OFFICIAL STATEMENT DATED FEBRUARY 6, 2019

<u>NEW ISSUE</u> – BOOK ENTRY ONLY

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

Bracewell LLP, Bond Counsel, is of the opinion that, subject to certain conditions described herein under existing law, (i) interest on the Series 2019A Bonds is excludable from gross income for federal income tax purposes and (ii) interest on the Series 2019A Bonds is not a specific preference item subject to the alternative minimum tax.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

$166,350,000
Residential Mortgage Revenue Bonds
Series 2019A

Dated Date: Date of Delivery **Due**: See Inside Cover

The Texas Department of Housing and Community Affairs Residential Mortgage Revenue Bonds, Series 2019A (the "Series 2019A Bonds") are issuable by the Texas Department of Housing and Community Affairs (the "Department") only as fully registered bonds, without coupons, and will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2019A Bonds. The Series 2019A Bonds will be released only in book-entry form in denominations of $5,000 or any integral multiple thereof. For as long as Cede & Co. is the exclusive registered owner of the Series 2019A Bonds, the principal or redemption price of, and interest on, the Series 2019A Bonds will be payable by The Bank of New York Mellon Trust Company, N.A., Houston, Texas, as Trustee, to DTC, which will be responsible for making such payments to DTC Participants (as defined herein), for subsequent remittance to the owners of beneficial interests in the Series 2019A Bonds. The purchasers of the Series 2019A Bonds will not receive certificates representing their beneficial ownership interest. See "THE SERIES 2019A BONDS – DTC and Book-Entry."

The Series 2019A Bonds will accrue interest from the date of delivery, until maturity or prior redemption at the per annum rates of interest set forth on the inside cover page hereof. Interest on the Series 2019A Bonds will be payable to DTC commencing July 1, 2019, and semi-annually thereafter on each January 1 and July 1 until maturity or prior redemption thereof, as more fully described on the inside cover page hereof.

THE SERIES 2019A BONDS ARE SUBJECT TO REDEMPTION ON THE DATES AND AT THE REDEMPTION PRICES WHICH ARE MORE FULLY DESCRIBED HEREIN. See "THE SERIES 2019A BONDS – Redemption Provisions."

The Series 2019A Bonds are being issued for the primary purpose of providing funds for the purchase of mortgage-backed, pass-through certificates (the "Mortgage Certificates"). The Mortgage Certificates purchased with the proceeds of the Series 2019A Bonds will be guaranteed as to timely payment of principal and interest by either the Government National Mortgage Association ("GNMA") (the "GNMA Certificates") or the Federal National Mortgage Association ("Fannie Mae") (the "Fannie Mae Certificates"). See APPENDIX B-1 and APPENDIX B-2. The Series 2019A Bonds, the Prior Bonds (as defined herein), and, unless subordinated, all Bonds subsequently issued under the Trust Indenture are equally and ratably secured by the Trust Estate (as defined herein) held by the Trustee under the Trust Indenture. See "SECURITY FOR THE BONDS" and "THE TRUST INDENTURE."

THE SERIES 2019A BONDS ARE LIMITED OBLIGATIONS OF THE DEPARTMENT AND ARE PAYABLE SOLELY FROM THE REVENUES AND FUNDS PLEDGED FOR THE PAYMENT THEREOF AS MORE FULLY DESCRIBED HEREIN. NEITHER THE STATE OF TEXAS (THE "STATE") NOR ANY AGENCY OF THE STATE, OTHER THAN THE DEPARTMENT, NOR THE UNITED STATES OF AMERICA OR ANY AGENCY, DEPARTMENT OR OTHER INSTRUMENTALITY THEREOF, INCLUDING GNMA AND FANNIE MAE, IS OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2019A BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR THE UNITED STATES OF AMERICA IS PLEDGED, GIVEN OR LOANED TO SUCH PAYMENT. THE DEPARTMENT HAS NO TAXING POWER. GNMA AND FANNIE MAE GUARANTEE ONLY THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE GNMA CERTIFICATES AND FANNIE MAE CERTIFICATES, RESPECTIVELY, WHEN DUE AND DO NOT GUARANTEE THE PAYMENT OF THE SERIES 2019A BONDS OR ANY OTHER OBLIGATIONS ISSUED BY THE DEPARTMENT.

The Series 2019A Bonds are offered when, as, and if issued by the Department. Delivery of the Series 2019A Bonds is subject to approval of the legality thereof by Bracewell LLP, Bond Counsel, and certain other conditions. Delivery of the Series 2019A Bonds is also subject to the approval of the legality thereof by the Attorney General of the State. Certain legal matters will be passed upon for the Department by its General Counsel, James "Beau" Eccles, Esq. and by its Co-Disclosure Counsel, McCall, Parkhurst & Horton L.L.P. and Mahomes Bolden PC. Certain legal matters will be passed upon for the Underwriters by their Counsel, Chapman and Cutler LLP. Certain financial advisory services have been provided to the Department by George K. Baum & Company. It is expected that the Series 2019A Bonds will be available for delivery to DTC in book-entry only form on or about March 19, 2019.

Jefferies

J.P. Morgan **Piper Jaffray & Co.** **Ramirez & Co., Inc.** **RBC Capital Markets**

MATURITY SCHEDULE

$10,790,000 Series 2019A Serial Bonds

Maturity Date	Principal Amount	Interest Rate	Price	CUSIP
01/1/2021	$ 885,000	1.85%	100%	882750NW8
01/1/2022	920,000	1.95	100	882750NX6
01/1/2023	960,000	2.05	100	882750NY4
01/1/2024	1,000,000	2.20	100	882750NZ1
01/1/2025	1,045,000	2.35	100	882750PA4
01/1/2026	1,095,000	2.50	100	882750PB2
01/1/2027	1,140,000	2.65	100	882750PC0
01/1/2028	1,190,000	2.75	100	882750PD8
01/1/2029	1,245,000	2.90	100	882750PE6
01/1/2030	1,310,000	3.00	100	882750PF3

$17,510,000 Series 2019A Premium Serial Bonds

Maturity Date	Principal Amount	Interest Rate	Price	CUSIP
07/1/2020	$ 860,000	5.00%	104.116%	882750NF5
07/1/2021	900,000	5.00	107.124	882750NG3
07/1/2022	935,000	5.00	109.987	882750NH1
07/1/2023	975,000	5.00	112.559	882750NJ7
07/1/2024	1,015,000	5.00	114.913	882750NK4
07/1/2025	1,060,000	5.00	116.984	882750NL2
07/1/2026	1,105,000	5.00	118.671	882750NM0
07/1/2027	1,155,000	5.00	120.004	882750NN8
07/1/2028	1,210,000	5.00	121.147	882750NP3
07/1/2029	1,270,000	5.00	120.043	882750NQ1
07/1/2030	1,330,000	5.00	118.770	882750NR9
01/1/2031	1,370,000	5.00	117.781	882750NS7
07/1/2031	1,405,000	5.00	117.602	882750NT5
01/1/2032	1,440,000	5.00	117.157	882750NU2
07/1/2032	1,480,000	5.00	117.068	882750NV0

$6,340,000 3.50% Term Bonds due July 1, 2034 Price 100% CUSIP 882750PG1
$18,735,000 3.80% Term Bonds due July 1, 2039 Price 100% CUSIP 882750PH9
$23,315,000 3.90% Term Bonds due July 1, 2044 Price 100% CUSIP 882750PJ5
$57,410,000 4.75% Premium PAC Term Bonds due January 1, 2049 Price 110.128% CUSIP 882750PK2
$32,250,000 3.95% Term Bonds due January 1, 2050 Price 100% CUSIP 882750PL0

(Interest Accrues from Date of Delivery)

This Official Statement does not constitute, and is not to be used in connection with, an offer to sell or the solicitation of an offer to buy the Series 2019A Bonds in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth in this Official Statement has been obtained from the Department and other sources which are believed to be reliable. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions or matters of opinion, or as to the likelihood that they will be realized. Any information and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made under such document shall, under any circumstances, create any implications that there has been no change in the affairs of the Department or other matters described herein since the date hereof.

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

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

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

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

IN CONNECTION WITH THE OFFERING OF THE SERIES 2019A BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH ARE INTENDED TO STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2019A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING EFFORTS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2019A BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENTS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED HEREIN, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

The Series 2019A Bonds have not been registered under the Securities Act of 1933, as amended, nor has the Trust Indenture or any other document been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. Any registration or qualification of the Series 2019A Bonds in accordance with applicable provisions of the securities laws or the states in which the Series 2019A Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, nor any agency or department thereof, has passed upon the merits of the Series 2019A Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

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OFFICIAL STATEMENT

Relating to

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

$166,350,000
Residential Mortgage Revenue Bonds
Series 2019A

INTRODUCTION

This Official Statement provides certain information concerning the Texas Department of Housing and Community Affairs (the "Department") in connection with the issuance of its Residential Mortgage Revenue Bonds, Series 2019A (the "Series 2019A Bonds"). Capitalized terms used but not otherwise defined herein shall have the respective meanings for such terms as set forth in "APPENDIX A – GLOSSARY."

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

The Series 2019A Bonds are authorized to be issued pursuant to the Act, a resolution adopted by the Governing Board of the Department on January 17, 2019 (the "Bond Resolution"), a Residential Mortgage Revenue Bond Trust Indenture, dated as of November 1, 1987 (the "Master Indenture" and as amended and supplemented from time to time, collectively, the "Trust Indenture") between the Agency or the Department, as the case may be, and MTrust Corp, or its successor as trustee, The Bank of New York Mellon Trust Company, N.A., Houston, Texas (the "Trustee") and a Thirty-Third Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of March 1, 2019 (the "Thirty-Third Supplemental Indenture"). The Trust Indenture authorizes the Department to issue bonds to provide funds (i) to acquire or refinance residential mortgage loans or participations therein (the "Mortgage Loans") which are made to Eligible Borrowers, as determined from time to time by the Department, (ii) to purchase mortgage-backed securities, (the "Mortgage Certificates") that are backed by Mortgage Loans and guaranteed by the Government National Mortgage Association ("GNMA") or the Federal National Mortgage Association ("Fannie Mae"), (iii) to refund Outstanding Bonds issued under the Trust Indenture or certain other bonds of the Department or the Agency, (iv) to fund certain reserves, and (v) to pay costs associated therewith.

The Department has previously issued multiple prior series of Residential Mortgage Revenue Bonds (the "Prior Bonds") under the Trust Indenture of which $120,600,000 in aggregate principal amount was outstanding as of September 30, 2018. See "SECURITY FOR THE BONDS – Prior Bonds."

The Series 2019A Bonds, the Prior Bonds and, unless subordinated, all bonds subsequently issued pursuant to the Trust Indenture (collectively, the "Bonds") are equally and ratably secured by the Trust Estate held by the Trustee pursuant to the Trust Indenture. See "THE TRUST INDENTURE" and "SECURITY FOR THE BONDS – Additional Bonds."

The Series 2019A Bonds are being issued for the primary purpose of providing funds for the purchase of the Mortgage Certificates guaranteed as to timely payment of principal and interest by GNMA or Fannie Mae (the "2019A Mortgage Certificates"), which represent beneficial ownership of pools of Mortgage Loans. The 2019A Mortgage Certificates together with the mortgage pass-through certificates acquired with proceeds of the Prior Bonds or Bonds subsequently issued pursuant to the Trust Indenture are referred to herein as the "Mortgage Certificates." See "PLAN OF FINANCE."

The Series 2019A Bonds are on a parity in all respects with all Outstanding Prior Bonds and, unless subordinated, any Bonds subsequently issued. The Prior Bonds are payable solely from and are secured by a pledge of and lien on the Revenues, Mortgages, Mortgage Loans (including Mortgage Certificates), Investment Securities, moneys held in the Funds (excluding the Rebate Fund) and other property pledged under the Trust Indenture (collectively, the "Trust Estate"). The Trust Estate currently includes, among other things, Mortgage Certificates which were purchased with the proceeds of the Prior Bonds. These Mortgage Certificates are guaranteed by GNMA or Fannie Mae. There is no requirement that proceeds of subsequent issues of Bonds be used to purchase Mortgage Certificates. All payments with respect to principal of and interest on Mortgage Loans (net of servicing fees) and on Mortgage Certificates (net of servicing and guaranty fees) received by the Department and the earnings on investments of Funds and accounts held pursuant to the Trust Indenture constitute Revenues. The pledge of and lien on the Trust Estate is subject to discharge if moneys or qualified securities sufficient to provide for the payment of all Outstanding Bonds are deposited and held in trust for such payment. See "SECURITY FOR THE BONDS."

THE SERIES 2019A BONDS ARE LIMITED OBLIGATIONS OF THE DEPARTMENT AND ARE PAYABLE SOLELY FROM THE REVENUES AND FUNDS PLEDGED FOR THE PAYMENT THEREOF AS MORE FULLY DESCRIBED HEREIN. NEITHER THE STATE NOR ANY AGENCY OF THE STATE, OTHER THAN THE DEPARTMENT, NOR THE UNITED STATES OF AMERICA OR ANY AGENCY, DEPARTMENT OR OTHER INSTRUMENTALITY THEREOF, INCLUDING GNMA AND FANNIE MAE, IS OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2019A BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR THE UNITED STATES OF AMERICA IS PLEDGED, GIVEN OR LOANED TO SUCH PAYMENT. THE DEPARTMENT HAS NO TAXING POWER. GNMA AND FANNIE MAE GUARANTEE ONLY THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE GNMA CERTIFICATES AND FANNIE MAE CERTIFICATES, RESPECTIVELY, WHEN DUE AND DO NOT GUARANTEE THE PAYMENT OF THE SERIES 2019A BONDS OR ANY OTHER OBLIGATIONS ISSUED BY THE DEPARTMENT.

There follows in this Official Statement a brief description of the plan of finance, the Department and its bond programs, together with summaries of certain terms of the Series 2019A Bonds, the Trust Indenture, and certain provisions of the Act, as well as other matters. All references herein to the Act, the Trust Indenture, and other agreements are qualified in their entirety by reference to each such document, copies of which are available from the Department, and all references to the Series 2019A Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the Trust Indenture.

For information concerning the Prior Bonds and the Mortgage Loans and Mortgage Certificates acquired with proceeds of the Prior Bonds, see "SECURITY FOR THE BONDS – Prior Bonds" and "APPENDIX E-1 – ADDITIONAL INFORMATION CONCERNING MORTGAGE CERTIFICATES." For information concerning other single family and multi-family programs of the Department, see "APPENDIX E-2 – BOND SUMMARY OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS."

PLAN OF FINANCE

Proceeds of the Series 2019A Bonds will be deposited to the 2019A Mortgage Loan Account of the Mortgage Loan Fund and used to purchase 2019A Mortgage Certificates, to fund down payment assistance, and pay lender compensation related to the 2019A Mortgage Loans.

SOURCES AND USES OF FUNDS

The sources of funds and the uses in connection with the Series 2019A Bonds are expected to be approximately as set forth below.

SOURCES OF FUNDS	
Series 2019A Bond Proceeds	$174,999,226.00
Issuer Contribution[(1)]	3,440,723.83
TOTAL	178,439,949.83
USES OF FUNDS	
2019A Mortgage Loan Account[(2)]	$175,665,600.00
Revenue Fund Deposit	500,000.00
Underwriter Compensation	1,235,112.33
Costs of Issuance	1,039,237.50
TOTAL	$178,439,949.83

[(1)] An additional amount of up to $2,500,000 of Trust Indenture funds may be used for capitalized interest related to the Series 2019A Bonds.
[(2)] Includes the purchase of 2019A Mortgage Certificates, down payment assistance funds, lender compensation, and servicing fees for second mortgage loans.

THE SERIES 2019A BONDS

General

The Series 2019A Bonds are deliverable only as fully registered bonds, without coupons, and will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2019A Bonds. The Series 2019A Bonds will be available in book-entry form only in denominations of $5,000 or any integral multiple thereof. The principal or redemption price of, and interest on the Series 2019A Bonds will be payable by the Trustee to DTC, which will be responsible for making such payments to DTC Participants (hereinafter defined) for subsequent remittance to the owners of beneficial interests in the Series 2019A Bonds or their nominees. See "THE SERIES 2019A BONDS – DTC and Book-Entry."

The Series 2019A Bonds mature on the dates and in the amounts set forth on the inside cover hereof.

Interest Rates

The Series 2019A Bonds will accrue interest from the date of delivery, until maturity or prior redemption at the respective per annum rates of interest set forth on the inside cover page hereof. Interest accrued on the Series 2019A Bonds will be payable on July 1 and January 1 of each year, commencing on July 1, 2019, until maturity or prior redemption. Interest on the Series 2019A Bonds will be based on a 360-day year consisting of twelve 30-day months.

Redemption Provisions

The Series 2019A Bonds are subject to optional redemption, special redemption, and mandatory sinking fund redemption at various times prior to their scheduled maturities at various redemption prices as described below. **The Department anticipates that a significant portion of the Series 2019A Bonds will be redeemed prior to their scheduled maturities as the result of the receipt by the Department of amounts representing Mortgage Loan Principal Payments (all amounts representing scheduled payments of principal and any Mortgage Loan Principal Prepayments) and from excess Revenues (including residual Trust Indenture revenues whether or not derived in connection with the Series 2019A Bonds).**

Special Redemption from Unexpended Proceeds of Series 2019A Bonds

The Series 2019A Bonds are subject to special redemption from unexpended proceeds of the Series 2019A Bonds, at any time and from time to time, prior to their stated maturities, in whole or in part. The Redemption Price of the Serial Bonds and Term Bonds shall be equal to 100% of the principal amount thereof.

The redemption of the Premium Serial Bonds maturing on and before July 1, 2028 (as shown on the inside of cover page) shall be at the applicable Redemption Price, as set forth in "APPENDIX H – UNEXPENDED PROCEEDS REDEMPTION PRICE FOR PREMIUM SERIAL BONDS AND PREMIUM PAC TERM BONDS," that maintains the original yield to maturity of such Premium Serial Bonds.

The redemption of the Premium PAC Term Bonds (as shown on the inside of cover page) shall be at the applicable Redemption Price, as set forth in "APPENDIX H – UNEXPENDED PROCEEDS REDEMPTION PRICE FOR PREMIUM SERIAL BONDS AND PREMIUM PAC TERM BONDS," that maintains the original yield to the average life of such Premium PAC Term Bonds.

The redemption of the Premium Serial Bonds maturing after July 1, 2028 (as shown on the inside of cover page) shall be at the applicable Redemption Price, as set forth in "APPENDIX H – UNEXPENDED PROCEEDS REDEMPTION PRICE FOR PREMIUM SERIAL BONDS AND PREMIUM PAC TERM BONDS," that maintains the original yield to the optional redemption date of July 1, 2028 of such Premium Serial Bonds.

Each of the above redemptions from unexpended proceeds shall also include accrued interest to, but not including, the date of redemption; and excepting that for a one-time redemption from unexpended proceeds of all the Series 2019A Bonds in a cumulative amount of less than $500,000, the Redemption Price shall be equal to 100% of the principal amount thereof. Such redemptions shall occur on January 1, 2020, or as soon as practicable after receipt by the Trustee of a certification of the Department that such amounts will not be used to purchase 2019A Mortgage Certificates, unless the Certificate Purchase Period is extended in accordance with the Trust Indenture. In no event will the redemption occur later than September 1, 2022.

As described in "INVESTMENT CONSIDERATIONS – Non-Origination of Mortgage Loans," over the past year, the Department has averaged over $47 million per month in GNMA and Fannie Mae mortgage-backed securities issued that are backed by tax-exempt bond eligible mortgage loans, exclusive of loans for which a mortgage credit certificate was issued. The Department has not had an unexpended proceeds call since November 1, 2010.

The Series 2019A Bonds to be redeemed as described in this subcaption shall be selected by the Trustee on a pro rata basis among all maturities unless otherwise directed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate.

Special Redemption From Mortgage Loan Principal Payments

The Series 2019A Bonds other than the Premium Serial Bonds are subject to redemption prior to maturity on or after July 1, 2019, and all Series 2019A Bonds (including Premium Serial Bonds) are subject to redemption prior to maturity on or after July 1, 2028. The Series 2019A Bonds subject to redemption as described in the immediately preceding sentence shall be redeemed, in whole or in part, from time to time after giving notice as provided in the Trust Indenture, at a Redemption Price equal to 100% of the principal amount of the Series 2019A Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date, from amounts transferred to the 2019A Special Redemption Account in accordance with the Trust Indenture.

In the event of a redemption from Mortgage Loan Principal Payments, the Trustee shall select the particular Series 2019A Bonds, be redeemed as follows:

(a) first, the Trustee shall redeem the Premium PAC Term Bonds, but only to the extent that the Outstanding principal amount of the Premium PAC Term Bonds following such redemption is not less than the Premium PAC Term Bonds Outstanding Applicable Amount as of such date;

The Premium PAC Term Bonds Outstanding Applicable Amount is as follows:

Date	Premium PAC Term Bonds Outstanding Applicable Amount
3/19/2019	$57,410,000
7/1/2019	57,410,000
1/1/2020	56,415,000
7/1/2020	55,015,000
1/1/2021	52,520,000
7/1/2021	49,110,000
1/1/2022	44,845,000
7/1/2022	40,065,000
1/1/2023	35,400,000
7/1/2023	30,935,000
1/1/2024	26,665,000
7/1/2024	22,580,000
1/1/2025	18,690,000
7/1/2025	14,970,000
1/1/2026	11,430,000
7/1/2026	8,060,000
1/1/2027	4,860,000
7/1/2027	1,820,000
1/1/2028	–

(b) amounts remaining following the redemptions described in clause (a) above shall be applied, unless otherwise directed by a Letter of Instructions accompanied by a Cashflow Certificate, (i) prior to July 1, 2028, to redeem all the Series 2019A Bonds (other than the Premium Serial Bonds and Premium PAC Term Bonds) on a proportionate basis until the Outstanding principal amount of all Series 2019A Bonds has been reduced to the Series 2019A Cumulative Applicable Amount as of such date; and (ii) on or after July 1, 2028, first, to redeem all the Premium Serial Bonds (proportionate among such Premium Serial Bonds), then all other remaining Series 2019A Bonds (other than the Premium PAC Term Bonds) on a proportionate basis until the Outstanding principal amount of all Series 2019A Bonds has been reduced to the Series 2019A Cumulative Applicable Amount as of such date.

The Series 2019A Cumulative Applicable Amount is as follows:

Date	Series 2019A Cumulative Applicable Amount
3/19/2019	$166,350,000
7/1/2019	166,350,000
1/1/2020	164,525,000
7/1/2020	158,565,000
1/1/2021	148,855,000
7/1/2021	135,915,000
1/1/2022	120,510,000
7/1/2022	104,455,000
1/1/2023	90,255,000
7/1/2023	77,960,000
1/1/2024	67,315,000
7/1/2024	58,110,000
1/1/2025	50,145,000
7/1/2025	43,255,000
1/1/2026	37,300,000
7/1/2026	32,150,000
1/1/2027	27,700,000
7/1/2027	23,855,000
1/1/2028	20,535,000
7/1/2028	17,670,000
1/1/2029	15,195,000
7/1/2029	13,060,000
1/1/2030	11,220,000
7/1/2030	9,630,000
1/1/2031	8,265,000
7/1/2031	7,085,000
1/1/2032	6,070,000
7/1/2032	5,200,000
1/1/2033	4,445,000
7/1/2033	3,800,000
1/1/2034	3,245,000
7/1/2034	2,770,000
1/1/2035	2,360,000
7/1/2035	2,010,000
1/1/2036	1,710,000
7/1/2036	1,455,000

Date	Series 2019A Cumulative Applicable Amount
1/1/2037	$1,230,000
7/1/2037	1,045,000
1/1/2038	885,000
7/1/2038	745,000
1/1/2039	630,000
7/1/2039	530,000
1/1/2040	445,000
7/1/2040	370,000
1/1/2041	310,000
7/1/2041	260,000
1/1/2042	215,000
7/1/2042	175,000
1/1/2043	145,000
7/1/2043	120,000
1/1/2044	95,000
7/1/2044	80,000
1/1/2045	65,000
7/1/2045	50,000
1/1/2046	40,000
7/1/2046	30,000
1/1/2047	25,000
7/1/2047	20,000
1/1/2048	15,000
7/1/2048	10,000
1/1/2049	5,000
7/1/2049	–

(c) amounts remaining following the redemptions described in clauses (a) and (b) above shall be applied, unless otherwise directed by a Letter of Instructions accompanied by a Cashflow Certificate, (i) prior to July 1, 2028, to redeem all Series 2019A Bonds (excluding Premium Serial Bonds), on a proportionate basis; and (ii) on or after July 1, 2028, first, to redeem all the Premium Serial Bonds (proportionate among such Premium Serial Bonds), then all other remaining Series 2019A Bonds on a proportionate basis.

If any Series 2019A Bonds are redeemed pursuant to the provisions of the Trust Indenture described above in "Special Redemption from Unexpended Proceeds," the Premium PAC Term Bonds Outstanding Applicable Amount and the Series 2019A Cumulative Applicable Amount described above for the current and each future semiannual period will be reduced on a proportionate basis.

Special Redemption From Excess Revenues

The Series 2019A Bonds other than the Premium Serial Bonds are subject to redemption prior to maturity on or after July 1, 2019, and all Series 2019A Bonds (including Premium Serial Bonds) are subject to redemption prior to maturity on or after July 1, 2028. The Series 2019A Bonds subject to redemption as described in the immediately preceding sentence shall be redeemed, in whole or in part, from time to time after giving notice as provided in the Trust Indenture, at a Redemption Price equal to 100% of the principal amount of the Series 2019A Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date, from excess Revenues (including residual Trust Indenture revenues whether or not derived in connection with the Series 2019A Bonds).

In general, excess Revenues will consist of funds remaining on each Interest Payment Date, in the case of the Series 2019A Bonds, in the 2019A Revenue Account of the Revenue Fund after taking into account (1) the provision for payment of debt service on the Series 2019A Bonds on such Interest Payment Date, (2) the required transfers of amounts to the 2019A Special Redemption Account and the 2019A Principal Account, and (3) the payment of Department Expenses in accordance with the Trust Indenture; and such excess Revenues will be transferred to the 2019A Special Redemption Account and used to redeem Series 2019A Bonds unless otherwise directed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate. See "THE TRUST INDENTURE – Revenue Fund" and "—Residual Revenues Fund."

In the event of a redemption from excess Revenues as described above, the Trustee will apply amounts transferred from the Residual Revenues Fund to the 2019A Special Redemption Account to redeem the Series 2019A Bonds Outstanding in the same manner described in "Special Redemption from Mortgage Loan Principal Payments" above, unless otherwise instructed by the Department pursuant to a Letter of Instructions accompanied by a Cashflow Certificate.

Optional Redemption

The Series 2019A Bonds are subject to redemption prior to maturity, in whole or in part, at any time and from time to time, on and after July 1, 2028, at the option of the Department after giving notice as provided in the Trust Indenture, at a Redemption Price equal to 100% of the principal amount of such Series 2019A Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date.

Mandatory Sinking Fund Redemption

The Series 2019A Bonds maturing on the dates specified below are subject to scheduled mandatory redemption prior to maturity and shall be redeemed after giving notice as provided in the Trust Indenture, in the aggregate principal amounts and on the dates set forth in the following tables, at a Redemption Price equal to 100% of the principal amount of Series 2019A Bonds or portions thereof to be redeemed, plus accrued interest if any, to, but not including, the redemption date:

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SERIES 2019A BONDS

$6,340,000 Term Bonds Maturing July 1, 2034

Date	Principal Amount ($)	Date	Principal Amount ($)
01/1/2033	1,525,000	01/1/2034	1,605,000
07/1/2033	1,565,000	07/1/2034	1,645,000*

*Final Maturity

$18,735,000 Term Bonds Maturing July 1, 2039

Date	Principal Amount ($)	Date	Principal Amount ($)
01/1/2035	1,700,000	07/1/2037	1,885,000
07/1/2035	1,740,000	01/1/2038	1,930,000
01/1/2036	1,770,000	07/1/2038	1,970,000
07/1/2036	1,810,000	01/1/2039	2,015,000
01/1/2037	1,850,000	07/1/2039	2,065,000*

*Final Maturity

$23,315,000 Term Bonds Maturing July 1, 2044

Date	Principal Amount ($)	Date	Principal Amount ($)
01/1/2040	2,105,000	07/1/2042	2,350,000
07/1/2040	2,150,000	01/1/2043	2,405,000
01/1/2041	2,200,000	07/1/2043	2,460,000
07/1/2041	2,250,000	01/1/2044	2,515,000
01/1/2042	2,300,000	07/1/2044	2,580,000*

*Final Maturity

$32,250,000 Term Bonds Maturing January 1, 2050

Date	Principal Amount ($)	Date	Principal Amount ($)
01/1/2045	2,630,000	07/1/2047	2,940,000
07/1/2045	2,690,000	01/1/2048	3,005,000
01/1/2046	2,750,000	07/1/2048	3,075,000
07/1/2046	2,805,000	01/1/2049	3,145,000
01/1/2047	2,875,000	07/1/2049	4,995,000
		01/1/2050	1,340,000*

*Final Maturity

$57,410,000 Premium PAC Term Bonds Maturing January 1, 2049

Date	Principal Amount ($)	Date	Principal Amount ($)
01/1/2020	250,000	07/1/2034	885,000
07/1/2020	435,000	01/1/2035	915,000
01/1/2021	445,000	07/1/2035	930,000
07/1/2021	455,000	01/1/2036	955,000
01/1/2022	470,000	07/1/2036	980,000
07/1/2022	480,000	01/1/2037	1,005,000
01/1/2023	495,000	07/1/2037	1,035,000
07/1/2023	505,000	01/1/2038	1,060,000
01/1/2024	520,000	07/1/2038	1,090,000
07/1/2024	535,000	01/1/2039	1,115,000
01/1/2025	545,000	07/1/2039	1,145,000
07/1/2025	560,000	01/1/2040	1,175,000
01/1/2026	575,000	07/1/2040	1,210,000
07/1/2026	590,000	01/1/2041	1,240,000
01/1/2027	605,000	07/1/2041	1,270,000
07/1/2027	625,000	01/1/2042	1,305,000
01/1/2028	640,000	07/1/2042	1,340,000
07/1/2028	655,000	01/1/2043	1,375,000
01/1/2029	675,000	07/1/2043	1,410,000
07/1/2029	690,000	01/1/2044	1,450,000
01/1/2030	700,000	07/1/2044	1,485,000
07/1/2030	720,000	01/1/2045	1,525,000
01/1/2031	740,000	07/1/2045	1,565,000
07/1/2031	760,000	01/1/2046	1,605,000
01/1/2032	780,000	07/1/2046	1,650,000
07/1/2032	800,000	01/1/2047	1,685,000
01/1/2033	820,000	07/1/2047	1,735,000
07/1/2033	840,000	01/1/2048	1,780,000
01/1/2034	865,000	07/1/2048	1,835,000
		01/1/2049	1,880,000*

*Final Maturity

The principal amount of the Series 2019A Bonds to be redeemed on each such redemption date pursuant to mandatory sinking fund redemption shall be reduced by the principal amount of any Series 2019A Bonds having the same maturity and interest rate, which (A) at least 45 days prior to such mandatory sinking fund redemption date, (1) shall have been acquired by the Department and delivered to the Trustee for cancellation, or (2) shall have been acquired and canceled by the Trustee at the direction of the Department, or (3) shall have been redeemed other than pursuant to scheduled mandatory redemption, and (B) shall have not been previously credited against a scheduled mandatory sinking fund redemption.

Partial Redemption

Except as described in "THE SERIES 2019A BONDS – Redemption Provisions – Special Redemption from Unexpended Proceeds of Series 2019A Bonds," "– Special Redemption from Mortgage Loan Principal Payments" and "– Special Redemption from Excess Revenues," the particular Series 2019A Bonds within a maturity to be redeemed in part shall be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate. A portion of any Series 2019A Bond may be redeemed, but only in an Authorized Denomination. Upon surrender of any Series 2019A Bond for redemption in part, the Trustee will authenticate and deliver an exchange Series 2019A Bond in an Authorized Denomination in an aggregate principal amount equal to the unredeemed portion of the surrendered Series 2019A Bond. See "THE SERIES 2019A BONDS – DTC and Book-Entry."

Notice of Redemption

The Trustee shall give notice, in the name of the Department, of the redemption of Series 2019A Bonds to the holders thereof, which notice shall specify the maturity and interest rates of the Series 2019A Bonds to be redeemed, the redemption date and the method and place or places where amounts due upon such redemption will be payable and, if less than all of the Series 2019A Bonds are to be redeemed, the letters and numbers or other distinguishing marks of such Series 2019A Bonds so to be redeemed, and, in the case of Series 2019A Bonds to be redeemed in part only, such notices shall also specify the respective portions of the principal amounts thereof to be redeemed. Such notice shall further state any conditions that must be satisfied prior to the redemption date and that on such date there shall become due and payable upon each Series 2019A Bond to be redeemed the redemption price thereof, or the redemption price of the specified portions of the principal amount thereof, in the case of Series 2019A Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. If applicable, such notice shall provide that the redemption of the Series 2019A Bonds is conditioned upon moneys being available for such purpose on the redemption date or such other conditions as may be set forth in such notice. See "—Conditional Notices of Redemption."

The Trustee shall mail a copy of such notice by first class mail, postage prepaid, not less than 30 days, nor more than 60 days prior to the redemption date to the holders of any Series 2019A Bonds or portions thereof which are to be redeemed, at the address shown on the registration books maintained by the Trustee.

Conditional Notices of Redemption

The Department reserves the right to give notice of its election or direction to redeem Series 2019A Bonds conditioned upon the occurrence of subsequent events.

Payment of Redeemed Bonds

Notice having been given as provided in the Trust Indenture, the Series 2019A Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the redemption price, plus interest accrued and unpaid to the redemption date. If there shall be called for redemption less than all of a Series 2019A Bond, the Department shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Series 2019A Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Series 2019A Bond so surrendered, Series 2019A Bonds of like maturity, interest rate and aggregate principal amount in any Authorized Denomination. If, on the redemption date, moneys for the redemption of all the Series 2019A Bonds or portions thereof of any like maturity to be redeemed, together with interest to the redemption date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as specified in the Trust Indenture, then, from and after the redemption date, interest on the Series 2019A Bonds or portions thereof of like maturity so called for redemption shall cease to accrue and become payable. If such moneys shall not be available on the redemption date, such Series 2019A Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Purchase in Lieu of Redemption

The Trust Indenture permits the purchase of Bonds, including the Series 2019A Bonds, in the open market in lieu of redemption of such Bonds. Any such purchase may be at a price not exceeding the then applicable redemption price for such Bonds.

Average Life and Prepayment Speeds

The amounts shown in the tables under "THE SERIES 2019A BONDS – Redemption Provisions" above for Premium PAC Term Bonds Outstanding Applicable Amount and for Series 2019A Cumulative Applicable Amount are based on many assumptions, including (i) receipt of prepayments on the 2019A Mortgage Loans equal to 100 percent of SIFMA's standard prepayment model (as further described below) (the "SIFMA Prepayment Model") in the case of Premium PAC Term Bonds Outstanding Applicable Amount and 400 percent of the SIFMA Prepayment Model in the case of the Series 2019A Cumulative Outstanding Applicable Amount; and (ii) that $166,350,000 on deposit in the 2019A Mortgage Loan Account attributable to the proceeds of the Series 2019A Bonds will be used to purchase 2019A Mortgage Certificates. Prepayments on mortgage loans are commonly measured relative to a prepayment standard or model. The SIFMA Prepayment Model represents an assumed monthly rate of prepayment of the then outstanding principal balance of a pool of new mortgage loans. The SIFMA Prepayment Model does not purport to be either an historical description of the prepayment of any pool of mortgage loans or a prediction of the anticipated rate of prepayment of any pool of mortgage loans, including the 2019A Mortgage Certificates. One hundred percent (100%) of the SIFMA Prepayment Model assumes prepayment rates of 0.2 percent per year of the then unpaid principal balance of such mortgage loans in the first month of the life of the mortgage loans and an additional 0.2 percent per year in each month thereafter (for example, 0.4 percent per year in the second month) until the 30th month. Beginning in the 30th month and in each month thereafter during the life of the mortgage loans, 100 percent of the SIFMA Prepayment Model assumes a constant prepayment rate of six percent per year. Multiples will be calculated from this prepayment rate speed (e.g., 200 percent of the SIFMA Prepayment Model assumes prepayment rates will be 0.4 percent per year on month one, 0.8 percent per year in month two, reaching 12 percent per year in month 30 and remaining constant at 12 percent per year thereafter).

The following table assumes, among other things, that (i) $166,350,000 in the 2019A Mortgage Loan Account will be used to purchase 2019A Mortgage Certificates; (ii) 2019A Mortgage Loans will be purchased on average on July 21, 2019; (iii) 2019A Mortgage Loans will have an original term of 30 years; (iv) 2019A Mortgage Certificates will have a weighted average interest rate of 4.93% per annum and a weighted average pass through rate of 4.42%; (v) Trustee's fees will be 0.02% per annum of Series 2019A Bonds outstanding with an annual minimum of $3,500; (vi) 2019A Mortgage Loans prepay at the indicated percentage of the SIFMA Prepayment Model; (vii) all 2019A Mortgage Loans are pooled and assigned to GNMA or Fannie Mae upon the issuance to the Trustee of GNMA or Fannie Mae Securities, respectively, and payments on such Mortgage Certificates are timely made and used on a timely basis to redeem the Series 2019A Bonds; (viii) the Series 2019A Bonds are not redeemed pursuant to optional redemption or unexpended proceeds redemption; (ix) no amounts allocable to any other series of Bonds are used to cross-call the Series 2019A Bonds and no amounts allocable to the Series 2019A Bonds are used to cross-call any other series of Bonds; (x) the Investment Securities held in the 2019A Mortgage Loan Account will pay interest at the rate of 0% per annum and the Investment Securities held in the Revenue Fund will pay interest at the rate of 0% per annum for the first three years and 0.05% per annum thereafter; (xi) Series 2019A Bonds will be redeemed as described under "Special Redemption From Mortgage Loan Principal Payments" above, assuming the Premium PAC Term Bonds are redeemed semiannually up to a mortgage prepayment speed of 400% SIFMA and monthly thereafter. While not obligated to be redeemed on a particular date, all other Series 2019A Bonds are assumed to be redeemed monthly and (xii) Series 2019A Bonds will be redeemed semi-annually as described under "Special Redemption From Excess Revenues" above.

