AUDIT COMMITTEE MEETING
FEBRUARY 16, 2012
Leslie Bingham-Escareño, Chair

TEXAS DEPARTMENT OF
HOUSING & COMMUNITY AFFAIRS
Building Homes. Strengthening Communities.

Tom Gann, Member
Lowell Keig, Member

AUDIT COMMITTEE
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

February 16, 2012
7:30 AM
Capitol Extension, E1.028
1500 North Congress Ave.
Austin, TX

AGENDA

CALL TO ORDER, ROLL CALL — Leslie Bingham Escaréno, Chair

CERTIFICATION OF QUORUM — Leslie Bingham Escaréno, Chair

PUBLIC COMMENT

The Audit Committee of the Board of the Texas Department of Housing and Community Affairs will solicit public comment at the beginning of the meeting and will also provide for public comment on each agenda item after the presentation made by the Department staff and motions made by the Committee.

The Audit Committee of the Board of the Texas Department of Housing and Community Affairs will meet to consider and possibly act on the following:

REPORT ITEMS — Sandy Donoho, Dir Internal Audit

Item 1 Presentation, Discussion, and Possible Approval of the Audit Committee Minutes for September 15, 2011

Item 2 Presentation and Discussion of Audit Results from the State Auditor's Office — Amadou N'gaide, State Auditor's Office
-Communications with Audit Committee
-Opinion Audit on FY 2011 Basic Financial Statements
-Opinion Audit on FY 2011 Revenue Bond Program Financial Statements
-Opinion Audit on FY 2011 Computation of Unencumbered Fund Balances

Item 3 Presentation, Discussion, and Possible Approval of the 2012 Internal Audit Charter and Board Resolution No. 12-018

Item 4 Presentation and Discussion of the status of the Fiscal Year 2012 Internal Audit Work Plan

Item 5 Presentation and Discussion of Recent Internal Audit Reports

Item 6 Presentation and Discussion of the Status of External Audits

Item 7 Presentation and Discussion of Recent External Audit Reports

Item 8 Presentation and Discussion of the Status of Prior Audit Issues

EXECUTIVE SESSION

The Committee may go into Executive Session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551 and under Texas Government Code §2306.039

Leslie Bingham Escaréno, Chair

To access this agenda and details on each agenda item in the board book, please visit our website at www.tdhca.state.tx.us or contact Nidia Hiroms, TDHCA, 221 East 11th Street Austin, Texas 78701-2410, 512-475-3934 and request the information.

Individuals who require the auxiliary aids, services or sign language interpreters for this meeting should contact Gina Esteves, ADA Responsible Employee, at 512-475-3943 or Relay Texas at 1-800-735-2989 at least two days before the meeting so that appropriate arrangements can be made.

Non-English speaking individuals who require interpreters for this meeting should contact Nidia Hiroms, 512-475-3934 at least three days before the meeting so that appropriate arrangements can be made.

Personas que hablan español y requieren un intérprete, favor de llamar a Jorge Reyes al siguiente número (512) 475-4577 por lo menos tres días antes de la junta para hacer los preparativos apropiados.

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BOARD SECRETARY

BOARD ACTION REQUEST

FEBRUARY 16, 2012

Presentation, Discussion, and Possible Approval of the Audit Committee Meeting Minutes Summary for September 15, 2011.

Recommended Action

Approve Audit Committee Meeting Minutes Summary for September 15, 2011.

> **RESOLVED**, that the Audit Committee Meeting Minutes Summary for September 15, 2011, is hereby approved as presented.

AUDIT COMMITTEE
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

September 15, 2011
7:30 AM
TDHCA Headquarters
221 E. 11th Street, Room 116
Austin, TX

SUMMARY OF MINUTES

CALL TO ORDER, ROLL CALL; CERTIFICATION OF QUORUM

The Audit Committee Meeting of the Texas Department of Housing and Community Affairs of September 15, 2011 was called to order by Chair, Tom Gann 7:30 a.m. It was held at the 221 E. 11th Street, Room 116, Austin, TX. Roll call certified a quorum was present.

Members Present:
Tom Gann, Vice-Chair
Lowell Keig, Member

Also Present:
J. Paul Oxer

PUBLIC COMMENT

The Audit Committee of the Board of the Texas Department of Housing and Community Affairs will solicit public comment at the beginning of the meeting and will also provide for public comment on each agenda item after the presentation made by the Department staff and motions made by the Committee.
None.

Mr. J. Paul Oxer was welcomed to the meeting.
Matt Embry, new TDHCA Internal Auditor, was introduced to the Committee.

The Audit Committee of the Board of the Texas Department of Housing and Community Affairs will meet to consider and possibly act on the following:

REPORT ITEMS

AGENDA ITEM 1 PRESENTATION, DISCUSSION, AND POSSIBLE APPROVAL OF THE AUDIT COMMITTEE MINUTES FOR MAY 5, 2011
Motion by Mr. Keig to approve; duly seconded by Mr. Gann, Ms. Bingham-Escareño was not present; motion passed.

