Idlewilde)	Early Extinguishment	105,000			
2007 MF Series A (Lancaster)	Early Extinguishment	105,000			
2007 MF Series A (Costa Rialto)	Early Extinguishment	1,658,416			
2007 MF Series A (Windshire)	Early Extinguishment	100,000			
2008 MF Series A (West Oaks Apartments)	Early Extinguishment	490,000			
2008 MF Series A (Costa Ibiza Apartments)	Early Extinguishment	100,000			
2008 MF Series A (Addison Park Apts)	Early Extinguishment	155,000			
2008 MF Series A (Alta Cullen Apartments Refunding)	Early Extinguishment	200,000			
Total Business-Type Activities		**$ 99,246,952**	**$ -**	**$ -**	**$ -**

State Auditor's Office
John Keel, CPA
State Auditor

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Department of Housing and Community Affairs Board of Directors
Mr. J. Paul Oxer, P.E., Chair
Mr. Tom H. Gann, Vice Chair
Ms. Leslie Bingham Escareño
Mr. Lowell A. Keig
Mr. J. Mark McWatters
Dr. Juan Sanchez Muñoz

We have audited the financial statements of the Department of Housing and Community Affairs (Department), the financial statements of the Department's Revenue Bond Program Enterprise Fund, and the computation of unencumbered fund balances of the Department's Housing Finance Division (collectively, the Department's financial reports), as of and for the year ended August 31, 2012, and have issued our reports thereon dated December 20, 2012. Except as discussed in the following paragraph, 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.

We have chosen not to comply with a reporting standard that specifies the wording to be used in discussing restrictions on the use of this report. We believe the use of such wording is not in alignment with our role as a legislative audit function.

Internal Control over Financial Reporting

Management of the Department is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Department's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial reports, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Department's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant

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deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial reports are free of material misstatement, we performed tests of its compliance with certain provisions of laws, including the Public Funds Investment Act (Texas Government Code, Section 2256); regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We noted certain matters that we reported to management of the Department in writing.

This report is intended for the information and use of the Department's Board of Directors, the Department's management, and the Legislature. However, this report is a matter of public record, and its distribution is not limited.

John Keel, CPA
State Auditor

December 20, 2012