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

Projected Weighted Average Life (in Years) [(1)]

Prepayment Speed of Mortgage Loans (SIFMA)	Term Bonds Due 7/1/2034	Term Bonds Due 7/1/2039	Term Bonds Due 7/1/2044	Term Bonds Due 1/1/2050	Prem PAC Term Bonds Due 1/1/2049
0%	14.5	18.1	23.1	27.8	16.6
50%	14.5	17.7	21.1	22.6	7.1
75%	14.1	16.5	18.9	19.5	5.6
100%	13.3	15.1	16.7	16.9	4.9
125%	12.2	13.6	14.6	14.7	4.9
150%	11.1	12.2	12.9	12.9	4.9
175%	10.2	10.9	11.4	11.4	4.9
200%	9.3	9.9	10.2	10.2	4.9
300%	6.7	6.8	6.8	6.8	4.9
400%	4.8	4.8	4.8	4.8	4.9
500%	4.0	3.9	3.9	3.9	3.7

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

In addition to the table above, APPENDIX G sets forth a table of additional average life-related data at various prepayment speeds.

The holder of less than all of the Outstanding principal amount of a Premium PAC Term Bond or a Term Bond may not achieve the results indicated above. The Department does not undertake to update this table or any other projections contained in this Official Statement based on the Department's actual experience with respect to repayment and prepayment of the Series 2019A Bonds.

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

DTC and Book-Entry

DTC will act as securities depository for the Series 2019A Bonds. The Series 2019A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Series 2019A Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Series 2019A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2019A Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' Records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2019A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2019A Bonds, except in the event that use of the book-entry system for the Series 2019A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2019A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2019A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2019A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2019A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2019A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2019A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Series 2019A Bonds may wish to ascertain that the nominee holding the Series 2019A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2019A Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2019A Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Department as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2019A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments on the Series 2019A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Department or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the Department, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Department or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2019A Bonds at any time by giving reasonable notice to the Department or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

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

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

The Department, the Underwriters and the Trustee cannot and do not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Series 2019A Bonds (i) payments of principal of or interest and premium, if any, on the Series 2019A Bonds, (ii) certificates representing an ownership interest or other confirmation of beneficial ownership interest in Series 2019A Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2019A Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities Exchange Commission, and the current "Procedures" of DTC to be followed in dealing with Direct Participants are on file with DTC.

NEITHER THE DEPARTMENT, THE UNDERWRITERS NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON WITH RESPECT TO: (1) THE SERIES 2019A BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2019A BONDS; (4) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE TRUST INDENTURE TO BE GIVEN TO OWNERS OF SERIES 2019A BONDS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF SERIES 2019A BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS A BONDHOLDER.

Discontinuation of Book-Entry-Only System

In the event that the book-entry-only system is discontinued by DTC or the Department, the following provisions will be applicable to the Series 2019A Bonds. Series 2019A Bonds may be exchanged for an equal aggregate principal amount of Series 2019A Bonds in other Authorized Denominations of the same Series and maturity upon surrender thereof at the applicable corporate trust office of the Trustee with a duly executed assignment in form satisfactory to the Trustee. The transfer of any Series 2019A Bond may be registered on the books maintained by the Trustee for such purpose only upon the surrender of such Series 2019A Bond to the Trustee with a duly executed assignment in form satisfactory to the Trustee. For every exchange or transfer of registration of Series 2019A Bonds, the Department or the Trustee may make a charge sufficient to reimburse it or them for any tax, fee, or other governmental charge required to be paid with respect to such exchange or registration of transfer, as well as the administrative expenses, if any, charged by the Trustee for the transfer or exchange. The Trustee will not be required to transfer or exchange any Series 2019A Bond for a period of 20 days next preceding an interest payment date on such Series 2019A Bonds or next preceding any selection of Series 2019A Bonds to be redeemed or thereafter until after mailing of any notice of redemption on any Series 2019A Bonds called for redemption, or transfer or exchange any Series 2019A Bonds called for redemption. The Department and the Trustee may treat the Person in whose name a Series 2019A Bond is registered as the absolute owner thereof for all purposes, whether such Series 2019A Bond is overdue or not, for the purpose of receiving payment of, or on account of the principal of, interest on, such Series 2019A Bond. If any Series 2019A Bond is not presented for payment when the principal or the Redemption Price therefor becomes due, and if moneys sufficient to pay such Series 2019A Bond (or the portion thereof called for redemption) or such interest, as is applicable, have been deposited under the Trust Indenture, all liability of the Department to the owner thereof for the payment of such Series 2019A Bonds (or portion thereof) or such interest, as applicable, will be discharged, and thereupon it shall be the duty of the Trustee to hold such money for the benefit of the owner of the applicable Series 2019A Bond, who will thereafter be restricted exclusively to such money, for any claim on his part under the Trust Indenture or on or with respect to, such principal, Redemption Price and/or interest. Money not claimed within three years will be turned over to the Comptroller of Public Accounts of the State of Texas (the "Comptroller"), in accordance with Title 6, Texas Property Code.

SECURITY FOR THE BONDS

Pledge of Trust Indenture

The Series 2019A Bonds, the Prior Bonds and, unless subordinated, all bonds subsequently issued pursuant to the Trust Indenture are equally and ratably secured by the Trust Indenture for the equal benefit, protection and security of the owners of the Bonds, each of which, regardless of time of issuance or maturity, is to be of equal rank without preference, priority or distinction, except as otherwise provided in the Trust Indenture.

Principal or Redemption Price of and interest on all Bonds are payable solely from and are secured by a pledge of and lien on the Trust Estate, which consists generally of the Revenues, Mortgages, Mortgage Loans (including Mortgage Certificates), money, and Investment Securities held in the Funds (excluding the Rebate Fund), and other property pledged under the Trust Indenture and any Supplemental Indenture. Revenues include all payments with respect to the Mortgage Loans (net of servicing, accounting and collection fees) which include Mortgage Certificates (net of servicing and guaranty fees) and the earnings on investments of amounts held under the Trust Indenture and any Supplemental Indenture. Revenues do not include payments made in order to obtain or maintain mortgage insurance and fire and other hazard insurance with respect to Mortgage Loans (including Mortgage Certificates), and any payments required to be made with respect to Mortgage Loans (including Mortgage Certificates) for taxes, other governmental charges, and other similar charges customarily required to be escrowed on mortgage loans or commitment fees or other financing charges paid by a Mortgage Lender or the Master Servicer to the Department in connection with a commitment to sell and deliver Mortgage Loans (including Mortgage Certificates) to the Department.

The structure of Program 91 allows the Eligible Borrower to choose between a non-assisted loan bearing interest at an annual rate announced from time to time by the Department, or an Assisted Loan bearing interest at an annual rate announced from time to time by the Department that is higher than the corresponding non-assisted loan rate. All Assisted Loans are accompanied by a second lien loan with no stated interest, due on sale, refinancing, or maturity, and a 30-year term (the "DPA Loans") in an amount equal to a percentage of the original principal amount of the related first lien Assisted Loan.

The Series 2019A Bonds are limited obligations of the Department and are payable solely from the Revenues and funds pledged for the payment thereof as more fully described herein. Neither the State nor any agency of the State, other than the Department, nor the United States of America nor any agency, department or other instrumentality thereof, including GNMA, and Fannie Mae, is obligated to pay the principal or redemption price of, or interest on, the Series 2019A Bonds. Neither the faith and credit nor the taxing power of the State or the United States of America is pledged, given or loaned to such payment. The Department has no taxing power. GNMA and Fannie Mae guarantee only the payment of the principal of and interest on the GNMA Certificates and Fannie Mae Certificates, respectively, when due and do not guarantee the payment of the Series 2019A Bonds or any other obligations issued by the Department.

Supplemental Mortgage Security

The Trust Indenture requires that each Mortgage Loan be further secured by Supplemental Mortgage Security, if any, as directed in the Supplemental Indenture authorizing the Series of Bonds used to purchase such Mortgage Loan. Pursuant to the Thirty-Third Supplemental Indenture, the Department has determined that the Supplemental Mortgage Security for the 2019A Mortgage Loans shall be the guaranty of timely payment of principal and interest provided by Ginnie Mae and Fannie Mae pursuant to the Ginnie Mae Certificates and the Fannie Mae Certificates, respectively.

Cashflow Statement and Asset Test

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

The Department has covenanted in the Trust Indenture that it will not make, acquire, refinance or sell Mortgage Loans or Mortgage Certificates or purchase or redeem Bonds, including the Series 2019A Bonds, or take certain other actions permitted under the Trust Indenture, unless such actions are consistent with the assumptions set forth in its most recent Cashflow Statement.

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

Prior Bonds

In addition to the Series 2019A Bonds to be issued, thirty-six series of Prior Bonds have been issued pursuant to the Master Indenture. As of September 30, 2018, $120,600,000 in aggregate principal amount of such Prior Bonds were Outstanding in the following principal amounts:

Series	Original Issue Amount	Bonds Outstanding
2009 A, B	$102,605,000	$21,380,000
2009 C-1, 2011 A	149,030,000	45,985,000
2009 C-2, 2011 B	148,035,000	53,235,000
TOTAL	$399,670,000	$120,600,000

Note 1: In addition to the Prior Bonds Outstanding shown above, the Department has issued one subordinate Note payable with an outstanding balance of $10,000,000. See "SECURITY FOR THE BONDS – Outstanding Subordinate Lien Obligation."

Note 2: All Series 2009A Bonds and Series 2009B Bonds shown above were redeemed in full on February 1, 2019.

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

Mortgage Loans and Mortgage Certificates

Mortgage Loans and Mortgage Certificates held under the Residential Mortgage Revenue Bond Program as of September 30, 2018 were as follows:

Prior Mortgage Certificates:	
Ginnie Mae	$131,813,640.25
Fannie Mae	676,954.91
TOTAL	$132,490,595.16

Note: On January 29, 2019, the Department sold $17,678,896.13 of the GNMA Certificates and Fannie Mae Certificates related to the Series 2009A Bonds and the Series 2009B Bonds, and used the proceeds, together with other available funds, to redeem all outstanding Series 2009A Bonds and Series 2009B Bonds.

For a detailed examination of the Mortgage Loans and Mortgage Certificates acquired with proceeds of the Prior Bonds, please refer to "APPENDIX E-1 – ADDITIONAL INFORMATION CONCERNING MORTGAGE CERTIFICATES." Unless otherwise specified, all information is as of September 30, 2018.

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Investment of Funds

Moneys in all Funds established pursuant to the Trust Indenture will be invested in Investment Securities pursuant to the Depository Agreement with the Texas Treasury Safekeeping Trust Company. See "TEXAS TREASURY SAFEKEEPING TRUST COMPANY." Moneys held or invested in all Funds and accounts (except for the Rebate Fund) under the Trust Indenture are for the equal and ratable benefit of all owners of the Bonds.

The following table summarizes certain information as of September 30, 2018, regarding yields (calculated on the basis of stated maturity) on existing investments (valued at par) within particular Trust Indenture funds relating to Prior Bonds:

Fund or Account	Approximate Amount Invested (Par Value)	Investment Rate (%)	Investment Maturity Date	Investment Security/ Investment Agreement Provider
Series 1998 A/B RMRB	$ 8,132,992	2.15	Daily	NATWEST
Series 1999 B-D RMRB	1,322,207	2.15	Daily	NATWEST
Series 2009 AB RMRB	3,414,990	2.15	Daily	NATWEST
Series 2009 C-1	4,898,757	2.15	Daily	NATWEST
Series 2009 C-2/2011B RMRB	1,542,406	2.15	Daily	NATWEST
Series 2009 C-3 RMRB	317,811	2.15	Daily	NATWEST

Proceeds of the Series 2019A Bonds deposited into the 2019A Mortgage Loan Account will be invested in a guaranteed investment contract at an investment rate of 2.451%.

The ability of the Department to make timely payments of principal of and interest on the Series 2019A Bonds and the Prior Bonds could be affected if the parties to the various investment agreements for the Series 2019A Bonds or the Prior Bonds do not honor their obligations thereunder to repay such moneys and the interest thereon at the times and rates set forth in the respective investment agreements.

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

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Additional Bonds

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

Outstanding Subordinate Lien Obligation

The Department entered into a Loan Agreement dated September 28, 2016 (the "Subordinate Loan Agreement"), with Woodforest National Bank ("Woodforest") for a secured draw down credit facility in an aggregate principal amount not to exceed $10,000,000 as evidenced by a promissory note (the "Subordinate Note") from the Department to Woodforest. The Department has drawn the full $10,000,000 authorized amount under the Subordinate Loan Agreement, all of which currently is outstanding. The Subordinate Note bears interest at 1.0% per annum and no scheduled interest or principal payments are payable until the stated maturity date of September 28, 2026. The Subordinate Note is secured by and payable solely from a lien on and pledge of the Trust Estate established by the Trust Indenture, which lien and pledge expressly is subordinate to the lien and pledge of the Trust Estate securing the Series 2019A Bonds and the Outstanding Prior Bonds. Proceeds from the Subordinate Note were used to make down payment assistance loans to qualified borrowers. Upon the occurrence of an event of default under the terms of the Subordinate Loan Agreement (which includes whenever the amount determined pursuant to the Asset Test is less than 102% plus the then outstanding amount of the Subordinate Note), the Subordinate Note will bear interest at a per annum rate of 6.0% and the outstanding principal amount thereof may be declared to be immediately due and payable. Upon the Trustee's receipt of written notice from Woodforest that the Department has failed to pay the Subordinate Note in full when due, the Trustee will transfer the unpaid amount from the Residual Revenues Fund to Woodforest to the extent permitted by the provisions of the Trust Indenture described in the last paragraph under "THE TRUST INDENTURE – Residual Revenues Fund."

Sale of Mortgage Certificates and Mortgage Loans

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

Series 2019A Bonds, such Series 2019A Bonds must be redeemed under the applicable redemption provision of the Trust Indenture. See "THE SERIES 2019A BONDS – Redemption Provisions."

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

On the basis of the Cashflow Statement prepared in connection with the issuance of the Series 2019A Bonds, the Department expects that the scheduled payments, together with Mortgage Loan Principal Prepayments received, if any, of the principal of and interest on the Mortgage Loans and the Mortgage Certificates and amounts held under the Trust Indenture and the earnings thereon, will be sufficient to pay the principal or redemption price of and interest on the Series 2019A Bonds and all other Prior Bonds Outstanding when due. In arriving at the foregoing conclusions, the Department has included all Series 2019A Bonds and Prior Bonds but has not considered the issuance of additional Bonds or the application or investment of the proceeds thereof. Since obligations issued under the Trust Indenture, unless subordinated, will rank equally and ratably with the Series 2019A Bonds and the Prior Bonds with respect to the security afforded by the Trust Indenture, the availability of money for repayment thereof could be significantly affected by the issuance, application and investment of proceeds of additional Bonds.

The maturity of and mandatory sinking fund installments of the Series 2019A Bonds have been established on the basis of the consolidated scheduled payments of the Mortgage Loans (including Mortgage Certificates) under the Trust Indenture. The interest rates on the Mortgage Loans acquired with moneys made available from the issuance of the Series 2019A Bonds will be established so that, together with payments of principal of and interest on the Mortgage Loans and the Mortgage Certificates outstanding under the Trust Indenture and moneys on deposit in the various funds and accounts under the Trust Indenture (as well as income derived from investments thereof), sufficient Revenues will be expected to be available to pay on a timely basis the principal of and interest on all Bonds outstanding under the Trust Indenture, including the Series 2019A Bonds and certain other amounts required to be paid under the Trust Indenture. Such expectation is based on, among others, the following assumptions:

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

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

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

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

(e) all of the lendable proceeds of the Series 2019A Bonds will be used to purchase Mortgage Certificates representing Mortgage Loans with terms of thirty (30) years that will provide for payment of principal and interest in approximately equal monthly installments; and

(f) the proceeds of the Series 2019A Bonds will be used to provide for the purchase of Mortgage Certificates, of which approximately 95% are projected to be GNMA Certificates and approximately 5% are expected to be Fannie Mae Certificates.

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

INVESTMENT CONSIDERATIONS

Termination of Mortgage Loans and Mortgage Certificates

The maturity and sinking fund redemption installments of the Series 2019A Bonds were determined on the basis of the assumption that there will be no early terminations of the Mortgage Loans or the Mortgage Certificates relating to the Series 2019A Bonds. The Department expects Mortgage Loans and Mortgage Certificates relating to the Series 2019A Bonds will be terminated prior to final maturity as a result of Mortgage Loan Principal Prepayments. All Mortgage Loan Principal Prepayments relating to the Series 2019A Bonds will be deposited in the Revenue Fund and transferred to the 2019A Special Redemption Account for use to redeem Series 2019A Bonds or other Bonds in accordance with the Trust Indenture or used to acquire new Mortgage Loans or participations therein. **Accordingly, the Department anticipates that a significant portion of the Series 2019A Bonds will be redeemed prior to their scheduled maturity.**

Mortgage Loan Principal Prepayments

The Department anticipates that the Trustee will receive Mortgage Loan Principal Prepayments on the Mortgage Certificates. Mortgage Loan Principal Prepayments are usually the result of the resale of the premises securing a Mortgage Loan or the refinancing of a Mortgage Loan due to changes in mortgage interest rates. Therefore, economic and financial market conditions may have a significant short-term effect on the rate of prepayments. The Department is not aware of any means which would allow it to accurately predict the actual level of prepayments it will receive from the Mortgage Certificates. Mortgage Loan Principal Prepayments on the Mortgage Certificates may be applied to the prepayment of the Series 2019A Bonds or used to acquire new Mortgage Loans or participations therein. See "THE SERIES 2019A BONDS—Redemption Provisions—Special Redemption from Mortgage Loan Principal Payments."

Non-Origination of Mortgage Loans

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

The failure to originate Mortgage Loans, or the inability to deliver Mortgage Certificates to the Trustee in the amounts contemplated by this financing, will result in redemption of the Series 2019A Bonds prior to their stated maturities. See "THE SERIES 2019A BONDS – Redemption Provisions – Special Redemption from Unexpended Proceeds of Series 2019A Bonds."

Over the past year, the Department has averaged over $47 million per month in GNMA and Fannie Mae mortgage-backed securities issued that are backed by tax-exempt bond eligible mortgage loans, exclusive of loans for which a mortgage credit certificate was issued. The Department has not had an unexpended proceeds call since November 1, 2010.

Availability of Remedies

The remedies available to the owners of the Series 2019A Bonds upon an Event of Default under the Trust Indenture or other documents described herein are in certain respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code, the remedies specified by the federal bankruptcy laws, the Trust Indenture and the various Program documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2019A Bonds will, therefore, be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency, or other similar laws affecting the rights of creditors generally and by general principles of equity which permit the exercise of judicial discretion, and by principles of sovereign immunity.

THE DEPARTMENT

General

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

The Department is subject to the Texas Sunset Act (Chapter 325, Texas Government Code, as amended, hereinafter referred to as the "Sunset Act") and its continued existence is subject to a review process that resulted in passage of legislation in the Seventy-Eighth Legislative Session in 2003 which continued the Department in existence until September 1, 2011. House Bill 3361 extended the existence of the Department until September 2025, at which time it will be subject to review. The Sunset Act, however, recognizes the continuing obligation of the State to provide for the payment of bonded indebtedness incurred by a State agency abolished under the provisions thereof and provides that the Governor of the State shall designate an appropriate State agency to continue to carry out all covenants with respect to any bonds outstanding, including the payment of any bonds from the sources provided in the proceedings authorizing such bonds.

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

Governing Board

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

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

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

J.B. GOODWIN, Chair and Board Member. CEO of JB Goodwin Realtors, Austin, Texas. His term expires on January 31, 2021.

LESLIE BINGHAM ESCAREÑO, Vice Chair and Board Member. Chief Executive Officer of Valley Baptist Medical Center-Brownsville, Brownsville, Texas. Her term expires January 31, 2019.

PAUL A. BRADEN, Board Member. Head of Public Finance and Partner with Norton Rose Fulbright, Dallas, Texas. His term expires January 31, 2023.

ASUSENA RESÉNDIZ, Board Member. Member of U.S. Global Leadership Coalition Texas Advisory Council; Dallas/Fort Worth, Texas. Her term expires January 31, 2019.

SHARON THOMASON, Board Member. President of Lubbock Land Company, Lubbock, Texas. Her term expires January 31, 2021.

LEO VASQUEZ, Board Member. Executive Vice President of Cadeco Industries and related companies, Houston, Texas. His term expires January 31, 2023.

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

Administrative Personnel

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

Currently, the Department has 287 employees. The following is a biographical summary of certain of the Department's senior staff members who have responsibility with respect to single-family housing matters.

DAVID CERVANTES, Acting Director / Director of Administration. Mr. Cervantes was recently appointed by the Governing Board to serve as Acting Director at the Board meeting of November 8, 2018. During his 30-year-plus tenure with Texas state government, Mr. Cervantes has been responsible for the overall administrative and fiscal management, accounting and financial reporting for the Issuer. In his role as Director of Administration, Mr. Cervantes oversees an agency budget of $28 million annually and manages the divisions of Financial Administration, Information Systems (including Information Technology security), and Human Resources. The Issuer's Financial Administration Division includes Accounting Operations, Financial Services, Budget, Payroll, Travel, Purchasing and Staff Services. The Division is also responsible for the coordination of information and planning related to the state budget/appropriations process. The annual financial audit, conducted by an independent auditor, is facilitated through the Financial Administration Division; in conjunction with Bond Finance, this Division monitors the financial status of the bonds and performs all responsibilities of the Department in accordance with the bond covenants stated in the bonds' legal documents. Mr. Cervantes received his Bachelor of Business Administration in Accounting and his Master of Business Administration from Southwest Texas State University. He is a member of the Government Finance Officers' Association and a graduate of the 2002 inaugural class of the Texas Fiscal Officers' Academy.

MONICA GALUSKI, Director of Bond Finance and Chief Investment Officer. Ms. Galuski has over 20 years of experience in municipal finance, including 14 years as a single-family housing banker. She oversees the Department's Single Family and Multifamily Mortgage Revenue Bond Programs, including bond issuance, debt and portfolio management, and bond compliance and disclosure. Ms. Galuski received a Bachelor of Science in Financial Management from Arizona State University.

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

JAMES "BEAU" ECCLES, General Counsel. J. Beau Eccles joined the Issuer in June 2015 as its General Counsel and is responsible for coordination of all internal and external legal counsel for the

Issuer. Before joining the Issuer, Mr. Eccles served as an Assistant Texas Attorney General for thirteen years, including five years as Deputy Chief, then two years as Chief, of the General Litigation Division. Mr. Eccles is a graduate of the Texas Tech School of Law, and received his B.A. from the University of Texas at Austin.

THE PROGRAM AND THE MORTGAGE LOANS

The Program

The Department has established a single family mortgage purchase program ("Program") pursuant to the Act for the purpose of assisting in financing the costs of acquisition of residences within the State of Texas by Eligible Borrowers (as described below). The component of the Program relating to the Series 2019A Bonds has been designated as the Department's Bond Program No. 91 ("Program 91"). In connection with the issuance of the Series 2019A Bonds and the Prior Bonds and any additional Bonds, the Department purchased or shall purchase certain qualified Mortgage Loans (or participations therein) or Mortgage Certificates backed by Mortgage Loans originated by commercial banks, savings and loan associations, mortgage companies, non-profit corporations, and other qualified financial institutions (the "Mortgage Lenders"). As a result of the issuance of the Series 2019A Bonds, the Trustee, on behalf of the Department, has agreed to purchase 2019A Mortgage Certificates.

Mortgage Loans evidenced by the 2019A Mortgage Certificates will bear interest at rates established from time to time by the Department pursuant to the provisions of the Trust Indenture. Shown in "SECURITY FOR THE BONDS—Mortgage Loans and Mortgage Certificates. 2019A Mortgage Certificates are expected to be comprised of approximately 95% GNMA Certificates and the remainder Fannie Mae Certificates. The purchase price for such GNMA Certificates and Fannie Mae Certificates will be 100% of par (plus accrued interest).

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

Mortgage Lender Reservations – First-Come, First-Served

No funds made available through Program 91 will be allocated to any specific Mortgage Lenders. All funds will be made available to Mortgage Lenders on a controlled first-come, first-served basis.

Low Income Reservation

For the first one-year period of Program 91, the Department is requiring that 30% of the funds made available through the issuance of the Series 2019A Bonds be reserved for Mortgage Loans for individuals and families of low income (not exceeding 80% of applicable median family income ("AMFI")).

Since October 1, 2016, over 62% of Mortgage Loans originated by the Department that were eligible for inclusion in a tax-exempt bond issue and securitized into GNMA Certificates or Fannie Mae Certificates were made to borrowers at or below 80% of AMFI.

Low and Moderate Income Reservation

The remaining lendable funds will be made available for Mortgage Loans to Eligible Borrowers of low and moderate incomes whose family income does not exceed, for families of three persons or more, one hundred fifteen percent (115%) (one hundred forty percent (140%) in targeted areas) of AMFI, and, for individuals and families of two persons, one hundred percent (100%) (one hundred twenty percent (120%) in targeted areas) of AMFI.

Eligible Borrowers

Each Mortgage Loan is required to be made to a person whose family income does not exceed certain income limits. In addition, to be eligible for a Mortgage Loan an applicant must be a person: (i) who intends to occupy the residence to be financed with such Mortgage Loan as his or her principal residence within a reasonable period after financing is provided; (ii) who, except in the case of certain targeted area loans, certain qualified veterans, certain exception loans hereinafter described, and certain homes falling into the Contract for Deed Exception, has not had a present ownership interest in a principal residence at any time during the three-year period preceding the date of execution of the Mortgage; and (iii) who has not had an existing mortgage on the residence (other than a mortgage falling into the Contract for Deed Exception) to be financed with such Mortgage Loan at any time prior to the execution of the Mortgage, other than certain permitted temporary financing mortgages. The Department, subject to the requirements of applicable provisions of federal income tax law and applicable regulations, may approve a limited number of exception loans that do not satisfy the requirement described in clause (ii) in the immediately preceding sentence. The maximum income for Eligible Borrowers varies according to family size and location.

Eligible Property

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

Mortgage Loans

The Department may, at its election, sell, assign, transfer or otherwise dispose of any Mortgage Loan or Mortgage Certificate in accordance with the terms and provisions of the Trust Indenture, as more particularly described in "SECURITY FOR THE BONDS – Sale of Mortgage Certificates and Mortgage Loans." The Department shall not consent or agree to or permit any amendment or modification of any

Mortgage Loan which will in any manner materially impair or materially adversely affect the rights or security of the Bondholders under the Trust Indenture in such Mortgage Loan except for amendments and modifications made in connection with settling any default on any Mortgage Loan which are consistent with the Cashflow Statement most recently filed with the Trustee, or in connection with a refinancing of a Mortgage Loan. See "SECURITY FOR THE BONDS – Cashflow Statement and Asset Test."

Compliance with Tax Law and Program Guidelines

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

Servicing

The Master Servicer may deduct its servicing fees directly from amounts received on such Mortgage Loans. As compensation for its duties as servicer of Mortgage Loans, the Master Servicer will be entitled to receive a monthly servicing fee.

Servicing of the Mortgage Loans is required to be carried out in accordance with generally accepted practices in the mortgage lending industry and in accordance with the servicing standards set forth in the GNMA Guide or the Fannie Mae Guides, as applicable. In particular, the Master Servicer will be required to pursue collection on the applicable Mortgage Loans with prudence and diligence, manage foreclosure or assignment procedures, and file, process and receive the proceeds from FHA mortgage insurance, VA or RHS guaranty claims, or private mortgage insurance.

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

The Master Servicers

Idaho Housing and Finance Association ("Idaho HFA") will serve as Master Servicer of Mortgage Loans related to the Series 2019A Bonds.

Under the terms of the servicing agreement relating to the Series 2019A Bonds (the "Servicing Agreement"), the Department may terminate the Servicing Agreement without cause upon 120 days advance written notice to the Idaho HFA. The Department may terminate the Servicing Agreement (subject to any applicable cure period) upon the occurrence of certain events. The Servicing Agreement has an approximately one year initial term with up to three one-year extensions as mutually agreed. If the Department terminates the Servicing Agreement for cause, then all power of the Idaho HFA under the Servicing Agreement shall be vested in the substitute Master Servicer.

If the Department terminates the Servicing Agreement for cause pursuant to its terms, the Idaho HFA shall, consistent with GNMA and Fannie Mae standards, make a full accounting and transfer and deliver to the Department, or its designee, all documents and moneys relating to the eligible mortgage loans which are then in the Idaho HFA's possession or under its custody or control, and thereupon all rights and duties of the Idaho HFA and its rights to further compensation shall cease.

The Texas State Affordable Housing Corporation ("TSAHC") is the Master Servicer for various Mortgage Loans financed pursuant to the Trust Indenture. Texas Star Mortgage ("TSM") is the registered business name of TSAHC and is a non-profit mortgage banking company engaging in single and multi-family lending to targeted rural and under-served areas in Texas. As of September 30, 2018, TSM participates as Master Servicer for the Department for approximately 150 Mortgage Loans financed with the proceeds of the Prior Bonds, which Mortgage Loans had an outstanding principal balance in the amount of $13,747,344.

Bank of America, N.A. ("Bank of America") is the Master Servicer for various Mortgage Loans financed pursuant to the Trust Indenture. As of September 30, 2018, Bank of America participates as Master Servicer for the Department for approximately 1,167 Mortgage Loans financed with the proceeds of the Prior Bonds, which Mortgage Loans had an outstanding principal balance of $107,085,808.

US Bank National Association ("US Bank") is the Master Servicer for various Mortgage Loans financed pursuant to the Trust Indenture. As of September 30, 2018, US Bank participates as Master Servicer for the Department of approximately 112 Mortgage Loans financed with the proceeds of the Prior Bonds, which Mortgage Loans had an outstanding principal balance of $11,657,443.

THE TRUST INDENTURE

General

The Trust Indenture, which includes the Master Indenture and each of the Series Supplements and amendments thereto relating to the Bonds, contains various covenants and security provisions, certain of which are summarized below. In addition, the Trust Indenture contains requirements for the purchase of Mortgage Loans and certain covenants with respect to applicable provisions of federal income tax law. See

"TAX MATTERS." Reference should be made to the Trust Indenture, a copy of which may be obtained from the Department, for a full and complete statement of its provisions.

Funds and Accounts

The following Funds have been established under the Master Indenture: Mortgage Loan Fund; Cost of Issuance Fund; Revenue Fund; Interest Fund; Principal Fund; Special Redemption Fund; Residual Revenues Fund; and Expense Fund and the 1998/1999A Special Mortgage Loan Fund established under the Tenth Series Supplement. The Series Supplements create within each Fund separate accounts for each Series or related Series of Bonds. The Thirty-Third Supplemental Indenture creates an account for the Series 2019A Bonds within each listed Fund. The accounts so created do not grant a priority of one Series of Bonds over that of any other Series of Bonds, but are for accounting purposes only. In addition, the Thirty-Third Supplemental Indenture establishes a 2019A Rebate Fund.

Mortgage Loan Fund

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

Cost of Issuance Fund

Amounts credited to the Cost of Issuance Fund may be applied to pay Costs of Issuance. If at any time amounts on deposit in the Cost of Issuance Fund are in excess of the amounts reasonably required to pay Costs of Issuance (and do not represent proceeds of the Series 2019A Bonds), the Department may transfer such excess to the Department.

Revenue Fund

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

On or before each January 1 and July 1, and each date fixed for the redemption of Bonds, the Trustee is required to transfer amounts on deposit in the Revenue Fund representing Mortgage Loan Principal Payments at the Department's direction or as required by a Series Supplement to either the Principal Fund, the Mortgage Loan Fund, or the Special Redemption Fund. Pursuant to the Master Indenture and the Series Supplements, unless otherwise directed in accordance with the requirements of the

Series Supplement, the Trustee is required to set aside monthly Mortgage Loan Principal Payments in an amount equal to one-sixth of the amount required to make the scheduled mandatory redemptions of Bonds on the following January 1 or July 1, and to transfer all remaining Mortgage Loan Principal Payments relating to a Series of Bonds to the Special Redemption Account for such Series of Bonds. Notwithstanding the foregoing sentence, the Department may direct the applications of such Mortgage Loan Principal Payments and Mortgage Loan Principal Prepayments otherwise within six months of receipt of such amounts by a Letter of Instructions accompanied by a Cashflow Certificate. The Trustee also must transfer from the Revenue Fund the other amounts on deposit therein in the following order of priority:

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

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

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

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

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

(f) finally, to the Residual Revenues Fund, the portion, if any, of the amount remaining in the Revenue Fund on such January 1, July 1, or redemption date after the foregoing transfers, which the Department directs to be so transferred. Any such amounts transferred to the Residual Revenues Fund constitute excess Revenues. See "THE TRUST INDENTURE – Residual Revenues Fund."

Interest Fund and Principal Fund

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

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

Special Redemption Fund

Amounts in the Special Redemption Fund are required to be applied by the Trustee to pay the redemption price of the Bonds becoming subject to redemption (other than by scheduled mandatory redemption) or, at the direction of the Department, may be transferred to the Revenue Fund if notice of redemption has not been given or such amounts have not been committed to the purchase of Bonds. The Trustee, at any time at the direction of the Department in a Letter of Instructions accompanied by a Cashflow Certificate, is required to apply amounts available in the Special Redemption Fund to pay the purchase price of Bonds.

Expense Fund

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

Residual Revenues Fund

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

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

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

Rebate Fund

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

Withdrawals from Funds to Pay Debt Service

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

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

Investments

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

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

Other Department Covenants

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

Additional Covenants and Agreements

Pursuant to the terms of the Series Supplement relating to the Department's Series 2009C-2 Bonds (which constitute Prior Bonds), the Department has agreed to additional covenants and agreements related to withdrawals from the Trust Indenture and other matters, which are more restrictive than the provisions of the Master Indenture. Such additional covenants and agreements (i) will be in effect only for so long as the Series 2009C-2 Bonds are Outstanding, (ii) are for the sole benefit of Fannie Mae and Freddie Mac,

(iii) may be modified or amended at any time with the consent of, or may be waived in whole or in part by, Fannie Mae and Freddie Mac, and (iv) may not be relied upon or enforced in any way by the Holders of the Series 2019A Bonds.

Events of Default

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

Bondholders' Rights in the Event of Default

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

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

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

Application of Proceeds

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

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

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

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

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

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

Trustee

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

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

The Trustee may be removed, with or without cause, if so requested by the holders of at least a majority in aggregate principal amount of the Bonds then Outstanding. In addition, the Trustee may be removed, with or without cause, at any time (unless an Event of Default has occurred and is continuing) by resolution of the Governing Board of the Department; provided, that all holders of Bonds be given notice of such action and the Department shall not have received, within 60 days after such notice, written objections to such action by the holders of at least a majority in aggregate principal amount of the Bonds then Outstanding. The Trustee may also resign, upon appropriate notice. In either event, a successor is required to be appointed. Any successor Trustee must be a bank or trust company or national banking association doing business and having its principal office in the State, and having capital stock and surplus aggregating at least $75,000,000, which is willing and able to accept the office on reasonable and customary terms and which is authorized by law to perform all the duties imposed on its by the Trust Indenture.

So long as the Department's Series 2009C-2 Bonds are Outstanding (which constitute Prior Bonds), no successor Trustee under the Trust Indenture may be appointed under the Trust Indenture without the prior written consent of Fannie Mae and Freddie Mac.

Depositories

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

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

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

Supplemental Indentures without Consent of Bondholders

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

Amendment of Trust Indenture with Consent of Bondholders

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

Defeasance

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

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

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

PROPOSED AMENDMENTS TO TRUST INDENTURE TO BE EFFECTIVE UPON REQUISITE BONDHOLDER CONSENT

The Department is proposing to amend and restate the Master Indenture pursuant to an Amended and Restated Residential Mortgage Revenue Bond Trust Indenture (the "Amended Indenture") for the purpose of consolidating prior amendments to the Master Indenture as well as making certain other amendments (the "Amendments") thereto. The Amendments would, among other things, provide the Department more flexibility in structuring future Bond issues, as the terms of those Bonds (such as interest payment dates, redemption dates and notice requirements) could be set forth in the Supplemental Indenture authorizing the issuance of those Bonds instead of being dictated by the Master Indenture. Blacklined changes of the Amendments to the corresponding provisions in the Master Indenture, as previously amended, identifying actual changes to the text, are attached as APPENDIX I to this Official Statement. The interest payment dates, redemption dates and notice requirements for the Series 2019A Bonds and the Prior Bonds will not be changed as a result of the adoption of the Amended Indenture.