AGENDA ITEM 2 PRESENTATION, DISCUSSION AND POSSIBLE APPROVAL OF THE FISCAL YEAR 2012 INTERNAL AUDIT WORK PLAN
Motion by Mr. Keig to approve; duly seconded by Mr. Gann, Ms. Bingham-Escareño was not present; motion passed.

AGENDA ITEM 3 PRESENTATION AND DISCUSSION OF RECENT INTERNAL AUDIT REPORTS
No action taken.

AGENDA ITEM 4 PRESENTATION AND DISCUSSION OF THE STATUS OF EXTERNAL AUDITS
No action taken.

AGENDA ITEM 5 PRESENTATION AND DISCUSSION OF RECENT EXTERNAL AUDIT REPORTS
No action taken.

AGENDA ITEM 6 PRESENTATION AND DISCUSSION OF THE STATUS OF PRIOR AUDIT ISSUES
No action taken.

AGENDA ITEM 7 PRESENTATION AND DISCUSSION OF THE STATUS OF THE FRAUD HOTLINE AND FRAUD COMPLAINTS
No action taken.

EXECUTIVE SESSION

No Executive Session was held.

ADJOURN

Since there was no further business to come before the Committee, Tom Gann adjourned the meeting of the Audit Committee at 8:25 a.m. on September 15, 2011.

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Michele Atkins, Assistant Board Secretary

For a full transcript of this meeting, please visit the TDHCA website at www.tdhca.state.tx.us.

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INTERNAL AUDIT

BOARD ACTION REQUEST

FEBRUARY 16, 2012

Presentation, Discussion and Possible Approval of Audit Results from the State Auditor's Office.

RECOMMENDED ACTION

WHEREAS, the Department is required to undergo an annual audit of its books and accounts, an annual audit of the Housing Trust Fund, and to obtain audited financial statements of the Housing Finance Division and the Supplemental Bond Schedules.

RESOLVED, the annual financial audit, audit of the Housing Trust Fund and audit of the Housing Finance Division and the Supplemental Bond Schedules are hereby approved.

BACKGROUND

Audit requirements:

1) The Department's governing statute, Texas Govt. Code §2306.074, requires an annual audit of the Department's books and accounts.
2) Texas Govt. Code §2306.204 requires an annual audit of the Housing Trust Fund to determine the amount of unencumbered fund balances that is greater than the amount required for the reserve fund.
3) The Department's bond indentures require audited financial statements of the Housing Finance Division and the Supplemental Bond Schedules.

Results of the audits conducted by the State Auditor's Office:
FY 2011 Basic Financial Statements
Unqualified Opinion

FY 2011 Unencumbered Fund Balances Calculation
Audit results yielded no required transfer to the Housing Trust Fund

FY 2011 Revenue Bond Program Audit
Unqualified Opinion

FY 2011 Report to Management
Other less significant internal control issues were verbally conveyed to management. These issues were related to Information Technology systems access.

State Auditor's Office

John Keel, CPA
State Auditor

A Report on

The Audit of the Department of Housing and Community Affairs' Fiscal Year 2011 Financial Statements

December 28, 2011

Members of the Legislative Audit Committee:

In our audit reports dated December 20, 2011, we concluded that the Department of Housing and Community Affairs' (Department) financial statements and the Revenue Bond Program Enterprise Fund's financial statements for fiscal year 2011 were materially correct and presented in accordance with accounting principles generally accepted in the United States of America. We also concluded that the Department's computation of unencumbered fund balances of its Housing Finance Division complies with Texas Government Code, Sections 2306.204 and 2306.205. The Department published our audit reports as part of its financial statements, which it intends to post on its Web site at:

- Department financial statements:
  http://www.tdhca.state.tx.us/pdf/11-BasicFinancials.pdf
- Revenue Bond Program Enterprise Fund financial statements:
  http://www.tdhca.state.tx.us/bond-finance/docs/F_STMSFY11.pdf
- Computation of Unencumbered Fund Balances of the Housing Division:
  http://www.tdhca.state.tx.us/pdf/11-UnencumberedComp.pdf

We also issued a report on internal control over financial reporting and on compliance and other matters as required by auditing standards. Our procedures did not identify any material weaknesses in internal control over financial reporting or any noncompliance with laws or regulations that materially affected the financial statements or the computation of unencumbered fund balances. In addition, the major internal controls that we tested for the purpose of forming our opinions were operating effectively.

Our procedures were not intended to provide an opinion on internal control over financial reporting or to provide an opinion on compliance with laws and regulations. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over financial reporting or on compliance with laws and regulations.

Auditors communicated certain issues that were not material or significant to the audit objectives in writing to the Department's management.

As required by auditing standards, we will also communicate to the Department's Board of Directors certain matters related to the conduct of a financial statement audit.

