OFFICIAL STATEMENT

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

Bracewell LLP, Bond Counsel, is of the opinion that, subject to certain conditions described herein and under existing law, (i) interest on the Series A Bonds is excludable from gross income for federal income tax purposes and (ii) interest on the Series A Bonds will not be (A) a specific preference item subject to the alternative minimum tax on individuals and corporations or (B) included in a corporation's adjusted current earnings for purposes of the alternative minimum tax. See "TAX MATTERS RELATING TO THE SERIES A BONDS" herein. Interest on the Taxable Bonds is not excludable from gross income for federal tax purposes under existing law. See "TAX MATTERS RELATING TO THE TAXABLE BONDS" herein.

NEW ISSUES - BOOK-ENTRY ONLY

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

\$61,303,867	**\$29,610,000**	**\$42,787,085**
Single Family Mortgage Revenue Bonds 2017 Series A (Non-AMT) (Mortgage-Backed Securities Pass-Through Bonds)	**Single Family Mortgage Revenue Refunding Bonds 2017 Series B (Taxable) (Mortgage-Backed Securities Pass-Through Bonds)**	**Single Family Mortgage Revenue Bonds 2017 Series C (Taxable) (Mortgage-Backed Securities Pass-Through Bonds)**

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

The Texas Department of Housing and Community Affairs Single Family Mortgage Revenue Bonds, 2017 Series A (Non-AMT) (the "Series A Bonds"), the Texas Department of Housing and Community Affairs Single Family Mortgage Revenue Refunding Bonds, 2017 Series B (Taxable) (the "Series B Bonds") and the Texas Department of Housing and Community Affairs Single Family Mortgage Revenue Bonds, 2017 Series C (Taxable) (the "Series C Bonds," together with the Series B Bonds, the "Taxable Bonds," and together with the Series A Bonds and the Series B Bonds, the " Series 2017 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 2017 Bonds. The Series 2017 Bonds will be available to purchasers only in book-entry form in denominations of \$1.00 and any integral multiple thereof. For as long as Cede & Co. is the exclusive registered owner of the Series 2017 Bonds, the principal or redemption price of and interest on the Series 2017 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 2017 Bonds. The purchasers of the Series 2017 Bonds will not receive certificates representing their beneficial ownership interest. See "THE SERIES 2017 BONDS – DTC and Book-Entry."

The Series 2017 Bonds will accrue interest from the date of delivery, until their respective maturities or prior redemption at the respective per annum rates of interest set forth on the inside cover page hereof. Interest on the Series 2017 Bonds will be payable to DTC on the first Business Day of each month, commencing August 1, 2017, until maturity or prior redemption, as more fully described on the inside cover page hereof.

THE SERIES 2017 BONDS ARE SUBJECT TO REDEMPTION AS MORE FULLY DESCRIBED HEREIN. See "THE SERIES 2017 BONDS – Redemption Provisions."

The Series A Bonds and Series C Bonds are being issued for the primary purpose of providing funds for the purchase of mortgage-backed, pass-through certificates (the "Mortgage Certificates"). The Mortgage Certificates related to the Series A Bonds and Series C Bonds will be guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("Ginnie Mae") ("Ginnie Mae Certificates" or "GNMA Certificates") or the Federal National Mortgage Association ("Fannie Mae") ("Fannie Mae Certificates"). The Mortgage Certificates related to the Series B Bonds will be guaranteed as to timely payment of principal and interest by either Ginnie Mae, the Federal Home Loan Mortgage Corporation ("Freddie Mac") (the "Freddie Mac Certificates") or Fannie Mae. See APPENDIX C-1, APPENDIX C-2 and APPENDIX C-3. The Series B Bonds are being issued for the primary purpose of refunding the Department's outstanding Single Family Mortgage Revenue Bonds, 2007 Series B (the "Refunded Bonds"). The Series 2017 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 2017 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 2017 BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR THE UNITED STATES OF AMERICA IS PLEDGED, GIVEN OR LOANED TO SUCH PAYMENT. THE DEPARTMENT HAS NO TAXING POWER. GINNIE MAE, FREDDIE MAC, AND FANNIE MAE GUARANTEE ONLY THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE GINNIE MAE CERTIFICATES, THE FREDDIE MAC CERTIFICATES, AND THE FANNIE MAE CERTIFICATES, RESPECTIVELY, WHEN DUE AND DO NOT GUARANTEE THE PAYMENT OF THE SERIES 2017 BONDS OR ANY OTHER OBLIGATIONS ISSUED BY THE DEPARTMENT.

The Series 2017 Bonds are offered when, as, and if issued by the Department. Delivery of the Series 2017 Bonds is subject to approval of the legality thereof by Bracewell LLP, Bond Counsel, and certain other conditions. Delivery of the Series 2017 Bonds is also subject to the approval of the legality thereof by the Attorney General of the State. Certain legal matters will be passed upon for the Department by its General Counsel, James "Beau" Eccles, Esq. and by its Co-Disclosure Counsel, McCall, Parkhurst & Horton L.L.P. and Mahomes Bolden PC. Certain legal matters will be passed upon for the Underwriters by their Counsel, Chapman and Cutler LLP. Certain financial advisory services have been provided to the Department by George K. Baum & Company and Kipling Jones & Co. It is expected that the Series 2017 Bonds will be available for delivery to DTC in book-entry only form on or about June 22, 2017.

Ramirez & Co., Inc.

Jefferies **RBC Capital Markets**

June 8, 2017

MATURITY SCHEDULE

$61,303,867 Series A Bonds (Non-AMT)

$61,303,867 Series A Bonds Due September 1, 2047; Rate 2.835%, Price 101%, CUSIP 88275FNY1

(Accrued Interest from Date of Delivery)

$29,610,000 Series B Bonds (Taxable)

$29,610,000 Series B Bonds Due September 1, 2038; Rate 2.75%, Price 100%, CUSIP 88275FNZ8

(Accrued Interest from Date of Delivery)

$42,787,085 Series C Bonds (Taxable)

$42,787,085 Series C Bonds Due September 1, 2047; Rate 3.10%, Price 100%, CUSIP 88275FPA1

(Accrued Interest from Date of Delivery)

This Official Statement does not constitute, and is not to be used in connection with, an offer to sell or the solicitation of an offer to buy the Series 2017 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.

[Remainder of Page Intentionally Left Blank]

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 2017 BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2017 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 2017 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 2017 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 2017 Bonds in accordance with applicable provisions of the securities laws or the states in which the Series 2017 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 2017 Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

[Remainder of Page Intentionally Left Blank]

TABLE OF CONTENTS

[Remainder of Page Intentionally Left Blank]

[Remainder of Page Intentionally Left Blank]

[THIS PAGE INTENTIONALLY LEFT BLANK]

OFFICIAL STATEMENT
Relating to

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

$61,303,867	**$29,610,000**	**$42,787,085**
Single Family Mortgage	**Single Family Mortgage**	**Single Family Mortgage**
Revenue Bonds	**Revenue Refunding Bonds**	**Revenue Bonds**
2017 Series A (Non-AMT)	**2017 Series B (Taxable)**	**2017 Series C (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 Bonds, 2017 Series A (the "Series A Bonds"), Single Family Mortgage Revenue Refunding Bonds, 2017 Series B (Taxable) (the "Series B Bonds") and Single Family Mortgage Revenue Bonds, 2017 Series C (Taxable) (the "Series C Bonds," together with the Series B Bonds, the "Taxable Bonds," and together with the Series A Bonds and the Series B Bonds, the "Series 2017 Bonds"). Capitalized terms used but not otherwise defined herein shall have the respective meanings for such terms as set forth in "APPENDIX A – GLOSSARY."

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

The Series 2017 Bonds are authorized to be issued pursuant to the Act, a resolution adopted by the Governing Board of the Department on April 27, 2017, an Amended and Restated Single Family Mortgage Revenue Bond Trust Indenture, dated as of June 1, 2017, amended and restating the Single Family Mortgage Revenue Bond Trust Indenture, dated as of October 1, 1980 (the "Master Indenture" and, as amended and supplemented from time to time, collectively, the "Trust Indenture") between the Agency or the Department, as the case may be, and The Fort Worth National Bank or its successor, The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), a Sixty-Third Supplemental Single Family Mortgage Revenue Bond Trust Indenture (the "Sixty-Third Supplemental Indenture") with respect to the Series A Bonds, a Sixty-Fourth Supplemental Single Family Mortgage Revenue Bond Trust Indenture (the "Sixty-Fourth Supplemental Indenture") with respect to the Series B Bonds and a Sixty-Fifth Supplemental Single Family Mortgage Revenue Bond Trust Indenture (the "Sixty-Fifth Supplemental Indenture," together with the Sixty-Third Supplemental Indenture and the Sixty-Fourth Supplemental Indenture, the "2017 Supplemental Indentures") with respect to the Series C Bonds. The Trust Indenture authorizes the Department to issue bonds to provide funds to acquire or refinance single family mortgage loans or participations therein ("Mortgage Loans") which are made to eligible borrowers, as determined from time to time by the Department, to refund Outstanding Bonds issued under the Trust Indenture, and to pay costs associated therewith. The Department has previously issued multiple series of single family mortgage revenue bonds (the "Prior Bonds") under the Trust Indenture of which $298,735,000 in aggregate principal amount was Outstanding as of February 28, 2017. The Series 2017 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 "Junior Lien Bonds"), of which $3,855,000 in aggregate principal amount was outstanding as of February 28, 2017. The Junior Lien Bonds are limited obligations of the Department and are payable solely from revenues (as defined in the Junior Lien Trust Indenture) and funds pledged for the payment thereof on a basis which is junior and subordinate to the Bonds. See "THE TRUST INDENTURE."

The Series A Bonds are being issued for the primary purpose of providing funds for the purchase of the 2017 A Mortgage Certificates guaranteed as to timely payment of principal and interest by Ginnie Mae which represent beneficial ownership of pools of Mortgage Loans (the "2017 A Mortgage Loans"). The Series B Bonds are being issued for the purpose of refunding and redeeming the Department's Single Family Mortgage Revenue Bonds, 2007 Series B (the " Refunded Bonds"). The mortgage-backed pass-through certificates (the "Mortgage Certificates") originally funded with proceeds of the Refunded Bonds will become 2017 B Transferred Mortgage Certificates. The 2017 B Transferred Mortgage Certificates are Ginnie Mae Certificates, Fannie Mae Certificates and Freddie Mac Certificates. The Series C Bonds are being issued for the primary purpose of providing funds for the purchase of the 2017 C Mortgage Certificates guaranteed as to timely payment of principal and interest by Ginnie Mae and Fannie Mae which represent beneficial ownership of pools of Mortgage Loans (the "2017 C Mortgage Loans").

Upon issuance of the Series A Bonds and Series C Bonds, amounts on deposit in the 2017 A Mortgage Loan Account and 2017 C Mortgage Loan Account will be used to purchase the 2017 A Mortgage Certificates and 2017 C Mortgage Certificates, respectively, described in the following paragraph. Mortgage Loan Principal Payments on the 2017 A Mortgage Certificates and 2017 C Mortgage Certificates will be applied to the redemption of the Series A Bonds and Series C Bonds, respectively. See "THE SERIES 2017 BONDS – Redemption Provisions – Redemption from Mortgage Loan Principal Payments." Upon issuance of the Series B Bonds, the 2017 B Transferred Mortgage Certificates will be transferred to the 2017 B Mortgage Loan Account. Mortgage Loan Principal Payments on the 2017 B Transferred Mortgage Certificates will be applied to the redemption of the Series B Bonds. See "THE SERIES 2017 BONDS – Redemption Provisions – Redemption From Mortgage Loan Principal Payments."

The 2017 A Mortgage Certificates will be delivered at closing and will consist of Ginnie Mae Certificates with a pass-through rate of not less than 3.50% or greater than 4.00%. The 2017 C Mortgage Certificates will be delivered at closing and will consist of Ginnie Mae Certificates and Fannie Mae Certificates with a pass-through rate of not less than 3.50% or greater than 4.50%. Once identified, all 2017 A Mortgage Certificates and 2017 C Mortgage Certificates will be disclosed in either "APPENDIX G-1 – DATA REGARDING THE 2017 A MORTGAGE CERTIFICATES" or "APPENDIX G-2 – DATA REGARDING 2017 C MORTGAGE CERTIFICATES," respectively, or will be filed with the Municipal Securities Rulemaking Board, at its internet repository named "Electronic Municipal Market Access" ("EMMA"), in a document identifying the 2017 A Mortgage Certificates and 2017 C Mortgage Certificates by CUSIP Number, pool number, pass-through rate and outstanding principal amount no later than two Business Days after the date of issuance of the Series A Bonds and Series C Bonds. Summary information regarding the 2017 A Mortgage Certificates and 2017 C Mortgage Certificates is described herein under

"THE 2017 A MORTGAGE CERTIFICATES AND 2017 C MORTGAGE CERTIFICATES." To the extent the 2017 A Mortgage Certificates or 2017 C Mortgage Certificates delivered at closing are less than what is reflected in the tables under the caption "THE 2017 A MORTGAGE CERTIFICATES AND 2017 C MORTGAGE CERTIFICATES," the Department will deliver within 30 days of delivery of the Series A Bonds and Series C Bonds a replacement 2017 A Mortgage Certificate or 2017 C Mortgage Certificate, as applicable, with similar characteristics to those reflected in "APPENDIX G-1 – DATA REGARDING THE 2017 A MORTGAGE CERTIFICATES" or "APPENDIX G-2 – DATA REGARDING THE 2017 C MORTGAGE CERTIFICATES."

For more detailed data regarding the 2017 A Mortgage Certificates, 2017 C Mortgage Certificates and 2017 B Transferred Mortgage Certificates, see "APPENDIX G-1 – DATA REGARDING THE 2017 A MORTGAGE CERTIFICATES," "APPENDIX G-2 – DATA REGARDING THE 2017 C MORTGAGE CERTIFICATES" and "APPENDIX H – DATA REGARDING THE 2017 B TRANSFERRED MORTGAGE CERTIFICATES," respectively.

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 servicing fees) and on Mortgage Certificates (net of servicing and guaranty fees) received by the Department and the earnings on investments of Funds and Accounts held pursuant to the Trust Indenture other than the excluded Funds and Accounts constitute Revenues. Bondholders have no rights to or lien on the Swap Agreements. The pledge of and lien on the Trust Estate is subject to discharge if moneys or qualified securities sufficient to provide for the payment of all Outstanding Bonds are deposited and held in trust for such payment.

The Series 2017 Bonds are on a parity in all respects with all outstanding Prior Bonds, and, unless subordinated, any bonds subsequently issued under the Trust Indenture. Mortgage Loans securing the Bonds must meet certain requirements. For information regarding the Mortgage Loans, including the Mortgage Loans underlying the 2017 B Transferred Mortgage Certificates, and the Master Servicers for such Mortgage Loans, see "APPENDIX I - CERTAIN INFORMATION REGARDING THE PROGRAM, THE MORTGAGE LOANS, PRIOR SWAP AGREEMENTS AND PRIOR LIQUIDITY FACILITIES – THE PROGRAM AND THE MORTGAGE LOANS." Portfolio Mortgage Loans are a small percentage of the assets under the Trust Indenture, as most of the assets comprising the Trust Estate are Mortgage Certificates. The Department is not currently originating Portfolio Mortgage Loans and does not intend to originate Portfolio Mortgage Loans to be pledged under the Trust Indenture.

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 Portfolio 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 2017 Bonds or any other Outstanding Bonds. As of February 28, 2017, the Debt Service Reserve Account Requirement for the Single Family Mortgage Revenue Bonds was $3,614 and $290,092 was on deposit in the Debt Service Reserve Account.

THE SERIES 2017 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 2017 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 2017 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, summaries of certain terms of the Series 2017 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 2017 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 CERTIFICATES." For information concerning other single family and multi-family programs of the Department, see "APPENDIX F-2 – BOND SUMMARY OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS."

PLAN OF FINANCE

Proceeds of the Series A Bonds will be (a) deposited to the 2017 A Mortgage Loan Account of the Mortgage Loan Fund and used to purchase 2017 A Mortgage Certificates, and (b) used to pay a portion of the costs of issuance of the Series A Bonds.

Proceeds of the Series B Bonds will be applied to refund and redeem the Refunded Bonds.

Proceeds of the Series C Bonds will be (a) deposited to the 2017 C Mortgage Loan Account of the Mortgage Loan Fund and used to purchase 2017 C Mortgage Certificates, and (b) used to pay a portion of the costs of issuance of the Series C Bonds.

[The Remainder of This Page Left Intentionally Blank]

SOURCES AND USES OF FUNDS

The sources of funds and the uses thereof in connection with the Series 2017 Bonds are expected to be approximately as set forth below.

SOURCES OF FUNDS		
Series 2017 A Bond Proceeds	$	61,916,905.67
Series 2017 B Bond Proceeds	$	29,610,000.00
Series 2017 C Bond Proceeds	$	42,787,085.00
Series 2007 B Revenue Fund	$	1,110,272.94
Issuer Contribution	$	9,769,626.14
TOTAL	$	**145,193,889.75**
USES OF FUNDS		
Redemption of Refunded Bonds	$	30,328,135.11
2017 A Mortgage Loan Account*	$	66,568,363.15
2017 C Mortgage Loan Account*	$	46,430,013.71
2017 A Redemption Subaccount	$	31,120.89
2017 C Redemption Subaccount	$	54,494.58
Underwriter Compensation	$	866,783.26
Costs of Issuance	$	914,979.05
TOTAL	$	**145,193,889.75**

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

THE SERIES 2017 BONDS

General

The Series 2017 Bonds will be dated the date of delivery. The Series 2017 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 2017 Bonds. The Series 2017 Bonds will be available to purchasers in book-entry form only in denominations of $1.00 and any integral multiple thereof, as more fully described herein. The principal or Redemption Price of, and interest on the Series 2017 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 2017 Bonds or their nominees. See "THE SERIES 2017 BONDS – DTC and Book-Entry."

The Series 2017 Bonds mature on the dates and in the amounts set forth on the inside cover hereof.

[The Remainder of This Page Left Intentionally Blank]

Interest Rate

The Series 2017 Bonds will accrue interest from the date of delivery, until maturity or prior redemption at the per annum rates of interest set forth on the inside cover page hereof. Interest accrued on the Series 2017 Bonds will be payable on the first Business Day of each month, commencing August 1, 2017 until maturity or prior redemption. Interest on the Series 2017 Bonds will be calculated on the basis of a 360-day year composed of twelve 30-day months.

Redemption Provisions

The Series 2017 Bonds are subject to redemption at various times prior to their scheduled maturities as described below. The Department anticipates that substantially all of the Series 2017 Bonds will be redeemed prior to their scheduled maturities as the result of the receipt by the Department of amounts representing Mortgage Loan Principal Payments.

Redemption From Mortgage Loan Principal Payments

Each Series of the Series 2017 Bonds is subject to mandatory redemption prior to maturity and shall be redeemed, in whole or in part, on the first Business Day of each month, at a Redemption Price equal to 100% of the principal amount of the Series 2017 Bonds or portions thereof to be redeemed plus accrued interest to, but not including, the redemption date: (1) in the case of the Series A Bonds, from Mortgage Loan Principal Payments on the 2017 A Mortgage Certificates received through the end of the prior month and transferred to the 2017 A Redemption Subaccount; (2) in the case of the Series B Bonds, from Mortgage Loan Principal Payments on the 2017 B Transferred Mortgage Certificates received through the end of the prior month and transferred to the 2017 B Redemption Subaccount; and (3) in the case of the Series C Bonds, from Mortgage Loan Principal Payments on the 2017 C Mortgage Certificates received through the end of the prior month and transferred to the 2017 C Redemption Subaccount.

NO NOTICE OF REDEMPTION WILL BE GIVEN FOR REDEMPTIONS DESCRIBED IN THIS SUBCAPTION.

Optional Redemption

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

Redemption From Excess Revenues

The Series 2017 Bonds are subject to redemption, in whole or in part, from excess Revenues (including Surplus Indenture Revenues whether or not derived in connection with the Series 2017 Bonds) beginning only on and after the initial optional redemption date of September 1, 2026, after giving notice as provided in the Trust Indenture, at a Redemption Price equal to 100% of the principal amount of the Series 2017 Bonds or portions thereof to be redeemed, plus accrued interest to, but not including, the redemption date.

[The Remainder of This Page Left Intentionally Blank]

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

Selection of Series 2017 Bonds to be Redeemed

The particular Series 2017 Bonds or portions thereof to be redeemed shall be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate. A portion of any Series 2017 Bond may be redeemed, but only in an Authorized Denomination.

Notice of Redemption

Except as described below, the Trustee shall give notice, in the name of the Department, of the redemption of Series 2017 Bonds to the holders thereof, which notice shall specify the Series and the maturity date of the Series 2017 Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Series 2017 Bonds are to be redeemed, the letters and numbers or other distinguishing marks of such Series 2017 Bonds to be redeemed, and, in the case of Series 2017 Bonds to be redeemed in part only, such notices shall also specify the letters and numbers or other distinguishing matters and the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Series 2017 Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal amount thereof, in the case of Series 2017 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.

NO NOTICE OF REDEMPTION WILL BE GIVEN TO ANY HOLDER OR BENEFICIAL OWNER OF SERIES 2017 BONDS OF THE DATE OR AMOUNT OF MANDATORY REDEMPTIONS FROM MORTGAGE LOAN PRINCIPAL PAYMENTS. If the Series 2017 Bonds are redeemed at the option of the Department or from excess Revenues as described above, the Trustee shall mail a copy of such notice by first class mail, postage prepaid, not less than 20 days prior to the redemption date, nor more than 30 days to the holders of any Series 2017 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 2017 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 2017 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, and, upon the occurrence of any subsequent events or satisfaction of any conditions specified in such notice. If there shall be called for redemption less than all of a Series 2017 Bond, the Department shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Series 2017 Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Series 2017 Bond so surrendered, registered Series 2017 Bonds of like Series in any Authorized Denomination. If, on the redemption date, moneys for the redemption of all the Series 2017 Bonds or portions thereof of any like Series to be redeemed, together with interest to the redemption date, shall be held by the Trustee so as to be available on said date and if notice of redemption shall have been given as specified in the Trust Indenture, then from and after the redemption date interest on the Series 2017 Bonds or portions thereof of such Series so called for redemption shall cease to accrue and become payable. If such moneys shall not be available on the redemption date, such Series 2017 Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Purchase in Lieu of Redemption

The Trust Indenture permits the purchase of Bonds, including the Series 2017 Bonds, in the open market in lieu of redemption of Bonds. Any such purchase may be at a price not exceeding the then current Redemption Price for such Series 2017 Bonds.

Average Life and Prepayment Speeds

The following information is provided in order to enable potential investors to evaluate the Series 2017 Bonds which are subject to redemption as described above.

The weighted average life of a bond refers to the average of the length of time that will elapse from the date of issuance of such bond to the date each installment of principal is paid to the bondholder, weighted by the amount of such installment. The weighted average life of the Series A Bonds, the Series B Bonds and Series C Bonds will be influenced by, among other things, the rate at which principal payments are made on the 2017 A Mortgage Certificates, the 2017 B Transferred Mortgage Certificates and 2017 C Mortgage Certificates, respectively. Prepayments of mortgage loans are commonly projected in accordance with 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 2017 A Mortgage Certificates, the 2017 B Transferred Mortgage Certificates and 2017 C 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 Remainder of This Page Left Intentionally Blank]

The following table assumes, among other things, that (i) all Series A Bond proceeds and Series C Bond proceeds deposited into the 2017 A Mortgage Loan Account and 2017 C Mortgage Loan Account, respectively, will be used to purchase 2017 A Mortgage Certificates and 2017 C Mortgage Certificates, respectively, and all Series B Bond proceeds will be used to refund the Refunded Bonds and the Refunded Bonds Mortgage Certificates will transfer into the 2017 B Transferred Mortgage Certificates, (ii) Series 2017 Bonds will be redeemed only as described under "Redemption From Mortgage Loan Principal Payments" above, (iii) the remaining weighted average maturity of 2017 B Transferred Mortgage Certificates is 251 months and the weighted average mortgage rate of 2017 B Transferred Mortgage Certificates is 5.938%, (iv) 2017 A Mortgage Certificates and 2017 C Mortgage Certificates will have an original term of 30 years, and the weighted average mortgage rate of 2017 A Mortgage Certificates and 2017 C Mortgage Certificates is 4.273% and 4.376%, respectively, (v) the 2017 A Mortgage Loans, the 2017 C Mortgage Loans and the Mortgage Loans underlying the 2017 B Transferred Mortgage Certificates prepay at the indicated percentage of the SIFMA Prepayment Model, (vi) payments on 2017 A Mortgage Certificates, the 2017 C Mortgage Certificates and 2017 B Transferred Mortgage Certificates are timely made and used on a timely basis to redeem the corresponding Series of Series 2017 Bonds, (vii) the Series 2017 Bonds are not redeemed pursuant to the optional or excess revenues redemption provisions, and (viii) no amounts allocable to any other series of Bonds are used to cross-call the Series 2017 Bonds and no amounts allocable to the Series 2017 Bonds are used to cross-call any other Series of Bonds.

[The Remainder of This Page Left Intentionally Blank]

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 2017 Bonds**.**

Prepayment Speed of Mortgage Loans (SIFMA)	Projected Weighted Average Life (in Years) Series A Bonds	Projected Weighted Average Life (in Years) Series B Bonds	Projected Weighted Average Life (in Years) Series C Bonds
0%	18.1	12.2	18.2
50%	13.8	9.6	13.8
75%	12.2	8.5	12.2
100%	10.8	7.6	10.9
125%	9.7	6.9	9.8
150%	8.8	6.2	8.9
163% (last 12 months)	--	5.9	--
175%	8.0	5.6	8.1
200%	7.4	5.1	7.4
225% (since issuance)	--	4.7	--
250%	6.3	4.3	6.4
300%	5.6	3.7	5.6
400%	4.5	2.8	4.5
500%	3.8	2.2	3.8

An additional assumption that does not affect the projected weighted average life table above is that Trustee's fees are paid in the amount of .0325% per annum of Series 2017 Bonds outstanding.

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 2017 Bonds.

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

The Mortgage Loans underlying the 2017 B Transferred Mortgage Certificates have experienced the following cumulative prepayment rates (taking into account all principal repayments and prepayments paid through June 30, 2017 Based on June Factors):

(i) 225% of the SIFMA Prepayment Model since inception,

(ii) 163% of the SIFMA Prepayment Model for the most recent twelve (12) months; and

(iii) 114% of the SIFMA Prepayment Model for the most recent six (6) months.

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

DTC and Book-Entry

DTC will act as securities depository for the Series 2017 Bonds. The Series 2017 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 2017 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Series 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2017 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 2017 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 2017 Bonds, except in the event that use of the book-entry system for the Series 2017 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2017 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 2017 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2017 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2017 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 2017 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2017 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Series 2017 Bonds may wish to ascertain that the nominee holding the Series 2017 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 2017 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 2017 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 2017 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 2017 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 2017 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 2017 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 2017 Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2017 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 2017 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 2017 BONDS; (4) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE TRUST INDENTURE TO BE GIVEN TO OWNERS OF SERIES 2017 BONDS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF SERIES 2017 BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS A BONDOWNER.

Discontinuation of Book-Entry-Only System

In the event that the book-entry-only system is discontinued by DTC or the Department, the following provisions will be applicable to the Series 2017 Bonds. Series 2017 Bonds may be exchanged for an equal aggregate principal amount of Series 2017 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 2017 Bond may be registered on the books maintained by the Trustee for such purpose only upon the surrender of such Series 2017 Bond to the Trustee with a duly executed assignment in form satisfactory to the Trustee. For every exchange or transfer of registration of Series 2017 Bonds, the Department and or Trustee may make a charge sufficient to reimburse it or them for any tax, fee, or other governmental charge required to be paid with respect to such exchange or registration of transfer, as well as the administrative expenses, if any, charged by the Trustee for the transfer or exchange. The Trustee will not be required to transfer or exchange any Series 2017 Bond for a period of 20 days next preceding an interest payment date on such Series 2017 Bonds or next preceding any selection of Series 2017 Bonds to be redeemed or thereafter until after mailing of any notice of redemption on any Series 2017 Bonds called for redemption, or transfer or exchange any Series 2017 Bonds called for redemption. The Department and the Trustee may treat the Person in whose name a Series 2017 Bond is registered as the absolute owner thereof for all purposes, whether such Series 2017 Bond is overdue or not, for the purpose of receiving payment of, or on account of the principal of, interest on, such Series 2017 Bond. If any Series 2017 Bond is not presented for payment when the principal or the Redemption Price therefor becomes due, and if moneys sufficient to pay such Series 2017 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 2017 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 2017 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 Remainder of This Page Left Intentionally Blank]

THE 2017 A MORTGAGE CERTIFICATES AND 2017 C MORTGAGE CERTIFICATES

Upon delivery of the Series A Bonds and the Series C Bonds, for the purpose of providing funds for the purchase of 2017 A Mortgage Certificates and 2017 C Mortgage Certificates, respectively, the 2017 A Mortgage Certificates and 2017 C Mortgage Certificates will be allocated to the 2017 A Mortgage Loan Account and 2017 C Mortgage Loan Account, respectively. Mortgage Loan Principal Payments on the 2017 A Mortgage Certificates and 2017 C Mortgage Certificates will be used to redeem the Series A Bonds and Series C Bonds, respectively, as described herein under "THE SERIES 2017 BONDS – Redemption Provisions – Redemption from Mortgage Loan Principal Payments." The Trust Indenture does not grant a priority in the respective Mortgage Loan Accounts to the Series A Bonds and Series C Bonds over any other series of Bonds.

[The Remainder of This Page Left Intentionally Blank]

Except as noted below, the 2017 A Mortgage Certificates are expected to be acquired on June 22, 2017. The 2017 A Mortgage Loans underlying the 2017 A Mortgage Certificates have original terms of thirty years. The following table reflects summary information with respect to the 2017 A Mortgage Certificates expected to be purchased with Series A Bond proceeds:

2017 A Mortgage Certificates

Mortgage Certificates	Outstanding Principal*	Weighted Average Pass-Through Rate*	Weighted Average Mortgage Rate*	Weighted Average Remaining Term (in months)*
GNMA	$ 1,068,319.52	3.500%	4.000%	359
GNMA II	1,090,804.71	3.500%	4.125%	358
GNMA II	2,112,554.08	3.500%	4.125%	358
GNMA II	1,213,059.55	4.000%	4.500%	358
GNMA II	1,457,427.29	4.000%	4.500%	358
GNMA II	1,808,216.72	4.000%	4.500%	358
GNMA II	3,104,986.48	4.000%	4.500%	358
GNMA II	1,118,375.71	4.000%	4.419%	358
GNMA II	3,405,809.13	4.000%	4.421%	358
GNMA II	2,427,996.39	4.000%	4.409%	358
GNMA II	4,370,870.94	4.000%	4.399%	358
GNMA**	2,722,687.00	3.500%	4.000%	359
GNMA**	4,936,518.00	3.500%	4.000%	359
GNMA**	2,283,541.00	4.000%	4.500%	358
GNMA**	3,211,245.00	4.000%	4.500%	358
GNMA II**	3,343,656.00	4.000%	4.417%	359
GNMA II**	7,814,636.00	4.000%	4.411%	359
GNMA II**	1,766,619.00	3.500%	4.074%	359
GNMA II**	2,674,093.00	3.500%	4.036%	359
GNMA II**	9,341,331.00	3.500%	4.032%	359
Total/Weighted Average	61,272,746.52	3.790%	4.273%	359

* Based upon June 2017 factors
** Pools settle on June 20, 2017

For more detailed data regarding the 2017 A Mortgage Certificates see "APPENDIX G-1 – DATA REGARDING THE 2017 A MORTGAGE CERTIFICATES."

[The Remainder of This Page Left Intentionally Blank]

Except as noted below, the 2017 C Mortgage Certificates are expected to be acquired on June 22, 2017. The 2017 C Mortgage Loans underlying the 2017 C Mortgage Certificates have original terms of thirty years. The following table reflects summary information with respect to the 2017 C Mortgage Certificates expected to be purchased with Series C Bond proceeds:

2017 C Mortgage Certificates

Mortgage Certificates	Outstanding Principal*	Weighted Average Pass-Through Rate*	Weighted Average Mortgage Rate*	Weighted Average Remaining Term (in months)*
GNMA**	$ 1,607,939.00	3.500%	4.000%	360
GNMA**	2,314,365.00	4.000%	4.500%	358
GNMA**	3,471,039.00	4.000%	4.500%	358
GNMA**	11,746,771.00	4.000%	4.500%	358
GNMA II**	2,414,953.00	3.500%	4.125%	359
GNMA II**	10,492,207.00	3.500%	4.125%	359
GNMA II**	3,600,541.00	4.000%	4.413%	359
GNMA II**	4,986,675.00	4.000%	4.442%	358
FNMA**	1,118,223.00	4.000%	4.736%	359
FNMA**	979,878.00	4.500%	5.199%	358
Total/Weighted	42,732,591.00	3.842%	4.376%	358

* Based upon June 2017 factors
** Pools settle on June 20, 2017

For more detailed data regarding the 2017 C Mortgage Certificates see "APPENDIX G-2 – DATA REGARDING THE 2017 C MORTGAGE CERTIFICATES."