The Trust Indenture provides, with certain limited exceptions that are not applicable to the Amendments, that the Department may adopt a Supplemental Indenture modifying or amending any of the provisions of the Trust Indenture with the required consent of Bondholders. The Amended Indenture will take effect once the Department obtains the consent of Bondholders who hold at least two-thirds in aggregate principal amount of the Bonds Outstanding at the time such consent is given and complies with the other requirements of the Trust Indenture. **The Thirty-Third Supplemental Indenture provides that by their purchase of the Series 2019A Bonds, the initial purchasers thereof will be deemed to have consented to the Amendments, and such consent shall be irrevocable and binding upon all subsequent Holders and beneficial owners of the Series 2019A Bonds.** After giving effect to the redemption of all Outstanding Series 2009A Bonds and Series 2009B Bonds, which occurred on February 1, 2019, and the deemed consent to the Amendments by the initial purchasers of the Series 2019A Bonds, the Department will have achieved approximately 64% Bondholder approval of the Amendments (based on the amount of

Bonds anticipated to be Outstanding following the issuance of the Series 2019A Bonds) towards satisfying the requirement of two-thirds Bondholder consent. The Department intends to seek the consent of the remaining Bondholders in order to achieve the required two-thirds Bondholder consent. Pursuant to the terms of the Series Supplement relating to the Series 2009C-2 Bonds, the Department will also need to obtain the written consent of Fannie Mae and Freddie Mac to the Amended Indenture, which are also the holders of the Series 2009C-2 Bonds.

TEXAS TREASURY SAFEKEEPING TRUST COMPANY

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

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

TAX MATTERS

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Series 2019A Bonds should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Series 2019A Bonds.

Tax Exemption

In the opinion of Bracewell LLP, Bond Counsel, subject to certain conditions set forth in the opinion and under existing law, (i) interest on the Series 2019A Bonds is excludable from gross income for federal income tax purposes and (ii) interest on the Series 2019A Bonds is not a specific preference item subject to the alternative minimum tax. A copy of the proposed form of opinion of Bond Counsel is attached hereto as APPENDIX D.

The Code imposes a number of requirements that must be satisfied in order for interest on state or local obligations, such as the Series 2019A Bonds, to be excludable from gross income for federal income tax purposes. These requirements include the various mortgage eligibility, arbitrage, targeted area, recapture, use of proceeds and information reporting requirements discussed more fully below under the caption "TAX MATTERS – Federal Income Tax Requirements." The Department has covenanted in the Trust Indenture that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the procedures, safeguards and covenants of the Master Servicer and the covenants of the Department in the Trust Indenture and the Program Agreements pertaining to those sections of the Code that affect the excludability of the interest on the Series 2019A Bonds from gross income for federal income tax purposes, and in addition, will rely on representations by the Department, the Department's Financial Advisor, the Master Servicer, the Mortgage Lenders and the Underwriters with respect to matters solely within the knowledge of the Department, the Department's Financial Advisor, the Master Servicer, the Mortgage Lenders and the Underwriters, respectively, which representations Bond Counsel has not independently verified. If the Department, a Mortgage Lender, or the Master Servicer fails to comply with such procedures, safeguards and covenants or if such representations should be determined to be inaccurate or incomplete, interest on the Series 2019A Bonds could become includable in gross income from the date of original delivery thereof, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, acquisition, ownership or disposition of the Series 2019A Bonds.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to its attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Series 2019A Bonds. If an audit is commenced, in accordance with its current published procedures, the Service is likely to treat the Department as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Series 2019A Bonds could adversely affect the value and liquidity of the Series 2019A Bonds, regardless of the ultimate outcome of the audit.

Collateral Tax Consequences

Prospective purchasers of the Series 2019A Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit, and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Series 2019A Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Series

2019A Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Series 2019A Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium

The issue price of a portion of the Series 2019A Bonds exceeds the stated redemption price payable at maturity of such Series 2019A Bonds. Such Series 2019A Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Series Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Series 2019A Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Series 2019A Bonds. Prospective purchasers of the Series 2019A Bonds should consult with their own tax advisors with respect to any recently-enacted, proposed, pending or future legislation.

Federal Income Tax Requirements

General

Sections 103 and 143 of the Code and applicable regulations thereunder provide that the interest on bonds the proceeds of which are used directly or indirectly to finance owner-occupied residences, will not be excludable from gross income for federal income tax purposes unless such bonds are part of a "qualified mortgage issue." A "qualified mortgage issue" must meet the following requirements: (i) all proceeds of the issue (exclusive of issuance costs and a reasonably required reserve fund) are to be used to finance owner-occupied residences, (ii) the mortgages financed by the issue satisfy certain mortgage eligibility requirements, as set forth more fully below under the subheading "Mortgage Eligibility Requirements," (iii) certain arbitrage limitations described more fully below under the subheading "Requirements Related to Arbitrage" must be satisfied, (iv) a specified portion of the lendable proceeds of such issue must be made available for a minimum period of time for owner financing of residences located within certain targeted areas, as described more fully below under the subheading "Targeted Area Requirement," (iv) mortgagors must be informed regarding the recapture of a portion of the proceeds from the disposition of certain residences, as described more fully below under the subheading "Recapture Requirements," (v) the issue must not meet the private business tests, as described more fully below under the subheading "Private Business Use Limitations," (vi) amounts received as repayment of principal on the Mortgage Loans ten years after the date of issuance of the bonds must be used to redeem bonds that are part of the issue, as described more fully under the subheading "Redemption Requirements" below and (vii) the issue must meet certain reporting requirements, as set forth more fully below under the subheading "Reporting Requirements."

In addition, to be "qualified mortgage bonds," the bonds must been approved by (i) the Governing Board of the Department and (ii) an "applicable elected representative" of the State after a public hearing following reasonable public notice. Further, the costs of issuance financed by an issue of bonds cannot exceed two percent of the proceeds of such issue. Additionally, the amount of such an issue of bonds, other than certain refunding bonds, when added to the amount of all other private activity bonds issued within the State during calendar year of issuance must not exceed the unified volume cap for private activity bonds imposed by the Code and applicable regulations.

Mortgage Eligibility Requirements

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

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

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

Purchase Price Limitations. The Code requires that the acquisition cost of the residence may not exceed 90% of the "average area purchase price" applicable to such residence, or, in the case of Targeted Area Residences, 110% of the applicable "average area purchase price." The Service has published "safe harbor rules" identifying purchase price limitations in the State that are considered to be in compliance with the requirements of the Code. The Department has determined to rely on the safe harbor figures for purposes of the Series 2019A Bonds.

Income Requirements. The Code requires that all the mortgage loans financed with the proceeds of an issue be provided to borrowers whose family income does not exceed 115% (100% in the case of individuals or families of two) of the greater of the statewide median income or the median income of the area in which the residence is located. For Targeted Area Residences, the percentages in the foregoing sentence are 140% and 120%, respectively, and one-third of the financings may be provided without regard to such limits.

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

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

Requirements Related to Arbitrage and Rebate

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

The Code also requires the issuer to make rebate payments to the federal government in connection with certain investment earnings on non-mortgage investments to the extent that such investment earnings exceed the amount that would have been earned on such investments if the investments were earning a return equal to the yield on the tax-exempt bonds to which such non-mortgage investments relate.

Targeted Area Requirement

The Code requires that either an amount equal to (a) at least 20% of the lendable proceeds of an issue of qualified mortgage bonds or (b) 40% of the average annual aggregate principal amount of mortgages executed during the immediately preceding three calendar years for single family, owner-occupied residences in targeted areas within the Department's jurisdiction, if such amount is less, must be reserved, for at least one year from the date on which owner-financing is first made available with respect to residences located within one or more targeted areas ("Targeted Area Residences"). Targeted Areas consist of (i) census tracts identified by the United States Treasury Department as having a substantial concentration of lower-income persons or (ii) areas of chronic economic distress designated by the State and approved by HUD. The State, at the request of the Department, has designated and HUD and the Secretary of the Treasury have approved, certain "areas of chronic economic distress" within the State. In addition, the Department has determined that there are "qualified census tracts" within the State.

Recapture Requirements

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

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

Private Business Use Limitations

The Code provides that an issue of qualified mortgage bonds must not meet the private business use test and the private security or payment tests set out in sections 141(b)(1) and (2) of the Code. The private business use test limits, subject to certain exceptions, the amounts of proceeds that can be used, directly or indirectly, in a trade or business carried on by any person (other than a natural person) that is not a state or local governmental unit to no more than 10% of the proceeds of the issue. The private security or payment test provides that, subject to certain exceptions, the payment of principal of, or the interest on, more than 10% of the proceeds of an issue be, directly or indirectly, (i) secured by any interest in property used or to be used for a private business use or payments in respect of such property or (ii) be derived from payments in respected of such property.

Redemption Requirements

The Code contains two redemption requirements that must be satisfied in order for an issue of bonds to be treated as "qualified mortgage bonds." The Code requires all proceeds of an issue of qualified mortgage bonds in an amount of $250,000 or more that are not expended to finance residences within 42 months of the date of issuance of such bonds must be used within such 42-month period to redeem bonds that are part of such issue of bonds. The Code requires that all amounts of $250,000 or more that are received by the issuer and representing complete repayments of mortgage loans or prepayments of principal of mortgage loans must be used to redeem bonds of the same issue not later than the close of the first semiannual period beginning after the date the prepayment or complete repayment is received; provided that, such requirement does not apply to amounts received within 10 years after the date of issuance of the original bonds.

Reporting Requirements

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

Compliance with Tax Requirements

With respect to the mortgage eligibility requirements described above, the Code provides that such requirements will be treated as having been met if: (i) the issuer attempts in good faith to meet such requirements before the mortgage loans are executed; (ii) 95% or more of the lendable proceeds were used for mortgage loans that met all the mortgage eligibility requirements at the time of execution or assumption; and (iii) any failure to meet such requirements is corrected within a reasonable period of time after such failure is discovered. In determining whether or not 95% of the mortgage loans satisfy the mortgage eligibility requirements, the issuer is entitled to rely upon affidavits of the mortgagors and sellers of residences financed with the mortgage loans and upon federal income tax returns of the mortgagors, even if the relevant information in such affidavits and returns ultimately proves to be false, unless the issuer knows or has reason to know that such information is false.

The Code provides that the requirements related to arbitrage, Targeted Area Residences and recapture will be treated as having been met if: (i) the issuer attempts in good faith to meet such requirements and (ii) any failure to meet such requirements is due to inadvertent error after having taken reasonable steps to comply with such requirements.

The Department has covenanted in the Trust Indenture and the Mortgage Lenders and the Master Servicer have covenanted in the Program Agreements to (i) comply with the above-described requirements of the Code with respect to the proceeds of the Series 2019A Bonds and (ii) establish and follow procedures and safeguards sufficient to ensure compliance with such requirements. Nevertheless, if the Department, a Mortgage Lender, or the Master Servicer should fail to comply with such covenants, interest on the Series 2019A Bonds could become includable in gross income for federal income tax purposes from the date of issuance thereof, regardless of the date on which the event causing such inclusion occurs.

CONTINUING DISCLOSURE OF INFORMATION

In the Continuing Disclosure Agreement, dated as of March 1, 2019 (the "Disclosure Agreement"), between the Trustee and the Department, the Department has made the following agreement for the benefit of the holders and beneficial owners of the Series 2019A Bonds. The Department is required to observe the Disclosure Agreement for so long as it remains obligated to advance funds to pay the Series 2019A Bonds. Under the Disclosure Agreement, the Department will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB").

No Eligible Borrower is an "obligated person" (as defined in Rule 15c2-12 of the United States Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended (the "Rule")) for whom financial information or operating data would be presented in this Official Statement had such Eligible Borrower been known at the time of the offering of the Series 2019A Bonds.

The Department's Bond Finance Division has policies and procedures in place to assist the Department in complying with continuing disclosure undertakings such as the Disclosure Agreement. The Department's policies and procedures and the Disclosure Agreement have been amended in response to the two new notice events added, effective February 27, 2019, to the list of events for which notice is required by the Rule. See "—Event Notices."

Annual Reports

The Department will provide certain updated financial information and operating data to the MSRB annually within six months after the end of its Fiscal Year. The information to be updated includes all quantitative financial information and operating data with respect to the Department of the general type included in this Official Statement under the headings "APPENDIX C-1 – AUDITED FINANCIAL STATEMENTS OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS REVENUE BOND PROGRAM FOR THE FISCAL YEAR ENDED AUGUST 31, 2018" (financial statements for the last completed fiscal year will be unaudited, unless an audit is performed in which event the audited financial statements will be made available), "APPENDIX E-1 – ADDITIONAL INFORMATION CONCERNING MORTGAGE CERTIFICATES" and "APPENDIX E-2 – BOND SUMMARY OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS." The Department will update and provide this information within six months after the end of each Fiscal Year ending on or after August 31, 2019. The Department will provide the updated information to the MSRB.

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

The Department's current Fiscal Year ends on August 31, 2019. Accordingly, it will provide updated information to the MSRB in the electronic format prescribed by the MSRB, if any, by the last day of February in the year 2020 and will be required to provide updated information to the MSRB by the last day of February in each year thereafter, unless the Department changes its Fiscal Year. If the Department changes its Fiscal Year, it will notify the MSRB of the change.

The Department determined in 2017 that the annual disclosure of information regarding the Residential Mortgage Revenue Bond Program ("RMRB Program") would no longer include certain annual information since the RMRB Program has no whole mortgage loans and over 99% of the mortgage-backed certificates are Ginnie Mae Certificates. As such, information related to: (i) whole mortgage loans and (ii) mortgage-backed certificate type and delinquency data are immaterial to the current RMRB Program and were and will be omitted in its annual disclosure. Based on the changing make-up of the pledged assets under the Department's various indentures, the Department will determine materiality of disclosure items and may modify its disclosure accordingly in the future.

Event Notices

The Department will provide notice to the MSRB of any of the following events with respect to the Series 2019A Bonds, if such event is material within the meaning of the federal securities laws: (1) non-payment related defaults; (2) modifications to rights of securities holders; (3) Series 2019A Bond calls, if material, and tender offers; (4) release, substitution, or sale of property securing repayment of the Series 2019A Bonds; (5) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; (6) appointment of a successor or additional trustee or the change of name of a trustee; and (7) incurrence of a financial obligation of the Department, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Department, any of which affect security holders.

The Department will also provide notice to the MSRB of any of the following events with respect to the Series 2019A Bonds without regard to whether such event is considered material within the meaning of the federal securities laws: (1) principal and interest payment delinquencies; (2) unscheduled draws on debt service reserves reflecting financial difficulties; (3) unscheduled draws on credit enhancements reflecting financial difficulties; (4) substitution of credit or liquidity providers, or their failure to perform; (5) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Series A Bonds, or other events affecting the tax-exempt status of the Bonds; (6) defeasances; (7) rating changes; and (8) bankruptcy, insolvency, receivership or similar event of an obligated person; and (9) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Department, any of which reflect financial difficulties.

For the purposes of the above described event notices, the term "financial obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii); provided however, that a "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule. The Department intends the words used in (7) in the first paragraph of this subcaption and item (9) immediately above and the definition of "financial obligation" to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

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

Availability of Information from MSRB

The Department has agreed to provide the foregoing information only to the MSRB. The information will be available to holders of Series 2019A Bonds only if the holders comply with the procedures and pay any charges that may be established by the MSRB such information vendors or obtain the information through securities brokers who do so. Such information is available at no charge at www.emma.msrb.org.

Limitations and Amendments

The Department has agreed to update information and to provide notices of material events only as described above. The Department has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The Department makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Series 2019A Bonds at any future date. The Department disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its Disclosure Agreement or from any statement made pursuant to its Disclosure Agreement, although holders of Series 2019A Bonds may seek a writ of mandamus to compel the Department to comply with its Disclosure Agreement.

The Disclosure Agreement may be amended by the Department and the Trustee from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Department, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell any Series 2019A Bonds in the primary offering of the Series 2019A Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Disclosure Agreement that authorizes such an amendment) of the Outstanding Series 2019A Bonds consent to such amendment or (b) a person that is unaffiliated with the Department (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Series 2019A Bonds. If the Department so amends the Disclosure Agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of any change in the type of financial information and operating data so provided. The Department may also amend or repeal the provisions of the Disclosure Agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling any Series 2019A Bonds in the primary offering of such Series 2019A Bonds.

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

Duties, Immunities, and Liabilities of Trustee

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

RATINGS

Moody's Investors Service, Inc. ("Moody's") and S&P Global Inc. ("S&P"), have assigned ratings to the Series 2019A Bonds of "Aaa" and "AA+," respectively. An explanation of the significance of such ratings may be obtained from the companies furnishing the ratings. The ratings do not represent recommendations to buy, sell, or hold the Series 2019A Bonds. The ratings reflect only the respective views of such organizations at the time such ratings were assigned and the Department makes no representation as to the appropriateness of the ratings.

There is no assurance that any ratings assigned to the Series 2019A Bonds will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2019A Bonds.

UNDERWRITING

The Series 2019A Bonds are being purchased from the Department by the Underwriters listed on the cover page of this Official Statement. Pursuant to the bond purchase agreement for the Series 2019A Bonds (the "Bond Purchase Agreement"), the Underwriters have agreed to purchase the Series 2019A Bonds at a total purchase price of $174,999,226. The Underwriters will receive a fee of $1,235,112.33 in connection with the purchase of the Series 2019A Bonds. The Bond Purchase Agreement provides, among other things, that the Underwriters' obligations to make their respective purchases are subject to certain terms and conditions set forth in such Bond Purchase Agreement, including the approval of certain legal matters by their counsel and certain other conditions. The initial public offering prices of the Series 2019A Bonds may be changed, from time to time, by the Underwriters. The Underwriters may offer and sell the Series 2019A Bonds to certain dealers (including dealers depositing the Series 2019A Bonds into unit investment trusts, certain of which may be sponsored or managed by one or more of the Underwriters) and others at prices other than the public offering prices stated on the inside front cover hereof.

Jefferies LLC, an underwriter of the Series 2019A Bonds, has entered into an agreement (the "Agreement") with E*TRADE Securities LLC ("E*TRADE") for the retail distribution of municipal securities. Pursuant to the Agreement, Jefferies LLC will sell the Series 2019A Bonds to E*TRADE and will share a portion of its selling concession compensation with E*TRADE.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series 2019A Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Series 2019A Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2019A Bonds that such firm sells.

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

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps, and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Department (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Department.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

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

FINANCIAL ADVISOR

George K. Baum & Company (the "Financial Advisor") has served as financial advisor to the Department for purposes of assisting the Department with the development and implementation of the bond program in connection with the Series 2019A Bonds. The Financial Advisor has not been engaged by the Department to compile, create or interpret any information in this Official Statement relating to the Department, including (without limitation) any of the Department's financial and operating data, whether historical or projected. Any information contained in this Official Statement concerning the Department, any of its affiliates or contractors and any outside parties has not been independently verified by the Financial Advisor, and inclusion of such information is not and should not be construed as a representation by the Financial Advisor as to its accuracy or completeness or otherwise. The Financial Advisor is not a public accounting firm, and has not been engaged by the Department to review or audit any information in this Official Statement in accordance with accounting standards.

The Financial Advisor does not assume any responsibility for the covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Series 2019A Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

FINANCIAL STATEMENTS

The financial statements of the Texas Department of Housing and Community Affairs-Revenue Bond Enterprise Fund as of and for the fiscal year ended August 31, 2018 included in Appendix C-1 in this Official Statement have been audited by Texas State Auditor's Office, independent auditors, as stated in their report appearing herein.

The financial data as of and for the one month ended September 30, 2018 has been derived from the unaudited internal records of the Department. The Department's independent auditors have not reviewed, examined, or performed any procedures with respect to the unaudited financial information, nor have they expressed an opinion or any other form of assurance on such information, and assume no responsibility for, and disclaim any association with the unaudited information. The unaudited information is preliminary and is subject to change as a result of the audit and may materially differ from the audited financial statements when they are released.

THE SERIES 2019A BONDS ARE SECURED ONLY BY THE ASSETS AND REVENUES DESCRIBED UNDER THE CAPTION "SECURITY FOR THE BONDS" AND NOT BY ANY OTHER SOURCE.

LITIGATION MATTERS

The Department is expected to deliver a certificate upon the delivery of the Series 2019A Bonds stating that there is no controversy or litigation of any nature pending or, to its knowledge, threatened to restrain or enjoin the delivery of the Series 2019A Bonds, or in any way contesting or affecting the validity of the Series 2019A Bonds, the Trust Indenture, or any proceedings of the Department taken with respect to the delivery of the Series 2019A Bonds, or the existence or powers of the Department insofar as they relate to the delivery of the Series 2019A Bonds or such pledge or application of moneys and security.

LEGALITY FOR INVESTMENT

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

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

To the extent that the Series 2019A Bonds constitute "collateralized mortgage obligations that have a stated final maturity of greater than 10 years" within the meaning of the Texas Public Funds Investment Act, the Series 2019A Bonds are not an "authorized investment" for a state agency, a local government, or other investing entity subject to the provisions of the Public Funds Investment Act.

No representation is made that the Series 2019A Bonds will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes. The Department has made no investigation of other laws, rules, regulations or investment criteria which might apply to any such persons or entities or which might otherwise limit the suitability of the Series 2019A Bonds for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Series 2019A Bonds for such purposes.

APPROVAL OF LEGALITY

Legal matters incident to the delivery of the Series 2019A Bonds are subject to the approving opinion of Bracewell LLP, Bond Counsel. Certain legal matters will be passed upon for the Department by its General Counsel, James "Beau" Eccles, Esq., and by its Co-Disclosure Counsel, McCall, Parkhurst & Horton L.L.P and Mahomes Bolden PC. Certain legal matters will be passed upon for the Underwriters by their counsel Chapman and Cutler LLP.

In its capacity as Bond Counsel, Bracewell LLP has reviewed the information appearing in this Official Statement describing the Series 2019A Bonds, the security therefor and the federal income tax status thereof, appearing under "THE SERIES 2019A BONDS" (but excluding the information contained therein under the subheadings "Average Life and Prepayment Speeds" and "DTC and Book-Entry"), "SECURITY FOR THE BONDS" (but excluding the information set forth under the subheadings "The Prior Bonds," "Mortgage Loans and Mortgage Certificates," "Investment of Funds" and "Certain Information as to Revenues, Investments, Debt Service and Department Expenses"), "THE PROGRAM AND THE MORTGAGE LOANS" (but excluding the information under the subheadings "Servicing" and "The Master Servicers") "THE TRUST INDENTURE," "TEXAS TREASURY SAFEKEEPING TRUST COMPANY," "TAX MATTERS," "LEGALITY FOR INVESTMENT" and "APPROVAL OF LEGALITY," APPENDIX A and APPENDIX D, to this Official Statement solely to determine whether such information fairly and accurately describes or summarizes the provisions of the Act, the laws of the State, the Trust Indenture, the Thirty-Third Supplemental Indenture, the Depository Agreement, the Series 2019A Bonds and the federal tax implications with respect to the Series 2019A Bonds. Bond Counsel was not requested to participate and did not take part in the preparation of any other information contained herein and did not assume responsibility with respect thereto or undertake independently to verify the accuracy of any of such information. Except as set forth above, Bond Counsel does not pass upon the fairness, accuracy or completeness of this Official Statement, and no person is entitled to rely upon such firm's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of the information contained herein.

ADDITIONAL INFORMATION

Certain provisions of the Act and the Trust Indenture are summarized in this Official Statement. Such summaries do not purport to be comprehensive or definitive. The information contained above is subject to change without notice and no implication is to be derived therefrom or from the sale of the Series 2019A Bonds that there has been no change in the affairs of the Department from the date hereof.

This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Department and the purchasers or owners of any of the Series 2019A Bonds.

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TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: /s/ J.B. Goodwin
Chair and Member
Governing Board

By: /s/ David Cervantes
Acting Director

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APPENDIX A

GLOSSARY

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

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

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

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

"Authorized Denominations" shall mean $5,000 and integral multiples thereof.

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

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

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

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

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

"Business Day" shall mean any day other than a (i) Saturday or Sunday, (ii) day on which banking institutions in New York, New York, the State, or the city in which the payment office of the Paying Agent are authorized or obligated by law or executive order to be closed for business, or (iii) day on which the New York Stock Exchange is closed.

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

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

"Certificate Purchase Period" shall mean the period from the date of initial delivery of the Series 2019A Bonds to and including December 1, 2019, but which may be extended to a date no later than September 1, 2022, in accordance with the Thirty-Third Supplemental Indenture.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in clause (b) and (c).

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

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

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

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

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

"DPA Loan" means a subordinated, no stated interest, thirty year term loan for down payment and closing costs made to a Mortgagor under the Program in an amount as identified in the commitment lot notice applicable to the 2019A Mortgage Loan, subject to adjustment from time to time at the direction of the Department.

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

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

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

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

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

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

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

"Fund" shall mean the Mortgage Loan Fund, the Cost of Issuance Fund, the Revenue Fund, the Interest Fund, the Principal Fund, the Special Redemption Fund, the Rebate Fund, the Expense Fund, the Residual Revenues Fund and the Special Mortgage Loan Fund established under the Trust Indenture.

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

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

"Ginnie Mae Guide" means the GNMA II Mortgage Backed Securities Guide (Ginnie Mae 5500.3), as supplemented from time to time.

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

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

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

(a) Government Obligations;

(b) FHA debentures;

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

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

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

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

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

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

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

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

(k) Investment agreements secured or unsecured as required by the Department, with any Person whose long-term unsecured general indebtedness is rated by each Rating Agency in a category at least as high as the rating then assigned to the Bonds by each such Rating Agency or, if the term of such investment agreement does not exceed one year, whose short-term unsecured general indebtedness is rated by each Rating Agency in the highest category for short-term obligations[(1)]; and

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

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

"Master Servicer" shall mean, with respect to Program 91, the Idaho Housing Finance Association, or any successor thereto as a servicer for such program, including any designee to act on its behalf.

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(1) The Department many enter into other investment agreements if the requirements of paragraph (1) of this definition of "Investment Securities" are satisfied.

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

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

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

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

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

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

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

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

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

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

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

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

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

"Pass-Through Rate" shall mean the interest rate accruing each month on a 2019A Mortgage Certificate, which will equal the mortgage rate of the 2019A Mortgage Loans backing the 2019A Mortgage Certificate less a servicing fee, which fee is retained by the Master Servicer.

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

"Premium Serial Bonds" shall mean the Series 2019A Bonds titled as such on the inside cover page of this Official Statement.

"Premium PAC Term Bonds" shall mean the Series 2019A Bonds titled as such on the inside cover page of this Official Statement.

"Program 91" shall mean the program established by the Department pursuant to which the Department makes, acquires or refinances, directly or indirectly, Mortgage Loans or Mortgage Certificates related to the Series 2019A Bonds.

"Rating Agency" shall mean: (i) S&P Global Ratings, and any successor thereto; and (ii) Moody's Investors Service Inc., and any successor thereto to the extent either agency then has a rating on the Bonds in effect at the request of the Department.

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

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

"Regulations" shall mean the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

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

"Serial Bonds" shall mean the Series 2019A Bonds titled as such on the inside cover page of this Official Statement.

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

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

"Series 2019A Bonds" shall mean the Department's Residential Mortgage Revenue Bonds, Series 2019A issued under the Master Trust Indenture and the Thirty-Third Supplemental Indenture.

"State" shall mean the State of Texas.

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

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

"Term Bonds" shall mean the Series 2019A Bonds titled as such on the inside cover page of this Official Statement.

"Thirty-Third Supplemental Indenture" shall mean the Thirty-Third Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of March 1, 2019, by and between the Department and the Trustee, together with any amendments.

"2019A Mortgage Certificates" shall mean the Ginnie Mae Certificates or Fannie Mae Certificates that evidence beneficial ownership of and a participation in a Mortgage Pool, that satisfy the requirements of the Thirty-Third Supplemental Indenture which are purchased by the Trustee from amounts available in the 2019A Mortgage Loan Account and pledged by the Department to the Trustee pursuant to the Trust Indenture.

"2019A Mortgage Loan Account" shall mean the 2019A Mortgage Loan Account of the Mortgage Loan Fund.

"2019A Mortgage Loans" shall mean the loans included in each Mortgage Pool represented by a 2019A Mortgage Certificate.

"2019A Special Redemption Account" shall mean the 2019 Special Redemption Account of the Redemption Fund.

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

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

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APPENDIX B-1
GNMA AND THE GNMA CERTIFICATES

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

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

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

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

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

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

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

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

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

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

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

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

Each installment on the GNMA Certificate is required to be applied first to interest and then in reduction of the principal balance then outstanding on the GNMA Certificate. Interest is to be paid at the specified rate on the unpaid portion of the principal of the GNMA Certificate. The amount of principal due on the GNMA Certificate is to be in an amount at least equal to the scheduled principal amortization currently due on the Mortgage Loans subject to adjustment by reason of unscheduled recoveries of principal on the Mortgage Loans. In any event, the Master Servicer is required to pay to the Trustee, as holder of the GNMA Certificate, monthly installments of not less than the interest due on the GNMA Certificate at the rate specified in the GNMA Certificate, together with any scheduled installments of principal, whether or not such interest or principal is collected from the Mortgagor, and any prepayments or early recovery of principal. Final payment is to be made upon surrender of the outstanding GNMA Certificate.

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

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APPENDIX B-2
FANNIE MAE AND THE FANNIE MAE CERTIFICATES

General

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

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

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

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

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

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

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

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

Mortgage-backed Securities Program

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

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

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

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

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

Pool Purchase Contract

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

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

Fannie Mae Certificates

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

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

Payments on Mortgage Loans; Distributions on Fannie Mae Certificates

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

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

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APPENDIX C-1

AUDITED FINANCIAL STATEMENTS

OF THE

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

REVENUE BOND PROGRAM

FOR THE FISCAL YEAR ENDED

AUGUST 31, 2018

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Revenue Bond Program Enterprise Fund

Basic Financial Statements
for the Year Ended August 31, 2018

(With Independent Auditor's Report)

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
REVENUE BOND PROGRAM ENTERPRISE FUND
Basic Financial Statements
for the Year Ended August 31, 2018

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State Auditor's Office

Independent Auditor's Report

Department of Housing and Community Affairs Board of Directors
Mr. J.B. Goodwin, Chair
Ms. Leslie Bingham Escareño, Vice-Chair
Mr. Paul A. Braden
Ms. Asusena Reséndiz
Ms. Sharon Thomason
Mr. Leo Vasquez

Report on the Financial Statements

We have audited the accompanying financial statements of the Revenue Bond Program Enterprise Fund (Program) of the Department of Housing and Community Affairs (Department), as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Program of the Department, as of August 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Fund Financial Statements

As discussed in Note 1, the financial statements present only the Program, an enterprise fund of the Department and of the State of Texas, and do not purport to, and do not, present fairly the financial position of the Department and of the State of Texas as of August 31, 2018, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 20, 2018, 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 solely 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 the effectiveness of the Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

Lisa R. Collier

Lisa R. Collier, CPA, CFE, CIDA
First Assistant State Auditor

December 20, 2018

MANAGEMENT'S

DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the Texas Department of Housing and Community Affairs - Revenue Bond Program (Bond Program) annual financial report presents management's discussion and analysis of the financial performance of the Bond Program of the Texas Department of Housing and Community Affairs (Department) during the fiscal year that ended on August 31, 2018. Please read it in conjunction with the Department's Bond Program financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Bond Program's net position increased by $8.0 million. This was primarily because of a positive difference of $11.4 million between operating revenue and operating expenses for the Bond Program offset by a net transfer of funds to fund the Department's annual operating budget.

- The Bond Program had an Operating Income of $11.4 million, an increase of $11.5 million from the prior year. The change in operating income (loss) was a result of the following factors: a positive difference between interest and investment income and interest expense of $12.4 million, due to declining bond balances and a positive difference of $25.3 million between other operating revenues and other operating expenses primarily within the single family indentures; offset by the negative net change in fair value of investments of $21.1 million.

- The Bond Program's debt outstanding of $1.4 billion as of August 31, 2018, increased $36.4 million due to $165.3 million in new bond issuances and $25.9 million in notes payable offset by debt retirements of $154.8 million. Loan originations for the year totaled $973.8 million in the Bond Program.

- In accordance with Governmental Accounting Standards Board Statement (GASB) No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the Department identified its derivative instruments, measured their effectiveness, and reported the derivative instruments at fair value. The Department's interest rate swaps, which were primarily used to hedge changes in interest rates, are considered to be derivative instruments under GASB 53. GASB 53 requires the fair value of a derivative to be reported at the end of the fiscal year in the balance sheet and GASB No. 72, *Fair Value Measurement and Application*, requires the fair value of a derivative to be computed taking into account nonperformance risk. As of August 31, 2018, the Department's four interest rate swaps had a total notional amount of $85.6 million and a negative $5.1 million fair value which was recorded in the deferred outflow of resources account and as a derivative swap liability.

FINANCIAL STATEMENTS

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

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

FINANCIAL ANALYSIS OF THE REVENUE BOND PROGRAM

Bond Program - Condensed Statement of Net Position			Increase (Decrease)	
	2018	2017	Amount	Percentage
ASSETS:				
Current Assets:				
Cash and investments	$ 160,590,090	$ 110,922,953	$ 49,667,137	44.78 %
Loans and Contracts	76,245,754	90,696,576	(14,450,822)	(15.93)%
Interest receivable	9,233,235	8,664,067	569,168	6.57 %
Other Current Assets	390,154	132,021	258,133	195.52 %
Non-Current Assets:				
Investments	675,926,487	643,131,857	32,794,630	5.10 %
Loans and Contracts	961,911,434	958,544,242	3,367,192	0.35 %
Total assets	1,884,297,154	1,812,091,716	72,205,438	3.98 %
DEFERRED OUTFLOWS OF RESOURCES	5,097,825	9,902,173	(4,804,348)	(48.52)%
LIABILITIES:				
Current Liabilities				
Notes payable	214,705	224,147	(9,442)	(4.21)%
Bonds payable	12,181,059	12,455,884	(274,825)	(2.21)%
Short-Term Debt	67,842,893	81,182,741	(13,339,848)	(16.43)%
Interest payable	11,872,726	11,749,116	123,610	1.05 %
Other current liabilities	486,957	500,961	(14,004)	(2.80)%
Non-Current Liabilities				
Notes payable	109,532,219	83,901,051	25,631,168	30.55 %
Bonds payable	1,324,365,960	1,313,340,070	11,025,890	0.84 %
Derivative Hedging Instrument	5,097,825	9,902,173	(4,804,348)	(48.52)%
Other non-current liabilities	128,637,107	87,556,033	41,081,074	46.92 %
Total liabilities	1,660,231,451	1,600,812,176	59,419,275	3.71 %
DEFERRED INFLOWS OF RESOURCES				
NET POSITION:				
Restricted for Bonds	222,460,708	214,212,917	8,247,791	3.85 %
Unrestricted	6,702,820	6,968,796	(265,976)	(3.82)%
Total Net Position	$ 229,163,528	$ 221,181,713	$ 7,981,815	3.61 %

The Net Position of the Bond Program increased $8.0 million, or 3.6%, to $229.2 million. The restricted net position of the Bond Program increased $8.2 million, or 3.9%. The increase can be primarily attributed to an increase in other operating revenue of $28.8 million within the single family indentures offset by an increase of other operating expenses of $10.0 million and a $10.5 million negative change in the fair value of investments in the Bond Program. The unrestricted net position decreased $266.0 thousand, or 3.8%, to $6.7 million. The unrestricted net position is primarily composed of $7.3 million related to the Operating Fund and $1.9 million related to the Taxable Mortgage Program offset by a negative net position related to Multifamily of $2.5 million.

Cash and investments (current and non-current) increased $82.5 million, or 10.9%, to $836.5 million, primarily due to proceeds from bonds and notes payable for Multifamily projects offset by debt retirements.

The Bond Program's loans and contracts (current and non-current) decreased $11.1 million, or 1.1%, to $1.0 billion, due primarily as a result of loans funded for down payment assistance and TMP loans related to Homeownership Programs offset by loans paid off related to the Department's Multi-family Bond Program and single family loans.

Total bonds payable (current and non-current) increased $10.8 million, or .8%, due to the issuance of $165.3 million in bonds for the Multifamily Program offset by monthly retirement of existing debt primarily due to consumer refinancing and paying off of original loans. Total notes payable (current and non-current) increased $25.6 million, or 30.5%, due to the issuance of $13.0 million in notes payable to provide funding for a new multifamily property and $12.9 million to fund down payment assistance.

The $41.1 million increase in other non-current liabilities is related to the proceeds of these issued multifamily bonds and notes payable offset by the retirement of existing debt. In fiscal year 2018, The Department reported $67.8 million in short-term debt due to a Security and Advances Agreement between the Department and Federal Home Loan Bank of Dallas to provide funding for the Homeownership Programs.

In accordance with GASB No. 53 and GASB No. 72, the Department reported its derivative instruments at fair value on the balance sheet. The Department's four interest rate swaps are considered to be derivative instruments per GASB No. 53. The negative $5.1 million fair value of the swaps reflects an increase of $4.8 million and is reported as deferred outflow of resources and a derivative hedging instrument classified as a liability.