SAO Report No. 12-011

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

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

Phone: (512) 936-9500
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In addition, auditors performed agreed-upon procedures to assist the Department in determining whether its electronic submission of certain information to the U.S. Department of Housing and Urban Development's Real Estate Assessment Center agreed with related hard-copy documents. Our procedures determined that information the Department submitted electronically to the U.S. Department of Housing and Urban Development's Real Estate Assessment Center agreed with the related hard-copy documents.

We appreciate the Department's cooperation during this audit. If you have any questions, please contact Lisa Collier, Assistant State Auditor, or me at (512) 936-9500.

Sincerely,

John Keel, CPA
State Auditor

cc: Members of the Department of Housing and Community Affairs Board of Directors
- Mr. J. Paul Oxer, P.E., Chair
- Mr. Tom H. Gann, Vice Chair
- Mr. C. Kent Conine
- Ms. Leslie Bingham Escareño
- Mr. Lowell A. Keig
- Dr. Juan Sanchez Muñoz

Mr. Timothy Irvine, Executive Director, Department of Housing and Community Affairs

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BASIC FINANCIAL STATEMENTS
for the year ended August 31, 2011

(With Independent Auditors' Report Thereon)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

Writer's direct phone # (512)475-3296
Email: tim.irvine@tdhca.state.tx.us

December 20, 2011

The Honorable Rick Perry, Governor
The Honorable Susan Combs, Texas Comptroller
Mr. John O'Brien, Director, Legislative Budget Board
Mr. John Keel, CPA, State Auditor

Dear Governor Perry, Comptroller Combs, Mr. O'Brien and Mr. Keel:

We are pleased to submit the Annual Financial Report of the Texas Department of Housing and Community Affairs for the year ended August 31, 2011, in compliance with TEX. GOV'T CODE ANN §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

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

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

Sincerely,

Timothy K. Irvine
Executive Director

TKI/tt

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Basic Financial Statements
for the year ended August 31, 2011

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State Auditor

Independent Auditor's Report

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Mr. J. Paul Oxer, P.E., Chair
Mr. Tom H. Gann, Vice Chair
Mr. C. Kent Conine
Ms. Leslie Bingham Escareño
Mr. Lowell A. Keig
Dr. Juan Sanchez Muñoz

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the governmental fund, the proprietary fund, and the aggregate remaining fund information of the Department of Housing and Community Affairs (Department), as of and for the year ended August 31, 2011, which collectively comprise the Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the governmental fund, the proprietary fund, and the aggregate remaining fund information of the Department, as of August 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the Department adopted the provisions of Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* in fiscal year 2011.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

SAO Report No. 12-314

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The Supplementary Bond Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Bond Schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards,* we have also issued our report dated December 20, 2011, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

John Keel, CPA
State Auditor

December 20, 2011

MANAGEMENT'S

DISCUSSION AND ANALYSIS

This section of the Texas Department of Housing and Community Affairs' (Department) annual financial report presents management's discussion and analysis of the Department's financial performance during the fiscal year that ended on August 31, 2011. Please read it in conjunction with the Department's financial statements, which follow this section.

The Department was created to assist local governments in helping residents overcome financial, social and environmental problems; to address very low to moderate income housing needs; to contribute to the preservation and redevelopment of neighborhoods and communities; to assist the Governor and the Legislature in coordinating federal and state programs affecting local governments; and to continually inform the state and the public about the needs of local government.

The Manufactured Housing Division is administratively attached to the Department and is responsible for establishing standards and requirements for the construction and installation of manufactured housing that are reasonably necessary to protect the health, safety and welfare of the occupants of such housing and the general public. The Manufactured Housing Division has a governing Board of five members appointed by the Governor.

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

Financial Highlights

- The Department's business-type activities net assets increased $51.1 million and governmental activities net assets increased $195 million.

- The Department's proprietary fund experienced a decrease in operating income in the amount of $229 thousand to an operating income of $38.5 million. This impact on operating income resulted primarily from a decrease in the change in the fair value of investments in the amount of $2.4 million, a decrease of $10 million in interest and investment income, an increase of $1.7 million in other operating revenue and a decrease of $13 million in interest expense.

- The Department administers several significant programs under the Housing and Economic Recovery Act of 2008 (HERA) and the American Recovery and Reinvestment Act of 2009 (ARRA): Homelessness Prevention and Rapid Re-Housing Program (HPRP), Weatherization (ARRA DOE), Community Services Block Grant (ARRA CSBG), Tax Credit Assistance Program (TCAP), Housing Tax Credit Exchange (Exchange), and Neighborhood Stabilization Program (NSP). The Department also administers the Community Development Block Grant (CDBG) awarded from the U.S. Department of Housing and Urban Development (HUD) for housing recovery efforts related to Hurricanes Rita, Katrina, Ike and Dolly. Activities related to TCAP, Exchange and ARRA DOE increased significantly during fiscal year 2011.