[The Remainder of This Page Left Intentionally Blank]

THE 2017 B TRANSFERRED MORTGAGE CERTIFICATES

Upon delivery of the Series B Bonds, for the purpose of refunding the Refunded Bonds, the 2017 B Transferred Mortgage Certificates will be allocated to the 2017 B Mortgage Loan Account. Mortgage Loan Principal Payments on the 2017 B Transferred Mortgage Certificates will be used to redeem the Series B Bonds as described herein under "THE SERIES 2017 BONDS – Redemption Provisions – Redemption from Mortgage Loan Principal Payments." The Trust Indenture does not grant a priority in the 2017 B Mortgage Loan Account to the Series B Bonds over any other Series of Bonds.

Based upon June 2017 factors, the outstanding principal amount of the 2017 B Transferred Mortgage Certificates, as of June 30, 2017, is $31,217,998.24. Substantially all of the 2017 B Transferred Mortgage Certificates were acquired between December 1, 2007 and December 1, 2010. The Mortgage Loans underlying the 2017 B Transferred Mortgage Certificates had original terms of thirty years. The following table reflects summary information with respect to the 2017 B Transferred Mortgage Certificates:

Mortgage Certificates	Outstanding Principal*	Weighted Average Pass-Through Rate*	Weighted Average Mortgage Rate*	Weighted Average Remaining Term (in months)*
GNMA	$ 174,984.17	5.250%	5.750%	277
GNMA II	27,123,388.57	5.439%	5.939%	253
Fannie Mae	2,125,045.61	5.375%	5.875%	237
Freddie Mac	1,794,579.89	5.527%	6.027%	242
Total / Weighted Average	31,217,998.24	5.438%	5.938%	251

* Based upon June 2017 factors

For detailed data regarding the 2017 B Transferred Mortgage Certificates see " APPENDIX H – DATA REGARDING THE 2017 B TRANSFERRED MORTGAGE CERTIFICATES."

SECURITY FOR THE BONDS

Pledge of Trust Indenture

The Bonds, including the Series 2017 Bonds, are equally and ratably secured by the Trust Indenture for the equal benefit, protection and security of the owners of the Bonds, each of which, regardless of time of issuance or maturity, is to be of equal rank without preference, priority or distinction, except as otherwise provided in the Trust Indenture.

Principal or Redemption Price of and interest on all Bonds are payable solely from and are secured by a pledge of and lien on the Trust Estate, which consists generally of the Revenues, Mortgages, Mortgage Loans (including Mortgage Certificates), money and Investment Securities held in the Funds (excluding the Rebate Account, the Swap Agreement Termination Payment Subaccount and the Swap Agreement Termination Receipt Subaccount of the Surplus Revenues Account of the Revenue Fund and the Policy Payments Account), and other property pledged under the Trust Indenture and any Supplemental Indenture. Revenues include all payments with respect to the Mortgage Loans (net of servicing, accounting and collection fees), which include Mortgage Certificates (net of servicing and guaranty fees) and the earnings on investments of amounts held under the Trust Indenture and any supplemental indenture. Revenues do not include Swap Agreement Periodic Receipts or Swap Agreement Termination Receipts, payments made in order to obtain or maintain mortgage insurance and fire and other hazard insurance with respect to Mortgage Loans (including Mortgage Certificates), and any payments required to be made with respect to Mortgage Loans (including Mortgage Certificates) for taxes, other governmental charges, and other similar charges customarily required to be escrowed on mortgage loans or commitment fees or other financing charges paid by a Mortgage Lender or the Master 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 Debt Service Reserve Account to be maintained at a level at least equal to three percent (3%) of the aggregate principal amount of Portfolio Mortgage Loans outstanding from time to time. There is no Debt Service Reserve Requirement with respect to Mortgage Loans represented by Mortgage Certificates. As of February 28, 2017 the Debt Service Reserve Account Requirement for the Bonds was $3,614. As of such date, $290,092 was on deposit in the Debt Service Reserve Account.

The Series 2017 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 2017 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 2017 Bonds or any other obligations issued by the Department.

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

On the basis of the Statement of Projected Revenues prepared in connection with the issuance of the Series 2017 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 2017 Bonds and all other Outstanding Bonds when due. In arriving at the foregoing conclusions, the Department has taken into account 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 2017 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."

[The Remainder of This Page Left Intentionally Blank]

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"). The 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, to use Surplus Indenture Revenues to pay principal, interest and redemption price on Junior Lien Bonds or to establish and maintain reserves or other funds and accounts as provided in the indenture or indentures authorizing such Junior Lien Bonds.

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

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

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

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

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

[The Remainder of This Page Left Intentionally Blank]

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

Additional Bonds

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

The Prior Bonds

In addition to the Series 2017 Bonds to be issued, multiple series of Prior Bonds have been issued pursuant to the Trust Indenture. As of February 28, 2017, $298,735,000 in aggregate principal amount of such Prior Bonds were Outstanding in the following principal amounts:

Series	Original Issue Amount	Bonds Outstanding
2004 A, B	$ 176,610,000	$ 33,530,000
2004 C, D, E, F	$ 175,070,000	$ 21,530,000
2005 A	$ 100,000,000	$ 28,415,000
2005 B, C, D	$ 38,195,000	$ 3,700,000
2007 A	$ 143,005,000	$ 33,285,000
2007 B	$ 157,060,000	$ 30,845,000
2013 A	$ 42,500,000	$ 22,120,000
2015 A, B	$ 53,695,000	$ 44,935,000
2016 A, B	$ 91,245,000	$ 80,375,000
TOTAL	$ 977,380,000	$ 298,735,000

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

Junior Lien Bonds

In addition to the Prior Bonds, the Department has issued $105,135,932 in original principal amount of its Junior Lien Bonds. As of February 28, 2017, $3,855,000 of such bonds remain outstanding. For additional information on the Junior Lien Bonds, see "APPENDIX F-1 – ADDITIONAL INFORMATION CONCERNING MORTGAGE CERTIFICATES – 1994 Junior Lien Indenture." Revenues under the Trust Indenture only become Surplus Indenture Revenues available to be released to pay debt service on the Junior Lien Bonds to the extent such revenues are, on any March 1 or September 1 or other date on which such debt service is payable, in excess of one hundred percent (100%) of (i) all Debt Service on the Bonds, including Swap Agreement Periodic Payments, (ii) amounts required to fund reserves for the Bonds, and (iii) all expenses of the Department in administering the programs related to the Bonds. See "THE TRUST INDENTURE – Revenue Fund."

Prior Mortgage Certificates

Prior Mortgage Certificates held under the Single Family Mortgage Revenue Bond Program as of February 28, 2017 are as follows:

Prior Mortgage Certificates

Ginnie Mae	$ 246,195,955.87
Fannie Mae	$ 42,733,158.58
Freddie Mac	$ 4,268,176.79
TOTAL	$ 293,197,291.24

For a detailed examination of the Mortgage Certificates acquired with proceeds of the Prior Bonds, please refer to "APPENDIX F-1 – ADDITIONAL INFORMATION CONCERNING MORTGAGE CERTIFICATES." Unless otherwise specified, all information is as of February 28, 2017.

BONDHOLDER RISKS

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 Prior 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 is based on specified percentages of LIBOR, which is intended to approximate the variable interest rate on the Prior Bonds associated with the Prior Swap Agreements. Unlike LIBOR, however, the interest on the Prior 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 Prior Bonds at rates that are determined by the respective Remarketing Agents. Any mismatch between Prior Bond interest payments associated with the Prior Swap Agreements and the payments due under the Prior Swap Agreements could cause financial losses under the Trust Indenture. See " APPENDIX I – CERTAIN INFORMATION REGARDING THE PROGRAM, THE MORTGAGE LOANS, PRIOR SWAP AGREEMENTS AND PRIOR LIQUIDITY FACILITIES – PRIOR SWAP AGREEMENTS" and Note 5 of " APPENDIX D-1-1 – AUDITED FINANCIAL STATEMENTS OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS REVENUE BOND PROGRAM FOR THE FISCAL YEAR ENDED AUGUST 31, 2016."

Swap Termination Risk

Under certain circumstances, including certain events of default with respect to the Department or the Prior Swap Providers, the Prior Swap Agreements may be terminated in whole or in part prior to maturity. Following termination, if any, of the Prior Swap Agreements, under certain market conditions, the Department could owe a termination payment to the respective Prior Swap Providers which 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 Bonds and Junior Lien Bonds, if any, the payment of regularly scheduled payments under the Prior Swap Agreements, and (v) required replenishment of the Debt Service Reserve Fund, if any. A bond insurer has issued a swap insurance policy insuring the scheduled fixed payments from the Department for the Prior Swap Agreement pertaining to the Department's Single Family Variable Rate Mortgage Revenue Refunding Bonds, 2004 Series B. 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 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, 2017, the Department estimates that the aggregate termination payments that would have been owed by the Department to the Prior Swap Providers were the Prior Swap Agreements terminated as of such date was approximately $13.9 million; however such estimation is by no means incontrovertible as the actual termination payment, were the Prior Swap Agreements to be terminated, would likely be subject to different valuations from the Prior Swap Providers. For more detailed information concerning "fair value" estimations for each Prior Swap Agreement see "APPENDIX I – CERTAIN INFORMATION REGARDING THE PROGRAM, THE MORTGAGE LOANS, PRIOR SWAP AGREEMENTS AND PRIOR LIQUIDITY FACILITIES – PRIOR SWAP AGREEMENTS" and Note 5 of "APPENDIX D-1-1 – AUDITED FINANCIAL STATEMENTS OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS REVENUE BOND PROGRAM FOR THE FISCAL YEAR ENDED AUGUST 31, 2016."

[The Remainder of This Page Left Intentionally Blank]

Mortgage Loan Principal Prepayments

The Department anticipates that the Trustee will receive Mortgage Loan Principal Prepayments on the 2017 A Mortgage Certificates, the 2017 B Transferred Mortgage Certificates, and the 2017 C 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 that would allow it to accurately predict the actual level of prepayments it will receive from the 2017 A Mortgage Certificate, the 2017 B Transferred Mortgage Certificates, and the 2017 C Mortgage Certificates. Mortgage Loan Principal Prepayments will be applied to the redemption of the respective Series of the Series 2017 Bonds at the Redemption Price of one hundred percent (100%) of the principal amount thereof, but without any redemption premium. See " THE SERIES 2017 BONDS – Redemption Provisions – Redemption from Mortgage Loan Principal Payments."

Termination of Mortgage Loans

Mortgage Loans may be terminated prior to final maturity as a result of Mortgage Loan principal payment, default, sale, condemnation, casualty loss or noncompliance with the Program. All Mortgage Loan Principal Payments in full or other payments in respect of early termination will be deposited in the applicable Redemption Account of the Debt Service Fund and will be used to redeem Series 2017 Bonds at par prior to their scheduled maturity.

MORTGAGE LOAN PRINCIPAL PAYMENTS MADE WITH RESPECT TO THE MORTGAGE LOANS, TOGETHER WITH SURPLUS REVENUES AND OTHER AMOUNTS, WILL RESULT IN THE REDEMPTION OF SERIES 2017 BONDS AT PAR PRIOR TO FINAL MATURITY. IT IS PROBABLE THAT A SUBSTANTIAL AMOUNT, IF NOT ALL, OF THE SERIES 2017 BONDS WILL BE REDEEMED WITHOUT PREMIUM EARLIER THAN THEIR STATED MATURITIES. SEE "THE SERIES 2017 BONDS - REDEMPTION PROVISIONS."

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 Certificates and the Fannie Mae Certificates, as applicable, and could adversely affect payments on the Series 2017 Bonds.

[The Remainder of This Page Left Intentionally Blank]

Risk of Non-Payment Due to Bank Bond Acceleration

The Department's ability to pay the debt service on Bonds may be negatively impacted by the inability to remarket variable rate Prior Bonds. Variable rate Prior Bonds comprise approximately 40.9% of the Department's bonded debt under the Trust Indenture. As of February 28, 2017, the Department has no unremarketed outstanding Bank Bonds. For purposes of this section, the term "Bank Bonds" means Prior Bonds purchased by the Texas Comptroller of Public Accounts (the "Comptroller") as provider of the Prior Liquidity Facilities (as hereinafter defined). As Bank Bonds, the terms of such Bank Bonds have more onerous interest rates and/or principal repayment schedules.

In connection with all of the Department's variable rate Prior Bonds, the Department has replaced the original liquidity facilities with liquidity facilities provided by the Comptroller (each, a "Prior Liquidity Facility"). The Prior Liquidity Facilities expire on August 31, 2017. There is no assurance that the Department will be able to secure substitute liquidity or extend the Prior 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 2017 Bonds.

Availability of Remedies

The remedies available to the owners of the Series 2017 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 Agreements may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2017 Bonds will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by general principles of equity which permit the exercise of judicial discretion.

THE DEPARTMENT

General

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

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

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

Governing Board

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

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

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

J.B. GOODWIN, Chair and Board Member. CEO OF JB Goodwin Realtors. His term expires January 31, 2021.

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

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

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

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

ASUSENA RESÉNDIZ, Board Member. Director of Economic Development for Brooks City Base. Her term expires January 31, 2019.

There is currently one vacant seat on the Board.

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

Administrative Personnel

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

Currently, the Department has 282 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, Chief Financial Officer. During his 30 plus 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 and Staff Services. The Division is also responsible for the coordination of information and planning related to the state budget/appropriations process. The annual financial audit, conducted by an independent auditor, is facilitated through the Financial Administration Division. In conjunction with Bond Finance, this Division monitors the financial status of the bonds and performs all responsibilities of the Department in accordance with the bond covenants stated in the bonds' legal documents. Mr. Cervantes received his Bachelor of Business Administration in Accounting and his Master of Business Administration from Southwest Texas State University. He is a member of the Government Finance Officers' Association (GFOA) and a graduate of the 2002 inaugural class of the Texas Fiscal Officers' Academy (TFOA).

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

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

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

[Remainder of page intentionally left blank]

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 Texas Treasury Safekeeping Trust Company, a special purpose trust company organized under the laws of the State of Texas, as depository (the "Depository") under the Trust Indenture.

The 2017 Supplemental Indentures create an account for the Series A Bonds, Series B Bonds and the Series C Bonds, respectively, within each listed Fund, and a Subaccount for the Series A Bonds, Series B Bonds and the Series C Bonds, respectively, within each listed Account except for the Special Mortgage Loan Fund, the Debt Service Reserve Account and the Swap Agreement Periodic Payment Account. Moreover, in connection with the Swap Agreements, the corresponding Supplemental Indentures each created a corresponding Swap Agreement Termination Payment Subaccount, Swap Agreement Periodic Receipt Subaccount and Swap Agreement Termination Receipt Subaccount within the Surplus Revenues Account of the Revenue Fund. The Swap Agreement Termination Payment Subaccount and the Swap Agreement Termination Receipt Subaccount are not pledged as security for the payment of principal of or interest on any Bonds. The Accounts and Subaccounts so created do not grant a priority of the Series A Bonds, Series B Bonds or the Series C 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) 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 2017 B Transferred Mortgage Certificates will be deposited to the 2017 B Mortgage Loan Account.

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

The Department has covenanted in the Trust Indenture that it will acquire, refinance or sell Mortgage Loans or Mortgage Certificates only if it has determined, on the basis of its most recent Statement of Projected Revenues, and other information available to it, that such action will not adversely affect the Department's ability to pay, when due, the principal or Redemption Price of and interest on the Bonds. See

"SECURITY FOR THE BONDS – Certain Information as to Revenues, Investments, Debt Service and Department Expenses" and "– Statement of Projected Revenues" and "APPENDIX I – CERTAIN INFORMATION REGARDING THE PROGRAM, THE MORTGAGE LOANS, PRIOR SWAP AGREEMENTS AND PRIOR LIQUIDITY FACILITIES – Sale of Mortgage Loans or Mortgage Certificates."

Expense Fund

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

Funds on deposit in the Rebate Account are required to be periodically set aside to pay any amounts required to be rebated to the United States under applicable provisions of federal income tax law (the "Rebate Amount").

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 the Rebate Amount 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. 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.

[The Remainder of This Page Left Intentionally Blank]

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 Outstanding 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; (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.

[The Remainder of This Page Left Intentionally Blank]

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

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

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

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

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

Debt Service Reserve Account

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

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

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

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

Special Mortgage Loan Fund

As a result of the issuance of certain Series of Bonds, the Trust Indenture established the Special Mortgage Loan Fund as a separate fund pledged (unless withdrawn as described in 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 a sufficient amount in all Funds and Accounts to pay all required principal, interest and Redemption Price on all Bonds, the available amounts will be applied in accordance with the provisions of the Trust Indenture.

Investments

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

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

Other Department Covenants

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

Events of Default

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

Bondholders' Rights in the Event of Default

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

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

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

Application of Proceeds

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

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

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

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

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

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

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

Trustee

The Bank of New York Mellon Trust Company, N.A., a national banking association having a corporate trust office located in Jacksonville, Florida, serves as the Trustee for the Bonds issued under the Trust Indenture, including the Series 2017 Bonds. The Trustee is required to be removed if so requested by the owners of a majority in aggregate 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

Any modification or amendment of the Trust Indenture and of the rights and obligations of the Department and of the owners of the Bonds and coupons thereunder, in any particular, may be made by a Supplemental Indenture, with the written consent given as provided in the Trust Indenture (i) of the owners of at least 2/3 in aggregate principal amount of the Bonds Outstanding at the time such consent is given, and (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the owners of at least 2/3 in aggregate principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given, and (iii) in case the modification or amendment changes the terms of any sinking fund installment, of the owners of at least 2/3 in aggregate principal amount of the Bonds of the particular Series and maturity entitled to such sinking fund installment and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under these provisions. 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 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.

[The Remainder of This Page Left Intentionally Blank]

TEXAS TREASURY SAFEKEEPING TRUST COMPANY

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

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

TAX MATTERS RELATING TO THE SERIES A BONDS

Tax Exemption

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

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

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

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

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

Collateral Tax Consequences

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

Tax Accounting Treatment of Original Issue Premium

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

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

Tax Legislative Changes

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

Federal Income Tax Requirements

General

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

In addition, to be “qualified mortgage bonds,” the bonds must been approved by (i) the Governing Board of the Department and (ii) an “applicable elected representative” of the State after a public hearing following reasonable public notice. Further, the costs of issuance financed by an issue of bonds cannot exceed two percent of the proceeds of such issue. Additionally, the amount of such an issue of bonds, other than certain refunding bonds, when added to the amount of all other private activity bonds issued within the State during calendar year of issuance must not exceed the unified volume cap for private activity bonds imposed by the Code and applicable regulations. An allocation of the unified volume cap is not required for refunding bonds if the maturity date of the refunding bond is not later than the date 32 years after the date on which the refunded bond was issued (or in the case of a series of refundings, the date on which the original bond was issued) and to the extent that the amount of such refunding bond does not exceed the outstanding amount of the refunded bond.

Mortgage Eligibility Requirements

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

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

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

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

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

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

[The Remainder of This Page Left Intentionally Blank]

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

Requirements Related to Arbitrage

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

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

Targeted Area Requirement

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

Recapture Requirements

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

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

Private Business Use Limitations

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

Redemption Requirements

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

Reporting Requirements

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

Compliance with Tax Requirements

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

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

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

TAX MATTERS RELATING TO THE TAXABLE BONDS

Under existing law, interest on the Taxable Bonds is not excludable from gross income for federal income tax purposes. Investors should consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of the Taxable Bonds, including the application and effect of federal, state, local, foreign and other tax laws.

CONTINUING DISCLOSURE OF INFORMATION

In the Continuing Disclosure Agreement, dated as of June 1, 2017 (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 2017 Bonds. The Department is required to observe the Disclosure Agreement for so long as it remains obligated to advance funds to pay the Series 2017 Bonds. Under the Disclosure Agreement, the Department will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB").

No Eligible Borrower is an "obligated person" (as defined in Rule 15c2-12 of the United States Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended (the "Rule")) for whom financial information or operating data would be presented in this Official Statement had such Eligible Borrower been known at the time of the offering of the Series 2017 Bonds.

Annual Reports

The Department will provide certain updated financial information and operating data to the MSRB annually within six months after the end of its Fiscal Year. The information to be updated includes all quantitative financial information and operating data with respect to the Department of the general type included in this Official Statement under the headings "APPENDIX D-1-1 – AUDITED FINANCIAL STATEMENTS OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS REVENUE BOND PROGRAM FOR THE FISCAL YEAR ENDED AUGUST 31, 2016" (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 CERTIFICATES" and "APPENDIX F-2 – BOND SUMMARY OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS." The Department will update and provide this information within six months after the end of each Fiscal Year ending on or after August 31, 2017. 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-1-1 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, 2017. 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 2018 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 2017 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 2017 Bond calls; (4) release, substitution, or sale of property securing repayment of the Series 2017 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 2017 Bonds without regard to whether such event is considered material within the meaning of the federal securities laws: (1) principal and interest payment delinquencies; (2) unscheduled draws on debt service reserves reflecting financial difficulties; (3) unscheduled draws on credit enhancements reflecting financial difficulties; (4) substitution of credit or liquidity providers, or their failure to perform; (5) tender offers; (6) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Series A Bonds, or other events affecting the tax-exempt status of the Bonds; (7) defeasances; (8) rating changes; and (9) bankruptcy, insolvency, receivership or similar event of an obligated person.

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

Availability of Information from MSRB

The Department has agreed to provide the foregoing information only to the MSRB. The information will be available to holders of Series 2017 Bonds only if the holders comply with the procedures and pay any charges that may be established by the MSRB such information vendors or obtain the information through securities brokers who do so. Such information is available at no charge at www.emma.msrb.org.

Limitations and Amendments

The Department has agreed to update information and to provide notices of material events only as described above. The Department has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The Department makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Series 2017 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 2017 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 2017 Bonds in the primary offering of the Series 2017 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 2017 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 2017 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 2017 Bonds in the primary offering of such Series 2017 Bonds.

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

Duties, Immunities and Liabilities of Trustee

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

RATINGS

Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings, a division of Standard & Poor's Financial Service LLC ("S&P"), have assigned ratings to the Series 2017 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 2017 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 2017 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 2017 Bonds.

UNDERWRITING

The Series 2017 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 2017 Bonds (the "Bond Purchase Agreement") the Underwriters have agreed to purchase the Series 2017 Bonds at a total purchase price of $134,313.990.67. The Underwriters will receive a fee of $866,783.26 in connection with the purchase of the Series 2017 Bonds. The Bond Purchase Agreement provides among other things, that the Underwriters' obligations to make their respective purchases are subject to certain terms and conditions set forth in such Bond Purchase Agreement, including the approval of certain legal matters by their counsel and certain other conditions. The initial public offering prices of the Series 2017 Bonds may be changed, from time to time, by the Underwriters. The Underwriters may offer and sell the Series 2017 Bonds offered to the public to certain dealers (including dealers depositing the Series 2017 Bonds into unit investment trusts, certain of which may be sponsored or managed by one or more of the Underwriters) and others at prices other than the public offering prices stated on the inside front cover hereof.

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

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

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

[The Remainder of This Page Left Intentionally Blank]

FINANCIAL ADVISORS

George K. Baum & Company and Kipling Jones & Co. (collectively, the "Financial Advisors") have served as co-financial advisors to the Department for purposes of assisting the Department with the development and implementation of the bond program in connection with the Bonds. The Financial Advisors have not been engaged by the Department to compile, create or interpret any information in this Official Statement relating to the Department, including (without limitation) any of the Department's financial and operating data, whether historical or projected. Any information contained in this Official Statement concerning the Department, any of its affiliates or contractors and any outside parties has not been independently verified by the Financial Advisors, and inclusion of such information is not and should not be construed as a representation by either of the Financial Advisors as to its accuracy or completeness or otherwise. Neither of the Financial Advisors is a public accounting firm, and neither has been engaged by the Department to review or audit any information in this Official Statement in accordance with accounting standards.

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

FINANCIAL STATEMENTS

The financial statements of the Texas Department of Housing and Community Affairs-Revenue Bond Enterprise Fund as of and for the fiscal year ended August 31, 2016 included in APPENDIX D-1-1 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 six months ended February 28, 2017 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 2017 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 2017 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 2017 Bonds, or in any way contesting or affecting the validity of the Series 2017 Bonds, the Trust Indenture, or any proceedings of the Department taken with respect to the delivery of the Series 2017 Bonds, or the existence or powers of the Department insofar as they relate to the delivery of the Series 2017 Bonds or such pledge or application of moneys and security.

[The Remainder of This Page Left Intentionally Blank]

LEGALITY FOR INVESTMENT

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

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

To the extent that the Series 2017 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 2017 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 2017 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 2017 Bonds for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Series 2017 Bonds for such purposes.

[Remainder of This Page Intentionally Left Blank]

APPROVAL OF LEGALITY

Legal matters incident to the delivery of the Series 2017 Bonds are subject to the approving opinion of Bracewell LLP, Bond Counsel. Certain legal matters will be passed upon for the Department by its General Counsel, James "Beau" Eccles, Esq., and by its Co-Disclosure Counsel, McCall, Parkhurst & Horton L.L.P and Mahomes Bolden PC. Certain legal matters will be passed upon for the Underwriters by their counsel Chapman and Cutler LLP.

In its capacity as Bond Counsel, Bracewell LLP has reviewed the information appearing in this Official Statement describing the Series 2017 Bonds, the security therefor and the federal income tax status thereof, appearing under "THE SERIES 2017 BONDS" (but excluding the information contained therein under the subheadings "Average Life and Prepayment Speeds" and "DTC and Book-Entry"), "SECURITY FOR THE BONDS" (but excluding the information set forth under the subheadings "The Prior Bonds" and "Prior Mortgage Certificates"), "THE TRUST INDENTURE," "TEXAS TREASURY SAFEKEEPING TRUST COMPANY," "TAX MATTERS RELATING TO THE SERIES A BONDS," "TAX MATTERS RELATING TO THE TAXABLE BONDS," "LEGALITY FOR INVESTMENT" and "APPROVAL OF LEGALITY" and in APPENDIX A, APPENDIX E, and APPENDIX I (but excluding the information contained therein under the subheadings "The Program and the Mortgage Loans – Servicing," "The Program and the Mortgage Loans – 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 2017 Supplemental Indentures, the Depository Agreement, the Series 2017 Bonds and the federal tax implications with respect to the Series 2017 Bonds. Bond Counsel was not requested to participate and did not take part in the preparation of any other information contained herein and did not assume responsibility with respect thereto or undertake independently to verify the accuracy of any of such information. Except as set forth above, Bond Counsel does not pass upon the fairness, accuracy or completeness of this Official Statement, and no person is entitled to rely upon such firm's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of the information contained herein.

[Remainder of This Page Intentionally Left Blank]

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 2017 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 2017 Bonds.

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

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

By: Timothy K. Irvine
Executive Director

[Remainder of This Page Intentionally Left Blank]

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 2017 Supplemental Indentures.

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

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

"Authorized Denomination" shall mean $1.00 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 2017 Supplemental Indentures.

"Bond Purchase Agreement" shall mean the Bond Purchase Agreement providing for the initial purchase of the Series 2017 Bonds by the Underwriters.

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

"Bondholder," "Holder," "Owner" 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 2017 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 day on which the New York Stock Exchange is closed.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[The Remainder of This Page Left Intentionally Blank]

"Ginnie Mae Certificate" or "GNMA Certificate" shall mean a fully-modified, mortgage-backed, pass-through security (or participation therein) 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 Master Servicer into a Ginnie Mae pool.

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

"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 2017 Bonds, the first Business day of each month commencing August 1, 2017 and any other date on which the Series 2017 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 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);obligations of the Student Loan Marketing Association ("SLMA") excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date;

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

(h) federal funds, unsecured certificates of deposit, time deposits and banker's 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;

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

(j) 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);

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

(l) 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;

(m) 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;

(n) 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;

(o) 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);

(p) 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;

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

(r) 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;

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

(t) 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 2017 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 Department's Amended and Restated Single Family Mortgage Revenue Bond Trust Indenture, dated as of June 1, 2017, which amends and restates the Single Family Mortgage Revenue Bond Trust Indenture, dated as of October 1, 1980, as previously amended and supplemented, pursuant to which the Bonds of each Series are authorized to be issued.

"Master Servicer" when used with respect to Program 87, shall mean Idaho Housing and Finance Association, or any successor thereto as servicer for such Program and when used with respect to another particular Program, shall mean the entity designated as servicer for such Program in the documents for such Program, or any successor thereto.

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

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

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

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

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

"Mortgage Loan Principal Payments" shall mean all Mortgage Loan Principal Prepayments and all regularly scheduled payments of principal with respect to all Mortgage Loans included in the 2017 A Mortgage Certificates, 2017 C Mortgage Certificates and 2017 B Transferred Mortgage Certificates, respectively.

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

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

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

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

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

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

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

"Paying Agent" shall mean the Trustee.

"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 any bond insurance policies will be deposited until disbursed.

"Portfolio Mortgage Loans" shall mean those Mortgage Loans originated under the Indenture and not pooled into Mortgage Certificates.

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

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

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

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

"Program Guidelines" shall mean the Program Guidelines for Texas Department of Housing and Community Affairs effective February 23, 2017, relating to specific provisions of the Program, as amended from time to time.

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

"Rating Agency" shall mean: (i) S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, 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.

"Refunded Bonds" shall mean the Department's Single Family Mortgage Revenue Bonds, 2007 Series B.

"Revenues" when used with respect to the Series 2017 Bonds, shall mean in addition to those items defined as such in the Trust Indenture, all amounts paid or required to be paid from time to time on the 2017 A Mortgage Certificates, 2017 C Mortgage Certificates and the 2017 B Transferred Mortgage Certificates, respectively, including any payments received from Ginnie Mae, Fannie Mae or Freddie Mac pursuant to their respective guaranties of the Ginnie Mae Certificates, Fannie Mae Certificates or Freddie

Mac Certificates (as applicable), all Mortgage Loan Principal Payments representing the same, all prepayment premiums or penalties received by or on behalf of the Department in respect of the 2017 A Mortgage Certificates, 2017 C Mortgage Certificates and the 2017 B Transferred Mortgage Certificates, respectively, and all other net proceeds of such 2017 A Mortgage Certificates, 2017 C Mortgage Certificates and the 2017 B Transferred Mortgage Certificates.

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

"Series 2017 Bonds" shall mean collectively the Series A Bonds, Series B Bonds and Series C Bonds.

"Series A Bonds" shall mean the Department's Single Family Mortgage Revenue Bonds, 2017 Series A, issued under the Trust Indenture and the Sixty-Third Supplemental Indenture.

"Series B Bonds" shall mean the Department's Single Family Mortgage Revenue Refunding Bonds, 2017 Series B (Taxable), issued under the Trust Indenture and the Sixty-Fourth Supplemental Indenture.

"Series C Bonds" shall mean the Department's Single Family Mortgage Revenue Bonds, 2017 Series C (Taxable), issued under the Trust Indenture and the Sixty-Fifth Supplemental Indenture.

"Servicing Agreement" shall mean the Mortgage Acquisition, Pooling and Servicing Agreement dated as of October 3, 2016 between the Department and Idaho Housing and Finance Association, as servicer, together with any amendments thereto.

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

"Sixty-Fifth Supplemental Indenture" shall mean the Sixty-Fifth Supplemental Single Family Mortgage Revenue Bond Trust Indenture, dated as of June 1, 2017, 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 C Bonds is authorized.

"Sixty-Fourth Supplemental Indenture" shall mean the Sixty-Fourth Supplemental Single Family Mortgage Revenue Bond Trust Indenture, dated as of June 1, 2017, by and between the Department and The Bank of New York Mellon Trust Company, N.A., as trustee, pursuant to which the issuance of the Series B Bonds is authorized.

"Sixty-Third Supplemental Indenture" shall mean the Sixty-Third Supplemental Single Family Mortgage Revenue Bond Trust Indenture, dated as of June 1, 2017, by and between the Department and The Bank of New York Mellon Trust Company, N.A., as trustee, pursuant to which the issuance of the Series A Bonds is authorized.

"State" shall mean the State of Texas.

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

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

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

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

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

"Swap Agreement Periodic Payment Account" shall mean, collectively, the Swap Agreement Periodic Payment Accounts within the Debt Service Fund held by the Trustee in which Swap Agreement Periodic Payments are held until disbursed.

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

"Swap Agreement Periodic Receipt Subaccount" shall mean, collectively, the Swap Agreement Periodic Receipt Subaccounts within the Surplus Revenues Account of the Revenue Fund held by the Trustee in which Swap Agreement Periodic Receipts are held until disbursed.