A comparison between 2018 and 2017 for the Statement of Revenues, Expenses, and Changes in Fund Net Position is as follows:

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

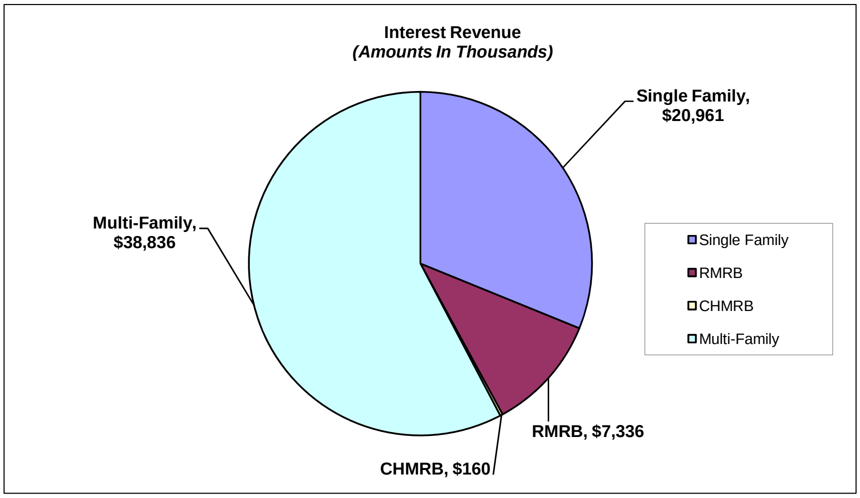
			Increase (Decrease)	
	2018	2017	Amount	Percentage
OPERATING REVENUES:				
Interest and investment income	$ 67,928,529	$ 67,413,100	$ 515,429	0.76 %
Net change in fair value of investments	(21,141,333)	(10,550,363)	(10,590,970)	100.38 %
Other operating revenues	52,501,476	20,694,389	31,807,087	153.70 %
Total operating revenues	99,288,672	77,557,126	21,731,546	28.02 %
OPERATING EXPENSES:				
Professional fees and services	1,320,012	1,472,687	(152,675)	(10.37)%
Printing and reproduction	18,578	18,300	278	1.52 %
Interest	55,526,430	56,866,220	(1,339,790)	(2.36)%
Bad debt expense	3,701,810	174,117	3,527,693	2026.05 %
Down payment assistance	147,062	193,243	(46,181)	(23.90)%
Other operating expenses	27,201,862	18,979,831	8,222,031	43.32 %
Total operating expenses	87,915,754	77,704,398	10,211,356	13.14 %
OPERATING INCOME (LOSS)	11,372,918	(147,272)	11,520,190	(7822.39)%
TRANSFERS	(3,391,103)	(4,452,421)	1,061,318	(23.84)%
CHANGE IN NET POSITION	7,981,815	(4,599,693)	12,581,508	(273.53)%
BEGINNING NET POSITION	221,181,713	225,781,406	(4,599,693)	(2.04)%
ENDING NET POSITION	$ 229,163,528	$ 221,181,713	$ 7,981,815	3.61 %

Earnings within the Bond Program's various bond indentures were $99.3 million, of which $94.9 million is classified as restricted and $4.4 million as unrestricted.

Restricted earnings are primarily composed of $67.3 million in interest and investment income, $21.1 million net decrease in fair value of investments, and $48.7 million in other operating revenue. Interest and investment income is restricted per bond covenants for debt service and the net decrease in fair value is reflective of unrealized gains and losses.

Unrestricted earnings are composed of $634.8 thousand in interest and investment income and $3.8 million in other operating revenue.

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



Interest earned on program loans decreased by $1.7 million, or 4.3%, due primarily to a decrease of $1.6 million, or 4.2%, within the Bond Program's Multi-Family Program, due to lower loan amounts outstanding throughout the year as a result of loan payoffs.

Investment income increased $2.1 million, or 7.5%, and reflected higher investment yields due to increasing investment balances. The increase was primarily due to an increase of $3.5 million in the Single Family Revenue Bond Program offset by a decrease of $1.2 million in the Residential Mortgage Revenue Bond Program.

Expenses of the Bond Program consist primarily of interest expense and other operating expenses of the Bond Program. Interest expense was $55.5 million, which decreased $1.3 million, or 2.4%, on the Bond Program's debt incurred to fund its various lending programs. Bad debt expense increased by $3.5 million primarily due to down payment assistance loans. Other operating expenses increased $8.2 million primarily due to lender and servicer expenses related to single family loans.

The changes in net position by bond indenture for the Bond Program for fiscal years 2018 and 2017 are as follows:

Changes in Net Position by Bond Program, Year Ended August 31,
(Amounts in Thousands)

Fund	2018	2017	Increase (Decrease) Amount	Increase (Decrease) Percentage
Single Family	$ 106,360	$ 94,975	$ 11,385	12.0 %
RMRB	95,247	98,215	(2,968)	(3.0)%
CHMRB	1,772	1,778	(6)	(0.3)%
Taxable Mortgage Program	20,183	22,314	(2,131)	(9.6)%
Multifamily	(2,501)	(2,452)	(49)	2.0 %
General funds	8,103	6,352	1,751	27.6 %
Total	$ 229,164	$ 221,182	$ 7,982	3.6 %

The Net Position of the Single Family Bond Program increased by $11.4 million, or 12.0%, primarily due to a positive difference of $9.1 million between interest income and bond interest expense offset by a negative change in fair value of investments of $14.3 million, and a positive difference of $17.8 million between TMP settlement fees and servicer expenses.

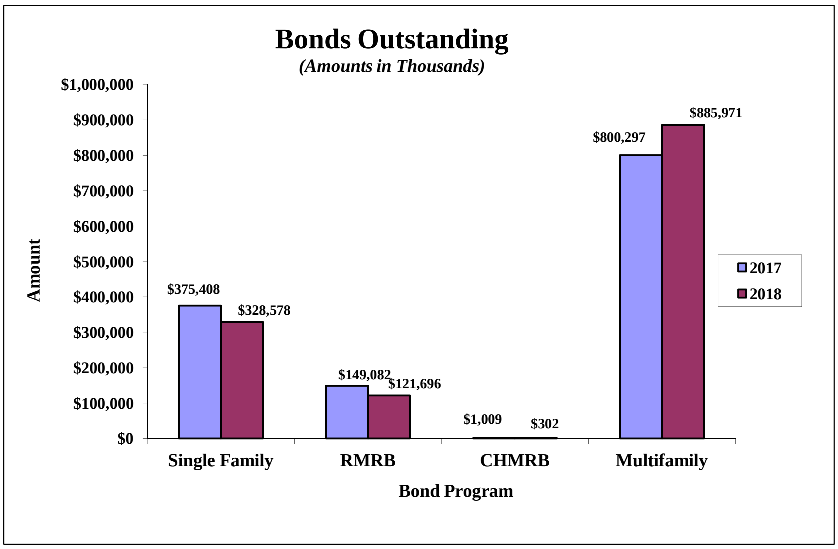
The Net Position of the Residential Mortgage Revenue Bond Program decreased by $3.0 million, or 3.0%, primarily due to a positive difference of $2.6 million between interest income and bond interest and a positive difference of $4.2 million between TMP settlement fees and servicer expense offset by a negative change in fair value of investments of $6.7 million and $2.5 million of bad expense.

The Net Position of the Taxable Mortgage Program decreased by $2.1 million primarily due to a transfer of $2.5 million to fund the Department's operating budget.

BOND PROGRAM BONDS OUTSTANDING

The Bond Program had an increase in bonds payable of $10.9 million to $1.3 billion of which $12.2 million is due within one year. The Bond Program issued $165.3 million in bonds during the year and had $154.4 million in bond debt retirements during the year primarily due to consumer refinancing and paying off of original loans. For additional information, see Note 5, Bonds Payable, and supplementary bond schedules.

The following graph will illustrate a comparison of bonds outstanding between fiscal year 2018 and 2017 per bond program:



REQUEST FOR INFORMATION

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

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BASIC

FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION
As of August 31, 2018

ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 2)		
Cash in Bank	$	2,123
Cash Equivalents		7,235,641
Restricted Assets:		
Cash and Cash Equivalents (Note 2)		
Cash in Bank		58,595,117
Cash Equivalents		94,526,080
Short-term Investments (Note 2)		231,129
Loans and Contracts		76,205,798
Interest Receivable		8,954,468
Receivable:		
Interest Receivable		278,767
Accounts Receivable		44,102
Loans and Contracts		39,956
Other Current Assets		346,052
Total Current Assets		246,459,233
Non-Current Assets :		
Investments (Note 2)		942,954
Loans and Contracts		723,726
Restricted Assets:		
Investments (Note 2)		674,983,533
Loans and Contracts		961,187,708
Total Non-Current Assets		1,637,837,921
Total Assets	$	1,884,297,154
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated decrease in fair value of hedging derivative (Note 6)		5,097,825
Total Deferred Outflows of Resources	$	5,097,825
LIABILITIES		
Current Liabilities		
Payables:		
Accounts Payable	$	215,082
Accrued Bond Interest Payable		11,872,727
Unearned Revenue		81,296
Notes and Loans Payable (Note 4)		214,705
Revenue Bonds Payable (Notes 4 & 5)		12,181,058
Restricted Short-Term Debt (Note 3)		67,842,893
Other Current Liabilities		190,579
Total Current Liabilities		92,598,340
Non-Current Liabilities		
Notes and Loans Payable (Note 4)		109,532,219
Revenue Bonds Payable (Note 4 & 5)		1,324,365,960
Derivative Hedging Instrument (Note 6)		5,097,825
Other Non-Current Liabilities (Note 4)		128,637,107
Total Non-Current Liabilities		1,567,633,111
Total Liabilities	$	1,660,231,451
DEFERRED INFLOWS OF RESOURCES		
		-
Total Deferred Inflows of Resources	$	-
NET POSITION		
Restricted for Bonds		222,460,708
Unrestricted		6,702,820
Total Net Position	$	229,163,528

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

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the fiscal year ended August 31, 2018

OPERATING REVENUES	
Interest and Investment Income	$ 67,928,529
Net (Decrease) in Fair Value	(21,141,333)
Other Operating Revenues	52,501,476
Total Operating Revenues	99,288,672
OPERATING EXPENSES	
Professional Fees and Services	1,320,012
Printing and Reproduction	18,578
Interest	55,526,430
Bad Debt Expense	3,701,810
Down Payment Assistance	147,062
Other Operating Expenses	27,201,862
Total Operating Expenses	87,915,754
Operating Income	11,372,918
OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS	
Transfers Out	(3,391,103)
Total Other Revenues, Expenses, Gains, Losses and Transfers	(3,391,103)
CHANGE IN NET POSITION	7,981,815
Net Position, September 1, 2017	221,181,713
NET POSITION, AUGUST 31, 2018	$ 229,163,528

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

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

STATEMENT OF CASH FLOWS
For the fiscal year ended August 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds from Loan Programs	$ 1,055,437,818
Proceeds from Other Revenues	72,225,180
Payments to Suppliers for Goods/Services	(56,460,539)
Payments for Loans Provided	(973,824,317)
Net Cash Provided By Operating Activities	97,378,142
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Proceeds from Debt Issuance	1,830,128,763
Proceeds from Notes Payable	25,864,983
Payments of Transfers of Other Funds	(3,980,000)
Payments of Principal on Debt Issuance	(1,816,276,083)
Payments of Interest	(55,018,339)
Net Cash (Used For) Non-Capital Financing Activities	(19,280,676)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales of Investments	115,265,837
Proceeds from Interest/Invest. Income	31,442,860
Payments to Acquire Investments	(175,357,630)
Net Cash (Used For) Investing Activities	(28,648,933)
Net Increase in Cash and Cash Equivalents	49,448,533
Cash and Cash Equivalents, September 1, 2017	110,910,428
Cash and Cash Equivalents, August 31, 2018	$ 160,358,961

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
REVENUE BOND PROGRAM ENTERPRISE FUND

STATEMENT OF CASH FLOWS (Continued)
For the fiscal year ended August 31, 2018

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Income	$ 11,372,918
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Provision for Uncollectibles	3,701,810
Operating Income and Cash Flow Categories Classification Differences	30,856,405
Changes in Assets and Liabilities:	
Decrease in Receivables	33,107
(Increase) in Accrued Interest Receivable	(569,169)
Decrease in Loans / Contracts	11,083,627
(Increase) in Other Assets	(291,241)
(Decrease) in Payables	(69,086)
Increase in Accrued Interest Payable	123,616
Increase in Other Liabilities	41,136,155
Total Adjustments	86,005,224
Net Cash Provided by Operating Activities	$ 97,378,142

NON CASH TRANSACTIONS
Decrease in Fair Value of Investments for 2018 was $21,141,333

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

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NOTES TO THE

FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

Taxable Mortgage Program (TMP) — The TMP program was created to provide loans to low to moderate income homebuyers as a tool to fund the First Time Homebuyer Program. It facilitates the trading of mortgage-backed securities (MBS). The program is funded by available indenture funds, ongoing fees received on the originated mortgage loans, repayment of down payment assistance loans, and MBS premium, if any, received at the sale of the MBS.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

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

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

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

Investments — The Bond Program follows the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair Value accounting requires characterization of the inputs used to measure fair value into three-level fair value hierarchy as follows:

- Level 1 - inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market which the entity has the ability to access.
- Level 2 - inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.
- Level 3 - inputs are unobservable that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities.
- Cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).
- Income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

The Bond Program utilizes established quoted market prices for determining the fair value of its debt securities in reserve funds. The Bond Program's portfolio of mortgage-backed securities consists of pools of mortgage loans exchanged for mortgage-backed securities or mortgage pass-through certificates. Fair value of the Bond Program's mortgage-backed securities has been estimated by each bond issue's trustee using a pricing service which is considered a Level 2 input in accordance with GASB No. 72.

The Bond Program has reported all investment securities at fair value as of August 31, 2018, with the exception of certain money market investments, and nonparticipating interest-earning investment contracts, which are reported at amortized cost (historical cost adjusted for amortization of premiums and accretion of discounts), provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors (see Note 2).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

In accordance with GASB Statement No. 31, changes in the fair value of investments and any realized gains/losses on the sale of investments are reported in the Statement of Revenues, Expenses, and Changes in Fund Net Position as net increase (decrease) in fair value of investments.

Loans and Contracts — Loans and contracts are carried at the unpaid principal balance outstanding less the allowance for estimated loan losses. Interest on loans is credited to income as earned. Loans are generally placed on nonaccrual status when the Department becomes aware that the borrower has entered bankruptcy proceedings or when the loans are 90 days past due as to either principal or interest or when payment in full of principal and interest is not expected.

Real Estate Owned — Properties acquired through foreclosure are carried at the unpaid principal balance on the related property plus accrued interest and reimbursable expenses through the date of foreclosure, less any sales proceeds, reimbursements received from mortgage insurers, and an allowance for estimated losses on such properties. After foreclosure, foreclosed assets are carried at lower of cost or fair value minus selling costs. Interest on real estate owned is credited to income as earned based on a calculation of interest recoverable in accordance with the Department's agreements with its mortgage insurers.

Allowance for Estimated Losses on Loans and Foreclosed Properties — The allowance for estimated losses on loans is available for future charge-offs on single-family and multifamily loans.

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

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

Deferred Outflows of Resources/Derivative Hedging Instrument—The Department identified its derivative instruments and measured their effectiveness in accordance with Governmental Accounting Standards Board Statement (GASB) No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The Department contracted a service provider to measure its derivative effectiveness using the regression analysis method. Since the derivative instruments were deemed to be effective, the Department deferred the changes in fair value for these derivatives and reported them as a deferred outflows of resources.

Restricted Short-Term Debt — Short-term debt primarily consists of funds due to Federal Home Loan Bank related to an Advances and Security Agreement.

Notes Payable — The Department issues notes to provide funding to nonprofit and for-profit developers of multifamily properties to construct or rehabilitate rental housing payable solely from the payments received from the assets and guarantors, which secure the notes. The Department also has issued two notes which are subordinate lien obligations. The 2016 Issuer Note has a loan agreement with Woodforest National Bank and the 2018 Issuer Note with Woodforest National Bank, Tolleson Private Bank, and Hancock Whitney Bank to provide funding for down payment assistance in connection with Texas Homeownership Programs.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

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

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

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

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

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

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

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

Estimates — In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the Statement of Net Position and the reported revenues and expenses for the period. Actual results could differ significantly from those estimates. Management judgments and accounting estimates are made in the evaluation of the allowance for estimated losses on loans and real estate owned.

NOTE 2: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS

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

Deposits of Cash in Bank
In accordance with bond trust indentures and depository agreements, all cash is to be fully collateralized, with the collateral held by a third party in the name of the Department. As of August 31, 2018, the Department's cash and deposits were fully collateralized by securities with a trustee in the Department's name. As of August 31, 2018, the carrying amount of deposits was $58,597,240.

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

Current Assets Restricted Cash in Bank	
Texas Treasury Safekeeping Trust	$ 245,935
Demand Deposits	58,351,305
Cash in Bank	$ 58,597,240

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 $56,918,290 in overnight repurchase agreements maturing on the following business day, September 4, 2018, at a rate of 1.89%.

At August 31, 2018, the fair value of investments (including both short-term and long-term) are shown below.

	Fair Value Hierarchy				
	Level 1 Inputs	**Level 2 Inputs**	**Level 3 Inputs**	**Amortized Cost**	**Total**
Business Type Activities					
U.S. Government					
U.S. Treasury Notes	$ 44,297,821	$ -	$ -	$ -	$ 44,297,821
U.S. Government Agency Obligations		603,405,179			603,405,179
Repurchase Agreements (TTSTC)				56,918,290	56,918,290
Fixed Income Money Markets				44,843,431	44,843,431
Misc (Investment Agreements/GICs)				28,454,616	28,454,616
Total Business-Type Activities					**$ 777,919,337**

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

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

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

As of August 31, 2018, the Department's credit quality distribution for securities with credit risk exposure was as follows.

Standard & Poor's

Investment Type	Not Rated	AAA	AA+
U.S. Government Agency Obligations			$161,530,788
U.S. Treasury Notes		$44,297,821	
Repurchase Agreements (TTSTC)	$56,918,290		
Misc (Investment Agreements/GICs)	$28,454,616		
	Not Rated	**AAA-M**	**AA-M**
Fixed Income Money Market		$44,843,431	

A total of $441,874,391 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, 2018, the Department's concentration of credit risk is as follows.

Issuer	Carrying Value	% of Total Porfolio
Natwest	$ 56,918,290	7.32%

Interest Rate Risk

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

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- Investing operating funds primarily in shorter-term securities.

Information about the sensitivity of the fair values of the Department's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Department's investments by maturity:

Remaining Maturity (in months)

Business Type Activities	Fair Value	12 months or less	13 to 24 months	25 to 60 months	More than 60 months
U.S. Government Agency Obligations	$ 603,405,179	$ 10,313	$ 57,333	$ 373,384	$ 602,964,149
U.S. Treasury Notes	44,297,821	220,816	44,077,005		
Repurchase Agreements (TTSTC)	56,918,290	56,918,290			
Fixed Income Money Markets	44,843,431	44,843,431			
Misc (Investment Agreements/GICs)	28,454,616				28,454,616
Total	$ 777,919,337	$ 101,992,850	$ 44,134,338	$ 373,384	$ 631,418,765

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

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. Any fluctuation in fair value generates an unrealized gain or loss. As of August 31, 2018, the Department holds $603,405,179 in mortgage-backed securities.

NOTE 3: SHORT-TERM DEBT

Business-Type Activities	Balance 09/01/17	Additions	Reductions	Balance 08/31/18
Short -Term Debt	$ 81,182,741	1,664,818,763	1,678,158,611	67,842,893
Total Business-Type Activities	$ 81,182,741	1,664,818,763	1,678,158,611	67,842,893

Short-Term Debt

Short-term debt in the Enterprise Fund is comprised of funds due to the Federal Home Loan Bank of Dallas (FHLB) in the amount of $67,842,893.

On October 1, 2016, the Idaho Housing and Finance Association (Idaho HFA) began serving as Master Servicer for the Department's Single Family Mortgage Purchase Program. Idaho HFA's servicing structure requires the purchase of program mortgage loans by the Department, and subsequent repurchase of those loans by the Idaho HFA, prior to pooling the loans into a mortgage-backed security (MBS).

The Department executed an Advances and Security Agreement with the FHLB, effective October 1, 2016, to fund the purchase of program loans. The Department borrows at short-term rates from FHLB and pledges the mortgage loans, plus additional amounts deposited in an escrow account, as collateral for advances. Borrowings, or advances, occur almost daily and are used to purchase mortgage loans within one to two business days after purchase from lenders by Idaho HFA. With each MBS settlement, the advances are repaid related to the mortgage loans underlying the related MBS.

As of August 31, 2018, the maximum aggregate principal amount available for advances under the Advances Agreement was $175 million.

NOTE 4: SUMMARY OF LONG TERM LIABILITIES

Changes in Long-Term Liabilities

During the year ended August 31, 2018, the following changes occurred in liabilities.

Business-Type Activities	Balance 09/01/17	Additions	Reductions	Balance 08/31/18	Amounts Due Within One Year
Revenue Bonds Payable	$ 1,325,795,954	$ 165,310,000	$ 154,558,935	$ 1,336,547,019	$ 12,181,059
Notes Payable	84,125,198	25,864,983	243,257	109,746,924	214,705
Total Business-Type Activities	$ 1,409,921,152	$ 191,174,983	$ 154,802,192	$ 1,446,293,943	$ 12,395,764

NOTE 4: SUMMARY OF LONG TERM LIABILITIES Cont'd

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.) The $154,558,935 in reductions is inclusive of $179,185 in amortization of bond premium/discount.

Notes Payable
The Department has two Issuer Notes associated with its Single Family and RMRB Indentures and four Multifamily Notes outstanding at August 31, 2018. The Department primarily issues notes to provide funding to nonprofit and for-profit developers of multifamily properties to construct or rehabilitate rental housing. These notes are limited obligations of the Department and are payable solely from the payments received from the assets and guarantors, which secure the notes.

The Department also has issued two notes which are subordinate lien obligations to provide funding for down payment assistance in connection with Texas Homeownership Programs. The 2016 Issuer Note has a loan agreement with Woodforest National Bank and the 2018 Issuer Note syndicated between Woodforest National Bank, Tolleson Private Bank, and Hancock Whitney Bank.

Texas Department of Housing and Community Affairs
Notes Payable Debt Service Requirements
Business-Type Activities

Year	Principal	Interest	Total
2019	$ 214,705	$ 4,702,826	$ 4,917,531
2020	243,899	4,798,166	5,042,065
2021	284,110	4,781,363	5,065,473
2022	393,779	4,766,889	5,160,668
2023	412,078	4,748,969	5,161,047
2024-2028	24,362,406	23,056,142	47,418,548
2029-2033	14,442,647	20,679,856	35,122,503
2034-2038	69,393,300	8,143,846	77,537,146
Totals	**$ 109,746,924**	**$ 75,678,057**	**$ 185,424,981**

Other Non-Current Liabilities
Other Non-Current liabilities in the Enterprise Fund are compromised primarily of funds due to developers as a result of Multifamily bond proceeds which have corresponding investment balances not adjusted to market value in the amount of $128,637,107. These proceeds are conduit debt issued on behalf of the Developer for the purpose of Multifamily developments and are held by the trustee. Due to the various variables related to the balance, the current portion cannot be reasonably estimated.

NOTE 5: BONDED INDEBTEDNESS

The Department has 89 bond issues outstanding at August 31, 2018. 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 3, 4, 5, 6, and 7.) Proceeds from the issuance of bonds under the Single Family indenture prior to 1987 and Residential Mortgage Revenue Bonds (RMRB) Series 1987A Programs were used to acquire loans. Proceeds from Collateralized Home Mortgage Revenue Bond (CHMRB) and the remaining Single Family and RMRB programs were used to acquire pass-through certificates (GNMA, FNMA, FHLMC) backed by mortgage loans. Proceeds from the remaining Multifamily bond issues were used to finance mortgage loans.

Interest on bonds and collateralized mortgage obligations is payable periodically.

The Single Family, RMRB and CHMRB bonds are collateralized by the revenues and assets pledged under the trust indentures, primarily 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, 2018, are as follows (in thousands):

Description	2019	2020	2021	2022	2023	2024 to 2028	2029 to 2033
Single-family	$	$	$	$	$	$ 2,680	$ 29,450
RMRB	3,830	4,095	4,175	4,290	4,310	21,810	22,310
CHMRB						300	
Multifamily	8,280	9,000	54,510	10,458	11,046	101,307	123,414
Total	$ 12,110	$ 13,095	$ 58,685	$ 14,748	$ 15,356	$ 126,097	$ 175,174

Description	2034 to 2038	2039 to 2043	2044 to 2048	2049 to 2053	2054 to 2058	2059 to 2063	Total
Single-family	$ 73,070	$ 81,915	$ 140,893	$	$	$	$ 328,008
RMRB	32,210	24,240					121,270
CHMRB							300
Multifamily	269,115	222,145	67,377	5,565	3,565		885,782
Total	$ 374,395	$ 328,300	$ 208,270	$ 5,565	$ 3,565	$	$ 1,335,360

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.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2018

NOTE 5: BONDED INDEBTEDNESS Cont'd

The interest payment requirements at August 31, 2018, are as follows (in thousands):

Description	2019	2020	2021	2022	2023	2024 to 2028	2029 to 2033
Single-family	$ 8,504	$ 8,581	$ 8,575	$ 8,578	$ 8,578	$ 42,889	$ 41,776
RMRB	4,448	4,302	4,134	3,957	3,769	15,813	11,004
CHMRB	20	20	22	20	22	17	
Multifamily	36,617	36,165	35,467	34,178	33,601	154,206	125,915
Total	$ 49,589	$ 49,068	$ 48,198	$ 46,733	$ 45,970	$ 212,925	$ 178,695

Description	2034 to 2038	2039 to 2043	2044 to 2048	2049 to 2053	2054 to 2058	2059 to 2063	Total
Single-family	$ 37,108	$ 23,177	$ 15,793	$	$	$	$ 203,559
RMRB	6,522	1,183					55,132
CHMRB							121
Multifamily	82,519	34,458	8,989	1,878	82		584,075
Total	$ 126,149	$ 58,818	$ 24,782	$ 1,878	$ 82	$	$ 842,887

Interest requirements on variable rate debt are calculated using the interest rate in effect at August 31, 2018. Interest rates on variable rate debt reset on a weekly basis by the remarketing agent.

Changes in Bonds Payable

Description	Bonds Outstanding 09/01/17	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/18	Amounts Due Within One Year
Single Family	$ 374,800,014	$ -	$ 5,000	$ 46,787,102	$ 328,007,912	$ 19,647
RMRB	148,390,000		4,210,000	22,910,000	121,270,000	3,865,116
CHMRB	1,000,000			700,000	300,000	402
Multifamily	800,239,915	165,310,000	7,609,119	72,158,529	885,782,267	8,295,894
Total Principal	$ 1,324,429,929	$ 165,310,000	$ 11,824,119	$ 142,555,631	$ 1,335,360,179	$ 12,181,059
Unamortized Premium	1,366,025				1,186,840	
Total	$ 1,325,795,954				$ 1,336,547,019	

NOTE 5: BONDED INDEBTEDNESS Cont'd

Demand Bonds

The Department currently holds five single family bond series in the amount $89,465,000 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 backed by 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 08/31/18	Liquidity Facility Expiration Date
2004A Jr. Lien	JP Morgan	Comptroller of Public Accounts	0.12%	$ 3,855,000	08/31/19
2004B	JP Morgan	Comptroller of Public Accounts	0.12%	23,035,000	08/31/19
2004D	Piper Jaffray	Comptroller of Public Accounts	0.12%	15,765,000	08/31/19
2005A	JP Morgan	Comptroller of Public Accounts	0.12%	22,060,000	08/31/19
2007A	JP Morgan	Comptroller of Public Accounts	0.12%	24,750,000	08/31/19
Total Demand Bonds				$ 89,465,000	

These bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest with proper notice and delivery to the corresponding remarketing agent. If the remarketing agent is unable to remarket any bonds, the liquidity facility will purchase the bonds (bank bonds). The liquidity agreement is subject to renewal yearly on an ongoing basis. The Department shall use its best effort to cause the bonds to be purchased from the liquidity facility as soon as possible. The purchased bonds are not subject to term out provisions. For fiscal year 2018, the Trustee did not draw from the liquidity provider, Comptroller of Public Accounts, related to the Department's demand bonds.

Federal Arbitrage Regulations

In accordance with Federal law, the Agency is required to rebate to the Internal Revenue Service (IRS) the excess of the amount derived from investing the bond proceeds over the amount that would have been earned if those investments had a rate equal to the yield on the bond issue. As of August 31, 2018, the Bond Program has no liabilities to report to the IRS.

Pledged and Other Sources

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

Pledged and Other Sources and Related Expenditures for FY 2018

	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	$ 62,406,047	$ 347,187	$ 5,000	$ 10,913,025	$ 531,567,310	2048	100%
Total Residential Mtg Revenue Bonds	28,311,236	190,242	4,210,000	4,899,468	176,401,569	2041	100%
Total 1992 CHMRB	860,198	26,982		50,604	420,905	2024	100%
Total Multifamily Bonds	107,049,293		7,609,119	34,939,149	1,469,856,889	2054	100%
Total	**$ 198,626,774**	**$ 564,411**	**$ 11,824,119**	**$ 50,802,246**	**$ 2,178,246,673**		

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 four 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 an expected lower total interest cost than attainable through traditional fixed rate bond structures. The Department has entered into interest rate swap agreements with various rated counterparties. Under the terms of the agreements, the Department makes periodic fixed interest rate payments in exchange for receiving variable rate payments that are expected to be comparable to the rates payable on the variable rate demand bonds. The swap notional amounts amortize in accordance with the scheduled and/or anticipated reductions in the related variable rate demand bond liability. The Department is potentially exposed to loss in the event of non-performance by the counterparties under the swap agreements. Termination of the swap agreements may result in the Department making or receiving termination payments.

The swap agreements related to the 2004B and 2004D bonds include optional early termination provisions granting the Department the right, but not an obligation, to terminate the interest rate swaps at par without a termination payment after an effective date.

Summary

The fair value balances and notional amounts of derivative instruments outstanding as of August 31, 2018, classified by type, and the changes in fair value of such derivative instruments for the year ended as reported in the 2018 financial statements are as follows.

Business Type Activities		Changes in Fair Value		Fair Value at August 31, 2018		
Cash Flow Hedges	Bond Issue	Classification	Amount	Classification	Amount	Notional
Pay-fixed, receive-variable interest rate swap	2004B	Deferred outflow of resources	$ 1,040,858	Debt	$ (786,901)	$ 23,035,000
Pay-fixed, receive-variable interest rate swap	2004D	Deferred outflow of resources	562,595	Debt	(369,602)	15,765,000
Pay-fixed, receive-variable interest rate swap	2005A	Deferred outflow of resources	1,482,623	Debt	(2,261,814)	22,060,000
Pay-fixed, receive-variable interest rate swap	2007A	Deferred outflow of resources	1,718,273	Debt	(1,679,508)	24,750,000
			$ 4,804,349		$ (5,097,825)	$ 85,610,000

NOTE 6: DERIVATIVE INSTRUMENTS Cont'd

Terms and Fair Value

The notional amounts of the swaps match the principal amount of the associated debt. The terms, including the fair value of the outstanding swaps as of August 31, 2018 are as follows.

Counterparty	Notional Amount	Fair Value	Effective Date	Fixed Rate	Variable Rate	Swap Termination Date
Bank of New York Melllon	$ 23,035,000	$ (786,901)	03/01/14	3.67%	65.5% of LIBOR + .20%	09/01/34 (a)
Goldman Sachs Bank USA	15,765,000	(369,602)	01/01/05	3.08%	Lesser of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR	03/01/35 (b)
JP Morgan Chase Bank	22,060,000	(2,261,814)	08/01/05	4.01%	Less of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR	09/01/36 (c)
JP Morgan Chase Bank	24,750,000	(1,679,508)	06/05/07	4.01%	Less of (the greater of (a) 65% of LIBOR and (b) 56% of LIBOR + .45%) and LIBOR	09/01/38 (c)
Total	$ 85,610,000	$ (5,097,825)				

a. Swap Agreement has an optional early partial par termination date of September 1, 2015 and every March and September thereafter. The Swap Agreement has 100% optional par termination rights on or after September 1, 2021.
b. Swap Agreement has an optional early partial par termination date of March 1, 2015 and every March and September thereafter. The Swap Agreement has 100% optional par termination rights on or after September 1, 2021.
c. Swap Agreement is subject to mandatory early termination each March 1 and September 1 from mortgage loan repayments.

The Department has adopted GASB Statement No. 72 – Fair Value Measurement and Application, which addresses accounting and financial reporting issues related to fair value measurements. In accordance to GASB 72, the fair value of these derivative instruments was measured using the Income Approach. Using observable inputs of interest rate markets and municipal bond yields, the fair value measurement is based on the present value of future implied cash flows reflective of non-performance risk. The fair value hierarchy disclosure is as follows:

Derivative Instruments	Total	Input Level 1	Input Level 2	Input Level 3
Pay-fixed, receive-variable interest rate swap	$ (5,097,825)		$ (5,097,825)	
Total	$ (5,097,825)		$ (5,097,825)	

- Level 1 – Valuation is based upon quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2 – Valuation is based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in the pricing asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

NOTE 6: DERIVATIVE INSTRUMENTS Cont'd

Credit Risk

As of August 31, 2018, the Department is not exposed to credit risk on any of its outstanding swaps because the swaps currently have a negative fair value indicating an obligation for the Department to pay the counterparty as opposed to receive payments should the Department exercise it's optional right to terminate. If interest rates change and the fair value of the swaps become positive, the department would be exposed to credit risk on those swaps. The swap agreements contain varying collateral provisions. The scheduled payments under the 2004 Series B Swap Agreement are insured by Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.). The credit ratings for the counterparties are as follows.

Counterparty	Standard & Poor's	Moody's
Bank of New York Mellon	AA-/Stable	Aa1/Stable
Goldman Sachs Bank USA*	A+/Stable	A1/Negative
JP Morgan Chase Bank	A+/Stable	Aa2/Review for Upgrade

*****Guaranteed by Goldman Sachs Group, Inc.

Basis Risk

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

Rollover Risk

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

Associated Debt Issuance	Debt Maturity Date	Swap Termination Date
2004B Single Family	September 2034	Optional early partial par termination rights began September 2015, with 100% par termination rights in September 2021.
2004D Single Family	March 2035	Optional early partial par termination rights began March 2015, with 100% par termination rights in September 2021.
2005A Single Family	September 2036	Mandatory par termination each March 1 and September 1 from mortgage loan repayments.
2007A Single Family	September 2038	Mandatory par termination each March 1 and September 1 from mortgage loan repayments.

NOTE 6: DERIVATIVE INSTRUMENTS Cont'd

Swap Payments and Associated Debt
Using rates as of August 31, 2018, 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	Variable-Rate Bonds		Interest Rate	Total
Ending August 31	Principal	Interest	Net	
2019	$ -	$ 1,295,017	$ 1,707,036	$ 3,002,053
2020		1,369,737	1,707,036	3,076,773
2021		1,363,477	1,707,036	3,070,513
2022		1,366,607	1,707,036	3,073,643
2023		1,366,607	1,707,036	3,073,643
2024-2028	2,680,000	6,830,892	8,530,250	18,041,142
2029-2033	29,450,000	5,718,985	7,237,678	42,406,663
2034-2038	52,880,000	2,079,960	2,774,700	57,734,660
2039-2043	600,000	4,840	7,192	612,032
	$ 85,610,000	**$ 21,396,122**	**$ 27,085,000**	**$ 134,091,122**

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 netted amount. As of August 31, 2018, the Department has an aggregate liability related to the interest rate swaps in the amount of $957,939 payable September 1, 2018.

NOTE 7: CONTINUANCE SUBJECT TO REVIEW

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

NOTE 8: CONTINGENCIES AND COMMITMENTS

Derivative Instruments

All of the Department's derivative instruments include provisions that require posting collateral in the event the Single Family Trust Indenture 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 for Indenture or Counterparty
2004B (1)	None	A3/A- or below for AGM and TDHCA	After downgrade of AGM and Indenture or counterparty, collateral exposure with no threshold
2004D	Yes, if MTM exceeds ($7.5M)	A3/A- or below	After downgrade, collateral exposure with no threshold
2005A	None	A2/A	After downgrade to A2/A, collateral exposure if MTM exceeds ($7.5M); after downgrade to A3/A or below, collateral exposure with no threshold
2007A	None	A2/A	After downgrade to A2/A, collateral exposure if MTM exceeds ($7.5M); after downgrade to A3/A or below, collateral exposure with no threshold

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

As of August 31, 2018, the credit rating related to the Single Family Trust 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 a negative ($5,097,825). If the collateral posting requirements had been triggered at August 31, 2018, the Department would have been required to post eligible collateral equal to the aggregate fair value of the derivative instruments.

Taxable Mortgage Program

On July 26, 2012, the Department approved the Taxable Mortgage Program (TMP). The TMP market facilitates the forward trading of Mortgage Backed Securities (MBS) issued by Ginnie Mae and Fannie Mae. In a TMP trade, the seller and buyer agree to the type of security, coupon, face value, price and settlement date at the time of trade but do not specify the actual pools to be traded. The securities are "to be announced" two business days prior to the trade settlement date. The TMP program was created to provide loans to low to moderate income first time homebuyers. The program is funded by available indenture funds, ongoing fees received on the originated mortgage loans, repayment of down payment assistance loans, and MBS premium, if any, received at the sale of the MBS. Escrow agreements were negotiated and established to limit the recourse to the servicer and To Be Announced provider, who delivers the MBS to the purchaser of the MBS backed by the mortgage loans. The amount of the escrow is $2.5 million, which is funded from the Department's operating funds. The TMP program commenced on October 1, 2012.

The Department has entered into a Warehouse Agreement with Hilltop Securities, as Warehouse Provider, and The Bank of New York Mellon Trust Company, as trustee under the bond indentures and as Custodian. The purpose is to warehouse MBS relating to various series of bonds issued or to be issued and delivered under the Department's Trust Indentures, including MBS retained by the Department under its TMP Program. The Department has deposited $750,000 into a Warehouse Escrow Account for the benefit of the Warehouse Provider. As of August 31, 2018, there were no MBS held under the Warehouse Agreement.