- The Department anticipates a significant reduction in revenues in fiscal year 2012 related to ARRA grants. HERA activities will also decline. Additionally, TDHCA is no longer responsible for the administration of the Community Development disaster recovery funding as of July 1, 2011. Therefore, we anticipate lower levels of revenues next fiscal year.

- Net Assets in the Department's Governmental Activities increased from $301.6 million to $496.6 million. The majority of the change represents an increase in long-term revolving loans and contracts related to HOME, CDBG and TCAP.

- The Bond Program's debt outstanding of $2.4 billion as of August 31, 2011, decreased $274 million. Debt issuances and debt retirements totaled $60 million and $333 million, respectively.

- Loan originations in the Department's proprietary and governmental funds for the year totaled $16.6 million and $212.5 million, respectively.

- In accordance with Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the Department identified its derivative instruments, measured their effectiveness, and reported the derivative instruments at fair value. The Department's interest rate swaps, which were primarily used to hedge changes in interest rates, are considered to be derivative instruments under GASB 53. GASB 53 requires the fair value of a derivative to be reported at the end of the fiscal year in the balance sheet. As of August 31, 2011, the Department's five interest rate swaps had a total notional amount of $299.1 million and a negative $38.7 million fair value which was recorded in the deferred outflow of resources account and as a derivative swap liability.

- Starting in fiscal year 2011, the Department adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* The statement has two major areas of discussions: fund balance classifications and fund type definitions. The statement significantly changes the focus of fund balance reporting to the perspective of the underlying resources within the fund balance. The new components of the fund balance pinpoints constraints on how resources are utilized.

Overview of the Financial Statements

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

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

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

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

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

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

Government-Wide Financial Statements

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

Statement of Net Assets – Governmental Activities

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

Texas Department of Housing and Community Affairs
Governmental Activities - Condensed Statements of Net Assets
As of August 31, 2011

	Governmental Activities		Increase / (Decrease)	
Assets	**2011**	**2010**	**Amount**	**%**
Legislative Appropriations	$ 4,140,727	$ 6,964,299	$ (2,823,572)	(40.5)
Federal Receivables	39,098,470	68,074,966	(28,976,496)	(42.6)
Interfund Receivable	1,330,865	561,946	768,919	136.8
Loans and Contracts	494,902,454	299,731,889	195,170,565	65.1
Due From Other Agencies	891,715	3,226,496	(2,334,781)	(72.4)
Capital Assets	146,994	85,172	61,822	72.6
Other Assets	5,035,621	7,620,411	(2,584,790)	(33.9)
Total Assets	545,546,846	386,265,179	159,281,667	41.2
Liabilities				
Accounts Payable	40,617,042	72,983,506	(32,366,464)	(44.3)
Interfund Payable	1,426,096	610,709	815,387	133.5
Other Current Liabilities	6,499,879	10,604,353	(4,104,474)	(38.7)
Other Non-current Liabilities	403,273	442,176	(38,903)	(8.8)
Total Liabilities	48,946,290	84,640,744	(35,694,454)	(42.2)
Net Assets				
Invested in Capital Assets	146,994	85,172	61,822	72.6
Restricted	495,064,096	299,778,231	195,285,865	65.1
Unrestricted	1,389,466	1,761,032	(371,566)	(21.1)
Total Net Assets	$ 496,600,556	$ 301,624,435	$ 194,976,121	64.6

Net Assets of the Department's governmental activities increased by $195 million. The increase was a result of an increase in Restricted Net Assets, which primarily consists of loans associated with HOME, CDBG and TCAP. The Net Assets component for fiscal year 2010 has been modified to be consistent with the current year.

Legislative Appropriations decreased by $3 million. This decrease (primarily) represents appropriated funds transferred to the Texas Veterans Commission for the purpose of administering the Housing Trust Funds for veterans (82nd Leg, HB1, Article VII, Rider 19). Other Legislative Appropriation adjustments include a 5% biennial budget reduction and a fiscal year 2011 2.5% reduction.

The Department experienced a decrease in Federal Receivables of $29 million due to the transfer of the CDBG Disaster Recovery grant. This grant was transferred to the General Land Office (GLO) in fiscal year 2011. The Department also experienced a similar decrease in Accounts Payable of $32 million.

The Department experienced an increase in Loans and Contracts of $195 million related to TCAP ($105 million), CDBG ($27 million), HOME ($27 million) and NSP ($36 million) programs.

Statement of Net Assets – Governmental Activities Cont'd

Due from Other Agencies represents a pass-through award due from the Texas Higher Education Coordinating Board. State Fiscal Stabilization Fund was awarded from the U.S. Department of Education under the direction of the Office of the Governor. The funding was provided to the Department to supplement homeless prevention.

Interfund Receivable and Interfund Payable represent expenditure transfers from ARRA federal fund to General Revenue after year end.

Included in Other Liabilities is the current and non-current portion of Employees' Compensable Leave. It represents unpaid balances of employees' accumulated annual leave. A significant number of CDBG disaster recovery employees were transferred to GLO. Consequently, leave hours and unpaid balances of employee's accumulated annual leave decreased.

