OFFICIAL STATEMENT

RATINGS:
S & P: "AA+"
Moody's: "Aa1"
(See "RATINGS" herein)

Interest on the Series 2013A Bonds is not excludable from gross income for federal tax purposes under existing law. See "TAX MATTERS" herein.

NEW ISSUE - BOOK-ENTRY ONLY

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

$42,500,000
Single Family Mortgage Revenue Refunding Bonds
2013 Series A (Taxable)

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

The Texas Department of Housing and Community Affairs Single Family Mortgage Revenue Refunding Bonds, 2013 Series A (Taxable) (the "Series 2013A 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 2013A Bonds. The Series 2013A Bonds will be available to purchasers only in book-entry form in denominations of $5,000 or any integral multiple thereof. For as long as Cede & Co. is the exclusive registered owner of the Series 2013A Bonds, the principal or redemption price of, and interest on, the Series 2013A Bonds will be payable by The Bank of New York Mellon Trust Company, N.A., 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 2013A Bonds. The purchasers of the Series 2013A Bonds will not receive certificates representing their beneficial ownership interest. See "THE SERIES 2013A BONDS - DTC and Book-Entry."

The Series 2013A Bonds will accrue interest from the date of delivery until their maturity or prior redemption at the per annum rate of interest set forth on the inside cover page hereof. Interest on the Series 2013A Bonds will be payable to DTC commencing on September 1, 2013, and semi-annually on each March 1 and September 1 thereafter and on any date fixed for redemption until maturity or prior redemption, all as more fully described on the inside cover page hereof.

THE SERIES 2013A BONDS ARE SUBJECT TO REDEMPTION AS MORE FULLY DESCRIBED HEREIN. See "THE SERIES 2013A BONDS - Redemption Provisions."

The proceeds of the Series 2013A Bonds will be used for the purpose of refunding and redeeming all the Department's outstanding Single Family Mortgage Revenue Bonds, 2002 Series A, Single Family Mortgage Revenue Refunding Bonds, 2002 Series B, and Single Family Mortgage Revenue Refunding Bonds, 2002 Series C (collectively, the "Refunded Bonds"). The Series 2013A 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 2013A BONDS ARE LIMITED OBLIGATIONS OF THE DEPARTMENT AND ARE PAYABLE SOLELY FROM THE REVENUES AND FUNDS PLEDGED FOR THE PAYMENT THEREOF AS MORE FULLY DESCRIBED HEREIN. NEITHER THE STATE OF TEXAS (THE "STATE") NOR ANY AGENCY OF THE STATE, OTHER THAN THE DEPARTMENT, NOR THE UNITED STATES OF AMERICA OR ANY AGENCY, DEPARTMENT OR OTHER INSTRUMENTALITY THEREOF, INCLUDING GINNIE MAE, FREDDIE MAC, AND FANNIE MAE, IS OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2013A BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR THE UNITED STATES OF AMERICA IS PLEDGED, GIVEN OR LOANED TO SUCH PAYMENT. THE DEPARTMENT HAS NO TAXING POWER. GINNIE MAE, FREDDIE MAC, AND FANNIE MAE GUARANTEE ONLY THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE GINNIE MAE CERTIFICATES, FREDDIE MAC CERTIFICATES, AND FANNIE MAE CERTIFICATES, RESPECTIVELY, WHEN DUE AND DO NOT GUARANTEE THE PAYMENT OF THE SERIES 2013A BONDS OR ANY OTHER OBLIGATIONS ISSUED BY THE DEPARTMENT.

The Series 2013A Bonds are offered when, as, and if issued by the Department. Delivery of the Series 2013A Bonds is subject to approval of the legality thereof by Bracewell & Giuliani LLP and Bates & Coleman, P.C., Co-Bond Counsel, and certain other conditions. Delivery of the Series 2013A 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, Barbara B. Deane, 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 Co-Counsel, Chapman and Cutler LLP and Locke Lord LLP. Certain financial advisory services have been provided to the Department by George K. Baum & Company. It is expected that the Series 2013A Bonds will be available for delivery to DTC in book-entry only form on or about May 28, 2013.

J.P. Morgan

Morgan Stanley **Raymond James**

Goldman, Sachs & Co.

May 8, 2013

MATURITY SCHEDULE

$42,500,000 Series 2013A Bonds Due March 1, 2036; Rate 2.80%; Price 100%; CUSIP 88275FNT2

(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 2013A 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 2013A BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2013A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2013A 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 2013A 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 2013A Bonds in accordance with applicable provisions of the securities laws or the states in which the Series 2013A 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 2013A 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

$42,500,000
Single Family Mortgage Revenue Refunding Bonds
2013 Series A (Taxable)

INTRODUCTION

This Official Statement provides certain information concerning the Texas Department of Housing and Community Affairs (the "Department") in connection with the issuance of its Single Family Mortgage Revenue Refunding Bonds, 2013 Series A (Taxable) (the "Series 2013A Bonds"). The Series 2013A Bonds will be issued bearing interest at a fixed rate. 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 of Texas and to refund bonds previously issued by the Agency, the Department or certain other quasi-governmental issuers. See "THE DEPARTMENT."

The Series 2013A Bonds are authorized to be issued pursuant to the Act, a resolution adopted by the Governing Board of the Department on February 21, 2013, a Single Family Mortgage Revenue Bond Trust Indenture, dated as of October 1, 1980 (the "Master Indenture" and, as amended and supplemented from time to time, collectively, the "Trust Indenture") between the Agency or the Department, as the case may be, and The Fort Worth National Bank or its successor, The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and a Fifty-Seventh Supplemental Single Family Mortgage Revenue Bond Trust Indenture (the "Fifty-Seventh Supplemental Indenture" or "2013A Supplemental Indenture"). The Trust Indenture authorizes the Department to issue bonds to provide funds to acquire or refinance single family mortgage loans or participations therein ("Mortgage Loans") which are made to eligible borrowers, as determined from time to time by the Department, to refund Outstanding Bonds issued under the Trust Indenture, and to pay costs associated therewith. The Department has previously issued fifty-one prior series of single family mortgage revenue bonds (the "Prior Bonds") under the Trust Indenture, of which $657,110,000 in aggregate principal amount was Outstanding as of December 31, 2012. The Series 2013A Bonds, the Prior Bonds and, unless subordinated, all bonds subsequently issued pursuant to the Trust Indenture (collectively, the "Bonds" or the "Single Family Mortgage Revenue Bonds") will be equally and ratably secured by the Trust Estate held by the Trustee pursuant to the Trust Indenture. See "THE TRUST INDENTURE" and "SECURITY FOR THE BONDS – Additional Bonds."

In addition to the Single Family Mortgage Revenue Bonds, the Department has previously issued four (4) series of Junior Lien Bonds (the "Prior Junior Lien Bonds"), of which $3,855,000 in aggregate principal amount was outstanding as of December 31, 2012. The Junior Lien Bonds are limited obligations of the Department and are payable solely from revenues (as defined in the Junior Lien Trust Indenture) and funds pledged for the payment thereof on a basis which is junior and subordinate to the Bonds. See "THE TRUST INDENTURE".

The Series 2013A Bonds are being issued for the purpose of refunding and redeeming all the Department's outstanding Single Family Mortgage Revenue Bonds, 2002 Series A, Single Family Mortgage Revenue Refunding Bonds, 2002 Series B, and Single Family Mortgage Revenue Refunding Bonds, 2002 Series C (collectively, the "Refunded Bonds").

The Bonds are payable solely from and are secured by a pledge of and lien on the Revenues, Mortgages, Mortgage Loans (including Mortgage Certificates), Investment Securities, moneys held in the Funds (excluding the Rebate Account, the Swap Agreement Termination Payment Subaccount and the Swap Agreement Termination Receipt Subaccount of the Surplus Revenues Account of the Revenue Fund and the Policy Payments Account) and other property pledged under the Trust Indenture (collectively, the "Trust Estate"). All payments with respect to principal of and interest on Mortgage Loans (net of servicers' fees) and on Mortgage Certificates (net of servicing and guaranty fees) received by the Department and the earnings on investments of Funds and Accounts held pursuant to the Trust Indenture other than the excluded Funds and Accounts constitute Revenues. Bondholders have no rights to or lien on the Swap Agreements. The pledge of and lien on the Trust Estate is subject to discharge if moneys or qualified securities sufficient to provide for the payment of all Outstanding Bonds are deposited and held in trust for such payment. See "SECURITY FOR THE BONDS – The Prior Bonds" and "APPENDIX H—CERTAIN INFORMATION REGARDING THE PROGRAM, THE MORTGAGE LOANS, PRIOR SWAP AGREEMENTS AND PRIOR LIQUIDITY FACILITIES —Prior Swap Agreements."

The Series 2013A Bonds are on a parity in all respects with all outstanding Prior Bonds, and, unless subordinated, any bonds subsequently issued under the Trust Indenture. The Mortgage Loans securing the Bonds were (i) in an amount not greater than eighty percent (80%) of the lesser of (a) the appraised value of the mortgaged property or (b) the sales price of the mortgaged property, or (ii) insured by the Federal Housing Administration ("FHA") or guaranteed by the Department of Veterans Affairs (formerly, the Veterans Administration) ("VA") or (iii) insured by a private mortgage insurance company which has been approved by the Department in the amount by which the Mortgage Loan exceeds eighty percent (80%) of the value of the mortgaged property. The Trust Indenture also permits the acquisition of Mortgage Loans guaranteed by another agency or instrumentality of the United States exercising powers similar to FHA or VA, such as the United States Department of Agriculture Rural Housing Services ("RHS"). In connection with each series of Prior Bonds, the Department either obtained a mortgage pool insurance policy in an amount at least equal to ten percent (10%) of the initial aggregate amount of Mortgage Loans purchased, provided for a mortgage pool self-insurance reserve or used proceeds to acquire Mortgage Certificates. Each Eligible Borrower is required to maintain standard hazard insurance coverage and, if applicable, flood insurance. For information regarding the Mortgage Loans, including the Mortgage Loans underlying the Transferred Mortgage Certificates and the Master Servicers for such Mortgage Loans, see "APPENDIX H—CERTAIN INFORMATION REGARDING THE PROGRAM, THE MORTGAGE LOANS, PRIOR SWAP AGREEMENTS AND PRIOR LIQUIDITY FACILITIES -- The Program and the Mortgage Loans."

Upon issuance of the Series 2013A Bonds, the Transferred Mortgage Certificates will be allocated to the 2013A MBS Account. Mortgage Loan Principal Payments on the Mortgage Loans underlying the Transferred Mortgage Certificates will be applied to the redemption of the Series 2013A Bonds. See "THE SERIES 2013A BONDS-Redemption Provisions-Redemption From Mortgage Loan Principal Payments." As used in this Official Statement the term Transferred Mortgage Certificates denotes the participation interest in the GNMA Certificates described in Appendix G hereto. Accordingly, for purposes of this Official Statement references to Transferred Mortgage Certificates do not mean such GNMA Certificates in whole.

The Trust Indenture establishes a Debt Service Reserve Account (the "Debt Service Reserve Account") within the Debt Service Fund. The Trust Indenture requires that the Debt Service Reserve Account be maintained in an amount at least equal to three percent (3%) of the aggregate principal amount of the Mortgage Loans outstanding (zero percent (0%) for Mortgage Loans represented by Mortgage Certificates) from time to time (the "Debt Service Reserve Account Requirement"). Moneys in the Debt Service Reserve Account will be made available in the event that there are insufficient funds on deposit in the other accounts of the Debt Service Fund and the Mortgage Loan Fund, respectively, to pay, when due, principal of and interest on the Series 2013A Bonds or any other Outstanding Bonds. As of December 31, 2012, the Debt Service Reserve Account Requirement for the Single Family Mortgage Revenue Bonds was $112,808 and $290,092 was on deposit in the Debt Service Reserve Account.

THE SERIES 2013A BONDS ARE LIMITED OBLIGATIONS OF THE DEPARTMENT AND ARE PAYABLE SOLELY FROM THE REVENUES AND FUNDS PLEDGED FOR THE PAYMENT THEREOF AS MORE FULLY DESCRIBED HEREIN. NEITHER THE STATE NOR ANY AGENCY OF THE STATE, OTHER THAN THE DEPARTMENT, NOR THE UNITED STATES OF AMERICA OR ANY AGENCY, DEPARTMENT OR OTHER INSTRUMENTALITY THEREOF, INCLUDING GINNIE MAE, FREDDIE MAC AND FANNIE MAE, IS OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2013A BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR THE UNITED STATES OF AMERICA IS PLEDGED, GIVEN OR LOANED TO SUCH PAYMENT. THE DEPARTMENT HAS NO TAXING POWER. GINNIE MAE, FREDDIE MAC AND FANNIE MAE GUARANTEE ONLY THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE GINNIE MAE CERTIFICATES, FREDDIE MAC CERTIFICATES AND FANNIE MAE CERTIFICATES, RESPECTIVELY, WHEN DUE AND DO NOT GUARANTEE THE PAYMENT OF THE SERIES 2013A 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 2013A 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 2013A Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the Trust Indenture.

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

PLAN OF FINANCE

Proceeds of the Series 2013A Bonds are to be applied, within ninety (90) days after the date of issuance, to refund and redeem the Department's outstanding Single Family Mortgage Revenue Bonds, 2002 Series A, Single Family Mortgage Revenue Refunding Bonds, 2002 Series B, and Single Family Mortgage Revenue Refunding Bonds, 2002 Series C.

SOURCES AND USES OF FUNDS

The sources of funds and the uses thereof in connection with the Series 2013A Bonds are expected to be approximately as set forth below.

Sources:	
Series 2013A Bond Proceeds	$ 42,500,000.00
Other Funds	$ 1,766,856.25
Department Contribution	$ 1,000,000.00
Total Sources	**$ 45,266,856.25**
Uses:	
Redemption of Refunded Bonds (1)	$ 43,915,000.00
Accrued Interest on Refunded Bonds	601,856.25
Costs of Issuance (2)	750,000.00
Total Uses	**$ 45,266,856.25**

(1) The Transferred Mortgage Certificates will be allocated to the 2013A MBS Account at closing. See "THE TRANSFERRED MORTGAGE CERTIFICATES."

(2) Includes Underwriters' compensation.

THE SERIES 2013A BONDS

General

The Series 2013A Bonds will be dated the date of delivery. The Series 2013A Bonds are issuable only as fully registered bonds, without coupons, and will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as the Bond Depository for the Series 2013A Bonds. The Series 2013A Bonds will be available to purchasers in book-entry form only in denominations of $5,000 or any integral multiple thereof, as more fully described herein. The principal or Redemption Price of, and interest on, the Series 2013A 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 2013A Bonds or their nominees. See "THE SERIES 2013A BONDS – DTC and Book-Entry."

The Series 2013A Bonds mature on the date and in the amount set forth on the inside cover hereof.

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Interest Rate

The Series 2013A Bonds will accrue interest from the date of delivery, until maturity or prior redemption at the per annum rate of interest set forth on the inside cover page hereof. Interest accrued on the Series 2013A Bonds will be payable on September 1, 2013 and semiannually on each March 1 and September 1 thereafter and on any date fixed for redemption until maturity or prior redemption. Interest on the Series 2013A Bonds will be calculated on the basis of a 360-day year composed of twelve 30-day months.

Redemption Provisions

Redemption From Mortgage Loan Principal Payments

The Series 2013A Bonds are subject to special redemption prior to maturity, in whole or in part, as soon as practicable after giving notice as provided in the Trust Indenture, from Mortgage Loan Principal Payments on the Transferred Mortgage Certificates on deposit in the 2013 A Redemption Subaccount as of the date on which notice is given, at a Redemption Price equal to 100% of the principal amount of the Series 2013A Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date.

It is expected that the special redemptions will occur on the first day of each month and will be in an aggregate principal amount (subject to rounding to Authorized Denominations) equal to the Mortgage Loan Principal Payments on deposit in the 2013 A Redemption Subaccount approximately 32 days prior to the redemption date.

The Department anticipates that substantially all of the Series 2013A Bonds will be redeemed prior to their scheduled maturities pursuant to special redemption as the result of the receipt by the Department of amounts representing Mortgage Loan Principal Payments on the Transferred Mortgage Certificates.

Redemption From Excess Revenues

The Series 2013A Bonds are subject to redemption, in whole or in part, from excess Revenues beginning only on and after the initial optional redemption date of September 1, 2020, at a Redemption Price equal to 100% of the principal amount of the Series 2013A Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date. In general, excess Revenues consist of funds remaining on each Interest Payment Date after taking into account (1) the payment of Department Expenses in accordance with the Trust Indenture, (2) the required transfers of amounts representing Mortgage Loan Principal Payments to the 2013 A Redemption Subaccount, and (3) the provision for payment of Debt Service on such Interest Payment Date.

Optional Redemption

The Series 2013A 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, 2020, 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 2013A Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date.

Selection of Series 2013A Bonds to be Redeemed

If less than all of the Series 2013A Bonds of like maturity shall be called for prior redemption, the particular Series 2013A Bonds or portions of Series 2013A Bonds to be redeemed shall be selected by lot by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate; provided, however, that the portion of any Series 2013A Bond of a denomination of more than $5,000 to be redeemed shall be in the principal amount of $5,000 or a multiple thereof, and that, in selecting Series 2013A Bonds for redemption in part, the Trustee shall treat each Series 2013A Bond as representing that number of Series 2013A Bonds of $5,000 denomination which is obtained by dividing the principal amount of such Series 2013A Bond to be redeemed by $5,000.

Notice of Redemption

The Trustee shall give notice, in the name of the Department, of the redemption of Series 2013A Bonds to the holders thereof, which notice shall specify that the Series 2013A Bonds are to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Series 2013A Bonds are to be redeemed, the letters and numbers or other distinguishing marks of such Series 2013A Bonds so to be redeemed, and, in the case of Series 2013A Bonds to be redeemed in part only, such notices shall also specify the respective portions of the principal amounts thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Series 2013A 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 Series 2013A Bonds to be redeemed in part only, together with interest accrued to but not including the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable.

The Trustee shall mail a copy of such notice by first class mail, postage prepaid, not less than 30 days prior to the redemption date, nor more than 60 days to the holders of any Series 2013A Bonds or portions thereof which are to be redeemed, at their last addresses, if any, appearing upon the registry books of the Trustee. The Trustee's obligation to give such notice shall not be conditioned upon the prior payment to the Trustee of funds sufficient to pay the Redemption Price on the Series 2013A Bonds to which such notice relates or interest thereon to the redemption date.

Payment of Redeemed Bonds

Notice having been given as provided in the Trust Indenture, the Series 2013A Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date. Upon presentation and surrender thereof at the office specified in such notice, such Series 2013A Bonds or portions thereof shall be paid at the Redemption Price, plus interest accrued and unpaid to the redemption date. If there shall be called for redemption less than all of a Series 2013A Bond, the Department shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Series 2013A Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Series 2013A Bond so surrendered, registered Series 2013A Bonds in any Authorized Denomination. If, on the redemption date, moneys for the redemption of all the Series 2013A Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be held by the Trustee so as to be available 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 2013A Bonds or portions thereof so called for redemption shall cease to accrue and become payable. If such moneys shall not be available on the redemption date, such Series 2013A Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Average Life and Prepayment Speeds

The following information is provided in order to enable potential investors to evaluate the Series 2013A Bonds, which are the subject of redemption as described above.

The weighted average life of a bond refers to the average of the length of time that will elapse from the date of issuance of such bond to the date each installment of principal is paid to the bondholder, weighted by the amount of such installment. The weighted average life of the Series 2013A Bonds will be influenced by, among other things, the rate at which principal payments are made on the Transferred 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 Mortgage Loans underlying the Transferred 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) Trustee's fees were 0.0175 % per annum of Series 2013A Bonds outstanding, (ii) the Department Expenses are 0.25% per annum of Transferred Mortgage Certificates outstanding, (iii) payments on Transferred Mortgage Certificates are timely made and used on a timely basis to redeem the Series 2013A Bonds, (iv) Series 2013A Bonds will be redeemed only as described under "Redemption From Mortgage Loan Principal Payments" above, and (v) no amounts allocable to any other series of Bonds are used to redeem the Series 2013A Bonds and no amounts allocable to the Series 2013A Bonds are used to redeem any other series of Bonds.

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Based on the foregoing and other assumptions, some or all of which may not reflect actual experience, the table below indicates the projected weighted average life of the Series 2013A Bonds.

Prepayment Speed of Mortgage Loans (SIFMA)	Projected Weighted Average Life (in Years) (1)
0%	12.2
50%	9.8
75%	8.9
100%	8.1
125%	7.4
150%	6.7
175%	6.2
200%	5.7
250%	4.9
300%	4.2
400%	3.3
500%	2.7

(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 principal payment date, (ii) adding the results and (iii) dividing the sum by the total principal paid on the bond.

The holder of a Series 2013A 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 2013A 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.

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The Mortgage Loans underlying the Transferred Mortgage Certificates will have experienced the following cumulative prepayment rates (taking into account all principal repayments and prepayments to be paid through May 31, 2013 based on May 2013 Factors):

(i) 135% of the SIFMA Prepayment Model since inception,

(ii) 205% of the SIFMA Prepayment Model for the most recent twelve (12) months,

(iii) 211% of the SIFMA Prepayment Model for the most recent six (6) months, and

(iv) 139% of the SIFMA Prepayment Model for the most recent three (3) months.

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

DTC and Book-Entry

DTC will act as securities depository for the Series 2013A Bonds. The Series 2013A 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 2013A Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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Purchases of Series 2013A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2013A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2013A 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 2013A 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 2013A Bonds, except in the event that use of the book-entry system for the Series 2013A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2013A 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 2013A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2013A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2013A 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 2013A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2013A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Series 2013A Bonds may wish to ascertain that the nominee holding the Series 2013A 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 2013A 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 2013A 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 2013A 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 2013A 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 2013A 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 2013A Bonds (i) payments of principal of or interest and premium, if any, on the Series Bonds, (ii) certificates representing an ownership interest or other confirmation of beneficial ownership interest in Series 2013A Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2013A 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 2013A 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 2013A BONDS; (4) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTIONS TO BE GIVEN TO OWNERS OF SERIES 2013A BONDS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF SERIES 2013A BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS A BONDOWNER.

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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 2013A Bonds. Series 2013A Bonds may be exchanged for an equal aggregate principal amount of Series 2013A Bonds in other Authorized Denominations of the same Series, maturity and interest rate upon surrender thereof at the applicable corporate trust office of the Trustee with a duly executed assignment in form satisfactory to the Trustee. The transfer of any Series 2013A Bond may be registered on the books maintained by the Trustee for such purpose only upon the surrender of such Series 2013A Bond to the Trustee with a duly executed assignment in form satisfactory to the Trustee. For every exchange or transfer of registration of Series 2013A 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 2013A Bond for a period of 20 days next preceding an interest payment date on such Series 2013A Bonds or next preceding any selection of Series 2013A Bonds to be redeemed or thereafter until after mailing of any notice of redemption on any Series 2013A Bonds called for redemption, or transfer or exchange any Series 2013A Bonds called for redemption. The Department and the Trustee may treat the Person in whose name a Series 2013A Bond is registered as the absolute owner thereof for all purposes, whether such Series 2013A Bond is overdue or not, for the purpose of receiving payment of, or on account of the principal of, interest on, such Series 2013A Bond. If any Series 2013A Bond is not presented for payment when the principal or the Redemption Price therefor becomes due, and if moneys sufficient to pay such Series 2013A 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 2013A 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 2013A Bond, who will thereafter be restricted exclusively to such money, for any claim on his part under the Trust Indenture or on or with respect to, such principal, Redemption Price and/or interest. Money not claimed within three years will be turned over to the Comptroller of Public Accounts of the State of Texas (the "Comptroller"), in accordance with Title 6, Texas Property Code.

THE TRANSFERRED MORTGAGE CERTIFICATES

Upon delivery of the Series 2013A Bonds for the purpose of refunding the Refunded Bonds, the Transferred Mortgage Certificates will be allocated to the 2013A MBS Account. Mortgage Loan Principal Payments on the Transferred Mortgage Certificates will be used to redeem the Series 2013A Bonds as described herein under "THE SERIES 2013A BONDS-Redemption Provisions-Redemption From Mortgage Loan Principal Payments." The Trust Indenture does not grant a priority in the 2013A MBS Account to the Series 2013A Bonds over any other series of Bonds.

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Based upon May 2013 factors, the outstanding principal amount of the Transferred Mortgage Certificates, as of May 31, 2013, will be $42,600,951. Substantially all of the Transferred Mortgage Certificates were acquired between August 29, 2002 and November 1, 2005 and had original terms of thirty years. The following table reflects summary information with respect to the Transferred Mortgage Certificates:

Transferred Mortgage Certificates	Outstanding Principal**	Pass-Through Rate	Weighted Average Remaining Term (in months)**
GNMAII	$ 31,975,653	4.49%	254
GNMAII	$ 4,932,901	5.40%	240
GNMAII	$ 2,687,016	5.45%	183
GNMAII	$ 3,005,381	6.15%	225
Total	$ 42,600,951		246

*Based on a 30/360 day count basis

**Based upon May 2013 factors.

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

SECURITY FOR THE BONDS

Pledge of Trust Indenture

The Bonds, including the Series 2013A Bonds, are equally and ratably secured by the Trust Indenture for the equal benefit, protection and security of the owners of the Bonds, each of which, regardless of time of issuance or maturity, is to be of equal rank without preference, priority or distinction, except as otherwise provided in the Trust Indenture.

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

All Bonds issued under the Trust Indenture are also equally and ratably secured by amounts in the Debt Service Reserve Account of the Debt Service Fund. See "THE TRUST INDENTURE–Debt Service Reserve Account." The Trust Indenture requires that the Debt Service Reserve Account be funded in the amount sufficient to cause the Account to be maintained at a level at least equal to three percent (3%) of the aggregate principal amount of Mortgage Loans outstanding (zero percent (0%) for Mortgage Loans represented by Mortgage Certificates) from time to time. As of December 31, 2012, the Debt Service Reserve Account Requirement for the Bonds was $112,808. As of such date, $290,092 was on deposit in the Debt Service Reserve Account.

The Series 2013A Bonds are limited obligations of the Department and are payable solely from the Revenues and funds pledged for the payment thereof as more fully described herein. Neither the State nor any agency of the State, other than the Department, nor the United States of America nor any agency, department or other instrumentality thereof, including Ginnie Mae, Freddie Mac, and Fannie Mae, is obligated to pay the principal or redemption price of, or interest on, the Series 2013A Bonds. Neither the faith and credit nor the taxing power of the State or the United States of America is pledged, given or loaned to such payment. The Department has no taxing power. Ginnie Mae, Freddie Mac and Fannie Mae guarantee only the payment of the principal of and interest on the Ginnie Mae Certificates, Freddie Mac Certificates and Fannie Mae Certificates, respectively, when due and do not guarantee the payment of the Series 2013A Bonds or any other obligations issued by the Department.

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

On the basis of the Statement of Projected Revenues prepared in connection with the issuance of the Series 2013A Bonds, as discussed below, the Department expects that the scheduled payments, together with prepayments received, if any, of the principal of and interest on the Mortgage Loans and the Mortgage Certificates and amounts held under the Trust Indenture and the earnings thereon, will be sufficient to pay the principal or Redemption Price of and interest on the Series 2013A Bonds and all other Bonds outstanding when due. In arriving at the foregoing conclusions, the Department has included all Prior Bonds but has not considered the issuance of other additional Bonds or the application or investment of the proceeds thereof. Since obligations issued under the Trust Indenture will rank equally and ratably with the Series 2013A Bonds with respect to the security afforded by the Trust Indenture, the availability of money for repayment thereof could be significantly affected by the issuance, application and investment of proceeds of additional Bonds. See "Additional Bonds."

Statement of Projected Revenues

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

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

At the end of any Bond Year, if the Department meets the Asset Test, the Department may apply any Surplus Indenture Revenues (in excess of those required to be maintained under the Trust Indenture in order to permit the Department to continue to meet the Asset Test):

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

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

(iii) (a) subject to the provisions of the Trust Indenture or any Supplemental Indenture to the redemption of Bonds (and in the case of the Series 2013A Bonds only on and after the optional redemption date); (b) to the payment of any Department Expenses; (c) to the establishment of reserves therefor, free and clear of the pledge and lien of the Trust Indenture; or (d) to the purchase of Bonds; and

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

Additional Bonds

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

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The Prior Bonds

In addition to the Series 2013A Bonds to be issued (which proceeds, together with other funds, will be used to redeem the Refunded Bonds), fifty-one series of Prior Bonds have been issued pursuant to the Trust Indenture. As of December 31, 2012, $657,110,000 in aggregate principal amount of such Prior Bonds were Outstanding in the following principal amounts:

Series	Original Issue Amount	Bonds Outstanding
2002 Series A/B/C/D	$ 118,000,000	$ 47,990,000
2004 Series A/B	$ 176,610,000	$ 93,410,000
2004 Series C/D/E/F	$ 175,070,000	$ 47,685,000
2005 Series A	$ 100,000,000	$ 64,065,000
2005 Series B/C/D	$ 38,195,000	$ 14,645,000
2006 Series A/B/C/D/E	$ 282,430,000	$ 140,370,000
2006 Series F/G/H	$ 132,195,000	$ 69,390,000
2007 Series A	$ 143,005,000	$ 88,860,000
2007 Series B	$ 157,060,000	$ 90,695,000
TOTAL	$ 1,322,565,000	$ 657,110,000

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

Prior Mortgage Loans and Mortgage Certificates

Mortgage Loans and Mortgage Certificates held under the Single Family Mortgage Revenue Bond Program as of December 31, 2012 are as follows:

Mortgage Loans and Mortgage Certificates

Ginnie Mae Certificates	$ 506,791,788
Fannie Mae Certificates	$ 111,757,230
Freddie Mac Certificates	$ 13,423,603
Whole Loans	$ 4,485,148
Total	$ 636,457,769

For a detailed examination of the Mortgage Loans and Mortgage Certificates acquired with proceeds of the Prior Bonds, please refer to "APPENDIX F-1 -- ADDITIONAL INFORMATION CONCERNING MORTGAGE LOANS AND MORTGAGE CERTIFICATES." Unless otherwise specified, all information is as of December 31, 2012.