The Department has established the TDHCA Liquid Yield Account with Federal Home Loan Bank to secure the Department's obligations under the Advances and Security Agreement. The amount on deposit as of August 31, 2018, is $15,000,000.

NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2018

NOTE 9: SUBSEQUENT EVENTS

Debt Issuance	Series	Amount	Date of Issuance	Purpose
Revenue Bonds	Single Family Mortgage Revenue Bonds Series 2018 A	$143,995,000	09/12/18	The Single Family bonds are 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).
Revenue Bonds	Multifamily Revenue Bonds MF Series 2018 Forestwood Apartments	$23,000,000	10/30/18	The multifamily bonds are issued for the primary purpose to finance the acquisition, construction, and equipping of multifamily rental housing developments. The Forestwood Apartments is located in Balch Springs, Texas.

NOTE 10: 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. The Department carries Public Official Liability Insurance coverage in the amount of $10,000,000; Automobile Liability Insurance in the amount of $1,000,000; Errors and Omissions Insurance in the amount of $500,000 related to loan servicing for others; Crime Insurance in the amount of $350,000; and Commercial Property, Equipment Breakdown and Terrorism Insurance in the amount of $6,377,516 for the Alpine Retirement Center, the Insurance Annex Building, the Twin Towers Office Center, and leased field office located in Lubbock, Texas.

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 re-evaluated 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.

NOTE 11: SEGMENT INFORMATION FOR ENTERPRISE FUND

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

CONDENSED STATEMENT OF NET POSITION

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds
Restricted Assets:			
Current Assets	$ 31,200,592	$ 18,543,862	$ 74,101
Non-Current Assets	419,775,094	209,332,250	2,002,253
Total Assets	450,975,686	227,876,112	2,076,354
Deferred Outflows of Resources:	5,097,825		
Liabilities:			
Current Liabilities	4,058,123	4,798,535	2,599
Non-Currrent Liabilities	345,655,847	127,830,733	301,944
Total Liabilities	349,713,970	132,629,268	304,543
Deferred Inflows of Resources:			
Net Position:			
Restricted Net Position	$ 106,359,541	$ 95,246,844	$ 1,771,811
Net Position:	$ 106,359,541	$ 95,246,844	$ 1,771,811

NOTE 11: SEGMENT INFORMATION FOR ENTERPRISE FUND Cont'd

CONDENSED STATEMENT OF REVENUES, EXPENSES, & CHANGES IN FUND NET POSITION	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds
Operating Revenues:			
Interest and Investment Income	$ 20,961,283	$ 7,336,221	$ 160,198
Net (Decrease) in Fair Value	(14,261,242)	(6,711,941)	(95,420)
Other Operating Revenues	39,250,167	9,468,985	
Operating Expenses	(35,273,657)	(13,170,146)	(70,774)
Operating Income (Loss)	10,676,551	(3,076,881)	(5,996)
Nonoperating Revenues (Expenses):			
Transfers In (Out)	707,616	108,323	-
Changes in Net Position	11,384,167	(2,968,558)	(5,996)
Net Position, September 1, 2017	94,975,374	98,215,402	1,777,807
Net Position, August 31, 2018	$ 106,359,541	$ 95,246,844	$ 1,771,811

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	$ (12,152,919)	$ (612,356)	$ (26,999)
Noncapital Financing Activities	(46,654,922)	(30,661,930)	(754,649)
Investing Activities	61,949,131	32,314,741	844,510
Net Increase (Decrease)	3,141,290	1,040,455	62,862
Beginning Cash and Cash Equivalents	26,556,954	16,571,142	634
Ending Cash and Cash Equivalents	$ 29,698,244	$ 17,611,597	$ 63,496

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SUPPLEMENTAL

SCHEDULES

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS **SCHEDULE 1**
REVENUE BOND PROGRAM ENTERPRISE FUND

SUPPLEMENTAL SCHEDULE — STATEMENT OF NET POSITION INFORMATION
BY INDIVIDUAL ACTIVITY (UNAUDITED)
AS OF AUGUST 31, 2018

	Single-Family Program	RMRB Program	CHMRB Program	Taxable Mortgage Program	Multifamily Program	Operating Fund	Total
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents:							
Cash in bank	$	$	$	$	$	$ 2,123	$ 2,123
Cash equivalents				644,160		6,591,481	7,235,641
Restricted assets:							
Cash and cash equivalents:							
Cash in bank	202,562	41,249		15,000,100	43,351,206		58,595,117
Cash equivalents	29,495,682	17,570,348	63,496	1,779,993	44,843,431	773,130	94,526,080
Short-term investments				6,434	220,816	3,879	231,129
Loans and contracts	236,702	145,764		68,553,151	7,270,181		76,205,798
Interest receivable	1,264,449	501,081	10,605	2,999	7,175,269	65	8,954,468
Receivable:							
Interest receivable				278,421		346	278,767
Accounts receivable						44,102	44,102
Loans and Contracts						39,956	39,956
Other current assets	1,197	285,420		17,595		41,840	346,052
Total current assets	31,200,592	18,543,862	74,101	86,282,853	102,860,903	7,496,922	246,459,233
NON-CURRENT ASSETS:							
Investments				942,954			942,954
Loans and Contracts						723,726	723,726
Restricted assets:							
Investments	369,078,349	139,669,293	2,002,253	805,655	163,427,983		674,983,533
Loans, contracts	50,696,745	69,662,957			840,828,006		961,187,708
Total Non-Current assets	419,775,094	209,332,250	2,002,253	1,748,609	1,004,255,989	723,726	1,637,837,921
TOTAL ASSETS	$ 450,975,686	$ 227,876,112	$ 2,076,354	$ 88,031,462	$ 1,107,116,892	$ 8,220,648	$ 1,884,297,154
DEFERRED OUTFLOWS OF RESOURCES							
Accumulated decrease in fair value hedging derivatives	5,097,825						5,097,825
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 5,097,825	$	$	$	$	$	$ 5,097,825
LIABILITIES							
CURRENT LIABILITIES:							
Payables:							
Accounts payable	$ 124,369	$ 47,840	$ 2,083	$ 5,288	$	$ 35,502	$ 215,082
Accrued bond interest payable	3,724,651	885,579	114		7,262,382		11,872,726
Unearned Revenue						81,296	81,296
Notes and Loans Payable					214,705		214,705
Revenue bonds payable	19,647	3,865,116	402		8,295,894		12,181,059
Restricted Short-Term Debt				67,842,893			67,842,893
Other current liabilities	189,456					1,123	190,579
Total current liabilities	4,058,123	4,798,535	2,599	67,848,181	15,772,981	117,921	92,598,340
NONCURRENT LIABILITIES:							
Notes and Loans Payable	12,000,000	10,000,000			87,532,219		109,532,219
Revenue bonds payable	328,558,022	117,830,733	301,944		877,675,261		1,324,365,960
Derivative Hedging Instrument	5,097,825						5,097,825
Other Non-Current liabilities					128,637,107		128,637,107
Total Non-Current liabilities	345,655,847	127,830,733	301,944		1,093,844,587		1,567,633,111
TOTAL LIABILITIES	$ 349,713,970	$ 132,629,268	$ 304,543	$ 67,848,181	$ 1,109,617,568	$ 117,921	$ 1,660,231,451
DEFERRED INFLOWS OF RESOURCES							
TOTAL DEFERRED INFLOWS OF RESOURCES	$	$	$	$	$	$	$
NET POSITION							
RESTRICTED FOR BONDS	106,359,541	95,246,844	1,771,811	18,305,439		777,073	222,460,708
UNRESTRICTED				1,877,842	(2,500,676)	7,325,654	6,702,820
TOTAL NET POSITION	$ 106,359,541	$ 95,246,844	$ 1,771,811	$ 20,183,281	$ (2,500,676)	$ 8,102,727	$ 229,163,528

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

SCHEDULE 2

SUPPLEMENTAL SCHEDULE — STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION INFORMATION BY INDIVIDUAL ACTIVITY (UNAUDITED)
FOR THE YEAR ENDED AUGUST 31, 2018

	Single-Family Program	RMRB Program	CHMRB Program	Taxable Mortgage Program	Multifamily Program	Operating Fund	Total
OPERATING REVENUES:							
Interest and investment income	$ 20,961,283	$ 7,336,221	$ 160,198	$ 519,487	$ 38,836,066	$ 115,274	$ 67,928,529
Net increase (decrease) in fair value	(14,261,242)	(6,711,941)	(95,420)	(72,294)		(436)	(21,141,333)
Other operating revenues	39,250,167	9,468,985		42		3,782,282	52,501,476
Total operating revenues	45,950,208	10,093,265	64,778	447,235	38,836,066	3,897,120	99,288,672
OPERATING EXPENSES:							
Professional fees and services	830,989	334,611	20,833	50,000		83,579	1,320,012
Printing and reproduction						18,578	18,578
Interest	11,873,954	4,719,050	43,793	5,182	38,884,451		55,526,430
Bad debt expense	1,071,377	2,523,760				106,673	3,701,810
Down Payment Assistance		147,062					147,062
Other operating expenses	21,497,337	5,445,663	6,148	31,711		221,003	27,201,862
Total operating expenses	35,273,657	13,170,146	70,774	86,893	38,884,451	429,833	87,915,754
Operating Income (Loss)	10,676,551	(3,076,881)	(5,996)	360,342	(48,385)	3,467,287	11,372,918
OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS							
Extraordinary items							
Transfers in (out)	707,616	108,323		(2,490,627)		(1,716,415)	(3,391,103)
CHANGE IN NET POSITION	11,384,167	(2,968,558)	(5,996)	(2,130,285)	(48,385)	1,750,872	7,981,815
NET POSITION — September 1, 2017	94,975,374	98,215,402	1,777,807	22,313,566	(2,452,291)	6,351,855	221,181,713
NET POSITION — August 31, 2018	$ 106,359,541	$ 95,246,844	$ 1,771,811	$ 20,183,281	$ (2,500,676)	$ 8,102,727	$ 229,163,528

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SUPPLEMENTARY BOND

SCHEDULES

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

SCHEDULE 3

Supplementary Bond Schedules
MISCELLANEOUS BOND INFORMATION
For the fiscal year ended August 31, 2018

				Scheduled Maturity			
Description of Issue	Bonds Issued To Date	Range Of Interest Rates		First Year	Final Maturity Date	First Call Date	
2004 Single Family Series B	$ 53,000,000	VAR - Weekly		2015	09/01/2034	03/01/2015	(e)
2004 Single Family Series A (Jr. Lien)	4,140,000	VAR - Weekly		2036	09/01/2036	09/01/2036	(e)
2004 Single Family Series D	35,000,000	VAR - Weekly		2035	03/01/2035	(f)	
2005 Single Family Series A	100,000,000	VAR - Weekly		2007	09/01/2036	03/01/2006	
2005 Single Family Series B	25,495,000	4.38%	4.38%	2006	09/01/2026	03/01/2006	
2005 Single Family Series D	3,730,000	5.00%	5.00%	2025	09/01/2035	03/01/2006	
2007 Single Family Series A	143,005,000	VAR - Weekly		2008	09/01/2038	03/01/2008	(e)
2013 Single Family Series A	42,500,000	2.80%	2.80%	2013	03/01/2036	09/01/2020	
2015 Single Family Series A	33,825,000	3.20%	3.20%	2039	09/01/2039	09/01/2024	
2015 Single Family Series B	19,870,000	3.13%	3.13%	2046	03/01/2046	09/01/2024	
2016 Single Family Series A	31,510,000	3.00%	3.00%	2046	03/01/2046	03/01/2025	
2016 Single Family Series B	59,735,000	3.18%	3.18%	2039	03/01/2039	03/01/2025	
2017 Single Family Series A	61,303,867	2.84%	2.84%	2017	09/01/2047	(n)	
2017 Single Family Series B	29,610,000	2.75%	2.75%	2017	09/01/2038	(n)	
2017 Single Family Series C	42,787,085	3.10%	3.10%	2017	09/01/2047	(n)	
2009 RMRB Series A	80,000,000	5.13%	5.13%	2011	07/01/2039	01/01/2019	
2009 RMRB Series B	22,605,000	4.72%	4.72%	2010	07/01/2022	01/01/2019	
2009 RMRB Series C-1	89,030,000	0.70%	3.57%	2029	07/01/2041	04/01/2011	
2009 RMRB Series C-2	60,080,000	0.60%	2.48%	2034	07/01/2041	11/01/2011	
2011 RMRB Series A	60,000,000	0.70%	5.05%	2012	07/01/2029	01/01/2021	
2011 RMRB Series B	87,955,000	0.30%	4.45%	2012	01/01/2034	01/01/2021	
1992 Coll Home Mtg Rev Bonds, Series C	72,700,000	3.48%	10.27%	2024	07/01/2024	05/04/1995	
TOTAL SINGLE FAMILY, RMRB & CHMRB BONDS	$ 1,157,880,952						
1996 MF Series A/B (Brighton's Mark Development)	$ 10,174,000	6.13%	6.13%	2026	04/01/2026	01/01/2003	
1998 MF Series A-C (Residence at the Oaks Projects)	8,200,000	5.98%	7.18%	2001	11/01/2030	05/01/2001	
2000 MF Series A (Timber Point Apartments)	8,100,000	VAR - Weekly		2003	09/01/2032	07/01/2000	(a)
2000 MF Series A/B (Oaks at Hampton Apartments)	10,060,000	7.20%	9.00%	2002	03/01/2040	03/01/2017	(a)
2000 MF Series A (Deerwood Apartments)	6,435,000	5.25%	6.40%	2003	12/01/2032	06/01/2010	
2000 MF Series A (Creek Point Apartments)	7,200,000	VAR - Weekly		2004	10/01/2032	07/01/2000	(a)
2000 MF Series A/B (Parks at Westmoreland Apartments)	9,990,000	7.20%	9.00%	2002	07/01/2040	07/01/2017	(a)
2000 MF Series A-C (Highland Meadow Village Apartments)	13,500,000	6.75%	8.00%	2004	11/01/2033	05/01/2019	
2000 MF Series A-C (Collingham Park Apartments)	13,500,000	6.72%	7.72%	2004	11/01/2033	05/01/2019	
2001 MF Series A (Bluffview Apartments)	10,700,000	7.65%	7.65%	2003	05/01/2041	05/01/2018	
2001 MF Series A (Knollwood Apartments)	13,750,000	7.65%	7.65%	2003	05/01/2041	05/01/2018	
2001 MF Series A (Skyway Villas Apartments)	13,250,000	6.00%	6.50%	2005	12/01/2034	12/01/2011	
2001 MF Series A/B (Meridian Apartments)	14,310,000	5.45%	6.85%	2004	12/01/2034	12/01/2011	
2001 MF Series A/B (Wildwood Apartments)	14,365,000	5.45%	6.75%	2004	12/01/2034	12/01/2011	
2001 MF Series A (Oak Hollow Apartments)	8,625,000	7.00%	7.90%	2003	12/01/2041	11/01/2018	
2001 MF Series A/B (Hillside Apartments)	12,900,000	7.00%	9.25%	2003	12/01/2041	11/01/2018	
2002 MF Series A (Park Meadows Apartments)	4,600,000	6.53%	6.53%	2004	06/01/2034	05/01/2012	
2002 MF Series A (Clarkridge Villas Apartments)	14,600,000	7.00%	7.00%	2004	09/01/2042	08/01/2019	
2002 MF Series A (Hickory Trace Apartments)	11,920,000	7.00%	7.00%	2004	11/01/2042	12/01/2019	
2002 MF Series A (Green Crest Apartments)	12,500,000	7.00%	7.00%	2004	11/01/2042	11/01/2019	
2002 MF Series A/B (Ironwood Crossing)	16,970,000	5.50%	8.75%	2005	11/01/2042	10/01/2027	
2003 MF Series A/B (Reading Road)	12,200,000	VAR-Weekly		2007	07/01/2036	01/01/2004	(a)
2003 MF Series A/B (North Vista Apartments)	14,000,000	4.10%	5.41%	2006	06/01/2036	06/01/2013	
2003 MF Series A/B (West Virginia Apartments)	9,450,000	4.15%	5.41%	2006	06/01/2036	06/01/2013	
2003 MF Series A/B (Primrose Houston School)	16,900,000	5.50%	8.00%	2006	07/01/2036	07/01/2003	(a)
2003 MF Series A/B (Timber Oaks Apartments)	13,200,000	6.75%	8.75%	2005	11/01/2038	06/01/2020	
2003 MF Series A/B (Ash Creek Apartments)	16,375,000	5.60%	15.00%	2006	04/01/2036	10/01/2003	(a)
2003 MF Series A/B (Peninsula Apartments)	12,400,000	4.25%	5.30%	2007	10/01/2024	10/01/2013	
2003 MF Series A/B (Arlington Villas)	17,100,000	6.75%	8.00%	2007	12/01/2036	01/01/2007	(a)
2003 MF Series A/B (Parkview Townhomes)	16,600,000	6.60%	8.50%	2006	04/01/2041	12/01/2020	
2003 MF Series A (NHP Foundation-Asmara Proj Refunding)	31,500,000	VAR - Weekly		2007	07/01/2033	07/01/2007	(a)
2004 MF Series A/B (Timber Ridge II Apartments)	7,500,000	5.75%	8.00%	2007	08/01/2036	03/01/2007	(a)

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

SCHEDULE 3

Supplementary Bond Schedules
MISCELLANEOUS BOND INFORMATION (Continued)
For the fiscal year ended August 31, 2018

Description of Issue		Bonds Issued To Date	Range Of Interest Rates		Scheduled Maturity First Year	Scheduled Maturity Final Maturity Date	First Call Date	
2004 MF Series A/B (Providence at Veterans Memorial)		16,300,000	6.60%	8.50%	2006	01/01/2041	03/01/2006	(a)
2004 MF Series A (Providence at Rush Creek II)		10,000,000	5.38%	6.70%	2006	01/01/2044	03/01/2021	
2004 MF Series A (Humble Parkway Townhomes)		11,700,000	6.60%	6.60%	2007	01/01/2041	07/01/2021	
2004 MF Series A (Chisholm Trail Apartments)		12,000,000	VAR - Weekly (b)		2006	04/15/2037	10/15/2006	(a)
2004 MF Series A (Evergreen at Plano Parkway)		14,750,000	5.25%	6.55%	2007	05/01/2044	06/01/2021	
2004 MF Series A (Montgomery Pines Apartments)		12,300,000	VAR - Weekly		2006	06/15/2037	12/15/2006	(a)
2004 MF Series A (Bristol Apartments)		12,625,000	VAR - Weekly		2007	06/15/2037	06/15/2007	(a)
2004 MF Series A (Pinnacle Apartments)		14,500,000	VAR - Weekly (c)		2007	06/15/2037	09/01/2007	(a)
2004 MF Series A (Churchill at Pinnacle Park)		10,750,000	5.25%	6.55%	2007	07/01/2044	09/01/2021	(d)
2005 MF Series A (Port Royal Homes)		12,200,000	5.00%	6.50%	2007	02/01/2045	02/01/2022	
2005 MF Series A (Mission Del Rio Homes)		11,490,000	5.00%	6.50%	2007	02/01/2045	02/01/2022	
2005 MF Series A (Atascocita Pines Apartments)		11,900,000	VAR - Weekly (c)		2007	04/15/2038	(e)	
2005 MF Series A (Tower Ridge Apartments)		15,000,000	VAR - Weekly (b)		2009	04/01/2038	(e)	
2005 MF Series A (St Augustine Estate Apartments)		7,650,000	VAR - Weekly		2009	09/15/2038	N/A	
2005 MF Series A (Providence at Mockingbird Apartments)		14,360,000	6.40%	6.40%	2007	08/01/2040	08/01/2022	
2005 MF Series A (Plaza at Chase Oaks Apartments)		14,250,000	5.05%	5.05%	2007	08/01/2035	(g)	
2005 MF Series A (Coral Hills Apartments)		5,320,000	5.05%	5.05%	2009	08/01/2026	08/01/2015	
2006 MF Series A (Bella Vista Apartments)		6,800,000	6.15%	6.15%	2008	04/01/2046	04/01/2016	
2006 MF Series A (Village Park Apartments)		13,660,000	4.75%	5.13%	2009	12/01/2026	06/01/2021	
2006 MF Series A (Oakmoor Apartments)		14,635,000	5.50%	6.00%	2008	03/01/2046	03/01/2023	
2006 MF Series A (The Residences at Sunset Pointe)		15,000,000	VAR - Weekly		2039	07/15/2039	(h)	
2006 MF Series A (Hillcrest Apartments)		12,435,000	5.25%	5.25%	2009	04/01/2027	04/01/2021	
2006 MF Series A (Meadowlands Apartments)		13,500,000	6.00%	6.00%	2009	09/01/2046	09/01/2023	
2006 MF Series A (East Tex Pines)		13,500,000	4.95%	4.95%	2010	10/01/2046	(j)	
2006 MF Series A (Aspen Park)		9,800,000	5.00%	5.00%	2010	07/01/2027	07/01/2021	
2006 MF Series A (Idlewilde)		14,250,000	VAR - Weekly		2010	06/15/2040	(i)	
2007 MF Series A (Lancaster)		14,250,000	VAR - Weekly		2010	07/15/2040	(i)	
2007 MF Series A (Park Place at Loyola)		15,000,000	5.80%	5.80%	2010	02/01/2047	03/01/2024	
2007 MF Series A (Terrace at Cibolo)		8,000,000	VAR - Weekly		2010	05/01/2040	(k)	
2007 MF Series A (Santora Villas)		13,072,000	5.80%	5.80%	2010	05/01/2047	06/01/2024	
2007 MF Series A (Costa Rialto)		12,385,000	5.35%	5.35%	2010	07/01/2047	08/01/2025	
2007 MF Series A (Windshire)		14,000,000	VAR - Weekly		2010	01/15/2041	(i)	
2007 MF Series A (Residences at Onion Creek)		15,000,000	VAR - Weekly		2011	12/15/2040	(i)	
2008 MF Series A (West Oaks Apartments)		13,125,000	VAR - Weekly		2011	07/01/2041	(l)	
2008 MF Series A (Costa Ibiza Apartments)		13,900,000	VAR - Weekly		2011	08/01/2041	(e)	
2008 MF Series A (Addison Park Apartments)		14,000,000	VAR - Weekly		2008	01/01/2044	(l)	
2008 MF Series A (Alta Cullen Apartments Refunding)		14,000,000	VAR - Weekly		2011	03/01/2045	(l)	
2009 MF Series A (Costa Mariposa Apartments)		13,690,000	VAR - Weekly		2012	05/01/2042	(l)	
2009 MF Series A (Woodmont Apartments)		15,000,000	VAR - Weekly		2012	06/01/2042	(l)	
2014 MF Series A (Decatur-Angle Apartments)		23,000,000	5.75%	5.75%	2016	01/01/2054	09/01/2016	
2015 MF Series A (Williamsburg Apartments)		23,150,000	3.45%	3.45%	2016	01/01/2032	01/26/2016	(m)
2016 MF Series A (Skyline Place Apartments)		18,750,000	2.60%	2.60%	2016	10/01/2032	10/26/2016	(m)
2017 MF Series A (Casa Inc Apartments)		24,000,000	3.15%	3.15%	2017	11/01/2033	N/A	
2017 MF Series A (Casa Brendan Apartments)		5,000,000	3.15%	3.15%	2017	11/01/2033	N/A	
2017 MF Series A (Nuestro Hogar Apartments)		5,700,000	3.15%	3.15%	2017	11/01/2033	N/A	
2017 MF Series A (Emli at Liberty Crossing)		17,600,000	1.80%	1.80%	2019	12/01/2020	(o)	
2018 MF Series A (Vista on Gessner)		50,000,000	3.40%	3.40%	2018	03/01/2035	N/A	
2018 MF Series A (Springs Apartments)		20,000,000	2.23%	2.23%	2020	05/01/2021	05/01/2020	
2018 MF Series A (Crosby Plaza Apartments)		7,000,000	2.00%	2.00%	2020	08/01/2021	02/01/2020	
2018 MF Series A (Oaks on Lamar)		16,810,000	3.55%	3.55%	2018	09/01/2034	N/A	
2018 MF Series A (Riverside Townhomes)		19,200,000	3.55%	3.55%	2018	09/01/2034	N/A	
TOTAL MULTIFAMILY BONDS	$	1,129,181,000						
TOTAL BONDS ISSUED	**$**	**2,287,061,952**						

Supplementary Bond Schedules
MISCELLANEOUS BOND INFORMATION (Continued)
For the fiscal year ended August 31, 2018

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 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.

(k) 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.

(l) 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.

(m) The bonds are subject to redemption prior to maturity, after giving notice as provided in the Trust Indendure, as follows: that the Pass-Through Certificate will be prepaid, the Trustee, in accordance with the provisions of this Indenture, shall use its best efforts to give not less than 20 nor more than 30 days' notice, in the name of the Issuer, of the redemption of the Bonds, which notice shall specify the following: (i) the maturity and principal amounts of the Bonds to be redeemed; (ii) the CUSIP number, if any, of the Bonds to be redeemed; (iii) the date of such notice; (iv) the issuance date for such Bonds; (v) the interest rate on the Bonds to be redeemed; (vi) the redemption date; (vii) any conditions to the occurrence of the redemption; (viii) the place or places where amounts due upon such redemption will be payable; (ix) the Redemption Price; (x) the Trustee's name and address with a contact person and a phone number; and (xi) that on the redemption date, the Redemption Price shall be paid. Neither the giving of such notice by the Trustee nor the receipt of such notice by the Bondholders shall be a condition precedent to the effectiveness of any such redemption.

(n) The Series 2017 bonds are subject to redemption prior to maturity, in whole or in part, at any time and from time to time on and after September 1, 2026, at the option of the Department, after giving notice as provided in the Trust Indenture, at a Redemption Price equal to 100% of the principal amount of the Series 2017 Bonds or portions thereof to be redeemed, plus accrued interest, to but not including, the redemption date.

(o) The Bonds are subject to optional redemption on or after the Mandatory Tender Date, in whole by the Issuer at the written direction of the Borrower on any date on or after the later to occur of (i) the date the Development is placed in service or (ii) the Optional Redemption Date at a redemption price equal to 100% of the principal amount of such Bonds, plus accrued interest to the Redemption Date.

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

SCHEDULE 4

Supplementary Bond Schedules
CHANGES IN BOND INDEBTEDNESS
For the fiscal year ended August 31, 2018

Description of Issue	Bonds Outstanding 09/01/17	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/18	Amounts Due Within One Year
2004 Single Family Series B	$ 27,875,000	$	$	$ 4,840,000	$ 23,035,000	$
2004 Single Family Series A (Jr. Lien)	3,855,000				3,855,000	
2004 Single Family Series D	18,920,000			3,155,000	15,765,000	
2005 Single Family Series A	25,675,000			3,615,000	22,060,000	
2005 Single Family Series B	75,000		5,000	70,000		
2005 Single Family Series D	50,000			50,000		
2007 Single Family Series A	30,385,000			5,635,000	24,750,000	
2013 Single Family Series A	19,665,000			3,330,000	16,335,000	
2015 Single Family Series A	25,500,000			4,555,000	20,945,000	
2015 Single Family Series B	17,100,000			2,335,000	14,765,000	
2016 Single Family Series A	27,540,000			2,530,000	25,010,000	
2016 Single Family Series B	45,150,000			8,450,000	36,700,000	
2017 Single Family Series A	61,182,316			1,865,363	59,316,953	19,647
2017 Single Family Series B	29,155,028			5,484,979	23,670,049	
2017 Single Family Series C	42,672,670			871,760	41,800,910	
2009 RMRB Series A	20,885,000		255,000	3,335,000	17,295,000	250,000
2009 RMRB Series B	5,320,000		1,015,000	145,000	4,160,000	690,000
2009 RMRB Series C-1	37,650,000			5,985,000	31,665,000	
2009 RMRB Series C-2	30,190,000			4,820,000	25,370,000	
2011 RMRB Series A	18,690,000		1,305,000	2,910,000	14,475,000	1,296,344
2011 RMRB Series B	35,655,000		1,635,000	5,715,000	28,305,000	1,628,771
1992 Coll Home Mtg Rev Bonds, Series C	1,000,000			700,000	300,000	402
Total Single Family Bonds	$ 524,190,014	$	$ 4,215,000	$ 70,397,102	$ 449,577,912	$ 3,885,164
1996 MF Series A/B (Brighton's Mark Development)	$ 8,075,000	$	$	$	$ 8,075,000	$
1998 MF Series A-C (Residence at the Oaks Projects)	5,159,000		321,000		4,838,000	329,000
2000 MF Series A (Timber Point Apartments)	6,070,000			200,000	5,870,000	
2000 MF Series A/B (Oaks at Hampton Apartments)	8,662,867		25,762	8,637,105		
2000 MF Series A (Deerwood Apartments)	4,815,000			4,815,000		
2000 MF Series A (Creek Point Apartments)	5,160,000			200,000	4,960,000	
2000 MF Series A/B (Parks at Westmoreland Apartments)	8,643,085		25,021	8,618,064		
2000 MF Series A-C (Highland Meadow Village Apts)	6,893,000		237,000		6,656,000	253,000
2000 MF Series A-C (Collingham Park Apartments)	10,272,000		370,000		9,902,000	392,000
2001 MF Series A (Bluffview Apartments)	9,634,605		126,586		9,508,019	136,549
2001 MF Series A (Knollwood Apartments)	12,380,917		162,669		12,218,248	175,472
2001 MF Series A (Skyway Villas Apartments)	6,055,000		205,000		5,850,000	215,000
2001 MF Series A/B (Meridian Apartments)	7,767,000		119,000		7,648,000	123,000
2001 MF Series A/B (Wildwood Apartments)	5,987,000		96,000		5,891,000	100,000
2001 MF Series A (Oak Hollow Apartments)	5,823,256		19,534	5,803,722		
2001 MF Series A/B (Hillside Apartments)	11,973,651		90,344		11,883,307	96,875
2002 MF Series A (Park Meadows Apartments)	3,500,000			3,500,000		
2002 MF Series A (Clarkridge Villas Apartments)	12,658,975		162,788		12,496,187	174,556
2002 MF Series A (Hickory Trace Apartments)	10,471,517		76,878	10,394,638		
2002 MF Series A (Green Crest Apartments)	10,514,790		97,044		10,417,746	102,518
2002 MF Series A/B (Ironwood Crossing)	15,730,616		173,262		15,557,354	186,713
2003 MF Series A/B (Reading Road)	9,870,000		40,000	200,000	9,630,000	50,000
2003 MF Series A/B (North Vista Apartments)	10,435,000		160,000	10,275,000		
2003 MF Series A/B (West Virginia Apartments)	7,550,000		235,000		7,315,000	245,000
2003 MF Series A/B (Primrose Houston School)	15,385,838		177,095		15,208,743	192,023
2003 MF Series A/B (Timber Oaks Apartments)	12,259,799		115,036		12,144,763	120,621
2003 MF Series A/B (Ash Creek Apartments)	15,102,367		178,399		14,923,968	191,406
2003 MF Series A/B (Peninsula Apartments)	10,010,000		275,000	5,000	9,730,000	295,000
2003 MF Series A/B (Arlington Villas)	15,959,286		165,710		15,793,576	179,553
2003 MF Series A/B (Parkview Townhomes)	12,944,762		127,507		12,817,255	133,697
2003 MF Series A (NHP Foundation-Asmara Proj Refunding)	16,530,000			16,530,000		
2004 MF Series A/B (Timber Ridge II Apartments)	6,191,281		68,509		6,122,772	73,439
2004 MF Series A/B (Providence at Veterans Memorial)	6,574,179		65,748		6,508,431	68,940
2004 MF Series A (Providence at Rush Creek II)	8,147,401		95,360		8,052,041	101,949
2004 MF Series A (Humble Parkway Townhomes)	10,260,000		190,000		10,070,000	205,000
2004 MF Series A (Chisholm Trail Apartments)	10,100,000			300,000	9,800,000	
2004 MF Series A (Evergreen at Plano Parkway)	13,649,718		153,054		13,496,664	163,385
2004 MF Series A (Montgomery Pines Apartments)	10,500,000			200,000	10,300,000	
2004 MF Series A (Bristol Apartments)	11,200,000			200,000	11,000,000	
2004 MF Series A (Pinnacle Apartments)	12,965,000			200,000	12,765,000	
2004 MF Series A (Churchill at Pinnacle Park)	9,177,943		129,009		9,048,934	137,717

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

SCHEDULE 4

Supplementary Bond Schedules
CHANGES IN BOND INDEBTEDNESS (Continued)
For the fiscal year ended August 31, 2018

Description of Issue	Bonds Outstanding 09/01/17	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/18	Amounts Due Within One Year
2005 MF Series A (Port Royal Homes)	$ 11,238,195	$	$ 130,468	$	$ 11,107,727	$ 139,206
2005 MF Series A (Mission Del Rio Homes)	8,762,489		64,521		8,697,968	68,842
2005 MF Series A (Atascocita Pines Apartments)	10,590,000			200,000	10,390,000	
2005 MF Series A (Tower Ridge Apartments)	15,000,000				15,000,000	
2005 MF Series A (St Augustine Estate Apartments)	5,680,000			100,000	5,580,000	
2005 MF Series A (Providence at Mockingbird Apts)	10,562,511		103,473		10,459,038	109,201
2005 MF Series A (Plaza at Chase Oaks Apartments)	11,631,058		343,712		11,287,346	361,477
2005 MF Series A (Coral Hills Apartments)	4,275,000		110,000		4,165,000	120,000
2006 MF Series A (Bella Vista Apartments)	6,295,000		70,000		6,225,000	80,000
2006 MF Series A (Village Park Apartments)	9,180,000		220,000		8,960,000	235,000
2006 MF Series A (Oakmoor Apartments)	13,480,832		152,336		13,328,496	161,731
2006 MF Series A (The Residences at Sunset Pointe)	15,000,000				15,000,000	
2006 MF Series A (Hillcrest Apartments)	9,780,000		210,000		9,570,000	220,000
2006 MF Series A (Meadowlands Apartments)	11,634,533		124,698		11,509,835	132,389
2006 MF Series A (East Tex Pines)	12,750,000		135,000		12,615,000	145,000
2006 MF Series A (Aspen Park)	8,855,000		140,000		8,715,000	150,000
2006 MF Series A (Idlewilde)	12,990,000			200,000	12,790,000	
2007 MF Series A (Lancaster)	12,980,000			200,000	12,780,000	
2007 MF Series A (Park Place at Loyola)	13,639,377		122,847		13,516,530	130,165
2007 MF Series A (Terrace at Cibolo)	4,700,000				4,700,000	
2007 MF Series A (Santora Villas)	11,567,170		108,928		11,458,242	115,416
2007 MF Series A (Costa Rialto)	10,102,898		104,938		9,997,960	110,691
2007 MF Series A (Windshire)	13,000,000			200,000	12,800,000	
2007 MF Series A (Residences at Onion Creek)	15,000,000				15,000,000	
2008 MF Series A (West Oaks Apartments)	11,875,000			200,000	11,675,000	
2008 MF Series A (Costa Ibiza Apartments)	12,820,000			200,000	12,620,000	
2008 MF Series A (Addison Park Apartments)	12,395,000			200,000	12,195,000	
2008 MF Series A (Alta Cullen Apartments Refunding)	11,700,000			200,000	11,500,000	
2009 MF Series A (Costa Mariposa Apartments)	12,925,000			150,000	12,775,000	
2009 MF Series A (Woodmont Apartments)	14,180,000			230,000	13,950,000	
2014 MF Series A (Decatur Angle Apartments)	22,847,688		161,464		22,686,223	171,167
2015 MF Series A (Williamsburg Apts)	22,993,309		273,696		22,719,613	301,988
2016 MF Series A (Skyline Place Apartments)	18,750,000		223,218		18,526,782	276,354
2017 MF Series A (Casa Inc Apartments)	-	24,000,000	225,825		23,774,175	309,421
2017 MF Series A (Casa Brendan Apartments)	-	5,000,000	47,047		4,952,953	64,463
2017 MF Series A (Nuestro Hogar Apartments)	-	5,700,000	53,633		5,646,368	73,487
2017 MF Series A (Emli Liberty Crossing Apartments)	-	17,600,000			17,600,000	
2018 MF Series A (Vista on Gessnar Apartments)	-	50,000,000			50,000,000	
2018 MF Series A (Springs Apartments)	-	20,000,000			20,000,000	
2018 MF Series A (Crosby Plaza Apartments)	-	7,000,000			7,000,000	
2018 MF Series A (Oaks on Lamar)	-	16,810,000			16,810,000	176,214
2018 MF Series A (Riverside Townhomes)	-	19,200,000			19,200,000	201,268
Total Multifamily Bonds	$ 800,239,915	$ 165,310,000	$ 7,609,119	$ 72,158,529	$ 885,782,267	$ 8,295,895
	$ 1,324,429,929	**$ 165,310,000**	**$ 11,824,119**	**$ 142,555,631**	**$ 1,335,360,179**	**$ 12,181,059**

FOOTNOTES:

(a) Bonds Outstanding balance at 08/31/18 does not include unamortized premium or discounts.