Business Type Activities

Texas Department of Housing and Community Affairs
Business-Type Activities
Condensed Statement of Net Assets as of August 31, 2011

	Business-Type Activities		Increase / (Decrease)	
Assets	**2011**	**2010**	**Amount**	**%**
Cash & Investments	$ 1,572,320,404	$ 1,736,323,357	$ (164,002,953)	(9.4)
Loans and Contracts	1,184,888,637	1,275,677,613	(90,788,976)	(7.1)
Interest Receivable	13,799,643	14,628,301	(828,658)	(5.7)
Capital Assets	104,237	73,033	31,204	42.7
Deferred Outflow of Resources	38,672,925	36,966,154	1,706,771	4.6
Other Assets	11,817,070	12,514,879	(697,809)	(5.6)
Total Assets	2,821,602,916	3,076,183,337	(254,580,421)	(8.3)
Liabilities				
Current				
Interest Payable	29,103,084	32,465,592	(3,362,508)	(10.4)
Other Liabilities	23,453,970	26,652,583	(3,198,613)	(12.0)
Non-current				
Bonds Payable	2,397,034,987	2,671,049,369	(274,014,382)	(10.3)
Derivative Hedging Instrument	38,672,925	36,966,154	1,706,771	4.6
Other Non-current Liabilities	67,421,485	94,255,523	(26,834,038)	(28.5)
Total Liabilities	2,555,686,451	2,861,389,221	(305,702,770)	(10.7)
Net Assets				
Invested in Capital Assets	104,237	73,033	31,204	42.7
Restricted	179,534,185	139,489,798	40,044,387	28.7
Unrestricted	86,278,043	75,231,285	11,046,758	14.7
Total Net Assets	$ 265,916,465	$ 214,794,116	$ 51,122,349	23.8

Net assets of the Department's Business-Type Activities increased $51.1 million, or 23.8%, to $266 million. The majority of this increase is attributed to an increase of the fair value of the Department's investments, an increase in interest income on investments, and a decrease in bond interest expense.

Restricted net assets of the Department's proprietary fund increased $40 million or 28.7%. Unrestricted net assets increased $11 million or 14.7%. These restrictions are related to bond covenants and do not significantly affect the availability of resources for future use.

Cash and investments decreased $164 million, or 9.4%, to $1.6 billion, related to the decrease in fair value of investments and funds received related to the Housing Trust Fund. Program loans receivable (current and non-current) decreased $90.8 million, or 7.1%, to $1.2 billion, primarily as a result of loan payoffs related to the Department's Multifamily Bond Program.

Business Type Activities Cont'd

The Department has $2.4 million in bonds outstanding related to its revenue bonds. It has issued $60 million in revenue bonds. The Department's bonds have been rated AA+ by Standard & Poor's. Total bonds payable (current and non-current) decreased by $274 million, or 10.3%, due to the Department's monthly retirement of existing debt being greater than bond issuance. The $3.4 million decrease in total interest payable to $29.1 million is reflective of the decrease of the Department's debt. For more information on the Department's debt, refer to Note 5.

Statement of Activities

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

A condensed Statement of Activities for the fiscal year's ended August 31, 2010 and 2011 is shown in the table below.

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

	Governmental Activities		Business-Type Activities		Total		% Change
	2011	2010	2011	2010	2011	2010	
Program Revenues:							
Charge for Services	$ 5,646	$ 5,477	$ 130,146	$ 138,792	$ 135,792	$ 144,269	(5.9)
Operating Grants and Contributions	1,207,918	760,782	-	-	1,207,918	760,782	58.8
Total Revenue	1,213,564	766,259	130,146	138,792	1,343,710	905,051	48.5
Total Expenses:	1,031,318	670,025	125,594	136,169	1,156,912	806,194	43.5
Net Revenue	182,246	96,234	4,552	2,623	186,798	98,857	89.0
General Revenues	22,007	23,504	39,850	40,986	61,857	64,490	(4.1)
Transfers	(9,276)	(10,844)	6,720	8,683	(2,556)	(2,161)	18.3
Change in Net Assets	194,977	108,894	51,122	52,292	246,099	161,186	52.7
Beginning Net Assets	301,624	192,730	214,794	162,502	516,418	355,232	45.4
Ending Net Assets	$ 496,601	$ 301,624	$ 265,916	$ 214,794	$ 762,517	$ 516,418	47.7

Governmental Activities

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

Total program and general revenues increased $446 million. This change consisted primarily of increases in Operating Grants and Contributions. It is a result of federal programs associated with the American Recovery and Reinvestment Act (ARRA). There is also an increase in LIHEAP and CDBG Programs.

Governmental Activities Cont'd

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

Transfers composed primarily of the transferring out of the Housing Trust Fund (HTF) from Governmental Activities to Business-Type Activities (TDHCA, Rider 10, GAA 2010-2011). It also included transfers of Earned Federal Funds collected in accordance with S.B. 1, Article IX.