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BONDHOLDER RISKS

Mortgage Loan Principal Prepayments

The Department anticipates that the Trustee will receive Mortgage Loan Principal Prepayments on the Transferred 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 Transferred Mortgage Certificates. Mortgage Loan Principal Prepayments on the Transferred Mortgage Certificates will be applied to the prepayment of the Series 2013A Bonds at 100% of the principal amount thereof, but without any redemption premium. See "THE SERIES 2013A BONDS—Redemption Provisions—Redemption from Mortgage Loan Principal Payments."

Recent Developments in the Residential Mortgage Market May Adversely Affect Bond Yield

Recently, the residential mortgage market in the United States has experienced a variety of difficulties and changed economic conditions that may adversely affect the performance and market value of the Series 2013A Bonds. In response to increased delinquencies and losses with respect to residential mortgage loans, the federal government, state governments, consumer advocacy groups and others have urged aggressive action to modify mortgage loans to avoid foreclosures and, in response, certain mortgage servicers have established foreclosure avoidance programs for borrowers. In addition, numerous laws, regulations and rules relating to mortgage loans generally, and foreclosure actions particularly, have recently been enacted by federal, state and local governmental authorities and it is likely that additional laws, regulations and rules will be proposed. These laws, regulations and rules may result in delays in the foreclosure process, reduced payments by borrowers, modification of the original terms of the mortgage loans (including the Mortgage Loans underlying the Transferred Mortgage Certificates) including permanent forgiveness of debt, increased prepayments due to the availability of government-sponsored refinancing initiatives and/or increased reimbursable mortgage servicing expenses. Several courts have also taken unprecedented steps to slow the foreclosure process or prevent foreclosure altogether.

In judicial foreclosure proceedings, affidavits and other legal pleadings establishing the basis for the foreclosure must be submitted to the court. Such filings are required to be based on the personal knowledge of the facts asserted by the person signing the filings. Many servicers have attempted to streamline this process by employing individuals whose sole function is to sign such pleadings. Recent lawsuits have charged that these individuals did not have the required knowledge of the facts being asserted. As a result of the disclosure of these practices, several large servicers temporarily halted all foreclosures to conduct reviews of their procedures. Various local and national politicians have called for moratoriums on all foreclosures, and the attorneys general of all 50 states have joined together to investigate the foreclosure practices of mortgage servicers. In February of 2012, federal regulators and 49 state attorneys general announced a multi-billion dollar settlement with the five largest mortgage servicers regarding their foreclosure practices. There can be no assurance as to the possible impact of any lawsuit, settlement or moratorium on the Master Servicer or the Mortgage Loans (including the Mortgage Loans underlying the Transferred Mortgage Certificates).

Some of the Mortgage Loans underlying the Transferred Mortgage Certificates may be recorded in the name of the Mortgage Electronic Registration Systems ("MERS"), an electronic record-keeping system that acts as the mortgagee of record for a substantial portion of residential mortgages originated in the United States. Under MERS, a mortgage is recorded in the name of MERS, and MERS electronically records the beneficial owner of that mortgage. Subsequent transfers are noted electronically in MERS records but not in the applicable registry of deeds. Recent lawsuits have asserted that because mortgages held by MERS were not re-recorded when ownership of the related promissory note changed hands, entities that ultimately purchased those mortgages are not the official holders of those mortgages. Mortgage servicers of such mortgage loans may experience delays in the foreclosure process.

Any modification of a Mortgage Loan underlying the Transferred Mortgage Certificates by the Master Servicer may result in the removal of such Mortgage Loan from the pool of Mortgage Loans backing the Transferred Mortgage Certificates. In such event, the principal balance of such Mortgage Loan will be distributed on the related Transferred Mortgage Certificate and will affect expected timing of distributions of principal on the Transferred Mortgage Certificates and, therefore, the Series 2013A Bonds. Bondholders will bear the risk that modifications of the Mortgage Loans underlying the Transferred Mortgage Certificates may reduce the yield on their Series 2013A Bonds.

Rating Downgrade

Because the Mortgage Certificates, including Transferred Mortgage Certificates, are guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae, any downgrade in the sovereign credit rating of the United States of America by a Rating Agency likely would result in a downgrade of the Series 2013A Bonds by that Rating Agency. Any reduction of the rating in effect for the Series 2013A Bonds may adversely affect the market price of the Series 2013A Bonds. See "RATINGS."

Nature of the Guarantees of Freddie Mac and Fannie Mae

The obligations of Freddie Mac under its guarantees of the Freddie Mac Certificates are obligations of Freddie Mac only, and the obligations of Fannie Mae under its guarantees of the Fannie Mae Certificates are obligations of Fannie Mae only. Neither the Freddie Mac Certificates nor the Fannie Mae Certificates, including the interest thereon, are guaranteed by the United States or constitute debts or obligations of the United States or any agency or instrumentality of the United States other than Freddie Mac and Fannie Mae, as applicable, and neither is entitled to the full faith and credit of the United States. If Freddie Mac or Fannie Mae is unable to satisfy its obligations under its guarantees, distributions on the Freddie Mac Certificates or the Fannie Mae Certificates, as applicable, would consist solely of payments and other recoveries on the related mortgage loans. In such event, prepayments, delinquencies and defaults on the mortgages would affect distributions on the Freddie Mac and the Fannie Mae Certificates, as applicable, and could adversely affect payments on the Series 2013A Bonds.

Risk of Non-Payment Due to Bank Bond Acceleration

The Department's ability to pay the debt service on Bonds may be negatively impacted by the inability to remarket variable rate Prior Bonds. As of December 31, 2012, variable rate Prior Bonds comprise approximately 43.1% of the Department's bonded debt under the Trust Indenture, and the Department has no unremarketed outstanding Bank Bonds. For purposes of this section, the term "Bank Bonds" means Prior Bonds purchased by the Prior Liquidity Facility Provider. As Bank Bonds, the terms of such Bank Bonds have more onerous interest rates and/or principal repayment schedules.

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In connection with the Department’s variable rate Prior Bonds, the Department replaced the original liquidity facility providers with liquidity facilities provided by the Comptroller of Public Accounts of the State of Texas (each, a "Comptroller Liquidity Facility") during 2008 and 2009. The Comptroller Liquidity Facilities have been extended periodically and are currently scheduled to expire on August 31, 2013.There is no assurance that the Department will be able to secure substitute liquidity or extend the Comptroller Liquidity Facilities. Failure to do either may have an adverse effect on the ability of the Trust Indenture to generate revenues sufficient to pay principal of and interest on the Series 2013A Bonds.

Swap Basis Risk

In connection with the issuance of certain Prior Bonds, the Department entered into the Prior Swap Agreements. Pursuant to the Prior Swap Agreements the Department will pay the Prior Swap Providers payments computed at a fixed rate based on notional amounts which correspond to the outstanding principal balances of the Bonds associated with the respective Prior Swap Agreements, and the Prior Swap Providers will pay the Department payments computed based on variable rate indices on the same notional amounts. The variable rate used under each of the Prior Swap Agreements are based on specified percentages of LIBOR, which is intended to approximate the variable interest rate on the Bonds associated with the Prior Swap Agreements. Unlike LIBOR, however, the interest on the Bonds associated with the Prior Swap Agreements is excludable from gross income for federal income tax purposes; therefore, one of the primary determinants of any changes to the relationship between the variable rate index used under the Prior Swap Agreements and the interest rates on the Bonds associated with the Prior Swap Agreements is expected to include, among other factors, any changes to the top marginal rate of federal income taxation. Payments to the Department under the Prior Swap Agreements may exceed, equal or be less than the Department's interest obligation on the Bonds associated with the Prior Swap Agreements. Regardless of the amount of moneys received under the Prior Swap Agreements, the Department is obligated to make interest payments on variable rate Bonds at rates that are determined by the respective Remarketing Agents. Any mismatch between interest payments on Bonds associated with the Prior Swap Agreements and the payments due under the Prior Swap Agreements could cause financial losses under the Trust Indenture. See " APPENDIX H—CERTAIN INFORMATION REGARDING THE PROGRAM, THE MORTGAGE LOANS, PRIOR SWAP AGREEMENTS AND PRIOR LIQUIDITY FACILITIES -- Prior Swap Agreements" and Note 5 of "APPENDIX D-1 – AUDITED FINANCIAL STATEMENTS OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS FOR THE FISCAL YEAR ENDED AUGUST 31, 2012".

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Swap Termination Risk

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

As of February 28, 2013, the Department estimates that the aggregate termination payments that would have been owed by the Department to the Prior Swap Providers was approximately $43 million; however, such estimation is by no means incontrovertible as the actual termination payments, were the Prior Swap Agreements to be terminated, would likely be subject to different valuations from the Prior Swap Providers. For more detailed information concerning "fair value" estimations for each Prior Swap Agreement see " APPENDIX H—CERTAIN INFORMATION REGARDING THE PROGRAM, THE MORTGAGE LOANS, PRIOR SWAP AGREEMENTS AND PRIOR LIQUIDITY FACILITIES -- Prior Swap Agreement" and Note 5 of "APPENDIX D-1 – AUDITED FINANCIAL STATEMENTS OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS REVENUE BOND PROGRAM FOR THE FISCAL YEAR ENDED AUGUST 31, 2012".

Risk of Default on Mortgage Loans

Mortgage Loans originated with loan –to–value ratios in excess of eighty percent (80%) are required to be insured or guaranteed by a private mortgage insurer or by FHA, VA or USDA/RD. See "APPENDIX F-1 – THE DEPARTMENT'S MORTGAGE LOAN PORTFOLIO" for information relating to the Department's Mortgage Loan portfolio. Although a certain portion of Mortgage Loans are covered with various forms of insurance, guarantees or homeowner equity, there can be no assurance that losses incurred in connection with defaults on the Mortgage Loans will not exceed the levels of protection in place or that the providers of such insurance or guarantees will pay in accordance with their obligations under the insurance policies or guarantees. If losses result on the underlying Mortgage Loans and if the providers of guarantees under the Mortgage Certificates do not pay in accordance with their obligations, the ability of the Trustee to pay principal and interest on the Series 2013A Bonds may be adversely affected. For certain information about Ginnie Mae and the Ginnie Mae Certificates, Freddie Mac and the Freddie Mac Certificates and Fannie Mae and the Fannie Mae Certificates, see APPENDIX C-1, APPENDIX C-2 and APPENDIX C-3, respectively.

Availability of Remedies

The remedies available to the owners of the Series 2013A Bonds upon an Event of Default under the Trust Indenture or other documents described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code, the remedies specified by the federal bankruptcy laws, the Trust Indenture and the various Program documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2013A Bonds will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by general principles of equity which permit the exercise of judicial discretion, 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. On June 17, 2011, the Governor vetoed legislation which would have extended the Department's existence for at least twelve years. However, on July 19, 2011, the Governor signed Senate Bill No. 1 which continues the operations of the Department until September 1, 2013. Unless the Department's existence is extended under the Sunset Act, the Department will be abolished and the provisions of the Texas Government Code creating and governing the Department will expire on September 1, 2013. In its 2012 staff report, the State of Texas Sunset Commission reaffirmed its 2010 recommendation that the Texas Legislature continue the Department for twelve (12) years. The Texas House of Representatives recently passed legislation that continues the Department's existence for twelve (12) years. The Texas Senate has not taken action on the Texas House bill and any such bill is subject to veto by the Governor. The Sunset Act, however, recognizes the continuing obligation of the State to provide for the payment of bonded indebtedness incurred by a State agency abolished under the provisions thereof and provides that the Governor of the State shall designate an appropriate State agency to continue to carry out all covenants with respect to any bonds outstanding, including the payment of any bonds from the sources provided in the proceedings authorizing such bonds.

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

Governing Board

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

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

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

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

JUAN SANCHEZ MUNOZ, PhD, Vice Chair and Board Member. Associate Professor of Education at Texas Tech University and Associate Director of the Texas Tech University College of Education, Center for Research on Leadership and Education. His term expires January 31, 2017.

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

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

LOWELL A. KEIG (1), Board Member. General Counsel for Youth and Family Center Services, Inc. His term expires January 31, 2019.

J. MARK MCWATTERS, Board Member. Director of Graduate Programs at Southern Methodist University Dedman School of Law. His term expires January 31, 2015.

There is currently one vacant seat on the Board.

(1) Announced to the Department that he will be resigning.

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

Administrative Personnel

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

Currently, the Department has 305 employees. The following is a biographical summary of certain of the Department's senior staff members who have responsibility with respect to single-family housing matters.

TIMOTHY K. IRVINE, Executive Director since September 16, 2011. Mr. Irvine has been a licensed attorney in Texas since 1976. He has been with the Department since January 2009 and was appointed General Counsel in March 2010 and Acting Director in June 18, 2011. His prior experience includes serving as an attorney for the Federal Reserve Bank of Dallas, heading the legal division and serving as secretary of Texas Commerce Bancshares and as General Counsel of its lead bank, heading the legal division and serving as secretary for Franklin Federal Bancorp as well as overseeing its mortgage banking, human resources, and other support functions, serving as a partner in the Austin office Locke Liddell & Sapp (now Locke Lord LLP), serving as General Counsel of the Texas Savings and Loan Department (now the Savings and Mortgage Lending), as Executive Director of the Department's Manufactured Housing Division, as Administrator of the Texas Real Estate Commission and Commissioner of the Texas Appraiser Licensing and Certification Board. He has a B.A. (1971) from Claremont McKenna College, an M.A. (1973) from Claremont Graduate University, and a J.D. (1975) from Willamette University.

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

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

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

BARBARA B. DEANE. Ms. Deane joined the Department in January, 2012, as its General Counsel. She has been Board Certified in Administrative Law since 1995 by the Texas Board of Legal Specialization. Before joining the Department, Ms. Deane served as Chief of the Environmental Protection and Administrative Law Division at the Office of the Attorney General. She has also served as Director of Coastal Law at the Texas General Land Office, and as Deputy General Counsel for Enforcement and Administrative Law Judge at the Texas Department of Agriculture. Ms. Deane is a graduate of the Reynaldo G. Garza School of Law and holds a Bachelor of Fine Arts degree from Texas Tech University.

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THE TRUST INDENTURE

General

The Trust Indenture, which includes the Master Indenture and each of the supplements and amendments thereto relating to the Bonds, contains various covenants and security provisions, certain of which are summarized below. Reference should be made to the Trust Indenture, a copy of which may be obtained from the Department, for a full and complete statement of its provisions.

Funds and Accounts

The following Funds are established under the Trust Indenture: Mortgage Loan Fund; Revenue Fund; Debt Service Fund (and a Principal Account, an Interest Account, a Debt Service Reserve Account, a Swap Agreement Periodic Payment Account, and a Redemption Account therein); Expense Fund (and a Rebate Account therein); and Special Mortgage Loan Fund. The Funds and Accounts (except for the Principal Account, Interest Account, Swap Agreement Periodic Payment Account and Redemption Account of the Debt Service Fund which are held and invested by the Trustee and the Expense Fund which is held by the Department) are held by the Trustee and maintained and invested by the Comptroller of Public Accounts of the State of Texas, acting by and through the Texas Treasury Safekeeping Trust Company, as depository (the "Depository") under the Trust Indenture. See reference to official statement under "ADDITIONAL INFORMATION" for information on Texas Treasury Safekeeping Trust Company.

The Fifty-Seventh Supplemental Indenture creates an account for the Series 2013A Bonds within each listed Fund, and a Subaccount for the Series 2013A Bonds within each listed Account except for the Special Mortgage Loan Fund, the Debt Service Reserve Account and the Swap Agreement Periodic Payment Account. Moreover, in connection with the Swap Agreements, the corresponding Supplemental Indentures each created a corresponding Swap Agreement Termination Payment Subaccount, Swap Agreement Periodic Receipt Subaccount and Swap Agreement Termination Receipt Subaccount within the Surplus Revenues Account of the Revenue Fund. The Swap Agreement Termination Payment Subaccount and the Swap Agreement Termination Receipt Subaccount are not pledged as security for the payment of principal of or interest on any Bonds. The Accounts and Subaccounts so created do not grant a priority of the Series 2013A Bonds over that of any other series of Bonds.

Mortgage Loan Fund

Amounts in the Mortgage Loan Fund will be used to pay: (i) the costs of acquiring the Mortgage Certificates, (ii) the costs of issuance of the Bonds, and (iii) any other fees and expenses incurred in connection with the acquisition of the Mortgage Certificates which are payable by the Trustee on behalf of the Department pursuant to any agreement with Mortgage Lenders, and the fees and expenses of the Trustee, the Department and any consultants to the Department. The Transferred Mortgage Certificates will be deposited to the 2013A MBS Account.

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

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

Expense Fund

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

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

Revenue Fund

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

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

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

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

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

At the end of any Bond Year, if the Department meets the Asset Test, the Department may direct the Trustee to transfer the Surplus Indenture Revenues (in excess of those required to be maintained under the Trust Indenture in order to permit the Department to continue to meet the Asset Test) to the trustee under the Junior Lien Trust Indenture to be used to originate mortgage loans as described in the Trust Indenture, to reimburse a bond insurer or credit provider for amounts provided under a bond insurance policy or other credit support or to originate Junior Lien Mortgage Loans, or the Department may apply such Surplus Indenture Revenues: (1) in any manner permitted during periods when the Department is not meeting the Asset Test, as described under "SECURITY FOR THE BONDS – Statement of Projected Revenues"; (2) (A) to the redemption of Bonds (and in the case of the Series 2013A Bonds, only on and after the optional redemption date); (B) to the payment of any Department Expenses; (C) to the establishment of reserves therefor, free and clear of the pledge and lien of the Trust Indenture; or (D) to the purchase of Bonds; and (3) any other purpose or payment authorized by the Act, free and clear of the pledge and lien of the Trust Indenture.

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

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

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

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

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

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

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Debt Service Reserve Account

If on any Interest Payment Date for the Bonds, the amount in the Principal Account is less than the amount required to pay the principal and Redemption Price of Bonds then payable, or the amount in the Interest Account shall be less than the amount required to pay interest then due on the Bonds, the Trustee is required to apply amounts from the Debt Service Reserve Account to the extent necessary to eliminate the deficiency first in the Interest Account and second in the Principal Account. Any amount on deposit in the Debt Service Reserve Account prior to the monthly allocation from the Revenue Fund that is in excess of the Debt Service Reserve Requirement will, upon the request of the Department, be transferred to the Revenue Fund.

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

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

Special Mortgage Loan Fund

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

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

Withdrawals from Funds to Pay Debt Service

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

None of the following are deemed available under the Trust Indenture for the payment of Debt Service on Bonds: (i) moneys in the Redemption Account which are to be used to redeem Bonds as to which notice of redemption has been given or committed to the purchase of Bonds, (ii) moneys in the Mortgage Loan Fund which are to be used to acquire or refinance Mortgage Loans (or Mortgage Certificates) with respect to which the Department has entered into commitments with borrowers or

Mortgage Lenders, or (iii) Mortgage Loans credited to the Mortgage Loan Fund. Prior to withdrawing any amounts from the Mortgage Loan Fund, the Department shall file with the Trustee a Statement of Projected Revenues giving effect to such withdrawal, which shall project Revenues sufficient to pay Department Expenses and Debt Service when due in the then-current and each succeeding Bond Year. If there is not sufficient amount in all Funds and Accounts to pay all required principal, interest and Redemption Price on all Bonds, the available amounts will be applied in accordance with the provisions of the Trust Indenture.

Investments

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

Interest earned from investing any moneys in any Fund or profits realized from any investments in such Fund are required to be retained in such Fund until it contains the amount required by the Trust Indenture to be deposited therein; thereafter such earnings and profits, net of any losses (except that which represents a return of accrued interest paid in connection with the purchase by the Department, the Trustee or any Depository of any investment or as otherwise provided in a Supplemental Indenture), are required to be transferred to the Revenue Fund. In computing the amount in any Fund or Account created under the provisions of the Trust Indenture for any purpose provided in the Trust Indenture, obligations purchased as an investment of moneys therein must be valued at their amortized value, computed as prescribed in the Trust Indenture.

Other Department Covenants

Prior to the beginning of each Bond Year the Department shall prepare and file with the Trustee an annual budget for the ensuing Bond Year. The Department may not expend any amount from the Expense Fund for Department Expenses for such year in excess of the amounts provided therefor in the annual budget as originally adopted or as amended. The Department shall keep proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions in accordance with generally accepted accounting principles. The Department shall annually, within 150 days after the close of each Bond Year, file with the Trustee, and otherwise as provided by law, a copy of an annual report for such year, accompanied by an accountant's certificate, including the following statements in reasonable detail: a statement of financial position as of the end of such year; a statement of Revenues and Department Expenses; and a summary, with respect to each Fund and Account established under the Trust Indenture of the receipts therein and disbursements therefrom during such year and the amounts held therein at the end of such year. The Department shall at all times appoint, retain and employ competent personnel for the purpose of carrying out the Program and shall establish and enforce reasonable rules, regulations, tests and standards governing the employment of such personnel at reasonable compensation, salaries, fees and charges, and all persons employed by the Department shall be qualified for their respective positions.

Events of Default

Each of the following events is an "Event of Default" under the Trust Indenture: (i) default in the due and punctual payment of the principal or Redemption Price of any Bond when due; (ii) default in the due and punctual payment of any installment of interest on any Bond or any sinking fund installment when due and the continuance of such default for a period of 30 days; (iii) default by the Department in the performance or observance of any other of its covenants, agreements, or conditions in the Trust Indenture or in the Bonds, and the continuance of such default for a period of 60 days after written notice thereof to the Department by the Trustee or to the Department and to the Trustee by the owners of not less than ten percent (10%) in principal amount of the Bonds Outstanding; or (iv) the commencement of various proceedings involving the Department in bankruptcy or seeking reorganization, arrangement, readjustment or composition of its debts or for any other relief under the federal bankruptcy laws or under any other insolvency act or law, state or federal, now or hereafter existing, or seeking the involuntary appointment of a receiver or trustee of the Department or for all or a substantial part of its property, and unless commenced by or consented to by the Department, their continuation for 90 days undismissed or undischarged.

Bondholders' Rights in the Event of Default

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

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

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

Application of Proceeds

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

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

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

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

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

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

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

Trustee

The Bank of New York Mellon Trust Company, N.A. serves as the Trustee for the Bonds issued under the Trust Indenture, including the Series 2013A Bonds. The Trustee is required to be removed if so requested by the owners of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Department. The Trustee may also resign. In either event, a successor is required to be appointed.

Supplemental Indentures without Consent of Bondholders

For any one or more of the following purposes and at any time or from time to time, a supplemental indenture of the Department may be adopted, which, upon filing with the Trustee a copy thereof, certified by an authorized officer of the Department, shall be fully effective in accordance with its terms: (i) to authorize Bonds of a series and to specify the matters relative to such Bonds which are not contrary to or inconsistent with the Trust Indenture; (ii) to close the Trust Indenture against, or provide limitations on, the delivery of Bonds; (iii) to add to the covenants of the Department in the Trust Indenture; (iv) to add to the restrictions in the Trust Indenture other restrictions to be observed by the Department which are not inconsistent with the Trust Indenture; (v) to confirm the subjection to any lien or pledge created by the Trust Indenture of the Trust Estate or any other moneys; (vi) to modify any of the provisions of the Trust Indenture in any other respect, effective only after all Bonds of any series Outstanding at the date of the adoption of such supplemental indenture shall cease to be Outstanding; (vii) to amend the Trust Indenture to permit its qualification under the Trust Indenture Act of 1939 or any state blue sky law; or (viii) to surrender any right conferred upon the Department by the terms of the Trust Indenture, provided that the surrender of such right is not inconsistent with the covenants of the Department contained in the Trust Indenture.

For any one or more of the following purposes and at any time or from time to time, a supplemental indenture may be adopted with the consent of the Trustee: (i) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision of the Trust Indenture; (ii) to insert such provisions clarifying matters or questions arising under the Trust Indenture as are necessary or desirable and are not contrary to or inconsistent with the Trust Indenture as theretofore in effect; or (iii) to provide for additional duties of the Trustee in connection with the Trust Estate, the Mortgage Loans or the Program.

Amendment of Indenture with Consent of Bondholders

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

Defeasance

If the Department shall pay or cause to be paid, or there shall otherwise be paid, to the owners of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Trust Indenture, then the pledge of the Trust Estate under the Trust Indenture and all covenants, agreements and other obligations of the Department to the Bondholders, shall thereupon terminate.

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

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

Depositories

The Department may appoint one or more depositories to hold all or a designated portion of the moneys and investments subject to the lien and pledge of the Trust Indenture. Any depository appointed by the Department must be: (i) the Comptroller of Public Accounts of the State of Texas, acting by and through the Texas Treasury Safekeeping Trust Company; or (ii) a bank, trust company, a national banking association, a savings and loan association, savings bank, or other banking institution or association selected by the Department. See "TEXAS TREASURY SAFEKEEPING TRUST COMPANY."

All moneys and securities deposited with any Depository under the provisions of the Trust Indenture are required to be held in trust for the Trustee or the Department, as applicable, and the owners of the Bonds, and may not be applied in any manner that is inconsistent with the provisions of the Trust Indenture. Each Fund or Account held by the Depository shall be a trust fund for purposes of the Trust Indenture.

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TEXAS TREASURY SAFEKEEPING TRUST COMPANY

The Department has entered into a Depository Agreement relating to the Bonds (as amended and supplemented, the "Depository Agreement"), by and among the Department, the Trustee, and the Treasurer of the State of Texas (now, the Texas Treasury Safekeeping Trust Company, a special-purpose trust company organized under the laws of the State of Texas (the "Trust Company")). Pursuant to the Depository Agreement, the Trust Company will hold all moneys and securities required to be credited to all Funds (other than the Principal Account, Interest Account, Swap Agreement Periodic Payment Account and Redemption Account of the Debt Service Fund, and the Expense Fund). All money and securities required by the Trust Indenture to be credited to such Funds 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

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS OFFICIAL STATEMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS OF THE SERIES 2013A BONDS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON SUCH HOLDERS UNDER THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"); (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE HOLDERS OF THE SERIES 2013A BONDS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

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General

The following discussion summarizes certain U.S. federal income tax considerations that may be relevant to the acquisition, ownership and disposition of the Series 2013A Bonds by a U.S. holder (as defined below). This discussion is based upon the provisions of the Code, applicable U.S. Treasury Regulations promulgated thereunder, judicial authority and administrative interpretations, as of the date of this document, all of which are subject to change, possibly with retroactive effect, or are subject to different interpretations. Neither the Department nor Bond Counsel offers any assurance that the Internal Revenue Service, or IRS, will not challenge one or more of the tax consequences described in this discussion, and neither the Department nor Bond Counsel has obtained, nor do the Department or Bond Counsel intend to obtain, a ruling from the IRS or an opinion of counsel with respect to the U.S. federal tax consequences of acquiring, holding or disposing of the Series 2013A Bonds.

This discussion is limited to holders who purchase the Series 2013A Bonds in this offering for a price equal to the issue price of the Series 2013A Bonds (i.e., the first price at which a substantial amount of the Series 2013A Bonds is sold for cash other than to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and who hold the Series 2013A Bonds as capital assets (generally, property held for investment). This discussion does not address the tax considerations arising under the laws of any foreign, state, local or other jurisdiction or income tax treaties or any U.S. federal estate or gift tax considerations. In addition, this discussion does not address all tax considerations that may be important to a particular holder in light of the holder's circumstances, or to certain categories of investors that may be subject to special rules, such as:

- dealers in securities or currencies;
- traders in securities that have elected the mark-to-market method of accounting for their securities;
- U.S. holders (as defined below) whose functional currency is not the U.S. dollar;
- persons holding the Series 2013A Bonds as part of a hedge, straddle, conversion or other "synthetic security" or integrated transaction;
- certain U.S. expatriates;
- financial institutions;
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- persons subject to the alternative minimum tax;
- entities that are tax-exempt for U.S. federal income tax purposes; and
- partnerships and other pass-through entities and holders of interests therein.

If a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) holds the Series 2013A Bonds, the tax treatment of a partner of the partnership generally will depend upon the status of the partner and the activities of the partnership. A partner of a partnership acquiring the Series 2013A Bonds should consult his/her own tax advisor about the U.S. federal income tax consequences of acquiring, holding and disposing of the Series 2013A Bonds.

INVESTORS CONSIDERING THE PURCHASE OF THE SERIES 2013A BONDS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP OR DISPOSITION OF THE SERIES 2013A BONDS UNDER THE LAWS OF ANY STATE, LOCAL OR FOREIGN JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

Tax Consequences to U.S. Holders

As used herein "U.S. holder" means a beneficial owner of a Series 2013A Bond and who or that is, for U.S. federal income tax purposes:

- an individual who is a U.S. citizen or U.S. resident alien;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, that was created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or that has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a United States person.

Interest on the Series 2013A Bonds and Original Issue Discount

Interest on the Series 2013A Bonds generally will be taxable to a bondholder as ordinary income at the time it is received or accrued in accordance with the bondholder's regular method of accounting for U.S. federal income tax purposes. In addition, all or a portion of the Series 2013A Bonds may be issued with original issue discount ("OID") for U.S. federal income tax purposes. The amount of OID is generally equal to the excess of the principal amount of the notes over the issue price of the notes. The issue price of a Series 2013A Bond will be equal to the first price at which a substantial amount of Series 2013A Bonds are sold for cash (excluding sales to underwriters or placement agents). Accordingly, a bondholder will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest, before the receipt of cash payments attributable to this income. Under this method, a bondholder generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

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Original Issue Premium

A bondholder who purchases a Series 2013A Bond in the initial offering for an amount that exceeds the principal amount of such Series 2013A Bond will be considered to have purchased the Series 2013A Bond with "amortizable bond premium" equal in amount to the excess. Generally, a bondholder may elect to amortize the bond premium (or, if it results in a smaller amortizable bond premium attributable to the period of an earlier call date, an amount determined with reference to the amount payable on the earlier call date) as an offset to stated interest income, using a constant yield method, over the remaining term of the Series 2013A Bond (or assuming the exercise of a call option, if use of the call date in lieu of the stated maturity date results in a smaller amortizable bond premium for the period ending on the call date). If a bondholder elects to amortize bond premium, the bondholder must reduce its adjusted tax basis in the Series 2013A Bond by the amount of the bond premium used to offset stated interest income as set forth above. An election to amortize bond premium applies to all taxable debt obligations held or subsequently acquired by a bondholder on or after the first day of the first taxable year to which the election applies and may be revoked only with the consent of the IRS.