Bonds Outstanding per schedule	$ 1,335,360,179
Unamortized (Discount)/Premium:	
Single Family	569,757
RMRB	425,848
CHMRB	2,347
Multi-Family	188,888
Bonds Outstanding	**$ 1,336,547,019**

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

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2018

DESCRIPTION		2019	2020	2021	2022	2023
2004 Single Family, Series A (Junior Lien)	Principal	-	-	-	-	-
2004 Single Family, Series A (Junior Lien)	Interest	74,012	76,890	76,539	76,715	76,715
2004 Single Family, Series B	Principal	-	-	-	-	-
2004 Single Family, Series B	Interest	350,000	369,404	367,716	368,560	368,560
2004 Single Family, Series D	Principal	-	-	-	-	-
2004 Single Family, Series D	Interest	234,121	249,657	248,516	249,087	249,087
2005 Single Family, Series A	Principal	-	-	-	-	-
2005 Single Family, Series A	Interest	335,022	353,769	352,152	352,960	352,960
2007 Single Family, Series A	Principal	-	-	-	-	-
2007 Single Family, Series A	Interest	375,875	396,907	395,093	396,000	396,000
2013 Single Family, Series A	Principal	-	-	-	-	-
2013 Single Family, Series A	Interest	457,380	457,380	457,380	457,380	457,380
2015 Single Family, Series A	Principal	-	-	-	-	-
2015 Single Family, Series A	Interest	670,240	670,240	670,240	670,240	670,240
2015 Single Family, Series B	Principal	-	-	-	-	-
2015 Single Family, Series B	Interest	461,406	461,406	461,406	461,406	461,406
2016 Single Family, Series A	Principal	-	-	-	-	-
2016 Single Family, Series A	Interest	750,300	750,300	750,300	750,300	750,300
2016 Single Family, Series B	Principal	-	-	-	-	-
2016 Single Family, Series B	Interest	1,167,060	1,167,060	1,167,060	1,167,060	1,167,060
2017 Single Family, Series A	Principal	-	-	-	-	-
2017 Single Family, Series A	Interest	1,681,636	1,681,636	1,681,636	1,681,636	1,681,636
2017 Single Family, Series B	Principal	-	-	-	-	-
2017 Single Family, Series B	Interest	650,926	650,926	650,926	650,926	650,926
2017 Single Family, Series C	Principal	-	-	-	-	-
2017 Single Family, Series C	Interest	1,295,828	1,295,828	1,295,828	1,295,828	1,295,828
TOTAL SINGLE FAMILY BONDS		8,503,806	8,581,403	8,574,792	8,578,098	8,578,098
2009 Residential Mtg Revenue Bonds, Series A	Principal	250,000	-	-	-	720,000
2009 Residential Mtg Revenue Bonds, Series A	Interest	906,393	898,893	898,893	898,893	890,163
2009 Residential Mtg Revenue Bonds, Series B	Principal	690,000	1,160,000	1,160,000	1,150,000	-
2009 Residential Mtg Revenue Bonds, Series B	Interest	207,015	166,950	106,050	45,282	-
2009 Residential Mtg Revenue Bonds, Series C-1	Principal	-	-	-	-	-
2009 Residential Mtg Revenue Bonds, Series C-1	Interest	910,368	910,368	910,368	910,368	910,368
2009 Residential Mtg Revenue Bonds, Series C-2	Principal	-	-	-	-	-
2009 Residential Mtg Revenue Bonds, Series C-2	Interest	629,176	629,176	629,176	629,176	629,176
2011 Residential Mtg Revenue Bonds, Series A	Principal	1,285,000	1,290,000	1,325,000	1,370,000	1,620,000
2011 Residential Mtg Revenue Bonds, Series A	Interest	674,661	623,787	569,234	510,233	442,915
2011 Residential Mtg Revenue Bonds, Series B	Principal	1,605,000	1,645,000	1,690,000	1,770,000	1,970,000
2011 Residential Mtg Revenue Bonds, Series B	Interest	1,120,241	1,072,712	1,020,650	963,257	896,862
TOTAL RESIDENTIAL MTG REVENUE BONDS		8,277,854	8,396,886	8,309,371	8,247,209	8,079,484
1992 Coll Home Mtg Rev Bonds, Series C	Principal	-	-	-	-	-
1992 Coll Home Mtg Rev Bonds, Series C	Interest	19,848	19,848	21,833	19,848	21,833
TOTAL COLL HOME MTG REV BONDS		19,848	19,848	21,833	19,848	21,833
1996 MF Series A/B (Brighton's Mark)	Principal	-	-	-	-	-
1996 MF Series A/B (Brighton's Mark)	Interest	501,872	503,247	501,872	501,872	501,872
1998 MF Series A-C (Residence Oaks)	Principal	329,000	339,000	347,000	357,000	368,000
1998 MF Series A-C (Residence Oaks)	Interest	131,262	122,111	112,699	103,054	93,120
2000 MF Series A (Creek Point Apts)	Principal	-	-	-	-	-
2000 MF Series A (Creek Point Apts)	Interest	76,413	76,471	76,297	76,384	76,384

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2018

2024-28	2029-33	2034-38	2039-43	2044-48	2049-53	2054-58	TOTAL REQUIRED
-	-	3,855,000	-	-	-	-	3,855,000
383,749	383,398	268,883	-	-	-	-	1,416,901
1,185,000	16,305,000	5,545,000	-	-	-	-	23,035,000
1,843,644	1,181,760	89,483	-	-	-	-	4,939,127
1,495,000	9,615,000	4,655,000	-	-	-	-	15,765,000
1,240,731	802,733	93,370	-	-	-	-	3,367,302
-	3,530,000	18,530,000	-	-	-	-	22,060,000
1,765,610	1,755,400	605,316	-	-	-	-	5,873,189
-	-	24,150,000	600,000	-	-	-	24,750,000
1,980,907	1,979,093	1,291,790	4,839	-	-	-	7,216,504
-	-	16,335,000	-	-	-	-	16,335,000
2,286,900	2,286,900	1,372,140	-	-	-	-	8,232,840
-	-	-	20,945,000	-	-	-	20,945,000
3,351,200	3,351,200	3,351,201	1,005,358	-	-	-	14,410,159
-	-	-	-	14,765,000	-	-	14,765,000
2,307,030	2,307,030	2,307,031	2,307,030	1,384,224	-	-	12,919,375
-	-	-	-	25,010,000	-	-	25,010,000
3,751,500	3,751,500	3,751,501	3,751,500	2,250,899	-	-	21,008,400
-	-	-	36,700,000	-	-	-	36,700,000
5,835,300	5,835,300	5,835,301	1,167,059	-	-	-	24,508,260
-	-	-	-	59,316,953	-	-	59,316,953
8,408,180	8,408,180	8,408,181	8,408,180	6,866,668	-	-	48,907,569
-	-	-	23,670,049	-	-	-	23,670,049
3,254,630	3,254,630	3,254,631	54,249	-	-	-	13,072,770
-	-	-	-	41,800,910	-	-	41,800,910
6,479,140	6,479,140	6,479,141	6,479,140	5,291,301	-	-	37,687,002
45,568,521	71,226,264	110,177,969	105,092,404	156,685,955	-	-	531,567,310
4,235,000	4,165,000	4,300,000	3,625,000	-	-	-	17,295,000
3,858,667	2,737,095	1,643,951	190,747	-	-	-	12,923,695
-	-	-	-	-	-	-	4,160,000
-	-	-	-	-	-	-	525,297
-	9,245,000	13,525,000	8,895,000	-	-	-	31,665,000
4,551,840	4,067,116	2,385,028	425,434	-	-	-	15,981,258
-	-	13,650,000	11,720,000	-	-	-	25,370,000
3,145,880	3,145,880	2,477,520	565,320	-	-	-	12,480,480
6,820,000	765,000	-	-	-	-	-	14,475,000
1,025,282	25,748	-	-	-	-	-	3,871,860
10,755,000	8,135,000	735,000	-	-	-	-	28,305,000
3,231,113	1,028,524	15,620	-	-	-	-	9,348,979
37,622,782	33,314,363	38,732,119	25,421,501	-	-	-	176,401,569
300,000	-	-	-	-	-	-	300,000
17,695	-	-	-	-	-	-	120,905
317,695	-	-	-	-	-	-	420,905
8,075,000	-	-	-	-	-	-	8,075,000
1,339,245	-	-	-	-	-	-	3,849,980
1,991,000	1,107,000	-	-	-	-	-	4,838,000
307,066	46,332	-	-	-	-	-	915,644
-	4,960,000	-	-	-	-	-	4,960,000
382,007	318,267	-	-	-	-	-	1,082,223

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
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DESCRIPTION		2019	2020	2021	2022	2023
2000 MF Series A (Timber Point Apts)	Principal	-	-	-	-	-
2000 MF Series A (Timber Point Apts)	Interest	90,432	90,502	90,294	90,398	90,398
2000 MF Series A-C (Collingham Park)	Principal	392,000	417,000	444,000	471,000	502,000
2000 MF Series A-C (Collingham Park)	Interest	658,930	632,184	603,691	573,418	541,262
2000 MF Series A-C (Highland Meadow Apts)	Principal	253,000	271,000	290,000	311,000	331,000
2000 MF Series A-C (Highland Meadow Apts)	Interest	445,062	427,681	409,085	389,172	367,842
2001 MF Series A (Bluffview Senior Apts)	Principal	136,549	147,296	158,889	171,394	184,883
2001 MF Series A (Bluffview Senior Apts)	Interest	717,919	707,172	695,579	683,074	669,584
2001 MF Series A (Knollwood Villas Apts)	Principal	175,472	189,282	204,180	220,249	237,584
2001 MF Series A (Knollwood Villas Apts)	Interest	922,558	908,747	893,850	877,780	860,446
2001 MF Series A (Skyway Villas)	Principal	215,000	225,000	245,000	255,000	270,000
2001 MF Series A (Skyway Villas)	Interest	325,777	313,719	300,942	287,198	272,773
2001 MF Series A/B (Hillside Apts.)	Principal	96,875	103,878	111,387	119,440	128,074
2001 MF Series A/B (Hillside Apts.)	Interest	828,763	821,760	814,251	806,199	797,564
2001 MF Series A/B (Meridian Apts.)	Principal	123,000	132,000	147,000	160,000	169,000
2001 MF Series A/B (Meridian Apts.)	Interest	455,565	447,870	439,695	430,440	420,540
2001 MF Series A/B (Wildwood Apts.)	Principal	100,000	108,000	114,000	120,000	129,000
2001 MF Series A/B (Wildwood Apts.)	Interest	350,790	344,490	337,935	330,840	323,460
2002 MF Series A (Clarkridge Villas Apts)	Principal	174,556	187,175	200,706	215,215	230,773
2002 MF Series A (Clarkridge Villas Apts)	Interest	869,204	856,585	843,054	828,545	812,987
2002 MF Series A (Green Crest Apts)	Principal	102,518	108,301	114,410	120,864	127,682
2002 MF Series A (Green Crest Apts)	Interest	570,417	564,634	558,525	552,071	545,254
2002 MF Series A/B (Ironwood Crossing)	Principal	186,713	201,208	225,179	229,059	239,105
2002 MF Series A/B (Ironwood Crossing)	Interest	680,470	665,975	650,345	638,123	628,077
2003 MF Series A/B (Ash Creek Apts)	Principal	191,406	204,713	218,945	234,166	250,445
2003 MF Series A/B (Ash Creek Apts)	Interest	979,262	966,231	952,295	937,390	921,448
2003 MF Series A/B (Peninsula Apts)	Principal	295,000	315,000	335,000	345,000	355,000
2003 MF Series A/B (Peninsula Apts)	Interest	511,848	495,948	478,988	461,100	442,683
2003 MF Series A/B (Primrose Houston School)	Principal	192,023	207,856	222,182	237,391	253,642
2003 MF Series A/B (Primrose Houston School)	Interest	984,762	969,992	956,036	941,147	925,238
2003 MF Series A/B (Reading Road)	Principal	50,000	50,000	50,000	60,000	60,000
2003 MF Series A/B (Reading Road)	Interest	229,639	226,544	222,885	219,483	215,433
2003 MF Series A/B (Timber Oaks Apts)	Principal	120,621	126,477	132,617	139,055	145,806
2003 MF Series A/B (Timber Oaks Apts)	Interest	839,870	829,083	817,773	805,913	793,477
2003 MF Series A/B (West Virginia Apts)	Principal	245,000	255,000	275,000	290,000	305,000
2003 MF Series A/B (West Virginia Apts)	Interest	368,581	356,001	342,921	328,685	313,689
2003 MF Series A/B (Parkview Twnhms)	Principal	133,697	140,188	146,994	154,130	161,613
2003 MF Series A/B (Parkview Twnhms)	Interest	841,929	832,910	823,453	813,538	803,141
2003 MF Series A/B (Arlington Villas)	Principal	179,553	194,552	210,803	228,427	246,156
2003 MF Series A/B (Arlington Villas)	Interest	1,069,498	1,054,592	1,038,441	1,020,940	1,003,646
2004 MF Series A (Bristol)	Principal	-	-	-	-	-
2004 MF Series A (Bristol)	Interest	169,912	169,576	169,224	169,400	169,400
2004 MF Series A (Chisholm Trail)	Principal	-	-	-	-	-
2004 MF Series A (Chisholm Trail)	Interest	151,376	151,077	150,763	150,920	150,920
2004 MF Series A (Churchill @ Pinnacle)	Principal	137,717	147,014	156,938	167,531	178,840
2004 MF Series A (Churchill @ Pinnacle)	Interest	588,619	579,323	569,399	558,805	547,496
2004 MF Series A (Evergreen @ Plano)	Principal	163,385	174,414	186,188	198,756	212,172
2004 MF Series A (Evergreen @ Plano)	Interest	879,185	868,156	856,383	843,815	830,398
2004 MF Series A (Humble Park)	Principal	205,000	215,000	235,000	245,000	265,000
2004 MF Series A (Humble Park)	Interest	661,320	647,625	633,105	617,430	600,930
2004 MF Series A (Montgomery Pines)	Principal	-	-	-	-	-
2004 MF Series A (Montgomery Pines)	Interest	159,100	158,785	158,455	158,620	158,620
2004 MF Series A (Pinnacle)	Principal	-	-	-	-	-
2004 MF Series A (Pinnacle)	Interest	197,176	196,786	196,376	196,581	196,581

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2024-28	2029-33	2034-38	2039-43	2044-48	2049-53	2054-58	TOTAL REQUIRED
-	5,870,000	-	-	-	-	-	5,870,000
452,094	369,248	-	-	-	-	-	1,273,366
3,037,000	4,161,000	478,000	-	-	-	-	9,902,000
2,146,435	965,732	16,060	-	-	-	-	6,137,712
2,030,000	2,831,000	339,000	-	-	-	-	6,656,000
1,465,394	665,922	11,441	-	-	-	-	4,181,599
1,166,982	1,704,417	2,489,358	3,348,251	-	-	-	9,508,019
3,105,357	2,567,921	1,782,977	521,103	-	-	-	11,450,686
1,499,627	2,190,255	3,198,941	4,302,658	-	-	-	12,218,248
3,990,522	3,299,896	2,291,210	669,642	-	-	-	14,714,651
1,640,000	2,200,000	800,000	-	-	-	-	5,850,000
1,110,413	581,739	45,354	-	-	-	-	3,237,915
793,380	1,124,715	1,594,425	7,811,133	-	-	-	11,883,307
3,834,810	3,503,473	3,033,763	1,667,738	-	-	-	16,108,321
1,008,000	5,899,000	10,000	-	-	-	-	7,648,000
1,933,405	628,910	775	-	-	-	-	4,757,200
770,000	4,545,000	5,000	-	-	-	-	5,891,000
1,488,395	225,375	400	-	-	-	-	3,401,685
1,429,568	2,026,592	2,872,950	5,158,652	-	-	-	12,496,187
3,789,229	3,192,204	2,345,849	1,046,074	-	-	-	14,583,731
754,918	993,249	8,095,804	-	-	-	-	10,417,746
2,609,760	2,371,429	1,378,893	-	-	-	-	9,150,983
1,362,330	1,688,452	2,092,645	9,332,663	-	-	-	15,557,354
2,973,582	2,647,462	2,243,270	99,908	-	-	-	11,227,212
1,538,902	2,153,568	10,131,823	-	-	-	-	14,923,968
4,326,520	3,724,623	1,660,821	-	-	-	-	14,468,590
8,085,000	-	-	-	-	-	-	9,730,000
628,049	-	-	-	-	-	-	3,018,616
1,553,698	2,163,492	10,378,459	-	-	-	-	15,208,743
4,346,722	3,749,786	1,821,980	-	-	-	-	14,695,663
375,000	525,000	8,460,000	-	-	-	-	9,630,000
1,008,796	860,346	411,167	-	-	-	-	3,394,293
580,187	-	-	10,900,000	-	-	-	12,144,763
3,773,964	3,678,749	3,678,750	183,939	-	-	-	15,401,518
1,805,000	2,375,000	1,765,000	-	-	-	-	7,315,000
1,313,979	793,356	160,987	-	-	-	-	3,978,199
933,654	1,183,387	1,499,920	8,463,671	-	-	-	12,817,254
3,841,199	3,494,202	3,054,388	1,344,253	-	-	-	15,849,013
1,520,119	2,144,267	11,069,699	-	-	-	-	15,793,576
4,735,186	4,124,600	2,290,550	-	-	-	-	16,337,453
-	-	11,000,000	-	-	-	-	11,000,000
847,176	846,824	649,288	-	-	-	-	3,190,800
-	-	9,800,000	-	-	-	-	9,800,000
754,757	754,443	553,236	-	-	-	-	2,817,492
1,092,428	1,514,391	2,099,339	2,910,228	644,508	-	-	9,048,934
2,539,254	2,117,294	1,532,345	721,457	21,299	-	-	9,775,291
1,296,037	1,796,643	2,490,616	3,452,639	3,525,814	-	-	13,496,664
3,916,816	3,416,208	2,722,237	1,760,212	159,743	-	-	16,253,153
1,625,000	2,225,000	3,085,000	1,970,000	-	-	-	10,070,000
2,710,950	2,091,705	1,237,005	200,145	-	-	-	9,400,215
-	-	10,300,000	-	-	-	-	10,300,000
793,265	792,935	607,970	-	-	-	-	2,987,750
-	-	12,765,000	-	-	-	-	12,765,000
983,110	982,700	753,470	-	-	-	-	3,702,780

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
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DESCRIPTION		2019	2020	2021	2022	2023
2004 MF Series A (Rush Creek)	Principal	101,949	108,993	116,524	124,575	133,183
2004 MF Series A (Rush Creek)	Interest	536,394	529,350	521,819	513,767	505,160
2004 MF Series A/B (Timber Ridge)	Principal	73,439	78,722	84,391	90,464	96,973
2004 MF Series A/B (Timber Ridge)	Interest	411,045	405,927	400,440	394,558	388,253
2004 MF Series A/B (Veterans Memorial)	Principal	68,940	72,287	75,796	79,476	83,335
2004 MF Series A/B (Veterans Memorial)	Interest	427,489	422,839	417,963	412,850	407,488
2005 MF Series A (Port Royal)	Principal	139,206	148,527	158,475	169,088	180,412
2005 MF Series A (Port Royal)	Interest	717,904	708,581	698,634	688,021	676,696
2005 MF Series A (Del Rio)	Principal	68,842	73,452	78,372	83,620	89,220
2005 MF Series A (Del Rio)	Interest	563,341	558,730	553,811	548,563	542,962
2005 MF Series A (Atascocita Pines)	Principal	-	-	-	-	-
2005 MF Series A (Atascocita Pines)	Interest	160,490	160,172	159,840	160,006	160,006
2005 MF Series A (Tower Ridge)	Principal	-	-	-	-	-
2005 MF Series A (Tower Ridge)	Interest	242,174	241,751	241,249	241,500	241,500
2005 MF Series A (St Augustine)	Principal	-	-	-	-	-
2005 MF Series A (St Augustine)	Interest	86,192	86,021	85,843	85,932	85,932
2005 MF Series A (Mockingbird)	Principal	109,201	115,246	121,625	128,358	135,464
2005 MF Series A (Mockingbird)	Interest	562,113	556,068	549,688	542,955	535,850
2005 MF Series A (Chase Oaks)	Principal	361,477	380,160	399,809	420,473	442,205
2005 MF Series A (Chase Oaks)	Interest	561,720	543,037	523,388	502,724	480,992
2005 MF Series A (Coral Hills)	Principal	120,000	125,000	135,000	145,000	150,000
2005 MF Series A (Coral Hills)	Interest	208,817	202,757	196,319	189,375	181,926
2006 MF Series A (Bella Vista)	Principal	80,000	80,000	85,000	95,000	100,000
2006 MF Series A (Bella Vista)	Interest	382,837	377,917	372,997	367,770	361,927
2006 MF Series A (Village Park)	Principal	235,000	245,000	265,000	270,000	295,000
2006 MF Series A (Village Park)	Interest	453,675	442,394	430,638	417,688	403,466
2006 MF Series A (Oakmoor)	Principal	161,731	171,707	182,297	193,541	205,478
2006 MF Series A (Oakmoor)	Interest	795,310	785,335	774,745	763,501	751,564
2006 MF Series A (Sunset Pointe)	Principal	-	-	-	-	-
2006 MF Series A (Sunset Pointe)	Interest	242,174	241,751	241,249	241,500	241,500
2006 MF Series A (Hillcrest)	Principal	220,000	230,000	240,000	250,000	260,000
2006 MF Series A (Hillcrest)	Interest	499,538	487,856	475,650	462,919	449,663
2006 MF Series A (Meadowlands)	Principal	132,389	140,555	149,224	158,428	168,199
2006 MF Series A (Meadowlands)	Interest	686,990	678,824	670,155	660,951	651,179
2006 MF Series A (East Tex Pines)	Principal	145,000	155,000	160,000	170,000	180,000
2006 MF Series A (East Tex Pines)	Interest	727,465	718,765	709,630	700,060	689,910
2006 MF Series A (Aspen Park Apts)	Principal	150,000	160,000	165,000	180,000	190,000
2006 MF Series A (Aspen Park Apts)	Interest	433,875	426,250	418,250	409,750	400,625
2006 MF Series A (Idlewilde Apts)	Principal	-	-	-	-	-
2006 MF Series A (Idlewilde Apts)	Interest	202,615	202,292	201,872	202,082	202,082
2007 MF Series A (Lancaster Apts)	Principal	-	-	-	-	-
2007 MF Series A (Lancaster Apts)	Interest	197,407	197,017	196,607	196,812	196,812
2007 MF Series A (Park Place)	Principal	130,165	137,918	146,133	154,838	164,061
2007 MF Series A (Park Place)	Interest	780,536	772,782	764,567	755,862	746,639
2007 MF Series A (Terrace at Cibolo)	Principal	-	-	-	-	-
2007 MF Series A (Terrace at Cibolo)	Interest	72,362	72,463	72,297	72,380	72,380

SCHEDULE 5

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2018

2024-28	2029-33	2034-38	2039-43	2044-48	2049-53	2054-58	TOTAL REQUIRED
817,345	1,141,536	1,594,312	2,226,678	1,686,947	-	-	8,052,042
2,374,367	2,050,175	1,597,399	965,036	44,632	-	-	9,638,099
600,169	849,544	4,249,070	-	-	-	-	6,122,772
1,829,608	1,588,098	796,749	-	-	-	-	6,214,678
481,433	610,208	773,425	4,263,531	-	-	-	6,508,431
1,947,461	1,768,533	1,541,743	611,519	-	-	-	7,957,885
1,100,319	1,521,544	2,104,017	2,909,469	2,676,670	-	-	11,107,727
3,185,224	2,764,000	2,181,528	1,376,073	212,409	-	-	13,209,070
544,147	752,456	7,007,859	-	-	-	-	8,697,968
2,616,765	2,408,456	1,924,184	-	-	-	-	9,716,812
-	-	10,390,000	-	-	-	-	10,390,000
800,196	799,864	746,549	-	-	-	-	3,147,123
-	-	15,000,000	-	-	-	-	15,000,000
1,207,751	1,207,249	1,117,516	-	-	-	-	4,740,690
-	-	-	5,580,000	-	-	-	5,580,000
429,749	429,571	429,660	7,298	-	-	-	1,726,198
798,456	1,045,314	1,368,497	6,636,877	-	-	-	10,459,038
2,558,111	2,311,250	1,988,066	683,300	-	-	-	10,287,401
2,578,422	3,317,289	3,387,511	-	-	-	-	11,287,346
2,037,564	1,298,701	267,042	-	-	-	-	6,215,168
3,490,000	-	-	-	-	-	-	4,165,000
497,551	-	-	-	-	-	-	1,476,745
590,000	810,000	1,095,000	1,495,000	1,795,000	-	-	6,225,000
1,710,314	1,503,674	1,221,696	839,166	264,147	-	-	7,402,445
7,650,000	-	-	-	-	-	-	8,960,000
1,285,092	-	-	-	-	-	-	3,432,953
1,233,864	1,664,299	2,244,891	3,028,022	4,242,666	-	-	13,328,496
3,551,341	3,120,906	2,540,314	1,757,185	514,694	-	-	15,354,895
-	-	-	15,000,000	-	-	-	15,000,000
1,207,751	1,207,249	1,207,500	220,988	-	-	-	5,051,662
8,370,000	-	-	-	-	-	-	9,570,000
1,655,586	-	-	-	-	-	-	4,031,212
1,010,012	1,362,356	1,837,615	2,478,665	4,072,392	-	-	11,509,835
3,086,880	2,734,539	2,259,280	1,618,228	584,105	-	-	13,631,131
1,065,000	1,420,000	1,875,000	2,490,000	4,955,000	-	-	12,615,000
3,275,695	2,917,690	2,443,105	1,813,950	793,005	-	-	14,789,275
7,870,000	-	-	-	-	-	-	8,715,000
1,500,624	-	-	-	-	-	-	3,589,374
-	-	-	12,790,000	-	-	-	12,790,000
1,010,620	1,010,200	1,010,410	370,694	-	-	-	4,412,867
-	-	-	12,780,000	-	-	-	12,780,000
984,265	983,855	984,060	377,159	-	-	-	4,313,994
979,071	1,307,544	1,746,218	2,332,064	6,418,518	-	-	13,516,530
3,574,430	3,245,955	2,807,279	2,221,432	1,103,614	-	-	16,773,096
-	-	-	4,700,000	-	-	-	4,700,000
361,983	361,817	361,900	126,649	-	-	-	1,574,231

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

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2018

DESCRIPTION		2019	2020	2021	2022	2023
2007 MF Series A (Santora Villas)	Principal	115,416	122,291	129,576	137,294	145,473
2007 MF Series A (Santora Villas)	Interest	661,543	654,668	647,384	639,665	631,487
2007 MF Series A (Costa Rialto)	Principal	110,691	116,761	123,163	129,916	137,040
2007 MF Series A (Costa Rialto)	Interest	532,205	526,135	519,733	512,979	505,856
2007 MF Series A (Windshire)	Principal	-	-	-	-	-
2007 MF Series A (Windshire)	Interest	200,245	199,888	199,472	199,680	199,680
2007 MF Series A (Residences @ Onion Creek)	Principal	-	-	-	-	-
2007 MF Series A (Residences @ Onion Creek)	Interest	242,174	241,751	241,249	241,500	241,500
2008 MF Series A (Addison Park)	Principal	-	-	-	-	-
2008 MF Series A (Addison Park)	Interest	196,156	196,564	196,115	196,339	196,339
2008 MF Series A (Costa Ibiza)	Principal	-	-	-	-	-
2008 MF Series A (Costa Ibiza)	Interest	204,645	205,942	205,470	205,706	205,706
2008 MF Series A (West Oaks)	Principal	-	-	-	-	-
2008 MF Series A (West Oaks)	Interest	181,810	182,339	181,921	182,130	182,130
2008 MF Series A (Alta Cullen Apartments)	Principal	-	-	-	-	-
2008 MF Series A (Alta Cullen Apartments)	Interest	185,333	186,513	186,087	186,300	186,300
2009 MF Series A (Costa Mariposa Apartments)	Principal	-	-	-	-	-
2009 MF Series A (Costa Mariposa Apartments)	Interest	198,216	199,518	199,062	199,290	199,290
2009 MF Series A (Woodmont Apartments)	Principal	-	-	-	-	-
2009 MF Series A (Woodmont Apartments)	Interest	226,212	227,645	227,125	227,385	227,385
2014 MF Series A (Decatur Angle Apartments)	Principal	171,167	181,453	192,357	203,917	216,171
2014 MF Series A (Decatur Angle Apartments)	Interest	1,299,995	1,289,884	1,279,166	1,267,804	1,255,760
2015 MF Series A (Williamsburg Apts)	Principal	286,332	296,738	313,252	327,714	342,844
2015 MF Series A (Williamsburg Apts)	Interest	790,175	782,126	769,352	758,165	746,461
2016 MF Series A (Skyline Place Apartments)	Principal	276,354	284,558	296,644	307,375	318,494
2016 MF Series A (Skyline Place Apartments)	Interest	485,077	479,000	470,047	462,098	453,862
2017 MF Series A (Casa Inc Apartments)	Principal	309,421	319,856	336,150	350,428	365,313
2017 MF Series A (Casa Inc Apartments)	Interest	754,806	746,808	734,320	723,377	711,969
2017 MF Series A (Casa Brendan Apartments)	Principal	64,463	66,637	70,031	73,006	76,107
2017 MF Series A (Casa Brendan Apartments)	Interest	157,250	155,584	152,983	150,703	148,326
2017 MF Series A (Nuestro Hogar)	Principal	73,487	75,966	79,836	83,227	86,762
2017 MF Series A (Nuestro Hogar)	Interest	179,266	177,367	174,401	171,802	169,093
2017 MF Series A (Emli Liberty Crossing Apartments)	Principal	-	-	17,600,000	-	-
2017 MF Series A (Emli Liberty Crossing Apartments)	Interest	316,800	316,800	158,400	-	-
2018 MF Series A (Vista on Gessner Apartments)	Principal	-	231,533	587,543	614,607	642,917
2018 MF Series A (Vista on Gessner Apartments)	Interest	1,723,611	1,727,000	1,706,454	1,685,776	1,664,145
2018 MF Series A (Springs Apartments)	Principal	-	-	20,000,000	-	-
2018 MF Series A (Springs Apartments)	Interest	427,417	446,000	446,000	-	-
2018 MF Series A (Crosby Plaza Apartments)	Principal	-	-	7,000,000	-	-
2018 MF Series A (Crosby Plaza Apartments)	Interest	153,222	140,000	140,000	-	-
2018 MF Series A (Oaks on Lamar Apartments)	Principal	176,214	197,319	208,645	218,388	228,586
2018 MF Series A (Oaks on Lamar Apartments)	Interest	602,409	597,112	588,197	580,527	572,500
2018 MF Series A (Riverside Townhomes)	Principal	201,268	225,373	238,310	249,438	261,086
2018 MF Series A (Riverside Townhomes)	Interest	688,058	682,007	671,825	663,065	653,896
TOTAL MULTIFAMILY BONDS		44,896,836	45,165,713	89,976,596	44,636,000	44,645,957
Total		61,698,344	62,163,850	106,882,592	61,481,155	61,325,372
Less Interest		49,588,107	49,068,444	48,198,021	46,733,307	45,970,275
Total Principal		12,110,237	13,095,406	58,684,571	14,747,848	15,355,097

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2018

2024-28	2029-33	2034-38	2039-43	2044-48	2049-53	2054-58	TOTAL REQUIRED
868,140	1,159,395	1,548,365	2,067,832	5,164,461	-	-	11,458,243
3,016,659	2,725,402	2,336,428	1,816,960	919,013	-	-	14,049,209
806,497	1,053,218	1,375,415	1,796,178	4,349,083	-	-	9,997,962
2,407,980	2,161,259	1,839,059	1,418,295	734,980	-	-	11,158,481
-	-	-	12,800,000	-	-	-	12,800,000
998,608	998,192	998,400	483,061	-	-	-	4,477,226
-	-	-	15,000,000	-	-	-	15,000,000
1,207,751	1,207,249	1,207,500	563,751	-	-	-	5,394,425
-	-	-	-	12,195,000	-	-	12,195,000
981,921	981,472	981,696	981,696	82,307	-	-	4,990,605
-	-	-	12,620,000	-	-	-	12,620,000
1,028,766	1,028,294	1,028,530	617,118	-	-	-	4,730,177
-	-	-	11,675,000	-	-	-	11,675,000
910,859	910,441	910,650	530,922	-	-	-	4,173,202
-	-	-	-	11,500,000	-	-	11,500,000
931,713	931,287	931,500	931,500	294,507	-	-	4,951,040
-	-	-	12,775,000	-	-	-	12,775,000
996,678	996,222	996,450	746,927	-	-	-	4,731,653
-	-	-	13,950,000	-	-	-	13,950,000
1,137,185	1,136,665	1,136,925	871,538	-	-	-	5,418,065
1,292,049	1,729,822	2,315,922	3,100,604	4,151,154	5,565,240	3,566,370	22,686,226
6,071,213	5,640,924	5,064,845	4,293,573	3,260,983	1,878,436	80,230	32,682,813
1,961,158	19,191,574	-	-	-	-	-	22,719,612
3,541,288	2,203,147	-	-	-	-	-	9,590,714
1,770,394	15,272,963	-	-	-	-	-	18,526,782
2,137,514	1,587,561	-	-	-	-	-	6,075,159
2,067,570	2,548,744	17,476,693	-	-	-	-	23,774,175
3,375,138	3,006,353	140,311	-	-	-	-	10,193,082
430,743	530,988	3,640,978	-	-	-	-	4,952,953
703,150	626,322	29,232	-	-	-	-	2,123,550
491,048	605,327	4,150,714	-	-	-	-	5,646,367
801,596	714,010	33,322	-	-	-	-	2,420,857
-	-	-	-	-	-	-	17,600,000
-	-	-	-	-	-	-	792,000
3,674,242	4,609,490	39,639,668	-	-	-	-	50,000,000
7,969,529	7,254,959	2,117,227	-	-	-	-	25,848,701
-	-	-	-	-	-	-	20,000,000
-	-	-	-	-	-	-	1,319,417
-	-	-	-	-	-	-	7,000,000
-	-	-	-	-	-	-	433,222
1,309,103	1,647,150	12,824,595	-	-	-	-	16,810,000
2,731,701	2,465,610	493,484	-	-	-	-	8,631,540
1,495,228	1,881,339	14,647,958	-	-	-	-	19,200,000
3,120,086	2,816,162	563,647	-	-	-	-	9,858,746
255,512,960	249,328,522	351,634,074	256,603,304	76,366,651	7,443,676	3,646,600	1,469,856,889
339,021,958	353,869,149	500,544,162	387,117,209	233,052,606	7,443,676	3,646,600	2,178,246,673
212,924,718	178,695,621	126,149,460	58,817,345	24,782,530	1,878,436	80,230	842,886,494
126,097,240	175,173,528	374,394,702	328,299,864	208,270,076	5,565,240	3,566,370	1,335,360,179

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

SCHEDULE 6

Supplementary Bond Schedules
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE
For the Fiscal Year Ended August 31, 2018

	Pledged and Other Sources and Related Expenditures for FY 2018			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2004 Single Family Series A (Jr. Lien)	$ 1,623	$ 1,157	$	$ 61,834
2004 Single Family Series B	6,102,650	104,232		883,652
2004 Single Family Series D	3,965,486	64,610		481,978
2005 Single Family Series A	4,702,230	39,599		902,186
2005 Single Family Series B	84,342	3,361	5,000	19
2005 Single Family Series D	64,342	3,361		21
2007 Single Family Series A	7,131,595	45,758		1,034,055
2013 Single Family Series A	4,171,287	6,914		493,523
2015 Single Family Series A	5,572,323	8,626		735,067
2015 Single Family Series B	3,041,953	5,994		494,180
2016 Single Family Series A	3,758,024	9,767		778,413
2016 Single Family Series B	10,217,157	14,055		1,292,551
2017 Single Family Series A	4,443,411	19,082		1,722,982
2017 Single Family Series B	6,505,456	7,553		711,757
2017 Single Family Series C	2,644,168	13,118		1,320,807
Total Single Family Bonds	$ 62,406,047	$ 347,187	$ 5,000	$ 10,913,025
2009 RMRB Series A	$ 4,371,992	$ 126,303	$ 255,000	$ 977,578
2009 RMRB Series B	388,245	29,627	1,015,000	244,878
2009 RMRB Series C-1	7,437,580	10,792		982,076
2009 RMRB Series C-2	5,767,432	8,776		676,213
2011 RMRB Series A	3,562,608	4,849	1,305,000	772,019
2011 RMRB Series B	6,783,379	9,895	1,635,000	1,246,704
Total Residential Mtg Revenue Bonds	$ 28,311,236	$ 190,242	$ 4,210,000	$ 4,899,468
1992 CHMRB Series C	860,198	26,982		50,604
Total 1992 CHMRB	$ 860,198	$ 26,982	$	$ 50,604
1996 MF Series A/B (Brighton's Mark Development)	$ 501,872	$	$	$ 501,872
1998 MF Series A-C (Residence at the Oaks Projects)	137,211		321,000	137,211
2000 MF Series A (Creek Point Apartments)	263,988			63,988
2000 MF Series A (Deerwood Apartments)	4,866,264			51,264
2000 MF Series A (Timber Point Apartments)	275,670			75,670
2000 MF Series A/B (Oaks at Hampton Apartments)	8,733,918		25,762	96,813
2000 MF Series A/B (Parks at Westmoreland Apartments)	8,714,662		25,021	96,598
2000 MF Series A-C (Collingham Park Apartments)	675,875		370,000	675,875
2000 MF Series A-C (Highland Meadow Village Apartments)	455,996		237,000	455,996
2001 MF Series A (Bluffview Apartments)	727,079		126,586	727,079
2001 MF Series A (Knollwood Apartments)	934,331		162,669	934,331
2001 MF Series A (Oak Hollow Apartments)	5,887,345		19,534	83,624
2001 MF Series A (Skyway Villas Apartments)	334,247		205,000	334,247
2001 MF Series A/B (Hillside Apartments)	834,767		90,344	834,767
2001 MF Series A/B (Meridian Apartments)	462,180		119,000	462,180
2001 MF Series A/B (Wildwood Apartments)	356,100		96,000	356,100
2002 MF Series A (Clarkridge Villas Apartments)	880,022		162,788	880,022
2002 MF Series A (Park Meadows Apartments)	3,538,092			38,091
2002 MF Series A (Green Crest Apartments)	575,447		97,044	575,447
2002 MF Series A (Hickory Trace Apartments)	10,816,399		76,878	421,761
2002 MF Series A/B (Ironwood Crossing)	692,838		173,262	692,838
2003 MF Series A (NHP Foundation-Asmara Project) Refunding	16,908,283			378,283
2003 MF Series A/B (Reading Road)	411,232		40,000	211,232
2003 MF Series A/B (Arlington Villas)	1,082,150		165,710	1,082,150
2003 MF Series A/B (Ash Creek Apartments)	990,816		178,399	990,816
2003 MF Series A/B (North Vista Apartments)	10,363,381		160,000	136,766
2003 MF Series A/B (Parkview Townhomes)	849,828		127,507	849,828
2003 MF Series A/B (Peninsula Apartments)	525,769		275,000	520,769
2003 MF Series A/B (Primrose Houston School)	998,288		177,095	998,288
2003 MF Series A/B (Timber Oaks Apartments)	849,319		115,036	849,319
2003 MF Series A/B (West Virginia Apartments)	377,446		235,000	377,446
2004 MF Series A (Bristol Apartments)	339,575			139,575
2004 MF Series A (Chisholm Trail Apartments)	425,249			125,249
2004 MF Series A (Churchill at Pinnacle Park)	596,623		129,009	596,623