Net Assets are primarily composed of Restricted Net Assets which represent balances in federal funds and ARRA funds. These restrictions, commitments or limitations will not significantly affect the availability of fund resources for future use.

Business-Type Activities

Revenues of the Department's Business-Type Activities were primarily from Charges for Services of $130.1 million and an increase in fair value of investments of $33.2 million. Charges for Services consist primarily of earned interest income on loans for the three housing lending programs. It also includes program investment income which is earned within the Department's bond programs, the investments and the income of which are restricted to those programs by a pledge to the respective bond indentures. Total charges for services decreased $8.6 million which is accounted by a $7.1 million decrease in interest and investment income related to Single Family Mortgage Revenue bonds due to lower investment yields and a $2.9 million decrease related to Multifamily bonds due to lower mortgage loan balances.

Expenses of the Department's Business-Type Activities consist primarily of interest expense of $103.5 million, which decreased $13 million, professional fees and services of $4.3 million, which increased $1.7 million, and salaries and wages/payroll related expense of $11.6 million which increased $1.3 million. The decrease in interest expense is a result of an increase of the frequency in the retirement of the Department's bonds and lower interest rates related to the Department's variable rate debt. The direct expenses also include Administrative Funds, allocations of expenses of Department programs that directly involve the production or monitoring activities associated with the housing programs, as well as certain costs incurred, both internally and externally. Administrative expenses, which were incurred within the Department's Administrative Fund, including all other administrative and supportive functions and overhead expenses remained constant.

The Department's Business-Type Activities Charges for Services of $130.1 million exceeded expenses of $125.6 million by $4.5 million. Charges for Services, primarily interest income on loans and investment income, are intended to cover bond principal and interest expense as required by the bond indenture covenants. The Charges for Services also cover other direct expenses.

The Department's Business-Type Activities also generated $683.6 thousand of unrestricted investment income, which was used primarily to pay administrative costs.

Fund Financial Statements

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

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

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

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

Governmental Fund

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

			Increase / (Decrease)	
OPERATING REVENUES	**2011**	**2010**	**Amount**	**%**
Federal Revenues	$ 1,111,544,941	$ 734,061,870	$ 377,483,071	51.4
Federal Grant Pass-Through	95,741,310	25,245,729	70,495,581	279.2
Other Revenue	28,375,738	30,731,636	(2,355,898)	(7.7)
Total Operating Revenues	1,235,661,989	790,039,235	445,622,754	56.4
OPERATING EXPENDITURES				
Federal Grant Pass-Through	7,648,717	16,162,836	(8,514,119)	(52.7)
Intergovermental Payments	217,547,175	117,582,454	99,964,721	85.0
Public Assistance Payments	782,024,554	513,439,279	268,585,275	52.3
Other Operating Expenditures	24,292,616	22,338,811	1,953,805	8.7
Capital Outlay	104,528	3,944	100,584	2550.3
Total Operating Expenditures	1,031,617,590	669,527,324	362,090,266	54.1
Excess of Revenues over Expenditures	204,044,399	120,511,911	83,532,488	69.3
Other Financing Sources (Uses)	(9,275,683)	(10,844,139)	1,568,456	(14.5)
CHANGE IN FUND BALANCE	194,768,716	109,667,772	85,100,944	77.6
Beginning Fund Balance	303,345,722	193,953,430	109,392,292	56.4
Appropriations (Lapsed)	(92,696)	(275,480)	182,784	(66.4)
Ending Fund Balance	$ 498,021,742	$ 303,345,722	$ 194,676,020	64.2

Revenues of the Department's governmental fund totaled $1.2 billion. These revenues were generated by federal grants primarily from LIHEAP, CSBG, CDBG, HOME and six ARRA programs. Expenditures of $1 billion consisted primarily of Intergovernmental and Public Assistance Payments.

Total revenues of the governmental fund increased by $446 million in 2011. It consisted of increases in Federal Revenues and Federal Grant Pass-Through Revenues.

Federal Revenues increased by $377 million. Three ARRA grants, TCAP, Exchange and DOE, significantly increased Federal Revenues. The increase in Federal Revenues was also attributed to the increase in LIHEAP Programs due to additional funding in program year 2011.

The change in Federal Grant Pass-Through Revenues represents increased CDBG disaster recovery activities resulting from hurricanes Ike and Dolly. This HUD award was passed through from the Texas Department of Rural Affairs (TDRA).

Governmental Fund Cont'd

The Department experienced similar changes in expenditures. The majority of the increase was attributed to the Intergovernmental and Public Assistance Payments for the ARRA grants and CDBG and LIHEAP Programs. Federal Pass-Through expenditures represent payments to TDRA for the CDBG disaster recovery program. The decrease was due to the phase out of the second round of CDBG funding for disaster relief assistance in the areas impacted by Hurricane Rita.