Disposition of the Series 2013A Bonds

A bondholder will generally recognize capital gain or loss on the sale, redemption, exchange, retirement or other taxable disposition of a Series 2013A Bond. This gain or loss will equal the difference between the bondholder's adjusted tax basis in the Series 2013A Bond and the proceeds received (excluding any proceeds attributable to accrued but unpaid stated interest which will be recognized as ordinary interest income to the extent any such bondholder has not previously included such amounts in income) by the bondholder. The proceeds the bondholder receives will include the amount of any cash and the fair market value of any other property received for the Series 2013A Bond. The adjusted tax basis in the Series 2013A Bond will generally equal the amount the bondholder paid for the Series 2013A Bond. The gain or loss will be long-term capital gain or loss if the bondholder held the Series 2013A Bond for more than one year at the time of the sale, redemption, exchange, retirement or other disposition. Long-term capital gains of individuals, estates and trusts currently are subject to a reduced rate of U.S. federal income tax. The deductibility of capital losses is subject to certain limitations.

Information Reporting and Backup Withholding

Information reporting will apply to payments of interest on, and the proceeds of the sale, redemption, exchange, retirement or other disposition of, the Series 2013A Bonds held by a bondholder, and backup withholding may apply to such payments unless a bondholder provides the appropriate intermediary with a taxpayer identification number, certified under penalties of perjury, as well as certain other information. Backup withholding is not an additional tax. Any amount withheld under the backup withholding rules is allowable as a credit against a bondholder's U.S. federal income tax liability, if any, and a refund may be obtained if the amounts withheld exceed the bondholder's actual U.S. federal income tax liability and the bondholder timely provides the required information or appropriate claim form to the IRS.

New Legislation Relating to Net Investment Income

For taxable years beginning after December 31, 2012, newly-enacted legislation is scheduled to impose a 3.8% tax on the "net investment income" of certain United States citizens and resident aliens and on the undistributed "net investment income" of certain estates and trusts. Among other items, "net investment income" generally would include interest and certain net gain from the sale, redemption, exchange, retirement or other taxable disposition of a Series 2013A Bond, less certain deductions.

Prospective holders should consult their tax advisors with respect to the tax consequences of the new legislation described above.

Tax Consequences to Non-U.S. Holders

As used herein, a "non-U.S. holder" means a beneficial owner of a Series 2013A Bond that is an individual, corporation, estate or trust that is not a U.S. holder.

Interest on the Series 2013A Bonds

Payments to a non-U.S. holder of interest on the Series 2013A Bonds generally will be exempt from withholding of U.S. federal tax under the "portfolio interest" exemption if the bondholder properly certifies as to the bondholder's foreign status as described below, and:

- the bondholder does not own, actually or constructively, 10% or more of the Department's capital or profits interests;
- the bondholder is not a "controlled foreign corporation" for U.S. federal income tax purposes that is related to the Department (actually or constructively);
- the bondholder is not a bank whose receipt of interest on the Series 2013A Bonds is in connection with an extension of credit made pursuant to a loan agreement entered into in the ordinary course of the bondholder's trade or business; and
- interest on the Series 2013A Bonds is not effectively connected with the bondholder's conduct of a U.S. trade or business.

The portfolio interest exemption and several of the special rules for non-U.S. holders described below generally apply only if a non-U.S. holder appropriately certifies as to the bondholder's foreign status. A bondholder can generally meet this certification requirement by providing a properly executed IRS Form W-8BEN or appropriate substitute form to the withholding agent. If a non-U.S. holder holds the Series 2013A Bonds through a financial institution or other agent acting on the bondholder's behalf, the bondholder may be required to provide appropriate certifications to the agent. The agent will then generally be required to provide appropriate certifications to the withholding agent, either directly or through other intermediaries. Special rules apply to foreign partnerships, estates and trusts, and in certain circumstances certifications as to the foreign status of partners, trust owners or beneficiaries may have to be provided to the Department or its paying agent. In addition, special rules apply to qualified intermediaries that enter into withholding agreements with the IRS.

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If a non-U.S. holder cannot satisfy the requirements described above, payments of interest made to the bondholder will be subject to U.S. federal withholding tax at a 30% rate, unless the bondholder provides the withholding agent with a properly executed IRS Form W-8BEN (or successor form) claiming an exemption from (or a reduction of) withholding under the benefit of an applicable income tax treaty, or the payments of interest are effectively connected with the bondholder's conduct of a trade or business in the United States and the bondholder meets the certification requirements described below. (See "—Tax Consequences to Non-U.S. Holders—Income or Gain Effectively Connected With a U.S. Trade or Business").

Disposition of the Series 2013A Bonds

A non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized on the sale, redemption, exchange, retirement or other taxable disposition of a Series 2013A Bond unless:

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

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

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

Income or Gain Effectively Connected with a U.S. Trade or Business

If any interest on the Series 2013A Bonds or gain from the sale, redemption, exchange, retirement or other taxable disposition of the Series 2013A Bonds is effectively connected with a U.S. trade or business conducted by a non-U.S. holder, then the income or gain will be subject to U.S. federal income tax at regular graduated income tax rates in the same manner as a U.S. holder unless an applicable tax treaty provides otherwise. Effectively connected income will not be subject to U.S. withholding tax if a non-U.S. holder satisfies certain certification requirements by providing to the withholding agent a properly executed IRS Form W-8ECI or IRS Form W-8BEN (claiming exemption under an income tax treaty). For a non-U.S. holder that is a corporation, that portion of your earnings and profits that is effectively connected with its U.S. trade or business may also be subject to a "branch profits tax" at a 30% rate, although an applicable income tax treaty may provide for a lower rate.

Information Reporting and Backup Withholding

Payments to a non-U.S. holder of interest on a Series 2013A Bond, and amounts withheld from such payments, if any, generally will be required to be reported to the IRS and to the non-U.S. holder. Copies of the information returns reporting such interest may also be made available to the tax authorities in the country in which the non-U.S. holder resides under the provisions of a treaty or agreement.

United States backup withholding generally will not apply to payments to a non-U.S. holder of interest on a Series 2013A Bond if the statement described in "Tax Consequences to Non-U.S. Holders—Interest on the Series 2013A Bonds" is duly provided or the bondholder otherwise establishes an exemption, provided that the Department does not have actual knowledge or reason to know that the bondholder is a United States person.

Payment of the proceeds of a disposition of a Series 2013A Bond effected by the U.S. office of a U.S. or foreign broker will be subject to information reporting requirements and backup withholding unless a non-U.S. holder properly certifies under penalties of perjury as to the bondholder's foreign status and certain other conditions are met or the bondholder otherwise establishes an exemption. Information reporting requirements and backup withholding generally will not apply to any payment of the proceeds of the disposition of a Series 2013A Bond effected outside the United States by a foreign office of a broker. However, unless such a broker has documentary evidence in its records that a bondholder is a non-U.S. holder and certain other conditions are met, or the bondholder otherwise establishes an exemption, information reporting will apply to a payment of the proceeds of the disposition of a Series 2013A Bond effected outside the United States by such a broker if the broker is:

- a United States person;
- a foreign person that derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States;
- a controlled foreign corporation for U.S. federal income tax purposes; or
- a foreign partnership that, at any time during its taxable year, has more than 50% of its income or capital interests owned by United States persons or is engaged in the conduct of a U.S. trade or business.

Backup withholding is not an additional tax. Any amount withheld under the backup withholding rules is allowable as a credit against a non-U.S. holder's U.S. federal income tax liability, if any, and a refund may be obtained if the amounts withheld exceed the non-U.S. holder's actual U.S. federal income tax liability and the non-U.S. holder timely provides the required information or appropriate claim form to the Service.

THE PRECEDING DISCUSSION OF CERTAIN U.S. FEDERAL INCOME CONSIDERATIONS IS FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. WE URGE EACH PROSPECTIVE INVESTOR TO CONSULT ITS OWN TAX ADVISOR REGARDING THE PARTICULAR U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF PURCHASING, HOLDING AND DISPOSING OF THE SERIES 2013A BONDS, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGE IN APPLICABLE LAWS.

CONTINUING DISCLOSURE OF INFORMATION

In the Continuing Disclosure Agreement, dated as of May 1, 2013 (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 2013A Bonds. The Department is required to observe the Disclosure Agreement for so long as it remains obligated to advance funds to pay the Series 2013A Bonds. Under the Disclosure Agreement, the Department will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB").

No Eligible Borrower is an "obligated person" (as defined in Rule 15c2-12 of the United States Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended (the "Rule")) for whom financial information or operating data would be presented this Official Statement had such Eligible Borrower been known at the time of the offering of the Series 2013A Bonds.

Annual Reports

The Department will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the Department of the general type included in this Official Statement under the headings "APPENDIX D-1--AUDITED FINANCIAL STATEMENTS OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS REVENUE BOND PROGRAM FOR THE FISCAL YEAR ENDED AUGUST 31, 2012" (financial statements for the last completed fiscal year will be unaudited, unless an audit is performed in which event the audited financial statements will be made available), "APPENDIX F-1 --ADDITIONAL INFORMATION CONCERNING MORTGAGE LOANS AND MORTGAGE CERTIFICATES" and "APPENDIX F-2 --OTHER INDEBTEDNESS OF THE DEPARTMENT." The Department will update and provide this information within six months after the end of each Fiscal Year ending in or after 2013. The Department will provide the updated information to the MSRB.

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

The Department's current Fiscal Year ends on August 31, 2013. 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 2014 and will be required to provide updated information to the MSRB by the last day of February in each year thereafter, unless the Department changes its Fiscal Year. If the Department changes its Fiscal Year, it will notify the MSRB of the change.

Event Notices

The Department will provide notice to the MSRB of any of the following events with respect to the Series 2013A 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 2013A Bond calls; (4) release, substitution, or sale of property securing repayment of the Series 2013A Bonds; (5) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and (6) appointment of a successor or additional trustee or the change of name of a trustee.

The Department will also provide notice to the MSRB of any of the following events with respect to the Series 2013A 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 (The Fifty-Seventh Supplemental Indenture makes no provision for credit or liquidity facilities); (5) tender offers; (6) defeasances; (7) rating changes; and (8) bankruptcy, insolvency, receivership or similar event of an obligated person.

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

Availability of Information from MSRB

The Department has agreed to provide the foregoing information only to the MSRB. The information will be available to holders of Series 2013A Bonds at no charge at www.emma.msrb.org.

Limitations and Amendments

The Department has agreed to update information and to provide notices of certain 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 2013A 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 2013A 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 2013A Bonds in the primary offering of the Series 2013A 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 2013A 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 2013A 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 2013A Bonds in the primary offering of such Series 2013A Bonds.

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

Duties, Immunities and Liabilities of Trustee

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

Compliance with Prior Continuing Disclosure Agreements

The Department has not failed to comply with its previous continuing disclosure agreements in accordance with the Rule.

RATINGS

Moody's Investors Service, Inc. ("Moodys") and Standard & Poor's Ratings Services, a Standard & Poor’s Financial Service LLC business ("S&P"), have assigned ratings to the Series 2013A Bonds of "Aa1" and "AA+," respectively. An explanation of the significance of such ratings may be obtained from the companies furnishing the ratings. The ratings do not represent recommendations to buy, sell, or hold the Series 2013A 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 2013A 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 2013A Bonds.

UNDERWRITING

The Series 2013A 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 2013A Bonds (the "Bond Purchase Agreement"), the Underwriters have agreed to purchase the Series 2013A Bonds at a total purchase price of par. The Underwriters will receive a fee of $318,750 in connection with the purchase of the Series 2013A 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 co-counsel and certain other conditions. The initial public offering prices of the Series 2013A Bonds may be changed, from time to time, by the Underwriters. The Underwriters may offer and sell the Series 2013A Bonds to certain dealers (including dealers depositing the Series 2013A 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.

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J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series 2013A Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this transaction), each of UBSFS and CS&Co. will purchase Series 2013A Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2013A Bonds that such firm sells.

Morgan Stanley & Co. LLC is providing the following language for inclusion in this Official Statement. Morgan Stanley and Citigroup Inc., the respective parent companies of Morgan Stanley & Co. LLC (an underwriter of the Series 2013A Bonds) and Citigroup Global Markets Inc., have entered into a retail brokerage joint venture. As part of the joint venture, Morgan Stanley & Co. LLC and Citigroup Global Markets Inc. will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Morgan Stanley & Co. LLC will compensate Morgan Stanley Smith Barney LLC for its selling efforts with their respective allocations of the Series 2013A Bonds.

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.

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FINANCIAL ADVISOR

George K. Baum & Company 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 2013A Bonds. George K. Baum & Company 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 George K. Baum & Company, and inclusion of such information is not and should not be construed as a representation by George K. Baum & Company as to its accuracy or completeness or otherwise. George K. Baum & Company 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.

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

FINANCIAL STATEMENTS

The financial statements of the Texas Department of Housing and Community Affairs-Revenue Bond Enterprise Fund as of and for the fiscal year ended August 31, 2012 included in Appendix D-1 in this Official Statement have been audited by the Texas State Auditor's Office, independent auditors, as stated in their report appearing herein.

The financial data as of and for the four months ended December 31, 2012 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 2013A 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 2013A 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 2013A Bonds, or in any way contesting or affecting the validity of the Series 2013A Bonds, the Trust Indenture, or any proceedings of the Department taken with respect to the delivery of the Series 2013A Bonds, or the existence or powers of the Department insofar as they relate to the delivery of the Series 2013A Bonds or such pledge or application of moneys and security.

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The Department is a defendant in the legal action known as Inclusive Communities Project, Inc. vs. Texas Department of Housing and Community Affairs, et al. The court has issued its judgment in this case and awarded plaintiff $1,869,577 in attorney fees and $24,392 in non-taxable costs. Because the Department is appealing the ruling, management cannot estimate the amount of its liability for the plaintiff's attorneys' fees.

LEGALITY FOR INVESTMENT

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

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

To the extent that the Series 2013A 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 2013A 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 2013A 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 2013A Bonds for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Series 2013A Bonds for such purposes.

APPROVAL OF LEGALITY

Legal matters incident to the delivery of the Series 2013A Bonds are subject to the approving opinion of Bracewell & Giuliani LLP and Bates & Coleman, P.C., Co-Bond Counsel. Certain legal matters will be passed upon for the Department by its General Counsel, Barbara B. Deane, 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 co-counsel, Chapman and Cutler LLP and Locke Lord LLP.

In their capacity as Co-Bond Counsel, Bracewell & Giuliani LLP and Bates & Coleman, P.C. have reviewed the information appearing in this Official Statement describing the Series 2013A Bonds, the security therefor and the federal income tax status thereof, particularly the information appearing under "THE SERIES 2013A BONDS" (but excluding the information contained therein under the subheading "DTC and Book-Entry"), "SECURITY FOR THE BONDS" (but excluding the information set forth under the subheadings "The Prior Bonds," and "Prior Mortgage Loans and Mortgage Certificates"), "THE TRUST INDENTURE," "TEXAS TREASURY SAFEKEEPING TRUST COMPANY," "TAX MATTERS," "LEGALITY FOR INVESTMENT" and "APPROVAL OF LEGALITY" and in APPENDIX A, APPENDIX E, and " APPENDIX H—CERTAIN INFORMATION REGARDING THE PROGRAM, THE MORTGAGE LOANS, PRIOR SWAP AGREEMENTS AND PRIOR LIQUIDITY FACILITIES -- The Program and the Mortgage Loans" (but excluding the information set forth under the subheadings "Servicing," "The Master Servicers" "Investment of Funds," "Prior Swap Agreements" and "Prior Liquidity Facilities") to this Official Statement, solely to determine whether such information fairly and accurately describes or summarizes the provisions of the Act, the laws of the State, the Trust Indenture, the Fifty-Seventh Supplemental Indenture, the Depository Agreement, the Series 2013A Bonds and the federal tax implications with respect to the Series 2013A Bonds. Co-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, Co-Bond Counsel does not pass upon the fairness, accuracy or completeness of this Official Statement, and no person is entitled to rely upon such firms' limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of the information contained herein.

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ADDITIONAL INFORMATION

Certain provisions of the Act and the Trust Indenture are summarized in this Official Statement. Such summaries do not purport to be comprehensive or definitive and reference is made to such documents for a full and complete statement of their respective provisions. The information contained above is subject to change without notice and no implication is to be derived therefrom or from the sale of the Series 2013A 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 2013A Bonds.

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: /s/J. Paul Oxer
Chair and Member
Governing Board

By: /s/Timothy K. Irvine
Executive Director

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APPENDIX A

GLOSSARY

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

"Account" or "Accounts" shall mean any one or more, as the case may be, of the separate special trust accounts created and established within the Funds created and established under the Trust Indenture and the 2013A Supplemental Indenture.

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

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

"Authorized Denominations," shall mean $5,000 principal amount and any integral multiple thereof.

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

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

"Bond Depository" shall mean The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, and any successor Bond Depository appointed pursuant to the 2013A Supplemental Indenture.

"Bond Purchase Agreement" shall mean the Bond Purchase Agreement providing for the initial purchase of the Series 2013A Bonds by the Underwriters.

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

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

"Bonds" shall mean any bond or bonds, as the case may be, authenticated and delivered pursuant to the Trust Indenture, including the Series 2013A Bonds, the Prior Bonds and any additional bonds.

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

"Code" shall mean the Internal Revenue Code of 1986, as amended, together with the corresponding and applicable final, temporary or proposed regulations and revenue rulings issued or amended with respect thereto by the United States Treasury Department or the Internal Revenue Service, to the extent applicable to the Series 2013A Bonds.

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

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

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

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

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

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

"Department Expenses" shall mean the Department's expenses of carrying out and administering its powers, duties and functions in connection with the Mortgage Loans and shall include without limiting the generality of the foregoing: salaries, supplies, utilities, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus; expenses for data processing, insurance premiums, legal, accounting, management, consulting and banking services and expenses; the fees and expenses of the Trustee, Depositories and Paying Agents; Mortgage Loan servicing fees; costs of issuance not paid from proceeds of Bonds; payments to pension, retirement, health and hospitalization funds; and any other expenses required or permitted to be paid by the Department under the provisions of the Act, the Trust Indenture and any Supplemental Indenture, all to the extent properly allocable to the Program.

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

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

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

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

"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 United States Department of Housing and Urban Development, Federal Housing Administration, or any successor federal agency or instrumentality.

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

"Fifty-Seventh Supplemental Indenture" or "2013A Supplemental Indenture" shall mean the Fifty-Seventh Supplemental Single Family Mortgage Revenue Bond Trust Indenture, dated as of May 1, 2013, by and between the Department and The Bank of New York Mellon Trust Company, N.A., as trustee, pursuant to which the issuance of the Series 2013A Bonds is authorized.

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

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

"Fund" shall mean the Mortgage Loan Fund, the Expense Fund, the Revenue Fund, the Debt Service Fund and the Special Mortgage Loan Fund.

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

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

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

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

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

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

"Interest Payment Date" shall mean, with respect to the Series 2013A Bonds, each March 1 and September 1, commencing September 1, 2013, and any date on which the Series 2013A Bonds are subject to redemption.

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

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

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

(c) obligations of the Federal Home Loan Mortgage Corporation (including only securities guaranteed as to timely payment of principal and interest);

(d) obligations of the Farm Credit System;

(e) obligations of Federal Home Loan Banks;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Letter of Instructions" shall mean, with respect to the Series 2013A Bonds, a written directive and authorization to the Trustee or any Depository specifying the period of time for which such directive and authorization shall remain in effect, executed by two authorized officers of the Department.

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

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

"Master Servicer" when used with respect to Program 57A, shall mean Bank of America N.A. or any successor thereto as servicer for such Program and when used with respect to another particular Program, shall mean the entity designated as servicer for such Program in the documents for such Program, or any successor thereto.

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

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

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

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

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

"Mortgage Loan Principal 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 mortgagor or (ii) as a consequence of the damage, destruction or condemnation of the mortgaged premises or any part thereof (other than insurance moneys received or recovered and used in accordance with the provisions of the Trust Indenture to repair or reconstruct the mortgaged premises which were the subject of insurance proceeds) or (iii) by the sale, assignment, endorsement or other disposition of such Mortgage Loan by the Department or (iv) in the event of a default thereon by the mortgagor, by the acceleration, sale, assignment, endorsement or other disposition of such Mortgage Loan by the Department or by any other proceedings taken by the Department or (v) from any special hazard insurance policy or standard hazard insurance policy covering mortgaged premises or (vi) from any mortgage insurance, including a private mortgage insurance policy and a mortgage pool insurance policy, or (vii) from any proceeds received from the United States of America or any instrumentality thereof in respect of any insurance or guaranty of a Mortgage Loan.

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

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

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

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

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

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

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

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

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

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

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

"Program" shall mean the Department's Single Family Mortgage Revenue Bond Program, including that certain program designated as Texas Department of Housing and Community Affairs Bond Program No. 57A, as set forth and implemented through the Program Documents.

"Program Documents" shall mean the Mortgage Origination Agreement, the Servicing Agreement, the Compliance Agreement and the Program Supplement.

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

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

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

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

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

"Series 2002A Bonds" shall mean the Department's Single Family Mortgage Revenue Bonds, 2002 Series A, issued under the Trust Indenture and the Thirty-Second Supplemental Indenture.

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

"Series 2002B Bonds" shall mean the Department's Single Family Mortgage Revenue Refunding Bonds, 2002 Series B, issued under the Trust Indenture and the Thirty-Third Supplemental Indenture.

"Series 2002C Bonds" shall mean the Department's Single Family Mortgage Revenue Refunding Bonds, 2002 Series C, issued under the Trust Indenture and the Thirty-Fourth Supplemental Indenture.

"Series 2013A Bonds" shall mean the Department's Single Mortgage Revenue Refunding Bonds, 2013 Series A (Taxable) to be issued under the Trust Indenture and the Fifty-Seventh Supplemental Indenture.

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

"State" shall mean the State of Texas.

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

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

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

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

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

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

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

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

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

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

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

"Transferred Mortgage Certificates" shall mean the participation interests in Mortgage Certificates allocated to the Series 2013A Bonds as described in Appendix G.

"Trust Indenture" shall mean the Master Indenture, as supplemented and amended from time to time, each between the Department and the Trustee.

"2013 A Redemption Subaccount" shall mean the 2013A Subaccount of the Redemption Account of the Debt Service Fund.

"2013 A Revenue Account" shall mean the 2013A Account of the Revenue Fund.

"2013A MBS Account" shall mean the 2013 Series A Account of the Mortgage Loan Fund.

"Underwriters" shall mean J.P. Morgan Securities LLC and the other underwriters named on the a schedule to the Bond Purchase Agreement.

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APPENDIX B

SUMMARY OF CERTAIN MORTGAGE INSURANCE PROGRAMS AND TEXAS FORECLOSURE LAWS

Introduction

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

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

FHA Insurance Programs

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

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

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

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

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

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

Department of Veterans Affairs Mortgage Guaranty Program

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

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

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

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

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

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

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

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

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

Private Mortgage Insurance Programs

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

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

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

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

Mortgage Pool Insurance

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

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

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

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

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

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

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

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

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

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

Standard Hazard Insurance Policies

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

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

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

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

Foreclosure Laws

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

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

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

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

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APPENDIX C-1
GNMA AND THE GNMA CERTIFICATES

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

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

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

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

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

GNMA, upon execution of the GNMA Guaranty appended to the GNMA Certificate and upon delivery of the GNMA Certificate to the Master Servicer, will have guaranteed to the Trustee as holder of the GNMA Certificate the timely payment of principal of and interest on the GNMA Certificate. In order to meet its obligations under such guaranty, GNMA, in its corporate capacity under Section 306(g) of Title III of the

Housing Act, may issue its general obligations to the United States Treasury Department in an amount outstanding at any one time sufficient to enable GNMA, with no limitations as to amount, to perform its obligations under its guaranty of the timely payment of the principal of and interest on the GNMA Certificate. The Treasury is authorized to purchase any obligation so issued by GNMA and has indicated in a letter dated February 13, 1970, from the Secretary of the Treasury to the Secretary of HUD that the Treasury will make loans to GNMA, if needed, to implement the aforementioned guaranty.

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

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

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

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

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

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

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

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

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

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APPENDIX C-2

FREDDIE MAC AND THE FREDDIE MAC CERTIFICATES

General

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

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

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

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

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

Federal Housing Finance Agency Actions

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

On September 7, 2008, the U.S. Department of Treasury ("Treasury") entered into a "Senior Preferred Stock Purchase Agreement" with each GSE. Those agreements were amended and restated on September 26, 2008, and subsequently amended on May 6, 2009 and December 24, 2009. Each such agreement is indefinite in duration and has a maximum capacity of $200 billion, which amount will increase as necessary to accommodate any cumulative reduction in net worth calculated on a quarterly basis through December 31, 2012. If the FHFA determines that a GSE's liabilities have exceeded its assets under generally accepted accounting principles, the Treasury is required by the agreement to contribute cash capital to the GSE in an amount equal to the difference between liabilities and assets. On August 17, 2012 the Treasury announced modifications to the Preferred Stock Purchase Agreement whereby Fannie Mae and Freddie Mac would accelerate the wind down of its retained mortgage investment portfolios at an annual rate of 15% and would replace the dividend repayment requirement to the Treasury with a quarterly sweep of every dollar of profit that each firm earns going forward.

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

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

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

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

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

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

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

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APPENDIX C-3
FANNIE MAE AND THE FANNIE MAE CERTIFICATES

General

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

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

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

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

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

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

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

Mortgage-backed Securities Program

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

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

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

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

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

Pool Purchase Contract

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

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

Fannie Mae Certificates

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

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

Payments on Mortgage Loans; Distributions on Fannie Mae Certificates

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

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

Federal Housing Finance Agency Actions

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

On September 7, 2008, the U.S. Department of Treasury ("Treasury") entered into a "Senior Preferred Stock Purchase Agreement" with each GSE. Those agreements were amended and restated on September 26, 2008, and subsequently amended on May 6, 2009 and December 24, 2009. Each such agreement is indefinite in duration and has a maximum capacity of $200 billion, which amount will increase as necessary to accommodate any cumulative reduction in net worth calculated on a quarterly basis through December 31, 2012. If the FHFA determines that a GSE's liabilities have exceeded its assets under generally accepted accounting principles, the Treasury is required by the agreement to contribute cash capital to the GSE in an amount equal to the difference between liabilities and assets. On August 17, 2012 the Treasury announced modifications to the Preferred Stock Purchase Agreement whereby Fannie Mae and Freddie Mac would accelerate the wind down of its retained mortgage investment portfolios at an annual rate of 15% and would replace the dividend repayment requirement to the Treasury with a quarterly sweep of every dollar of profit that each firm earns going forward.

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

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

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

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

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

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

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

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APPENDIX D-1

AUDITED FINANCIAL STATEMENTS

OF THE

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

REVENUE BOND PROGRAM

FOR THE FISCAL YEAR ENDED

AUGUST 31, 2012

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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, 2012

(With Independent Auditors' 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, 2012

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John Keel, CPA
State Auditor

Independent Auditor's Report

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

We have audited the accompanying financial statements of the Revenue Bond Program Enterprise Fund (Program) of the Department of Housing and Community Affairs (Department), as of and for the year ended August 31, 2012, which collectively comprise the Program's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements present only the Program, an enterprise fund of the Department and the State of Texas, and do not purport to, and do not, present fairly the financial position of the Department or the State of Texas as of August 31, 2012, the changes in the Department's or the State's financial position, or, where applicable, the Department's or the State's cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the Program of the Department, as of August 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated December 20, 2012, on our consideration of the Department's internal control over the Program's financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and

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compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Program's financial statements. The supplementary bond schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary bond schedules are fairly stated in all material respects in relation to the financial statements as a whole.

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

John Keel, CPA
State Auditor

December 20, 2012

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

FINANCIAL HIGHLIGHTS

- The Bond Program's net assets increased by $20.6 million. This was primarily because of the $6.6 million change in fair value of investments and a positive $11.8 million difference between interest income and interest expense as explained below.

- The Bond Program had an Operating Income of $24.2 million, a decrease of $18.5 million from the prior year. The change in operating income was a result of the following factors. The net increase in fair value of investments decreased from $33.2 million in fiscal year 2011 to $6.6 million in fiscal year 2012, or $26.7 million. Bond interest expense decreased $3.9 million due to lower interest rates related to variable rate debt. In addition, other operating revenue increased $2.4 million primarily related to servicer fees.

- The Bond Program's debt outstanding of $2.4 billion as of August 31, 2012, decreased $36.6 million. Debt issuances and debt retirements totaled $88.0 million and $124.9 million, respectively. Loan originations for the year totaled $10.9 million in the Bond Program.

- In accordance with Governmental Accounting Standards Board Statement (GASB) No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the Department identified its derivative instruments, measured their effectiveness, and reported the derivative instruments at fair value. The Department's interest rate swaps, which were primarily used to hedge changes in interest rates, are considered to be derivative instruments under GASB 53. GASB 53 requires the fair value of a derivative to be reported at the end of the fiscal year in the balance sheet. As of August 31, 2012, the Department's five interest rate swaps had a total notional amount of $286.3 million and a negative $46.9 million fair value which was recorded in the deferred outflow of resources account and as a derivative swap liability.