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

"Swap Agreement Termination Payment Subaccount" shall mean, collectively, the Swap Agreement Termination Payment Subaccounts within the Surplus Revenues Account of the Revenue Fund held by the Trustee in which Swap Agreement Termination Payments are held until disbursed.

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

"Swap Agreement Termination Receipt Subaccount" shall mean, collectively, the Swap Agreement Termination Receipt Subaccounts within the Surplus Revenues Account of the Revenue Fund held by the Trustee in which Swap Agreement Termination Receipts 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.

"2017 A Mortgage Certificates" shall mean Mortgage Certificates which are purchased by the Trustee on and subsequent to the issuance date of the Series A Bonds and pledged by the Department to the Trustee pursuant to the Trust Indenture and the Sixty-Third Supplemental Indenture.

"2017 A Mortgage Loan Account" shall mean the 2017 A Account of the Mortgage Loan Fund.

"2017 A Mortgage Loans" shall mean the Mortgage Loans included in each Mortgage Pool represented by a 2017 A Mortgage Certificate.

“2017 A Redemption Subaccount” shall mean the 2017 A Subaccount of the Redemption Account of the Debt Service Fund.

“2017 A Revenue Account” shall mean the 2017 A Account of the Revenue Fund.

“2017 B Mortgage Loan Account” shall mean the 2017 B Account of the Mortgage Loan Fund.

“2017 B Redemption Subaccount” shall mean the 2017 B Subaccount of the Redemption Account of the Debt Service Fund.

“2017 B Revenue Account” shall mean the 2017 B Account of the Revenue Fund.

“2017 B Transferred Mortgage Certificates” shall mean the Mortgage Certificates allocated to the 2017 B Mortgage Loan Account.

“2017 C Mortgage Certificates” shall mean Mortgage Certificates which are purchased by the Trustee on and subsequent to the issuance date of the Series C Bonds and pledged by the Department to the Trustee pursuant to the Trust Indenture and the Sixty-Fifth Supplemental Indenture.

“2017 C Mortgage Loan Account” shall mean the 2017 C Account of the Mortgage Loan Fund.

“2017 C Mortgage Loans” shall mean the Mortgage Loans included in each Mortgage Pool represented by a 2017 C Mortgage Certificate.

“2017 C Revenue Account” shall mean the 2017 C Account of the Revenue Fund.

“Underwriters” shall mean Ramirez & Co., Inc. and the other underwriters named on a schedule to the Bond Purchase Agreement.

“VA” shall mean the United States of America Department of Veterans Affairs.

“VA Mortgage Loan” shall mean a Mortgage Loan guaranteed by the VA under the provisions of the Servicemen’s Readjustment Act of 1944 or Chapter 37 of Title 38 of the United States Code, as amended, and which complies with the provisions of the Trust Indenture.

[Remainder of Page Intentionally Left Blank]

[This Page Intentionally Left Blank]

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 eighty-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 months, the claim payment amount is determined according to a formula based upon an appraisal of the property performed by RDA. The lender's actual disposition costs may be higher than the RDA claim payment.

Private Mortgage Insurance Programs

The Department requires that each private mortgage insurer approved for insuring Mortgage Loans

(i) shall be approved to issue policies of private mortgage insurance by the Board of Insurance of the State,

(ii) be approved to insure mortgages purchased by Fannie Mae or Freddie Mac, and

(iii) shall assure the Department in writing that foreclosure of a Mortgage Loan solely on the basis of non-compliance of such Mortgage Loan with provisions of Section 103A of the Tax Code of 1954 and its successor provisions will be an insured event under the terms of its policy of private mortgage insurance. The Freddie Mac eligibility requirements for approving private mortgage insurers presently provide that not more than 10% of the insurers' mortgage insurance risk may be represented by mortgage insurance covering property other than real property.

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

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

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

Mortgage Pool Insurance

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

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

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

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

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

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

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

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

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

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

Standard Hazard Insurance Policies

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

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

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

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

Foreclosure Laws

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

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

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

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

[Remainder of Page Intentionally Left Blank]

[THIS PAGE INTENTIONALLY LEFT BLANK]

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").

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.

[Remainder of Page Intentionally Left Blank]

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C-2

FREDDIE MAC AND THE FREDDIE MAC CERTIFICATES

General

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

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

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

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

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

Federal Housing Finance Agency Actions

In accordance with the Federal Housing Finance Regulatory Reform Act of 2008 (the "Regulatory Reform Act"), the Federal Housing Finance Agency (the "FHFA") was named as the conservator of both Fannie Mae and Freddie Mac (each, a "GSE") on September 6, 2008. The FHFA immediately succeeded to (1) all rights, titles, powers and privileges of each GSE, and of any stockholder, officer or director of such GSE with respect to the GSE and its assets, and (2) title to all books, records and assets of the GSE held by any other legal custodian or third party. Under the Act, the FHFA 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) FHFA 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.

[Remainder of Page Intentionally Left Blank]

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

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

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

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

Fannie Mae currently is required to file periodic financial disclosures with the U.S. Securities and Exchange Commission (the “SEC”), including Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, together with any required exhibits. These reports and other information can be read and copied at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. The SEC currently maintains a website (http://www.sec.gov) that contains reports, proxy statements and other information that Fannie Mae has filed with the SEC. The Senior Preferred Stock Purchase Agreement between the Treasury and Freddie Mac requires Freddie Mac to provide the Treasury with annual reports on Form 10-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 website is not part of this Official Statement.

[THIS PAGE INTENTIONALLY LEFT BLANK]

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 http://www.sec.gov. The periodic reports filed by Fannie Mae with the SEC are also available on Fannie Mae's website at http://www.fanniemae.com/portal/about-fm/investor-relations/quarterly-annual-results.html or from Fannie Mae at the Office of Investor Relations at 202-752-7115.

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

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

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

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

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

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

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

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

[Remainder of Page Intentionally Left Blank]

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D-1-1

AUDITED FINANCIAL STATEMENTS

OF THE

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

REVENUE BOND PROGRAM

FOR THE FISCAL YEAR ENDED

AUGUST 31, 2016

[THIS PAGE INTENTIONALLY LEFT BLANK]

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Revenue Bond Program Enterprise Fund

Basic Financial Statements
for the Year Ended August 31, 2016

(With Independent Auditor's Report)

This Page Intentionally Left Blank

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
REVENUE BOND PROGRAM ENTERPRISE FUND
Basic Financial Statements
for the Year Ended August 31, 2016

TABLE OF CONTENTS

This Page Intentionally Left Blank

State Auditor's Office

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Revenue Bond Program Enterprise Fund (Program) of the Department of Housing and Community Affairs (Department), as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Robert E. Johnson Building
1501 N. Congress Avenue
Austin, Texas 78701

P.O. Box 12067
Austin, Texas 78711-2067

Phone:
(512) 936-9500

Fax:
(512) 936-9400

Internet:
www.sao.texas.gov

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Program of the Department, as of August 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Fund Financial Statements

As discussed in Note 1, the financial statements present only the Program, an enterprise fund of the Department and of the State of Texas, and do not purport to, and do not, present fairly the financial position of the Department or the State of Texas as of August 31, 2016, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 20, 2016, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

Lisa R. Collier

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

December 20, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the Texas Department of Housing and Community Affairs - Revenue Bond Program ("Bond Program") annual financial report presents management's discussion and analysis of the financial performance of the Bond Program of the Texas Department of Housing and Community Affairs ("Department") during the fiscal year that ended on August 31, 2016. Please read it in conjunction with the Department's Bond Program financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Bond Program's net position increased by $7.3 million. This was primarily because of a positive $11.5 million difference between interest income and interest expense offset by an increase of $2.0 million in bond issuance expenses and an increase of $2.0 million in servicer expenses.

- The Bond Program had an Operating Income of $11.6 million, a decrease of $1.6 million from the prior year. The change in operating income was a result of the following factors. Interest and investment income decreased $5.5 million due to declining loan and investment balances; the net change in fair value of investments increased from a negative change of $8.7 million in fiscal year 2015 to a negative change of $3.7 million in fiscal year 2016, an overall change of $5.0 million; bond interest expense decreased $5.6 million due to lower bonds outstanding and lower interest rates related to variable rate debt; and other operating expenses increased $4.8 million primarily due to bond issuance and servicer expenses.

- The Bond Program's debt outstanding of $1.5 billion as of August 31, 2016, decreased $55.0 million due to debt retirements of $293.9 million offset by $194.6 million in new bond issuances and $45.7 million in notes payable. Loan originations for the year totaled $10.7 million in the Bond Program.

- In accordance with Governmental Accounting Standards Board Statement (GASB) No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the Department identified its derivative instruments, measured their effectiveness, and reported the derivative instruments at fair value. The Department's interest rate swaps, which were primarily used to hedge changes in interest rates, are considered to be derivative instruments under GASB 53. GASB 53 requires the fair value of a derivative to be reported at the end of the fiscal year in the balance sheet and GASB No. 72, *Fair Value Measurement and Application*, requires the fair value of a derivative to be computed taking into account nonperformance risk. As of August 31, 2016, the Department's four interest rate swaps had a total notional amount of $128.8 million and a negative $15.1 million fair value which was recorded in the deferred outflow of resources account and as a derivative swap liability.

FINANCIAL STATEMENTS

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

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

FINANCIAL ANALYSIS OF THE REVENUE BOND PROGRAM

Bond Program - Condensed Statement of Net Position

			Increase (Decrease)	
	2016	**2015**	**Amount**	**Percentage**
ASSETS:				
Current Assets:				
Cash and investments	$ 185,864,185	$ 111,929,738	$ 73,934,447	66.05 %
Loans and Contracts	23,383,276	10,063,694	13,319,582	132.35 %
Interest receivable	8,637,189	11,768,167	(3,130,978)	(26.61)%
Other Current Assets	284,316	1,092,963	(808,647)	(73.99)%
Non-Current Assets:				
Investments	646,470,841	701,151,445	(54,680,604)	(7.80)%
Loans and Contracts	998,197,532	1,023,972,998	(25,775,466)	(2.52)%
Other Non-Current Assets	22,626	31,173	(8,547)	(27.42)%
Total assets	1,862,859,965	1,860,010,178	2,849,787	0.15 %
DEFERRED OUTFLOWS OF RESOURCES	15,095,971	16,909,723	(1,813,752)	(10.73)%
LIABILITIES:				
Current Liabilities				
Notes payable	214,880	-	214,880	-
Bonds payable	27,896,818	18,841,004	9,055,814	48.06 %
Interest payable	13,676,647	17,593,119	(3,916,472)	(22.26)%
Other current liabilities	465,632	350,055	115,577	33.02 %
Non-Current Liabilities				
Notes payable	45,490,181	-	45,490,181	-
Bonds payable	1,406,985,542	1,516,769,854	(109,784,312)	(7.24)%
Derivative Hedging Instrument	15,095,971	16,909,723	(1,813,752)	(10.73)%
Other non-current liabilities	142,348,859	87,929,042	54,419,817	61.89 %
Total liabilities	1,652,174,530	1,658,392,797	(6,218,267)	(0.37)%
DEFERRED INFLOWS OF RESOURCES				
NET POSITION:				
Restricted for Bonds	217,016,529	208,295,086	8,721,443	4.19 %
Unrestricted	8,764,877	10,232,018	(1,467,141)	(14.34)%
Total Net Position	$ 225,781,406	$ 218,527,104	$ 7,254,302	3.32 %

The Net Position of the Bond Program increased $7.3 million, or 3.3%, to $225.8 million. The restricted net position of the Bond Program increased $8.7 million, or 4.2%. The increase can be primarily attributed to a positive difference between interest earnings and interest expense offset by an increase of other operating expenses of the Bond Program. The unrestricted net position decreased $1.5 million, or 14.3%, to $8.8 million. The unrestricted net position is composed of $8.0 million related to the Operating Fund and $3.1 million related to the Taxable Mortgage Program offset by a negative net position related to Multifamily of $2.4 million.

Cash and investments (current and non-current) increased $19.3 million, or 2.4%, to $832.3 million, primarily due to investment of proceeds from new bond issuance offset by the sale of investments used to retire debt.

The Bond Program's loans and contracts (current and non-current) decreased $12.5 million, or 1.2%, to $1.0 billion, due primarily as a result of loans paid off related to the Department's Multi-family Bond Program. Total bonds payable (current and non-current) decreased $100.7 million, or 6.6%, due to the Department's monthly retirement of existing debt primarily due to consumer refinancing and paying off of original loans and the retirement of the associated debt. In addition, the Department issued $45.7 million in notes payable to provide funding to developers of two new multifamily properties. The $54.4 million increase in other non-current liabilities is related to the proceeds of these issued multifamily bonds and notes payable.

In accordance with GASB No. 53 and GASB No. 72*,* the Department reported its derivative instruments at fair value on the balance sheet. The Department's four interest rate swaps are considered to be derivative instruments per GASB No. 53. The negative $15.1 million fair value of the swaps increased by $1.8 million and is reported as deferred outflow of resources and a derivative hedging instrument classified as a liability.

A comparison between 2016 and 2015 for the Statement of Revenues, Expenses, and Changes in Fund Net Position is as follows:

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

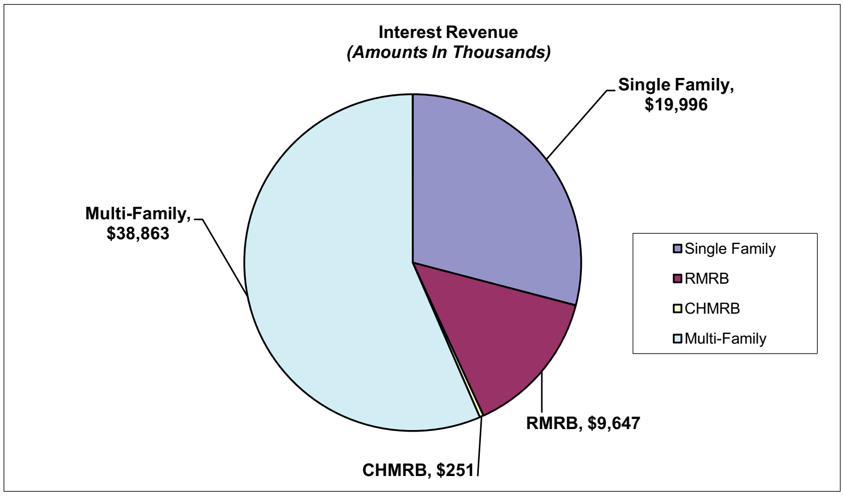
			Increase (Decrease)	
	2016	2015	Amount	Percentage
OPERATING REVENUES:				
Interest and investment income	$ 69,009,361	$ 74,527,772	$ (5,518,411)	(7.40)%
Net change in fair value of investments	(3,711,414)	(8,734,724)	5,023,310	(57.51)%
Other operating revenues	13,773,771	14,766,816	(993,045)	(6.72)%
Total operating revenues	79,071,718	80,559,864	(1,488,146)	(1.85)%
OPERATING EXPENSES:				
Professional fees and services	1,816,814	1,503,748	313,066	20.82 %
Printing and reproduction	72,176	66,000	6,176	9.36 %
Interest	57,510,277	63,071,760	(5,561,483)	(8.82)%
Bad debt expense	865,227	449,516	415,711	92.48 %
Down payment assistance	293,292	206,186	87,106	42.25 %
Other operating expenses	6,960,570	2,111,299	4,849,271	229.68 %
Total operating expenses	67,518,356	67,408,509	109,847	0.16 %
OPERATING INCOME (LOSS)	11,553,362	13,151,355	(1,597,993)	(12.15)%
TRANSFERS	(4,299,060)	(4,416,910)	117,850	(2.67)%
CHANGE IN NET POSITION	7,254,302	8,734,445	(1,480,143)	(16.95)%
BEGINNING NET POSITION	218,527,104	209,792,659	8,734,445	4.16 %
ENDING NET POSITION	$ 225,781,406	$ 218,527,104	$ 7,254,302	3.32 %

Earnings within the Bond Program's various bond indentures were $79.1 million, of which $65.3 million is classified as restricted and $13.8 million as unrestricted.

Restricted earnings are primarily composed of $68.8 million in interest and investment income and $3.7 million net decrease in fair value of investments. Interest and investment income is restricted per bond covenants for debt service and the net decrease in fair value is reflective of unrealized gains and losses.

Unrestricted earnings are composed of $252.2 thousand in interest and investment income and $13.6 million in other operating revenue.

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



Interest earned on program loans decreased by $2.1 million, or 5.0%, due primarily to a decrease of $2.0 million, or 5.0%, within the Bond Program's Multi-Family Program, due to lower loan amounts outstanding throughout the year as a result of loan payoffs.

Investment income decreased $3.5 million, or 10.4%, and reflected lower investment yields due to declining investment balances. The decrease was primarily due to a decrease of $1.6 million in the Single Family Revenue Bond Program and a $1.7 million decrease in the Residential Mortgage Revenue Bond Program related to the retirement of their respective bonds outstanding.

Expenses of the Bond Program consist primarily of interest expense and other operating expenses of the Bond Program. Interest expense was $57.5 million, which decreased $5.6 million, or 8.8%, on the Bond Program's debt incurred to fund its various lending programs. Other operating expenses increased $4.8 million primarily due to $2.0 million in bond issuance expenses and $2.0 million in servicer expenses.

The changes in net assets by bond indenture for the Bond Program for fiscal years 2016 and 2015 are as follows:

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

Fund	2016	2015	Increase (Decrease) Amount	Increase (Decrease) Percentage
Single Family	$ 99,670	$ 98,988	$ 682	0.7 %
RMRB	110,207	102,118	8,089	7.9 %
CHMRB	1,774	1,744	30	1.7 %
Taxable Mortgage Program	7,730	9,448	(1,718)	(18.2)%
Multifamily	(2,392)	(2,171)	(221)	10.2 %
General funds	8,792	8,401	391	4.7 %
Total	$ 225,781	$ 218,528	$ 7,253	3.3 %

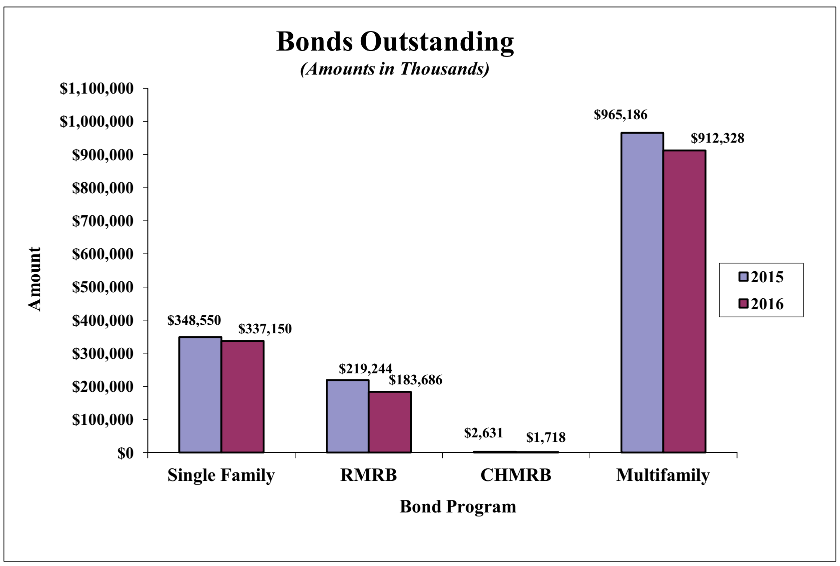
The Net Position of the Residential Mortgage Revenue Bond Program increased by $8.1 million, or 7.9%, primarily due to a positive difference of $2.8 million between interest income and bond interest expense, $6.4 million transferred from the Taxable Mortgage Program to fund down payment assistance loans offset by a negative change in fair value of investments of $389.0 thousand.

The Net Position of the Taxable Mortgage Program decreased by $1.7 million, or 18.2%, primarily due to a $1.7 million decrease in settlement fees collected.

BOND PROGRAM BONDS OUTSTANDING

The Bond Program also had $293.9 million in bond 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 $100.7 million to $1.4 billion of which $27.9 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 2016 and 2015 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.

This Page Intentionally Left Blank

BASIC

FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION
As of August 31, 2016

ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 2)		
Cash in Bank	$	5,671
Cash Equivalents		9,115,647
Restricted Assets:		
Cash and Cash Equivalents (Note 2)		
Cash in Bank		17,331,630
Cash Equivalents		159,404,001
Short-term Investments (Note 2)		7,236
Loans and Contracts		23,383,276
Interest Receivable		8,632,490
Receivable:		
Interest Receivable		4,699
Accounts Receivable		215,218
Other Current Assets		69,098
Total Current Assets		218,168,966
Non-Current Assets :		
Investments (Note 2)		1,809,256
Restricted Assets:		
Investments (Note 2)		644,661,585
Loans and Contracts		998,197,532
Other Non-current Assets		
Real Estate Owned, net		22,626
Total Non-Current Assets		1,644,690,999
Total Assets	$	1,862,859,965
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated decrease in fair value of hedging derivative (Note 5)		15,095,971
Total Deferred Outflows of Resources	$	15,095,971
LIABILITIES		
Current Liabilities		
Payables:		
Accounts Payable	$	226,809
Accrued Bond Interest Payable		13,676,647
Notes and Loans Payable (Note 3)		214,880
Revenue Bonds Payable (Notes 3 & 4)		27,896,818
Other Current Liabilities		238,823
Total Current Liabilities		42,253,977
Non-Current Liabilities		
Notes and Loans Payable (Note 3)		45,490,181
Revenue Bonds Payable (Note 3 & 4)		1,406,985,542
Derivative Hedging Instrument (Note 5)		15,095,971
Other Non-Current Liabilities (Note 3)		142,348,859
Total Non-Current Liabilities		1,609,920,553
Total Liabilities	$	1,652,174,530
DEFERRED INFLOWS OF RESOURCES		
		-
Total Deferred Inflows of Resources	$	-
NET POSITION		
Restricted for Bonds		217,016,529
Unrestricted		8,764,877
Total Net Position	$	225,781,406

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

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the fiscal year ended August 31, 2016

OPERATING REVENUES	
Interest and Investment Income	$ 69,009,361
Net (Decrease) in Fair Value	(3,711,414)
Other Operating Revenues	13,773,771
Total Operating Revenues	79,071,718
OPERATING EXPENSES	
Professional Fees and Services	1,816,814
Printing and Reproduction	72,176
Interest	57,510,277
Bad Debt Expense	865,227
Down Payment Assistance	293,292
Other Operating Expenses	6,960,570
Total Operating Expenses	67,518,356
Operating Income	11,553,362
OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS	
Transfers Out	(4,299,060)
Total Other Revenues, Expenses, Gains, Losses and Transfers	(4,299,060)
CHANGE IN NET POSITION	7,254,302
Net Position, September 1, 2015	218,527,104
NET POSITION, AUGUST 31, 2016	$ 225,781,406

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, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds from Loan Programs	$ 114,969,232
Proceeds from Other Revenues	32,531,493
Payments to Suppliers for Goods/Services	(59,668,099)
Payments for Loans Provided	(10,724,851)
Net Cash Provided By Operating Activities	77,107,775
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from Debt Issuance	194,841,500
Proceeds from Notes Payable	45,740,000
Payments from Transfers to Other Funds	(4,299,060)
Payments of Principal on Debt Issuance	(251,885,342)
Payments of Interest	(59,327,056)
Payments for Other Cost of Debt	(2,222,555)
Net Cash (Used for) Noncapital Financing Activities	(77,152,513)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales of Investments	166,145,307
Proceeds from Interest/Invest. Income	31,271,937
Payments to Acquire Investments	(123,435,507)
Net Cash Provided by Investing Activities	73,981,737
Net Increase in Cash and Cash Equivalents	73,936,999
Cash and Cash Equivalents, September 1, 2015	111,919,950
Cash and Cash Equivalents, August 31, 2016	$ 185,856,949

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

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

STATEMENT OF CASH FLOWS (Continued)
For the fiscal year ended August 31, 2016

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Income	$	11,553,362
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Provision for Uncollectibles		865,227
Operating Income and Cash Flow Categories		
Classification Differences		(2,333,792)
Changes in Assets and Liabilities:		
Decrease in Receivables		49,560
Decrease in Accrued Interest Receivable		3,130,978
Decrease in Loans / Contracts		12,455,884
Decrease in Property Owned		8,547
Decrease in Other Assets		759,087
Increase in Payables		48,096
(Decrease) in Accrued Interest Payable		(3,916,472)
Increase in Other Liabilities		54,487,298
Total Adjustments		65,554,413
Net Cash Provided by Operating Activities	$	77,107,775

NON CASH TRANSACTIONS
Decrease in Fair Value of Investments for 2016 was $3,711,414

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

This Page Intentionally Left Blank

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

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

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

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

Investments — The Bond Program follows the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. GASB Statement No. 31 requires certain types of investments to be reported at fair value on the Statement of Net Position. The Bond Program utilizes established quoted market prices for determining the fair value of its debt securities in reserve funds. The Bond Program's portfolio of mortgage-backed securities consists of pools of mortgage loans exchanged for mortgage-backed securities or mortgage pass-through certificates. Fair value of the Bond Program's securitized mortgage loans (GNMA/FNMA) has been estimated by each bond issue's trustee using a pricing service. In accordance with GASB No. 72, *Fair Value Measurement and Application*, the Department would be required to disclose the hierarchy within which the fair value measurement is categorized. The Department has concluded that its investments do not meet the definition of investments as prescribed by GASB No. 72 so this disclosure in not necessary in Note 2.

The Bond Program has reported all investment securities at fair value as of August 31, 2016, with the exception of certain money market investments, and nonparticipating interest-earning investment contracts, which are reported at amortized cost (historical cost adjusted for amortization of premiums and accretion of discounts), provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors (see Note 2).

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

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

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

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

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

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

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

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 Statement of Net Position and the reported revenues and expenses for the period. Actual results could differ significantly from those estimates. Management judgments and accounting estimates are made in the evaluation of the allowance for estimated losses on loans and real estate owned.

NOTE 2: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS

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

Deposits of Cash in Bank
In accordance with bond trust indentures and depository agreements, all cash is to be fully collateralized, with the collateral held by a third party in the name of the Department. At August 31, 2016, the Department's cash and deposits were fully collateralized by securities with a trustee in the Department's name. As of August 31, 2016, the carrying amount of deposits was $17,337,301.

Current Assets Cash in Bank	
Texas Treasury Safekeeping Trust	$ 5,671
Current Assets Restricted Cash in Bank	
Texas Treasury Safekeeping Trust	2,627,689
Demand Deposits	14,703,941
Cash in Bank	$ 17,337,301

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

The Department holds $74,274,491 in overnight repurchase agreements maturing on the following business day, September 1, 2016, at a rate of .27%.

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

At August 31, 2016, the fair value of investments (including both short-term and long-term) are shown below.

Business Type Activities	Carrying Value	Fair Value
U.S. Government Agency Obligations	$ 562,257,016	$ 615,065,540
U.S. Treasury Bills	14,829,103	14,829,103
Repurchase Agreements (TTSTC)	74,274,491	74,274,491
Fixed Income Money Markets	79,416,054	79,416,054
Misc (Investment Agreements/GICs)	31,412,537	31,412,537
Total	$ 762,189,201	$ 814,997,725

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

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

As of August 31, 2016, 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			$ 85,030,745	
U.S. Treasury Bills			$ 14,829,103	
Repurchase Agreements (TTSTC)	$ 74,274,491			
Misc (Investment Agreements/GICs)	$ 31,412,537			

Investment Type	Not Rated	AAA-M	AA-M	A-M
Fixed Income Money Market		$ 79,416,054		

A total of $530,034,795 was not subject to credit risk disclosure due to their explicit guarantee by the U.S. Government which is composed of U.S. Government Agency obligations issued by the Government National Mortgage Association.

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2016, the Department's concentration of credit risk is as follows.

Issuer	Carrying Value	% of Total Porfolio
Greenwich	$ 74,274,491	9.11%

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

Interest Rate Risk

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

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

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

Remaining Maturity (in months)

Business Type Activities	Fair Value	12 months or less	13 to 24 months	25 to 60 months	More than 60 months
U.S. Government Agency Obligations	$ 615,065,540	$ 7,236	$ 49,010	$ 941,443	$ 614,067,851
Repurchase Agreements (TTSTC)	74,274,491	74,274,491			
U.S. Treasury Bills	14,829,103	14,829,103			
Fixed Income Money Markets	79,416,054	79,416,054			
Misc (Investment Agreements/GICs)	31,412,537				31,412,537
Total	$ 814,997,725	$ 168,526,884	$ 49,010	$ 941,443	$ 645,480,388

Highly Sensitive Investments

Mortgage backed securities-These securities are subject to early payment in a period of declining interest rates. These prepayments result in a reduction of expected total cash flows affecting the fair value of these securities and make the fair value of these securities highly sensitive to the changes in interest rates. The Department does not make it a common practice to sell these investments. However, in recent years the Department has sold some of these investments at a premium and used the realized gain to fund Down Payment Assistance loans in connection with the Single Family, First-Time Homebuyer Program. Any fluctuation in fair value generates an unrealized gain or loss. As of August 31, 2016, the Department holds $615,065,540 in mortgage backed securities.

NOTE 3: SUMMARY OF LONG TERM LIABILITIES

Changes in Long-Term Liabilities

During the year ended August 31, 2016, the following changes occurred in liabilities.

Business-Type Activities	Balance 09/01/2015	Additions	Reductions	Balance 08/31/2016	Amounts Due Within One Year
Revenue Bonds Payable	$ 1,535,610,858	$ 194,841,500	$ 295,569,998	$ 1,434,882,360	$ 27,896,818
Notes Payable	-	45,740,000	34,939	45,705,061	214,880
Total Business-Type Activities	$ 1,535,610,858	$ 240,581,500	$ 295,604,937	$ 1,480,587,421	$ 28,111,698

NOTE 3: SUMMARY OF LONG TERM LIABILITIES Cont'd

Revenue Bonds Payable
The Department issues bonds to assist in financing the purchase of homes by or the construction of rental housing for families with very low to moderate incomes. Loan payments provide the revenues for debt service payments. (See Note 4 for more information.) The $295,569,998 in reductions is inclusive of $1,657,185 in amortization of bond premium/discount and the $194,841,500 in additions is inclusive of $231,500 as a result of a multifamily bond issued at a premium.

Notes Payable
The Department issues notes to provide funding to nonprofit and for-profit developers of multifamily properties to construct or rehabilitate rental housing. These notes are limited obligations of the Department and are payable solely from the payments received from the assets and guarantors, which secure the notes.

Texas Department of Housing and Community Affairs Notes Payable Debt Service Requirements Business-Type Activities			
Year	**Principal**	**Interest**	**Total**
2017	$ 214,880	$ 1,473,793	$ 1,688,673
2018	224,147	1,487,321	1,711,468
2019	233,815	1,477,950	1,711,765
2020	243,899	1,470,410	1,714,309
2021	254,419	1,457,980	1,712,399
2022-2026	1,446,465	7,123,120	8,569,585
2027-2031	1,786,487	6,793,549	8,580,036
2032-2036	12,300,949	4,979,370	17,280,319
2037-2041	29,000,000	473,604	29,473,604
Totals	**$ 45,705,061**	**$ 26,737,097**	**$ 72,442,158**

Other Non-current Liabilities
Other non-current liabilities in the Enterprise Fund totaling $142,348,859 account for funds due to Developers as a result of Multifamily bond proceeds which have corresponding investment balances adjusted to market value. These proceeds are conduit debt issued on behalf of the Developer for the purpose of Multifamily developments and are held by the trustee. Due to the various variables related to the balance, the current portion cannot be reasonably estimated.

NOTE 4: BONDED INDEBTEDNESS

The Department has 106 bond series outstanding at August 31, 2016. 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, 7 and 8.) Proceeds from the issuance of bonds under the Single Family indenture prior to 1987 and Residential Mortgage Revenue Bonds (RMRB) Series 1987A Programs were used to acquire loans. Proceeds from Collateralized Home Mortgage Revenue Bond (CHMRB) and the remaining Single Family and RMRB programs were used to acquire pass-through certificates (GNMA, FNMA, FHLMC) backed by mortgage loans. Proceeds from the remaining Multifamily bond issues were used to finance mortgage loans.

Interest on bonds and collateralized mortgage obligations is payable periodically.