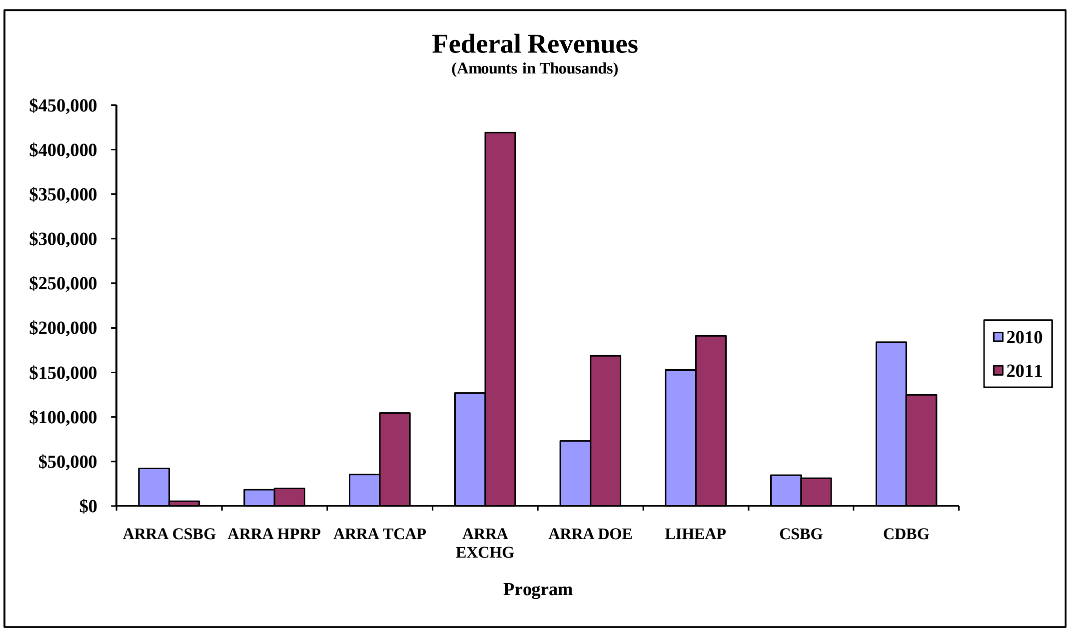
The fiscal year 2011 Other Financing Sources (Uses) consisted primarily of the transfer of HTF from General Revenue to Texas Treasury Safekeeping Trust Company. It also included transfers of interest earnings and loan repayments received during the year. There were also transfers of Earned Federal Funds to the Comptroller's Office for the amount collected in excess of spending authority. In addition, there was a decrease attributed to the transfer of Housing Trust Fund appropriation to the Veterans Commission of approximately $2 million in fiscal year 2011.

Governmental Fund Cont'd

The following graphs illustrate a comparison between fiscal year 2010 and 2011 for Federal Revenues, Intergovernmental and Public Assistance Payments. The acronyms used in the graphs are defined as follows:

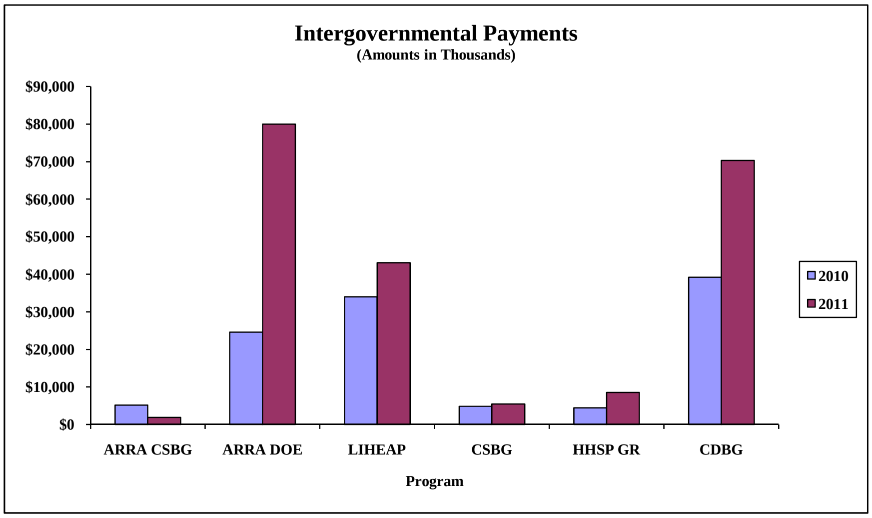
ARRA CSBG	Community Services Block Grant – Recovery Act
ARRA HPRP	Homeless Prevention and Rapid Re-Housing Program – Recovery Act
ARRA TCAP	Tax Credit Assistance Program – Recovery Act
ARRA Exchg	Housing Tax Credit Exchange – Recovery Act
ARRA DOE	Department of Energy, Weatherization Assistance for Low-Income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