FINANCIAL STATEMENTS

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

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

FINANCIAL ANALYSIS OF THE REVENUE BOND PROGRAM

Bond Program — Condensed Statement of Net Assets

	Bond Program		Increase (Decrease)	
	2012	2011	Amount	Percentage
ASSETS:				
Current Assets:				
Cash and investments	$ 187,349,094	$ 303,242,989	$ (115,893,895)	(38.22)%
Loans and Contracts	20,835,556	12,394,348	8,441,208	68.11 %
Interest receivable	13,399,126	13,734,017	(334,891)	(2.44)%
Other Current Assets	238,336	1,065,877	(827,541)	(77.64)%
Non-Current Assets:				
Investments	1,351,615,865	1,232,370,854	119,245,011	9.68 %
Loans and Contracts	1,101,675,981	1,128,508,445	(26,832,464)	(2.38)%
Deferred Outflow of Resources	46,906,789	38,672,925	8,233,864	21.29 %
Other Non-Current Assets	9,043,163	8,686,055	357,108	4.11 %
Total assets	2,731,063,910	2,738,675,510	(7,611,600)	(0.28)%
LIABILITIES:				
Current Liabilities				
Bonds payable	117,013,054	237,154,879	(120,141,825)	(50.66)%
Interest payable	27,799,612	29,103,084	(1,303,472)	(4.48)%
Other current liabilities	11,279,869	14,329,793	(3,049,924)	(21.28)%
Non-Current Liabilities				
Bonds payable	2,243,400,303	2,159,880,108	83,520,195	3.87 %
Derivative Hedging Instrument	46,906,789	38,672,925	8,233,864	21.29 %
Other non-current liabilities	71,591,681	67,104,463	4,487,218	6.69 %
Total liabilities	2,517,991,308	2,546,245,252	(28,253,944)	(1.11)%
NET ASSETS:				
Restricted	201,984,440	179,534,185	22,450,255	12.50 %
Unrestricted	11,088,162	12,896,073	(1,807,911)	(14.02)%
Total net assets	$ 213,072,602	$ 192,430,258	$ 20,642,344	10.73 %

Net assets of the Bond Program increased $20.6 million, or 10.73%, to $213.1 million. Restricted net assets of the Bond Program increased $22.5 million, or 12.5%. The increase can be attributed to a positive difference between interest earnings and interest expense and the change in fair value of investments. Unrestricted net assets decreased $1.8 million or 14.02% due primarily to a positive difference between other operating revenue and expenses in the Operating Fund which is offset by transfers out of the Multifamily Bond Program and Operating Fund.

Cash and investments (current and non-current) increased $3.4 million, or .22%, to $1.5 billion, primarily due to the change in fair value of investments.

The Bond Program's loans and contracts (current and non-current) decreased $18.4 million, or 1.61%, to $1.1 billion, due primarily as a result of loan payoffs related to the Department's Multi-family Bond Program. Total bonds payable (current and non-current) decreased $36.6 million, or 1.53%, due to the Department's monthly retirement of existing debt primarily due to consumer refinancing and paying off of original loans.

In accordance with Governmental Accounting Standards Board Statement (GASB) No. 53*, Accounting and Financial Reporting for Derivative Instruments*, the Department reported its derivative instruments at fair value on the balance sheet. The Department's five interest rate swaps are considered to be derivative instruments per GASB No. 53. The negative $46.9 million fair value of the swaps increased by $8.2 million and is reported as deferred outflow of resources and a derivative hedging instrument classified as a liability.

A comparison between 2012 and 2011 for the Statement of Revenues, Expenses, and Changes in Net Assets is as follows:

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

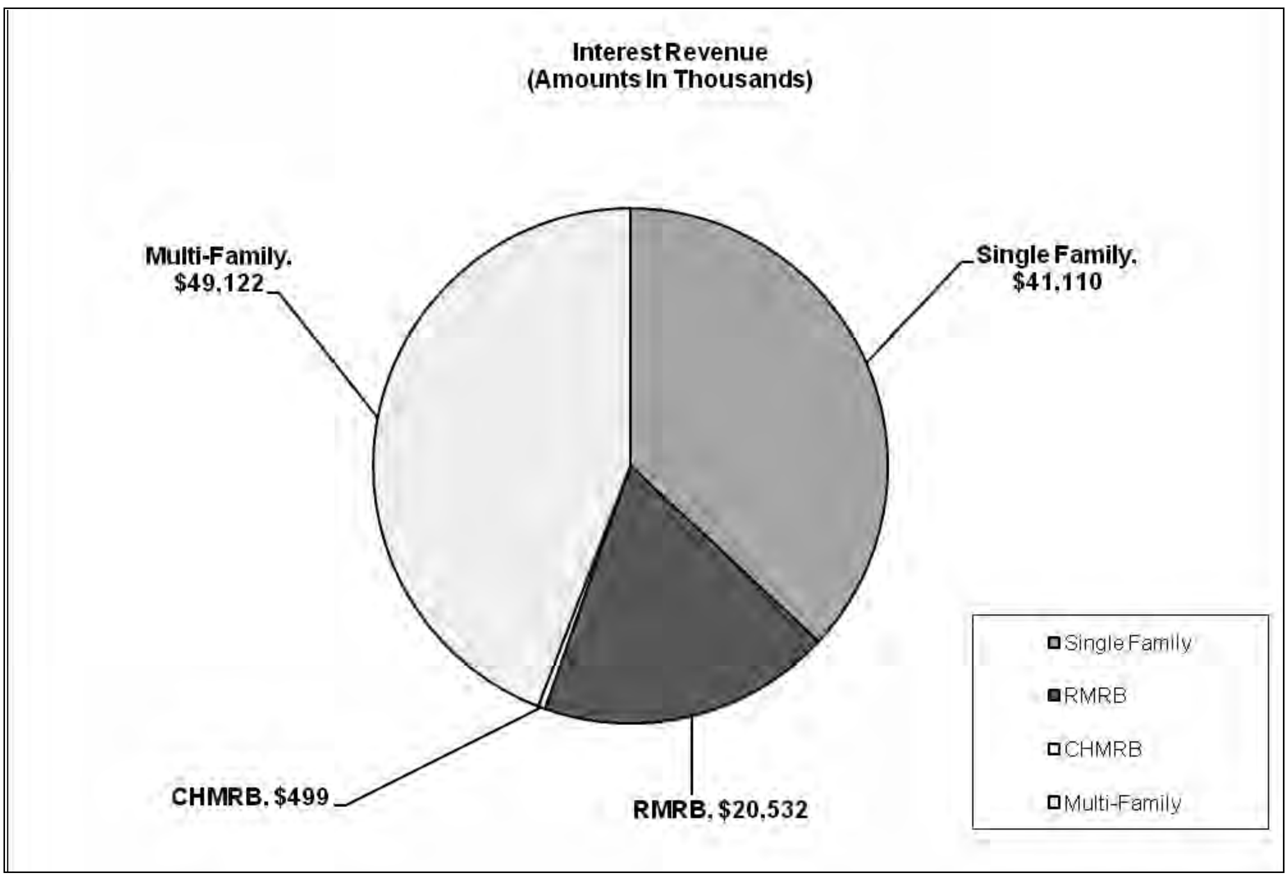
	2012	2011	Increase (Decrease) Amount	Increase (Decrease) Percentage
OPERATING REVENUES:				
Interest and investment income	$ 111,444,136	$ 111,248,944	$ 195,192	0.18 %
Net increase in fair value of Investments	6,556,694	33,223,121	(26,666,427)	(80.26)%
Other operating revenues	9,792,849	7,373,983	2,418,866	32.80 %
Total operating revenues	127,793,679	151,846,048	(24,052,369)	(15.84)%
OPERATING EXPENSES:				
Professional fees and services	1,601,167	3,187,618	(1,586,451)	(49.77)%
Depreciation expense	625,230	653,078	(27,848)	(4.26)%
Interest	99,621,702	103,484,220	(3,862,518)	(3.73)%
Bad debt expense	743,351	222,801	520,550	233.64 %
Down payment assistance	394,848	765,058	(370,210)	(48.39)%
Other operating expenses	584,537	784,595	(200,058)	(25.50)%
Total operating expenses	103,570,835	109,097,370	(5,526,535)	(5.07)%
OPERATING INCOME	24,222,844	42,748,678	(18,525,834)	(43.34)%
NONOPERATING REVENUES		5,944,101	(5,944,101)	(100.00)%
TRANSFERS	(3,580,500)	(3,676,479)	95,979	(2.61)%
CHANGE IN NET ASSETS	20,642,344	45,016,300	(24,373,956)	(54.14)%
BEGINNING NET ASSETS	192,430,258	147,413,958	45,016,300	30.54 %
ENDING NET ASSETS	$ 213,072,602	$ 192,430,258	$ 20,642,344	10.73 %

Earnings within the Bond Program's various bond indentures were $127.8 million, of which $119.7 million is classified as restricted and $8.1 million as unrestricted.

Restricted earnings are composed of $111.3 million in interest and investment income, $6.6 million net increase in fair value of investments, and $2 million in other revenue. Interest and investment income is restricted per bond covenants for debt service, net increase in fair value in investments is a combination of both unrealized and realized gains, and other revenue is predominantly an accounting recognition of fees received in previous years that were deferred when received and are being amortized over a period of time.

Unrestricted earnings are composed of $182 thousand in interest and investment income, $63.7 thousand net increase in fair value of investments, and $7.8 million in other operating revenue.

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



Interest earned on program loans decreased by $3.8 million, or 7.01%, due primarily to a decrease of $3.5 million, or 6.59%, within the Bond Program's Multi-Family Program, due to lower loan amounts outstanding as a result of loan payoffs throughout the year and lower interest rates.

Investment income increased $4.1 million, or 7.09%, and reflected higher investment yields. The net increase was primarily due to an increase of $6.6 million in the RMRB Revenue Bond Program offset by a decrease of $2.5 million within the Single Family Revenue Bond Program funds.

Expenses of the Bond Program consist primarily of interest expense and professional fees and services. Interest expense was $99.6 million, which decreased $3.9 million, or 3.73%, on the Bond Program's debt incurred to fund its various lending programs. Professional fees and services was $1.6 million which decreased $1.6 million or 50% associated with costs incurred to evaluate and administer funds within the various bond indentures.

The changes in net assets by bond indenture for the Bond Program for fiscal years 2012 and 2011 are as follows:

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

			Increase (Decrease)	
Fund	**2012**	**2011**	**Amount**	**Percentage**
Single Family	$ 120,785	$123,147	$ (2,362)	(1.9)%
RMRB	78,151	53,418	24,733	46.3 %
CHMRB	2,019	1,968	51	2.6 %
Multifamily	(1,086)	(562)	(524)	93.2 %
General funds	13,204	14,459	(1,255)	(8.7)%
Total	$ 213,073	$192,430	$ 20,643	10.7 %

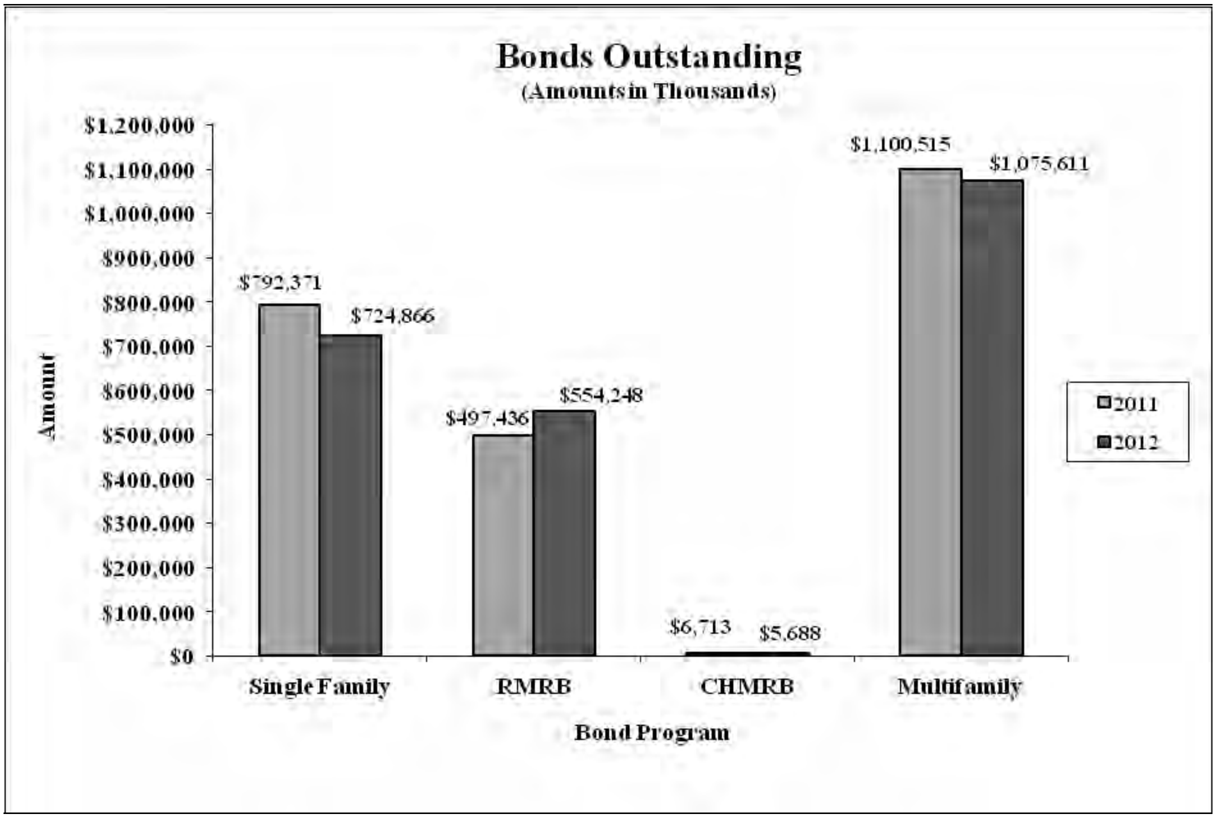
The Net assets of the Single Family Bond Program decreased by $2.4 million, or 1.9%, primarily due to a decrease in investment income of $2.5 million.

Net assets of the RMRB Bond Program increased $24.7 million or 46.3% primarily due to an increase of $14.2 million to the fair value of investments, $6.6 million increase in interest and investment income, and an increase of $3.6 million in interest expense.

BOND PROGRAM DEBT

The Bond Program's new debt issuances during fiscal year 2012 totaled $88.0 million related to the Residential Mortgage Revenue Bond Program. The Bond Program also had $124.9 million in debt retirements during the year primarily due to consumer refinancing and paying off of original loans. The net result was a decrease in bonds payable of $36.6 million to $2.4 billion of which $117 million is due within one year. For additional information, see Note 4, Bonds Payable, and supplementary bond schedules.

The following graph will illustrate a comparison of bonds outstanding between fiscal year 2012 and 2011 per bond program:



REQUEST FOR INFORMATION

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

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BASIC

FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS
As of August 31, 2012

ASSETS AND DEFERRED OUTFLOWS	
Current Assets:	
Cash and Cash Equivalents (Note 2)	
Cash in Bank	$ 13,336
Cash Equivalents	11,706,129
Restricted Assets:	
Cash and Cash Equivalents (Note 2)	
Cash in Bank	3,733,376
Cash Equivalents	171,896,253
Loans and Contracts	20,788,222
Interest Receivable	13,347,514
Receivable:	
Interest Receivable	51,612
Accounts Receivable	224,603
Loans and Contracts	47,334
Other Current Assets	13,733
Total Current Assets	221,822,112
Non-Current Assets and Deferred Outflows:	
Loans and Contracts	130,839
Restricted Assets:	
Investments (Note 2)	1,351,615,865
Loans and Contracts	1,101,545,142
Deferred Outflow of Resources (Note 5)	46,906,789
Other Non-current Assets	
Deferred Issuance Cost, net (Note 4)	8,957,751
Real Estate Owned, net	85,412
Total Non-Current Assets and Deferred Outflows	2,509,241,798
Total Assets and Deferred Outflows	$ 2,731,063,910
LIABILITIES AND DEFERRED INFLOWS	
Current Liabilities	
Payables:	
Accounts Payable	$ 104,961
Accrued Bond Interest Payable	27,799,612
Deferred Revenues	11,146,492
Revenue Bonds Payable (Notes 3 & 4)	117,013,054
Other Current Liabilities	28,416
Total Current Liabilities	156,092,535
Non-Current Liabilities and Deferred Inflows	
Revenue Bonds Payable (Note 3 & 4)	2,243,400,303
Derivative Hedging Instrument (Note 5)	46,906,789
Other Non-Current Liabilities (Note 3)	71,591,681
Total Non-Current Liabilities and Deferred Inflows	2,361,898,773
Total Liabilities and Deferred Inflows	2,517,991,308
NET ASSETS	
Restricted for Bonds	201,984,440
Unrestricted	11,088,162
Total Net Assets	$ 213,072,602

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 NET ASSETS
For the fiscal year ended August 31, 2012

OPERATING REVENUES	
Interest and Investment Income	$ 111,444,136
Net Increase in Fair Value of Investments	6,556,694
Other Operating Revenues	9,792,849
Total Operating Revenues	127,793,679
OPERATING EXPENSES	
Professional Fees and Services	1,601,167
Printing and Reproduction	30,449
Depreciation and Amortization	625,230
Interest	99,621,702
Bad Debt Expense	743,351
Down Payment Assistance	394,848
Other Operating Expenses	554,088
Total Operating Expenses	103,570,835
Operating Income	24,222,844
OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS	
Transfers Out	(3,580,500)
Total Other Revenues, Expenses, Gains, Losses and Transfers	(3,580,500)
CHANGE IN NET ASSETS	20,642,344
Net Assets, September 1, 2011	192,430,258
NET ASSETS, AUGUST 31, 2012	$ 213,072,602

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, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds from Loan Programs	$ 78,542,844
Proceeds from Other Revenues	7,900,912
Payments to Suppliers for Goods/Services	(3,473,910)
Payments for Loans Provided	(10,860,410)
Net Cash Provided By Operating Activities	72,109,436
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from Debt Issuance	89,915,374
Payments for Transfers to Other Funds	(4,497,589)
Payments of Principal on Debt Issuance	(124,602,840)
Payments of Interest	(101,565,152)
Payments for Other Cost of Debt	(1,732,736)
Net Cash (Used for) Noncapital Financing Activities	(142,482,943)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales of Investments	261,963,551
Proceeds from Interest/Investment Income	61,954,819
Payments to Acquire Investments	(368,750,669)
Net Cash (Used for) Investing Activities	(44,832,299)
Net Decrease in Cash and Cash Equivalents	(115,205,806)
Cash and Cash Equivalents, September 1, 2011	302,554,900
Cash and Cash Equivalents, August 31, 2012	$ 187,349,094

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, 2012

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Income	$ 24,222,844
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Amortization and Depreciation	625,230
Provision for Uncollectibles	743,351
Operating Income and Cash Flow Categories Classification Differences	25,776,058
Changes in Assets and Liabilities:	
Decrease in Receivables	98,418
Decrease in Accrued Interest Receivable	334,891
Decrease in Loans / Contracts	18,391,256
Decrease in Property Owned	93,351
(Increase) in Acquisition Costs	(450,460)
Decrease in Other Assets	385,914
(Decrease) in Payables	(199,092)
(Decrease) in Deferred Revenues	(1,120,191)
(Decrease) in Accrued Interest Payable	(1,303,472)
Increase in Other Liabilities	4,511,338
Total Adjustments	47,886,592
Net Cash Provided by Operating Activities	72,109,436

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

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

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

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

The Bond Program has reported all investment securities at fair value as of August 31, 2012, with the exception of certain money market investments, and nonparticipating interest-earning investment contracts, which are reported at amortized cost (historical cost adjusted for amortization of premiums and accretion of discounts), provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors (see Note 2).

In accordance with GASB Statement No. 31, changes in the fair value of investments and any realized gains/losses on the sale of investments are reported in the statement of revenues, expenses, and changes in net assets 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 and deferred commitment fees. Interest on loans is credited to income as earned. Loans are generally placed on nonaccrual status when the Department becomes aware that the borrower has entered bankruptcy proceedings or when the loans are 90 days past due as to either principal or interest or when payment in full of principal and interest is not expected. Deferred commitment fees are recognized using the interest method over the estimated lives of the single-family loans and the contractual lives, adjusted for actual repayments, of the multifamily loans.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

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

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

Deferred Outflow of Resources/Derivative Hedging Instrument—The Department 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 outflow of resources.

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

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

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

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

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

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

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

NOTE 2: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS

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

As of August 31, 2012, the fair value of investments not under trust indentures and subject to the Department's investment policy was $12,336,675 or .8 % which is reported under the Operating Fund on Schedule 1. The remaining $1,522,881,572 or 99.2% is excluded from the Department's investment policy but is governed by the bond trust indentures.

Deposits of Cash in Bank

In accordance with bond trust indentures and depository agreements, all cash is to be fully collateralized, with the collateral held by a third party in the name of the Department. At August 31, 2012, the Department's cash and deposits were fully collateralized by securities with a trustee in the Department's name. As of August 31, 2012, the carrying amount of deposits was $3,746,712.

Current Assets Cash in Bank	
Texas Treasury Safekeeping Trust	$ 13,336
Current Assets Restricted Cash in Bank	
Texas Treasury Safekeeping Trust	2,771,321
Demand Deposits	962,055
Cash in Bank	$ 3,746,712

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.

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

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 $77,416,228 in overnight repurchase agreements maturing on the following business day, September 4, 2012, at a rate of .15%.

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

Business Type Activities	Carrying Value	Fair Value
U.S. Government		
U.S. Government Agency Obligations	$ 1,194,744,564	$ 1,325,925,981
Repurchase Agreements (TTSTC)	77,416,228	77,416,228
Fixed Income Money Markets	106,186,154	106,186,154
Misc (Investment Agreements/GICs)	25,689,884	25,689,884
Total	$ 1,404,036,830	$ 1,535,218,247

Credit Risk
Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Preservation and safety of principal is the foremost objective of the investment program. According to the Department's investment policy, investments should be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The trust indentures which account for 99.2% of the portfolio do not address credit risk. The Department's investment policy covers the remaining .8% of investments. Credit risk is mitigated by:

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

As of August 31, 2012, the Department's credit quality distribution for securities with credit risk exposure was as follows.

Standard & Poor's

Investment Type	Not Rated	AAA	AA+	A
U.S. Government Agency Obligations			$ 156,730,604	
Repurchase Agreements (TTSTC)	$ 77,416,228			
Misc (Investment Agreements/GICs)	$ 25,689,884			

Investment Type	Not Rated	AAA-M	AA-M	A-M
Fixed Income Money Market		$ 106,186,154		

A total of $1,169,195,377 was not subject to credit risk disclosure due to their explicit guarantee by the U.S. Government which is composed of U.S. Government Agency obligations issued by the Government National Mortgage Association.

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

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2012, the Department's concentration of credit risk is as follows.

Issuer	Carrying Value	% of Total Porfolio
Warburg	77,416,228	5.04%

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of any investment. The longer the maturity of an investment will result in greater sensitivity of its fair value to changes in the market interest rates. The trust indentures which account for 99.2% of the investment portfolio do not address interest rate risk. The Department's investment policy covers the remaining .8% of investments. Interest rate risk is mitigated by:

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

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

Remaining Maturity (in months)

Government and Business Type Activities	Fair Value	12 months or less	13 to 24 months	25 to 60 months	More than 60 months
U.S. Government Agency Obligations	$ 1,325,925,981			$ 2,064,636	$ 1,323,861,345
Repurchase Agreements (TTSTC)	$ 77,416,228	$ 77,416,228			
Fixed Income Money Markets	$ 106,186,154	$ 106,186,154			
Misc (Investment Agreements/GICs)	$ 25,689,884				$ 25,689,884
Total	$ 1,535,218,247	$ 183,602,382	$ -	$ 2,064,636	$ 1,349,551,229

Highly Sensitive Investments

Mortgage backed securities-these securities are subject to early payment in a period of declining interest rates. These prepayments result in a reduction of expected total cash flows affecting the fair value of these securities and make the fair value of these securities highly sensitive to the changes in interest rates. The Department does not make it a common practice to sell these investments. Any fluctuation in fair value generates an unrealized gain or loss. As of August 31, 2012, the Department holds $1,325,925,981 in mortgage backed securities.

NOTE 3: SUMMARY OF LONG TERM LIABILITIES

Changes in Long-Term Liabilities

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

Business-Type Activities	Balance 09/01/2011	Additions	Reductions	Balance 08/31/2012	Amounts Due Within One Year
Revenue Bonds Payable	$ 2,397,034,987	89,623,564	126,245,194	$ 2,360,413,357	$ 117,013,054
Total Business-Type Activities	$ 2,397,034,987	89,623,564	126,245,194	$ 2,360,413,357	$ 117,013,054

Revenue Bonds Payable
The Department issues bonds to assist in financing the purchase of homes by or the construction of rental housing for families with very low to moderate incomes. Loan payments provide the revenues for debt service payments. See Note 4 for more information.

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

NOTE 4: BONDED INDEBTEDNESS

The Department has 132 bond series outstanding at August 31, 2012. All series are revenue bonds backed by the pledged revenue sources and restricted funds specified in the bond resolutions. Each series is designed to be self-supporting with no repayment nor obligation from the State's General Revenue. The Department issues bonds to assist in financing the purchase of homes by or the construction of rental housing for families with very low to moderate incomes. Loan payments provide the revenues for debt service payments. (Detailed supplemental bond information is disclosed in Schedules 3, 4, 5, 6 and 7) Proceeds from the issuance of bonds under the Single Family indenture prior to 1987 and Residential Mortgage Revenue Bonds (RMRB) Series 1987A Programs were used to acquire loans. Proceeds from Collateralized Home Mortgage Revenue Bond (CHMRB) and the remaining Single Family and RMRB programs were used to acquire pass-through certificates backed by mortgage loans. Proceeds from the remaining Multifamily bond issues were used to finance mortgage loans.

Interest on bonds and collateralized mortgage obligations is payable periodically.

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

The trust indentures contain positive and negative covenants. Events of default include the following: failure to make timely payment of both principal and interest on any outstanding bond; failure to make timely payment of any other monies required to be paid to the Trustee; and non-performance or non-observance of any other covenants, agreements or conditions contained in the indentures. Management believes they are in compliance with the covenants of the indentures.

NOTE 4: BONDED INDEBTEDNESS Cont'd

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

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

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

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

The interest payment requirements at August 31, 2012, are as follows (in thousands):

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

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

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

NOTE 4: BONDED INDEBTEDNESS Cont'd

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

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

CHANGES IN BONDS PAYABLE

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

Demand Bonds

The Department currently holds seven single family bond series in the amount $294,440,000 in variable rate demand bonds. The proceeds of these bonds were used to refund outstanding bonds or provide funds for the primary purpose of purchasing mortgaged-backed securities which are pools of first time homebuyer loans. These bond series have the following terms.

Demand Bonds - Standby Purchase Agreements					
Single Family Bond Series	**Remarketing Agent**	**Liquidity Provider**	**Commitment Fee Rate**	**Outstanding Variable Rate Demand Bonds as of 8/31/12**	**Liquidity Facility Expiration Date**
2004A Jr. Lien	JP Morgan	Comptroller of Public Accounts	0.12%	3,855,000	8/31/2013
2004B	JP Morgan	Comptroller of Public Accounts	0.12%	53,000,000	8/31/2013
2004D	Piper Jaffray	Comptroller of Public Accounts	0.12%	35,000,000	8/31/2013
2005A	JP Morgan	Comptroller of Public Accounts	0.12%	67,475,000	8/31/2013
2005C	JP Morgan	Comptroller of Public Accounts	0.12%	4,290,000	8/31/2013
2006H	JP Morgan	Comptroller of Public Accounts	0.12%	36,000,000	8/31/2013
2007A	JP Morgan	Comptroller of Public Accounts	0.12%	94,820,000	8/31/2013
Total Demand Bonds				**294,440,000**	

NOTE 4: BONDED INDEBTEDNESS Cont'd

These bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest with proper notice and delivery to the corresponding remarketing agent. If the remarketing agent is unable to remarket any bonds, the liquidity facility will purchase the bonds (bank bonds). The liquidity agreement is subject to renewal yearly on an ongoing basis. The Department shall use its best effort to cause the bonds to be purchased from the liquidity facility as soon as possible. The purchased bonds are not subject to take out provisions. For fiscal year 2012, the bondholders did not draw from the liquidity provider, Comptroller of Public Accounts, related to the Department's demand bonds.

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, 2012, the Bond Program had liabilities to the IRS totaling $148,242 reported in the Statement of Net Assets as Other Current Liabilities. Any increase in this liability account has been recorded as a decrease to interest income.

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

	Pledged and Other Sources and Related Expenditures for FY 2012						
	Net Available for Debt Service		Debt Service				
Description of Issue	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay	Principal	Interest	Pledged Revenue for Future Debt Service	Terms of Commitment Year Ending August 31,	Percentage of Revenue Pledged
Total Single Family Bonds	$ 94,214,258	$ 1,336,931	$ 11,755,000	$ 33,570,278	$ 1,063,041,002	2039	100%
Total Residential Mtg Revenue Bonds	$ 45,841,370	$ 855,025	$ 5,245,000	$ 17,406,643	$ 855,199,575	2041	100%
Total 1992 CHMRB	$ 1,540,045	$ 5,700	$ -	$ 433,375	$ 10,191,061	2024	100%
Total Multifamily Bonds	$ 65,400,007	$ 6,126	$ 8,641,436	$ 49,112,124	$ 2,025,762,763	2027	100%
Total	**$ 206,995,680**	**$ 2,203,782**	**$ 25,641,436**	**$ 100,522,420**	**$ 3,954,194,401**		

NOTE 5: DERIVATIVE INSTRUMENTS

VARIABLE TO FIXED INTEREST RATE SWAP

OBJECTIVE

In order to hedge against increases in interest rates on variable rate demand bond issues, the Department has entered into five interest rate swap agreements with the objective of reducing the interest rate risk of certain variable rate demand bonds. The variable rate demand bonds were issued at a lower total interest cost than attainable through traditional fixed rate bond structures. The Department has entered into interest rate swap agreements with various rated counterparties. Under the terms of the agreements, the Department makes periodic fixed interest rate payments in exchange for receiving variable rate payments 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

NOTE 5: DERIVATIVE INSTRUMENTS Cont'd

variable rate demand bond liability. The Department is potentially exposed to loss in the event of nonperformance by the counterparties under the swap agreements. Termination of the swap agreements may result in the Department making or receiving termination payments. Each swap agreement includes optional early termination provisions granting the Department the right, but not an obligation, to terminate the interest rate swaps at par without a termination payment after an effective date.