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

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

Bond contractual maturities (principal only) at August 31, 2016, are as follows (in thousands):

Description	2017	2018	2019	2020	2021	2022 to 2026	2027 to 2031
Single-family	$ 385	$ 3,660	$ 430	$ 430	$ 445	$ 22,745	$ 29,900
RMRB	4,655	4,990	4,820	5,190	5,330	29,290	32,960
CHMRB						1,700	
Multifamily	22,772	35,421	9,441	10,014	10,665	88,572	107,305
Total	$ 27,812	$ 44,071	$ 14,691	$ 15,634	$ 16,440	$ 142,307	$ 170,165

Description	2032 to 2036	2037 to 2041	2042 to 2046	2047 to 2051	2052 to 2056	2057 to 2061	Total
Single-family	$ 108,875	$ 120,390	$ 49,890	$	$	$	$ 337,150
RMRB	40,910	54,465					182,610
CHMRB							1,700
Multifamily	165,003	319,448	115,643	21,988	5,993		912,265
Total	$ 314,788	$ 494,303	$ 165,533	$ 21,988	$ 5,993	$	$ 1,433,725

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2016

NOTE 4: BONDED INDEBTEDNESS Cont'd

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

The interest payment requirements at August 31, 2016, are as follows (in thousands):

Description	2017	2018	2019	2020	2021	2022 to 2026	2027 to 2031
Single-family	$ 7,597	$ 7,677	$ 7,643	$ 7,623	$ 7,598	$ 37,341	$ 35,889
RMRB	6,676	6,526	6,353	6,170	5,960	26,109	19,008
CHMRB	112	124	112	112	124	336	
Multifamily	37,432	36,873	36,148	35,579	34,966	163,696	133,009
Total	$ 51,817	$ 51,200	$ 50,256	$ 49,484	$ 48,648	$ 227,482	$ 187,906

Description	2032 to 2036	2037 to 2041	2042 to 2046	2047 to 2051	2052 to 2056	2057 to 2061	Total
Single-family	$ 32,702	$ 18,105	$ 7,602	$	$	$	$ 169,777
RMRB	12,120	4,540					93,462
CHMRB							920
Multifamily	101,319	54,112	17,220	3,011	639		654,004
Total	$ 146,141	$ 76,757	$ 24,822	$ 3,011	$ 639	$	$ 918,163

Interest requirements on variable rate debt are calculated using the interest rate in effect at August 31, 2016. Interest rates on variable rate debt reset on a weekly basis by the remarketing agent.

Changes in Bonds Payable

Description	Bonds Outstanding 09/01/15	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/16	Amounts Due Within One Year
Single Family	$ 347,390,000	$ 144,940,000	$ 3,055,000	$ 152,125,000	$ 337,150,000	$ 385,000
RMRB	217,685,000		4,700,000	30,375,000	182,610,000	4,730,509
CHMRB	2,600,000			900,000	1,700,000	2,276
Multifamily	965,352,798	49,670,000	8,044,834	94,712,979	912,264,985	22,779,033
Total Principal	$ 1,533,027,798	$ 194,610,000	$ 15,799,834	$ 278,112,979	$ 1,433,724,985	$ 27,896,818
Unamortized Premium	2,749,681				1,157,375	
Unamortized (Discount)	(166,621)					
Total	$ 1,535,610,858				$ 1,434,882,360	

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2016

NOTE 4: BONDED INDEBTEDNESS Cont'd

Demand Bonds

The Department currently holds six single family bond series in the amount $141,560,000 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 8/31/16	Liquidity Facility Expiration Date
2004A Jr. Lien	JP Morgan	Comptroller of Public Accounts	0.12%	$ 3,855,000	8/31/2017
2004B	JP Morgan	Comptroller of Public Accounts	0.12%	39,380,000	8/31/2017
2004D	Piper Jaffray	Comptroller of Public Accounts	0.12%	25,700,000	8/31/2017
2005A	JP Morgan	Comptroller of Public Accounts	0.12%	31,130,000	8/31/2017
2005C	JP Morgan	Comptroller of Public Accounts	0.12%	3,090,000	8/31/2017
2007A	JP Morgan	Comptroller of Public Accounts	0.12%	38,405,000	8/31/2017
Total Demand Bonds				$ 141,560,000	

These bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest with proper notice and delivery to the corresponding remarketing agent. If the remarketing agent is unable to remarket any bonds, the liquidity facility will purchase the bonds (bank bonds). The liquidity agreement is subject to renewal yearly on an ongoing basis. The Department shall use its best effort to cause the bonds to be purchased from the liquidity facility as soon as possible. The purchased bonds are not subject to term out provisions. For fiscal year 2016, the Trustee did not draw from the liquidity provider, Comptroller of Public Accounts, related to the Department's demand bonds.

Federal Arbitrage Regulations

In accordance with Federal law, the Agency is required to rebate to the Internal Revenue Service ("IRS") the excess of the amount derived from investing the bond proceeds over the amount that would have been earned if those investments had a rate equal to the yield on the bond issue. As of August 31, 2016, the Bond Program has no liabilities to report to the IRS.

Pledged and Other Sources

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

NOTE 4: BONDED INDEBTEDNESS Cont'd

	Pledged and Other Sources and Related Expenditures for FY 2016						
	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	$ 169,658,121	$ 2,716,623	$ 3,055,000	$ 12,232,010	$ 506,925,648	2046	100%
Total Residential Mtg Revenue Bonds	38,379,888	252,155	4,700,000	7,289,920	276,071,307	2041	100%
Total 1992 CHMRB	1,151,133	701		155,857	2,621,324	2024	100%
Total Multifamily Bonds	133,327,054		8,044,834	38,615,467	1,566,269,555	2054	100%
Total	**$ 342,516,196**	**$ 2,969,479**	**$ 15,799,834**	**$ 58,293,254**	**$ 2,351,887,834**		

Current Refunding

On October 29, 2015, the Department issued Series 2015 A & B Single Family Revenue Bonds. Series 2015 A for $33,825,000 was issued for the primary purpose of refunding and redeeming the Single Family Mortgage Revenue Bonds Series 2006H. Refunding the 2006H Bonds will allow the Department to reduce its outstanding variable rate debt, terminate the related liquidity facility, and terminate the 2006H Swap. This refunding transaction resulted in a deferred amount of $405,254 which represented the termination fee and fair value of the interest rate swap hedging the variable rate debt. During the current period, $405,254 of the deferral amount has been recognized as period bond interest expense. This transaction also gave rise to a $16,046,131 economic loss and a cash flow loss of $24,735,357.

On February 24, 2016, the Department issued Series 2016 A & B Single Family Revenue Bonds. Series 2016 B for $59,735,000 was issued for the primary purpose of refunding and redeeming the Single Family Mortgage Revenue Bonds Series 2006ABCDE. This transaction also gave rise to a $16,175,194 economic gain and a cash flow gain of $15,136,636.

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

NOTE 5: DERIVATIVE INSTRUMENTS Cont'd

Summary

The fair value balances and notional amounts of derivative instruments outstanding as of August 31, 2016, classified by type, and the changes in fair value of such derivative instruments for the year ended as reported in the 2016 financial statements are as follows.

Business Type Activities		Changes in Fair Value		Fair Value at August 31, 2016		
Cash Flow Hedges	Bond Issue	Classification	Amount	Classification	Amount	Notional
Pay-fixed, receive-variable interest rate swap	2004B	Deferred outflow of resources	$ 383,594	Debt	$ (2,874,866)	$ 33,530,000
Pay-fixed, receive-variable interest rate swap	2004D	Deferred outflow of resources	89,725	Debt	(1,645,410)	25,700,000
Pay-fixed, receive-variable interest rate swap	2005A	Deferred outflow of resources	(39,722)	Debt	(5,276,164)	31,130,000
Pay-fixed, receive-variable interest rate swap	2006H	Deferred outflow of resources	582,595	Debt	-	-
Pay-fixed, receive-variable interest rate swap	2007A	Deferred outflow of resources	797,560	Debt	(5,299,531)	38,405,000
			$ 1,813,752		$ (15,095,971)	$ 128,765,000

Terms and Fair Value

The terms, including the fair value of the outstanding swaps as of August 31, 2016 are as follows. The notional amounts of the swaps match the principal amount of the associated debt.

Counterparty	Notional Amount	Fair Value	Effective Date	Fixed Rate	Variable Rate	Swap Termination Date
Bank of New York Melllon	$ 33,530,000	$ (2,874,866)	3/1/2014	3.67%	65.5% of LIBOR + .20%	9/1/34 (a)
Goldman Sachs Bank USA	25,700,000	(1,645,410)	1/1/2005	3.08%	Lesser of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR	3/1/35 (b)
JP Morgan Chase Bank	31,130,000	(5,276,164)	8/1/2005	4.01%	Less of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR	9/1/36 (c)
JP Morgan Chase Bank	38,405,000	(5,299,531)	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	$ 128,765,000	$ (15,095,971)				

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

NOTE 5: DERIVATIVE INSTRUMENTS Cont'd

During the year ended August 31, 2016, the Department adopted GASB Statement No. 72 – Fair Value Measurement and Application, which addresses accounting and financial reporting issues related to fair value measurements. In accordance to GASB 72, the fair value of these derivative instruments was measured using the Income Approach. Using observable inputs of interest rate markets and municipal bond yields, the fair value measurement is based on the present value of future implied cash flows reflective of non-performance risk. The fair value hierarchy disclosure is as follows:

Derivative Instruments	Total	Input Level 1	Input Level 2	Input Level 3
Pay-fixed, receive-variable interest rate swap	$ (15,095,971)		$ (15,095,971)	
Total	$ (15,095,971)		$ (15,095,971)	

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

Credit Risk
As of August 31, 2016, the Department is not exposed to credit risk on any of its outstanding swaps because the swaps currently have a negative fair value indicating an obligation for the Department to pay the counterparty as opposed to receive payments should the Department exercise it's optional right to terminate. If interest rates change and the fair value of the swaps become positive, the department would be exposed to credit risk on those swaps. The swap agreements contain varying collateral agreements. The 2004B swap contains swap termination insurance policies with Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) to mitigate a portion of any termination payment due by the Department. The credit ratings for the counterparties are as follows.

Counterparty	Standard & Poor's	Moody's
Bank of New York Mellon	AA-/Stable	Aa2/Stable
Goldman Sachs Bank USA*	A/Review Upgrade	A1/Stable
JP Morgan Chase Bank	A+/Stable	Aa3/Stable

*Guaranteed by Goldman Sachs Group, Inc.

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

Rollover Risk
Rollover risk is the risk that arises when a derivative associated with a government's variable-rate debt does not extend all the way to the maturity date of the associated debt, thereby creating a gap in the protection otherwise afforded by the derivative. The Department is not exposed to rollover risk on swap agreements because the variable rate debt has been structured to decline with the swap notional balances. The counterparties in the swap agreements have limited rights to terminate the swap.

NOTE 5: DERIVATIVE INSTRUMENTS Cont'd

They can terminate only if the Department were to be downgraded below investment grade or default on any swap payments. The swap providers cannot unilaterally terminate any of the swaps subjecting the Department to rollover risk.

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

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

Swap Payments and Associated Debt
Using rates as of August 31, 2016, debt service requirements of the Department's outstanding variable-rate debt and net swap payments are as follows. As rates vary, variable-rate debt bond interest payments and new swap payments will vary. The Department's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to follow scheduled reductions in the associated bonds outstanding.

Fiscal Year	Variable-Rate Bonds		Interest Rate	Total
Ending August 31	Principal	Interest	Net	
2017	$ -	$ 719,353	$ 3,957,094	$ 4,676,447
2018		874,718	3,957,094	4,831,812
2019		874,718	3,957,094	4,831,812
2020		876,721	3,957,094	4,833,815
2021		872,714	3,957,094	4,829,808
2022-2026	20,125,000	4,089,238	19,133,884	43,348,122
2027-2031	26,780,000	3,369,564	16,277,490	46,427,054
2032-2036	72,305,000	1,764,286	8,466,143	82,535,429
2037-2041	15,405,000	108,250	690,107	16,203,357
	$ 134,615,000	**$ 13,549,562**	**$ 64,353,094**	**$ 212,517,656**

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, 2016, the Department has an aggregate liability related to the interest rate swaps in the amount of $2,102,880 payable September 1, 2016.

NOTE 6: CONTINUANCE SUBJECT TO REVIEW

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

NOTE 7: CONTINGENCIES AND COMMITMENTS

The Department is a defendant in one legal action; *Rick Sims vs. Texas Department of Housing and Community Affairs, et al.* ("Sims").

In *Sims*, the Plaintiff alleges violations of the Fair Housing Act, Rehabilitation Act of 1973, and the Americans with Disabilities Act, and seeks declaratory and injunctive relief. We are in the early phase of this lawsuit. Plaintiff has amended its complaint and TDHCA has filed a motion to dismiss. The court has stayed any discovery until after he rules on the motion to dismiss.

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 for TDHCA or Counterparty
2004B (1)	None	A3/A- or below for AGM and TDHCA	After downgrade of AGM and TDHCA or counterparty, collateral exposure with no threshold
2004D	Yes, if MTM exceeds ($7.5M)	A3/A- or below	After downgrade, collateral exposure with no threshold
2005A	None	A2/A	After downgrade to A2/A, collateral exposure if MTM exceeds ($7.5M); after downgrade to A3/A or below, collateral exposure with no threshold
2007A	None	A2/A	After downgrade to A2/A, collateral exposure if MTM exceeds ($7.5M); after downgrade to A3/A or below, collateral exposure with no threshold

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

As of August 31, 2016 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 $15,095,971. If the collateral posting requirements had been triggered at August 31, 2016, the Department would have been required to post eligible collateral equal to the aggregate fair value of the derivative instruments.

Taxable Mortgage Program

On July 26, 2012, the Department approved the Taxable Mortgage Program ("TMP"). The TMP market facilitates the forward trading of Mortgage Backed Securities ("MBSs") issued by Ginnie Mae and Fannie Mae. In a TMP trade, the seller and buyer agree to the type of security, coupon, face value, price and settlement date at the time of trade but do not specify the actual pools to be traded.

NOTE 7: CONTINGENCIES AND COMMITMENTS Cont'd

The securities are "to be announced" two business days prior to the trade settlement date. The TMP program was created to provide loans to low to moderate income homebuyers. The program is paid for from revenues generated by the packaging and sale of the TMP MBSs. Escrow agreements were negotiated and established to limit the recourse to the servicer and the to-be-announced provider who delivers the MBSs to the purchaser. The total amount of the escrow is $4 million, which is funded from the Department's general funds. The TMP program commenced on October 1, 2012.

NOTE 8: SUBSEQUENT EVENTS

Debt Issuance	Series	Amount	Date of Issuance	Purpose
Revenue Bonds	Multifamily Revenue Bonds MF Series 2016 Skyline Place Apartments	$ 18,750,000	9/15/2016	The multifamily bonds are issued for the primary purpose to finance the acquisition, construction, and equipping of multifamily rental housing developments. The Sklyine Place Apartments will be located in
Notes Payable	Multifamily Governmental Note Mercantile Apartments	$ 29,500,000	9/30/2016	The multifamily governmental notes are issued for the primary purpose to finance the acquisition, construction, and equipping of multifamily rental housing developments. The Mercantile Apartments will be located in Fort Worth, Texas.

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. The Department carries Public Official Liabilities Insurance coverage in the amount of $10,000,000 that includes Network Security and Cyber Liability in the amount of $1,000,000; Automobile Liability Insurance in the amount of $1,000,000; Errors and Omissions Insurance in the amount of $500,000 related to loan servicing for others; Crime Insurance in the amount of $350,000; and Commercial Property, Equipment Breakdown & Terrorism Insurance for the Alpine Retirement Center, the Insurance Annex Building and the Twin Towers Office Center in the amount of $4,245,671.

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 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2016

NOTE 10: SEGMENT INFORMATION FOR ENTERPRISE FUND

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

CONDENSED STATEMENT OF NET POSITION

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds
Restricted Assets:			
Current Assets	$ 42,171,616	$ 25,923,923	$ 79,984
Non-Current Assets	400,778,342	269,164,308	3,414,130
Total Assets	442,949,958	295,088,231	3,494,114
Deferred Outflows of Resources:	15,095,971		
Liabilities:			
Current Liabilities	6,514,724	5,925,398	4,607
Non-Currrent Liabilities	351,860,971	178,955,546	1,715,559
Total Liabilities	358,375,695	184,880,944	1,720,166
Deferred Inflows of Resources:			
Net Position:			
Restricted Net Position	$ 99,670,234	$ 110,207,287	$ 1,773,948
Net Position:	$ 99,670,234	$ 110,207,287	$ 1,773,948

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

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds
Operating Revenues:			
Interest and Investment Income	$ 19,995,870	$ 9,647,405	$ 251,133
Net (Decrease) in Fair Value	(3,266,756)	(389,009)	(77,557)
Other Operating Revenues	212,634		
Operating Expenses	(15,864,584)	(7,545,452)	(143,649)
Operating Income (Loss)	1,077,164	1,712,944	29,927
Nonoperating Revenues (Expenses):			
Transfers In (Out)	(394,555)	6,376,424	
Changes in Net Position	682,609	8,089,368	29,927
Net Position, September 1, 2015	98,987,625	102,117,919	1,744,021
Net Position, August 31, 2016	$ 99,670,234	$ 110,207,287	$ 1,773,948

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	$ (3,077,392)	$ (5,405,701)	$ (621)
Noncapital Financing Activities	(25,845,820)	(36,196,523)	(1,066,386)
Investing Activities	35,260,629	46,067,985	1,058,448
Net Increase (Decrease)	6,337,417	4,465,761	(8,559)
Beginning Cash and Cash Equivalents	34,039,525	20,541,913	71,013
Ending Cash and Cash Equivalents	$ 40,376,942	$ 25,007,674	$ 62,454

* * * * * * * * * * * * *

SUPPLEMENTAL

SCHEDULES

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

SUPPLEMENTAL SCHEDULE — STATEMENT OF NET POSITION INFORMATION
BY INDIVIDUAL ACTIVITY (UNAUDITED)
AS OF AUGUST 31, 2016

	Single-Family Program	RMRB Program	CHMRB Program	Taxable Mortgage Program	Multifamily Program	Operating Fund	Total
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents:							
Cash in bank	$	$	$	$	$	$ 5,671	$ 5,671
Cash equivalents				1,313,818		7,801,829	9,115,647
Restricted assets:							
Cash and cash equivalents:							
Cash in bank	2,627,689				14,703,941		17,331,630
Cash equivalents	37,749,253	25,007,674	62,454	1,935,881	94,245,157	403,582	159,404,001
Short-term investments				7,236			7,236
Loans and contracts	433,678	177,246			22,772,352		23,383,276
Interest receivable	1,336,129	734,813	17,530	8,814	6,533,490	1,714	8,632,490
Receivable:							
Interest receivable				4,640		59	4,699
Accounts receivable						215,218	215,218
Other current assets	24,867	4,190		26,498		13,543	69,098
Total current assets	42,171,616	25,923,923	79,984	3,296,887	138,254,940	8,441,616	218,168,966
NONCURRENT ASSETS:							
Investments				1,809,256			1,809,256
Restricted assets:							
Investments	381,122,416	215,092,084	3,414,130	2,632,327	42,025,121	375,507	644,661,585
Loans, contracts, and notes receivable	19,634,098	54,072,224			924,491,179	31	998,197,532
Other noncurrent assets:							
Real estate owned — net	21,828					798	22,626
Total noncurrent assets	400,778,342	269,164,308	3,414,130	4,441,583	966,516,300	376,336	1,644,690,999
TOTAL ASSETS	$ 442,949,958	$ 295,088,231	$ 3,494,114	$ 7,738,470	$ 1,104,771,240	$ 8,817,952	$ 1,862,859,965
DEFERRED OUTFLOWS OF RESOURCES							
Accumulated decrease in fair value hedging derivatives	15,095,971						15,095,971
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 15,095,971	$	$	$	$	$	$ 15,095,971
LIABILITIES							
CURRENT LIABILITIES:							
Payables:							
Accounts payable	$ 115,641	$ 76,471	$ 82	$ 8,443	$	$ 26,172	$ 226,809
Accrued bond interest payable	5,775,439	1,118,418	2,249		6,780,541		13,676,647
Notes and Loans Payable					214,880		214,880
Revenue bonds payable	385,000	4,730,509	2,276		22,779,033		27,896,818
Other current liabilities	238,644					179	238,823
Total current liabilities	6,514,724	5,925,398	4,607	8,443	29,774,454	26,351	42,253,977
NONCURRENT LIABILITIES:							
Notes and Loans Payable					45,490,181		45,490,181
Revenue bonds payable	336,765,000	178,955,546	1,715,559		889,549,437		1,406,985,542
Derivative Hedging Instrument	15,095,971						15,095,971
Other noncurrent liabilities					142,348,859		142,348,859
Total noncurrent liabilities	351,860,971	178,955,546	1,715,559		1,077,388,477		1,609,920,553
TOTAL LIABILITIES	$ 358,375,695	$ 184,880,944	$ 1,720,166	$ 8,443	$ 1,107,162,931	$ 26,351	$ 1,652,174,530
DEFERRED INFLOWS OF RESOURCES							
TOTAL DEFERRED INFLOWS OF RESOURCES	$	$	$	$	$	$	$
NET POSITION							
RESTRICTED FOR BONDS	99,670,234	110,207,287	1,773,948	4,584,257		780,803	217,016,529
UNRESTRICTED				3,145,770	(2,391,691)	8,010,798	8,764,877
TOTAL NET POSITION	$ 99,670,234	$ 110,207,287	$ 1,773,948	$ 7,730,027	$ (2,391,691)	$ 8,791,601	$ 225,781,406

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

SUPPLEMENTAL SCHEDULE — STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION INFORMATION BY INDIVIDUAL ACTIVITY (UNAUDITED) FOR THE YEAR ENDED AUGUST 31, 2016

	Single-Family Program	RMRB Program	CHMRB Program	Taxable Mortgage Program	Multifamily Program	Operating Fund	Total
OPERATING REVENUES:							
Interest and investment income	$ 19,995,870	$ 9,647,405	$ 251,133	$ 211,559	$ 38,862,729	$ 40,665	$ 69,009,361
Net increase (decrease) in fair value	(3,266,756)	(389,009)	(77,557)	29,617		(7,709)	(3,711,414)
Other operating revenues	212,634			10,480,333		3,080,804	13,773,771
Total operating revenues	16,941,748	9,258,396	173,576	10,721,509	38,862,729	3,113,760	79,071,718
OPERATING EXPENSES:							
Professional fees and services	1,110,739	207,880	1,000			497,195	1,816,814
Printing and reproduction	24,189					47,987	72,176
Interest	11,477,727	6,806,575	142,948		39,083,027		57,510,277
Bad debt expense	667,606	190,505				7,116	865,227
Down Payment Assistance	5,893	287,399					293,292
Other operating expenses	2,578,430	53,093	(299)	4,275,637		53,709	6,960,570
Total operating expenses	15,864,584	7,545,452	143,649	4,275,637	39,083,027	606,007	67,518,356
Operating Income (Loss)	1,077,164	1,712,944	29,927	6,445,872	(220,298)	2,507,753	11,553,362
OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS							
Extraordinary items							
Transfers in (out)	(394,555)	6,376,424		(8,163,789)		(2,117,140)	(4,299,060)
CHANGE IN NET POSITION	682,609	8,089,368	29,927	(1,717,917)	(220,298)	390,613	7,254,302
NET POSITION — September 1, 2015	98,987,625	102,117,919	1,744,021	9,447,944	(2,171,393)	8,400,988	218,527,104
NET POSITION — August 31, 2016	$ 99,670,234	$ 110,207,287	$ 1,773,948	$ 7,730,027	$ (2,391,691)	$ 8,791,601	$ 225,781,406

This Page Intentionally Left Blank

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, 2016

Description of Issue	Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat. First Year	Final Maturity Date	First Call Date	
2004 Single Family Series B	$ 53,000,000	VAR - Weekly		2015	09/01/2034	03/01/2015	(e)
2004 Single Family Series A (Jr. Lien)	4,140,000	VAR - Weekly		2036	09/01/2036	09/01/2036	(e)
2004 Single Family Series D	35,000,000	VAR - Weekly		2035	03/01/2035	(f)	
2005 Single Family Series A	100,000,000	VAR - Weekly		2007	09/01/2036	03/01/2006	
2005 Single Family Series B	25,495,000	4.38%	4.38%	2006	09/01/2026	03/01/2006	
2005 Single Family Series C	8,970,000	VAR - Weekly		2017	09/01/2017	03/01/2006	
2005 Single Family Series D	3,730,000	5.00%	5.00%	2025	09/01/2035	03/01/2006	
2006 Single Family Series A	59,555,000	5.00%	5.00%	2008	09/01/2037	09/01/2006	
2006 Single Family Series B	70,485,000	5.00%	5.00%	2008	09/01/2034	09/02/2006	
2006 Single Family Series C	105,410,000	5.13%	5.13%	2008	09/01/2037	09/03/2006	
2006 Single Family Series D	29,685,000	4.50%	4.50%	2018	09/01/2028	09/04/2006	
2006 Single Family Series E	17,295,000	4.06%	4.06%	2007	09/01/2017	09/05/2006	
2006 Single Family Series H	36,000,000	VAR - Weekly		2016	09/01/2037	03/01/2016	
2007 Single Family Series A	143,005,000	VAR - Weekly		2008	09/01/2038	03/01/2008	(e)
2007 Single Family Series B	157,060,000	3.90%	5.63%	2008	09/01/2039	03/01/2008	
2013 Single Family Series A	42,500,000	2.80%	2.80%	2013	03/01/2036	09/01/2020	
2015 Single Family Series A	33,825,000	3.20%	3.20%	2039	9/1/2039	09/01/2024	
2015 Single Family Series B	19,870,000	3.13%	3.13%	2046	3/1/2046	09/01/2024	
2016 Single Family Series A	31,510,000	3.00%	3.00%	2046	3/1/2046	03/01/2025	
2016 Single Family Series B	59,735,000	3.18%	3.18%	2039	3/1/2039	03/01/2025	
2009 RMRB Series A	80,000,000	5.13%	5.13%	2011	07/01/2039	01/01/2019	
2009 RMRB Series B	22,605,000	4.72%	4.72%	2010	07/01/2022	01/01/2019	
2009 RMRB Series C-1	89,030,000	0.70%	3.57%	2029	07/01/2041	04/01/2011	
2009 RMRB Series C-2	60,080,000	0.60%	2.48%	2034	07/01/2041	11/01/2011	
2011 RMRB Series A	60,000,000	0.70%	5.05%	2012	07/01/2029	01/01/2021	
2011 RMRB Series B	87,955,000	0.30%	4.45%	2012	01/01/2034	01/01/2021	
1992 Coll Home Mtg Rev Bonds, Series C	72,700,000	3.48%	10.27%	2024	07/01/2024	05/04/1995	
TOTAL SINGLE FAMILY & RMRB BONDS	$ 1,508,640,000						
1996 MF Series A/B (Brighton's Mark Development)	$ 10,174,000	6.13%	6.13%	2026	04/01/2026	01/01/2003	
1998 MF Series A-C (Residence at the Oaks Projects)	8,200,000	5.98%	7.18%	2001	11/01/2030	05/01/2001	
1999 MF Series A-C (Mayfield Apartments)	11,445,000	5.70%	7.25%	2001	05/01/2031	05/01/2002	
2000 MF Series A (Timber Point Apartments)	8,100,000	VAR - Weekly		2003	09/01/2032	07/01/2000	(a)
2000 MF Series A/B (Oaks at Hampton Apartments)	10,060,000	7.20%	9.00%	2002	03/01/2040	03/01/2017	(a)
2000 MF Series A (Deerwood Apartments)	6,435,000	5.25%	6.40%	2003	12/01/2032	06/01/2010	
2000 MF Series A (Creek Point Apartments)	7,200,000	VAR - Weekly		2004	10/01/2032	07/01/2000	(a)
2000 MF Series A/B (Parks at Westmoreland Apartments)	9,990,000	7.20%	9.00%	2002	07/01/2040	07/01/2017	(a)
2000 MF Series A-C (Highland Meadow Village Apartments)	13,500,000	6.75%	8.00%	2004	11/01/2033	05/01/2019	
2000 MF Series A/B (Greenbridge at Buckingham Apartments)	20,085,000	7.40%	10.00%	2003	10/01/2040	03/01/2014	
2000 MF Series A-C (Collingham Park Apartments)	13,500,000	6.72%	7.72%	2004	11/01/2033	05/01/2019	
2000 MF Series A/B (Williams Run Apartments)	12,850,000	7.65%	9.25%	2002	11/01/2040	01/01/2011	
2001 MF Series A (Bluffview Apartments)	10,700,000	7.65%	7.65%	2003	05/01/2041	05/01/2018	
2001 MF Series A (Knollwood Apartments)	13,750,000	7.65%	7.65%	2003	05/01/2041	05/01/2018	
2001 MF Series A (Skyway Villas Apartments)	13,250,000	6.00%	6.50%	2005	12/01/2034	12/01/2011	
2001 MF Series A/B (Meridian Apartments)	14,310,000	5.45%	6.85%	2004	12/01/2034	12/01/2011	
2001 MF Series A/B (Wildwood Apartments)	14,365,000	5.45%	6.75%	2004	12/01/2034	12/01/2011	
2001 MF Series A (Oak Hollow Apartments)	8,625,000	7.00%	7.90%	2003	12/01/2041	11/01/2018	
2001 MF Series A/B (Hillside Apartments)	12,900,000	7.00%	9.25%	2003	12/01/2041	11/01/2018	
2002 MF Series A (Park Meadows Apartments)	4,600,000	6.53%	6.53%	2004	06/01/2034	05/01/2012	
2002 MF Series A (Clarkridge Villas Apartments)	14,600,000	7.00%	7.00%	2004	09/01/2042	08/01/2019	
2002 MF Series A (Hickory Trace Apartments)	11,920,000	7.00%	7.00%	2004	11/01/2042	12/01/2019	
2002 MF Series A (Green Crest Apartments)	12,500,000	7.00%	7.00%	2004	11/01/2042	11/01/2019	
2002 MF Series A/B (Ironwood Crossing)	16,970,000	5.50%	8.75%	2005	11/01/2042	10/01/2027	
2003 MF Series A/B (Reading Road)	12,200,000	VAR-Weekly		2007	07/01/2036	01/01/2004	(a)
2003 MF Series A/B (North Vista Apartments)	14,000,000	4.10%	5.41%	2006	06/01/2036	06/01/2013	
2003 MF Series A/B (West Virginia Apartments)	9,450,000	4.15%	5.41%	2006	06/01/2036	06/01/2013	
2003 MF Series A/B (Primrose Houston School)	16,900,000	5.50%	8.00%	2006	07/01/2036	07/01/2003	(a)

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

Supplementary Bond Schedules
MISCELLANEOUS BOND INFORMATION (Continued)
For the fiscal year ended August 31, 2016

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

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, 2016

Description of Issue	Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat. First Year	Final Maturity Date	First Call Date	
2009 MF Series A (Costa Mariposa Apartments)	$ 13,690,000	VAR - Weekly		2012	05/01/2042	(m)	
2009 MF Series A (Woodmont Apartments)	15,000,000	VAR - Weekly		2012	06/01/2042	(m)	
2013 MF Series A (Waters at Willow Run Apartments)	14,500,000	0.35%	0.35%	2014	10/01/2016	10/01/2014	
2014 MF Series A (Decatur-Angle Apartments)	23,000,000	5.75%	5.75%	2016	01/01/2054	09/01/2016	
2014 MF Series A (Northcrest Apartments)	2,900,000	0.35%	0.35%	2014	06/01/2017	01/01/2015	
2015 MF Series A (Good Samaritan Towers)	5,620,000	0.95%	0.95%	2017	09/01/2017	03/01/2017	
2015 MF Series A (Williamsburg Apts)	23,150,000	3.45%	3.45%	2016	01/01/2032	01/26/2016	(n)
2016 MF Series A (Chisolm Trace/Cheyenne Village)	13,500,000	0.80%	0.80%	2017	06/01/2018	06/01/2017	
2016 MF Series A (Fifty Oaks & Edinburg Village)	7,400,000	0.65%	0.65%	2017	08/01/2018	08/01/2017	
TOTAL MULTIFAMILY BONDS	$ 1,175,101,000						
TOTAL BONDS ISSUED	**$ 2,683,741,000**						

FOOTNOTES:

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

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

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

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

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

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

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

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

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

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

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

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

Supplementary Bond Schedules
MISCELLANEOUS BOND INFORMATION (Continued)
For the fiscal year ended August 31, 2016

(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.