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

SCHEDULE 6

Supplementary Bond Schedules
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE (Continued)
For the Fiscal Year Ended August 31, 2018

	Pledged and Other Sources and Related Expenditures for FY 2018			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2004 MF Series A (Evergreen at Plano Parkway)	$ 888,680	$	$ 153,054	$ 888,680
2004 MF Series A (Humble Parkway Townhomes)	671,935		190,000	671,935
2004 MF Series A (Montgomery Pines Apartments)	331,458			131,457
2004 MF Series A (Pinnacle Apartments)	361,960			161,961
2004 MF Series A (Providence at Rush Creek II)	542,450		95,360	542,450
2004 MF Series A/B (Timber Ridge II Apartments)	415,433		68,509	415,433
2004 MF Series A/B (Providence at Veterans Memorial)	431,563		65,748	431,563
2005 MF Series A (Atascocita Pines Apartments)	332,098			132,098
2005 MF Series A (Mission Del Rio Homes)	567,313		64,521	567,313
2005 MF Series A (Plaza at Chase Oaks Apartments)	578,039		343,712	578,039
2005 MF Series A (Port Royal Homes)	725,935		130,468	725,935
2005 MF Series A (Providence at Mockingbird Apartments)	567,374		103,473	567,374
2005 MF Series A (St Augustine Estate Apartments)	171,382			71,381
2005 MF Series A (Tower Ridge Apartments)	200,293			200,293
2005 MF Series A (Coral Hills Apartments)	214,036		110,000	214,036
2006 MF Series A (Aspen Park)	439,833		140,000	439,833
2006 MF Series A (Bella Vista Apartments)	385,349		70,000	385,349
2006 MF Series A (East Tex Pines)	732,323		135,000	732,323
2006 MF Series A (Hillcrest Apartments)	506,100		210,000	506,100
2006 MF Series A (Idlewilde)	362,643			162,642
2006 MF Series A (Meadowlands Apartments)	694,056		124,698	694,056
2006 MF Series A (Oakmoor Apartments)	803,944		152,336	803,944
2006 MF Series A (The Residences at Sunset Pointe)	200,293			200,293
2006 MF Series A (Village Park Apartments)	461,659		220,000	461,659
2007 MF Series A (Costa Rialto)	537,489		104,938	537,489
2007 MF Series A (Lancaster)	362,341			162,341
2007 MF Series A (Park Place at Loyola)	787,259		122,847	787,259
2007 MF Series A (Santora Villas)	667,504		108,928	667,504
2007 MF Series A (Terrace at Cibolo)	60,742			60,742
2007 MF Series A (Windshire)	363,207			163,207
2007 MF Series A (Residences at Onion Creek)	200,293			200,293
2008 MF Series A (West Oaks Apartments)	348,897			148,897
2008 MF Series A (Costa Ibiza Apartments)	356,852			156,852
2008 MF Series A (Addison Park Apartments)	364,082			164,082
2008 MF Series A (Alta Cullen Apartments Refunding)	347,880			147,880
2009 MF Series A (Costa Mariposa Apartments)	307,505			157,505
2009 MF Series A (Woodmont Apartments)	404,246			174,246
2014 MF Series A (Decatur Angle Apartments)	1,308,759		161,464	1,308,759
2015 MF Series A (Williamsburg Apartments)	799,137		273,696	799,137
2016 MF Series A (Skyline Apartments)	491,577		223,218	491,577
2017 MF Series A (Casa Inc Apartments)	666,875		225,825	666,875
2017 MF Series A (Casa Brendan Apartments)	138,932		47,047	138,932
2017 MF Series A (Nuestro Hogar Apartments)	158,383		53,633	158,383
2017 MF Series A (Emli at Liberty Crossing)	220,880			220,880
2018 MF Series A (Vista on Gessner)	1,001,111			1,001,111
2018 MF Series A (Springs Apartments)	130,083			130,083
2018 MF Series A (Crosby Plaza Apartments)	24,889			24,889
2018 MF Series A (Oaks on Lamar)	14,919			14,920
2018 MF Series A (Riverside Townhomes)	17,040			17,041
Total Multifamily Bonds	$ 107,049,293	$	$ 7,609,119	$ 34,939,149
Total	$ 198,626,774	$ 564,411	$ 11,824,119	$ 50,802,246

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

SCHEDULE 7

Supplementary Bond Schedules
EARLY EXTINGUISHMENT AND REFUNDING
For the fiscal year ended August 31, 2018

			For Refunding Only		
Description of Issue	**Category**	**Amount Extinguished or Refunded**	**Refunding Issue Par Value**	**Cash Flow Increase (Decrease)**	**Economic Gain/ (Loss)**
Business-Type Activities					
2004 Single Family Series B	Early Extinguishment	4,840,000			
2004 Single Family Series D	Early Extinguishment	3,155,000			
2005 Single Family Series A	Early Extinguishment	3,615,000			
2005 Single Family Series B	Early Extinguishment	70,000			
2005 Single Family Series D	Early Extinguishment	50,000			
2007 Single Family Series A	Early Extinguishment	5,635,000			
2013 Single Family Series A	Early Extinguishment	3,330,000			
2015 Single Family Series A	Early Extinguishment	4,555,000			
2015 Single Family Series B	Early Extinguishment	2,335,000			
2016 Single Family Series A	Early Extinguishment	2,530,000			
2016 Single Family Series B	Early Extinguishment	8,450,000			
2017 Single Family Series A	Early Extinguishment	1,865,363			
2017 Single Family Series B	Early Extinguishment	5,484,979			
2017 Single Family Series C	Early Extinguishment	871,760			
2009 RMRB Series A	Early Extinguishment	3,335,000			
2009 RMRB Series B	Early Extinguishment	145,000			
2009 RMRB Series C-1	Early Extinguishment	5,985,000			
2009 RMRB Series C-2	Early Extinguishment	4,820,000			
2011 RMRB Series A	Early Extinguishment	2,910,000			
2011 RMRB Series B	Early Extinguishment	5,715,000			
1992 Coll Home Mtg Rev Bonds, Series C	Early Extinguishment	700,000			
2000 MF Series A (Timber Point Apartments)	Early Extinguishment	200,000			
2000 MF Series A/B (Oaks at Hampton)	Early Extinguishment	8,637,105			
2000 MF Series A (Deerwood Apartments)	Early Extinguishment	4,815,000			
2000 MF Series A (Creek Point Apartments)	Early Extinguishment	200,000			
2000 MF Series A/B (Parks at Westmoreland)	Early Extinguishment	8,618,064			
2001 MF Series A (Oak Hollow Apartments)	Early Extinguishment	5,803,721			
2002 MF Series A (Park Meadows Apartments)	Early Extinguishment	3,500,000			
2002 MF Series A (Hickory Trace Apartments)	Early Extinguishment	10,394,638			
2003 MF Series A/B (Reading Road)	Early Extinguishment	200,000			
2003 MF Series A/B (North Vista)	Early Extinguishment	10,275,000			
2003 MF Series A/B (Peninsula Apartments)	Early Extinguishment	5,000			
2003 MF Series A (NHP Foundation-Asmara Proj Refunding)	Early Extinguishment	16,530,000			
2004 MF Series A (Chisholm Trail Apartments)	Early Extinguishment	300,000			
2004 MF Series A (Montgomery Pines Apartments)	Early Extinguishment	200,000			
2004 MF Series A (Bristol Apartments)	Early Extinguishment	200,000			
2004 MF Series A (Pinnacle Apartments)	Early Extinguishment	200,000			
2005 MF Series A (Atascocita Pines Apartments)	Early Extinguishment	200,000			
2005 MF Series A (St Augustine Estate Apartments)	Early Extinguishment	100,000			
2006 MF Series A (Idlewilde)	Early Extinguishment	200,000			
2007 MF Series A (Lancaster)	Early Extinguishment	200,000			
2007 MF Series A (Windshire)	Early Extinguishment	200,000			
2008 MF Series A (West Oaks Apartments)	Early Extinguishment	200,000			
2008 MF Series A (Costa Ibiza Apartments)	Early Extinguishment	200,000			
2008 MF Series A (Addison Park Apartments)	Early Extinguishment	200,000			
2008 MF Series A (Alta Cullen Apartments Refunding)	Early Extinguishment	200,000			
2009 MF Series A (Costa Mariposa Apartments)	Early Extinguishment	150,000			
2009 MF Series A (Woodmont Apartments)	Early Extinguishment	230,000			
Total Business-Type Activities		$ 142,555,631	$ -	$ -	$ -

APPENDIX C-2

SELECTED UNAUDITED CONDENSED FINANCIAL INFORMATION OF THE DEPARTMENT FOR THE ONE MONTH PERIOD ENDED SEPTEMBER 30, 2018

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
COMBINING BALANCE SHEETS
at September 30, 2018
(Unaudited)

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds	Taxable Mortgage Program	Multi-Family Program Funds	General Funds	Combined Totals
ASSETS							
Current Assets							
Cash in Bank	$	$	$	$	$	$	$
Cash Equivalents				670,850		5,695,054	6,365,904
Restricted Assets:							
Cash in Bank	204,826	84,170		15,000,102	6,906,392	1,525	22,197,015
Cash Equivalents	20,358,938	19,629,161	46,094	1,789,020	45,207,934	775,719	87,806,866
Loans and Contracts				53,194,281			53,194,281
Interest Receivable	1,591,713	496,552	11,153	3,209	7,612,278	154	9,715,059
Receivables:							
Interest and Dividends				293,044		1,021	294,065
Accounts Receivables						71,146	71,146
Other Current Assets	1,281	285,374		17,151			303,806
Total Current Assets	22,156,758	20,495,257	57,247	70,967,657	59,726,604	6,544,619	179,948,142
Non-Current Assets							
Investments				941,070			941,070
Loans and Contracts						758,819	758,819
Restricted:							
Investments	513,533,545	137,820,751	2,030,318	808,558	199,604,691	2,438	853,800,301
Loans and Contracts	53,883,901	69,561,227			811,547,387		934,992,515
Total Non-Current Assets	567,417,446	207,381,978	2,030,318	1,749,628	1,011,152,078	761,257	1,790,492,705
Total Assets	$ 589,574,204	$ 227,877,235	$ 2,087,565	$ 72,717,285	$ 1,070,878,682	$ 7,305,876	$ 1,970,440,847
DEFERRED OUTFLOW OF RESOURCES							
Deferred Outflow of Resources	5,097,825						5,097,825
Total Deferred Outflow of Resources	$ 5,097,825	$	$	$	$	$	$ 5,097,825
LIABILITIES							
Current Liabilities							
Payables:							
Accounts Payable	$ 51,728	$ 30,293	$ 2,083	$ 2,872	$	$ 18,051	$ 105,027
Accrued Bond Interest Payable	872,335	1,261,210	1,816		7,709,146		9,844,507
Due to Other Funds						402	402
Unearned Revenue						80,076	80,076
Other Current Liabilities	195,550	41,984		52,481,045		3,998	52,722,577
Total Current Liabilities	1,119,613	1,333,487	3,899	52,483,917	7,709,146	102,527	62,752,589
Non-Current Liabilities							
Notes and Loans Payable	12,000,000	10,000,000			87,727,747		109,727,747
Bonds Payable	469,018,300	121,011,453	302,313		885,371,908		1,475,703,974
Derivative Hedging Instrument	5,097,825						5,097,825
Other Non-Current Liabilities					92,570,557		92,570,557
Total Non-Current Liabilities	486,116,125	131,011,453	302,313		1,065,670,212		1,683,100,103
Total Liabilities	$ 487,235,738	$ 132,344,940	$ 306,212	$ 52,483,917	$ 1,073,379,358	$ 102,527	$ 1,745,852,692
NET POSITION							
Restricted	107,436,291	95,532,295	1,781,353	17,505,567		779,836	223,035,342
Unrestricted				2,727,801	(2,500,676)	6,423,513	6,650,638
Total Net Position	$ 107,436,291	$ 95,532,295	$ 1,781,353	$ 20,233,368	$ (2,500,676)	$ 7,203,349	$ 229,685,980
Total Liabilites and Net Position	$ 594,672,029	$ 227,877,235	$ 2,087,565	$ 72,717,285	$ 1,070,878,682	$ 7,305,876	$ 1,975,538,672

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the First Period Ending September 30, 2018
(Unaudited)

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds	Taxable Mortgage Program	Multi-Family Program Funds	General Funds	Combined Totals
OPERATING REVENUES							
Interest and Investment Income	$ 1,946,990	$ 524,123	$ 11,210	$ 50,427	$ 3,434,427	$ 12,476	$ 5,979,653
Application Fees						7,300	7,300
Other Operating Revenues	3,830,620	133,867				178,188	4,142,675
Total Operating Revenues	5,777,610	657,990	11,210	50,427	3,434,427	197,964	10,129,628
OPERATING EXPENSES							
Printing and Reproduction	18,868						18,868
Interest	971,819	376,864	1,668		3,434,427		4,784,778
Trustee Fees	3,900			292			4,192
Mortgage Loan Servicing Fees	2,076,763						2,076,763
Down Payment Assistance		7,220					7,220
Other Operating Expenses	1,683,268			6		(9,987)	1,673,287
Total Operating Expenses	4,754,618	384,084	1,668	298	3,434,427	(9,987)	8,565,108
Operating Income (Loss)	1,022,992	273,906	9,542	50,129		207,951	1,564,520
NONOPERATING REVENUES (EXPENSES)							
Gains, Losses and Transfers	1,022,992	273,906	9,542	50,129		207,951	1,564,520
OTHER REVENUES, EXPENSES, GAINS LOSSES AND TRANSFERS							
Extraordinary Items	1,876	11,545					13,421
Transfers In (Out)	51,882			(42)		(1,107,329)	(1,055,489)
CHANGE IN NET POSITION	1,076,750	285,451	9,542	50,087		(899,378)	522,452
Net Position, Beginning	106,359,541	95,246,844	1,771,811	20,183,281	(2,500,676)	8,102,727	229,163,528
NET POSITION, Ending	$ 107,436,291	$ 95,532,295	$ 1,781,353	$ 20,233,368	$ (2,500,676)	$ 7,203,349	$ 229,685,980

APPENDIX D

FORM OF PROPOSED OPINION OF BOND COUNSEL

____________, 2019

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

The Bank of New York Mellon Trust Company,
N.A., as Trustee
601 Travis Street, 16th Floor
Houston, Texas 77002

Jefferies LLC,
as Representative of the Underwriters
520 Madison Avenue
New York, New York 10022

Ladies and Gentlemen:

We have acted as Bond Counsel to the Texas Department of Housing and Community Affairs (the "Department") in connection with the issuance of the Department's Residential Mortgage Revenue Bonds, Series 2019A (the "Series 2019A Bonds"). The Series 2019A Bonds will bear interest from the date of delivery thereof. Interest on the Series 2019A Bonds is payable on July 1, 2019, and semiannually on each January 1 and July 1 thereafter, and on any other date on which the Series 2019A Bonds are subject to redemption, until maturity or prior redemption. The Series 2019A Bonds are issuable only as fully registered bonds without coupons in denominations of $5,000 principal amount and any integral multiple thereof. The Series 2019A Bonds are being issued in the principal amounts, bear interest at the rates and mature on the dates as provided in the Indenture mentioned below. The Series 2019A Bonds are subject to redemption prior to maturity on the dates, at the redemption prices and under the circumstances described in the Indenture.

The Series 2019A Bonds are being issued pursuant to a resolution adopted by the Governing Board of the Department on January 17, 2019 (the "Bond Resolution"), the Residential Mortgage Revenue Bond Trust Indenture dated as of November 1, 1987, between the Department, as successor to the Texas Housing Agency, and The Bank of New York Mellon Trust Company, N.A., as trustee (as successor trustee to MTrust Corp) (the "Trustee") (as heretofore amended and supplemented, the "RMRB Indenture"), and the Thirty-Third Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of March 1, 2019, between the Department and the Trustee (the "Thirty-Third Supplemental Indenture"). The Thirty-Third Supplemental Indenture and the RMRB Indenture are referred to herein collectively as the "Indenture." Capitalized terms not otherwise defined herein have the meanings assigned to such terms in the Indenture.

The RMRB Indenture permits the issuance of additional bonds on a parity with the Series 2019A Bonds upon the terms and conditions set forth in the RMRB Indenture. The Department reserves the right in the RMRB Indenture to issue other bonds of the Department under the RMRB Indenture for other programs similar to the program initially funded with the proceeds of the Series 2019A Bonds and to refund bonds issued under the RMRB Indenture, and further reserves the right to issue bonds payable from the pledges and assignments in trust pursuant to the RMRB Indenture that are junior or subordinate to the Series 2019A Bonds, all as provided in the RMRB Indenture.

The scope of our engagement as Bond Counsel extends solely to an examination of the facts and law incident to rendering an opinion with respect to the legality and validity of the Series 2019A Bonds and the security therefor. We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2019A Bonds and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement). We have not assumed any responsibility with respect to the financial condition or capability of the Department or the disclosure thereof. In our capacity as Bond Counsel, we have participated in the preparation of and have examined a transcript of certain proceedings pertaining to the Series 2019A Bonds, including certain certified and original proceedings of the Department and the State of Texas (the "State"), and customary certificates, opinions, affidavits and other documents executed by officers, agents and representatives of the Department, the State, the Trustee and others. We have also examined applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, Treasury Regulations and published ratings of the Internal Revenue Service (the "Service") as we have deemed relevant. We have also examined executed Bond No. TR-1 of the Series 2019A Bonds.

We have assumed without independent verification (i) the genuineness of certificates, records and other documents (collectively, "Documents") and the accuracy and completeness of the statements of fact contained therein; (ii) the due authorization, execution and delivery of the Documents described above by the other parties thereto; (iii) that all Documents submitted to us as originals are accurate and complete; and (iv) that all Documents submitted to us as copies are true and correct copies of the originals thereof.

Based upon such examination and subject to the assumptions, qualifications and limitations set forth herein, it is our opinion that, under existing law:

1. The Department is a public and official governmental agency of the State, duly created and existing under the laws of the State, particularly Chapter 2306, Texas Government Code, as amended (together with other laws of the State applicable to the Department, the "Act"), and has full power and authority to adopt the Bond Resolution and to perform its obligations thereunder; to execute and deliver the Thirty-Third Supplemental Indenture; to perform its obligations under the Indenture; and to issue and sell the Series 2019A Bonds and to utilize the proceeds therefrom for the purposes set forth in the Bond Resolution and the Indenture.

2. The Department has duly adopted the Bond Resolution and has duly authorized, executed and delivered the Thirty-Third Supplemental Indenture. The Indenture constitutes a legal, valid and binding obligation of the Department. Pursuant to the Indenture, all of the Department's right, title and interest in and to the Trust Estate, including the Revenues and other amounts to be received by the Department have been validly and effectively assigned and, upon receipt of such Revenues and amounts by the Trustee, pledged as security for the payment of the principal and redemption price of and interest on the Series 2019A Bonds. We draw your attention to the fact that the Series 2019A Bonds are secured on a parity basis with the Department's Residential Mortgage Revenue Bonds, Series 2009C-1; Residential Mortgage Revenue Bonds, Series 2009C-2; Residential Mortgage Revenue Bonds, Series 2011A; and Residential Mortgage Revenue Bonds, Series 2011B, all issued under the RMRB Indenture. The Department has also issued its promissory note dated September 28, 2016, which is secured on a basis expressly subordinate to the Series 2019A Bonds.

3. The Department has duly authorized the issuance, execution and delivery of the Series 2019A Bonds. The authorized officers of the Department have duly executed the Series 2019A Bonds and the Trustee has duly authenticated the Series 2019A Bonds, to the extent required by the Indenture, and delivered the Series 2019A Bonds to or at the direction of the initial purchasers thereof. The Series 2019A Bonds constitute legal, valid and binding limited obligations of the Department and are entitled to the benefit and security of the Indenture.

4. The Series 2019A Bonds are issued pursuant to the provisions of the Act and constitute limited obligations of the Department and are payable solely from the revenues, funds and assets of the Department pledged under the Indenture and not from any other revenues, funds or assets of the Department. The Series 2019A Bonds are not and do not create or constitute in any way an obligation, a debt or a liability of the State, or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State. The Department has no taxing power.

5. Interest on the Series 2019A Bonds is excludable from gross income for federal income tax purposes.

6. Interest on the Series 2019A Bonds is not an item of tax preference includable in alternative minimum taxable income for purposes of determining a taxpayer's alternative minimum tax liability.

In providing the opinions set forth in paragraphs 5 and 6 above, we have relied on representations of the Department, the Department's Financial Advisor, the Underwriters, the Servicer and the Mortgage Lenders with respect to matters solely within the knowledge of the Department, the Department's Financial Advisor, the Underwriters, the Servicer and the Mortgage Lenders, respectively, which we have not independently verified, and have assumed continuing compliance with the procedures, safeguards and covenants in the Indenture and other documents relating to the requirements of the Code. We have further relied on the report (the "Report") of Causey Demgen & Moore P.C., certified public accountants, regarding the mathematical accuracy of certain computations. In the event that any of such representations or the Report is determined to be inaccurate or incomplete or the Department, a Mortgage Lender or the Servicer fails to comply with the foregoing procedures, safeguards and covenants in the Indenture, interest on the Series 2019A Bonds could become includable in gross income for federal income tax purposes from the date of original delivery thereof, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of the Series 2019A Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Thirty-Third Supplemental Indenture, upon the advice or with an approving opinion of nationally recognized bond counsel. We express no opinion with respect to our ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest on the Series 2019A Bonds from gross income for federal income tax purposes.

The enforceability of certain provisions of the Series 2019A Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors. Furthermore, the availability of equitable remedies under the Series 2019A Bonds may be limited by general principles of equity that permit the exercise of judicial discretion. Furthermore, the enforceability of any indemnification provisions contained in the Indenture may be limited by applicable securities laws and public policy.

Holders of the Series 2019A Bonds should also be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit, and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits" tax on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Series 2019A Bonds.

The opinions set forth above speak only as of their date and only in connection with the Series 2019A Bonds and may not be applied to any other transaction. Such opinions are specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Series 2019A Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Department as the taxpayer. We observe that the Department has covenanted in the Thirty-Third Supplemental Indenture not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Series 2019A Bonds as includable in gross income for federal income tax purposes.

Very truly yours,

APPENDIX E-1

ADDITIONAL INFORMATION CONCERNING MORTGAGE CERTIFICATES

Additional Information Concerning Mortgage Certificates

The Texas Department of Housing and Community Affairs (the "Department") owns an extensive portfolio of GNMA/FNMA/Freddie Mac Certificates (Mortgage Certificates) acquired with the proceeds of the Department's Single Family Mortgage Revenue Bonds, Single Family Mortgage Revenue Bonds (Collateralized Home Mortgage Revenue Bonds), Residential Mortgage Revenue Bonds, GNMA Collateralized Home Mortgage Revenue Bonds and Collateralized Home Mortgage Revenue Bonds. The following tables summarize certain information regarding the Residential Mortgage Revenue Bond Trust Indenture as of September 30, 2018.

Residential Mortgage Revenue Bond (RMRB) Trust Indenture

Series	Original Issue Amount	Bonds Outstanding	Average Weighted Mortgage Rates for Outstanding Mortgage Certificates (%)	Mortgage Certificates Outstanding
Surplus	$ -	$ -	3.80	$ 11,733,497
2009 A, B	102,605,000	21,380,000	6.14	19,604,087
2009 C-1 / 2011 A	149,030,000	45,985,000	5.33	45,821,558
2009 C-2 / 2011 B	148,035,000	53,235,000	4.49	55,331,454
TOTAL	$ 399,670,000	$ 120,600,000		$ 132,490,595

Note 1: In addition to the RMRB Bonds Outstanding shown above, the Department has issued one subordinate Note Payable with an outstanding balance of $10,000,000.

Note 2: The Series 2009A,B Bonds shown above were redeemed on February 1, 2019.

RMRB Mortgage Certificate Loan Type

Loan Type	Number of Outstanding Mortgage Loans	Outstanding Principal Amount	Percent of Mortgage Certificates Outstanding
GNMA Certificates	1,409	$ 131,813,640	99.49%
FNMA Certificates	20	676,955	0.51%
TOTAL	1,429	$ 132,490,595	100.00%

Note 3: On January 29, 2019, the Department sold $17,678,896.13 of the GNMA Certificates and Fannie Mae Certificates related to the Series 2009A Bonds and the Series 2009B Bonds, and used the proceeds, together with other available funds, to redeem all outstanding Series 2009A Bonds and Series 2009B Bonds.

RMRB Mortgage Certificates Servicers

Servicers	Number of Outstanding Mortgage Loans	Percent of Mortgage Certificates Outstanding
Bank of America	1,167	80.83%
Texas Star	150	10.38%
US Bank	112	8.80%
TOTAL	1,429	100.00%

Other Information
Mortgage Loan Information Management System

All Mortgage Loans made with proceeds of the Department's mortgage revenue bonds permit partial or complete prepayment without penalty. Mortgage Loans, in general, may also be terminated prior to their respective maturities as a result of events such as default, sale, condemnation or casualty loss. A number of factors, including general economic conditions, homeowner mobility and mortgage market interest rates, will affect the rate of actual prepayments for a particular portfolio of mortgage loans.

The Department does not service the Mortgage Loans backing Mortgage Certificates; however, the Department monitors the origination and payment of such Mortgage Loans.

DISCLAIMER

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

APPENDIX E-2

BOND SUMMARY OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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Bond Summary of the Texas Department of Housing and Community Affairs

General - Single Family Since 1979, the year of creation of the Texas Housing Agency (the Agency), a predecessor to the Department, through September 30, 2018, there have been issued by the Agency or the Department, sixty series of Single Family Mortgage Revenue Bonds, four series of Junior Lien Single Family Mortgage Revenue Refunding Bonds, thirty-six series of Residential Mortgage Revenue Bonds, eleven series of Collateralized Home Mortgage Revenue Bonds, ten series of GNMA/FNMA Collateralized Home Mortgage Revenue Bonds, and two series of Government National Mortgage Association Collateralized Home Mortgage Revenue Bonds. As of September 30, 2018, the aggregate outstanding principal amount of bonded indebtedness of the Department for single family housing purposes was $583,350,402. In addition to the single family bonds mentioned above, the Department has issued two subordinate Notes Payable with an outstanding balance of $22,000,000.

Single Family Mortgage Revenue Bonds (SFMRBs) The Department has issued sixty series of Single Family Mortgage Revenue and Refunding Bonds under a Single Family Mortgage Revenue Bond Trust Indenture, dated as of October 1, 1980, which was amended and restated on June 1, 2017. These bonds are secured on an equal and ratable basis by the trust estate established by the SFMRB Indenture. As of September 30, 2018, thirteen series were outstanding with an aggregate outstanding principal amount totaling $458,595,402. In addition to the SFMRBs mentioned above, the Department has issued one subordinate Note Payable with an outstanding balance of $12,000,000.

Junior Lien Bonds The Department has issued four series of its Junior Lien Single Family Mortgage Revenue Refunding Bonds (the Junior Lien Bonds) pursuant to a Junior Lien Trust Indenture, dated as of May 1, 1994. The Junior Lien Bonds are secured on an equal and ratable basis with each other and on a subordinated basis to the Single Family Mortgage Revenue Bonds by the trust estate held under the SFMRB Indenture. As of September 30, 2018, one series was outstanding with an aggregate outstanding principal of $3,855,000.

Residential Mortgage Revenue Bonds (RMRBs) The Department has issued thirty-six series of Residential Mortgage Revenue and Refunding Bonds pursuant to the Residential Mortgage Revenue Bond Trust Indenture, and are secured on an equal and ratable basis by the trust estate established by the RMRB Indenture. As of September 30, 2018, six series were outstanding with an aggregate outstanding principal amount of $120,600,000. In addition to the RMRBs mentioned above, the Department has issued one subordinate Note Payable with an outstanding balance of $10,000,000.

Collateralized Home Mortgage Revenue Bonds (CHMRBs) The Department has issued eleven series of Collateralized Home Mortgage Revenue Bonds pursuant to the Collateralized Home Mortgage Revenue Bond Master Indenture, and are secured on an equal and ratable basis by the trust estate established by such trust indentures. As of September 30, 2018, two series of CHMRBs were outstanding with an aggregate outstanding principal amount of $300,000.

Single Family Collateralized Home Mortgage Revenue Bonds – 1993 (SFCHMRB - 1993) The Department has issued five series of single family mortgage revenue bonds under a GNMA/FNMA Collateralized Home Mortgage Revenue Bond Trust Indenture dated as of November 1, 1993, amended as of February 1, 1995 by and between the Department and Bank One, Texas, NA. On November 1, 2004, the SFCHMRB – 1993s were redeemed in whole by the SFMRB 2004 Series E Bonds.

Single Family Collateralized Home Mortgage Revenue Bonds – 1994 (SFCHMRB – 1994) The Department has issued three series of single family mortgage revenue bonds in 1994 and 1995 under a GNMA/FNMA Collateralized Home Mortgage Revenue Bond Master Trust Indenture dated as of November 1, 1994, supplemented by a First Supplemental GNMA/FNMA Collateralized Home Mortgage Revenue Bond Trust Indenture dated as of November 1, 1994, as amended as of February 1, 1995, by and between the Department and Bank One, Texas, N.A. On December 16, 2004, the underlying mortgage backed securities were sold and funds were escrowed to redeem the bonds in whole on their optional redemption dates of February 22, 2005, April 26, 2005 and June 27, 2006.

The Department has issued two series of single family mortgage revenue refunding bonds in 1995 for the purpose of refunding certain notes which previously refunded certain Bonds outstanding, under a GNMA/FNMA Collateralized Home Mortgage Revenue Bond Master Trust Indenture and a First Supplemental GNMA/FNMA Collateralized Home Mortgage Revenue Bond Trust Indenture and Second Supplemental GNMA/FNMA Collateralized Home Mortgage Revenue Bond Trust Indenture, each dated as of November 1, 1994, each amended as of February 1, 1995, and each by and between the Department and Bank One, Texas, NA, as Trustee. On December 1, 2003, all series of SFCHMRB – 1995s were redeemed in whole.

GNMA Collateralized Home Mortgage Revenue Bonds The Department has issued two series of GNMA Collateralized Home Mortgage Revenue Bonds, Series 1989A and Series 1989B in aggregate principal amounts of $72,000,000 and $48,250,000, respectively (the "GNMA Collateralized Bonds"), pursuant to two separate indentures, which are not on an equal and ratable basis with each other. The GNMA Collateralized Bonds were sold through two separate private placement transactions with FNMA. The proceeds of the Series 1989A GNMA Collateralized Bonds were used by the Department to redeem in whole the Department's previously issued $25,000,000 Residential Mortgage Revenue Bonds, Series 1987B, and its previously issued $47,000,000 Residential Mortgage Revenue Bonds, Series 1987C. The proceeds of the Series 1989B GNMA Collateralized Bonds were used to finance mortgage loans through the acquisition of GNMA Certificates and, except for a portion reserved for targeted area loans, such proceeds were reserved to finance the purchase by eligible borrowers of real estate owned by financial institutions in the State of Texas or by the Department. On December 2, 1999, the GNMA Collateralized Home Mortgage Revenue Bonds were redeemed in whole by the RMRB 1999 Series D Bonds.

Collateralized Mortgage Obligations On May 4, 1987, the Department issued its $100,000,000 Collateralized Mortgage Obligations, Series 1987A, as an investment vehicle to provide funds to carry out certain housing assistance programs of the Department. As of February 1, 1996, the Collateralized Mortgage Obligations were redeemed in whole.

General - Multifamily The Department is a conduit issuer for the State of Texas with authority to issue tax-exempt and taxable Multifamily Mortgage Revenue Bonds statewide. The Department and the Agency have issued two hundred and thirty-three Multifamily Mortgage Revenue Bonds which have been issued pursuant to separate trust indentures and are secured by individual trust estates which are separate and distinct from each other. As of September 30, 2018, eighty-six series were outstanding with an aggregate outstanding principal amount of $885,184,313. In addition to the bonds mentioned above, the Department has issued four Multifamily Notes Payable with an outstanding balance of $87,727,747.

APPENDIX F

APPLICABLE MEDIAN FAMILY INCOMES AND MAXIMUM ACQUISITION COST LIMITATIONS

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TDHCA My FIRST Texas Home / My CHOICE Texas Home / Texas Mortgage Credit Certificate Program (MCC)

Combined Income and Purchase Price Limits Table

(Including Income Limit Adjustments for High Housing Cost Areas)

My FIRST Texas Home and Texas MCC considers the income of all person(s) who will sign the Deed of Trust (including Non-Puchasing Spouse).
My CHOICE Texas Home considers the standard lender income calculation (1003/credit qualifying income).