SUMMARY

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

Business Type Activities		Changes in Fair Value		Fair Value at August 31, 2012		
Cash Flow Hedges	Bond Issue	Classification	Amount	Classification	Amount	Notional
Pay-fixed, receive-variable interest rate swap	2004B	Deferred outflow of resources	$ (514,989)	Debt	$ (7,263,324)	$ 53,000,000
Pay-fixed, receive-variable interest rate swap	2004D	Deferred outflow of resources	(313,173)	Debt	(4,440,371)	35,000,000
Pay-fixed, receive-variable interest rate swap	2005A	Deferred outflow of resources	(3,860,828)	Debt	(13,475,147)	67,475,000
Pay-fixed, receive-variable interest rate swap	2006H	Deferred outflow of resources	334,947	Debt	(4,016,718)	36,000,000
Pay-fixed, receive-variable interest rate swap	2007A	Deferred outflow of resources	(3,879,822)	Debt	(17,711,229)	94,820,000
			$ (8,233,865)		$ (46,906,789)	$ 286,295,000

TERMS AND FAIR VALUE

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

Counterparty	Notional Amount	Fair Value	Effective Date	Fixed Rate	Variable Rate	Swap Termination Date
UBS AG	$ 53,000,000	$ (7,263,324)	9/1/2004	3.84%	63% of LIBOR + .30%	9/1/34 (a)
Goldman Sachs Capital Markets, LP	35,000,000	(4,440,371)	1/1/2005	3.64%	Lesser of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR	3/1/35 (b)
JP Morgan Chase & Co.	67,475,000	(13,475,147)	8/1/2005	4.01%	Less of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR	9/1/36 (c)
UBS AG	36,000,000	(4,016,718)	11/15/2006	3.86%	63% of LIBOR +.30%	9/1/25 (d)
JP Morgan Chase & Co.	94,820,000	(17,711,229)	6/5/2007	4.01%	Less of (the greater of (a) 65% of LIBOR and (b) 56% of LIBOR + .45%) and LIBOR	9/1/38 (c)
Total	$ 286,295,000	$ (46,906,789)				

NOTE 5: DERIVATIVE INSTRUMENTS Cont'd

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

CREDIT RISK

As of August 31, 2012, the Department is not exposed to credit risk on any of its outstanding swaps because the swaps currently have negative fair values indicating an obligation for the Department to pay the counterparty as opposed to receive payments. If interest rates change and the fair value of the swaps become positive, the department would be exposed to credit risk on those swaps. The swap agreements contain varying collateral agreements and insurance policies with the counterparties. The credit ratings for the counterparties are as follows.

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

BASIS RISK

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

ROLLOVER RISK

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

NOTE 5: DERIVATIVE INSTRUMENTS Cont'd

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

Associated Debt Issuance	Debt Maturity Date	Swap Termination Date
2004B Single Family	September 2034	60% may terminate as early as March 2014
2004D Single Family	March 2035	60% may terminate as early as September 2014, 100% may terminate after March 2023
2005A Single Family	September 2036	May terminate at anytime from mortgage loan prepayments giving 10 day notice
2006H Single Family	September 2037	100% may terminate as early as March 2016
2007A Single Family	September 2038	May terminate at anytime from mortgage loan prepayments giving 10 day notice

SWAP PAYMENTS AND ASSOCIATED DEBT

Using rates as of August 31, 2012, debt service requirements of the Department's outstanding variable-rate debt and net swap payments are as follows. As rates vary, variable-rate debt bond interest payments and new swap payments will vary. The Department's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to follow scheduled reductions in the associated bonds outstanding.

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

Netting Arrangements—The Department's swap agreements allow for netting arrangements. On each payment date, September 1 and March 1, the party with the lesser obligation will be automatically satisfied and discharged and, the obligation of the party with the greater obligation will become the excess of the larger aggregate amount over the smaller aggregate amount. As of August 31, 2012, the Department has an aggregate liability related to the interest rate swaps in the amount of $5,162,161 payable September 1, 2012.

NOTE 6: CONTINUANCE SUBJECT TO REVIEW

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

NOTE 7: CONTINGENCIES AND COMMITMENTS

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

DERIVATIVE INSTRUMENTS

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

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

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

As of August 31, 2012 the Department's credit rating related to the Single Family Indenture was AA+ issued by Standard & Poor's and Aa1 by Moody's, therefore no collateral was posted. The Department's aggregate fair value of all hedging derivative instruments with these collateral provisions is ($46,906,789). If the collateral posting requirements had been triggered at August 31, 2012, the Department would have been required to post eligible collateral equal to the aggregate fair value of the derivative instruments.

WAREHOUSING AGREEMENT

The Department revised its Warehousing Agreement on January 1, 2011 between PlainsCapital Bank and First Southwest Company. The agreement allows for the temporary warehousing of mortgage backed securities by the provider until the Department purchases them with expected issued bond proceeds. The maximum dollar volume of mortgage backed securities to be held by the providers should not exceed $200,000,000 ($100,000,000 per provider) at any time with a cumulative purchased maximum of $500,000,000 ($250,000,000 per provider).

The Department has agreed to purchase the warehoused mortgage backed securities from the providers before December 31, 2012 at a price equal to the current par value of the securities. As of August 31, 2012, PlainsCapital Bank and First Southwest Company have warehoused $85,838,972 in mortgage backed securities.

NOTE 8: SUBSEQUENT EVENTS

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

NOTE 9: RISK MANAGEMENT

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

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

NOTE 10: SEGMENT INFORMATION FOR ENTERPRISE FUND

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

CONDENSED STATEMENT OF NET ASSETS

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

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

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

NOTE 10: SEGMENT INFORMATION FOR ENTERPRISE FUND Cont'd

CONDENSED STATEMENT OF CASH FLOWS

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds
Net Cash Provided (Used) By:			
Operating Activities	$ 1,483,161	$ (9,753,463)	$ 1,645
Noncapital Financing Activities	(103,959,826)	46,132,502	(1,459,663)
Investing Activities	110,203,014	(158,563,624)	1,357,796
Net Increase (Decrease)	7,726,349	(122,184,585)	(100,222)
Beginning Cash and Cash Equivalents	40,201,473	220,624,035	140,376
Ending Cash and Cash Equivalents	$ 47,927,822	$ 98,439,450	$ 40,154

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SUPPLEMENTAL SCHEDULES

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

SCHEDULE 1

SUPPLEMENTAL SCHEDULE — STATEMENT OF NET ASSETS (DEFICIT) INFORMATION BY INDIVIDUAL ACTIVITY (UNAUDITED) AS OF AUGUST 31, 2012

ASSETS	Single-Family Program	RMRB Program	CHMRB Program	Multifamily Program	Operating Fund	Total
CURRENT ASSETS:						
Cash and cash equivalents:						
Cash in bank	$	$	$	$	$ 13,336	$ 13,336
Cash equivalents					11,706,129	11,706,129
Restricted assets:						
Cash and cash equivalents:						
Cash in bank	2,771,321			962,055		3,733,376
Cash equivalents	45,156,501	98,439,450	40,154	27,860,684	399,464	171,896,253
Loans and contracts	2,137,690	228,380		18,422,152		20,788,222
Interest receivable	2,996,514	2,065,924	37,674	8,247,402		13,347,514
Receivable:						
Interest receivable					51,612	51,612
Accounts receivable					224,603	224,603
Loans and Contracts					47,334	47,334
Other current assets	13,733					13,733
Total current assets	53,075,759	100,733,754	77,828	55,492,293	12,442,478	221,822,112
NONCURRENT ASSETS:						
Loans and Contracts					130,839	130,839
Restricted assets:						
Investments	790,043,386	511,043,551	7,798,580	42,099,802	630,546	1,351,615,865
Loans, contracts, and notes receivable	23,782,544	21,103,060		1,056,659,538		1,101,545,142
Deferred Outflow of Resources	46,906,789					46,906,789
Other noncurrent assets:						
Deferred issuance cost — net	4,309,568	4,331,764	30,819	285,600		8,957,751
Real estate owned — net	84,614				798	85,412
Total noncurrent assets	865,126,901	536,478,375	7,829,399	1,099,044,940	762,183	2,509,241,798
TOTAL ASSETS	$ 918,202,660	$ 637,212,129	$ 7,907,227	$ 1,154,537,233	$ 13,204,661	$ 2,731,063,910
LIABILITIES						
CURRENT LIABILITIES:						
Payables:						
Accounts payable	$ 101,965	$ 2,191	$ 465	$ 20	$ 320	$ 104,961
Accrued bond interest payable	16,196,120	3,165,508	16,937	8,421,047		27,799,612
Deferred revenues	9,318,110	1,645,921	182,461			11,146,492
Revenue bonds payable	12,075,927	86,507,506	7,468	18,422,153		117,013,054
Other current liabilities	28,416					28,416
Total current liabilities	37,720,538	91,321,126	207,331	26,843,220	320	156,092,535
NONCURRENT LIABILITIES:						
Revenue bonds payable	712,790,403	467,740,463	5,680,936	1,057,188,501		2,243,400,303
Derivative Hedging Instrumen	46,906,789					46,906,789
Other noncurrent liabilities				71,591,681		71,591,681
Total noncurrent liabilities	759,697,192	467,740,463	5,680,936	1,128,780,182		2,361,898,773
TOTAL LIABILITIES	$ 797,417,730	$ 559,061,589	$ 5,888,267	$ 1,155,623,402	$ 320	$ 2,517,991,308
NET ASSETS (DEFICIT)						
RESTRICTED	120,784,930	78,150,540	2,018,960		1,030,010	201,984,440
UNRESTRICTED				(1,086,169)	12,174,331	11,088,162
TOTAL NET ASSETS (DEFICIT)	$ 120,784,930	$ 78,150,540	$ 2,018,960	$ (1,086,169)	$ 13,204,341	$ 213,072,602

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

SCHEDULE 2

SUPPLEMENTAL SCHEDULE — STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS (DEFICIT) INFORMATION BY INDIVIDUAL ACTIVITY (UNAUDITED) FOR THE YEAR ENDED AUGUST 31, 2012

	Single-Family Program	RMRB Program	CHMRB Program	Multifamily Program	Operating Fund	Total
OPERATING REVENUES:						
Interest and investment income	$ 41,110,078	$ 20,531,539	$ 498,708	$ 49,121,891	$ 181,920	$ 111,444,136
Net increase (decrease) in fair value of investments	(7,590,956)	14,150,791	(66,853)		63,712	6,556,694
Other operating revenues	953,062	992,731	34,102	6,564	7,806,390	9,792,849
Total operating revenues	34,472,184	35,675,061	465,957	49,128,455	8,052,022	127,793,679
OPERATING EXPENSES:						
Professional fees and services	864,249	298,019	2,000		436,899	1,601,167
Printing and reproduction					30,449	30,449
Depreciation and amortization	322,654	293,498	2,952	6,126		625,230
Interest	32,757,964	17,327,788	414,487	49,121,463		99,621,702
Bad debt expense	367,376	7,834			368,141	743,351
Down Payment Assistance	6,725	229,302			158,821	394,848
Other operating expenses	363,374	126,973	748	227	62,766	554,088
Total operating expenses	34,682,342	18,283,414	420,187	49,127,816	1,057,076	103,570,835
Operating (Loss) Income	(210,158)	17,391,647	45,770	639	6,994,946	24,222,844
OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS						
Transfers in (out)	(2,152,335)	7,340,467	4,855	(523,863)	(8,249,624)	(3,580,500)
CHANGE IN NET ASSETS	(2,362,493)	24,732,114	50,625	(523,224)	(1,254,678)	20,642,344
NET ASSETS (DEFICIT) — September 1, 2011	123,147,423	53,418,426	1,968,335	(562,945)	14,459,019	192,430,258
NET ASSETS (DEFICIT) — August 31, 2012	$ 120,784,930	$ 78,150,540	$ 2,018,960	$ (1,086,169)	$ 13,204,341	$ 213,072,602

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SUPPLEMENTARY BOND

SCHEDULES

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

SCHEDULE 3

Supplementary Bond Schedules
MISCELLANEOUS BOND INFORMATION
For the fiscal year ended August 31, 2012

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

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

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

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

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

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

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

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

FOOTNOTES:

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

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

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

(d) The bonds are subject to redemption, in whole, at the option of the Issuer acting at the direction of the Holders of a majority of the outstanding principal amount of the Bonds.

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

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

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

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

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

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

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

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

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

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

SCHEDULE 4

Supplementary Bond Schedules
CHANGES IN BOND INDEBTEDNESS
For the fiscal year ended August 31, 2012

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

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

Supplementary Bond Schedules
CHANGES IN BOND INDEBTEDNESS (Continued)
For the fiscal year ended August 31, 2012

Description of Issue	Bonds Outstanding 09/01/11	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2012	Amounts Due Within One Year
2002 MF Series A (Park Meadows Apts)	$ 4,060,000	$	$ 80,000	$	$ 3,980,000	$ 85,000
2002 MF Series A (Clarkridge Villas Apts)	13,429,457		107,090		13,322,367	114,832
2002 MF Series A (Hickory Trace Apts)	11,104,510		87,981		11,016,529	94,341
2002 MF Series A (Green Crest Apts)	11,056,166		87,598		10,968,568	93,930
2002 MF Series A/B (Ironwood Crossing)	16,518,238		103,235		16,415,003	112,639
2002 MF Series A (Woodway Village Apts)	7,125,000		130,000	25,000	6,970,000	140,000
2003 MF Series A/B (Reading Road)	11,380,000		30,000	200,000	11,150,000	30,000
2003 MF Series A/B (North Vista Apts)	12,060,000		240,000		11,820,000	250,000
2003 MF Series A/B (West Virginia Apts)	8,700,000		165,000		8,535,000	180,000
2003 MF Series A/B (Primrose Houston School)	16,193,973		108,975		16,084,998	118,161
2003 MF Series A/B (Timber Oaks Apts)	12,840,398		80,548		12,759,850	90,760
2003 MF Series A/B (Ash Creek Apts)	15,917,414		109,967		15,807,447	119,212
2003 MF Series A/B (Peninsula Apts)	11,410,000		180,000	10,000	11,220,000	200,000
2003 MF Series A/B (Arlington Villas)	16,717,189		102,396		16,614,793	110,951
2003 MF Series A/B (Parkview Twnhms)	16,119,258		108,540	2,511,696	13,499,022	100,599
2003 MF Series A (NHP-Asmara) Refunding	19,605,000		450,000		19,155,000	470,656
2004 MF Series A/B (Timber Ridge)	6,515,855		45,150		6,470,705	48,399
2004 MF Series A/B (Century Park)	11,910,000		200,000		11,710,000	210,000
2004 MF Series A/B (Veterans Memorial)	15,832,116		100,295	8,871,840	6,859,981	51,873
2004 MF Series A (Rush Creek)	8,603,207		63,865		8,539,342	68,278
2004 MF Series A (Humble Park)	11,170,000		130,000		11,040,000	135,000
2004 MF Series A (Chisholm Trail)	11,400,000			200,000	11,200,000	-
2004 MF Series A (Evergreen @ Plano)	14,384,914		103,426		14,281,488	110,408
2004 MF Series A (Montgomery Pines)	11,900,000			200,000	11,700,000	-
2004 MF Series A (Bristol)	12,000,000			100,000	11,900,000	-
2004 MF Series A (Pinnacle)	13,865,000			100,000	13,765,000	-
2004 MF Series A (Tranquility Bay)	13,879,683		109,192		13,770,491	116,505
2004 MF Series A (Churchill @ Pinnacle)	9,797,639		87,178		9,710,461	93,063
2004 MF Series A (Village Fair)	13,697,325		103,309		13,594,016	110,227
2005 MF Series A (Pecan Grove)	13,637,593		102,242		13,535,351	109,089
2005 MF Series A (Prairie Oaks)	10,740,944		80,525		10,660,419	85,920
2005 MF Series A (Port Royal)	11,865,930		88,427		11,777,503	94,349
2005 MF Series A (Del Rio)	11,227,969		135,864		11,092,105	88,860
2005 MF Series A (Atascocita Pines)	11,500,000			100,000	11,400,000	-
2005 MF Series A (Tower Ridge)	15,000,000				15,000,000	-
2005 MF Series A (Prairie Ranch)	11,685,000		135,000		11,550,000	140,000
2005 MF Series A (St Augustine)	6,380,000			100,000	6,280,000	-
2005 MF Series A (Park Manor)	10,400,000				10,400,000	-
2005 MF Series A (Mockingbird)	14,007,459		103,121		13,904,338	109,918
2005 MF Series A (Chase Oaks)	13,431,874		319,630		13,112,244	267,156
2005 MF Series A/B (Canal Place)	15,671,834		88,884		15,582,950	96,430
2005 MF Series A (Coral Hills)	4,830,000		30,000	50,000	4,750,000	60,000
2006 MF Series A (Harris Branch)	14,490,000			200,000	14,290,000	-
2006 MF Series A (Bella Vista)	6,650,000		50,000		6,600,000	55,000
2006 MF Series A (Village Park)	10,265,000		155,000		10,110,000	170,000
2006 MF Series A (Oakmoor)	14,225,984		106,376		14,119,608	112,937
2006 MF Series A (Sunset Pointe)	15,000,000				15,000,000	-
2006 MF Series A (Hillcrest)	10,840,000		150,000		10,690,000	160,000
2006 MF Series A (Pleasant Village)	5,733,994		88,201		5,645,793	94,691
2006 MF Series A (Grove Village)	5,906,013		90,847		5,815,166	97,532
2006 MF Series A (Red Hills Villas)	4,915,000			100,000	4,815,000	-
2006 MF Series A (Champion Crossing)	4,925,000			145,000	4,780,000	-
2006 MF Series A (Stonehaven)	11,079,271		86,957		10,992,314	92,138
2006 MF Series A (Center Ridge)	8,325,000				8,325,000	8,325,000
2006 MF Series A (Meadowlands)	12,244,497		87,077		12,157,420	92,448
2006 MF Series A (East Tex Pines)	13,420,000		95,000		13,325,000	105,000
2006 MF Series A (Villas at Henderson)	7,025,000			100,000	6,925,000	-
2006 MF Series A (Aspen Park Apts)	9,600,000		100,000	45,000	9,455,000	110,000
2006 MF Series A (Idlewilde Apts)	13,935,000			105,000	13,830,000	-
2007 MF Series A (Lancaster Apts)	13,935,000			105,000	13,830,000	-
2007 MF Series A (Park Place)	14,150,000				14,150,000	-

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

Supplementary Bond Schedules
CHANGES IN BOND INDEBTEDNESS (Continued)
For the fiscal year ended August 31, 2012

Description of Issue	Bonds Outstanding 09/01/11	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2012	Amounts Due Within One Year
2007 MF Series A (Terrace at Cibolo)	$ 5,000,000	$	$	$	$ 5,000,000	$ -
2007 MF Series A (Santora Villas)	12,072,000		45,444		12,026,556	81,564
2007 MF Series A (Villas @ Mesquite Creek)	16,495,000		165,000		16,330,000	175,000
2007 MF Series A (Summit Point)	9,355,000		85,000		9,270,000	100,000
2007 MF Series A (Costa Rialto)	12,293,958		84,323	1,658,416	10,551,219	80,355
2007 MF Series A (Windshire)	13,800,000			100,000	13,700,000	-
2007 MF Series A (Residences @ Onion Creek)	15,000,000				15,000,000	-
2008 MF Series A (West Oaks)	13,125,000			490,000	12,635,000	-
2008 MF Series A (Costa Ibiza)	13,550,000			100,000	13,450,000	-
2008 MF Series A (Addison Park)	13,590,000			155,000	13,435,000	-
2008 MF Series A (Alta Cullen Apartments)	12,700,000			200,000	12,500,000	-
2009 MF Series A (Costa Mariposa Apartments)	13,690,000				13,690,000	-
2009 MF Series A (Woodmont Apartments)	15,000,000				15,000,000	-
Total Multifamily Bonds	$ 1,100,718,693	$	$ 8,641,436	$ 16,271,952	$ 1,075,805,305	$ 18,422,152
	$ 2,390,843,693	**$ 87,955,000**	**$ 25,641,436**	**$ 99,246,952**	**$ 2,353,910,305**	**$ 117,013,054**

FOOTNOTES:

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

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

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

SCHEDULE 5

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2012

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

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

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

SCHEDULE 5

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) (Continued)
August 31, 2012

DESCRIPTION		2013	2014	2015	2016	2017
2003 Residential Mtg Revenue Bonds, Series A	Principal	560,000	730,000	740,000	750,000	775,000
2003 Residential Mtg Revenue Bonds, Series A	Interest	1,963,350	1,943,299	1,907,773	1,871,761	1,835,265
2009 Residential Mtg Revenue Bonds, Series A	Principal	490,000	485,000	490,000	485,000	490,000
2009 Residential Mtg Revenue Bonds, Series A	Interest	2,773,133	2,761,250	2,747,425	2,731,959	2,714,890
2009 Residential Mtg Revenue Bonds, Series B	Principal	1,055,000	1,135,000	1,225,000	1,255,000	1,385,000
2009 Residential Mtg Revenue Bonds, Series B	Interest	739,656	693,806	641,185	581,545	522,205
2009 Residential Mtg Revenue Bonds, Series C	Principal	78,070,000	-	-	-	-
2009 Residential Mtg Revenue Bonds, Series C	Interest	258,704	-	-	-	-
2009 Residential Mtg Revenue Bonds, Series C-1	Principal	-	-	-	-	-
2009 Residential Mtg Revenue Bonds, Series C-1	Interest	3,151,596	3,151,596	3,151,596	3,151,596	3,151,596
2009 Residential Mtg Revenue Bonds, Series C-2	Principal	-	-	-	-	-
2009 Residential Mtg Revenue Bonds, Series C-2	Interest	1,482,048	1,482,048	1,482,048	1,482,048	1,482,048
2009 Residential Mtg Revenue Bonds, Series C-3	Principal	1,100,000	1,470,000	1,520,000	1,580,000	1,640,000
2009 Residential Mtg Revenue Bonds, Series C-3	Interest	1,804,379	1,772,756	1,735,904	1,697,682	1,657,967
2011 Residential Mtg Revenue Bonds, Series A	Principal	2,295,000	2,360,000	2,440,000	2,535,000	2,650,000
2011 Residential Mtg Revenue Bonds, Series A	Interest	2,399,669	2,365,844	2,318,486	2,256,564	2,181,569
2011 Residential Mtg Revenue Bonds, Series B	Principal	2,805,000	2,840,000	2,895,000	2,960,000	3,040,000
2011 Residential Mtg Revenue Bonds, Series B	Interest	3,078,190	3,057,080	3,024,970	2,982,738	2,924,965
TOTAL RESIDENTIAL MTG REVENUE BONDS		104,025,725	26,247,679	26,319,387	26,320,893	26,450,505
1992 Coll Home Mtg Rev Bonds, Series C	Princpal	-	-	-	-	-
1992 Coll Home Mtg Rev Bonds, Series C	Interest	370,503	407,553	370,503	407,553	370,503
TOTAL COLL HOME MTG REV BONDS		370,503	407,553	370,503	407,553	370,503

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

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) (Continued)
August 31, 2012

DESCRIPTION		2013	2014	2015	2016	2017
1996 MF Series A/B (Brighton's Mark)	Principal	-	-	-	-	-
1996 MF Series A/B (Brighton's Mark)	Interest	494,998	494,998	494,998	494,998	494,998
1998 MF Series A (Pebble Brook)	Principal	255,000	275,000	295,000	315,000	335,000
1998 MF Series A (Pebble Brook)	Interest	484,865	470,565	455,165	438,665	421,065
1998 MF Series A/B (Greens of Hickory Trail)	Principal	335,000	355,000	370,000	395,000	425,000
1998 MF Series A/B (Greens of Hickory Trail)	Interest	570,776	552,541	533,821	514,191	493,261
1998 MF Series A-C (Residence Oaks)	Principal	202,000	-	-	-	-
1998 MF Series A-C (Residence Oaks)	Interest	389,163	381,108	381,108	381,108	381,108
1999 MF Series A-C (Mayfield)	Principal	279,000	294,000	312,000	329,000	349,000
1999 MF Series A-C (Mayfield)	Interest	522,206	506,075	489,060	471,048	452,010
2000 MF Series A (Creek Point Apts)	Principal	-	-	-	-	-
2000 MF Series A (Creek Point Apts)	Interest	10,636	10,728	10,728	10,740	10,716
2000 MF Series A (Deerwood Apts)	Principal	-	-	-	-	-
2000 MF Series A (Deerwood Apts)	Interest	353,575	353,575	353,575	353,575	353,575
2000 MF Series A/B (Oaks at Hampton)	Principal	111,258	119,538	128,436	137,994	148,265
2000 MF Series A/B (Oaks at Hampton)	Interest	666,576	658,296	649,399	639,841	629,570
2000 MF Series A (Timber Point Apts)	Principal	-	-	-	-	-
2000 MF Series A (Timber Point Apts)	Interest	12,438	12,546	12,546	12,560	12,532
2000 MF Series A/B (Greenbridge)	Principal	669,230	184,261	198,368	213,555	229,906
2000 MF Series A/B (Greenbridge)	Interest	1,406,736	1,385,392	1,371,284	1,356,097	1,339,747
2000 MF Series A/B (Parks @ Westmoreland)	Principal	108,055	116,097	124,738	134,023	143,995
2000 MF Series A/B (Parks @ Westmoreland)	Interest	663,920	655,878	647,237	637,954	627,979
2000 MF Series A/B (Williams Run)	Principal	573,021	133,437	144,011	155,422	167,738
2000 MF Series A/B (Williams Run)	Interest	899,665	889,868	879,294	867,883	855,567
2000 MF Series A-C (Collingham Park)	Principal	274,000	291,000	308,000	327,000	348,000
2000 MF Series A-C (Collingham Park)	Interest	789,768	771,053	751,229	730,229	707,918
2000 MF Series A-C (Highland Meadow Apts)	Principal	170,000	182,000	194,000	207,000	221,000
2000 MF Series A-C (Highland Meadow Apts)	Interest	528,189	516,511	504,024	490,726	476,517
2001 MF Series A (Bluffview Senior Apts)	Principal	86,671	93,493	100,851	108,788	117,350
2001 MF Series A (Bluffview Senior Apts)	Interest	767,796	760,975	753,617	745,680	737,117
2001 MF Series A (Greens Road Apts.)	Principal	165,000	175,000	185,000	195,000	210,000
2001 MF Series A (Greens Road Apts.)	Interest	393,485	384,607	375,200	365,262	354,662
2001 MF Series A (Knollwood Villas Apts)	Principal	111,377	120,142	129,598	139,798	150,801
2001 MF Series A (Knollwood Villas Apts)	Interest	986,653	977,887	968,432	958,232	947,229
2001 MF Series A (Oak Hollow Apts.)	Principal	56,590	60,681	65,068	69,771	74,815
2001 MF Series A (Oak Hollow Apts.)	Interest	428,720	424,629	420,243	415,539	410,495
2001 MF Series A (Skyway Villas)	Principal	150,000	160,000	170,000	180,000	195,000
2001 MF Series A (Skyway Villas)	Interest	385,397	376,933	367,924	358,369	348,257
2001 MF Series A/B (Hillside Apts.)	Principal	63,729	68,336	73,276	78,573	84,253
2001 MF Series A/B (Hillside Apts.)	Interest	861,909	857,302	852,362	847,065	841,385
2001 MF Series A/B (Meridian Apts.)	Principal	84,000	94,000	96,000	105,000	108,000
2001 MF Series A/B (Meridian Apts.)	Interest	492,930	487,665	481,920	475,980	469,530
2001 MF Series A/B (Wildwood Apts.)	Principal	72,000	72,000	81,000	84,000	89,000
2001 MF Series A/B (Wildwood Apts.)	Interest	381,120	376,800	372,300	367,290	362,200
2001 MF Series A-C (Fallbrook Apts.)	Principal	283,000	302,000	320,000	339,000	360,000
2001 MF Series A-C (Fallbrook Apts.)	Interest	787,285	769,832	751,289	731,594	710,717
2002 MF Series A (Clarkridge Villas Apts)	Principal	114,832	123,133	132,034	141,579	151,814
2002 MF Series A (Clarkridge Villas Apts)	Interest	928,928	920,627	911,726	902,181	891,946
2002 MF Series A (Green Crest Apts)	Principal	93,930	100,720	108,001	115,809	124,180
2002 MF Series A (Green Crest Apts)	Interest	764,823	758,033	750,752	742,945	734,573
2002 MF Series A (Hickory Trace Apts)	Principal	94,341	101,161	108,473	116,315	124,723
2002 MF Series A (Hickory Trace Apts)	Interest	768,167	761,347	754,034	746,193	737,784
2002 MF Series A (Millstone Apts.)	Principal	215,000	230,000	240,000	260,000	265,000
2002 MF Series A (Millstone Apts.)	Interest	528,080	516,093	503,571	489,941	475,764
2002 MF Series A (Park Meadows Apts)	Principal	85,000	90,000	95,000	105,000	105,000
2002 MF Series A (Park Meadows Apts)	Interest	258,588	252,874	246,997	240,631	233,611

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

SCHEDULE 5

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) (Continued)
August 31, 2012