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

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, 2016

Description of Issue	Bonds Outstanding 09/01/15	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/16	Amounts Due Within One Year
2004 Single Family Series B	$ 44,260,000	$	$	$ 4,880,000	$ 39,380,000	$
2004 Single Family Series A (Jr. Lien)	3,855,000				3,855,000	
2004 Single Family Series D	29,585,000			3,885,000	25,700,000	
2005 Single Family Series A	37,115,000			5,985,000	31,130,000	
2005 Single Family Series B	1,635,000		120,000	720,000	795,000	80,000
2005 Single Family Series C	3,090,000				3,090,000	
2005 Single Family Series D	825,000			395,000	430,000	
2006 Single Family Series A	15,430,000		130,000	15,300,000	-	
2006 Single Family Series B	16,195,000		280,000	15,915,000	-	
2006 Single Family Series C	25,840,000		315,000	25,525,000	-	
2006 Single Family Series D	5,395,000			5,395,000	-	
2006 Single Family Series E	5,155,000		1,645,000	3,510,000	-	
2006 Single Family Series H	36,000,000			36,000,000	-	
2007 Single Family Series A	48,190,000			9,785,000	38,405,000	
2007 Single Family Series B	46,495,000		565,000	10,450,000	35,480,000	305,000
2013 Single Family Series A	28,325,000			4,940,000	23,385,000	
2015 Single Family Series A		33,825,000		4,145,000	29,680,000	
2015 Single Family Series B		19,870,000		950,000	18,920,000	
2016 Single Family Series A		31,510,000		540,000	30,970,000	
2016 Single Family Series B		59,735,000		3,805,000	55,930,000	
2009 RMRB Series A	29,265,000		315,000	3,725,000	25,225,000	312,875
2009 RMRB Series B	8,310,000		815,000	895,000	6,600,000	815,000
2009 RMRB Series C-1	53,120,000			7,535,000	45,585,000	
2009 RMRB Series C-2	42,210,000			6,100,000	36,110,000	
2011 RMRB Series A	29,925,000		1,505,000	4,180,000	24,240,000	1,537,669
2011 RMRB Series B	54,855,000		2,065,000	7,940,000	44,850,000	2,064,965
1992 Coll Home Mtg Rev Bonds, Series C	2,600,000			900,000	1,700,000	2,276
Total Single Family Bonds	$ 567,675,000	$ 144,940,000	$ 7,755,000	$ 183,400,000	$ 521,460,000	$ 5,117,785
1996 MF Series A/B (Brighton's Mark Development)	$ 8,075,000	$	$	$	$ 8,075,000	$
1998 MF Series A-C (Residence at the Oaks Projects)	5,775,000		304,000		5,471,000	312,000
1999 MF Series A-C (Mayfield Apartments)	8,345,000		162,000	8,183,000		
2000 MF Series A (Timber Point Apartments)	6,470,000			200,000	6,270,000	
2000 MF Series A/B (Oaks at Hampton Apartments)	8,949,126		137,994		8,811,132	148,265
2000 MF Series A (Deerwood Apartments)	5,140,000		155,000		4,985,000	170,000
2000 MF Series A (Creek Point Apartments)	5,460,000			100,000	5,360,000	
2000 MF Series A/B (Parks at Westmoreland Apartments)	8,921,102		134,021		8,787,081	143,995
2000 MF Series A-C (Highland Meadow Village Apts)	7,321,000		207,000		7,114,000	221,000
2000 MF Series A/B (Greenbridge at Buckingham Apts)	19,201,598		132,697	19,068,901		
2000 MF Series A-C (Collingham Park Apartments)	10,947,000		327,000		10,620,000	348,000
2000 MF Series A/B (Williams Run Apartments)	11,471,869		18,647	11,453,222		
2001 MF Series A (Bluffview Apartments)	9,860,743		108,788		9,751,955	117,350
2001 MF Series A (Knollwood Apartments)	12,671,516		139,798		12,531,718	150,801
2001 MF Series A (Skyway Villas Apartments)	6,430,000		180,000		6,250,000	195,000
2001 MF Series A/B (Meridian Apartments)	7,980,000		105,000		7,875,000	108,000
2001 MF Series A/B (Wildwood Apartments)	6,160,000		84,000		6,076,000	89,000
2001 MF Series A (Oak Hollow Apartments)	5,967,842		69,771		5,898,071	74,815
2001 MF Series A/B (Hillside Apartments)	12,136,477		78,573		12,057,904	84,253
2002 MF Series A (Park Meadows Apartments)	3,710,000		105,000		3,605,000	105,000
2002 MF Series A (Clarkridge Villas Apartments)	12,952,368		141,579		12,810,789	151,814
2002 MF Series A (Hickory Trace Apartments)	10,712,555		116,315		10,596,240	124,723
2002 MF Series A (Green Crest Apartments)	10,693,610		86,957		10,606,653	91,863
2002 MF Series A/B (Ironwood Crossing)	16,040,594		149,198		15,891,396	160,780
2003 MF Series A/B (Reading Road)	10,450,000		40,000	200,000	10,210,000	40,000
2003 MF Series A/B (North Vista Apartments)	11,035,000		290,000		10,745,000	310,000
2003 MF Series A/B (West Virginia Apartments)	7,970,000		205,000		7,765,000	215,000
2003 MF Series A/B (Primrose Houston School)	15,699,796		150,631		15,549,165	163,327
2003 MF Series A/B (Timber Oaks Apartments)	12,474,139		104,630		12,369,509	109,710
2003 MF Series A/B (Ash Creek Apartments)	15,418,897		151,881		15,267,016	164,649
2003 MF Series A/B (Peninsula Apartments)	10,545,000		240,000	25,000	10,280,000	260,000
2003 MF Series A/B (Arlington Villas)	16,253,361		141,142		16,112,219	152,933
2003 MF Series A/B (Parkview Townhomes)	13,182,338		115,973		13,066,365	121,603
2003 MF Series A (NHP Foundation-Asmara Proj Refunding)	17,710,000			570,000	17,140,000	(9,343)
2004 MF Series A/B (Timber Ridge II Apartments)	6,314,809		59,619		6,255,190	63,909
2004 MF Series A/B (Century Park Townhomes)	11,025,000		255,000		10,770,000	275,000
2004 MF Series A/B (Providence at Veterans Memorial)	6,696,684		59,801		6,636,883	62,704
2004 MF Series A (Providence at Rush Creek II)	8,320,029		83,432		8,236,597	89,196
2004 MF Series A (Humble Parkway Townhomes)	10,605,000		165,000		10,440,000	180,000
2004 MF Series A (Chisholm Trail Apartments)	10,600,000			300,000	10,300,000	
2004 MF Series A (Evergreen at Plano Parkway)	13,927,403		134,309		13,793,094	143,376

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, 2016

Description of Issue	Bonds Outstanding 09/01/15	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/16	Amounts Due Within One Year
2004 MF Series A (Montgomery Pines Apartments)	$ 11,100,000	$	$	$ 300,000	$ 10,800,000	$ -
2004 MF Series A (Bristol Apartments)	11,500,000			200,000	11,300,000	
2004 MF Series A (Pinnacle Apartments)	13,265,000				13,265,000	
2004 MF Series A (Churchill at Pinnacle Park)	9,412,003		113,209		9,298,794	120,851
2004 MF Series A (Providence at Village Fair)	13,240,694		133,890		13,106,804	142,857
2005 MF Series A (Homes at Pecan Grove)	13,038,978		83,223		12,955,755	88,796
2005 MF Series A (Providence at Prairie Oaks)	10,385,016		104,309	32,899	10,247,808	110,996
2005 MF Series A (Port Royal Homes)	11,475,076		114,603		11,360,473	122,279
2005 MF Series A (Mission Del Rio Homes)	8,879,635		56,675		8,822,960	60,471
2005 MF Series A (Atascocita Pines Apartments)	10,890,000			100,000	10,790,000	
2005 MF Series A (Tower Ridge Apartments)	15,000,000				15,000,000	
2005 MF Series A (Prairie Ranch Apartments)	11,100,000		85,000	11,015,000		
2005 MF Series A (St Augustine Estate Apartments)	5,980,000			100,000	5,880,000	
2005 MF Series A (Park Manor Senior Community)	10,400,000			10,400,000		
2005 MF Series A (Providence at Mockingbird Apts)	10,753,459		92,903		10,660,556	98,045
2005 MF Series A (Plaza at Chase Oaks Apartments)	12,268,637		310,759		11,957,878	326,820
2005 MF Series A (Coral Hills Apartments)	4,485,000		100,000		4,385,000	100,000
2006 MF Series A (Harris Branch Apartments)	13,490,000			13,490,000		
2006 MF Series A (Bella Vista Apartments)	6,430,000		65,000		6,365,000	70,000
2006 MF Series A (Village Park Apartments)	9,580,000		195,000		9,385,000	205,000
2006 MF Series A (Oakmoor Apartments)	13,759,468		135,150		13,624,318	143,486
2006 MF Series A (The Residences at Sunset Pointe)	15,000,000				15,000,000	
2006 MF Series A (Hillcrest Apartments)	10,175,000		195,000		9,980,000	210,000
2006 MF Series A (Pleasant Village)	5,343,923		248,966	5,094,957	0	
2006 MF Series A (Red Hills Villas)	4,615,000			100,000	4,515,000	
2006 MF Series A (Champion Crossing Apartments)	4,475,000			100,000	4,375,000	100,000
2006 MF Series A (Meadowlands Apartments)	11,862,618		110,631		11,751,987	117,454
2006 MF Series A (East Tex Pines)	13,000,000		125,000		12,875,000	125,000
2006 MF Series A (Villas at Henderson)	6,615,000			100,000	6,515,000	
2006 MF Series A (Aspen Park)	9,115,000		125,000		8,990,000	135,000
2006 MF Series A (Idlewilde)	13,390,000			200,000	13,190,000	
2007 MF Series A (Lancaster)	13,380,000			200,000	13,180,000	
2007 MF Series A (Park Place at Loyola)	13,864,741		109,423		13,755,318	115,941
2007 MF Series A (Terrace at Cibolo)	4,900,000			100,000	4,800,000	
2007 MF Series A (Santora Villas)	11,766,999		97,025		11,669,974	102,804
2007 MF Series A (Villas at Mesquite Creek)	15,775,000		210,000		15,565,000	220,000
2007 MF Series A (Summit Point)	8,960,000			8,960,000		
2007 MF Series A (Costa Rialto)	10,296,693		94,312		10,202,381	99,483
2007 MF Series A (Windshire)	13,300,000			100,000	13,200,000	
2007 MF Series A (Residences at Onion Creek)	15,000,000				15,000,000	
2008 MF Series A (West Oaks Apartments)	12,215,000			140,000	12,075,000	
2008 MF Series A (Costa Ibiza Apartments)	13,120,000			200,000	12,920,000	
2008 MF Series A (Addison Park Apartments)	12,805,000			210,000	12,595,000	
2008 MF Series A (Alta Cullen Apartments Refunding)	12,100,000			200,000	11,900,000	
2009 MF Series A (Costa Mariposa Apartments)	13,270,000			105,000	13,165,000	
2009 MF Series A (Woodmont Apartments)	14,555,000			265,000	14,290,000	
2013 MF Series A (Waters @ Willow Run)	14,500,000				14,500,000	14,500,000
2014 MF Series A (Decatur Angle Apartments)	23,000,000				23,000,000	152,311
2014 MF Series A (Northcrest Apartments)	2,900,000			2,900,000		
2015 MF Series (Good Samaritan Towers)		5,620,000			5,620,000	
2015 MF Series (Williamsburg Apts)		23,150,000			23,150,000	172,716
2016 MF Series (Chisholm Trace/Cheyenne Village)		13,500,000			13,500,000	
2016 MF Series (Fifty Oaks & Edinburg Village)		7,400,000			7,400,000	
Total Multifamily Bonds	$ 965,352,798	$ 49,670,000	$ 8,044,834	$ 94,712,979	$ 912,264,985	$ 22,779,033
	$ 1,533,027,798	**$ 194,610,000**	**$ 15,799,834**	**$ 278,112,979**	**$ 1,433,724,985**	**$ 27,896,818**

FOOTNOTES:

(a) Bonds Outstanding balance at 8/31/16 does not include unamortized premium or discounts.

Bonds Outstanding per schedule	$ 1,433,724,985
Unamortized (Discount)/Premium:	
RMRB	1,076,055
CHMRB	17,835
Multi-Family	63,485
Bonds Outstanding	**$ 1,434,882,360**

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

SCHEDULE 5

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2016

DESCRIPTION		2017	2018	2019	2020	2021
2004 Single Family, Series A (Junior Lien)	Principal	-	-	-	-	-
2004 Single Family, Series A (Junior Lien)	Interest	22,745	25,828	25,828	25,888	25,769
2004 Single Family, Series B	Principal	-	-	-	-	-
2004 Single Family, Series B	Interest	214,750	267,784	267,784	268,397	267,171
2004 Single Family, Series D	Principal	-	-	-	-	-
2004 Single Family, Series D	Interest	132,546	161,910	161,910	162,281	161,539
2005 Single Family, Series A	Principal	-	-	-	-	-
2005 Single Family, Series A	Interest	166,565	199,232	199,232	199,688	198,776
2005 Single Family, Series B	Principal	80,000	75,000	70,000	70,000	85,000
2005 Single Family, Series B	Interest	37,665	33,825	30,345	26,985	23,625
2005 Single Family, Series C	Principal	-	3,090,000	-	-	-
2005 Single Family, Series C	Interest	16,986	9,346	-	-	-
2005 Single Family, Series D	Principal	-	-	-	-	-
2005 Single Family, Series D	Interest	21,500	21,500	21,500	21,500	21,500
2007 Single Family, Series A	Principal	-	-	-	-	-
2007 Single Family, Series A	Interest	205,491	245,792	245,792	246,355	245,229
2007 Single Family, Series B	Principal	305,000	495,000	360,000	360,000	360,000
2007 Single Family, Series B	Interest	1,822,258	1,807,840	1,786,803	1,768,623	1,750,443
2013 Single Family, Series A	Principal	-	-	-	-	-
2013 Single Family, Series A	Interest	654,780	654,780	654,780	654,780	654,780
2015 Single Family, Series A	Principal	-	-	-	-	-
2015 Single Family, Series A	Interest	949,760	949,760	949,760	949,760	949,760
2015 Single Family, Series B	Principal	-	-	-	-	-
2015 Single Family, Series B	Interest	591,250	591,250	591,250	591,250	591,250
2016 Single Family, Series A	Principal	-	-	-	-	-
2016 Single Family, Series A	Interest	947,166	929,100	929,100	929,100	929,100
2016 Single Family, Series B	Principal	-	-	-	-	-
2016 Single Family, Series B	Interest	1,813,157	1,778,574	1,778,574	1,778,574	1,778,574
TOTAL SINGLE FAMILY BONDS		7,981,619	11,336,521	8,072,658	8,053,181	8,042,516
2009 Residential Mtg Revenue Bonds, Series A	Principal	305,000	300,000	295,000	-	-
2009 Residential Mtg Revenue Bonds, Series A	Interest	1,317,810	1,306,240	1,294,465	1,285,665	1,285,665
2009 Residential Mtg Revenue Bonds, Series B	Principal	815,000	1,100,000	790,000	1,300,000	1,300,000
2009 Residential Mtg Revenue Bonds, Series B	Interest	324,337	281,993	232,928	187,425	119,175
2009 Residential Mtg Revenue Bonds, Series C-1	Principal	-	-	-	-	-
2009 Residential Mtg Revenue Bonds, Series C-1	Interest	1,310,569	1,310,569	1,310,569	1,310,569	1,310,569
2009 Residential Mtg Revenue Bonds, Series C-2	Principal	-	-	-	-	-
2009 Residential Mtg Revenue Bonds, Series C-2	Interest	895,528	895,528	895,528	895,528	895,528
2011 Residential Mtg Revenue Bonds, Series A	Principal	1,515,000	1,570,000	1,640,000	1,720,000	1,785,000
2011 Residential Mtg Revenue Bonds, Series A	Interest	1,101,387	1,051,725	993,659	927,750	855,081
2011 Residential Mtg Revenue Bonds, Series B	Principal	2,020,000	2,020,000	2,095,000	2,170,000	2,245,000
2011 Residential Mtg Revenue Bonds, Series B	Interest	1,725,878	1,679,482	1,625,529	1,563,300	1,494,455
TOTAL RESIDENTIAL MTG REVENUE BONDS		11,330,509	11,515,537	11,172,678	11,360,237	11,290,473
1992 Coll Home Mtg Rev Bonds, Series C	Principal	-	-	-	-	-
1992 Coll Home Mtg Rev Bonds, Series C	Interest	112,474	123,722	112,474	112,474	123,722
TOTAL COLL HOME MTG REV BONDS		112,474	123,722	112,474	112,474	123,722

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2016

2022-26	2027-31	2032-36	2037-41	2042-46	2047-51	2052-56	TOTAL REQUIRED
-	-	-	3,855,000	-	-	-	3,855,000
129,141	129,141	129,201	12,989	-	-	-	526,530
11,850,000	15,080,000	12,450,000	-	-	-	-	39,380,000
1,173,370	713,764	172,854	-	-	-	-	3,345,874
8,275,000	8,600,000	8,825,000	-	-	-	-	25,700,000
690,749	433,347	129,235	-	-	-	-	2,033,517
-	3,100,000	25,225,000	2,805,000	-	-	-	31,130,000
996,160	993,494	547,210	9,025	-	-	-	3,509,382
415,000	-	-	-	-	-	-	795,000
49,981	-	-	-	-	-	-	202,426
-	-	-	-	-	-	-	3,090,000
-	-	-	-	-	-	-	26,332
45,000	250,000	135,000	-	-	-	-	430,000
107,000	59,250	16,875	-	-	-	-	290,625
-	-	25,805,000	12,600,000	-	-	-	38,405,000
1,228,960	1,228,960	914,986	99,224	-	-	-	4,660,789
2,160,000	2,870,000	13,050,000	15,520,000	-	-	-	35,480,000
8,448,361	7,813,857	6,274,525	1,722,152	-	-	-	33,194,862
-	-	23,385,000	-	-	-	-	23,385,000
3,273,900	3,273,900	3,273,900	-	-	-	-	13,095,600
-	-	-	29,680,000	-	-	-	29,680,000
4,748,800	4,748,800	4,748,800	3,324,161	-	-	-	22,319,361
-	-	-	-	18,920,000	-	-	18,920,000
2,956,250	2,956,250	2,956,250	2,956,251	2,956,248	-	-	17,737,499
-	-	-	-	30,970,000	-	-	30,970,000
4,645,500	4,645,500	4,645,500	4,645,501	4,645,499	-	-	27,891,066
-	-	-	55,930,000	-	-	-	55,930,000
8,892,870	8,892,870	8,892,870	5,335,722	-	-	-	40,941,785
60,086,042	65,789,133	141,577,206	138,495,025	57,491,747	-	-	506,925,648
4,465,000	6,335,000	5,995,000	7,530,000	-	-	-	25,225,000
6,056,917	4,566,064	2,964,572	956,696	-	-	-	21,034,094
1,295,000	-	-	-	-	-	-	6,600,000
50,925	-	-	-	-	-	-	1,196,783
-	6,735,000	17,685,000	21,165,000	-	-	-	45,585,000
6,552,845	6,382,141	4,490,535	1,653,193	-	-	-	25,631,559
-	-	10,340,000	25,770,000	-	-	-	36,110,000
4,477,640	4,477,640	4,221,208	1,930,188	-	-	-	19,584,316
10,600,000	5,410,000	-	-	-	-	-	24,240,000
2,862,093	451,126	-	-	-	-	-	8,242,821
12,930,000	14,480,000	6,890,000	-	-	-	-	44,850,000
6,108,646	3,130,640	443,804	-	-	-	-	17,771,734
55,399,066	51,967,611	53,030,119	59,005,077	-	-	-	276,071,307
1,700,000	-	-	-	-	-	-	1,700,000
336,458	-	-	-	-	-	-	921,324
2,036,458	-	-	-	-	-	-	2,621,324

SCHEDULE 5

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2016

DESCRIPTION		2017	2018	2019	2020	2021
1996 MF Series A/B (Brighton's Mark)	Principal	-	-	-	-	-
1996 MF Series A/B (Brighton's Mark)	Interest	494,998	494,998	494,998	494,998	494,998
1998 MF Series A-C (Residence Oaks)	Principal	312,000	321,000	329,000	339,000	347,000
1998 MF Series A-C (Residence Oaks)	Interest	148,850	140,166	131,262	122,111	112,699
2000 MF Series A (Creek Point Apts)	Principal	-	-	-	-	-
2000 MF Series A (Creek Point Apts)	Interest	35,759	36,448	36,448	36,490	36,406
2000 MF Series A (Deerwood Apts)	Principal	170,000	180,000	190,000	205,000	220,000
2000 MF Series A (Deerwood Apts)	Interest	315,618	304,750	293,253	280,968	267,840
2000 MF Series A/B (Oaks at Hampton)	Principal	148,265	159,298	171,152	183,892	197,578
2000 MF Series A/B (Oaks at Hampton)	Interest	629,570	618,536	606,681	593,943	580,257
2000 MF Series A (Timber Point Apts)	Principal	-	-	-	-	-
2000 MF Series A (Timber Point Apts)	Interest	41,830	42,636	42,636	42,685	42,587
2000 MF Series A/B (Parks @ Westmoreland)	Principal	143,995	154,715	166,227	178,599	191,891
2000 MF Series A/B (Parks @ Westmoreland)	Interest	627,979	617,262	605,748	593,377	580,084
2000 MF Series A-C (Collingham Park)	Principal	348,000	370,000	392,000	417,000	444,000
2000 MF Series A-C (Collingham Park)	Interest	707,918	684,163	658,930	632,184	603,691
2000 MF Series A-C (Highland Meadow Apts)	Principal	221,000	237,000	253,000	271,000	290,000
2000 MF Series A-C (Highland Meadow Apts)	Interest	476,517	461,330	445,062	427,681	409,085
2001 MF Series A (Bluffview Senior Apts)	Principal	117,350	126,586	136,549	147,296	158,889
2001 MF Series A (Bluffview Senior Apts)	Interest	737,117	727,882	717,919	707,172	695,579
2001 MF Series A (Knollwood Villas Apts)	Principal	150,801	162,669	175,472	189,282	204,180
2001 MF Series A (Knollwood Villas Apts)	Interest	947,229	935,361	922,558	908,747	893,850
2001 MF Series A (Oak Hollow Apts.)	Principal	74,815	80,224	86,023	92,242	98,910
2001 MF Series A (Oak Hollow Apts.)	Interest	410,495	405,086	399,287	393,068	386,400
2001 MF Series A (Skyway Villas)	Principal	195,000	205,000	215,000	225,000	245,000
2001 MF Series A (Skyway Villas)	Interest	348,257	337,290	325,777	313,719	300,942
2001 MF Series A/B (Hillside Apts.)	Principal	84,253	90,344	96,875	103,878	111,387
2001 MF Series A/B (Hillside Apts.)	Interest	841,385	835,294	828,763	821,760	814,251
2001 MF Series A/B (Meridian Apts.)	Principal	108,000	119,000	123,000	132,000	147,000
2001 MF Series A/B (Meridian Apts.)	Interest	469,530	462,775	455,565	447,870	439,695
2001 MF Series A/B (Wildwood Apts.)	Principal	89,000	96,000	100,000	108,000	114,000
2001 MF Series A/B (Wildwood Apts.)	Interest	362,200	356,580	350,790	344,490	337,935
2002 MF Series A (Clarkridge Villas Apts)	Principal	151,814	162,788	174,556	187,175	200,706
2002 MF Series A (Clarkridge Villas Apts)	Interest	891,946	880,972	869,204	856,585	843,054
2002 MF Series A (Green Crest Apts)	Principal	91,863	97,044	102,518	108,301	114,410
2002 MF Series A (Green Crest Apts)	Interest	581,073	575,891	570,417	564,634	558,525
2002 MF Series A (Hickory Trace Apts)	Principal	124,723	133,740	143,408	153,775	164,891
2002 MF Series A (Hickory Trace Apts)	Interest	737,784	728,768	719,100	708,733	697,617
2002 MF Series A (Park Meadows Apts)	Principal	105,000	120,000	125,000	135,000	140,000
2002 MF Series A (Park Meadows Apts)	Interest	233,611	226,591	218,592	210,429	201,614
2002 MF Series A/B (Ironwood Crossing)	Principal	160,780	173,262	186,713	201,208	225,179
2002 MF Series A/B (Ironwood Crossing)	Interest	706,402	693,921	680,470	665,975	650,345
2003 MF Series A/B (Ash Creek Apts)	Principal	164,649	178,399	191,406	204,713	218,945
2003 MF Series A/B (Ash Creek Apts)	Interest	1,005,412	991,916	979,262	966,231	952,295
2003 MF Series A/B (North Vista Apts)	Principal	310,000	325,000	340,000	360,000	380,000
2003 MF Series A/B (North Vista Apts)	Interest	542,108	526,227	509,440	491,903	473,356
2003 MF Series A/B (Peninsula Apts)	Principal	260,000	275,000	295,000	315,000	335,000
2003 MF Series A/B (Peninsula Apts)	Interest	541,395	527,483	512,643	496,743	479,783

2022-26	2027-31	2032-36	2037-41	2042-46	2047-51	2052-56	TOTAL REQUIRED
8,075,000	-	-	-	-	-	-	8,075,000
2,474,985	-	-	-	-	-	-	4,949,975
1,886,000	1,937,000	-	-	-	-	-	5,471,000
413,268	136,304	-	-	-	-	-	1,204,660
-	-	5,360,000	-	-	-	-	5,360,000
182,240	182,240	42,564	-	-	-	-	588,595
1,360,000	1,935,000	725,000	-	-	-	-	4,985,000
1,102,080	589,920	46,878	-	-	-	-	3,201,307
1,231,607	1,763,397	2,524,810	2,431,133	-	-	-	8,811,132
2,657,572	2,125,781	1,364,369	331,347	-	-	-	9,508,056
-	-	6,270,000	-	-	-	-	6,270,000
213,180	213,180	46,296	-	-	-	-	685,030
1,196,152	1,712,639	2,451,137	2,591,726	-	-	-	8,787,081
2,663,722	2,147,235	1,407,812	383,975	-	-	-	9,627,194
2,679,000	3,669,000	2,301,000	-	-	-	-	10,620,000
2,524,032	1,483,071	235,805	-	-	-	-	7,529,794
1,778,000	2,479,000	1,585,000	-	-	-	-	7,114,000
1,717,844	1,017,834	164,093	-	-	-	-	5,119,446
1,002,904	1,464,777	2,139,354	4,458,250	-	-	-	9,751,955
3,269,434	2,807,563	2,132,981	1,120,038	-	-	-	12,915,685
1,288,780	1,882,305	2,749,170	5,729,059	-	-	-	12,531,718
4,201,369	3,607,844	2,740,981	1,439,302	-	-	-	16,597,241
612,716	868,601	1,231,354	1,745,598	1,007,588	-	-	5,898,071
1,813,834	1,557,949	1,195,200	680,954	22,299	-	-	7,264,572
1,450,000	1,955,000	1,760,000	-	-	-	-	6,250,000
1,281,046	812,328	204,103	-	-	-	-	3,923,462
690,012	978,179	1,386,690	1,965,807	6,550,479	-	-	12,057,904
3,938,179	3,650,011	3,241,497	2,662,381	151,479	-	-	17,785,000
900,000	6,336,000	10,000	-	-	-	-	7,875,000
2,047,455	1,364,640	1,975	-	-	-	-	5,689,505
683,000	4,881,000	5,000	-	-	-	-	6,076,000
1,575,220	792,250	1,000	-	-	-	-	4,120,465
1,243,313	1,762,551	2,498,638	3,542,133	2,887,115	-	-	12,810,789
3,975,486	3,456,245	2,720,159	1,676,666	186,332	-	-	16,356,649
676,452	890,010	1,170,989	7,355,066	-	-	-	10,606,653
2,688,226	2,474,668	2,193,689	100,823	-	-	-	10,307,946
1,021,924	1,448,035	2,052,770	2,910,059	2,442,915	-	-	10,596,240
3,290,970	2,864,343	2,259,607	1,402,319	177,553	-	-	13,586,794
865,000	1,195,000	920,000	-	-	-	-	3,605,000
853,308	525,339	107,908	-	-	-	-	2,577,392
1,250,259	1,549,551	1,920,494	10,223,950	-	-	-	15,891,396
3,085,653	2,786,362	2,415,420	942,987	-	-	-	12,627,535
1,345,341	1,882,694	11,080,869	-	-	-	-	15,267,016
4,516,062	3,989,870	3,064,870	-	-	-	-	16,465,918
2,240,000	2,935,000	3,855,000	-	-	-	-	10,745,000
2,050,694	1,406,257	561,393	-	-	-	-	6,561,378
8,800,000	-	-	-	-	-	-	10,280,000
1,534,614	-	-	-	-	-	-	4,092,661

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

SCHEDULE 5

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2016

DESCRIPTION		2017	2018	2019	2020	2021
2003 MF Series A/B (Primrose Houston School)	Principal	163,327	177,095	192,023	207,856	222,182
2003 MF Series A/B (Primrose Houston School)	Interest	1,013,032	999,469	984,762	969,992	956,036
2003 MF Series A/B (Reading Road)	Principal	40,000	40,000	50,000	50,000	50,000
2003 MF Series A/B (Reading Road)	Interest	168,249	166,816	163,947	160,639	157,131
2003 MF Series A/B (Timber Oaks Apts)	Principal	109,710	115,036	120,621	126,477	132,617
2003 MF Series A/B (Timber Oaks Apts)	Interest	859,970	850,158	839,870	829,083	817,773
2003 MF Series A/B (West Virginia Apts)	Principal	215,000	235,000	245,000	255,000	275,000
2003 MF Series A/B (West Virginia Apts)	Interest	391,835	380,661	368,581	356,001	342,921
2004 MF Series A (Bristol)	Principal	-	-	-	-	-
2004 MF Series A (Bristol)	Interest	76,099	76,840	76,840	76,920	76,760
2004 MF Series A (Chisholm Trail)	Principal	-	-	-	-	-
2004 MF Series A (Chisholm Trail)	Interest	69,365	70,040	70,040	70,113	69,967
2004 MF Series A (Churchill @ Pinnacle)	Principal	120,851	129,009	137,717	147,014	156,938
2004 MF Series A (Churchill @ Pinnacle)	Interest	605,485	597,327	588,619	579,323	569,399
2004 MF Series A (Evergreen @ Plano)	Principal	143,376	153,054	163,385	174,414	186,188
2004 MF Series A (Evergreen @ Plano)	Interest	899,195	889,516	879,185	868,156	856,383
2004 MF Series A (Humble Park)	Principal	180,000	190,000	205,000	215,000	235,000
2004 MF Series A (Humble Park)	Interest	686,070	674,025	661,320	647,625	633,105
2004 MF Series A (Montgomery Pines)	Principal	-	-	-	-	-
2004 MF Series A (Montgomery Pines)	Interest	72,732	73,440	73,440	73,516	73,364
2004 MF Series A (Pinnacle)	Principal	-	-	-	-	-
2004 MF Series A (Pinnacle)	Interest	89,333	90,202	90,202	90,296	90,108
2004 MF Series A (Rush Creek)	Principal	89,196	95,360	101,949	108,993	116,524
2004 MF Series A (Rush Creek)	Interest	549,146	542,983	536,394	529,350	521,819
2004 MF Series A/B (Century Park)	Principal	275,000	290,000	305,000	325,000	345,000
2004 MF Series A/B (Century Park)	Interest	576,885	561,775	546,003	529,292	511,487
2004 MF Series A/B (Timber Ridge)	Principal	63,909	68,509	73,439	78,722	84,391
2004 MF Series A/B (Timber Ridge)	Interest	420,275	415,821	411,045	405,927	400,440
2004 MF Series A/B (Veterans Memorial)	Principal	62,704	65,748	68,940	72,287	75,796
2004 MF Series A/B (Veterans Memorial)	Interest	436,154	431,924	427,489	422,839	417,963
2003 MF Series A/B (Parkview Twnhms)	Principal	121,603	127,507	133,697	140,188	146,994
2003 MF Series A/B (Parkview Twnhms)	Interest	858,733	850,530	841,929	832,910	823,453
2003 MF Series A/B (Arlington Villas)	Principal	152,933	165,710	179,553	194,552	210,803
2003 MF Series A/B (Arlington Villas)	Interest	1,095,952	1,083,255	1,069,498	1,054,592	1,038,441
2003 MF Series A (NHP-Asmara) Refunding	Principal	-	-	-	-	-
2003 MF Series A (NHP-Asmara) Refunding	Interest	107,416	109,696	109,696	109,822	109,570
2004 MF Series A (Village Fair)	Principal	142,857	152,424	162,632	173,524	185,145
2004 MF Series A (Village Fair)	Interest	847,737	838,169	827,961	817,069	805,448
2005 MF Series A (Pecan Grove)	Principal	88,796	94,743	101,088	107,858	115,082
2005 MF Series A (Pecan Grove)	Interest	839,510	833,563	827,218	820,448	813,224
2005 MF Series A (Prairie Oaks)	Principal	110,996	118,430	126,361	134,824	143,853
2005 MF Series A (Prairie Oaks)	Interest	662,840	655,406	647,475	639,012	629,983
2005 MF Series A (Port Royal)	Principal	122,279	130,468	139,206	148,527	158,475
2005 MF Series A (Port Royal)	Interest	734,831	726,642	717,904	708,581	698,634