Effective October 17, 2018

		NON-TARGETED AREAS			* TARGETED AREAS		
Area of State	**Counties in Area**	**100% AMFI 1 or 2 Persons**	**115% AMFI 3 or more Persons**	**1-UNIT Non-Targeted Area Purchase Price Limit**	**120% AMFI 1 or 2 Persons**	**140% AMFI 3 or more Persons**	**I UNIT Targeted Area Purchase Price Limit**
Balance of State	**All other counties not mentioned below**	**$68,800**	**$79,120**	**$271,164**	**$82,560**	**$96,320**	**$331,423**
Andrews County	Andrews	$75,900	$87,285	$271,164	*No Targeted Census Tracts in County*		
Austin County, HMFA	Austin	$72,400	$83,260	$304,941	*No Targeted Census Tracts in County*		
Austin-Round Rock, MSA	Bastrop, Caldwell, Hays*, Travis* & Williamson	$86,000	$98,900	$353,646	$103,200	$120,400	$432,235
Blanco County	Blanco	$72,400	$83,260	$271,164	*No Targeted Census Tracts in County*		
Borden County	Borden	$74,500	$85,675	$271,164	*No Targeted Census Tracts in County*		
Brazoria County, HMFA	Brazoria	$91,100	$104,765	$304,941	*No Targeted Census Tracts in County*		
Crane County	Crane	$72,900	$83,835	$271,164	*No Targeted Census Tracts in County*		
Dallas, HMFA	Collin*, Dallas*, Denton*, Ellis*, Hunt*, Kaufman* & Rockwall	$82,837	$95,262	$355,764	$92,640	$108,080	$434,823
Fort Worth - Arlington, HMFA	Johnson*, Parker & Tarrant*	$83,237	$95,722	$355,764	$90,240	$105,280	$434,823
Gillespie County	Gillespie	$71,000	$81,650	$271,164	*No Targeted Census Tracts in County*		
Glasscock County	Glasscock	$87,100	$100,165	$271,164	*No Targeted Census Tracts in County*		
Hartley County	Hartley	$73,000	$83,950	$271,164	*No Targeted Census Tracts in County*		
Hemphill County	Hemphill	$70,000	$80,500	$271,164	*No Targeted Census Tracts in County*		
Hood County, HMFA	Hood	$84,237	$96,872	$355,764	*No Targeted Census Tracts in County*		
Houston-The Woodlands-Sugar Land, HMFA	Chambers, Fort Bend*, Galveston, Harris*, Liberty, Montgomery* & Waller	$74,900	$86,135	$304,941	$89,880	$104,860	$372,706
Jackson County	Jackson	$71,400	$82,110	$271,164	*No Targeted Census Tracts in County*		
Kendall County, HMFA	Kendall	$93,400	$107,410	$331,411	*No Targeted Census Tracts in County*		
King County	King	$74,600	$85,790	$271,164	*No Targeted Census Tracts in County*		
Lipscomb County	Lipscomb	$79,300	$91,195	$271,164	*No Targeted Census Tracts in County*		
Loving County	Loving	$78,500	$90,275	$271,164	*No Targeted Census Tracts in County*		
Martin County, HMFA	Martin	$68,800	$79,120	$271,164	*No Targeted Census Tracts in County*		
Medina County, HMFA	Medina	$77,509	$89,136	$331,411	*No Targeted Census Tracts in County*		
Midland, HMFA	Midland*	$90,500	$104,075	$271,164	$108,600	$126,700	$331,423
Odessa MSA	Ector*	$72,600	$83,490	$271,164	$87,120	$101,640	$331,423
Oldham County, HMFA	Oldham	$69,900	$80,385	$271,164	*No Targeted Census Tracts in County*		
Reagan County	Reagan	$71,400	$82,110	$271,164	*No Targeted Census Tracts in County*		
Roberts County	Roberts	$88,000	$101,200	$271,164	*No Targeted Census Tracts in County*		
San Antonio-New Braunfels, MSA	Atascosa*, Bandera, Bexar*, Comal, Guadalupe* & Wilson	$77,789	$89,458	$331,411	$82,560	$96,320	$405,058
Schleicher County	Schleicher	$70,800	$81,420	$271,164	*No Targeted Census Tracts in County*		
Somervell County, HMFA	Somervell	$82,560	$96,320	$355,764	*No Targeted Census Tracts in County*		
Victoria MSA	Goliad, Victoria*	$69,300	$79,695	$271,164	$83,160	$97,020	$331,423
Wise County, HMFA	Wise	$82,560	$96,320	$355,764	*No Targeted Census Tracts in County*		

*** Property must be located in a qualified targeted census tract to use the Targeted Area Limits.**

"AMFI" - Area Median Family Income; "MSA" - Metropolitan Statistical Area; "HMFA" - HUD Metro FMR Area
Down Payment Assistance Available to ALL Income Categories - *Targeted Areas are areas of severe economic distress.
For additional information please visit our website at www.MyFirstTexasHome.com

TDHCA My First Texas Home / My Choice Texas Home / Texas Mortgage Credit Certificate Program (MCC)
2-Unit Purchase Price Limits- Effective October 17, 2018

Area of State	Counties in Area	2-Unit Non Targeted Area Limits	2-Unit Targeted Area Limits
Balance of State	**All remaining counties not mentioned above**	**$347,178.00**	**$424,329.00**
Andrews County	Andrews	**$347,178.00**	***No Targeted Census Tracts in County***
Austin County, HMFA	Austin	**$390,384.00**	***No Targeted Census Tracts in County***
Austin-Round Rock, MSA	Bastrop, Caldwell, Hays, Travis & Williamson	**$452,716.00**	**$553,319**
Blanco County	Blanco	**$347,178.00**	***No Targeted Census Tracts in County***
Borden County	Borden	**$347,178.00**	***No Targeted Census Tracts in County***
Brazoria County, HMFA	Brazoria	**$390,384.00**	***No Targeted Census Tracts in County***
Crane County	Crane	**$347,178.00**	***No Targeted Census Tracts in County***
Dallas, HMFA	Collin, Dallas, Denton, Ellis, Hunt, Kaufman & Rockwall	**$455,432.00**	**$556,639**
Fort Worth - Arlington, HMFA	Johnson, Parker & Tarrant	**$455,432.00**	**$556,639**
Gillespie County	Gillespie	**$347,178.00**	***No Targeted Census Tracts in County***
Glasscock County	Glasscock	**$347,178.00**	***No Targeted Census Tracts in County***
Hartley County	Hartley	**$347,178.00**	***No Targeted Census Tracts in County***
Hemphill County	Hemphill	**$347,178.00**	***No Targeted Census Tracts in County***
Hood County, HMFA	Hood	**$455,432.00**	***No Targeted Census Tracts in County***
Houston-The Woodlands-Sugar Land, HMFA	Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery & Waller	**$390,384.00**	**$477,136**
Jackson County	Jackson	**$347,178.00**	***No Targeted Census Tracts in County***
Kendall County, HMFA	Kendall	**$424,266.00**	***No Targeted Census Tracts in County***
King County	King	**$347,178.00**	***No Targeted Census Tracts in County***
Lipscomb County	Lipscomb	**$347,178.00**	***No Targeted Census Tracts in County***
Loving County	Loving	**$347,178.00**	***No Targeted Census Tracts in County***
Martin County, HMFA	Martin	**$347,178.00**	***No Targeted Census Tracts in County***
Medina County, HMFA	Medina	**$424,266.00**	***No Targeted Census Tracts in County***
Midland, HMFA	Midland	**$347,178.00**	**$424,329**
Odessa MSA	Ector	**$347,178.00**	**$424,329**
Oldham County, HMFA	Oldham	**$347,178.00**	***No Targeted Census Tracts in County***
Reagan County	Reagan	**$347,178.00**	***No Targeted Census Tracts in County***
Roberts County	Roberts	**$347,178.00**	***No Targeted Census Tracts in County***
San Antonio-New Braunfels, MSA	Atascosa, Bandera, Bexar, Comal, Guadalupe & Wilson	**$424,266.00**	**$518,547**
Schleicher County	Schleicher	**$347,178.00**	***No Targeted Census Tracts in County***
Somervell County, HMFA	Somervell	**$455,432.00**	***No Targeted Census Tracts in County***
Victoria MSA	Goliad, Victoria	**$347,178.00**	**$424,329**
Wise County, HMFA	Wise	**$455,432.00**	***No Targeted Census Tracts in County***

*** Property must be located in a qualified targeted census tract to use the Targeted Area Limits.**

APPENDIX G

TABLE OF PROJECTED WEIGHTED AVERAGE LIFE DATA AT VARIOUS PREPAYMENT SPEEDS

Prepayment Speed of Mortgage Loans (SIFMA)		Term Bonds Due 7/1/2034	Term Bonds Due 7/1/2039	Term Bonds Due 7/1/2044	Term Bonds Due 1/1/2050	Prem PAC Term Bonds Due 1/1/2049
0%	Average Life	14.5	18.1	23.1	27.8	16.6
	Average Maturity Date	10/6/2033	5/2/2037	5/4/2042	12/28/2046	10/21/2035
	First Redemption Date	1/1/2032	1/1/2035	1/1/2040	1/1/2045	1/1/2020
	Last Redemption Date	7/1/2034	7/1/2039	7/1/2044	8/1/2048	7/1/2046
50%	Average Life	14.5	17.7	21.1	22.6	7.1
	Average Maturity Date	9/28/2033	11/14/2036	4/12/2040	10/29/2041	4/25/2026
	First Redemption Date	1/1/2032	1/1/2033	1/1/2033	1/1/2033	1/1/2020
	Last Redemption Date	7/1/2034	7/1/2039	7/1/2044	11/1/2046	1/1/2033
75%	Average Life	14.1	16.5	18.9	19.5	5.6
	Average Maturity Date	5/8/2033	9/25/2035	1/30/2038	9/29/2038	10/17/2024
	First Redemption Date	8/1/2030	8/1/2030	8/1/2030	8/1/2030	1/1/2020
	Last Redemption Date	7/1/2034	7/1/2039	7/1/2044	10/1/2045	7/1/2029
100%	Average Life	13.3	15.1	16.7	16.9	4.9
	Average Maturity Date	7/15/2032	4/29/2034	11/21/2035	2/29/2036	2/15/2024
	First Redemption Date	3/1/2020	3/1/2020	1/1/2020	1/1/2020	1/1/2020
	Last Redemption Date	7/1/2034	7/1/2039	7/1/2044	10/1/2044	1/1/2028
125%	Average Life	12.2	13.6	14.6	14.7	4.9
	Average Maturity Date	5/29/2031	10/7/2032	10/22/2033	12/6/2033	2/15/2024
	First Redemption Date	1/1/2020	1/1/2020	1/1/2020	1/1/2020	1/1/2020
	Last Redemption Date	7/1/2034	7/1/2039	1/1/2044	1/1/2044	1/1/2028
150%	Average Life	11.1	12.2	12.9	12.9	4.9
	Average Maturity Date	4/24/2030	5/16/2031	1/26/2032	2/6/2032	2/15/2024
	First Redemption Date	1/1/2020	1/1/2020	1/1/2020	1/1/2020	1/1/2020
	Last Redemption Date	7/1/2034	7/1/2039	3/1/2043	3/1/2043	1/1/2028
175%	Average Life	10.2	10.9	11.4	11.4	4.9
	Average Maturity Date	5/27/2029	2/28/2030	8/11/2030	8/9/2030	2/15/2024
	First Redemption Date	1/1/2020	1/1/2020	1/1/2020	1/1/2020	1/1/2020
	Last Redemption Date	7/1/2034	7/1/2039	6/1/2042	6/1/2042	1/1/2028

200%	Average Life	9.3	9.9	10.2	10.2	4.9
	Average Maturity Date	7/13/2028	2/7/2029	5/21/2029	5/22/2029	2/15/2024
	First Redemption Date	1/1/2020	1/1/2020	1/1/2020	1/1/2020	1/1/2020
	Last Redemption Date	7/1/2034	7/1/2039	10/1/2041	10/1/2041	1/1/2028
300%	Average Life	6.7	6.8	6.8	6.8	4.9
	Average Maturity Date	11/23/2025	1/6/2026	1/23/2026	1/18/2026	2/15/2024
	First Redemption Date	12/1/2019	12/1/2019	12/1/2019	12/1/2019	1/1/2020
	Last Redemption Date	7/1/2034	7/1/2039	12/1/2039	12/1/2039	1/1/2028
400%	Average Life	4.8	4.8	4.8	4.8	4.9
	Average Maturity Date	12/28/2023	1/9/2024	1/10/2024	1/9/2024	2/16/2024
	First Redemption Date	12/1/2019	12/1/2019	12/1/2019	12/1/2019	1/1/2020
	Last Redemption Date	7/1/2034	7/1/2038	8/1/2038	8/1/2038	1/1/2028
500%	Average Life	4.0	3.9	3.9	3.9	3.7
	Average Maturity Date	3/5/2023	2/23/2023	2/21/2023	2/21/2023	12/10/2022
	First Redemption Date	12/1/2019	12/1/2019	12/1/2019	12/1/2019	12/1/2019
	Last Redemption Date	10/1/2033	10/1/2033	9/1/2033	9/1/2033	1/1/2028

APPENDIX H

UNEXPENDED PROCEEDS REDEMPTION PRICE FOR PREMIUM SERIAL BONDS AND PREMIUM PAC TERM BONDS

Redemption Period (Both dates are inclusive)			Premium Serial Bonds Due 7/1/2020	Premium Serial Bonds Due 7/1/2021	Premium Serial Bonds Due 7/1/2022	Premium Serial Bonds Due 7/1/2023
Closing Date	through	6/30/2019	104.116%	107.124%	109.987%	112.559%
7/1/2019	through	7/31/2019	103.212%	106.253%	109.146%	111.757%
8/1/2019	through	8/31/2019	102.944%	105.995%	108.897%	111.519%
9/1/2019	through	9/30/2019	102.677%	105.737%	108.648%	111.282%
10/1/2019	through	10/31/2019	102.410%	105.480%	108.399%	111.044%
11/1/2019	through	11/30/2019	102.143%	105.223%	108.151%	110.808%
12/1/2019	through	12/31/2019	101.877%	104.966%	107.903%	110.571%
1/1/2020	through	6/30/2020	101.610%	104.709%	107.655%	110.335%
7/1/2020	through	12/31/2020		103.151%	106.151%	108.900%
1/1/2021	through	6/30/2021		101.580%	104.633%	107.451%
7/1/2021	through	12/31/2021			103.101%	105.988%
1/1/2022	through	6/30/2022			101.555%	104.510%
7/1/2022	through	9/1/2022				103.019%

Redemption Period (Both dates are inclusive)			Premium Serial Bonds Due 7/1/2024	Premium Serial Bonds Due 7/1/2025	Premium Serial Bonds Due 7/1/2026	Premium Serial Bonds Due 7/1/2027
Closing Date	through	6/30/2019	114.913%	116.984%	118.671%	120.004%
7/1/2019	through	7/31/2019	114.149%	116.262%	117.996%	119.378%
8/1/2019	through	8/31/2019	113.923%	116.048%	117.795%	119.192%
9/1/2019	through	9/30/2019	113.697%	115.834%	117.595%	119.006%
10/1/2019	through	10/31/2019	113.472%	115.621%	117.396%	118.821%
11/1/2019	through	11/30/2019	113.246%	115.408%	117.197%	118.636%
12/1/2019	through	12/31/2019	113.021%	115.195%	116.998%	118.452%
1/1/2020	through	6/30/2020	112.797%	114.983%	116.799%	118.268%
7/1/2020	through	12/31/2020	111.430%	113.690%	115.590%	117.146%
1/1/2021	through	6/30/2021	110.050%	112.384%	114.367%	116.011%
7/1/2021	through	12/31/2021	108.656%	111.064%	113.131%	114.862%
1/1/2022	through	6/30/2022	107.248%	109.730%	111.881%	113.701%
7/1/2022	through	9/1/2022	105.826%	108.382%	110.618%	112.525%

Redemption Period (Both dates are inclusive)			Premium Serial Bonds Due 7/1/2028	Premium Serial Bonds Due 7/1/2029	Premium Serial Bonds Due 7/1/2030	Premium Serial Bonds Due 1/1/2031
Closing Date	through	6/30/2019	121.147%	120.043%	118.770%	117.781%
7/1/2019	through	7/31/2019	120.566%	119.495%	118.259%	117.299%
8/1/2019	through	8/31/2019	120.393%	119.332%	118.107%	117.156%
9/1/2019	through	9/30/2019	120.221%	119.169%	117.956%	117.013%
10/1/2019	through	10/31/2019	120.049%	119.007%	117.805%	116.870%
11/1/2019	through	11/30/2019	119.878%	118.846%	117.655%	116.729%
12/1/2019	through	12/31/2019	119.707%	118.685%	117.505%	116.588%
1/1/2020	through	6/30/2020	119.537%	118.524%	117.356%	116.447%
7/1/2020	through	12/31/2020	118.495%	117.541%	116.440%	115.583%
1/1/2021	through	6/30/2021	117.441%	116.546%	115.512%	114.707%
7/1/2021	through	12/31/2021	116.373%	115.538%	114.571%	113.819%
1/1/2022	through	6/30/2022	115.293%	114.516%	113.618%	112.918%
7/1/2022	through	9/1/2022	114.200%	113.482%	112.652%	112.005%

Redemption Period (Both dates are inclusive)			Premium Serial Bonds Due 7/1/2031	Premium Serial Bonds Due 1/1/2032	Premium Serial Bonds Due 7/1/2032	Premium PAC Term Bonds Due 1/1/2049
Closing Date	through	6/30/2019	117.602%	117.157%	117.068%	110.128%
7/1/2019	through	7/31/2019	117.125%	116.693%	116.607%	109.566%
8/1/2019	through	8/31/2019	116.983%	116.555%	116.469%	109.399%
9/1/2019	through	9/30/2019	116.842%	116.417%	116.333%	109.233%
10/1/2019	through	10/31/2019	116.701%	116.281%	116.196%	109.067%
11/1/2019	through	11/30/2019	116.561%	116.144%	116.061%	108.901%
12/1/2019	through	12/31/2019	116.422%	116.009%	115.926%	108.736%
1/1/2020	through	6/30/2020	116.283%	115.874%	115.792%	108.609%
7/1/2020	through	12/31/2020	115.428%	115.042%	114.965%	107.661%
1/1/2021	through	6/30/2021	114.561%	114.199%	114.126%	106.695%
7/1/2021	through	12/31/2021	113.683%	113.343%	113.275%	105.711%
1/1/2022	through	6/30/2022	112.791%	112.476%	112.412%	104.707%
7/1/2022	through	9/1/2022	111.887%	111.595%	111.537%	103.684%

APPENDIX I

PROPOSED FORM OF AMENDMENTS TO TRUST INDENTURE

The Department is proposing to amend and restate the Master Indenture pursuant to an Amended and Restated Residential Mortgage Revenue Bond Trust Indenture (the "Amended Indenture") for the purpose of consolidating prior amendments to the Master Indenture as well as making certain other amendments (the "Amendments") thereto. The Trust Indenture provides, with certain limited exceptions that are not applicable to the Amendments, that the Department may adopt a Supplemental Indenture modifying or amending any of the provisions of the Trust Indenture with the required consent of Bondholders. The Amended Indenture will take effect once the Department obtains the consent of Bondholders who hold at least two-thirds in aggregate principal amount of the Bonds Outstanding at the time such consent is given and complies with the other requirements of the Trust Indenture.

The Thirty-Third Supplemental Indenture provides that by their purchase of the Series 2019A Bonds, the initial purchasers thereof will be deemed to have consented to the Amendments, and such consent shall be irrevocable and binding upon all subsequent Holders and beneficial owners of the Series 2019A Bonds.

Blacklined changes of the Amendments to the corresponding provisions in the Master Indenture, as previously amended, identifying actual changes to the text, are set forth below in this APPENDIX I. For additional information regarding the Amendments, see "PROPOSED AMENDMENTS TO TRUST INDENTURE TO BE EFFECTIVE UPON REQUISITE BONDHOLDER CONSENT" in the forepart of this Official Statement.

SECTION 101. Definitions. The following terms shall, for all purposes of the Indenture, have the following meanings:

* * *

"Credit ~~Facility~~Agreement" shall mean (i) any agreement of the Department entered into in connection with and for the purpose of (A) enhancing or supporting the creditworthiness of a Series of Bonds or (B) providing liquidity with respect to Bonds which by their terms are subject to tender for purchase, and (ii) a Swap Agreement. A determination by the Department that an agreement constitutes a Credit Agreement under this definition shall be conclusive.

"Credit Agreement Obligations" shall mean any amounts payable by the Department under and pursuant to a Credit Agreement other than amounts payable as a Termination Payment.

* * *

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

* * *

"Fair Market Value" shall mean, as of any particular date of valuation: (i) as to Investment Securities the bid and asked prices of which are published on a regular basis in a financial journal or publication of general circulation in the United States of America, the bid price for such Investment Securities so published on or most recently prior to the date of valuation by the Trustee or any Depository; ~~or~~ (ii) as to Investment Securities the bid and asked prices of which are not published on a regular basis in a financial journal or publication of general circulation in the United States of America, the average bid price on such Investment Securities at the date of valuation by the Trustee or any Depository, as reported by any two nationally recognized dealers in such Investment Securities, or (iii) as to any Investment Security the bid prices of which are available through a nationally recognized service providing electronic access to market information on such Investment Security, the current bid price for such Investment Security as indicated through the electronic transmission of such price through such service as of the time of valuation by the Trustee.

* * *

"Mortgage Loan" shall mean: (i) any loan evidenced by a Mortgage Note and secured by a Mortgage which satisfies the requirements of Section 705, which is made, acquired or refinanced from amounts in the Mortgage Loan Fund or from other moneys of the Department (including amounts derived from temporary indebtedness incurred in anticipation of the issuance of Bonds), and which is pledged by the Department to the Trustee pursuant to the Indenture; and (ii) any evidence of participation in a loan described above. In the proper context, Mortgage Loan may mean and include a Mortgage Certificate.

* * *

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

* * *

"Rating Agency" shall mean, as of any particular date, any nationally-recognized credit rating agency whose rating has been requested or consented to in writing by the Department and is then in effect with respect to the Bonds.

* * *

"Swap Agreement" shall mean an agreement with respect to a Series of Bonds providing for an interest rate exchange other interest rate hedge for the purpose of converting in whole or in part the

Department's fixed or variable interest rate liability on all or a portion of such Bonds to a fixed or variable rate liability, including converting a variable rate liability to a different variable rate liability.

"Termination Payment" shall mean an amount owed by the Department to a counterparty pursuant to a Swap Agreement incurred in connection with the termination of the Swap Agreement and which, on the date of execution of the Swap Agreement, is not an amount representing a regularly scheduled payment under the Swap Agreement.

* * *

SECTION 302. Provisions for Issuance of Bonds. 1.~~All (but not less than all) of the initial~~ Except as provided in subsection 2 of Section 306 hereof, the Bonds of each Series, other than Refunding Bonds, shall be executed by the Department for issuance under this Indenture and delivered to the Trustee and thereupon shall be authenticated by the Trustee and by it delivered to the Department or upon its order, but only upon the receipt by the Trustee of:

* * *

(3) In the case of each Series of Bonds, a copy of the applicable Series Supplement, executed by an Authorized Representative of the Department, which shall specify:

(a) The authorized original Principal Amount, designation and Series of such Bonds;

(b) The purposes for which a Series of Bonds is being issued, which shall be one or more of the following purposes: (i) the making, acquisition or refinancing of Mortgage Loans; (ii) the making of deposits in amounts, if any, required by the Indenture to be paid into one or more Funds from the proceeds of such Series of Bonds; (iii) the payment of Costs of Issuance; and (iv) the refunding of Outstanding Bonds or other bonds or notes issued by the Department under the Act;

(c) The date and the maturity date or dates of the Bonds of such Series ~~(provided that each maturity date shall fall upon January 1 or July 1)~~ and the original Principal Amount of the Bonds of each such maturity;

(d) The interest payment dates on the Bonds of such Series and the interest rate or rates of the Bonds of such Series, or the manner of determining such rate or rates (provided that the interest on each Bond shall be payable ~~on each January 1 and July 1 and, with respect to Bonds subject to remarketing and interest rate adjustment, on such additional dates as may be determined by the Department~~as specified in the applicable Series Supplement);

(e) The designation of any of the Bonds of such Series ~~which~~that are to be Deferred Interest Bonds, the specification of the interest compounding dates for such Bonds ~~(provided that each such interest~~ compounding ~~date shall fall upon January 1 or July 1)~~, and a table setting forth the Accreted Value of such Deferred Interest Bonds as of the date of original issuance of such Series and as of each ~~January 1 and July 1~~date specified in the applicable Series Supplement during the stated term thereof;

(f) The denominations of and the manner of dating, numbering and lettering the Bonds of such Series, provided that such Bonds shall be in Authorized Denominations;

(g) The Paying Agents and the methods and places of payment of the Principal Amount or Redemption Price of and interest on the Bonds of such Series;

(h) Subject to Article IV, the Redemption Prices and other terms upon which the Bonds of such Series shall be subject to redemption, including the manner in which such Bonds are required to be selected for redemption~~ (provided that if such Bonds are subject to scheduled mandatory redemption, each scheduled mandatory redemption date shall fall upon January 1 or July 1)~~;

* * *

3. ~~All~~Except as may otherwise be provided in the applicable Series Supplement, all the Bonds of each Series of the same maturity shall be identical in all respects, except as to interest rate, denominations, numbers and letters. After the original issuance of Bonds of any Series no Bonds of such Series shall be issued except in lieu of or in substitution for other Bonds of such Series pursuant to Article III or Section 406 or Section 1006.

* * *

SECTION 304. Medium and Method of Payment; Form and Date; Letters and Numbers.

* * *

3. The Bonds of each Series shall be dated as provided in the applicable Series Supplement. Each Bond shall bear interest from the interest payment date thereon next preceding the date of authentication of such Bond, unless such date of authentication is an interest payment date, in which case such Bond shall bear interest from such interest payment date, or unless such date of authentication is prior to the first interest payment date on such Bond, in which case such Bond shall bear interest from the date thereof or such other date set forth in the applicable Series Supplement; provided, however, that if on such date of authentication the Department is in default in the payment of interest on such Bond, then such Bond shall bear interest from the date to which interest shall have been paid.

* * *

SECTION 405. Notice of Redemption. When the Trustee shall receive notice from the Department of its election or direction to redeem Bonds pursuant to Section 402, and when redemption of Bonds is authorized or required pursuant to Section 403, the Trustee shall give notice, in the name of the Department, of the redemption of such Bonds, which notice shall specify the Series, maturities and interest rates of the Bonds to be redeemed, the redemption date and the method and place or places of payment of the Redemption Price of such Bonds, the conditions, if any, to such redemption, and, if less than all of the Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notices shall also specify the respective portions of the Principal Amounts thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the Principal Amounts thereof, in the case of Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be given, not more than 60 and not less than 30 days before the redemption date, by first-class mail, postage prepaid, to the Holder of each Bond which is to be redeemed in whole or in part, at the address appearing upon the registration books kept by the Trustee; provided, however, that any such notice required to be sent to a Bond Depository may be sent by any method agreed upon by the Department, the Trustee and such Bond Depository. The Trustee's obligation to give notice required by this Section 405 shall not be conditioned upon the prior payment to the Trustee of funds sufficient to pay the Redemption Price of the Bonds to which such notice relates or interest thereon to the redemption date, unless otherwise specified in the applicable Series Supplement.

SECTION 406. Payment of Redeemed Bonds. Notice having been given in the manner provided in Section 405, and, upon the occurrence of any subsequent events or satisfaction of any conditions specified in such notice, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date. If there shall be drawn for redemption less than all of a Bond, the Department shall execute, the Trustee shall authenticate and the Paying Agent shall deliver, upon the surrender of such Bond, without charge to the Holder thereof, for the unredeemed balance of the Principal Amount of the Bond so surrendered, Bonds of the same Series, maturity, interest rate and aggregate Principal Amount, in any Authorized Denomination; provided, however, that if the applicable Series Supplement provides that the Redemption Price of any Bond redeemed in part is payable without the necessity of the presentation and surrender of such Bond, then the Trustee shall note on its records the Principal Amount so paid and the remaining Outstanding principal amount of such Bond. If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof of the same Series and maturity to be redeemed, together with interest to the redemption date, shall be held by the Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date, interest on the Bonds or portions thereof of the same Series and maturity so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

* * *

SECTION 408. Modification in Series Supplements. Notwithstanding any other provision of this Article IV to the contrary, the provisions of this Article IV as applied to any particular Series of Bonds may be modified or amended in the applicable Series Supplement.

* * *

SECTION 505. Revenue Fund; Application of Revenues. Prior to the transfer of any other amount from the Revenue Fund the Department may transfer from the Revenue Fund an amount equal to any rebatable arbitrage to the Rebate Fund.

1. Except as provided in this Section 505, all Revenues shall promptly upon receipt by the Department be deposited in the Revenue Fund. Revenues which have been received by Persons collecting Revenues on behalf of the Department but have not yet been paid over directly to the Department by such Persons shall not be required to be so deposited until so paid over; provided that such Revenues held by such Persons shall be deemed to have been received by the Department.

2. On or before each interest payment date on the Bonds~~ which occurs other than on a January 1 or July 1,~~, the Trustee shall transfer from the Revenue Fund to the Interest Fund an amount which, when added to any amounts already on deposit therein, will equal the amount of interest to become due and payable on the Bonds on such interest payment date.

3. On or before each ~~January 1 and July 1~~maturity date and each date fixed for the redemption of Bonds, the Trustee shall identify the amounts on deposit in the Revenue Fund representing Mortgage Loan Principal Payments and shall transfer such amounts to the Principal Fund, the Mortgage Loan Fund or to the Special Redemption Fund, as directed by a Letter of Instructions accompanied by a Cashflow Certificate or, in the absence of such instructions, as required by the Series Supplements applicable to the

Bonds the proceeds of which were used, directly or indirectly, to acquire the Mortgage Loans from which such Mortgage Loan Principal Payments derive. Any Letter of Instructions that directs the transfer of Mortgage Loan Principal Payments from the Revenue Fund to the Mortgage Loan Fund shall specify, with respect to the Mortgage Loans to be made, acquired or refinanced with such Mortgage Loan Principal Payments, each of the matters referred to in clause (m) of paragraph (3) of subsection 1 of Section 302, all of which shall be acceptable to each Rating Agency.

4. On or before each ~~January 1 and July 1~~maturity date and each date fixed for the redemption of Bonds, the Trustee shall also transfer from the Revenue Fund all other amounts on deposit therein, for the following purposes and in the following order of priority:

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

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

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

(d) Fourth, to the Debt Service Reserve Fund, an amount which (if any amount is required), when added to the amount already on deposit therein, will equal the Debt Service Reserve Fund Requirement;

(e) Fifth, to the Mortgage Reserve Fund, an amount which (if any amount is required), when added to the amount already on deposit therein, will equal the Mortgage Reserve Fund Requirement; ~~and~~

(f) Sixth, to the Expense Fund, the amount, if any, specified in a Letter of Instructions as being necessary to pay Department Expenses (other than amounts described in subparagraph (c) above), but in no event in excess of the maximum amount or amounts specified in the Series Supplements applicable to the Bonds then Outstanding;

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

(h) Finally, to the Residual Revenues Fund, the portion, if any, of the amount remaining in the Revenue Fund on such ~~January 1, July 1~~maturity date or redemption date after the foregoing transfers, which the Department directs by Letter of Instructions to be so transferred.

* * *

SECTION 601. Investment of Monies.

* * *

3. If not otherwise directed in a Letter of Instructions, the Trustee shall invest cash balances in any Fund or Account in ~~its One Group U.S. Treasury Securities Money Market Fund, or a comparable cash management fund if the One Group U.S. Treasury Securities Money Market Fund shall become unavailable for any reason, so long as such fund has a rating at least as high as the then current rating on the Outstanding Bonds~~ money market funds consisting exclusively of United States Treasury securities. The Trustee is specifically authorized to implement its automated cash investment system to assure that cash on hand is invested and to charge its normal cash management fees, which may be deducted from income earned on investments.

* * *

SECTION 602. Valuation and Sale of Investments.

* * *

3. Except as otherwise provided in the Indenture, the Trustee or any Depository shall sell at the best price obtainable ~~(as evidenced by two or more bids)~~, or present for redemption, any Investment Security so purchased as an investment whenever it shall be requested to do so in a Letter of Instructions or whenever it shall be necessary in order to provide moneys to meet any payment or transfer from any Fund held by it. Neither the Trustee nor any Depository shall be liable or responsible for making any such investment in the manner provided in this Article VI or for any loss resulting from any such investment.

* * *

SECTION 705. Limitations on Mortgage Loans.

* * *

4. This Section 705 shall not apply to any Mortgage Loans that have been or are intended to be pooled into Mortgage Certificates.

SECTION 706. Enforcement of Mortgage Loans.

* * *

3. This Section 706 shall not apply to any Mortgage Loans that have been or are intended to be pooled into Mortgage Certificates.

* * *

SECTION 711. Cashflow Statements and Cashflow Certificates. 1. Each Cashflow Statement shall consist of a written statement prepared or verified by a nationally-recognized firm having experience in preparation of mortgage revenue bond cashflows that is acceptable to the Rating Agencies, and signed by an Authorized Representative of the Department, setting forth for the then-current and each succeeding Bond Year in which Bonds are scheduled to be Outstanding a schedule of all anticipated Revenues and of all amounts expected to be withdrawn from the Funds to pay the scheduled debt service on the Bonds and to pay Department Expenses, together with a schedule of such debt service and such Department Expenses, which statement shall demonstrate the sufficiency of such Revenues to pay such scheduled debt service and such Department Expenses and to maintain the funding of the Debt Service Reserve Fund and the Mortgage Reserve Fund at the Debt Service Reserve Fund Requirement and the Mortgage Reserve Fund Requirement, respectively, ~~under each of the scenarios required by the Rating Agencies~~ and which certificate shall state the assumptions upon which the schedules and projections therein are based, which shall include the following:

(1) the timing and amounts of Mortgage Loan Principal Prepayments;

(2) the timing of the acquisition of Mortgage Loans or Mortgage Certificates;

(3) the future issuance or remarketing of Bonds;

(4) the timing and amounts of the receipt of payments of scheduled principal of and interest on Mortgage Loans and Mortgage Certificates;

(5) the investment return on Funds and Accounts; and

(6) availability of amounts in the Mortgage Reserve Fund and the Debt Service Reserve Fund~~; and(7) such other assumptions as may be required by the Rating Agencies~~.

* * *

SECTION 713. Creation of Liens. The Department shall not issue any bonds or other evidences of indebtedness, other than the Bonds, secured by a lien on or a pledge of the Trust Estate and shall not create or cause to be created or suffer to exist any lien, pledge, mortgage, security interest, charge or encumbrance on the Trust Estate unless such lien or pledge is subordinate or junior to the lien and pledge of the Trust Estate to the Bonds; provided, however, that nothing in the Indenture shall prevent the Department from issuing bonds, notes or other obligations (i) secured by a lien or pledge of the Trust Estate (including the Revenues) that is junior or subordinate to the lien and pledge of the Trust Estate securing the Bonds, or (ii) secured by a pledge of the Revenues to be derived on and after the date on which the pledge of the Revenues provided in the Indenture shall be discharged and satisfied as provided in Article XI. The Department specifically reserves the right to make such covenants with the holders of such bonds, notes or other obligations (not in violation with the Indenture) concerning the Trust Estate as the Department deems advisable.

* * *

SECTION 718. Notice to Rating Agencies.

* * *

~~Each such notice shall be accompanied by copies of the principal documents and instruments relating to the event to which such notice pertains. In addition, the Department and the Trustee shall provide the Rating Agencies with such information as may be reasonably requested relating to the Mortgage Loans and the Investment Securities then held under the Indenture. Each such notice shall be sent to the following Persons at the following addresses (or at such other addresses as may be filed with the Department by such Persons), to the extent that such Persons are Rating Agencies at the time of such notice:~~

* * *

SECTION 907. Removal of Trustee. The Trustee may be removed, with or without cause, at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Holders of at least a majority in aggregate Principal Amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized. In addition, the Trustee may be removed, with or without cause, at any time (unless an Event of Default has occurred and is continuing) by a written instrument filed with the Trustee and signed by an Authorized Representative of the Department, stating that the ~~Board of Directors~~governing board of the Department has adopted a resolution providing for the removal of the Trustee and the appointment of a successor Trustee; provided, however, that such written instrument shall not be effective unless the Department shall have given written notice of such proposed action, by registered or certified mail, postage prepaid, to each Bondholder, and the Department shall not have received, within the 30~~60~~-day period following the giving of such notice, written objections to such proposed action from the ~~Holder~~Holders of at least a majority in aggregate Principal Amount of the Bonds then ~~outstanding~~Outstanding, all of which shall be recited in such written instrument.

SECTION 908. Appointment of Successor Trustee.

* * *

3. Any Trustee appointed under the provisions of this Section 908 in succession to the Trustee shall be a bank or trust company ~~or~~organized under the laws of the United States of America or any state thereof or a national banking association~~ doing business and having its principal office in the State of Texas~~, and having capital stock and surplus aggregating at least $75,000,000, which is willing and able to accept the office on reasonable and customary terms and which is authorized by law to perform all the duties imposed upon it by this Indenture.

* * *

SECTION 912. Paying Agents. 1. The Department shall appoint one or more Paying Agents for the Bonds of each Series. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by the Indenture by executing and delivering to the Department and to the Trustee a written acceptance thereof. Any Paying Agent appointed by the Department shall be a bank or trust company organized under the laws of the United States of America or any state thereof or a national banking association and having capital stock and surplus of at least $50,000,000 which the Department determines to be capable of properly discharging its duties in such capacity and which is acceptable to the Trustee. The Department may appoint the Trustee as a Paying Agent.

* * *

SECTION 913. Bond Depository. 1. The Department may appoint or designate a Bond Depository for the Bonds of one or more Series. In such event, the Department, the Bond Depository and the Trustee shall enter into a written agreement setting forth the respective duties and obligations of each with respect to such Bonds, which agreement shall provide that the Bond Depository will accept and hold such Bonds as the registered owner thereof and will maintain a book-entry system of recording the ownership and transfer of ownership of beneficial interests in such Bonds.~~ Any Bond Depository appointed by the Department shall be a bank or trust company organized under the laws of the United States or any state thereof which the Department determines to be capable of properly discharging its duties in such capacity and which is acceptable to the Trustee. The Department may appoint the Trustee as Bond Depository.~~

* * *

SECTION 1004. Consent of Bondholders. Each Supplemental Indenture executed and delivered pursuant to the provisions of Section 1003 shall take effect only when and as provided in this Section 1004. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be sent by the Department to Bondholders by registered or certified mail, postage prepaid, provided that a failure to mail such request shall not affect the validity of the Supplemental Indenture when consented to as provided in this Section 1004. Such Supplemental Indenture shall not be effective unless and until there shall have been filed with the Trustee (i) the written consents of Holders of the percentages of Outstanding Bonds specified in Section 1003, and (ii) a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully adopted and filed by the Department in accordance with the provisions of the Indenture, is authorized or permitted by the Indenture, and is valid and binding upon the Department and enforceable in accordance with its terms and is in accordance with the Indenture; provided, however, that such Counsel's Opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally. Any such consent shall be binding upon the Bondholder giving such consent and upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor or in lieu thereof (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Bondholder giving such consent or a subsequent Holder of such Bonds by filing such revocation with the Trustee prior to the time when the written statement of the Trustee provided for hereinafter in this Section 1004 is filed. The fact that a consent has not been revoked likewise may be proven by a certificate of the Trustee filed with the ~~Trustee~~Department to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds shall have filed their consents to such Supplemental Indenture, the Trustee shall make and file with the Department and the Trustee a written statement that the Holders of the required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter, the Department may give written notice to the Bondholders, stating in substance that the Supplemental Indenture (which may be referred to as a Supplemental Indenture adopted by the Department on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in the Indenture, which notice shall be sent to Bondholders by registered or certified mail, postage prepaid. The Department shall file with the Trustee proof of the mailing of such notice. A record, consisting of the papers required or permitted to be filed with the Trustee by this Section 1004, shall be proof of the matters therein stated. Such Supplemental Indenture shall be deemed conclusively binding upon the Department, the Fiduciaries and the Holders of the Bonds ~~at~~on the ~~expiration of 40 days after the~~date of filing with the Trustee of the proof of the mailing of such last-mentioned notice~~, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Indenture in a legal action or equitable proceeding for such purpose commenced within such 40-day period; provided, however, that the Department and any Fiduciary, during such 40-day period and any such further period during which any such action or proceeding may be pending, shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture as they may deem expedient~~.

* * *

SECTION 1102. Discharge by Deposit.

* * *

Notwithstanding any other provision of this Indenture to the contrary, the provisions of this Article XI (including, but not limited to, the definition of "Government Obligations" in Section 101, as used in this Article XI), as applied to any particular Series of Bonds may be modified or amended in the applicable Series Supplement.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS • RESIDENTIAL MORTGAGE REVENUE BONDS, SERIES 2019A

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