DESCRIPTION		2013	2014	2015	2016	2017
2002 MF Series A (Woodway Village Apts)	Principal	140,000	150,000	150,000	160,000	170,000
2002 MF Series A (Woodway Village Apts)	Interest	358,783	351,729	344,304	336,755	328,711
2002 MF Series A/B (Ironwood Crossing)	Principal	112,639	122,900	134,096	146,311	159,639
2002 MF Series A/B (Ironwood Crossing)	Interest	1,169,367	1,159,106	1,147,910	1,135,695	1,122,366
2003 MF Series A/B (Ash Creek Apts)	Principal	119,212	129,237	140,101	151,881	164,649
2003 MF Series A/B (Ash Creek Apts)	Interest	1,050,288	1,040,389	1,029,693	1,018,024	1,005,412
2003 MF Series A/B (North Vista Apts)	Principal	250,000	260,000	275,000	290,000	310,000
2003 MF Series A/B (North Vista Apts)	Interest	595,205	584,197	571,340	557,104	542,108
2003 MF Series A/B (Peninsula Apts)	Principal	200,000	215,000	225,000	245,000	260,000
2003 MF Series A/B (Peninsula Apts)	Interest	588,936	578,994	568,324	557,290	544,310
2003 MF Series A/B (Primrose Houston School)	Principal	118,161	128,120	138,921	150,631	163,327
2003 MF Series A/B (Primrose Houston School)	Interest	1,057,531	1,047,718	1,037,078	1,025,541	1,013,032
2003 MF Series A/B (Reading Road)	Principal	30,000	30,000	40,000	40,000	40,000
2003 MF Series A/B (Reading Road)	Interest	138,523	136,735	134,541	131,862	129,121
2003 MF Series A/B (Timber Oaks Apts)	Principal	90,760	95,166	99,786	104,630	109,710
2003 MF Series A/B (Timber Oaks Apts)	Interest	894,878	886,762	878,251	869,327	859,970
2003 MF Series A/B (West Virginia Apts)	Principal	180,000	190,000	195,000	205,000	215,000
2003 MF Series A/B (West Virginia Apts)	Interest	429,930	421,884	412,413	402,374	391,835
2004 MF Series A (Bristol)	Principal	-	-	-	-	-
2004 MF Series A (Bristol)	Interest	22,440	22,610	22,610	22,633	22,586
2004 MF Series A (Chisholm Trail)	Principal	-	-	-	-	-
2004 MF Series A (Chisholm Trail)	Interest	21,120	21,280	21,280	21,302	21,258
2004 MF Series A (Churchill @ Pinnacle)	Principal	93,063	99,345	106,051	113,209	120,851
2004 MF Series A (Churchill @ Pinnacle)	Interest	633,274	626,992	620,286	613,127	605,485
2004 MF Series A (Evergreen @ Plano)	Principal	110,408	117,861	125,816	134,309	143,376
2004 MF Series A (Evergreen @ Plano)	Interest	932,163	924,710	916,754	908,261	899,195
2004 MF Series A (Humble Park)	Principal	135,000	145,000	155,000	165,000	180,000
2004 MF Series A (Humble Park)	Interest	726,495	717,420	707,685	697,290	686,070
2004 MF Series A (Montgomery Pines)	Principal	-	-	-	-	-
2004 MF Series A (Montgomery Pines)	Interest	22,063	22,230	22,230	22,253	22,207
2004 MF Series A (Pinnacle)	Principal	-	-	-	-	-
2004 MF Series A (Pinnacle)	Interest	24,582	24,777	24,777	24,803	24,751
2004 MF Series A (Rush Creek)	Principal	68,278	72,996	78,039	83,432	89,196
2004 MF Series A (Rush Creek)	Interest	570,064	565,346	560,303	554,911	549,146
2004 MF Series A (Tranquility Bay)	Principal	116,505	124,307	132,633	141,515	150,993
2004 MF Series A (Tranquility Bay)	Interest	891,652	883,849	875,524	866,642	857,164
2004 MF Series A/B (Century Park)	Principal	210,000	230,000	245,000	255,000	275,000
2004 MF Series A/B (Century Park)	Interest	628,355	616,913	604,244	590,902	576,885
2004 MF Series A/B (Timber Ridge)	Principal	48,399	51,881	55,616	59,619	63,909
2004 MF Series A/B (Timber Ridge)	Interest	435,296	431,923	428,307	424,430	420,275
2004 MF Series A/B (Veterans Memorial)	Principal	51,873	54,391	57,032	59,801	62,704
2004 MF Series A/B (Veterans Memorial)	Interest	451,203	447,704	444,035	440,188	436,154
2003 MF Series A/B (Parkview Twnhms)	Principal	100,599	105,483	110,604	115,973	121,603
2003 MF Series A/B (Parkview Twnhms)	Interest	887,918	881,132	874,017	866,556	858,733
2003 MF Series A/B (Arlington Villas)	Principal	110,951	120,219	130,262	141,142	152,933
2003 MF Series A/B (Arlington Villas)	Interest	1,137,675	1,128,464	1,118,483	1,107,669	1,095,952
2003 MF Series A (NHP-Asmara) Refunding	Principal	480,000	510,000	540,000	570,000	610,000
2003 MF Series A (NHP-Asmara) Refunding	Interest	33,963	33,537	32,614	31,674	30,571
2004 MF Series A (Village Fair)	Principal	110,227	117,609	125,486	133,890	142,857
2004 MF Series A (Village Fair)	Interest	880,366	872,984	865,108	856,704	847,737
2005 MF Series A (Pecan Grove)	Principal	109,089	116,395	124,190	132,508	141,382
2005 MF Series A (Pecan Grove)	Interest	876,587	869,281	861,486	853,168	844,294
2005 MF Series A (Prairie Oaks)	Principal	85,920	91,672	97,812	104,364	111,353
2005 MF Series A (Prairie Oaks)	Interest	690,398	684,644	678,505	671,954	664,965
2005 MF Series A (Port Royal)	Principal	94,349	100,668	107,408	114,604	122,279
2005 MF Series A (Port Royal)	Interest	762,760	756,441	749,700	742,506	734,831

2018-22	2023-27	2028-32	2033-37	2038-42	2043-47	TOTAL REQUIRED
1,085,000	5,115,000	-	-	-	-	6,970,000
1,491,490	262,600	-	-	-	-	3,474,372
1,041,572	1,510,349	2,141,110	3,035,290	4,302,903	3,708,194	16,415,003
5,368,455	4,899,678	4,268,920	3,374,738	2,107,123	63,397	25,816,755
1,027,629	1,438,870	2,013,581	10,622,287	-	-	15,807,447
4,827,094	4,424,474	3,861,702	2,347,236	-	-	20,604,312
1,810,000	2,360,000	3,095,000	3,170,000	-	-	11,820,000
2,454,704	1,935,369	1,255,067	374,130	-	-	8,869,224
1,555,000	8,520,000	-	-	-	-	11,220,000
2,493,383	1,080,671	-	-	-	-	6,411,908
1,036,547	1,454,148	2,024,873	10,870,270	-	-	16,084,998
4,851,406	4,444,172	3,885,483	2,514,072	-	-	20,876,033
250,000	350,000	490,000	9,880,000	-	-	11,150,000
600,311	501,592	363,234	152,919	-	-	2,288,838
633,806	725,993	-	-	10,899,999	-	12,759,850
4,142,797	3,831,691	3,678,750	3,678,750	919,687	-	20,640,863
1,300,000	1,710,000	2,250,000	2,290,000	-	-	8,535,000
1,776,849	1,402,019	909,221	270,771	-	-	6,417,296
-	-	-	11,900,000	-	-	11,900,000
113,049	113,049	113,072	109,252	-	-	561,301
-	-	-	11,200,000	-	-	11,200,000
106,400	106,400	106,422	99,265	-	-	524,727
738,209	1,023,349	1,418,630	1,966,589	2,726,203	1,304,962	9,710,461
2,893,473	2,608,332	2,213,055	1,665,095	905,482	87,182	13,471,783
875,797	1,214,083	1,683,034	2,333,124	3,234,314	4,309,366	14,281,488
4,337,055	3,998,770	3,529,817	2,879,729	1,978,537	418,761	21,723,752
1,090,000	1,525,000	2,085,000	2,890,000	2,670,000	-	11,040,000
3,233,505	2,813,250	2,231,625	1,430,880	364,980	-	13,609,200
-	-	-	11,700,000	-	-	11,700,000
111,150	111,150	111,173	107,413	-	-	551,869
-	-	-	13,765,000	-	-	13,765,000
123,885	123,885	123,911	119,718	-	-	615,089
547,401	764,520	1,067,758	1,491,271	2,082,766	2,193,685	8,539,342
2,644,313	2,427,193	2,123,953	1,700,440	1,108,947	176,236	12,980,852
920,892	1,273,425	1,760,913	2,435,022	3,367,190	3,347,096	13,770,491
4,119,892	3,767,357	3,279,869	2,605,763	1,673,593	313,366	20,134,671
1,625,000	2,160,000	2,880,000	3,830,000	-	-	11,710,000
2,641,311	2,142,845	1,477,135	591,869	-	-	9,870,459
395,525	559,872	792,510	4,443,374	-	-	6,470,705
2,027,791	1,868,631	1,643,336	1,090,740	-	-	8,770,729
362,247	459,143	581,955	737,616	4,433,219	-	6,859,981
2,113,075	1,978,432	1,807,790	1,591,500	899,022	-	10,609,103
702,516	890,426	1,128,596	1,430,474	8,792,748	-	13,499,022
4,162,360	3,901,264	3,570,332	3,150,882	1,914,703	-	21,067,897
979,045	1,419,048	2,001,694	11,559,499	-	-	16,614,793
5,266,726	4,834,060	4,264,071	3,055,851	-	-	23,008,951
3,630,000	4,860,000	6,520,000	1,435,000	-	-	19,155,000
135,157	98,123	48,512	2,363	-	-	446,514
871,270	1,204,808	1,666,030	2,303,816	3,185,756	3,732,267	13,594,016
4,081,696	3,748,161	3,286,939	2,649,152	1,767,210	432,234	20,288,291
862,274	1,192,370	1,648,828	2,280,028	3,152,861	3,775,426	13,535,351
4,066,104	3,736,010	3,279,551	2,648,349	1,775,515	450,536	20,260,881
679,128	939,106	1,298,614	1,795,744	2,483,185	2,973,521	10,660,419
3,202,456	2,942,471	2,582,964	2,085,832	1,398,390	354,844	15,957,423
745,764	1,031,254	1,426,040	1,971,951	2,726,847	3,336,339	11,777,503
3,539,782	3,254,289	2,859,505	2,313,593	1,558,695	409,848	17,681,950

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

SCHEDULE 5

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) (Continued)
August 31, 2012

DESCRIPTION		2013	2014	2015	2016	2017
2005 MF Series A (Del Rio)	Principal	88,860	94,810	101,159	107,933	115,161
2005 MF Series A (Del Rio)	Interest	718,369	712,418	706,068	699,293	692,065
2005 MF Series A (Atascocita Pines)	Principal	-	-	-	-	-
2005 MF Series A (Atascocita Pines)	Interest	21,497	21,660	21,660	21,683	21,637
2005 MF Series A (Tower Ridge)	Principal	-	-	-	-	-
2005 MF Series A (Tower Ridge)	Interest	32,748	33,000	33,000	33,034	32,966
2005 MF Series A (Prairie Ranch)	Principal	140,000	150,000	160,000	165,000	175,000
2005 MF Series A (Prairie Ranch)	Interest	558,477	551,566	544,170	536,289	528,165
2005 MF Series A (St Augustine)	Principal	-	-	-	-	-
2005 MF Series A (St Augustine)	Interest	11,842	11,932	11,932	11,945	11,920
2005 MF Series A (Park Manor)	Principal	-	-	-	-	-
2005 MF Series A (Park Manor)	Interest	665,600	665,600	665,600	665,600	665,600
2005 MF Series A (Mockingbird)	Principal	109,918	117,163	124,885	133,116	141,890
2005 MF Series A (Mockingbird)	Interest	886,692	879,447	871,725	863,494	854,720
2005 MF Series A (Chase Oaks)	Principal	267,156	280,964	295,486	310,759	326,820
2005 MF Series A (Chase Oaks)	Interest	656,041	642,233	627,711	612,439	596,377
2005 MF Series A/B (Canal Place)	Principal	96,430	104,622	113,508	123,150	133,610
2005 MF Series A/B (Canal Place)	Interest	980,653	972,643	963,952	954,523	944,293
2005 MF Series A (Coral Hills)	Principal	60,000	90,000	90,000	100,000	100,000
2005 MF Series A (Coral Hills)	Interest	239,370	235,709	231,164	226,493	221,442
2006 MF Series A (Harris Branch)	Principal	-	-	-	-	-
2006 MF Series A (Harris Branch)	Interest	28,343	28,580	28,580	28,610	28,550
2006 MF Series A (Bella Vista)	Principal	55,000	55,000	60,000	65,000	70,000
2006 MF Series A (Bella Vista)	Interest	405,900	402,517	399,135	395,445	391,447
2006 MF Series A (Village Park)	Principal	170,000	175,000	185,000	195,000	205,000
2006 MF Series A (Village Park)	Interest	509,013	500,938	492,506	483,600	474,219
2006 MF Series A (Oakmoor)	Principal	112,937	119,903	127,299	135,150	143,486
2006 MF Series A (Oakmoor)	Interest	844,105	837,139	829,744	821,892	813,556
2006 MF Series A (Sunset Pointe)	Principal	-	-	-	-	-
2006 MF Series A (Sunset Pointe)	Interest	32,748	33,000	33,000	33,034	32,966
2006 MF Series A (Hillcrest)	Principal	160,000	170,000	185,000	195,000	210,000
2006 MF Series A (Hillcrest)	Interest	559,125	550,594	541,538	531,694	521,194
2006 MF Series A (Pleasant Village)	Principal	94,691	100,615	106,910	112,693	120,648
2006 MF Series A (Pleasant Village)	Interest	340,849	334,925	328,631	322,847	314,893
2006 MF Series A (Grove Village)	Principal	97,532	103,634	110,117	116,074	124,267
2006 MF Series A (Grove Village)	Interest	351,076	344,974	338,491	332,533	324,341
2006 MF Series A (Red Hills Villas)	Principal	-	-	-	-	-
2006 MF Series A (Red Hills Villas)	Interest	11,485	11,556	11,556	11,568	11,544
2006 MF Series A (Champion Crossing)	Principal	-	-	-	-	100,000
2006 MF Series A (Champion Crossing)	Interest	11,402	11,473	11,473	11,484	11,241
2006 MF Series A (Stonehaven)	Principal	92,138	97,626	103,443	109,604	116,133
2006 MF Series A (Stonehaven)	Interest	635,130	629,642	623,826	617,665	611,136
2006 MF Series A (Center Ridge)	Principal	8,325,000	-	-	-	-
2006 MF Series A (Center Ridge)	Interest	26,439	-	-	-	-
2006 MF Series A (Meadowlands)	Principal	92,448	98,150	104,203	110,631	117,454
2006 MF Series A (Meadowlands)	Interest	726,931	721,229	715,176	708,748	701,925
2006 MF Series A (East Tex Pines)	Principal	105,000	110,000	110,000	125,000	125,000
2006 MF Series A (East Tex Pines)	Interest	769,805	763,570	757,190	750,375	743,125
2006 MF Series A (Villas at Henderson)	Principal	-	-	-	-	-
2006 MF Series A (Villas at Henderson)	Interest	15,153	15,235	15,235	15,251	15,219
2006 MF Series A (Aspen Park Apts)	Principal	110,000	110,000	120,000	125,000	135,000
2006 MF Series A (Aspen Park Apts)	Interest	471,375	465,875	460,250	454,250	447,875
2006 MF Series A (Idlewilde Apts)	Principal	-	-	-	-	-
2006 MF Series A (Idlewilde Apts)	Interest	26,080	26,277	26,277	26,304	26,250
2007 MF Series A (Lancaster Apts)	Principal	-	-	-	-	-
2007 MF Series A (Lancaster Apts)	Interest	26,080	26,277	26,277	26,304	26,250

2018-22	2023-27	2028-32	2033-37	2038-42	2043-47	TOTAL REQUIRED
702,367	971,239	1,343,050	1,857,190	2,568,154	3,142,182	11,092,105
3,333,772	3,064,895	2,693,089	2,178,947	1,467,984	385,991	16,652,891
-	-	-	-	11,400,000	-	11,400,000
108,300	108,300	108,323	108,277	14,419	-	555,756
-	-	-	-	15,000,000	-	15,000,000
165,000	165,000	165,034	164,966	20,705	-	845,453
1,015,000	1,330,000	1,680,000	2,120,000	2,680,000	1,935,000	11,550,000
2,504,296	2,224,937	1,864,098	1,411,956	839,778	167,325	11,731,057
-	-	-	-	6,280,000	-	6,280,000
59,661	59,661	59,674	59,649	12,942	-	311,158
-	-	-	-	-	10,400,000	10,400,000
3,328,000	3,328,000	3,328,000	3,328,000	3,328,000	1,941,335	21,909,335
862,686	1,187,021	1,633,290	2,247,336	3,092,238	4,254,795	13,904,338
4,120,361	3,796,027	3,349,759	2,735,711	1,890,807	601,299	20,850,042
1,905,631	2,451,704	3,154,260	4,119,464	-	-	13,112,244
2,710,355	2,164,283	1,461,729	458,287	-	-	9,929,455
535,527	1,159,500	1,595,426	2,195,239	9,525,938	-	15,582,950
4,642,674	4,355,250	3,929,541	3,343,788	993,413	-	22,080,730
585,000	3,725,000	-	-	-	-	4,750,000
1,026,285	700,183	-	-	-	-	2,880,646
-	-	-	-	14,290,000	-	14,290,000
142,900	142,900	142,930	142,870	45,180	-	759,443
410,000	560,000	760,000	1,030,000	1,400,000	2,135,000	6,600,000
1,888,663	1,744,754	1,550,414	1,285,041	925,266	395,450	9,784,032
1,235,000	7,945,000	-	-	-	-	10,110,000
2,208,639	1,688,558	-	-	-	-	6,357,473
861,612	1,162,183	1,567,612	2,114,475	2,852,110	4,922,841	14,119,608
3,923,597	3,623,023	3,217,593	2,670,730	1,933,096	791,562	20,306,037
-	-	-	-	15,000,000	-	15,000,000
165,000	165,000	165,034	164,966	63,198	-	887,946
1,245,000	8,525,000	-	-	-	-	10,690,000
2,425,239	2,045,267	-	-	-	-	7,174,651
725,427	4,384,809	-	-	-	-	5,645,793
1,452,279	153,459	-	-	-	-	3,247,883
747,189	4,516,353	-	-	-	-	5,815,166
1,495,850	157,323	-	-	-	-	3,344,588
100,000	600,000	1,000,000	3,115,000	-	-	4,815,000
57,561	52,864	42,393	24,296	-	-	234,823
500,000	600,000	1,000,000	2,580,000	-	-	4,780,000
52,665	46,443	35,971	19,050	-	-	211,202
693,052	9,780,318	-	-	-	-	10,992,314
2,943,297	2,278,157	-	-	-	-	8,338,853
-	-	-	-	-	-	8,325,000
-	-	-	-	-	-	26,439
705,294	951,335	1,283,211	1,730,859	2,334,668	4,629,167	12,157,420
3,391,601	3,145,556	2,813,684	2,366,036	1,762,225	846,710	17,899,821
765,000	1,010,000	1,340,000	1,775,000	2,350,000	5,510,000	13,325,000
3,591,505	3,335,870	2,997,730	2,548,955	1,954,310	1,096,491	19,308,926
-	6,925,000	-	-	-	-	6,925,000
76,175	18,492	-	-	-	-	170,760
795,000	8,060,000	-	-	-	-	9,455,000
2,129,125	1,901,248	-	-	-	-	6,329,998
-	-	-	-	13,830,000	-	13,830,000
131,385	131,385	131,412	131,358	74,477	-	731,205
-	-	-	-	13,830,000	-	13,830,000
131,385	131,385	131,412	131,358	76,631	-	733,359

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

SCHEDULE 5

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) (Continued)
August 31, 2012

DESCRIPTION		2013	2014	2015	2016	2017
2007 MF Series A (Park Place)	Principal	-	-	-	-	-
2007 MF Series A (Park Place)	Interest	820,700	820,700	820,700	820,700	820,700
2007 MF Series A (Terrace at Cibolo)	Principal	-	-	-	-	-
2007 MF Series A (Terrace at Cibolo)	Interest	10,373	10,500	10,500	10,512	10,488
2007 MF Series A (Santora Villas)	Principal	81,564	86,422	91,570	97,025	102,804
2007 MF Series A (Santora Villas)	Interest	695,396	690,537	685,389	679,935	674,155
2007 MF Series A (Villas @ Mesquite Creek)	Principal	175,000	185,000	195,000	210,000	220,000
2007 MF Series A (Villas @ Mesquite Creek)	Interest	824,804	814,491	803,597	791,977	779,631
2007 MF Series A (Summit Point)	Principal	100,000	100,000	110,000	110,000	110,000
2007 MF Series A (Summit Point)	Interest	477,338	472,538	467,618	462,338	457,058
2007 MF Series A (Costa Rialto)	Principal	80,355	84,761	89,409	94,312	99,483
2007 MF Series A (Costa Rialto)	Interest	562,541	558,135	553,487	548,585	543,414
2007 MF Series A (Windshire)	Principal	-	-	-	-	-
2007 MF Series A (Windshire)	Interest	25,834	26,030	26,030	26,057	26,003
2007 MF Series A (Residences @ Onion Creek)	Principal	-	-	-	-	-
2007 MF Series A (Residences @ Onion Creek)	Interest	32,748	33,000	33,000	33,034	32,966
2008 MF Series A (Addison Park)	Principal	-	-	-	-	-
2008 MF Series A (Addison Park)	Interest	29,156	29,557	29,557	29,591	29,523
2008 MF Series A (Costa Ibiza)	Principal	-	-	-	-	-
2008 MF Series A (Costa Ibiza)	Interest	22,523	22,865	22,865	22,891	22,839
2008 MF Series A (West Oaks)	Principal	-	-	-	-	-
2008 MF Series A (West Oaks)	Interest	22,424	22,743	22,743	22,769	22,717
2009 MF Series A (Costa Mariposa Apartments)	Principal	-	-	-	-	-
2009 MF Series A (Costa Mariposa Apartments)	Interest	22,925	23,273	23,273	23,300	23,246
2009 MF Series A (Woodmont Apartments)	Principal	-	-	-	-	-
2009 MF Series A (Woodmont Apartments)	Interest	25,118	25,500	25,500	25,529	25,471
2008 MF Series A (Alta Cullen Apartments)	Principal	-	-	-	-	-
2008 MF Series A (Alta Cullen Apartments)	Interest	23,429	23,750	23,750	23,777	23,723
TOTAL MULTI-FAMILY BONDS		66,028,340	56,581,036	56,610,209	56,665,747	56,804,164
Total		204,232,623	116,715,692	117,431,468	118,356,453	118,853,256
Less Interest		87,501,127	86,027,773	84,660,772	83,305,560	81,797,899
Total Principal		116,731,496	30,687,919	32,770,696	35,050,893	37,055,357

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

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

SCHEDULE 6

Supplementary Bond Schedules
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE
For the Fiscal Year Ended August 31, 2012

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

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, 2012

	Pledged and Other Sources and Related Expenditures for FY 2012			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2001 MF Series A/B (Hillside Apartments)	$ 865,858	$ -	$ 59,433.00	$ 865,858
2001 MF Series A/B (Meridian Apartments)	497,550	-	84,000	497,550
2001 MF Series A/B (Wildwood Apartments)	385,030	-	67,000	385,030
2001 MF Series A-C (Fallbrook Apartments)	799,678	-	268,000	799,678
2002 MF Series A (Clarkridge Villas Apartments)	936,045	-	107,090	936,045
2002 MF Series A (Park Meadows Apartments)	262,506	-	80,000	262,506
2002 MF Series A (Green Crest Apartments)	770,646	-	87,598	770,646
2002 MF Series A (Hickory Trace Apartments)	774,015	-	87,981	774,015
2002 MF Series A (Millstone Apartments)	536,658	-	215,000	536,658
2002 MF Series A (Woodway Village)	390,309	-	130,000	365,309
2002 MF Series A/B (Ironwood Crossing)	1,178,018	-	103,235	1,178,018
2003 MF Series A (NHP Foundation-Asmara Project) Refunding	36,221	-	450,000	26,875
2003 MF Series A/B (Reading Road)	339,281	-	30,000	139,276
2003 MF Series A/B (Arlington Villas)	1,145,492	-	102,396	1,145,492
2003 MF Series A/B (Ash Creek Apartments)	1,058,687	-	109,967	1,058,687
2003 MF Series A/B (North Vista Apartments)	602,953	-	240,000	602,953
2003 MF Series A/B (Parkview Townhomes)	3,548,603	-	108,540	1,036,907
2003 MF Series A/B (Peninsula Apartments)	604,312	-	180,000	594,312
2003 MF Series A/B (Primrose Houston School)	1,065,854	-	108,975	1,065,854
2003 MF Series A/B (Timber Oaks Apartments)	901,802	-	80,548	901,802
2003 MF Series A/B (West Virginia Apartments)	435,317	-	165,000	435,317
2004 MF Series A (Bristol Apartments)	120,487	-	-	20,487
2004 MF Series A (Chisholm Trail Apartments)	219,339	-	-	19,338
2004 MF Series A (Churchill at Pinnacle Park)	638,683	-	87,178	638,683
2004 MF Series A (Evergreen at Plano Parkway)	938,579	-	103,426	938,579
2004 MF Series A (Humble Parkway Townhomes)	733,645	-	130,000	733,645
2004 MF Series A (Montgomery Pines Apartments)	220,250	-	-	20,248
2004 MF Series A (Pinnacle Apartments)	122,341	-	-	22,341
2004 MF Series A (Providence at Rush Creek II)	574,121	-	63,865	574,121
2004 MF Series A (Tranquility Bay Apartments)	898,373	-	109,192	898,373
2004 MF Series A (Providence at Village Fair)	886,725	-	103,309	886,725
2004 MF Series A/B (Century Park Townhomes)	636,381	-	200,000	636,381
2004 MF Series A/B (Timber Ridge II Apartments)	438,187	-	45,150	438,187
2004 MF Series A/B (Providence at Veterans Memorial)	9,787,749	-	100,295	915,909
2005 MF Series A (Atascocita Pines Apartments)	119,616	-	-	19,616
2005 MF Series A/B (Canal Place Apartments)	987,443	-	88,884	987,443
2005 MF Series A (Mission Del Rio Homes)	723,495	-	135,864	723,495
2005 MF Series A (Park Manor Senior Community)	665,600	-	-	665,600
2005 MF Series A (Homes at Pecan Grove)	882,879	-	102,242	882,879
2005 MF Series A (Plaza at Chase Oaks Apartments)	668,105	-	319,630	668,105
2005 MF Series A (Port Royal Homes)	768,203	-	88,427	768,203
2005 MF Series A (Providence at Prairie Oaks)	695,354	-	80,525	695,354
2005 MF Series A (Prairie Ranch Apartments)	563,734	-	135,000	563,734
2005 MF Series A (Providence at Mockingbird Apartments)	892,937	-	103,121	892,937
2005 MF Series A (St Augustine Estate Apartments)	111,065	-	-	11,064
2005 MF Series A (Tower Ridge Apartments)	31,253	-	-	31,248
2006 MF Series A (Aspen Park)	521,417	-	100,000	476,417
2006 MF Series A (Bella Vista Apartments)	407,694	-	50,000	407,694
2006 MF Series A (Center Ridge Apartments)	416,250	-	-	416,250
2006 MF Series A (Champion Crossing Apartments)	156,021	-	-	11,020
2005 MF Series A (Coral Hills Apartments)	292,568	-	30,000	242,568
2006 MF Series A (East Tex Pines)	773,309	-	95,000	773,309
2006 MF Series A (Grove Village)	357,292	-	90,847	357,292
2006 MF Series A (Harris Branch Apartments)	222,946	-	-	22,946
2006 MF Series A (Hillcrest Apartments)	563,850	-	150,000	563,850
2006 MF Series A (Idlewilde)	128,857	-	-	23,857

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, 2012

	Pledged and Other Sources and Related Expenditures for FY 2012			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2006 MF Series A (Meadowlands Apartments)	$ 731,866	$ -	$ 87,077.00	$ 731,866
2006 MF Series A (Oakmoor Apartments)	850,133	-	106,376	850,133
2006 MF Series A (Pleasant Village)	346,885	-	88,201	346,885
2006 MF Series A (Red Hills Villas)	111,089	-	-	11,088
2006 MF Series A (Stonehaven Apartments)	639,890	-	86,957	639,890
2006 MF Series A (The Residences at Sunset Pointe)	31,248	-	-	31,248
2006 MF Series A (Village Park Apartments)	514,800	-	155,000	514,800
2006 MF Series A (Villas at Henderson)	112,950	-	-	12,950
2007 MF Series A (Villas at Mesquite Creek)	833,444	-	165,000	833,444
2007 MF Series A (Costa Rialto)	2,254,440	-	84,323	596,024
2007 MF Series A (Lancaster)	130,282	-	-	25,282
2007 MF Series A (Park Place at Loyola)	820,700	-	-	820,700
2007 MF Series A (Santora Villas)	699,302	-	45,444	699,302
2007 MF Series A (Summit Point)	480,853	-	85,000	480,853
2007 MF Series A (Terrace at Cibolo)	9,085	-	-	9,085
2007 MF Series A (Windshire)	123,668	-	-	23,668
2007 MF Series A (Residences at Onion Creek)	31,248	-	-	31,248
2008 MF Series A (West Oaks Apartments)	510,712	-	-	20,712
2008 MF Series A (Costa Ibiza Apartments)	120,905	-	-	20,902
2008 MF Series A (Addison Park Apartments)	183,195	-	-	28,193
2008 MF Series A (Alta Cullen Apartments Refunding)	222,623	-	-	22,623
2009 MF Series A (Costa Mariposa Apartments)	31,459	-	-	31,459
2009 MF Series A (Woodmont Apartments)	29,287	-	-	29,287
Total Multifamily Bonds	$ 65,400,007	$ 6,126	$ 8,641,436	$ 49,112,124
Total	$ 206,995,680	$ 2,203,782	$ 25,641,436	$ 100,522,420

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

SCHEDULE 7

Supplementary Bond Schedules
EARLY EXTINGUISHMENT AND REFUNDING
For the fiscal year ended August 31, 2012