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2016

2022-26	2027-31	2032-36	2037-41	2042-46	2047-51	2052-56	TOTAL REQUIRED
1,360,979	1,895,133	11,330,570	-	-	-	-	15,549,165
4,535,378	4,012,486	3,237,009	-	-	-	-	16,708,164
330,000	460,000	9,190,000	-	-	-	-	10,210,000
726,078	596,646	410,551	-	-	-	-	2,550,057
766,142	98,906	-	10,900,000	-	-	-	12,369,509
3,899,021	3,681,582	3,678,750	1,655,439	-	-	-	17,111,646
1,620,000	2,130,000	2,790,000	-	-	-	-	7,765,000
1,485,487	1,018,994	406,215	-	-	-	-	4,750,695
-	-	-	11,300,000	-	-	-	11,300,000
384,200	384,200	384,280	63,919	-	-	-	1,600,058
-	-	-	10,300,000	-	-	-	10,300,000
350,200	350,200	350,273	46,558	-	-	-	1,446,756
958,638	1,328,924	1,842,234	2,553,814	1,923,654	-	-	9,298,793
2,673,042	2,302,761	1,789,450	1,077,871	194,827	-	-	10,978,104
1,137,312	1,576,608	2,185,591	3,029,795	5,043,370	-	-	13,793,093
4,075,542	3,636,242	3,027,262	2,183,056	727,327	-	-	18,041,864
1,425,000	1,955,000	2,710,000	3,325,000	-	-	-	10,440,000
2,908,950	2,362,800	1,612,545	573,870	-	-	-	10,760,310
-	-	-	10,800,000	-	-	-	10,800,000
367,200	367,200	367,276	61,091	-	-	-	1,529,259
-	-	-	13,265,000	-	-	-	13,265,000
451,010	451,010	451,104	75,032	-	-	-	1,878,297
715,109	998,748	1,394,889	1,948,156	2,667,673	-	-	8,236,597
2,476,604	2,192,963	1,796,821	1,243,557	340,590	-	-	10,730,227
2,035,000	2,720,000	3,620,000	855,000	-	-	-	10,770,000
2,254,279	1,625,901	789,667	34,756	-	-	-	7,430,045
522,283	739,302	4,624,635	-	-	-	-	6,255,190
1,905,034	1,694,865	1,397,367	-	-	-	-	7,050,774
437,884	555,011	703,464	4,595,049	-	-	-	6,636,883
2,007,970	1,845,229	1,638,953	1,197,442	-	-	-	8,825,963
849,199	1,076,342	1,364,243	9,106,592	-	-	-	13,066,365
3,958,548	3,642,937	3,242,908	2,506,327	-	-	-	17,558,275
1,323,334	1,868,604	2,635,853	9,380,877	-	-	-	16,112,219
4,927,643	4,394,269	3,643,704	209,307	-	-	-	18,516,661
-	-	17,140,000	-	-	-	-	17,140,000
548,480	548,480	210,076	-	-	-	-	1,853,236
1,129,185	1,561,456	2,159,210	2,985,792	4,454,579	-	-	13,106,804
3,823,785	3,391,513	2,793,758	1,967,174	700,515	-	-	16,813,129
701,873	970,563	1,342,111	9,433,642	-	-	-	12,955,756
3,939,654	3,670,966	3,299,419	848,804	-	-	-	15,892,806
877,350	1,213,213	1,677,652	2,319,889	3,525,240	-	-	10,247,808
2,991,832	2,655,967	2,191,527	1,549,294	566,326	-	-	13,189,662
966,524	1,336,528	1,848,176	2,555,690	3,954,600	-	-	11,360,473
3,319,020	2,949,015	2,437,368	1,729,855	648,693	-	-	14,670,543

SCHEDULE 5

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2016

DESCRIPTION		2017	2018	2019	2020	2021
2005 MF Series A (Del Rio)	Principal	60,471	64,521	68,842	73,452	78,372
2005 MF Series A (Del Rio)	Interest	571,712	567,662	563,341	558,730	553,811
2005 MF Series A (Atascocita Pines)	Principal	-	-	-	-	-
2005 MF Series A (Atascocita Pines)	Interest	72,665	73,372	73,372	73,448	73,296
2005 MF Series A (Tower Ridge)	Principal	-	-	-	-	-
2005 MF Series A (Tower Ridge)	Interest	104,567	105,000	105,000	105,109	104,891
2005 MF Series A (St Augustine)	Principal	-	-	-	-	-
2005 MF Series A (St Augustine)	Interest	39,599	39,984	39,984	40,026	39,942
2005 MF Series A (Mockingbird)	Principal	98,045	103,473	109,201	115,246	121,625
2005 MF Series A (Mockingbird)	Interest	573,268	567,841	562,113	556,068	549,688
2005 MF Series A (Chase Oaks)	Principal	326,820	343,712	361,477	380,160	399,809
2005 MF Series A (Chase Oaks)	Interest	596,377	579,485	561,720	543,037	523,388
2005 MF Series A (Coral Hills)	Principal	100,000	100,000	110,000	115,000	125,000
2005 MF Series A (Coral Hills)	Interest	220,180	215,130	209,954	204,399	198,465
2006 MF Series A (Bella Vista)	Principal	70,000	70,000	80,000	80,000	85,000
2006 MF Series A (Bella Vista)	Interest	391,447	387,142	382,837	377,917	372,997
2006 MF Series A (Village Park)	Principal	205,000	220,000	235,000	245,000	265,000
2006 MF Series A (Village Park)	Interest	474,219	464,244	453,675	442,394	430,638
2006 MF Series A (Oakmoor)	Principal	143,486	152,336	161,731	171,707	182,297
2006 MF Series A (Oakmoor)	Interest	813,556	804,706	795,310	785,335	774,745
2006 MF Series A (Sunset Pointe)	Principal	-	-	-	-	-
2006 MF Series A (Sunset Pointe)	Interest	104,567	105,000	105,000	105,109	104,891
2006 MF Series A (Hillcrest)	Principal	210,000	225,000	230,000	245,000	265,000
2006 MF Series A (Hillcrest)	Interest	521,194	510,038	498,094	485,888	472,631
2006 MF Series A (Red Hills Villas)	Principal	-	-	-	-	-
2006 MF Series A (Red Hills Villas)	Interest	29,660	29,799	29,799	29,830	29,768
2006 MF Series A (Champion Crossing)	Principal	100,000	100,000	100,000	100,000	100,000
2006 MF Series A (Champion Crossing)	Interest	28,137	27,612	26,952	26,319	25,605
2006 MF Series A (Meadowlands)	Principal	117,454	124,698	132,389	140,555	149,224
2006 MF Series A (Meadowlands)	Interest	701,925	694,681	686,990	678,824	670,155
2006 MF Series A (East Tex Pines)	Principal	125,000	135,000	145,000	155,000	160,000
2006 MF Series A (East Tex Pines)	Interest	743,125	735,585	727,465	718,765	709,630
2006 MF Series A (Villas at Henderson)	Principal	-	-	-	-	-
2006 MF Series A (Villas at Henderson)	Interest	43,148	43,651	43,651	43,696	43,605
2006 MF Series A (Aspen Park Apts)	Principal	135,000	140,000	150,000	160,000	165,000
2006 MF Series A (Aspen Park Apts)	Interest	447,875	441,000	433,875	426,250	418,250
2006 MF Series A (Idlewilde Apts)	Principal	-	-	-	-	-
2006 MF Series A (Idlewilde Apts)	Interest	88,827	89,692	89,692	89,785	89,599
2007 MF Series A (Lancaster Apts)	Principal	-	-	-	-	-
2007 MF Series A (Lancaster Apts)	Interest	88,760	89,624	89,624	89,717	89,531
2007 MF Series A (Park Place)	Principal	115,941	122,847	130,165	137,918	146,133
2007 MF Series A (Park Place)	Interest	794,760	787,853	780,536	772,782	764,567
2007 MF Series A (Terrace at Cibolo)	Principal	-	-	-	-	-
2007 MF Series A (Terrace at Cibolo)	Interest	31,419	32,160	32,160	32,197	32,123
2007 MF Series A (Santora Villas)	Principal	102,804	108,928	115,416	122,291	129,576
2007 MF Series A (Santora Villas)	Interest	674,155	668,031	661,543	654,668	647,384

2022-26	2027-31	2032-36	2037-41	2042-46	2047-51	2052-56	TOTAL REQUIRED
477,980	660,960	913,988	6,424,374	-	-	-	8,822,960
2,682,932	2,499,952	2,246,926	611,120	-	-	-	10,856,186
-	-	-	10,790,000	-	-	-	10,790,000
366,860	366,860	366,936	122,145	-	-	-	1,588,954
-	-	-	15,000,000	-	-	-	15,000,000
525,000	525,000	525,109	170,768	-	-	-	2,270,444
-	-	-	5,880,000	-	-	-	5,880,000
199,920	199,920	199,962	83,321	-	-	-	882,658
716,890	938,530	1,228,698	7,228,848	-	-	-	10,660,556
2,639,678	2,418,034	2,127,866	1,433,954	-	-	-	11,428,510
2,331,214	2,999,243	4,815,444	-	-	-	-	11,957,879
2,284,771	1,616,746	685,506	-	-	-	-	7,391,030
3,835,000	-	-	-	-	-	-	4,385,000
887,158	-	-	-	-	-	-	1,935,286
530,000	710,000	970,000	1,320,000	2,450,000	-	-	6,365,000
1,777,349	1,594,079	1,344,696	1,006,446	546,125	-	-	8,181,035
1,560,000	6,655,000	-	-	-	-	-	9,385,000
1,935,714	170,532	-	-	-	-	-	4,371,416
1,094,667	1,476,542	1,991,635	2,686,418	5,563,499	-	-	13,624,318
3,690,540	3,308,663	2,793,570	2,098,788	1,107,944	-	-	16,973,157
-	-	-	15,000,000	-	-	-	15,000,000
525,000	525,000	525,109	305,973	-	-	-	2,405,649
1,615,000	7,190,000	-	-	-	-	-	9,980,000
2,131,369	372,487	-	-	-	-	-	4,991,701
200,000	1,000,000	1,300,000	2,015,000	-	-	-	4,515,000
147,128	123,156	86,379	1,128	-	-	-	506,647
500,000	1,000,000	1,300,000	1,075,000	-	-	-	4,375,000
118,256	92,136	55,352	601	-	-	-	400,970
896,068	1,208,663	1,630,305	2,199,037	2,966,171	2,187,424	-	11,751,988
3,200,824	2,888,231	2,466,590	1,897,857	1,130,722	10,937	-	15,027,736
955,000	1,265,000	1,675,000	2,225,000	2,950,000	3,085,000	-	12,875,000
3,392,855	3,073,275	2,649,005	2,086,985	1,341,830	89,465	-	16,267,985
6,515,000	-	-	-	-	-	-	6,515,000
96,628	-	-	-	-	-	-	314,379
1,005,000	7,235,000	-	-	-	-	-	8,990,000
1,952,250	358,748	-	-	-	-	-	4,478,248
-	-	-	13,190,000	-	-	-	13,190,000
448,460	448,460	448,553	343,820	-	-	-	2,136,888
-	-	-	13,180,000	-	-	-	13,180,000
448,120	448,120	448,213	350,904	-	-	-	2,142,613
872,082	1,164,660	1,555,399	2,077,226	2,774,121	4,658,827	-	13,755,319
3,681,419	3,388,839	2,998,100	2,476,270	1,779,374	131,209	-	18,355,709
-	-	-	4,800,000	-	-	-	4,800,000
160,800	160,800	160,837	120,556	-	-	-	763,052
773,273	1,032,701	1,379,167	1,841,867	2,459,805	3,604,147	-	11,669,975
3,111,526	2,852,096	2,505,629	2,042,924	1,424,988	148,452	-	15,391,396

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

SCHEDULE 5

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2016

DESCRIPTION		2017	2018	2019	2020	2021
2007 MF Series A (Villas @ Mesquite Creek)	Principal	220,000	235,000	245,000	260,000	275,000
2007 MF Series A (Villas @ Mesquite Creek)	Interest	779,631	766,704	752,946	740,000	726,875
2007 MF Series A (Costa Rialto)	Principal	99,483	104,938	110,691	116,761	123,163
2007 MF Series A (Costa Rialto)	Interest	543,414	537,959	532,205	526,135	519,733
2007 MF Series A (Windshire)	Principal	-	-	-	-	-
2007 MF Series A (Windshire)	Interest	88,895	89,760	89,760	89,853	89,667
2007 MF Series A (Residences @ Onion Creek)	Principal	-	-	-	-	-
2007 MF Series A (Residences @ Onion Creek)	Interest	104,567	105,000	105,000	105,109	104,891
2008 MF Series A (Addison Park)	Principal	-	-	-	-	-
2008 MF Series A (Addison Park)	Interest	87,242	88,165	88,165	88,266	88,064
2008 MF Series A (Costa Ibiza)	Principal	-	-	-	-	-
2008 MF Series A (Costa Ibiza)	Interest	76,443	77,520	77,520	77,609	77,431
2008 MF Series A (West Oaks)	Principal	-	-	-	-	-
2008 MF Series A (West Oaks)	Interest	80,320	82,110	82,110	82,204	82,016
2009 MF Series A (Costa Mariposa Apartments)	Principal	-	-	-	-	-
2009 MF Series A (Costa Mariposa Apartments)	Interest	77,892	78,990	78,990	79,080	78,900
2009 MF Series A (Woodmont Apartments)	Principal	-	-	-	-	-
2009 MF Series A (Woodmont Apartments)	Interest	84,549	85,740	85,740	85,838	85,642
2008 MF Series A (Alta Cullen Apartments)	Principal	-	-	-	-	-
2008 MF Series A (Alta Cullen Apartments)	Interest	77,540	78,540	78,540	78,630	78,450
2013 MF Series A (Waters @ Willow Run)	Principal	14,500,000	-	-	-	-
2013 MF Series A (Waters @ Willow Run)	Interest	47,125	-	-	-	-
2014 MF Series A (Decatur Angle Apartments)	Principal	152,311	161,464	171,167	181,453	192,357
2014 MF Series A (Decatur Angle Apartments)	Interest	1,318,528	1,309,532	1,299,995	1,289,884	1,279,166
2015 MF Series (Good Samaritan Towers)	Principal	-	5,620,000	-	-	-
2015 MF Series (Good Samaritan Towers)	Interest	53,390	26,695	-	-	-
2015 MF Series (Williamsburg Apts)	Principal	156,691	273,696	286,332	296,738	313,252
2015 MF Series (Williamsburg Apts)	Interest	808,368	799,950	790,175	782,126	769,352
2016 MF Series (Chisolm Trace/Cheyenne Village)	Principal	-	13,500,000	-	-	-
2016 MF Series (Chisolm Trace/Cheyenne Village)	Interest	108,000	108,000	-	-	-
2016 MF Series (Fifty Oaks-Edinburg)	Principal	-	7,400,000	-	-	-
2016 MF Series (Fifty Oaks-Edinburg)	Interest	44,893	48,100	-	-	-
TOTAL MULTI-FAMILY BONDS		60,204,117	72,293,416	45,588,977	45,592,907	45,630,846
Total		79,628,719	95,269,196	64,946,787	65,118,799	65,087,557
Less Interest		51,816,368	51,198,421	50,255,866	49,484,921	48,647,795
Total Principal		27,812,351	44,070,775	14,690,921	15,633,878	16,439,762

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2016

2022-26	2027-31	2032-36	2037-41	2042-46	2047-51	2052-56	TOTAL REQUIRED
1,595,000	2,025,000	2,610,000	3,340,000	4,270,000	490,000	-	15,565,000
3,411,875	2,966,250	2,396,750	1,665,875	731,750	12,250	-	14,950,906
724,831	946,568	1,236,140	1,614,296	2,108,136	3,017,375	-	10,202,382
2,489,647	2,267,908	1,978,336	1,600,177	1,106,336	138,004	-	12,239,854
-	-	-	13,200,000	-	-	-	13,200,000
448,800	448,800	448,893	396,571	-	-	-	2,190,999
-	-	-	15,000,000	-	-	-	15,000,000
525,000	525,000	525,109	455,000	-	-	-	2,554,676
-	-	-	-	12,595,000	-	-	12,595,000
440,825	440,825	440,926	440,724	213,287	-	-	2,416,489
-	-	-	12,920,000	-	-	-	12,920,000
387,600	387,600	387,689	387,511	-	-	-	1,936,923
-	-	-	12,075,000	-	-	-	12,075,000
410,550	410,550	410,644	403,483	-	-	-	2,043,987
-	-	-	-	13,165,000	-	-	13,165,000
394,950	394,950	395,040	394,860	59,081	-	-	2,032,733
-	-	-	-	14,290,000	-	-	14,290,000
428,700	428,700	428,798	428,602	71,411	-	-	2,213,720
-	-	-	-	11,900,000	-	-	11,900,000
392,700	392,700	392,790	392,610	281,237	-	-	2,243,737
-	-	-	-	-	-	-	14,500,000
-	-	-	-	-	-	-	47,125
1,149,715	1,539,261	2,060,796	2,759,036	3,693,854	4,945,411	5,993,175	23,000,000
6,211,115	5,828,226	5,315,610	4,629,304	3,710,464	2,480,304	638,744	35,310,872
-	-	-	-	-	-	-	5,620,000
-	-	-	-	-	-	-	80,085
1,794,120	2,248,421	17,780,750	-	-	-	-	23,150,000
3,670,499	3,319,077	259,484	-	-	-	-	11,199,031
-	-	-	-	-	-	-	13,500,000
-	-	-	-	-	-	-	216,000
-	-	-	-	-	-	-	7,400,000
-	-	-	-	-	-	-	92,993
252,268,358	240,313,806	266,322,515	373,560,600	132,863,289	24,998,805	6,631,919	1,566,269,555
369,789,924	358,070,550	460,929,840	571,060,702	190,355,036	24,998,805	6,631,919	2,351,887,834
227,482,814	187,905,924	146,141,615	76,757,523	24,822,237	3,010,621	638,744	918,162,849
142,307,110	170,164,626	314,788,225	494,303,179	165,532,799	21,988,184	5,993,175	1,433,724,985

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, 2016

	Pledged and Other Sources and Related Expenditures for FY 2016			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2004 Single Family Series A (Jr. Lien)	$ 211	$ 792	$	$ 14,308
2004 Single Family Series B	6,847,289	87,052		1,168,425
2004 Single Family Series D	5,084,724	61,166		764,604
2005 Single Family Series A	7,490,814	77,227		1,259,545
2005 Single Family Series B	779,725	2,386	120,000	56,518
2005 Single Family Series C	232,138	9,274		11,558
2005 Single Family Series D	427,304	1,291		30,854
2006 Single Family Series A	15,739,986	4,485	130,000	356,688
2006 Single Family Series B	16,374,116	4,680	280,000	371,021
2006 Single Family Series C	26,251,934	7,410	315,000	609,960
2006 Single Family Series D	5,567,169	1,755		129,193
2006 Single Family Series E	3,624,779	1,170	1,645,000	74,493
2006 Single Family Series H	36,463,942	286,917		197,345
2007 Single Family Series A	11,929,259	96,131		1,583,977
2007 Single Family Series B	12,785,576	11,919	565,000	2,078,431
2013 Single Family Series A	6,133,994	10,740		709,427
2015 Single Family Series A	5,443,774	527,795		856,480
2015 Single Family Series B	1,777,925	336,452		513,124
2016 Single Family Series A	1,380,524	423,381		488,606
2016 Single Family Series B	5,322,938	764,600		957,453
Total Single Family Bonds	$ 169,658,121	$ 2,716,623	$ 3,055,000	$ 12,232,010
2009 RMRB Series A	$ 5,236,059	$ 166,267	$ 315,000	$ 1,426,361
2009 RMRB Series B	1,290,361	43,503	815,000	373,024
2009 RMRB Series C-1	9,565,617	12,506		1,416,081
2011 RMRB Series A	5,259,788	6,650	1,505,000	1,232,450
2009 RMRB Series C-2	7,432,744	10,361		956,494
2011 RMRB Series B	9,595,319	12,868	2,065,000	1,885,510
Total Residential Mtg Revenue Bonds	$ 38,379,888	$ 252,155	$ 4,700,000	$ 7,289,920
1992 CHMRB Series C	$ 1,151,133	$ 701	$	$ 155,857
Total 1992 CHMRB	$ 1,151,133	$ 701	$	$ 155,857
1996 MF Series A/B (Brighton's Mark Development)	$ 503,247	$	$	$ 503,247
1998 MF Series A-C (Residence at the Oaks Projects)	154,502		304,000	154,502
1999 MF Series A-C (Mayfield Apartments)	8,492,904		162,000	309,902
2000 MF Series A (Creek Point Apartments)	112,492			12,492
2000 MF Series A (Deerwood Apartments)	323,099		155,000	323,099
2000 MF Series A (Timber Point Apartments)	214,712			14,712
2000 MF Series A/B (Greenbridge at Buckingham Apartments)	20,231,623		132,697	1,162,722
2000 MF Series A/B (Oaks at Hampton Apartments)	639,014		137,994	639,014
2000 MF Series A/B (Parks at Westmoreland Apartments)	637,150		134,021	637,150
2000 MF Series A/B (Williams Run Apartments)	11,642,308		18,647	189,086
2000 MF Series A-C (Collingham Park Apartments)	722,904		327,000	722,904
2000 MF Series A-C (Highland Meadow Village Apartments)	486,067		207,000	486,067
2001 MF Series A (Bluffview Apartments)	744,990		108,788	744,990
2001 MF Series A (Knollwood Apartments)	957,347		139,798	957,347
2001 MF Series A (Oak Hollow Apartments)	415,132		69,771	415,132
2001 MF Series A (Skyway Villas Apartments)	355,729		180,000	355,729
2001 MF Series A/B (Hillside Apartments)	846,606		78,573	846,606
2001 MF Series A/B (Meridian Apartments)	475,455		105,000	475,455
2001 MF Series A/B (Wildwood Apartments)	366,870		84,000	366,870
2002 MF Series A (Clarkridge Villas Apartments)	901,355		141,579	901,355
2002 MF Series A (Park Meadows Apartments)	238,916		105,000	238,916
2002 MF Series A (Green Crest Apartments)	585,580		86,957	585,580

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

Supplementary Bond Schedules
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE (Continued)
For the Fiscal Year Ended August 31, 2016

	Pledged and Other Sources and Related Expenditures for FY 2016			
	Net Available for Debt Service		Debt Service	
Description of Issue	and Other	Expenses/Expenditures and	Principal	Interest
2002 MF Series A (Hickory Trace Apartments)	$ 745,516	$	$ 116,315	$ 745,516
2002 MF Series A/B (Ironwood Crossing)	717,053		149,198	717,053
2003 MF Series A (NHP Foundation-Asmara Project) Refunding	613,803			34,459
2003 MF Series A/B (Reading Road)	332,269		40,000	132,268
2003 MF Series A/B (Arlington Villas)	1,106,728		141,142	1,106,728
2003 MF Series A/B (Ash Creek Apartments)	1,017,011		151,881	1,017,011
2003 MF Series A/B (North Vista Apartments)	553,147		290,000	553,147
2003 MF Series A/B (Parkview Townhomes)	865,918		115,973	865,918
2003 MF Series A/B (Peninsula Apartments)	574,412		240,000	549,412
2003 MF Series A/B (Primrose Houston School)	1,024,537		150,631	1,024,537
2003 MF Series A/B (Timber Oaks Apartments)	868,564		104,630	868,564
2003 MF Series A/B (West Virginia Apartments)	399,590		205,000	399,590
2004 MF Series A (Bristol Apartments)	224,658			24,658
2004 MF Series A (Chisholm Trail Apartments)	322,537			22,537
2004 MF Series A (Churchill at Pinnacle Park)	612,509		113,209	612,509
2004 MF Series A (Evergreen at Plano Parkway)	907,527		134,309	907,527
2004 MF Series A (Humble Parkway Townhomes)	695,475		165,000	695,475
2004 MF Series A (Montgomery Pines Apartments)	323,620			23,620
2004 MF Series A (Pinnacle Apartments)	28,804			28,804
2004 MF Series A (Providence at Rush Creek II)	554,445		83,432	554,445
2004 MF Series A (Providence at Village Fair)	855,978		133,890	855,978
2004 MF Series A/B (Century Park Townhomes)	587,227		255,000	587,227
2004 MF Series A/B (Timber Ridge II Apartments)	424,093		59,619	424,093
2004 MF Series A/B (Providence at Veterans Memorial)	395,433		59,801	395,433
2005 MF Series A (Atascocita Pines Apartments)	123,447			23,447
2005 MF Series A (Mission Del Rio Homes)	575,201		56,675	575,201
2005 MF Series A (Park Manor Senior Community)	10,400,000			-
2005 MF Series A (Homes at Pecan Grove)	844,632		83,223	844,632
2005 MF Series A (Plaza at Chase Oaks Apartments)	611,131		310,759	611,131
2005 MF Series A (Port Royal Homes)	741,885		114,603	741,885
2005 MF Series A (Providence at Prairie Oaks)	703,931		104,309	671,032
2005 MF Series A (Prairie Ranch Apartments)	11,416,919		85,000	401,919
2005 MF Series A (Providence at Mockingbird Apartments)	577,992		92,903	577,992
2005 MF Series A (St Augustine Estate Apartments)	112,776			12,776
2005 MF Series A (Tower Ridge Apartments)	42,822			42,822
2006 MF Series A (Aspen Park)	453,208		125,000	453,208
2006 MF Series A (Bella Vista Apartments)	393,779		65,000	393,779
2006 MF Series A (Champion Crossing Apartments)	110,176			10,176
2005 MF Series A (Coral Hills Apartments)	224,809		100,000	224,809
2006 MF Series A (East Tex Pines)	747,354		125,000	747,354
2006 MF Series A (Harris Branch Apartments)	13,490,331			333
2006 MF Series A (Hillcrest Apartments)	527,428		195,000	527,428
2006 MF Series A (Idlewilde)	228,693			28,693
2006 MF Series A (Meadowlands Apartments)	708,194		110,631	708,194
2006 MF Series A (Oakmoor Apartments)	821,216		135,150	821,216
2006 MF Series A (Pleasant Village)	5,260,618		248,967	165,662
2006 MF Series A (Red Hills Villas)	110,655			10,655
2006 MF Series A (The Residences at Sunset Pointe)	42,822			42,822
2006 MF Series A (Village Park Apartments)	481,341		195,000	481,341
2006 MF Series A (Villas at Henderson)	114,096			14,096
2007 MF Series A (Villas at Mesquite Creek)	790,588		210,000	790,588
2007 MF Series A (Costa Rialto)	548,162		94,312	548,162
2007 MF Series A (Lancaster)	228,705			28,705
2007 MF Series A (Park Place at Loyola)	800,748		109,423	800,748
2007 MF Series A (Santora Villas)	679,465		97,024	679,465
2007 MF Series A (Summit Point)	9,061,745			101,745
2007 MF Series A (Terrace at Cibolo)	110,393			10,393

Supplementary Bond Schedules
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE (Continued)
For the Fiscal Year Ended August 31, 2016

	Pledged and Other Sources and Related Expenditures for FY 2016			
	Net Available for Debt Service		Debt Service	
Description of Issue	and Other	Expenses/Expenditures and	Principal	Interest
2007 MF Series A (Windshire)	$ 128,710	$	$	$ 28,710
2007 MF Series A (Residences at Onion Creek)	42,822			42,822
2008 MF Series A (West Oaks Apartments)	166,242			26,242
2008 MF Series A (Costa Ibiza Apartments)	226,329			26,329
2008 MF Series A (Addison Park Apartments)	246,186			36,186
2008 MF Series A (Alta Cullen Apartments Refunding)	227,620			27,619
2009 MF Series A (Costa Mariposa Apartments)	131,737			26,737
2009 MF Series A (Woodmont Apartments)	294,191			29,191
2013 MF Series A (Waters at Willow Run)	69,479			69,479
2014 MF Series A (Decatur Angle Apartments)	1,322,500			1,322,500
2014 MF Series A (Northcrest Apartments)	2,903,263			3,263
2015 MF Series A (Good Samaritan Towers)	53,093			53,093
2015 MF Series A (Williamsburg Apartments)	599,362			610,099
2015 MF Series A (Chisolm Trace/Cheyenne Village)	30,600			30,600
2015 MF Series A (Fifty Oak & Edinburg Village)	802			802
Total Multifamily Bonds	$ 133,327,054	$	$ 8,044,834	$ 38,615,467
Total	$ 342,516,196	$ 2,969,479	$ 15,799,834	$ 58,293,254

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

SCHEDULE 7

Supplementary Bond Schedules
DEFEASED BONDS OUTSTANDING
For the fiscal year ended August 31, 2016

Description of Issue	Year Refunded	Par Value Outstanding
Business-Type Activities		
2007 MF Series A (Summit Point)	2016	$ 8,850,000
Total Business-Type Activities		$ 8,850,000

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

SCHEDULE 8

Supplementary Bond Schedules
EARLY EXTINGUISHMENT AND REFUNDING
For the fiscal year ended August 31, 2016

			For Refunding Only		
Description of Issue	**Category**	**Amount Extinguished or Refunded**	**Refunding Issue Par Value**	**Cash Flow Increase (Decrease)**	**Economic Gain/ (Loss)**
Business-Type Activities					
2004 Single Family Series B	Early Extinguishment	$ 4,880,000			
2004 Single Family Series D	Early Extinguishment	3,885,000			
2005 Single Family Series A	Early Extinguishment	5,985,000			
2005 Single Family Series B	Early Extinguishment	720,000			
2005 Single Family Series D	Early Extinguishment	395,000			
2006 Single Family Series A	Early Extinguishment	1,380,000			
2006 Single Family Series A	Current Refunding	13,920,000	13,811,330	3,499,742	3,740,561
2006 Single Family Series B	Early Extinguishment	1,435,000			
2006 Single Family Series B	Current Refunding	14,480,000	14,366,960	3,640,536	3,891,043
2006 Single Family Series C	Early Extinguishment	2,300,000			
2006 Single Family Series C	Current Refunding	23,225,000	23,043,690	5,839,189	6,240,986
2006 Single Family Series D	Early Extinguishment	200,000			
2006 Single Family Series D	Current Refunding	5,195,000	5,154,445	1,306,118	1,395,992
2006 Single Family Series E	Early Extinguishment	125,000			
2006 Single Family Series E	Current Refunding	3,385,000	3,358,575	851,051	909,612
2006 Single Family Series H	Early Extinguishment	1,260,000			
2006 Single Family Series H	Current Refunding	34,740,000	33,825,000	(24,735,357)	(16,046,131)
2007 Single Family Series A	Early Extinguishment	9,785,000			
2007 Single Family Series B	Early Extinguishment	10,450,000			
2013 Single Family Series A	Early Extinguishment	4,940,000			
2015 Single Family Series A	Early Extinguishment	4,145,000			
2015 Single Family Series B	Early Extinguishment	950,000			
2016 Single Family Series A	Early Extinguishment	540,000			
2016 Single Family Series B	Early Extinguishment	3,805,000			
2009 RMRB Series A	Early Extinguishment	3,725,000			
2009 RMRB Series B	Early Extinguishment	895,000			
2009 RMRB Series C-1	Early Extinguishment	7,535,000			
2009 RMRB Series C-2	Early Extinguishment	6,100,000			
2011 RMRB Series A	Early Extinguishment	4,180,000			
2011 RMRB Series B	Early Extinguishment	7,940,000			
1992 Coll Home Mtg Rev Bonds, Series C	Early Extinguishment	900,000			
1999 MF Series A-C (Mayfield Apartments)	Early Extinguishment	8,183,000			
2000 MF Series A (Timber Point Apartments)	Early Extinguishment	200,000			
2000 MF Series A (Creek Point Apartments)	Early Extinguishment	100,000			
2000 MF Series A/B (Greenbridge at Buckingham Apts)	Early Extinguishment	19,068,902			
2000 MF Series A/B (Williams Run Apartments)	Early Extinguishment	11,453,222			
2003 MF Series A/B (Reading Road)	Early Extinguishment	200,000			
2003 MF Series A/B (Peninsula Apartments)	Early Extinguishment	25,000			
2003 MF Series A (NHP Foundation-Asmara Proj Refunding)	Early Extinguishment	570,000			
2004 MF Series A (Chisholm Trail Apartments)	Early Extinguishment	300,000			
2004 MF Series A (Montgomery Pines Apartments)	Early Extinguishment	300,000			
2004 MF Series A (Bristol Apartments)	Early Extinguishment	200,000			
2005 MF Series A (Providence at Prairie Oaks)	Early Extinguishment	32,899			
2005 MF Series A (Atascocita Pines Apartments)	Early Extinguishment	100,000			
2005 MF Series A (Prairie Ranch Apartments)	Early Extinguishment	11,015,000			
2005 MF Series A (St Augustine Estate Apartments)	Early Extinguishment	100,000			
2005 MF Series A (Park Manor Senior Community)	Early Extinguishment	10,400,000			
2006 MF Series A (Harris Branch Apartments)	Early Extinguishment	13,490,000			
2006 MF Series A (Pleasant Village)	Early Extinguishment	5,094,956			
2006 MF Series A (Red Hills Villas)	Early Extinguishment	100,000			
2006 MF Series A (Champion Crossing Apartments)	Early Extinguishment	100,000			
2006 MF Series A (Villas at Henderson)	Early Extinguishment	100,000			
2006 MF Series A (Idlewilde)	Early Extinguishment	200,000			
2007 MF Series A (Lancaster)	Early Extinguishment	200,000			
2007 MF Series A (Terrace at Cibolo)	Early Extinguishment	100,000			
2007 MF Series A (Summit Point)	Early Extinguishment	8,960,000			
2007 MF Series A (Windshire)	Early Extinguishment	100,000			
2008 MF Series A (West Oaks Apartments)	Early Extinguishment	140,000			
2008 MF Series A (Costa Ibiza Apartments)	Early Extinguishment	200,000			
2008 MF Series A (Addison Park Apartments)	Early Extinguishment	210,000			
2008 MF Series A (Alta Cullen Apartments Refunding)	Early Extinguishment	200,000			
2009 MF Series A (Costa Mariposa Apartments)	Early Extinguishment	105,000			
2009 MF Series A (Woodmont Apartments)	Early Extinguishment	265,000			
2014 MF Series A (Northcrest Apartments)	Early Extinguishment	2,900,000			
Total Business-Type Activities		$ 278,112,979	$ 93,560,000	$ (9,598,721)	$ 132,063

APPENDIX D-1-2

SUBSEQUENT DISCLOSURE TO FISCAL YEAR ENDED AUGUST 31, 2016 FINANCIAL STATEMENTS

[THIS PAGE INTENTIONALLY LEFT BLANK]

BOARD REPORT ITEM

FINANCIAL ADMINISTRATION DIVISION

FEBRUARY 28, 2017

Report on an "unaudited subsequent event" related to the Basic Financial Statements and Revenue Bond Program for the Year Ended 8/31/2016

BACKGROUND

At the January 26, 2017, meeting of the Audit Committee of the Governing Board of the Texas Department of Housing and Community Affairs (the "Department"), Department staff informed Board Members of the need to disclose an "unaudited subsequent event."