			For Refunding Only		
Description of Issue	**Category**	**Amount Extinguished or Refunded**	**Refunding Issue Par Value**	**Cash Flow Increase (Decrease)**	**Economic Gain/ (Loss)**
Business-Type Activities					
2002 Single Family Series A	Early Extinguishment	$ 510,000	$	$	$
2002 Single Family Series B	Early Extinguishment	3,100,000			
2002 Single Family Series C	Early Extinguishment	110,000			
2002 Single Family Series D	Early Extinguishment	10,000			
2004 Single Family Series A	Early Extinguishment	7,390,000			
2004 Single Family Series C	Early Extinguishment	3,830,000			
2004 Single Family Series E	Early Extinguishment	595,000			
2005 Single Family Series A	Early Extinguishment	3,345,000			
2005 Single Family Series B	Early Extinguishment	1,385,000			
2005 Single Family Series C	Early Extinguishment	610,000			
2006 Single Family Series A	Early Extinguishment	2,655,000			
2006 Single Family Series B	Early Extinguishment	2,965,000			
2006 Single Family Series C	Early Extinguishment	4,580,000			
2006 Single Family Series D	Early Extinguishment	1,290,000			
2006 Single Family Series F	Early Extinguishment	5,905,000			
2007 Single Family Series A	Early Extinguishment	9,470,000			
2007 Single Family Series B	Early Extinguishment	6,905,000			
2002 RMRB Series A	Early Extinguishment	20,460,000			
2003 RMRB Series A	Early Extinguishment	3,270,000			
2009 RMRB Series A	Early Extinguishment	1,135,000			
2009 RMRB Series B	Early Extinguishment	895,000			
2009 RMRB Series C-1	Early Extinguishment	315,000			
2009 RMRB Series C-2	Early Extinguishment	320,000			
2009 RMRB Series C-3	Early Extinguishment	160,000			
2011 RMRB Series A	Early Extinguishment	270,000			
2011 RMRB Series B	Early Extinguishment	495,000			
1992 Coll Home Mtg Rev Bonds, Series C	Early Extinguishment	1,000,000			
2000 MF Series A (Timber Point Apartments)	Early Extinguishment	200,000			
2000 MF Series A (Creek Point Apartments)	Early Extinguishment	100,000			
2002 MF Series A (Woodway Village)	Early Extinguishment	25,000			
2003 MF Series A/B (Reading Road)	Early Extinguishment	200,000			
2003 MF Series A/B (Peninsula Apartments)	Early Extinguishment	10,000			
2003 MF Series A/B (Parkview Townhomes)	Early Extinguishment	2,511,696			
2004 MF Series A/B (Providence at Veterans Memorial)	Early Extinguishment	8,871,840			
2004 MF Series A (Chisholm Trail Apartments)	Early Extinguishment	200,000			
2004 MF Series A (Montgomery Pines Apartments)	Early Extinguishment	200,000			
2004 MF Series A (Bristol Apartments)	Early Extinguishment	100,000			
2004 MF Series A (Pinnacle Apartments)	Early Extinguishment	100,000			
2005 MF Series A (Atascocita Pines Apartments)	Early Extinguishment	100,000			
2005 MF Series A (St Augustine Estate Apartments)	Early Extinguishment	100,000			
2005 MF Series A (Coral Hills Apartments)	Early Extinguishment	50,000			
2006 MF Series A (Harris Branch Apartments)	Early Extinguishment	200,000			
2006 MF Series A (Red Hills Villas)	Early Extinguishment	100,000			
2006 MF Series A (Champion Crossing Apartments)	Early Extinguishment	145,000			
2006 MF Series A (Villas at Henderson)	Early Extinguishment	100,000			
2006 MF Series A (Aspen Park)	Early Extinguishment	45,000			
2006 MF Series A (Idlewilde)	Early Extinguishment	105,000			
2007 MF Series A (Lancaster)	Early Extinguishment	105,000			
2007 MF Series A (Costa Rialto)	Early Extinguishment	1,658,416			
2007 MF Series A (Windshire)	Early Extinguishment	100,000			
2008 MF Series A (West Oaks Apartments)	Early Extinguishment	490,000			
2008 MF Series A (Costa Ibiza Apartments)	Early Extinguishment	100,000			
2008 MF Series A (Addison Park Apts)	Early Extinguishment	155,000			
2008 MF Series A (Alta Cullen Apartments Refunding)	Early Extinguishment	200,000			
Total Business-Type Activities		**$ 99,246,952**	**$ -**	**$ -**	**$ -**

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APPENDIX D-2

SELECTED UNAUDITED CONDENSED FINANCIAL INFORMATION OF THE DEPARTMENT FOR THE FOUR MONTHS ENDED DECEMBER 31, 2012

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
COMBINING BALANCE SHEETS
at December 31, 2012
(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 and Temporary Investments							
Cash in Bank	$	$	$	$	$	$	$
Cash Equivalents				5,437,032		9,579,101	15,016,133
Restricted Assets:							
Cash in Bank	65,851				731,056		796,907
Cash Equivalents	17,768,887	138,737,374	98,455		29,039,419	78,008	185,722,143
Interest Receivable	3,351,953	1,764,234	34,141	8,058	7,311,941		12,470,327
Receivables:							
Interest and Dividends						30,303	30,303
Accounts Receivables						229,699	229,699
Other Current Assets	67,646	18,466				16,446	102,558
Total Current Assets	21,254,337	140,520,074	132,596	5,445,090	37,082,416	9,933,557	214,368,070
Non-Current Assets							
Loans and Contracts						159,082	159,082
Restricted:							
Investments	741,720,672	405,546,882	7,697,314	3,828,663	41,610,857	988,937	1,201,393,325
Loans and Contracts	24,688,512	24,219,547		101,318	1,036,774,743		1,085,784,120
Deferred Outflow of Resources	46,906,789						46,906,789
Other Non-current Assets							
Deferred Issuance Cost, net	3,920,904	3,917,505	29,949		283,558		8,151,916
Real Estate Owned, net	132,318					798	133,116
Total Non-Current Assets	817,369,195	433,683,934	7,727,263	3,929,981	1,078,669,158	1,148,817	2,342,528,348
Total Assets	$ 838,623,532	$ 574,204,008	$ 7,859,859	$ 9,375,071	$ 1,115,751,574	$ 11,082,374	$ 2,556,896,418
LIABILITIES							
Current Liabilities							
Payables:							
Accounts Payable	$ 1,267		$	$	$	$	$ 1,267
Accrued Bond Interest Payable	9,860,937	7,749,336	34,933		7,419,073		25,064,279
Deferred Revenues	9,129,566	1,612,047	172,492				10,914,105
Commercial Paper Notes Payable							-
Other Current Liabilities	(17,166)	1,018				389	(15,759)
Total Current Liabilities	18,974,604	9,362,401	207,425		7,419,073	389	35,963,892
Non-Current Liabilities							
Bonds Payable	664,175,349	467,729,703	5,685,907		1,037,301,519		2,174,892,478
Derivative Hedging Instrument	46,906,789						46,906,789
Other Non-Current Liabilities					72,191,048		72,191,048
Total Non-Current Liabilities	711,082,138	467,729,703	5,685,907		1,109,492,567		2,293,990,315
Total Liabilities	730,056,742	477,092,104	5,893,332		1,116,911,640	389	2,329,954,207
NET ASSETS							
Restricted	108,566,790	97,111,904	1,966,527	9,375,071		1,061,945	218,082,237
Unrestricted					(1,160,066)	10,020,040	8,859,974
Total Net Assets	108,566,790	97,111,904	1,966,527	9,375,071	(1,160,066)	11,081,985	226,942,211
Total Liabilites and Net Assets	$ 838,623,532	$ 574,204,008	$ 7,859,859	$ 9,375,071	$ 1,115,751,574	$ 11,082,374	$ 2,556,896,418

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Fourth Period Ending December 31, 2012
(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	$ 12,419,912	$ 7,192,308	$ 153,990	$ 9,473	$ 15,837,231	$ 138,611	$ 35,751,525
Net Increase (Decrease) in Fair Value	(13,670,277)	307,142	(90,440)	117,841		(5,873)	(13,341,607)
Commitment Fees	198,703	34,605	9,969		2,188		245,465
Application Fees							-
Other Operating Revenues	8,813	124,996				2,624,810	2,758,619
Total Operating Revenues	(1,042,849)	7,659,051	73,519	127,314	15,839,419	2,757,548	25,414,002
OPERATING EXPENSES							
Professional Fees and Services	204,485	424,080				550,170	1,178,735
Depreciation and Amortization	109,194	96,452	870		2,042		208,558
Interest	10,203,167	5,505,167	126,651		15,838,343		31,673,328
Trustee Fees	53,498	75,321				10,902	139,721
Mortgage Loan Servicing Fees	7,131					522	7,653
Mortgage Pool & Self Insurance	17,428						17,428
Bad Debt Expense	13,200	43,529					56,729
Down Payment Assistance		84,185				282,818	367,003
Other Operating Expenses	4,037		(1,103)			41,713	44,647
Total Operating Expenses	10,612,140	6,228,734	126,418		15,840,385	886,125	33,693,802
Operating Income (Loss)	(11,654,989)	1,430,317	(52,899)	127,314	(966)	1,871,423	(8,279,800)
NONOPERATING REVENUES (EXPENSES)							
Gain (Loss) on Sale of Capital Assets							
Gain (Loss) on Sale of Investments		18,985,865		5,247,756			24,233,621
Total Non-Operating Revenues (Expenses)		18,985,865					24,233,621
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	(11,654,989)	20,416,182	(52,899)	5,375,071	(966)	1,871,423	15,953,821
OTHER REVENUES, EXPENSES, GAINS LOSSES AND TRANSFERS							
Extraordinary Items	436,145	(546,700)			(72,950)		(183,505)
Transfers In (Out)	(999,296)	(908,118)	466	4,000,000	19	(3,993,780)	(1,900,709)
CHANGE IN NET ASSETS	(12,218,140)	18,961,364	(52,433)	9,375,071	(73,897)	(2,122,357)	13,869,607
Net Assets, Beginning	120,784,930	78,150,540	2,018,960		(1,086,169)	13,204,342	213,072,603
NET ASSETS, Ending	$ 108,566,790	$ 97,111,904	$ 1,966,527	$ 9,375,071	$ (1,160,066)	$ 11,081,985	$ 226,942,210

APPENDIX E

FORM OF PROPOSED OPINION OF CO-BOND COUNSEL

[Closing Date]

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

The Bank of New York Mellon Trust
Company, N.A., as Trustee
10161 Centurion Parkway
Jacksonville, Florida 33256

J.P. Morgan Securities LLC
383 Madison Avenue, 8th Floor
New York, New York 10179

Ladies and Gentlemen:

We have acted as Co-Bond Counsel to the Texas Department of Housing and Community Affairs (the "Department") in connection with the issuance of the Department's Single Family Mortgage Revenue Refunding Bonds, 2013 Series A (Taxable) (the "Series 2013A Bonds"). The Series 2013A Bonds will bear interest from the date of delivery thereof. Interest on the Series 2013A Bonds is payable September 1, 2013, and semiannually thereafter on each March 1 and September 1, and as further provided in the Fifty-Seventh Supplemental Indenture mentioned below, until maturity or prior redemption. The Series 2013A Bonds are issuable only as fully-registered bonds without coupons in denominations of $5,000 principal amount or any integral multiple thereof. The Series 2013A Bonds are being issued in the principal amount, bear interest at the rate and mature on the date as provided in the Indenture mentioned below. The Series 2013A Bonds are subject to optional redemption and special redemption prior to maturity on the dates, at the redemption prices and under the circumstances described in the Indenture.

The Series 2013A Bonds are being issued pursuant to a resolution adopted by the Governing Board of the Department on February 21, 2013 (the "Bond Resolution"), a Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 1980, between the Department's predecessor, the Texas Housing Agency, or the Department, as the case may be, and The Fort Worth National Bank, or its successor, The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), as amended and supplemented (collectively, the "Single Family Indenture"), and a Fifty-Seventh Supplemental Single Family Mortgage Revenue Bond Trust Indenture, dated as of May 1, 2013 (the "Fifty-Seventh Supplemental Indenture") relating to the Series 2013A Bonds. The Single Family Indenture and the Fifty-Seventh Supplemental Indenture are referred to herein collectively as the "Indenture". The Series 2013A Bonds are being issued by the Department for the purpose of providing funds to refund its outstanding Single Family Mortgage Revenue Bonds, 2002 Series A, Single Family Mortgage Revenue Refunding Bonds, 2002 Series B, and Single Family Mortgage Revenue Refunding Bonds, 2002 Series C (collectively, the "Refunded Bonds"). Capitalized terms not otherwise defined herein have the meanings assigned to such terms in the Indenture.

The Single Family Indenture permits the issuance of additional bonds on a parity with the Series 2013A Bonds upon the terms and conditions set forth in the Single Family Indenture. The Department reserves the right in the Single Family Indenture to issue other bonds of the Department under the Single Family Indenture for other programs similar to the program initially funded with the proceeds of the Refunded Bonds and to refund bonds issued under the Single Family Indenture, and further reserves the right to issue bonds payable from the pledges and assignments in trust pursuant to the Single Family

Indenture that are junior or subordinate to the Series 2013A Bonds, all as provided in the Single Family Indenture.

The scope of our engagement as Co-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 2013A 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 2013A 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 Co-Bond Counsel, we have participated in the preparation of and have examined a transcript of certain proceedings pertaining to the Series 2013A Bonds, including certain certified and original proceedings of the Department and the State of Texas (the "State"), and customary certificates, opinions, affidavits and other documents executed by officers, agents and representatives of the Department, the State, the Trustee and others. We have also examined executed Bond No. TR-1.

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 Fifty-Seventh Supplemental Indenture; to perform its obligations under the Indenture; and to issue and sell the Series 2013A 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 Fifty-Seventh 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 2013A Bonds. We draw your attention to the fact that the Series 2013A Bonds are secured on a parity basis with the Department's Single Family Mortgage Revenue Bonds, 2002 Series A; Single Family Mortgage Revenue Refunding Bonds, 2002 Series B; Single Family Mortgage Revenue Refunding Bonds, 2002 Series C; Single Family Mortgage Revenue Refunding Bonds, 2004 Series A; Single Family Variable Rate Mortgage Revenue Refunding Bonds, 2004 Series B; Single Family Mortgage Revenue Bonds, 2004 Series C; Single Family Variable Rate Mortgage Revenue Bonds, 2004 Series D; Single Family Mortgage Revenue Refunding Bonds, 2004 Series E; Single Family Variable Rate Mortgage Revenue Refunding Bonds, 2005 Series A; Single Family Mortgage Revenue Refunding Bonds, 2005 Series B; Taxable Single Family Variable Rate Mortgage Revenue Refunding Bonds, 2005 Series C; Single Family Mortgage Revenue Bonds, 2005 Series D; Single Family Mortgage Revenue Refunding Bonds, 2006 Series A; Single Family Mortgage Revenue Refunding Bonds, 2006 Series B; Single Family Mortgage Revenue Bonds, 2006 Series C; Single Family Mortgage Revenue Refunding Bonds, 2006 Series D; Single Family Mortgage Revenue Refunding Bonds, 2006 Series E; Single Family Mortgage Revenue Bonds, 2006 Series F; Single Family Mortgage Revenue Refunding Bonds, 2006

Series G, Single Family Variable Rate Mortgage Revenue Bonds, 2006 Series H, Single Family Variable Rate Mortgage Revenue Bonds, 2007 Series A, and Single Family Mortgage Revenue Bonds, 2007 Series B, all issued under the Single Family Indenture. The Department has also issued its Taxable Junior Lien Single Family Variable Rate Mortgage Revenue Bonds, Series 2004A, which are secured on a basis subordinate to the Series 2013A Bonds. The Department has also granted security interests on a subordinate basis to the swap providers and the liquidity providers for certain of the foregoing bonds.

3. The Department has duly authorized the issuance, execution and delivery of the Series 2013A Bonds. The authorized officers of the Department have duly executed the Series 2013A Bonds and the Trustee has duly authenticated the Series 2013A Bonds, to the extent required by the Indenture, and delivered the Series 2013A Bonds to the initial purchasers thereof. The Series 2013A 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 2013A 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 2013A 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.

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 2013A Bonds.

The enforceability of certain provisions of the Series 2013A 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 2013A 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.

The opinions set forth above speak only as of their date and only in connection with the Series 2013A 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.

Very truly yours,

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APPENDIX F-1

ADDITIONAL INFORMATION CONCERNING MORTGAGE LOANS AND MORTGAGE CERTIFICATES

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Additional Information Concerning Mortgage Loans And Mortgage Certificates

The Texas Department of Housing and Community Affairs (the "Department") owns an extensive portfolio of mortgage loans (the "Portfolio Mortgage Loans") and GNMA/FNMA Certificates (Mortgage Certificates) acquired with the proceeds of the Department's Single Family Mortgage Revenue Bonds, Single Family Mortgage Revenue Bonds (Collateralized Home Mortgage Revenue Bonds), Residential Mortgage Revenue Bonds, GNMA Collateralized Home Mortgage Revenue Bonds and Collateralized Home Mortgage Revenue Bonds. The following tables summarize certain information regarding the Portfolio Mortgage Loans and Mortgage Certificates, as of December 31, 2012, and are included solely for the purpose of providing comparative information with respect to the Portfolio Mortgage Loans and Mortgage Certificates. This information should not be construed as a representation or opinion of the Department that the information concerning the new Mortgage Loans and Mortgage Certificates will approximate the information shown below.

Part I: Single Family Mortgage Revenue Bond Trust Indenture and Junior Lien Indenture

1980 Trust Indenture

Series[1]	Issue Amount	Outstanding	Loans/Certificates	Outstanding
1980 A	$ 150,000,000	$ ---	11.20 %	$ 548,739
1982 A	100,000,000	---	---	0
1983 A	238,800,000	---	10.79	375,091
1984 A/B	304,200,000	---	12.10/9.75	331,546
1985 A	200,000,000	---	9.75	714,912
1985 B	123,996,157	---	9.70	219,884
1985 C	30,000,000	---	8.20	249,821
1986 A	83,425,000	---	8.70	830,828
1986 B	90,280,000	---	7.99	891,848
1987 A	14,840,000	---	---	0
1987 B	77,700,000	---	7.99/8.05	322,479
1991 A	81,605,000	---	---	0
1995 A-1, B-1, C-1	167,125,000	---	6.65	389,763
1996 A, B, C	59,140,000	---	---	0
1996 D, E	169,490,000	---	---	0
1997 A, B, C	79,500,000	---	---	0
1997 D, E, F	85,090,000	---	5.95/6.75	13,351,058
2002 A, B, C, D	118,000,000	47,990,000	4.99/5.9/6.65/6.9	45,445,222
2004 A, B	176,610,000	93,410,000	4.99/5.50	89,532,999
2004 C, D, E, F	175,070,000	47,685,000	4.99/6.60-7.60	45,492,199 [2]
2005 A	100,000,000	64,065,000	4.99	58,516,352
2005 B, C, D	38,195,000	14,645,000	6.65	9,513,664 [3]
2006 A, B, C, D, E	282,430,000	140,370,000	5.625/5.875/5.95 6.125/6.75/6.95	135,262,586 [4]
2006 F, G, H	132,195,000	69,390,000	5.65/5.99/6.20	67,507,023
2007 A	143,005,000	88,860,000	5.25/5.95/5.99 6.5/6.75	76,154,339 [5]
2007 B	157,060,000	90,695,000	5.75/6.50	90,807,416
TOTAL	$ 3,377,756,157	$657,110,000		$ 636,457,769

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) Includes outstanding balances on SFCHMRB 1993A-E transferred mortgage certificates and new certificates.

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

(4) Includes outstanding balances on Single Family 1996ABC and 1996DE transferred mortgage certificates.

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

1994 Junior Lien Trust Indenture

Series[6]	Original Issue Amount	Bonds Outstanding	Mortgage Rate	Loans/Certificates Outstanding[7]
1994 AB	$ 90,995,932	$ -	4.99/5.95/6.65% 6.75/7.25%	$ 3,311,737
2002 A	10,000,000	-		-
2004 A	4,140,000	3,855,000		-
TOTAL	$ 105,135,932	$ 3,855,000		$ 3,311,737

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

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

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

(7) 2002 Series A and 2004 Series A loan balances are not included in the table above because debt service is not dependent on loan repayments.

Portfolio Mortgage Loans

The following table characterizes the loan type of the Portfolio Mortgage Loans, excluding loans included in Ginnie Mae/Fannie Mae Mortgage Certificates, of the 1980 Trust Indenture as of December 31, 2012:

Loan Type	Number of Prior Mortgage Loans	Outstanding Principal Amount	Percent of Total Prior Mortgage Loans
Conventional	207	$ 1,819,097	40.56%
FHA	173	2,643,216	58.93%
VA	5	22,835	0.51%
Total	385	$ 4,485,148	100.00%

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

Conventional

Duration of Delinquency	Number of Delinquent Loans	Outstanding Principal Amount	Percent of Total No. of Loans
30 days	12	$ 123,918	3.12%
60 days	7	75,280	1.82%
90 days or more	7	52,123	1.82%
Total	26	$ 251,321	6.75%

FHA

Duration of Delinquency	Number of Delinquent Loans	Outstanding Principal Amount	Percent of Total No. of Loans
30 days	13	$ 215,393	3.38%
60 days	5	116,721	1.30%
90 days or more	7	118,787	1.82%
Total	25	$ 450,901	6.49%

VA

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

TOTAL

Duration of Delinquency	Number of Delinquent Loans	Outstanding Principal Amount	Percent of Total No. of Loans
30 days	25	$ 339,311	6.49%
60 days	12	192,001	3.12%
90 days or more	14	170,920	3.64%
Total	51	$ 702,232	12.66%

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

Series	Mortgage Rate	Total Loans Acquired	Total Loans Prepaid[8]	Percent Prepaid
1980 Series A	11.20	2,947	2,945	99.93%
1982 Series A	13.93	340	340	100.00%
1983 Series A	10.79	3,737	3,672	98.26%
1984 Series A/B	12.10/9.75	3,040	2,998	98.62%
1985 Series A	9.75	2,011	1,943	96.62%
1985 Series B	9.70/9.55	558	537	96.24%
1985 Series C	8.20	462	443	95.89%
1986 Series A	8.70	1,121	1,067	95.18%
1986 Series B	7.99/7.90	1,291	1,222	94.66%
1987 Series B	7.99/8.05/8.70	1,168	1,147	98.20%
Totals		16,675	16,314	97.84%

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

From the inception of the Department's single family mortgage program through December 31, 2012, the Department has foreclosed on 3,075 Portfolio Mortgage Loans having an unpaid principal balance at default of $157,796,639. As of December 31, 2012, the Department continued to hold title to property securing zero of such Portfolio Mortgage Loans aggregating approximately $0 in unpaid principal balance. In an effort to maximize its return on real estate owned by the Department as a result of foreclosures, the Department has employed outside contractors to manage, maintain, and arrange for sale, in conjunction with brokers, such real estate owned.

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

Master Servicers—Mortgage Certificate Loans--Single Family

Servicers	Percent of Total Loans
CitiMortgage, Inc.	3.87%
Texas Star Mortgage	4.76%
Bank of America	91.37%
Total	100.00%

Servicers—Mortgage Loans--Single Family

Servicers	Percent of Total Loans
Amegy Mortgage Company	56.50%
Saxon Mortgage Services, Inc.	14.30%
CitiMortgage, Inc.	11.10%
MetLife Home Loan Corp.	6.50%
Other	11.60%
Total	100.00%

Mortgage Pool Insurance and Self Insurance Fund Balance
Single Family Mortgage Revenue Bonds

Initial Bond (Refunded Bond) Series	Insurance Provider	Remaining Coverage Amount (000's)
1980A	MGIC	$ 5,445
1983A	MGIC	8,638
1984A/B	GEMIC	5,683
1985A	MGIC	467
1985B/C	MGIC	171
1986A(1996B)(9)	Self-Insurance	14.5
1986B(1996E)(9)	Self-Insurance	18.4
1987B(1997E)(9)	Self-Insurance	7
Total		$ 20,444

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

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

	Debt Service Reserve(10)	
Bond Series	Par Value Fund Balances Actual	Average Investment Rate(11)
1996 D-E	290,092	0.120%
2004A Jr. Lien	115,650	0.120%
Total	$ 405,742	

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

Part II: Other Information
Mortgage Loan Information Management System

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

The Department is currently managing its Mortgage Loans (other than Mortgage Loans backing Mortgage Certificates) through review of the performance of the various lending institutions participating in the program, review of the delinquency and foreclosure reports of the lenders, directing the investment of monthly receipts, payment of expenses and supervision of claims under the mortgage insurance policies. The Department does not service the Mortgage Loans backing Mortgage Certificates; however, the Department monitors the origination and payment of such Mortgage Loans. The Department currently manages the Mortgage Loans using a new Loan Administration and Servicing System from the MITAS Group, Inc. The MITAS Loan Administration software is a comprehensive and fully integrated system that has the ability to combine all types of loans into a central database and is also capable of fully complying with all aspects of loan servicing as prescribed by major secondary market investors.

DISCLAIMER

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

APPENDIX F-2

OTHER INDEBTEDNESS OF THE DEPARTMENT

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Other Indebtedness of the Texas Department of Housing and Community Affairs

General - Single Family Since 1979, the year of creation of the Texas Housing Agency (the "Agency"), a predecessor to the Department, through December 31, 2012, there have been issued by the Agency or the Department, thirty-six series of Residential Mortgage Revenue Bonds, fifty-one series of Single Family Mortgage Revenue Bonds, four series of Junior Lien Single Family Mortgage Revenue Refunding Bonds, ten series of GNMA/FNMA Collateralized Home Mortgage Revenue Bonds, eleven series of Collateralized Home Mortgage Revenue Bonds, and two series of Government National Mortgage Association Collateralized Home Mortgage Revenue Bonds. As of December 31, 2012, the outstanding principal amount of bonded indebtedness of the Department for single family housing purposes was $1,131,865,000.

General - Multifamily The Department and the Agency have issued two hundred and thirteen multifamily housing revenue bonds which have been issued pursuant to separate trust indentures and are secured by individual trust estates which are separate and distinct from each other. As of December 31, 2012, one hundred twelve series were outstanding with an aggregate outstanding principal amount of $1,037,493,055.

Single Family Mortgage Revenue Bonds ("SFMRBs") The Department has issued fifty-one series of Single Family Mortgage Revenue and Refunding Bonds under a Single Family Mortgage Revenue Bond Trust Indenture, dated as of October 1, 1980, and fifty-six indentures supplemental thereto, which are secured on an equal and ratable basis by the trust estate established by the SFMRB Indenture. As of December 31, 2012, twenty-two were outstanding with an aggregate outstanding principal amount totaling $657,110,000.

Junior Lien Bonds The Department has issued four series of its Junior Lien Single Family Mortgage Revenue Refunding Bonds (the "Junior Lien Bonds") pursuant to a Junior Lien Trust Indenture, dated as of May 1, 1994, and four indentures supplemental thereto. The Junior Lien Bonds are secured on an equal and ratable basis with each other and on a subordinated basis to the Single Family Mortgage Revenue Bonds by the trust estate held under the SFMRB Indenture. As of December 31, 2012, one series was outstanding with an aggregate outstanding principal of $3,855,000.

Residential Mortgage Revenue Bonds ("RMRBs") The Department has issued thirty-six series of Residential Mortgage Revenue and Refunding Bonds pursuant to the Residential Mortgage Revenue Bond Trust Indenture and thirty-six separate series supplements, and are secured on an equal and ratable basis by the trust estate established by the RMRB Indenture. As of December 31, 2012, eight series were outstanding with an aggregate outstanding principal amount of $465,300,000.

Collateralized Home Mortgage Revenue Bonds ("CHMRBs") The Department has issued eleven series of Collateralized Home Mortgage Revenue Bonds pursuant to the Collateralized Home Mortgage Revenue Bond Master Indenture and six separate series supplements, and are secured on an equal and ratable basis by the trust estate established by such trust indentures. As of December 31, 2012, two series of CHMRBs were outstanding with an aggregate outstanding principal amount of $5,600,000.

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

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

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

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

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

APPENDIX G

DATA REGARDING

TRANSFERRED MORTGAGE CERTIFICATES

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Texas Department of Housing and Community Affairs
Taxable Single Family Mortgage Revenue Refunding Bonds, 2013 Series A

CUSIP	Pool Number	Original Principal	Current Principal Prior to Participations	Participation Percentage	Current Principal Related to 2013A*	Passthrough Rate	Mortgage Rate	Weighted Average Remaining Term (months)*
36291S3G3	G2 637199	$ 1,621,278.00	$ 934,909.29	93.70000%	$ 876,010.01	4.49%	4.99%	242
36291S4U1	G2 637235	1,507,991.00	619,573.57	93.70000%	580,540.44	4.49%	4.99%	257
36291THF8	G2 637530	485,741.00	214,405.62	93.70000%	200,898.07	4.49%	4.99%	236
36291TH76	G2 637554	2,120,674.00	768,629.28	93.70000%	720,205.63	4.49%	4.99%	247
36291TJU3	G2 637575	455,572.00	303,285.64	93.70000%	284,178.64	4.49%	4.99%	241
36291TLA4	G2 637621	819,219.00	209,632.71	93.70000%	196,425.85	4.49%	4.99%	247
36291TMF2	G2 637658	1,677,560.00	539,871.30	93.70000%	505,859.41	4.49%	4.99%	249
36291TM70	G2 637682	2,713,512.00	1,566,837.05	93.70000%	1,468,126.31	4.49%	4.99%	254
36291V5G4	G2 639947	1,593,980.00	799,514.53	93.70000%	749,145.11	4.49%	4.99%	257
36291V6W8	G2 639985	1,845,196.00	564,857.41	93.70000%	529,271.40	4.49%	4.99%	256
36291V7D9	G2 639992	3,296,081.00	1,561,327.83	93.70000%	1,462,964.17	4.49%	4.99%	250
36291WBQ3	G2 640047	1,811,884.00	829,415.45	93.70000%	777,162.28	4.49%	4.99%	248
36291WCG4	G2 640071	2,190,258.00	808,421.38	93.70000%	757,490.83	4.49%	4.99%	249
36291WCQ2	G2 640079	2,498,459.00	1,305,443.58	93.70000%	1,223,200.63	4.49%	4.99%	238
36291WXC0	G2 640675	3,747,969.00	1,639,294.10	93.70000%	1,536,018.57	4.49%	4.99%	253
36291WYG0	G2 640711	1,203,845.00	576,546.28	93.70000%	540,223.86	4.49%	4.99%	257
36291WYV7	G2 640724	2,625,903.00	852,405.03	93.70000%	798,703.52	4.49%	4.99%	253
36291WZL8	G2 640747	1,737,882.00	690,878.03	93.70000%	647,352.71	4.49%	4.99%	255
36291WZY0	G2 640759	1,609,073.00	755,122.62	93.70000%	707,549.90	4.49%	4.99%	244
36291W2M2	G2 640780	1,551,849.00	935,509.81	93.70000%	876,572.69	4.49%	4.99%	253
36291W3G4	G2 640799	643,606.00	185,264.47	93.70000%	173,592.81	4.49%	4.99%	257
36291W5H0	G2 640848	982,394.00	534,497.49	93.70000%	500,824.15	4.49%	4.99%	254
36292AKX5	G2 643010	971,865.00	421,633.31	93.70000%	395,070.41	4.49%	4.99%	257
36292ALZ9	G2 643044	1,503,469.00	552,521.66	93.70000%	517,712.79	4.49%	4.99%	246
36292AMB1	G2 643054	955,142.00	227,045.88	93.70000%	212,741.99	4.49%	4.99%	259
36292ANP9	G2 643098	1,353,009.00	1,058,611.48	93.70000%	991,918.96	4.49%	4.99%	261
36292AN61	G2 643113	1,204,678.00	556,894.84	93.70000%	521,810.46	4.49%	4.99%	259
36292APR3	G2 643132	2,230,276.00	884,257.00	93.70000%	828,548.81	4.49%	4.99%	260
36292AQJ0	G2 643157	1,345,114.00	434,637.11	93.70000%	407,254.97	4.49%	4.99%	263
36292CUB8	G2 645078	4,656,748.00	1,722,492.57	100.00000%	1,722,492.57	4.49%	4.99%	258
36292CUS1	G2 645093	767,394.00	540,074.91	93.70000%	506,050.19	4.49%	4.99%	253
36292CVN1	G2 645121	1,152,691.00	666,061.50	93.70000%	624,099.63	4.49%	4.99%	263
36292CVU5	G2 645127	582,532.00	107,076.53	93.70000%	100,330.71	4.49%	4.99%	264
36292CWG5	G2 645147	1,055,146.00	671,991.77	93.70000%	629,656.29	4.49%	4.99%	261
36292CW59	G2 645168	1,272,321.00	767,892.72	93.70000%	719,515.48	4.49%	4.99%	262
36292CXU3	G2 645191	1,143,374.00	755,229.22	93.70000%	707,649.77	4.49%	4.99%	262
36292CY73	G2 645234	2,405,285.00	991,788.15	93.70000%	929,305.49	4.49%	4.99%	259
36292CZU1	G2 645255	1,177,691.00	554,778.26	93.70000%	519,827.23	4.49%	4.99%	264
36292EWF3	G2 646946	206,669.00	177,581.65	93.70000%	166,394.01	4.49%	4.99%	264
36292EXV7	G2 646992	356,725.00	-	100.00000%	-	4.49%	4.99%	0
36292EYK0	G2 647014	466,545.00	201,057.73	100.00000%	201,057.73	4.49%	4.99%	232
36292EZP8	G2 647050	653,742.00	283,683.88	93.70000%	265,811.80	4.49%	4.99%	265
36292E2E9	G2 647073	386,424.00	150,008.00	93.70000%	140,557.50	4.49%	4.99%	262
36292E4C1	G2 647119	225,926.00	74,029.36	93.70000%	69,365.51	4.49%	4.99%	267
36292E5K2	G2 647150	621,842.00	535,722.05	100.00000%	535,722.05	4.49%	4.99%	265
36292E7E4	G2 647193	1,728,271.00	1,163,857.23	100.00000%	1,163,857.23	4.49%	4.99%	253
36292FBR7	G2 647248	3,070,041.00	1,443,969.65	100.00000%	1,443,969.65	4.49%	4.99%	256
36292HVN0	G2 649621	252,979.00	97,167.47	100.00000%	97,167.47	4.49%	4.99%	263
36292HXR9	G2 649688	321,889.00	97,116.18	100.00000%	97,116.18	4.49%	4.99%	257
36292HYZ0	G2 649728	2,125,690.00	943,999.61	100.00000%	943,999.61	4.49%	4.99%	266
36292JWM7	G2 650552	527,445.00	193,043.70	100.00000%	193,043.70	4.49%	4.99%	265
36291TGR3	G2 637508	270,663.00	225,494.33	93.70000%	211,288.19	4.49%	4.99%	250
36291KDV6	G2 630216	292,857.00	188,892.86	91.58000%	172,988.08	5.40%	5.90%	249
36291KNY9	G2 630507	525,102.00	138,695.93	91.58000%	127,017.73	5.40%	5.90%	243
36291PE51	G2 633856	651,345.00	208,790.70	91.58000%	191,210.52	5.40%	5.90%	248
36291PGM2	G2 633904	587,129.00	279,120.39	91.58000%	255,618.46	5.40%	5.90%	254
36291PLF1	G2 634026	223,945.00	58,227.19	91.58000%	53,324.46	5.40%	5.90%	246
36291PN51	G2 634112	240,524.00	50,657.65	91.58000%	46,392.28	5.40%	5.90%	253
36291PP75	G2 634146	490,266.00	317,241.45	91.58000%	290,529.72	5.40%	5.90%	252
36291PRG3	G2 634187	130,701.00	55,939.06	91.58000%	51,228.99	5.40%	5.90%	222
36291TET1	G2 637446	584,061.00	154,616.45	91.58000%	141,597.74	5.40%	5.90%	252

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CUSIP	Pool Number	Original Principal	Current Principal Prior to Participations	Participation Percentage	Current Principal Related to 2013A*	Passthrough Rate	Mortgage Rate	Weighted Average Remaining Term (months)*
36291PNH5	G2 634092	299,889.00	100,611.06	91.58000%	92,139.61	5.40%	5.90%	250
36291WBU4	G2 640051	155,724.00	36,286.45	93.70000%	34,000.40	5.40%	5.90%	250
36291WCJ8	G2 640073	215,185.00	102,420.49	93.70000%	95,968.00	5.40%	5.90%	259
36201RAQ4	G2 590515	314,434.00	58,588.05	95.22526%	55,790.62	5.40%	5.90%	198
36200CCH6	G2 596872	415,688.00	169,592.51	95.22000%	161,485.99	5.40%	5.90%	227
36200CF75	G2 596990	396,474.00	100,672.97	95.26660%	95,907.72	5.40%	5.90%	227
36200CH81	G2 597055	266,542.00	117,840.21	95.26662%	112,262.38	5.40%	5.90%	178
36200CLF0	G2 597126	180,665.00	64,500.12	95.22000%	61,417.01	5.40%	5.90%	232
36200CP33	G2 597242	64,424.00	46,730.46	95.22000%	44,496.74	5.40%	5.90%	188
36200CQ81	G2 597279	161,211.00	46,868.06	95.22000%	44,627.77	5.40%	5.90%	178
36200GNQ5	G2 600799	222,341.00	91,364.81	95.22000%	86,997.57	5.40%	5.90%	232
36200GQJ8	G2 600857	426,971.00	76,955.29	95.22000%	73,276.83	5.40%	5.90%	209
36200GRV0	G2 600900	255,000.00	45,441.77	95.22000%	43,269.65	5.40%	5.90%	200
36200GTB2	G2 600946	122,036.00	94,365.69	95.22000%	89,855.01	5.40%	5.90%	209
36200GV45	G2 601035	332,049.00	189,555.66	95.22000%	180,494.90	5.40%	5.90%	234
36200GWK8	G2 601050	220,502.00	93,735.67	95.22000%	89,255.10	5.40%	5.90%	235
36200GY75	G2 601134	416,625.00	91,411.95	95.22000%	87,042.46	5.40%	5.90%	235
36200G3E4	G2 601197	596,136.00	209,402.46	95.22000%	199,393.02	5.40%	5.90%	225
36202SKK3	G2 607898	130,985.00	108,813.38	95.22000%	103,612.10	5.40%	5.90%	238
36291S2V1	G2 637188	515,775.00	96,985.50	95.22000%	92,349.59	5.40%	5.90%	252
36291TGL6	G2 637503	1,966,728.00	937,361.56	95.22000%	892,555.68	5.40%	5.90%	245
36291THB7	G2 637526	504,512.00	161,393.12	95.22000%	153,678.53	5.40%	5.90%	247
36291TH84	G2 637555	499,275.00	230,617.06	95.22000%	219,593.56	5.40%	5.90%	254
36291TJV1	G2 637576	159,924.00	63,946.63	95.22000%	60,889.98	5.40%	5.90%	257
36291W5F4	G2 640846	137,052.00	117,420.28	95.22000%	111,807.59	5.40%	5.90%	252
36292APA0	G2 643117	142,864.00	124,218.87	95.22000%	118,281.21	5.40%	5.90%	260
36292APW2	G2 643137	251,271.00	102,116.56	95.22000%	97,235.39	5.40%	5.90%	252
36292CUG7	G2 645083	127,828.00	40,504.03	95.22000%	38,567.94	5.40%	5.90%	230
36292CW34	G2 645166	182,633.00	70,091.03	95.22000%	66,740.68	5.40%	5.90%	258
36200CCG8	G2 596871	378,658.00	46,275.02	95.22000%	44,063.08	6.15%	6.65%	230
36200CED3	G2 596932	70,868.00	58,567.17	95.26663%	55,794.97	6.15%	6.65%	226
36200CLE3	G2 597125	424,768.00	104,489.86	95.22000%	99,495.25	6.15%	6.65%	220
36200CNA9	G2 597185	345,327.00	97,308.89	95.22000%	92,657.53	6.15%	6.65%	212
36200CP25	G2 597241	144,314.00	47,822.57	95.22000%	45,536.65	6.15%	6.65%	229
36200GNP7	G2 600798	413,748.00	76,135.98	95.22000%	72,496.68	6.15%	6.65%	234
36200GRU2	G2 600899	436,051.00	46,406.57	95.22000%	44,188.34	6.15%	6.65%	216
36200GV37	G2 601034	316,799.00	57,969.67	95.22000%	55,198.72	6.15%	6.65%	219
36200GWJ1	G2 601049	457,875.00	110,222.95	95.22000%	104,954.29	6.15%	6.65%	230
36200G2A3	G2 601169	314,109.00	97,174.98	95.22000%	92,530.02	6.15%	6.65%	215
36200G3D6	G2 601196	457,744.00	94,495.99	95.22000%	89,979.08	6.15%	6.65%	211
36200G5K8	G2 601250	819,201.00	170,128.11	95.22000%	161,995.98	6.15%	6.65%	209
36202SJG4	G2 607863	554,974.00	158,696.31	95.22000%	151,110.62	6.15%	6.65%	226
36202SKP2	G2 607902	657,494.00	313,104.84	95.22000%	298,138.43	6.15%	6.65%	236
36202SL89	G2 607951	464,209.00	82,382.24	95.22000%	78,444.37	6.15%	6.65%	231
36202SNM6	G2 607996	357,391.00	145,379.59	95.22000%	138,430.45	6.15%	6.65%	229
36202SPS1	G2 608033	655,432.00	42,119.39	95.22000%	40,106.08	6.15%	6.65%	239
36202SQZ4	G2 608072	485,932.00	46,823.98	95.22000%	44,585.79	6.15%	6.65%	230
36202WQG7	G2 611655	97,752.00	81,859.76	95.22000%	77,946.86	6.15%	6.65%	232
36202WRL5	G2 611691	219,550.00	78,543.33	95.22000%	74,788.96	6.15%	6.65%	233
36202WWB1	G2 611842	90,351.00	26,837.12	95.22000%	25,554.31	6.15%	6.65%	130
36290XYK0	G2 620914	168,192.00	54,566.57	95.22000%	51,958.29	6.15%	6.65%	241
36291HAG9	G2 628307	113,517.00	58,307.80	95.22000%	55,520.69	6.15%	6.65%	237
36200CH73	G2 597054	358,047.00	164,136.30	95.26668%	156,367.21	6.15%	6.65%	216
36200GQH2	G2 600856	1,180,026.00	279,706.25	95.22000%	266,336.29	6.15%	6.65%	222
36200GY67	G2 601133	696,859.00	361,271.01	95.22000%	344,002.25	6.15%	6.65%	219
36202WP78	G2 611646	188,445.00	105,646.48	95.22000%	100,596.58	6.15%	6.65%	238
36290Q7E9	G2 614793	57,500.00	48,527.20	95.22000%	46,207.60	6.15%	6.65%	236
36290RBQ5	G2 614847	53,400.00	45,311.46	95.22000%	43,145.57	6.15%	6.65%	241
36290XW89	G2 620871	376,864.00	55,922.90	95.22000%	53,249.79	6.15%	6.65%	242
36209A5V8	G2 466260	4,015,278.00	676,533.15	58.09444%	393,028.14	5.45%	5.95%	189
36209EGU0	G2 469211	558,207.00	228,846.34	58.09444%	132,947.00	5.45%	5.95%	203

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CUSIP	Pool Number	Original Principal	Current Principal Prior to Participations	Participation Percentage	Current Principal Related to 2013A*	Passthrough Rate	Mortgage Rate	Weighted Average Remaining Term (months)*
36211BS96	G2 508244	1,449,169.00	483,056.91	58.09444%	280,629.21	5.45%	5.95%	176
36211HCH2	G2 513172	2,139,189.00	588,387.04	58.09444%	341,820.15	5.45%	5.95%	175
36211HE23	G2 513253	2,054,036.00	354,306.93	58.09444%	205,832.63	5.45%	5.95%	185
36211PLP6	G2 518834	1,167,900.00	320,020.54	58.09444%	185,914.14	5.45%	5.95%	187
36211TGH2	G2 522300	3,045,746.00	781,894.90	58.09444%	454,237.46	5.45%	5.95%	182
36211TJV8	G2 522376	3,312,004.00	836,800.50	58.09444%	486,134.56	5.45%	5.95%	189
36212FMV3	G2 532372	1,165,447.00	355,408.65	58.09444%	206,472.66	5.45%	5.95%	169
Total/Weighted Average		$ 117,400,558.00	$ 46,718,748.83		$ 42,600,951.06	4.773%	5.273%	246

*Based on May 2013 Factors.

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APPENDIX H

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

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

THE PROGRAM AND THE MORTGAGE LOANS

The Department has established a Single Family Mortgage Revenue Bond 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 Transferred Mortgage Certificates was designated the Department's Bond Program No. 57A ("Program 57A"). In connection with the issuance of the Refunded Bonds and the other Single Family Mortgage Revenue Bonds, the Department purchased or shall purchase certain qualified Mortgage Loans (or participations therein) originated by commercial banks, savings and loan associations, mortgage companies, non-profit corporations, and other qualified financial institutions (the "Mortgage Lenders").

For information regarding the Transferred Mortgage Certificates see "APPENDIX G - DATA REGARDING TRANSFERRED MORTGAGE CERTIFICATES.

General

The guidelines adopted by the Department from time to time in connection with the Program establish the eligibility of lenders to participate in the Program, time limitations with respect to commitments for and originations of Mortgage Loans, the types of Mortgage Loans eligible for purchase by the Servicer, the eligibility of mortgagors, the requirements for dwellings which secure Mortgage Loans, the fees which a Mortgage Lender may charge to originate a Mortgage Loan, the fees which a lending institution may charge for servicing a Mortgage Loan, as well as other aspects of the Program. In connection with each phase of the Program, the Department 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.

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; (ii) who, except in the case of certain targeted area loans, certain exception loans hereinafter described, and certain homes falling into the Contract for Deed Exception, has not had a present ownership interest in a principal residence at any time during the three-year period preceding the date of execution of the Mortgage; and (iii) who has not had an existing mortgage on the residence (other than a mortgage falling into the Contract for Deed Exception) to be financed with such Mortgage Loan at any time prior to the execution of the Mortgage, other than certain permitted temporary financing mortgages. The Department, subject to the requirements of applicable provisions of federal income tax law and applicable Regulations, may approve a limited number of exception loans that do not satisfy the requirement described in clause (ii) in the immediately preceding sentence. The maximum annual income for a family of three or more at the time Mortgage Loans underlying the Transferred Mortgage Certificates were made was $99,540. The maximum income for Eligible Borrowers varies according to family size and location.

Eligible Property

Each residence financed with a Mortgage Loan must consist of real property and improvements permanently affixed thereon which is located within the State of Texas. Each residence must be a single-family, owner-occupied attached or detached structure, a single-family condominium unit or a single unit in a planned unit development ("PUD") or a single unit in a qualifying duplex, triplex or four-plex. Each residence financed with a Mortgage Loan must have an acquisition cost (the "Maximum Acquisition Cost") not exceeding certain acquisition cost limits established by the Department from time to time. The Maximum Acquisition Cost for newly constructed eligible property at the time purchased with the proceeds of the Mortgage Loans underlying the Transferred Mortgage Certificates were made was $153,563. The Maximum Acquisition Cost varies according to location and whether the residence is new or existing.

Eligible Mortgage Loans

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

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

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

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

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

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

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

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

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

Compliance with Tax Law and Program Guidelines

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

Compliance Agent

The compliance agent for Program 57A reviewed and examined, or caused to be reviewed and examined, certain documents submitted by each Mortgage Lender in connection with the Mortgage Loans under such Program and make determinations with respect to compliance of such documents with requirements of the Department and the Program. Such requirements primarily relate to, among other things, compliance with FHA, RHS, or VA requirements, as applicable, compliance with the Ginnie Mae Guide, the Fannie Mae Guide, the Freddie Mac Guide and the Program Documents, and compliance of the Mortgage Loans with the required terms thereof.

Servicing

General

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

Servicing of Mortgage Loans Other than those Evidenced by Mortgage Certificates

Each Mortgage Lender was required to be a FHA-approved mortgagee and a Fannie Mae-, VA- or RHS-approved seller and servicer of FHA-insured mortgages. Each Mortgage Lender must service Mortgage Loans in accordance with the servicing standards set forth in the Fannie Mae Home Mortgage Servicer's Contract Supplement or the RHS Servicer's Guide as they may be in effect during the term of the Program, except as such standards are specifically modified by the Agreement, the Department or the lender's manual published by the Department. The servicing standards of the Department are applicable to its existing Mortgage Loans except where additional services must be provided to ensure compliance with applicable federal income tax laws. Each Mortgage Lender is required to service the Mortgage Loans sold by it to the Department unless, prior to the execution of the Agreement, the Department directs the assignment of servicing to another Mortgage Lender. As compensation for such services, a Mortgage Lender is entitled to receive a monthly servicing fee of between .25 and .375 percent of the unpaid principal balance of each Mortgage Loan serviced. For Mortgage Loans delinquent 15 days or more, late charges may be collected and retained by Mortgage Lenders as permitted by law. A Mortgage Lender is required to pay all expenses incurred by it in connection with its servicing activities (including maintenance of its errors and omissions insurance policy and fidelity bond). A Mortgage Lender may, with the prior written consent of the Department, assign its servicing rights and obligations to another Mortgage Lender in good standing under the Program. The Department may maintain a list of approved standby servicers that have agreed to service Mortgage Loans originated by other Mortgage Lenders at the applicable servicing fee.

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

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

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

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

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

Servicing of the Mortgage Loans Evidenced by the Mortgage Certificates

Each Mortgage Lender is required to assign its rights to service the Mortgage Loans evidenced by Mortgage Certificates originated by it to the Master Servicer. As compensation for its duties as servicer of Mortgage Loans, the Master Servicer will be entitled to receive a monthly servicing fee equal to one-twelfth of 0.44% (subject to adjustment upon written notice from the Department) of the outstanding principal amount of the GNMA Certificates issued by it, one-twelfth of 0.25% (subject to adjustment upon written notice from the Department) of the outstanding principal amount of the Freddie Mac Certificates delivered by it and one-twelfth of 0.25% (subject to adjustment upon written notice from the Department) of the outstanding principal amount of the Fannie Mae Certificates delivered by it. Since the Mortgage Loans will bear interest at a rate which will be 0.50% greater than the rate on the corresponding GNMA Certificate, the Master Servicer may deduct its servicing fees directly from amounts received on the Mortgage Loans included in a GNMA Certificate, with the remaining 0.06% paid to GNMA as its GNMA guaranty fee. See "APPENDIX C-1 - GNMA AND THE GNMA CERTIFICATES." In the case of Mortgage Loans included in a Freddie Mac Certificate, the Master Servicer may deduct its servicing fees directly from amounts received on such Mortgage Loans, with the remaining 0.25% paid to Freddie Mac as its Freddie Mac guaranty fee. See "APPENDIX C-2 - FREDDIE MAC AND THE FREDDIE MAC CERTIFICATES." In the case of Mortgage Loans included in a Fannie Mae Certificate, the Master Servicer may deduct its servicing fees directly from amounts received on such Mortgage Loans, with the remaining 0.25% paid to Fannie Mae as its Fannie Mae guarantee fee. See "APPENDIX C-3 - FANNIE MAE AND THE FANNIE MAE CERTIFICATES."

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

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

The Master Servicers

Bank of America, N.A., as successor by merger to Countrywide Bank, FSB, ("BANA") is currently serving as a Master Servicer for certain Mortgage Loans, included those Mortgage Loans underlying the Transferred Mortgage Certificates, financed pursuant to the Trust Indenture. As of December 31, 2012, BANA participates as Master Servicer for the Department for 8875 loans which mortgage loans had an aggregate outstanding balance of $580,464,584.

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 December 31, 2012, TSM participates as Master Servicer for the Department for 840 Mortgage Loans financed with the proceeds of the Prior Bonds, which Mortgage Loans had an outstanding principal balance in the amount of $30,220,056. At present BANA is acting as sub-servicer for TSM with respect to all of such Mortgage Loans.

CitiMortgage, Inc. ("CitiMortgage") is the Master Servicer for various Mortgage Loans financed pursuant to the Trust Indenture. As of December 31, 2012, CitiMortgage participates as Master Servicer for the Department for 763 Mortgage Loans financed with the proceeds of the Prior Bonds, which Mortgage Loans had an outstanding principal balance of $24,599,718.

Under the terms of the servicing agreement relating to the Series 2013A Bonds (the "Servicing Agreement"), certain remedies are available to the Trustee and Department upon an event of default by the Servicer. An event of default under the servicing agreement includes, but is not limited to, matters relating to the insolvency and/or bankruptcy of the Servicer. If an event of default occurs and has not been cured, if applicable, the Department or the Trustee may, with the written approval of Ginnie Mae, Fannie Mae, Freddie Mac, the Trustee and the Department, terminate the rights and obligations of the Servicer under the Program Documents. During any applicable cure period, the Servicer, for a period of 60 days after providing notice to cure, has the right to sell and assign to another Servicer that meets the requirements set forth in the Servicing Agreement. The Servicer must receive the consent of the Department, and, if required, Ginnie Mae, Fannie Mae and Freddie Mac, to assign its rights and obligations under the Servicing Agreement. At the time the Servicer receives notice of termination, the Department shall appoint any mortgage loan servicing organization that is acceptable, to FHA, VA, RHS, Fannie Mae, Freddie Mac and GNMA as the successor and shall succeed to all the rights and obligations of the Servicer under the Program Documents, including the servicing of Mortgage Loans.

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

Miscellaneous

Enforcement of Mortgage Loans

The Department has covenanted in the Trust Indenture to diligently enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of, all terms, covenants and conditions of all Mortgage Loans, including the prompt payment of all Mortgage Loan interest and principal payments and all other amounts due the Department thereunder, to enforce any insurance policy or guaranty relating to a Mortgage Loan, and to foreclose Mortgages or to enforce the security interests for defaulting Mortgage Loans. The Department has further covenanted not to release the obligation of any borrower under any Mortgage Loan, except upon the execution of a valid and enforceable assumption agreement as permitted by the Trust Indenture, and at all times, to the extent permitted by law, to defend, enforce, preserve and protect the rights and privileges of the Department and of the Bondholders under or with respect to each Mortgage Loan. The Department reserves the right to settle a default on any Mortgage Loan on such terms as the Department shall determine to be in the best interests of the Department and the Bondholders and to forebear from taking action with respect to enforcement of a Mortgage Loan, if it determines such forbearance to be in the best interest of the Department and the Bondholders. The Department has the right under the Trust Indenture to refinance any Mortgage Loan if it will not adversely affect the tax-exempt status of interest on the Bonds (other than any taxable bonds).

Mortgage Insurance

The Trust Indenture requires that all Mortgage Loans must be secured by first lien Mortgages, subject to certain permitted encumbrances, on one-to-four family residences located in the State. Mortgage Loans must (i) be federally insured or guaranteed, (ii) have a principal balance not exceeding eighty percent (80%) of the lower of the appraised value or the purchase price of the property securing the Mortgage Loan (the "Value"), or (iii) be insured by a private mortgage insurer in an amount by which the loan exceeds eighty percent (80%) of the Value.

Mortgage Pool Insurance

The Trust Indenture imposes no requirement for mortgage pool insurance upon the Series 2013A Bonds or additional Bonds issued in the future. The Trust Indenture does require that, for Bonds issued prior to November 14, 1996, the Department use its best reasonable efforts to maintain a mortgage pool insurance policy in an amount at least equal to ten percent (10%) of the initial aggregate principal amount of Mortgage Loans acquired with the proceeds of all series of Bonds issued prior to November 14, 1996. Due to the fact that the cost of mortgage pool insurance was, at the time, prohibitively expensive, the Department established a mortgage pool self-insurance program in connection with its Series 1986A Bonds, Series 1986B Bonds, and Series 1987B Bonds. Similarly, the Department was unable to obtain mortgage pool insurance at commercially reasonable rates for Mortgage Loans to be provided with proceeds of the Series 1995 Bonds and Series 1996 Bonds. Instead, such Mortgage Loans have been included in Mortgage Certificates. Information concerning mortgage insurance and guaranty programs and the extent of the coverage provided thereby is contained in "APPENDIX B – SUMMARY OF CERTAIN MORTGAGE INSURANCE PROGRAMS AND TEXAS FORECLOSURE LAWS."

Sale of Mortgage Loans or Mortgage Certificates

The Department may sell the Transferred Mortgage Certificates in whole or in part only upon delivery by the Department of (i) a statement of Projected Revenues establishing that such sale will not adversely affect the ability of the Department to pay when due the principal or the Redemption Price of and interest on the Bonds and (ii) written confirmation from each Rating Agency that such sale will not adversely affect the then current ratings on the Bonds (determined without regard to any bond insurance or similar credit enhancement). If proceeds from the sale of the Transferred Mortgage Certificates are to be applied to the redemption of Series 2013A Bonds, such Series 2013A Bonds must be redeemed under the applicable optional redemption provision.

Investment of Funds

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

The following table summarizes certain information as of December 31, 2012, regarding yields (calculated on the basis of stated maturity) on existing investments (valued at par) within the Float Fund in connection with outstanding Prior Bonds.

Fund or Account	Approximate Amount Invested (Par Value)	Average Investment Rate	Investment Maturity Date	Investment Security/ Investment Agreement Provider
Series 1996D/E/F	$ 290,092	0.120%	Short Term	Paribas Corp. Repo
Series 2004A Jr. Lien	115,650	0.120%	Short Term	Paribas Corp. Repo
Series 1983A	170,943	6.080%	9/30/2029	FGIC GIC
Series 1984A/B	47,835	6.080%	9/30/2029	FGIC GIC
Series 1985A	71,671	6.080%	9/30/2029	FGIC GIC
Series 1985B/C	14,827	6.080%	9/30/2029	FGIC GIC
Series 1987B	33,489	6.080%	9/30/2029	FGIC GIC
Series 1994A/B	18,356	6.080%	9/30/2029	FGIC GIC
Series 1995A/B	24,926	6.080%	9/30/2029	FGIC GIC
Series 1995C	30	6.080%	9/30/2029	FGIC GIC
Series 1997D/E/F	548,649	0.120%	Short Term	Paribas Corp. Repo
Series 2002A Jr. Lien	130,549	0.120%	Short Term	Paribas Corp. Repo
Series 2002A/B/C/D	3,029,750	5.010%	3/01/2034	CDCFC GIC
Series 2004A/B	4,519,514	3.960%	3/01/2036	Transamerica Life GIC
Series 2004A Jr. Lien	321	0.120%	Short Term	Paribas Corp. Repo
Series 2004C/D/E/F	2,173,913	3.960%	3/01/2036	Transamerica Life GIC
Series 2005A	6,589,944	3.370%	9/01/2036	Transamerica Life GIC
Series 2005B/C/D	682,484	0.120%	Short Term	Paribas Corp. Repo
Series 2006A/B/C/D/E	8,284,267	4.730%	8/31/2037	CALYON GIC
Series 2006F/G/H	4,909,493	4.330%	2/26/2038	CALYON GIC
Series 2007A	8,987,962	4.320%	9/01/2038	Transamerica Life GIC
Series 2007B	3,535,754	4.517%	8/31/2039	CALYON GIC

The ability of the Department to make timely payments of principal of and interest on the Series 2013A Bonds and the Prior Bonds, could be affected if the parties to the various investment agreements for the Prior Bonds do not honor their obligations thereunder to repay such moneys and the interest thereon at the times and rates set forth in the respective investment agreements.

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

PRIOR SWAP AGREEMENTS

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

Related Series	Prior Swap Provider	Initial Notional Amount	Fixed Rate	Variable Rate Index
2004 Series B	UBS AG	$ 53,000,000	3.843%	63% of LIBOR + .30%
2004 Series D	Goldman Sachs Capital Markets, L.P.	$ 35,000,000	3.64%	Lesser of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR
2005 Series A	JPMorgan Chase Bank, N.A.	$100,000,000	4.01%	Lesser of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR
2006 Series H	UBS AG	$ 36,000,000	3.857%	63% of LIBOR + .30%
2007 Series A	JPMorgan Chase Bank, N.A.	$143,005,000	4.013%	Lesser of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR

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

The Prior Swap Agreements present certain financial risks to the Department under the Indenture. See "BONDHOLDER RISKS – Swap Basis Risk" and" – Swap Termination Risk" herein, and Note 5 of "APPENDIX D-1 – AUDITED FINANCIAL STATEMENTS OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS FOR THE FISCAL YEAR ENDED AUGUST 31, 2012".

PRIOR LIQUIDITY FACILITIES

General

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

Bond Issue		Outstanding Principal (as of December 31, 2012)		Bank Bonds (as of December 31, 2012)	Liquidity Facility Provider	Liquidity Facility Expiration Date
2004 Series B	$	53,000,000	$	-	Texas Comptroller	8/31/2013
2004 Series D	$	35,000,000	$	-	Texas Comptroller	8/31/2013
2004 Series A JL Taxable	$	3,855,000	$	-	Texas Comptroller	8/31/2013
2005 Series A	$	64,065,000	$	-	Texas Comptroller	8/31/2013
2005 Series C Taxable	$	4,105,000	$	-	Texas Comptroller	8/31/2013
2006 Series H	$	36,000,000	$	-	Texas Comptroller	8/31/2013
2007 Series A	$	88,860,000	$	-	Texas Comptroller	8/31/2013

Variable Rate Bondholders and Liquidity Facilities

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

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS • SINGLE FAMILY MORTGAGE REVENUE REFUNDING BONDS, 2013 SERIES A (TAXABLE)

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