The Department's Basic Financial Statements (Note 5 - Bonded Indebtedness) and Revenue Bond Program (Note 4 - Bonded Indebtedness) for Fiscal Year 2016 included language that reported ***a transaction that gave rise to a $16,046,131 economic loss and a cash flow loss of $24,735,357.*** These amounts were also disclosed in Schedule 1F and Schedule 8, respectively. The economic loss and cash flow loss were calculated using the interest for the variable rate debt at the time of the refunding of .20% compared to the cash flow of the new debt with a fixed rate of 3.2%.

Since the reporting date, management has concluded that in accordance with GASB requirements, the calculation should have been calculated using a rate reflective of the impact of the hedging instrument for the refunded debt. Taking into account the hedging impact, the synthetic fixed rate of the refunded debt would have been 3.457%, resulting in ***an economic gain of $2,983,974 and a cash flow gain of $1,532,946.***

The revised calculation only impacts the Note disclosures. This subsequent disclosure provides accurate information regarding the debt refunding transaction and has no impact on the Department's Basic Financials Statements or Revenue Bond Program. It does not alter the report issued by the State Auditor's Office. However, the audited financial statements combined with this stand alone unaudited subsequent event disclosure should be reviewed as a whole.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D-2

SELECTED UNAUDITED CONDENSED FINANCIAL INFORMATION OF THE DEPARTMENT FOR THE SIX MONTHS ENDED FEBRUARY 28, 2017

[THIS PAGE INTENTIONALLY LEFT BLANK]

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
COMBINING BALANCE SHEETS
at February 28, 2017
(Unaudited)

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds	Taxable Mortgage Program	Multi-Family Program Funds	General Funds	Combined Totals
ASSETS							
Current Assets							
Cash in Bank	$	$	$	$	$	$	$
Cash Equivalents				1,781,317		4,026,541	5,807,858
Restricted Assets:							
Cash in Bank	188,561			10,000,000	9,602,235	26,957	19,817,753
Cash Equivalents	34,736,726	20,226,416	60,889	1,447,727	83,038,631	575,066	140,085,455
Interest Receivable	1,225,750	668,863	16,081	4,231	6,869,060	969	8,784,954
Receivables:							
Interest and Dividends				25,139		48	25,187
Accounts Receivables						3	3
Other Current Assets	27,068	3,981		25,231		4,137	60,417
Total Current Assets	36,178,105	20,899,260	76,970	13,283,645	99,509,926	4,633,721	174,581,627
Non-Current Assets							
Investments				1,115,249			1,115,249
Restricted:							
Investments	349,154,048	192,726,669	3,113,118	1,114,651	40,935,253	182,742	587,226,481
Loans and Contracts	19,726,805	59,852,857		44,328,005	954,449,949	719	1,078,358,335
Other Non-current Assets							
Real Estate Owned, net	21,828					798	22,626
Total Non-Current Assets	368,902,681	252,579,526	3,113,118	46,557,905	995,385,202	184,259	1,666,722,691
Total Assets	$ 405,080,786	$ 273,478,786	$ 3,190,088	$ 59,841,550	$ 1,094,895,128	$ 4,817,980	$ 1,841,304,318
DEFERRED OUTFLOW OF RESOURCES							
Deferred Outflow of Resources	12,855,398						12,855,398
Total Deferred Outflow of Resources	12,855,398						12,855,398
LIABILITIES							
Current Liabilities							
Payables:							
Accounts Payable	$ 76	$	$	$	$	$	$ 76
Accrued Bond Interest Payable	5,341,878	1,016,421	3,440		6,983,147		13,344,886
Other Current Liabilities	152,393	11,046		44,081,752			44,245,191
Total Current Liabilities	5,494,347	1,027,467	3,440	44,081,752	6,983,147		57,590,153
Non-Current Liabilities							
Employee's Compensable Leave							
Notes and Loans Payable		3,518,297			75,098,755		78,617,052
Bonds Payable	302,590,000	166,678,987	1,416,706		884,971,195		1,355,656,888
Derivative Hedging Instrument	12,855,398						12,855,398
Other Non-Current Liabilities		42			130,285,326		130,285,368
Total Non-Current Liabilities	315,445,398	170,197,326	1,416,706		1,090,355,276		1,577,414,706
Total Liabilities	320,939,745	171,224,793	1,420,146	44,081,752	1,097,338,423		1,635,004,859
NET POSITION							
Restricted	96,996,439	102,253,993	1,769,942	12,812,862		786,453	214,619,689
Unrestricted				2,946,936	(2,443,295)	4,031,527	4,535,168
Total Net Position	$ 96,996,439	$ 102,253,993	$ 1,769,942	$ 15,759,798	$ (2,443,295)	$ 4,817,980	$ 219,154,857
Total Liabilites and Net Position	$ 417,936,184	$ 273,478,786	$ 3,190,088	$ 59,841,550	$ 1,094,895,128	$ 4,817,980	$ 1,854,159,716

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Sixth Period Ending February 28, 2017
(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	$ 8,832,902	$ 4,233,103	$ 106,374	$ 304,326	$ 20,152,914	$ 15,583	$ 33,645,202
Net Increase (Decrease) in Fair Value	(5,640,872)	(5,107,495)	(56,133)	(160,392)		(11,094)	(10,975,986)
Application Fees						30,000	30,000
Other Operating Revenues	58,972			7,143,362		1,127,241	8,329,575
Total Operating Revenues	3,251,002	(874,392)	50,241	7,287,296	20,152,914	1,161,730	31,028,791
OPERATING EXPENSES							
Professional Fees and Services	407,932	203,263				100,731	711,926
Interest	5,455,789	3,112,922	54,201	48,738	20,204,518		28,876,168
Trustee Fees	37,692	5,737	56	13,293		17,374	74,152
Mortgage Loan Servicing Fees	2,593	2,953,978		1,533,094			4,489,665
Mortgage Pool & Self Insurance	390						390
Bad Debt Expense	14,400					31	14,431
Down Payment Assistance		96,631					96,631
Other Operating Expenses	6,001	390	(10)	3,456		208,532	218,369
Total Operating Expenses	5,924,797	6,372,921	54,247	1,598,581	20,204,518	326,668	34,481,732
Operating Income (Loss)	(2,673,795)	(7,247,313)	(4,006)	5,688,715	(51,604)	835,062	(3,452,941)
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	(2,673,795)	(7,247,313)	(4,006)	5,688,715	(51,604)	835,062	(3,452,941)
OTHER REVENUES, EXPENSES, GAINS LOSSES AND TRANSFERS							
Extraordinary Items		115,841					115,841
Transfers In (Out)		(821,822)		2,341,056		(4,808,683)	(3,289,449)
CHANGE IN NET POSITION	(2,673,795)	(7,953,294)	(4,006)	8,029,771	(51,604)	(3,973,621)	(6,626,549)
Net Position, Beginning	99,670,234	110,207,287	1,773,948	7,730,027	(2,391,691)	8,791,601	225,781,406
NET POSITION, Ending	$ 96,996,439	$ 102,253,993	$ 1,769,942	$ 15,759,798	$ (2,443,295)	$ 4,817,980	$ 219,154,857

APPENDIX E

FORM OF PROPOSED OPINION OF BOND COUNSEL

[THIS PAGE INTENTIONALLY LEFT BLANK]

[LETTERHEAD OF BRACEWELL LLP]

June ___, 2017

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 North
Jacksonville, Florida 32256

Ramirez & Co., Inc.,
as Representative of the Underwriters
100 Congress Avenue, Suite 2000
Austin, Texas 78701

Ladies and Gentlemen:

We have acted as Bond Counsel to the Texas Department of Housing and Community Affairs (the "Department") in connection with the issuance of the Department's Single Family Mortgage Revenue Bonds, 2017 Series A (the "Series A Bonds"), the Department's Single Family Mortgage Revenue Refunding Bonds, 2017 Series B (Taxable) (the "Series B Bonds") and the Department's Single Family Mortgage Revenue Bonds, 2017 Series C (Taxable) (the "Series C Bonds" and together with the Series A Bonds and the Series B Bonds, collectively the "Series 2017 Bonds"). The Series 2017 Bonds will bear interest from the date of delivery thereof. Interest on the Series 2017 Bonds is payable on the first Business Day of each month, commencing August 1, 2017, and on any other date on which the Series 2017 Bonds are subject to redemption, until maturity or prior redemption. The Series 2017 Bonds are issuable only as fully registered bonds without coupons in denominations of $1.00 principal amount and any integral multiple thereof. The Series 2017 Bonds are being issued in the principal amounts, bear interest at the rates and mature on the dates as provided in the Indenture mentioned below. The Series 2017 Bonds are subject to redemption prior to maturity on the dates, at the redemption prices and under the circumstances described in the Indenture.

The Series 2017 Bonds are being issued pursuant to a resolution adopted by the Governing Board of the Department on April 27, 2017 (the "Bond Resolution"), the Amended and Restated Single Family Mortgage Revenue Bond Trust Indenture dated as of June 1, 2017, between the Department and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") (the "Single Family Indenture"), and the Sixty-Third Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of June 1, 2017 between the Department and the Trustee with respect to the Series A Bonds (the "Sixty-Third Supplemental Indenture"), the Sixty-Fourth Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of June 1, 2017 between the Department and the Trustee with respect to the Series B Bonds (the "Sixty-Fourth Supplemental Indenture"), and the Sixty-Fifth Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of June 1, 2017 between the Department and the Trustee with respect to the Series C Bonds (the "Sixty-Fifth Supplemental Indenture"). The Sixty-Third Supplemental Indenture, the Sixty-Fourth Supplemental Indenture and the Sixty-Fifth Supplemental Indenture are referred to herein collectively as the "2017 Supplemental Indentures" and the Single Family Indenture and the 2017 Supplemental Indentures are referred to herein collectively as the "Indenture." The Series A Bonds are being issued for the purpose of providing funds to make and acquire qualifying Mortgage Loans through the purchase of Mortgage Certificates and paying a portion of the costs of issuance of the Series A. The Series B Bonds are being issued by the Department for the purpose of providing funds to refund its outstanding Single Family Mortgage Revenue Bonds, 2007 Series B (the "Refunded Bonds"). The Series C Bonds are being issued for the purpose of providing funds to make and acquire Mortgage Loans through the purchase of Mortgage Certificates and paying a portion of the costs of issuance of the Series C 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 2017 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 Series A Bonds and the Series C Bonds or 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 2017 Bonds, all as provided in the Single Family Indenture.

The scope of our engagement as Bond Counsel extends solely to an examination of the facts and law incident to rendering an opinion with respect to the legality and validity of the Series 2017 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 2017 Bonds and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement). We have not assumed any responsibility with respect to the financial condition or capability of the Department or the disclosure thereof. In our capacity as Bond Counsel, we have participated in the preparation of and have examined a transcript of certain proceedings pertaining to the Series 2017 Bonds, including certain certified and original proceedings of the Department and the State of Texas (the "State"), and customary certificates, opinions, affidavits and other documents executed by officers, agents and representatives of the Department, the State, the Trustee and others. We have also examined applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, Treasury Regulations and published ratings of the Internal Revenue Service (the "Service") as we have deemed relevant. We have also examined executed Bond No. TR-1 of each Series of the Series 2017 Bonds.

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

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

1. The Department is a public and official governmental agency of the State, duly created and existing under the laws of the State, particularly Chapter 2306, Texas Government Code, as amended (together with other laws of the State applicable to the Department, the "Act"), and has full power and authority to adopt the Bond Resolution and to perform its obligations thereunder; to execute and deliver the 2017 Supplemental Indentures; to perform its obligations under the Indenture; and to issue and sell the Series 2017 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 2017 Supplemental Indentures. The Indenture constitutes a legal, valid and binding

obligation of the Department. Pursuant to the Indenture, all of the Department's right, title and interest in and to the Trust Estate, including the Revenues and other amounts to be received by the Department have been validly and effectively assigned and, upon receipt of such Revenues and amounts by the Trustee, pledged as security for the payment of the principal and redemption price of and interest on the Series 2017 Bonds. We draw your attention to the fact that the Series 2017 Bonds are secured on a parity basis with the Department's Single Family Variable Rate Mortgage Revenue Refunding Bonds, 2004 Series B; Single Family Variable Rate Mortgage Revenue Bonds, 2004 Series D; Single Family Variable Rate Mortgage Revenue Refunding Bonds, 2005 Series A; Single Family Mortgage Revenue Refunding Bonds, 2005 Series B; Single Family Mortgage Revenue Bonds, 2005 Series D; Single Family Variable Rate Mortgage Revenue Bonds, 2007 Series A; Single Family Mortgage Revenue Refunding Bonds, 2013 Series A (Taxable); Single Family Mortgage Revenue Refunding Bonds, 2015 Series A (Taxable); Single Family Mortgage Revenue Bonds, 2015 Series B; Single Family Mortgage Revenue Bonds, 2016 Series A; and Single Family Mortgage Revenue Refunding Bonds, 2016 Series B (Taxable), all issued under the Single Family Indenture. The Department has also issued its Taxable Junior Lien Single Family Variable Rate Mortgage Revenue Bonds, Series 2004A, which are secured on a basis subordinate to the Series 2017 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 2017 Bonds. The authorized officers of the Department have duly executed the Series 2017 Bonds and the Trustee has duly authenticated the Series 2017 Bonds, to the extent required by the Indenture, and delivered the Series 2017 Bonds to or at the direction of the initial purchasers thereof. The Series 2017 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 2017 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 2017 Bonds are not and do not create or constitute in any way an obligation, a debt or a liability of the State, or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State. The Department has no taxing power.

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

6. Interest on the Series A Bonds is not an item of tax preference includable in alternative minimum taxable income for purposes of calculating the federal alternative minimum tax on individuals and corporations and is not included in a corporation's adjusted current earnings for purposes of determining its alternative minimum tax.

We observe that the Department has taken no action to make interest on the Series B Bonds or the Series C Bonds excludable from gross income for federal income tax purposes. We express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of the Series B Bonds or the Series C Bonds.

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

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

The enforceability of certain provisions of the Series 2017 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 2017 Bonds may be limited by general principles of equity that permit the exercise of judicial discretion. Furthermore, the enforceability of any indemnification provisions contained in the Indenture may be limited by applicable securities laws and public policy.

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

The opinions set forth above speak only as of their date and only in connection with the Series 2017 Bonds and may not be applied to any other transaction. Such opinions are specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America.

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

Very truly yours,

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F-1

ADDITIONAL INFORMATION CONCERNING MORTGAGE CERTIFICATES

Additional Information Concerning Mortgage Certificates

The Texas Department of Housing and Community Affairs (the "Department") owns an extensive portfolio of 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 Mortgage Certificates as of February 28, 2017.

Single Family Mortgage Revenue Bond Trust Indenture

1980 Trust Indenture

Series	Original Issue Amount	Bonds Outstanding	Mortgage Rates for Outstanding Mortgage Certificates (%)	Mortgage Certificates Outstanding
Surplus	$ -	$ -		$ 2,684,677
2002 A, B, C, D	118,000,000	-	4.99/5.9/6.65/6.9	966,871
2004 A, B	176,610,000	33,530,000	4.99/5.50	27,456,948
2004 C, D, E, F	175,070,000	21,530,000	4.99/6.60-7.60	18,634,509
2005 A	100,000,000	28,415,000	4.99	26,152,439
2005 B, C, D	38,195,000	3,700,000	6.65	4,343,406
2007 A	143,005,000	33,285,000	5.25/5.95/5.99/6.5/6.75	36,501,178
2007 B	157,060,000	30,845,000	5.75/6.50	33,012,913
2013 A	42,500,000	22,120,000	4.99/5.9/6.65/6.9	21,276,737
2015 A, B	53,695,000	44,935,000	Various	44,077,469
2016 A, B	91,245,000	80,375,000	Various	78,090,144
TOTAL	$ 1,095,380,000	$ 298,735,000		$ 293,197,291

1994 Junior Lien Indenture

Series	Original Issue Amount	Bonds Outstanding	Mortgage Rates for Outstanding Mortgage Certificates (%)	Mortgage Certificates Outstanding
1994 AB	$ 90,995,932	$ -	4.99/5.95/6.65/6.75/7.25	$ 1,204,927
2004 A	4,140,000	3,855,000	N/A	-
TOTAL	$ 95,135,932	$ 3,855,000		$ 1,204,927

Master Servicers—Single Family Mortgage Certificates

Servicers	Percent of Total Loans
Bank of America	81.34%
US Bank	15.77%
Texas Star	1.98%
CitiMortgage	0.91%
TOTAL	100.00%

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

BOND SUMMARY OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[THIS PAGE INTENTIONALLY LEFT BLANK]

Bond Summary of the Texas Department of Housing and Community Affairs

General - Single Family. Since 1979, the year of creation of the Texas Housing Agency (the "Agency"), a predecessor to the Department, through February 28, 2017, there have been issued by the Agency or the Department, fifty-six series of Single Family Mortgage Revenue Bonds, four series of Junior Lien Single Family Mortgage Revenue Refunding Bonds, thirty-six series of Residential Mortgage Revenue Bonds, eleven series of Collateralized Home Mortgage Revenue Bonds, ten series of GNMA/FNMA Collateralized Home Mortgage Revenue Bonds, and two series of Government National Mortgage Association Collateralized Home Mortgage Revenue Bonds. As of February 28, 2017, the outstanding principal amount of bonded indebtedness of the Department for single family housing purposes was $469,775,000.

Single Family Mortgage Revenue Bonds ("SFMRBs"). The Department has issued fifty-six series of Single Family Mortgage Revenue and Refunding Bonds under a Single Family Mortgage Revenue Bond Trust Indenture, dated as of October 1, 1980, and fifty-seven indentures supplemental thereto, which are secured on an equal and ratable basis by the trust estate established by the SFMRB Indenture. As of February 28, 2017, thirteen series were outstanding with an aggregate outstanding principal amount totaling $298,735,000.

Junior Lien Bonds. The Department has issued four series of its Junior Lien Single Family Mortgage Revenue Refunding Bonds (the "Junior Lien Bonds") pursuant to a Junior Lien Trust Indenture, dated as of May 1, 1994, and four indentures supplemental thereto. The Junior Lien Bonds are secured on an equal and ratable basis with each other and on a subordinated basis to the Single Family Mortgage Revenue Bonds by the trust estate held under the SFMRB Indenture. As of February 28, 2017, 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 February 28, 2017, six series were outstanding with an aggregate outstanding principal amount of $165,785,000.

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 February 28, 2017, two series of CHMRBs were outstanding with an aggregate outstanding principal amount of $1,400,000.

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

Single Family Collateralized Home Mortgage Revenue Bonds – 1994 (SFCHMRB – 1994). The Department has issued three series of single family mortgage revenue bonds in 1994 and 1995 under a GNMA/FNMA Collateralized Home Mortgage Revenue Bond Master Trust Indenture dated as of November 1, 1994, supplemented by a First Supplemental GNMA/FNMA Collateralized Home

Mortgage Revenue Bond Trust Indenture dated as of November 1, 1994, as amended as of February 1, 1995, by and between the Department and Bank One, Texas, N.A. On December 16, 2004, the underlying mortgage backed securities were sold and funds were escrowed to redeem the bonds in whole on their optional redemption dates of February 22, 2005, April 26, 2005 and June 27, 2006.

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

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

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

General – Multifamily. The Department and the Agency have issued two hundred and twenty-two 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 February 28, 2017, ninety-six series were outstanding with an aggregate outstanding principal amount of $884,910,999.

APPENDIX G-1

DATA REGARDING THE 2017 A MORTGAGE CERTIFICATES

APPENDIX G-1

DATA REGARDING THE 2017 SERIES A MORTGAGE CERTIFICATES*

The data contained in this Appendix is available electronically upon request from Ramirez & Co., Inc. through and including June 22, 2017 by calling (212) 248-3870.

CUSIP	Pool Number	Mortgage Rate	Pass-through Rate	Issue Date	Original Principal	Principal Outstanding (As of June 2017 Factor)	Weighted Average Remaining Maturity (Months)
3617AKL83	GN BA6651	4.000%	3.500%	5/1/2017	1,069,868.00	1,068,319.52	359
3617AKMT6	GN2 BA6670	4.125%	3.500%	5/1/2017	1,092,711.00	1,090,804.71	358
3617AKMU3	GN2 BA6671	4.125%	3.500%	5/1/2017	2,115,745.00	2,112,554.08	358
3617AKMV1	GN2 BA6672	4.500%	4.000%	5/1/2017	1,215,288.00	1,213,059.55	358
3617AKMW9	GN2 BA6673	4.500%	4.000%	5/1/2017	1,459,362.00	1,457,427.29	358
3617AKMX7	GN2 BA6674	4.500%	4.000%	5/1/2017	1,811,625.00	1,808,216.72	358
3617AKMY5	GN2 BA6675	4.500%	4.000%	5/1/2017	3,109,603.00	3,104,986.48	358
3617AKMZ2	GN2 BA6676	4.419%	4.000%	5/1/2017	1,119,880.00	1,118,375.71	358
3617AKM25	GN2 BA6677	4.421%	4.000%	5/1/2017	3,410,397.00	3,405,809.13	358
3617AKM33	GN2 BA6678	4.409%	4.000%	5/1/2017	2,431,283.00	2,427,996.39	358
3617AKM41	GN2 BA6679	4.399%	4.000%	5/1/2017	4,377,106.00	4,370,870.94	358
3617AKNW8	GN BA6705**	4.000%	3.500%	6/1/2017	2,722,687.00	2,722,687.00	359
3617AKNX6	GN BA6706**	4.000%	3.500%	6/1/2017	4,936,518.00	4,936,518.00	359
3617AKNY4	GN BA6707**	4.500%	4.000%	6/1/2017	2,283,541.00	2,283,541.00	358
3617AKNZ1	GN BA6708**	4.500%	4.000%	6/1/2017	3,211,245.00	3,211,245.00	358
3617AKN24	GN2 BA6709**	4.417%	4.000%	6/1/2017	3,343,656.00	3,343,656.00	359
3617AKN32	GN2 BA6710**	4.411%	4.000%	6/1/2017	7,814,636.00	7,814,636.00	359
3617AKPS5	GN2 BA6733**	4.074%	3.500%	6/1/2017	1,766,619.00	1,766,619.00	359
3617AKPT3	GN2 BA6734**	4.036%	3.500%	6/1/2017	2,674,093.00	2,674,093.00	359
3617AKPU0	GN2 BA6735**	4.032%	3.500%	6/1/2017	9,341,331.00	9,341,331.00	359
Total/ Weighted Average***		4.273%	3.790%		61,307,194.00	61,272,746.52	359

* $31,120.89 representing principal paydown on the Series A mortgage loans will be deposited in the Series A redemption account

** Pools settle on June 20, 2017

*** With respect to the cumulative Weighted Average Remaining Maturity above, the sum of the individual Weighted Average Remaining Maturities for each Mortgage-Backed Security Pool, multiplied by its outstanding principal balance amount (as provided by Bloomberg Data services), and then divided by the total Principal Amount of the 2017 Series A MortgageCertificates, results in the stated cumulative Weighted Average Remaining Maturity with respect to the 2017 Series A Mortgage Certificates.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX G-2

DATA REGARDING THE 2017 C MORTGAGE CERTIFICATES

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX G-2

DATA REGARDING THE 2017 SERIES C MORTGAGE CERTIFICATES*

The data contained in this Appendix is available electronically upon request from Ramirez & Co., Inc. through and including June 22, 2017 by calling (212) 248-3870.

CUSIP	Pool Number	Mortgage Rate	Pass-through Rate	Issue Date	Original Principal	Principal Outstanding (As of June 2017 Factor)	Weighted Average Remaining Maturity (Months)
3617AKPV8	GN BA6736**	4.000%	3.500%	6/1/2017	1,607,939.00	1,607,939.00	360
3617AKPW6	GN BA6737**	4.500%	4.000%	6/1/2017	2,314,365.00	2,314,365.00	358
3617AKPX4	GN BA6738**	4.500%	4.000%	6/1/2017	3,471,039.00	3,471,039.00	358
3617AKPY2	GN BA6739**	4.500%	4.000%	6/1/2017	11,746,771.00	11,746,771.00	358
3617AKPZ9	GN2 BA6740**	4.125%	3.500%	6/1/2017	2,414,953.00	2,414,953.00	359
3617AKP22	GN2 BA6741**	4.125%	3.500%	6/1/2017	10,492,207.00	10,492,207.00	359
3617AKP30	GN2 BA6742**	4.413%	4.000%	6/1/2017	3,600,541.00	3,600,541.00	359
3617AKP48	GN2 BA6743**	4.442%	4.000%	6/1/2017	4,986,675.00	4,986,675.00	358
3140GR4D3	FN BH3519**	4.736%	4.000%	6/1/2017	1,118,223.00	1,118,223.00	359
3140GR4E1	FN BH3520**	5.199%	4.500%	6/1/2017	979,878.00	979,878.00	358
Total/ Weighted Average***		4.376%	3.842%		42,732,591.00	42,732,591.00	358

* $54,494.58 representing principal paydown on the Series C mortgage loans will be deposited in the Series C redemption account.

** Pools settle on June 20, 2017

*** With respect to the cumulative Weighted Average Remaining Maturity above, the sum of the individual Weighted Average Remaining Maturities for each Mortgage-Backed Security Pool, multiplied by its outstanding principal balance amount (as provided by Bloomberg Data services), and then divided by the total Principal Amount of the 2017 Series C MortgageCertificates, results in the stated cumulative Weighted Average Remaining Maturity with respect to the 2017 Series C Mortgage Certificates.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX H

DATA REGARDING THE 2017 B TRANSFERRED MORTGAGE CERTIFICATES

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX H

DATA REGARDING THE 2017 B TRANSFERRED MORTGAGE CERTIFICATES

The data contained in this Appendix is available electronically upon request from Ramirez & Co., Inc. through and including June 22, 2017 by calling (212) 248-3870.

CUSIP	Pool Number	Pass-through Rate	Mortgage Rate	Issue Date	Original Principal	Principal Outstanding (June 2017 Factors)	Weighted Average Remaining Maturity (Months)	6 Month Prepayment Speed (PSA)	12 Month Prepayment Speed (PSA)	Lifetime Prepayment Speed (PSA)
36230R5N2	GN 757153	5.250%	5.750%	12/1/2010	$ 195,815.00	$ 174,984.17	277	0	0	2
36230L5V7	GN2 752660	5.250%	5.750%	11/1/2010	607,229.00	128,126.89	270	2	2	390
36230LYJ2	GN2 752513	5.250%	5.750%	10/1/2010	1,750,166.00	437,801.77	276	1137	727	348
3620C43W8	GN2 748813	5.250%	5.750%	9/1/2010	1,035,741.00	586,046.35	277	0	0	131
3620AWV49	GN2 742335	5.250%	5.750%	6/1/2010	1,543,198.00	324,151.29	274	968	783	369
3620AWVT4	GN2 742326	5.250%	5.750%	6/1/2010	242,992.00	74,131.00	274	0	0	278
3620AWR69	GN2 742209	5.250%	5.750%	9/1/2010	771,392.00	104,669.38	272	0	0	483
3620AWRG7	GN2 742187	5.250%	5.750%	8/1/2010	1,271,295.00	179,341.69	276	0	571	471
3620AWQP8	GN2 742162	5.250%	5.750%	8/1/2010	1,213,144.00	546,676.28	277	517	282	190
3620AWP79	GN2 742146	5.250%	5.750%	7/1/2010	1,734,857.00	523,757.08	270	7	6	292
3620AWMV9	GN2 742072	5.250%	5.750%	7/1/2010	75,031.00	64,922.35	260	0	0	7
3620AWMD9	GN2 742056	5.250%	5.750%	7/1/2010	1,284,997.00	429,889.19	274	579	321	263
3620AWLN8	GN2 742033	5.250%	5.750%	6/1/2010	2,302,210.00	645,378.35	274	0	475	297
3620AWHG8	GN2 741931	5.250%	5.750%	4/1/2010	1,772,203.00	410,615.77	266	0	0	341
3620AWHB9	GN2 741926	5.250%	5.750%	4/1/2010	75,925.00	66,895.89	270	0	0	2
3620AWG95	GN2 741924	5.250%	5.750%	4/1/2010	2,025,390.00	496,382.60	274	0	567	324
3620AQGE7	GN2 736497	5.250%	5.750%	4/1/2010	650,604.00	112,558.94	275	0	0	406
3620AQF32	GN2 736486	5.250%	5.750%	4/1/2010	2,673,452.00	617,191.26	270	1081	767	336
3620AQF24	GN2 736485	5.250%	5.750%	4/1/2010	270,592.00	188,322.40	242	26	25	57
3620AQFL2	GN2 736471	5.250%	5.750%	3/1/2010	83,747.00	73,563.24	268	4	2	2
3620AQFK4	GN2 736470	5.250%	5.750%	3/1/2010	2,461,779.00	663,804.63	268	2	2	301
3620AQE33	GN2 736454	6.000%	6.500%	3/1/2010	248,759.00	78,553.04	273	0	0	266
3620AGDC6	GN2 729199	5.250%	5.750%	2/1/2010	1,022,932.00	412,123.78	271	2	2	203
3620AGBN4	GN2 729145	5.250%	5.750%	1/1/2010	617,919.00	198,767.34	270	743	426	250
3620AGAJ4	GN2 729109	5.250%	5.750%	1/1/2010	561,238.00	183,741.68	270	0	0	246
3620AF6Y8	GN2 729087	6.000%	6.500%	12/1/2009	283,398.00	178,158.82	271	0	0	91
3620AF6A0	GN2 729065	5.250%	5.750%	12/1/2009	98,085.00	86,158.39	268	0	1	1
3620AF5Z6	GN2 729064	5.250%	5.750%	12/1/2009	564,050.00	165,657.40	258	6	653	266
3620AF5Y9	GN2 729063	6.000%	6.500%	12/1/2009	178,535.00	61,244.79	268	0	0	235
3620AFXJ1	GN2 728881	5.250%	5.750%	5/1/2010	1,770,352.00	696,401.14	269	0	0	215
3620AFWW3	GN2 728861	5.250%	5.750%	5/1/2010	2,268,269.00	231,108.21	275	914	845	521
3620ADE40	GN2 726555	5.250%	5.750%	9/1/2009	273,944.00	234,285.60	257	1	1	5
3620A6PC5	GN2 720519	6.000%	6.500%	9/1/2009	242,458.00	215,859.30	267	0	0	0
3620A6PA9	GN2 720517	5.250%	5.750%	9/1/2009	192,548.00	55,928.17	267	0	942	257
36297AZP1	GN2 706450	5.250%	5.750%	2/1/2009	138,985.00	120,249.06	260	0	0	0
36297AZL0	GN2 706447	6.000%	6.500%	2/1/2009	412,481.00	70,069.53	208	5	6	336
36297AZJ5	GN2 706445	5.250%	5.750%	2/1/2009	313,490.00	175,022.98	259	0	0	99
36297AU84	GN2 706307	6.000%	6.500%	1/1/2009	813,074.00	204,943.55	258	0	0	264
36297AU76	GN2 706306	5.250%	5.750%	1/1/2009	445,469.00	110,686.19	258	0	0	264
36297AU68	GN2 706305	5.250%	5.750%	1/1/2009	593,021.00	213,996.93	258	1	1	189
36297AU50	GN2 706304	6.000%	6.500%	1/1/2009	187,651.00	69,073.92	256	1130	966	186
36297ATX1	GN2 706266	5.250%	5.750%	12/1/2008	1,032,310.00	243,739.74	247	17	11	273
36297ATM5	GN2 706256	6.000%	6.500%	12/1/2008	308,067.00	86,448.14	247	6	3	242
36297AS79	GN2 706242	6.000%	6.500%	12/1/2008	170,392.00	70,040.57	253	0	0	163
36297AS53	GN2 706240	5.250%	5.750%	12/1/2008	822,191.00	101,688.68	253	1	1	395
36297ARL9	GN2 706191	6.000%	6.500%	4/1/2009	78,741.00	64,599.69	223	0	2	11
36297AQ22	GN2 706173	6.000%	6.500%	3/1/2009	68,172.00	60,103.02	262	0	0	0
36297AQF3	GN2 706154	6.000%	6.500%	3/1/2009	652,748.00	215,758.89	259	1	2	218
36297APM9	GN2 706128	6.000%	6.500%	3/1/2009	638,088.00	114,682.24	240	0	0	336
36297APL1	GN2 706127	5.250%	5.750%	3/1/2009	129,347.00	112,091.32	260	0	0	0
36297APK3	GN2 706126	5.250%	5.750%	3/1/2009	159,418.00	65,063.87	227	38	853	165
36297ANZ2	GN2 706108	6.000%	6.500%	2/1/2009	190,156.00	60,268.23	259	0	0	220
36297AND1	GN2 706088	5.250%	5.750%	2/1/2009	288,753.00	120,614.30	259	0	0	159
36297ANC3	GN2 706087	6.000%	6.500%	2/1/2009	1,231,523.00	233,784.15	244	1	1	321
36297ANA7	GN2 706085	5.250%	5.750%	2/1/2009	334,148.00	67,483.42	250	0	0	310
36297AMJ9	GN2 706061	6.000%	6.500%	2/1/2009	76,880.00	67,268.77	257	0	0	1
36296XFY5	GN2 704083	6.000%	6.500%	12/1/2008	465,122.00	63,880.92	258	0	0	376
36296XFQ2	GN2 704075	6.000%	6.500%	12/1/2008	420,558.00	53,384.37	256	0	0	390

CUSIP	Pool Number	Pass-through Rate	Mortgage Rate	Issue Date	Original Principal	Principal Outstanding (June 2017 Factors)	Weighted Average Remaining Maturity (Months)	6 Month Prepayment Speed (PSA)	12 Month Prepayment Speed (PSA)	Lifetime Prepayment Speed (PSA)
36296XCN2	GN2 703977	6.000%	6.500%	12/1/2008	430,394.00	63,465.85	245	0	0	361
36296XAZ7	GN2 703924	6.000%	6.500%	12/1/2008	499,939.00	255,735.87	252	0	1	117
36296XAS3	GN2 703917	5.250%	5.750%	12/1/2008	154,412.00	133,147.55	258	0	0	0
36296XAR5	GN2 703916	5.250%	5.750%	12/1/2008	1,382,144.00	37,900.66	92	176	383	625
36296XAQ7	GN2 703915	6.000%	6.500%	12/1/2008	1,152,286.00	177,209.60	254	4	746	354
36296W3A2	GN2 703793	6.000%	6.500%	11/1/2008	371,929.00	216,745.18	258	927	556	90
36296W2Z8	GN2 703792	6.000%	6.500%	11/1/2008	244,321.00	132,305.72	248	6	3	104
36296W2N5	GN2 703781	5.250%	5.750%	11/1/2008	655,411.00	138,276.65	254	0	0	289
36296WYP5	GN2 703718	6.000%	6.500%	11/1/2008	234,133.00	72,961.38	234	0	0	213
36296WYN0	GN2 703717	5.250%	5.750%	11/1/2008	503,308.00	111,826.51	256	0	0	280
36296WYM2	GN2 703716	6.000%	6.500%	11/1/2008	426,370.00	70,104.84	250	0	5	338
36296TTE3	GN2 700849	6.000%	6.500%	11/1/2008	276,054.00	107,849.19	257	0	0	174
36296TS79	GN2 700842	6.000%	6.500%	11/1/2008	877,966.00	163,686.57	243	2	585	315
36296TNL3	GN2 700695	6.000%	6.500%	10/1/2008	423,823.00	51,711.99	200	0	1091	386
36296TMJ9	GN2 700661	5.250%	5.750%	10/1/2008	420,820.00	296,891.84	256	0	1	44
36296TMH3	GN2 700660	6.000%	6.500%	10/1/2008	304,471.00	51,934.48	173	15	21	326
36296TK44	GN2 700615	6.000%	6.500%	10/1/2008	397,060.00	155,905.18	250	0	0	168
36296TJE4	GN2 700561	5.250%	5.750%	10/1/2008	140,147.00	114,699.63	234	15	12	8
36296TJD6	GN2 700560	5.250%	5.750%	10/1/2008	584,070.00	251,044.52	257	0	0	148
36296TJC8	GN2 700559	6.000%	6.500%	10/1/2008	513,418.00	117,899.06	194	62	59	266
36296TH89	GN2 700555	5.250%	5.750%	10/1/2008	321,178.00	127,595.12	203	18	18	156
36296TG80	GN2 700523	5.250%	5.750%	10/1/2008	781,020.00	226,691.29	249	10	542	227
36296TG72	GN2 700522	6.000%	6.500%	10/1/2008	802,723.00	107,609.49	245	1228	812	371
36296TFJ7	GN2 700469	6.000%	6.500%	10/1/2008	124,519.00	61,618.35	256	0	0	121
36296R3C9	GN2 699295	6.000%	6.500%	10/1/2008	864,807.00	318,905.17	251	2	1	180
36296RWK9	GN2 699150	5.250%	5.750%	9/1/2008	905,881.00	291,593.06	248	6	3	203
36296RQV2	GN2 698968	5.250%	5.750%	9/1/2008	713,652.00	74,448.42	234	0	986	411
36296RN29	GN2 698909	5.250%	5.750%	9/1/2008	608,073.00	91,209.88	255	0	0	345
36296RNZ6	GN2 698908	5.250%	5.750%	9/1/2008	468,439.00	84,847.14	199	286	150	309
36296RML8	GN2 698863	5.250%	5.750%	9/1/2008	908,592.00	202,761.29	247	16	14	272
36296RMK0	GN2 698862	5.250%	5.750%	9/1/2008	2,038,197.00	350,650.37	249	505	483	319
36296RMJ3	GN2 698861	6.000%	6.500%	9/1/2008	744,840.00	181,762.06	252	0	0	258
36296PHB0	GN2 696926	5.250%	5.750%	8/1/2008	321,030.00	258,596.83	229	7	7	9
36296PG96	GN2 696924	6.000%	6.500%	8/1/2008	908,119.00	65,708.51	244	7	12	471
36296PEB3	GN2 696830	5.250%	5.750%	8/1/2008	272,630.00	98,032.38	255	0	0	180
36296PEA5	GN2 696829	5.250%	5.750%	8/1/2008	266,009.00	131,137.55	254	0	0	117
36296PDM0	GN2 696808	5.250%	5.750%	8/1/2008	1,094,487.00	402,849.71	231	8	10	172
36296PBJ9	GN2 696741	5.250%	5.750%	8/1/2008	708,984.00	120,171.55	255	0	0	318
36296PBG5	GN2 696739	6.000%	6.500%	8/1/2008	291,526.00	65,537.92	245	0	0	270
36296N6X9	GN2 696686	5.250%	5.750%	8/1/2008	1,595,873.00	228,904.60	250	2	560	348
36296N6W1	GN2 696685	5.250%	5.750%	8/1/2008	2,751,172.00	548,711.46	236	2	2	287
36296N6V3	GN2 696684	6.000%	6.500%	8/1/2008	1,253,527.00	320,515.37	248	2	1	246
36296N4W3	GN2 696637	5.250%	5.750%	8/1/2008	563,542.00	111,796.71	253	1	0	294
36296LAH3	GN2 694008	5.250%	5.750%	7/1/2008	363,000.00	97,104.91	252	1	1	235
36296LAD2	GN2 694004	6.000%	6.500%	7/1/2008	133,504.00	34,123.69	254	0	0	247
36296K5M0	GN2 693952	5.250%	5.750%	7/1/2008	248,732.00	79,455.88	252	3	3	201
36296K5L2	GN2 693951	5.250%	5.750%	7/1/2008	1,706,211.00	318,013.38	254	0	0	301
36296K5K4	GN2 693950	6.000%	6.500%	7/1/2008	703,945.00	141,731.14	253	0	0	289
36296KJN3	GN2 693369	5.250%	5.750%	7/1/2008	1,245,903.00	139,914.68	253	1	771	391
36296GMR9	GN2 690768	5.250%	5.750%	6/1/2008	716,768.00	110,549.67	253	0	0	330
36296GMQ1	GN2 690767	6.000%	6.500%	6/1/2008	578,108.00	144,571.19	231	2	2	245
36296GLY5	GN2 690743	5.250%	5.750%	6/1/2008	273,235.00	119,150.44	250	0	764	134
36296GKW0	GN2 690709	6.000%	6.500%	7/1/2008	149,321.00	39,190.79	139	60	50	220
36296GKN0	GN2 690701	5.250%	5.750%	7/1/2008	617,114.00	123,414.45	253	0	0	285
36296GKH3	GN2 690696	5.250%	5.750%	7/1/2008	1,716,472.00	84,724.25	250	0	936	518
36296GKG5	GN2 690695	6.000%	6.500%	7/1/2008	1,008,985.00	174,086.62	246	0	0	315
36296DXA1	GN2 688373	5.250%	5.750%	6/1/2008	477,171.00	77,662.98	202	0	0	312
36296DW87	GN2 688371	6.000%	6.500%	6/1/2008	435,457.00	138,057.36	252	1	1	201
36296DWN4	GN2 688353	5.250%	5.750%	5/1/2008	93,997.00	79,332.09	246	0	0	0
36296DUP1	GN2 688290	5.250%	5.750%	5/1/2008	1,565,423.00	650,029.60	243	2	2	143
36296DUN6	GN2 688289	6.000%	6.500%	5/1/2008	445,495.00	107,159.38	247	0	3	249
36296BX23	GN2 686597	6.000%	6.500%	4/1/2008	391,232.00	95,646.44	247	0	0	246
36296AVC5	GN2 685611	6.000%	6.500%	4/1/2008	185,273.00	60,166.07	136	151	98	172
36296AUH5	GN2 685584	6.000%	6.500%	3/1/2008	518,697.00	103,488.73	245	0	0	277

CUSIP	Pool Number	Pass-through Rate	Mortgage Rate	Issue Date	Original Principal	Principal Outstanding (June 2017 Factors)	Weighted Average Remaining Maturity (Months)	6 Month Prepayment Speed (PSA)	12 Month Prepayment Speed (PSA)	Lifetime Prepayment Speed (PSA)
36296AUF9	GN2 685582	5.250%	5.750%	3/1/2008	320,569.00	135,006.44	241	0	0	136
36295YQ30	GN2 684574	6.000%	6.500%	2/1/2008	302,871.00	164,397.27	248	0	0	92
36295YQJ5	GN2 684557	5.250%	5.750%	2/1/2008	307,256.00	54,405.25	237	0	0	293
36295YQC0	GN2 684551	5.250%	5.750%	2/1/2008	361,485.00	53,491.74	237	0	0	321
36295YP64	GN2 684545	6.000%	6.500%	2/1/2008	249,470.00	100,029.87	247	0	0	150
36295YNH2	GN2 684492	5.250%	5.750%	2/1/2008	687,610.00	104,997.11	192	17	846	313
36295YMF7	GN2 684458	6.000%	6.500%	2/1/2008	207,008.00	90,899.13	230	0	0	130
36295YLW1	GN2 684441	5.250%	5.750%	2/1/2008	525,649.00	112,472.05	235	1	1	257
36295YLV3	GN2 684440	6.000%	6.500%	2/1/2008	572,957.00	173,608.84	240	0	1	199
36295YLQ4	GN2 684435	5.250%	5.750%	3/1/2008	551,757.00	102,043.56	218	10	10	284
36295YKK8	GN2 684398	5.250%	5.750%	3/1/2008	652,785.00	106,800.77	249	0	0	308
36295YKJ1	GN2 684397	6.000%	6.500%	3/1/2008	308,170.00	23,194.31	107	69	1200	427
36295YJJ3	GN2 684365	5.250%	5.750%	4/1/2008	534,048.00	85,772.53	249	4	2	317
36295YJH7	GN2 684364	6.000%	6.500%	4/1/2008	272,765.00	72,215.01	241	0	821	228
36295YH97	GN2 684356	5.250%	5.750%	4/1/2008	397,970.00	336,567.91	248	0	0	0
36295X6T7	GN2 684082	5.250%	5.750%	2/1/2008	833,044.00	191,707.09	246	1	1	246
36295X6Q3	GN2 684079	6.000%	6.500%	2/1/2008	344,451.00	80,928.04	248	0	0	246
36295X4P7	GN2 684030	6.000%	6.500%	1/1/2008	127,740.00	109,683.94	247	0	0	0
36295WRL3	GN2 682791	5.250%	5.750%	1/1/2008	3,117,049.00	755,258.01	235	273	331	233
36295WRK5	GN2 682790	5.250%	5.750%	1/1/2008	506,356.00	98,732.23	239	1	1	270
36295WRJ8	GN2 682789	6.000%	6.500%	1/1/2008	992,202.00	99,348.86	244	0	0	385
36295UTL5	GN2 681055	5.250%	5.750%	12/1/2007	197,432.00	43,826.16	193	23	26	243
36295USG7	GN2 681019	5.250%	5.750%	12/1/2007	479,106.00	231,616.43	243	0	0	108
36295URU7	GN2 680999	5.250%	5.750%	12/1/2007	1,267,458.00	75,367.35	244	1291	875	463
36295UPJ4	GN2 680925	5.250%	5.750%	12/1/2007	269,064.00	225,510.98	244	0	1	1
36295UPH8	GN2 680924	5.250%	5.750%	12/1/2007	2,408,048.00	532,583.11	236	2	2	246
36295UPG0	GN2 680923	6.000%	6.500%	12/1/2007	444,690.00	103,448.27	242	0	0	242
36295UNB3	GN2 680886	5.250%	5.750%	12/1/2007	510,982.00	103,023.49	246	0	0	263
36295UNA5	GN2 680885	5.250%	5.750%	12/1/2007	2,998,419.00	368,277.22	245	1	345	346
36295UM99	GN2 680884	6.000%	6.500%	12/1/2007	736,405.00	40,488.87	243	0	0	474
31414BEB2	FN 961030	6.000%	6.500%	3/1/2008	380,607.00	62,430.02	246	0	0	311
31414BDA5	FN 960997	6.000%	6.500%	3/1/2008	449,046.00	61,033.57	248	0	1	339
31414BAA8	FN 960901	5.250%	5.750%	2/1/2008	622,459.00	331,027.61	247	0	0	91
31414A6G2	FN 960871	5.250%	5.750%	2/1/2008	544,395.00	45,506.53	238	0	0	418
31414A6E7	FN 960869	6.000%	6.500%	2/1/2008	400,993.00	78,617.08	208	0	0	276
31413TBM3	FN 954644	5.250%	5.750%	2/1/2008	221,768.00	64,982.39	247	1466	1088	203
31413TBL5	FN 954643	5.250%	5.750%	2/1/2008	222,037.00	79,139.50	242	7	950	167
31413TA28	FN 954625	5.250%	5.750%	2/1/2008	483,329.00	185,631.89	213	61	443	152
31413S6H2	FN 954572	5.250%	5.750%	1/1/2008	268,059.00	90,292.41	247	0	0	177
31413S3X0	FN 954514	6.000%	6.500%	1/1/2008	459,133.00	85,041.90	247	0	0	286
31413SX74	FN 954402	5.250%	5.750%	1/1/2008	2,343,120.00	114,748.35	245	1	828	492
31413SX25	FN 954397	6.000%	6.500%	1/1/2008	325,705.00	66,061.67	246	0	0	268
31413SUG7	FN 954283	5.250%	5.750%	12/1/2007	513,263.00	91,597.10	245	0	0	284
31413SRT3	FN 954198	5.250%	5.750%	12/1/2007	377,589.00	119,366.14	224	4	2	184
31413SQ23	FN 954173	5.250%	5.750%	12/1/2007	498,597.00	114,467.94	246	0	0	243
31413SPU2	FN 954135	5.250%	5.750%	12/1/2007	149,487.00	123,733.23	238	4	3	3
31413SLH5	FN 954028	5.250%	5.750%	12/1/2007	2,100,374.00	411,368.29	233	7	8	267
31321XXP4	FG U32486	4.750%	5.250%	3/1/2009	86,250.00	73,821.09	258	0	0	0
31321XW59	FG U32468	4.750%	5.250%	2/1/2009	72,947.00	61,826.68	249	0	0	0
31321XWX8	FG U32462	6.000%	6.500%	2/1/2009	133,200.00	40,729.66	251	0	0	226
31321XWM2	FG U32452	6.000%	6.500%	1/1/2009	205,127.00	79,316.15	243	4	4	175
31321XVF8	FG U32414	5.250%	5.750%	12/1/2008	333,656.00	85,800.55	255	0	0	247
31321XSP0	FG U32326	6.000%	6.500%	10/1/2008	75,792.00	65,970.97	252	0	0	0
31321XQW7	FG U32269	5.250%	5.750%	9/1/2008	87,857.00	33,908.04	249	29	15	166
31321XN83	FG U32215	6.000%	6.500%	8/1/2008	152,306.00	55,961.13	244	1365	958	175
31321XND2	FG U32188	6.000%	6.500%	8/1/2008	153,207.00	51,679.20	202	2	1	183
31321XKX1	FG U32110	5.250%	5.750%	7/1/2008	231,968.00	70,242.62	243	0	0	204
31321XKW3	FG U32109	6.000%	6.500%	7/1/2008	161,668.00	72,319.26	213	6	766	132
31321XHT4	FG U32042	6.000%	6.500%	6/1/2008	103,606.00	89,787.04	251	1	1	0
31321XF90	FG U31992	5.250%	5.750%	6/1/2008	86,857.00	62,828.86	186	0	0	21
31321XF33	FG U31986	6.000%	6.500%	6/1/2008	291,500.00	99,345.94	243	4	4	184
31321XD68	FG U31925	5.250%	5.750%	5/1/2008	268,287.00	83,561.38	231	13	10	199
31321XDS0	FG U31913	5.250%	5.750%	5/1/2008	246,050.00	102,976.79	249	0	0	144
31321XAE4	FG U31805	6.000%	6.500%	4/1/2008	63,652.00	54,452.00	240	0	0	0

CUSIP	Pool Number	Pass-through Rate	Mortgage Rate	Issue Date	Original Principal	Principal Outstanding (June 2017 Factors)	Weighted Average Remaining Maturity (Months)	6 Month Prepayment Speed (PSA)	12 Month Prepayment Speed (PSA)	Lifetime Prepayment Speed (PSA)
31321WDT0	FG U31014	6.000%	6.500%	3/1/2008	149,632.00	103,024.04	247	0	0	45
31321WDS2	FG U31013	5.250%	5.750%	3/1/2008	78,917.00	66,614.97	247	0	0	1
31335Y4K9	FG U30826	5.250%	5.750%	2/1/2008	226,666.00	72,171.11	246	0	0	186
31335Y4J2	FG U30825	6.000%	6.500%	2/1/2008	166,276.00	41,499.71	238	0	0	234
31335YZU3	FG U30755	5.250%	5.750%	1/1/2008	224,970.00	118,069.71	246	0	0	93
31335YZS8	FG U30753	5.250%	5.750%	1/1/2008	644,562.00	120,623.37	246	0	818	279
31335YVY9	FG U30631	5.250%	5.750%	12/1/2007	248,090.00	88,049.62	244	0	0	162
Total / Weighted Average*		5.438%	5.938%		$ 121,548,190.00	$ 31,217,998.24	251	114	163	225

* With respect to the cumulative weighted average of historical prepayment speeds above, the sum of the individual prepayment speeds for each Mortgage-Backed Security Pool, multiplied by its outstanding principal balance amount (as provided by Bloomberg Data services), and then divided by the total Principal Amount of the 2017 B Transferred Mortgage Certificates, results in the stated cumulative weighted average prepayment speeds with respect to the 2017 B Transferred Mortgage Certificates (based on June 2017 Factors).

APPENDIX I

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

[THIS PAGE INTENTIONALLY LEFT BLANK]

Terms not defined herein shall have the meanings set forth in “APPENDIX A – GLOSSARY.”

THE PROGRAM AND THE MORTGAGE LOANS

The Program

The Department has established a Single Family Mortgage Revenue Bond Program (the “ Program”) pursuant to the Act for the purpose of assisting in financing the costs of acquisition of residences within the State of Texas by Eligible Borrowers (as described below). In connection with the issuance of the Series 2017 Bonds and the Prior Bonds and any additional Bonds, the Department purchased or shall purchase certain qualified Mortgage Loans (or participations therein) originated by commercial banks, savings and loan associations, mortgage companies, non-profit corporations, and other qualified financial institutions (the “Mortgage Lenders”). As a result of the issuance of the Series 2017 Bonds, the Trustee on behalf of the Department has agreed to purchase 2017 A Mortgage Certificates and 2017 C Mortgage Certificates.

General

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

Eligible Borrowers

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

Eligible Property

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

Eligible Mortgage Loans

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

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

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

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

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

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

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

The Department is not permitted under the Trust Indenture to sell, assign, transfer or otherwise dispose of any Mortgage Loan or any of the rights of the Department with respect to any Mortgage Loan unless the Department determines that such action is in the best interests of the Department and the

Bondholders and will not adversely affect the ability of the Department to pay when due the principal or Redemption Price of and interest on the Bonds, in which case such Mortgage Loan may be so disposed of by the Department free and clear of the lien of the Trust Indenture. See "APPENDIX I – Sale of Mortgage Loans or Mortgage Certificates."

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

Compliance with Tax Law and Program Guidelines

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

Compliance Agent

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

[Remainder of Page Intentionally Left Blank]

Servicing

General

In connection with Mortgage Loans made with proceeds of the Prior Bonds and not included within Mortgage Certificates, the Mortgage Lenders service the Mortgage Loans and the Department acts as an administrator, monitoring the Mortgage Lenders' activities and remittances to the Trustee. The Department maintains a schedule of anticipated receipts which each Mortgage Lender is expected to remit to the Trustee. The Mortgage Lenders report to the Department any delinquent payments and prepayments. The Department's computerized management information system reconciles Trustee receipts with Mortgage Lender reported remittances, reconciles loan amortization, monitors delinquencies and foreclosure actions, and monitors Mortgage Lender performance. Since the lendable funds made available through the release of the Series 2017 Bonds will be used to purchase Mortgage Certificates, the Department will not act as an administrator with respect to Mortgage Loans backed by Mortgage Certificates but will monitor the actions of the Master Servicer.

Servicing of Mortgage Loans Other than those Evidenced by Mortgage Certificates

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

All moneys collected by the Mortgage Lender pertaining to the Mortgage Loans may be deposited to a clearing account maintained by the Mortgage Lender; however, all Revenues shall be received in trust by the Mortgage Lender and are required to be deposited promptly to a custodial account on a daily basis subject to withdrawal on the demand of the Trustee on behalf of the Department at any time. The deposits must be made into an account insured by the FDIC. The Mortgage Lender must remit to the Trustee for deposit into the Revenue Fund, after deduction of its servicing fee, on or before the fifteenth day of each calendar month all moneys deposited or held in the custodial account from the first day of such month through the tenth day of such month, and on or before the fifth Business Day of each calendar month all moneys deposited or held in the custodial account on or before the last day of the preceding calendar month which have not been remitted to the Trustee, except that (i) any insurance proceeds are to be held in the custodial account pending the determination of whether such moneys shall be applied to the repair of the related property or constitute principal prepayments, and (ii) any principal prepayment representing payment in full of a Mortgage Loan less any credit required for federal income tax purposes are to be remitted within five Business Days after receipt by the Trustee for application in accordance with the Trust

Indenture. If at any time the amount on deposit in the custodial account shall exceed the lesser of $100,000 or the amount insured by the FDIC, as the case may be, the Mortgage Lender must remit immediately to the Trustee for application in accordance with the Trust Indenture the amount on deposit in the custodial account. All moneys received as escrow payments by the Mortgage Lender are to be received in trust for the Department and the applicable eligible borrower and are to be deposited by the Mortgage Lender in such account or accounts as the Mortgage Lender is required to maintain for like payments made with respect to mortgages which are being serviced for Fannie Mae or RHS. In the event any mortgagor's escrow account is insufficient for a payment required to be made from such account, the Mortgage Lender must advance such money to make the required payment.

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

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

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

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

Servicing of the Mortgage Loans Evidenced by the Mortgage Certificates

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

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

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

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

The Master Servicers

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

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

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

The Texas State Affordable Housing Corporation ("TSAHC") is the Master Servicer for various Mortgage Loans financed pursuant to the Trust Indenture. Texas Star Mortgage ("TSM") is the registered business name of TSAHC and is a non-profit mortgage banking company engaging in single and multi-family lending to targeted rural and under-served areas in Texas. As of February 28, 2017, TSM participates as Master Servicer for the Department for approximately 100 Mortgage Loans financed with the proceeds of the Prior Bonds, which Mortgage Loans had an outstanding principal balance in the amount of $5,840,952.

As of February 28, 2017, CitiMortgage, Inc. participates as Master Servicer for the Department for approximately 47 Mortgage Loans financed with the proceeds of the Prior Bonds, which Mortgage Loans had an outstanding principal balance of $2,684,677.

Bank of America, N.A. ("Bank of America") is the Master Servicer for various Mortgage Loans, including the Mortgage Loans underlying the Refunded Bonds, financed pursuant to the Trust Indenture. As of February 28, 2017, Bank of America participates as Master Servicer for the Department for approximately 3,450 Mortgage Loans financed with the proceeds of the Prior Bonds, which Mortgage Loans had an outstanding principal balance of $238,249,830.26.

US Bank National Association ("US Bank") is the Master Servicer for various Mortgage Loans financed pursuant to the Trust Indenture. As of February 28, 2017, US Bank participates as Master Servicer for the Department of approximately 347 Mortgage Loans financed with the proceeds of the Prior Bonds, which Mortgage Loans had an outstanding principal balance of $46,421,831.

Miscellaneous

Enforcement of Mortgage Loans

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

Mortgage Pool Insurance

The Trust Indenture imposes no requirement for mortgage pool insurance upon the Series 2017 Bonds or additional Bonds issued in the future. The Trust Indenture requires that 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 2017 B Transferred Mortgage Certificates, the 2017 A Mortgage Certificates or the 2017 C 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, (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), and (iii) with respect to the 2017 A Mortgage Certificates, a Counsel's Opinion that such sale will not cause the 2017 A Mortgage Certificates or the Series A Bonds to be classified as a "taxable pool" within the meaning of Section 7701(i) of the Code. If proceeds from the sale of the 2017 B Transferred Mortgage Certificates, the 2017 A Mortgage Certificates or the 2017 C Mortgage Certificates are to be applied to the redemption of Series 2017 Bonds, such Series 2017 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.

[Remainder of Page Intentionally Left Blank]

The following table summarizes certain information as of February 28, 2017, regarding yields (calculated on the basis of stated maturity) on existing investments (valued at par) within the Float Fund in connection with outstanding Prior Bonds.

Fund or Account	Approximate Amount Invested (Par Value)	Investment Rate (%)	Investment Maturity Date	Investment Security / Investment Agreement Provider
1980 Single Family Surplus	$3,937,694.70	0.43	Short term	Greenwich
1980 Single Family Surplus	$21,957,397.98	6.08	9/30/2029	FGIC
1987 B Single Family	$7,210.60	0.43	Short term	Greenwich
1991 A S/F (1980 A	$815,903.56	0.43	Short term	Greenwich
1991 A S/F (1980 A	$2,380,620.55	6.08	9/30/2029	FGIC
1994 A&B SF (1983	$88,553.40	0.43	Short term	Greenwich
1994 A&B SF (1983	$23,517.78	6.08	9/30/2029	FGIC
1995 A&B Single Family	$3,858.37	0.43	Short term	Greenwich
1995 A&B Single Family	$37,016.09	6.08	9/30/2029	FGIC
1996 A-C Single Family	$14,558.03	0.43	Short term	Greenwich
1996 D&E Single Family	$308,564.75	0.43	Short term	Greenwich
1997 D-F Single Family	$215,228.21	0.43	Short term	Greenwich
2002 A-D SF MRB	$195,843.26	0.43	Short term	Greenwich
2002A Single Family (JR Lien)	$223,915.66	0.43	Short term	Greenwich
2004 A/B Single Family	$6,418,931.41	0.43	Short term	Greenwich
2004 A/B Single Family	$3,565,562.61	3.96	3/1/2036	Transamerica Life
2004 CDEF Single Family	$3,053,118.07	0.43	Short term	Greenwich
2004 CDEF Single Family	$1,240,712.19	3.8	3/1/2036	Transamerica Life
2004A	$115,742.38	0.43	Short term	Greenwich
2005 BCD Single Family	$289,493.71	0.43	Short term	Greenwich
2005 SF	$3,348,772.38	0.43	Short term	Greenwich
2005 SF	$308,305.58	3.37	9/1/2036	Transamerica Life
2006 ABCDE Single Family	$2,188.35	0.43	Short term	Greenwich
2006 FGH Single Family	$1,464.22	0.43	Short term	Greenwich
2007A Single Family	$3,666,795.14	0.43	Short term	Greenwich
2007A Single Family	$426,789.11	4.32	9/1/2038	Transamerica Life
2007B Single Family	$1,365,883.21	0.43	Short term	Greenwich
2007B Single Family	$1,063,366.00	4.517	8/31/2039	CALYON
2013A SF Refunding	$3,419,696.13	0.43	Short term	Greenwich
SF 2015AB	$2,467,823.57	0.43	Short term	Greenwich
SF 2016AB	$4,775,486.86	0.43	Short term	Greenwich
Grand Total	**$65,740,013.86**			

The ability of the Department to make timely payments of principal of and interest on the Series 2017 Bonds and the Prior Bonds, could be affected if the parties to the various investment agreements for the Prior Bonds do not honor their obligations thereunder to repay such moneys and the interest thereon at the times and rates set forth in the respective investment agreements.

The Department has adopted an investment policy (the "Investment Policy") which applies to all financial assets of the Department. The Investment Policy's objectives, in the order of priority, are as follows: (1) safety of principal, (2) sufficient liquidity to meet Department cash flow needs, (3) achievement of a market rate of return on investments, and (4) conformance with all applicable State statutes, particularly the

Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended. With respect to bond proceeds, the Investment Policy provides that such proceeds should be invested in accordance with the applicable law, in particular the Public Funds Investment Act and as permitted by the applicable trust indenture.

PRIOR SWAP AGREEMENTS

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

Related Series	Swap Provider	Initial Notional Amount	Fixed Rate	Variable Rate Index
2004 Series B	Bank of New York Mellon	$ 53,000,000	3.671%	65.5% of LIBOR + 0.20%
2004 Series D	Goldman Sachs Capital Markets, L.P.	$ 35,000,000	3.084%	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
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 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-1-1 – AUDITED FINANCIAL STATEMENTS OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS REVENUE BOND PROGRAM FOR THE FISCAL YEAR ENDED AUGUST 31, 2016."

PRIOR LIQUIDITY FACILITIES

General

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

Bond Series	Outstanding Bond Amount as of 2/28/2017	Bank Bonds as of 2/28/2017	Liquidity Provider	Liquidity Provider Expiration Date
2004B	$33,530,000	$ -	Texas Comptroller	August 31, 2017
2004D	$21,530,000	$ -	Texas Comptroller	August 31, 2017
2005A	$28,415,000	$ -	Texas Comptroller	August 31, 2017
2005C	$3,090,000	$ -	Texas Comptroller	August 31, 2017
2007A	$33,285,000	$ -	Texas Comptroller	August 31, 2017
2004A JL Taxable	$3,855,000	$ -	Texas Comptroller	August 31, 2017

Variable Rate Bondholders and Liquidity Facilities

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

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

Texas Department of Housing and Community Affairs • Single Family Mortgage Revenue Bonds, 2017 Series A and 2017 Series C and Single Family Mortgage Revenue Refunding Bonds, 2017 Series B

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

Printed by: ImageMaster, LLC
www.imagemaster.com