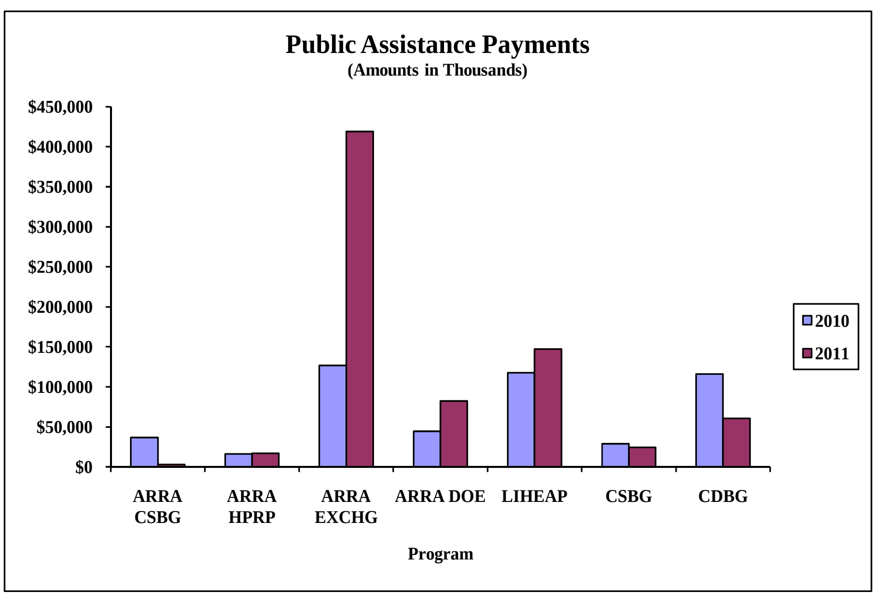
Federal Revenues: Receipts from the State's participation in programs financed with federal funds.



Governmental Fund Cont'd

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





Proprietary Fund

The following table summarizes the Statement of Revenues, Expenses and Changes in Net Assets of the Department's proprietary fund for the fiscal years ended August 31, 2011 and August 31, 2010.

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

			Increase / (Decrease)	
OPERATING REVENUES	**2011**	**2010**	**Amount**	**%**
Interest and Investment Income	$ 111,581,189	$ 121,591,960	$ (10,010,771)	(8.23)
Net Increase in Fair Value	33,223,121	35,670,235	(2,447,114)	(6.86)
Other Operating Revenues	19,247,915	17,593,827	1,654,088	9.40
Total Operating Revenues	164,052,225	174,856,022	(10,803,797)	(6.18)
OPERATING EXPENSES				
Professional Fees and Services	4,327,131	2,644,144	1,682,987	63.65
Depreciation Expense	685,204	787,983	(102,779)	(13.04)
Interest	103,484,220	116,471,499	(12,987,279)	(11.15)
Bad Debt Expense	950,488	274,645	675,843	246.08
Other Operating Expenses	16,147,320	15,990,893	156,427	0.98
Total Operating Expenses	125,594,363	136,169,164	(10,574,801)	(7.77)
Operating Income	38,457,862	38,686,858	(228,996)	(0.59)
NONOPERATING REVENUES	12,664,487	13,605,722	(941,235)	(6.92)
CHANGE IN NET ASSETS	51,122,349	52,292,580	(1,170,231)	(2.24)
Beginning Net Assets	214,794,116	162,501,536	52,292,580	32.18
Ending Net Assets	$ 265,916,465	$ 214,794,116	$ 51,122,349	23.80

Net assets of the Department's proprietary fund increased by $51.1 million, or 23.8%, to $265.9 million.

Earnings within the Department's proprietary fund were $164.1 million of which $145.8 million is classified as restricted and $18.3 million is unrestricted.

Proprietary Fund Cont'd

Restricted earnings are composed of $110.9 million in interest and investment income, $33.2 million in fair value of investments, and $1.7 million in other revenue. Interest and investment income are restricted per bond covenants for debt service. Fair value of investments is an unrealized gain due to the fact that the Department holds investments until maturity. Other revenue is predominately an accounting recognition of fees received in previous years that are deferred when received and are being amortized over a period of time.

Interest earned on program loans decreased by $3.2 million, or 5.6%, due primarily to a decrease within the Department's Multifamily Bond Program, due to lower interest rates related to variable rate debt and the corresponding mortgage loans.

Investment income decreased $7.1 million or 10.9% and reflected lower investment yields. The primary changes in investment income were within the Single Family Revenue Bond Program funds, which decreased $6.9 million, or 13.9%. The remaining decrease is accounted for in the Housing Trust Fund Program and Housing Initiatives & Compliance.

The Net Increase in Fair Value of investments decreased by $2.4 million primarily due to a lower increase in the fair value of the Department's mortgage backed securities during the fiscal year.

Other Operating Revenues increased $1.7 million primarily due to an increase in collected fees related to the Department's various Housing Programs.

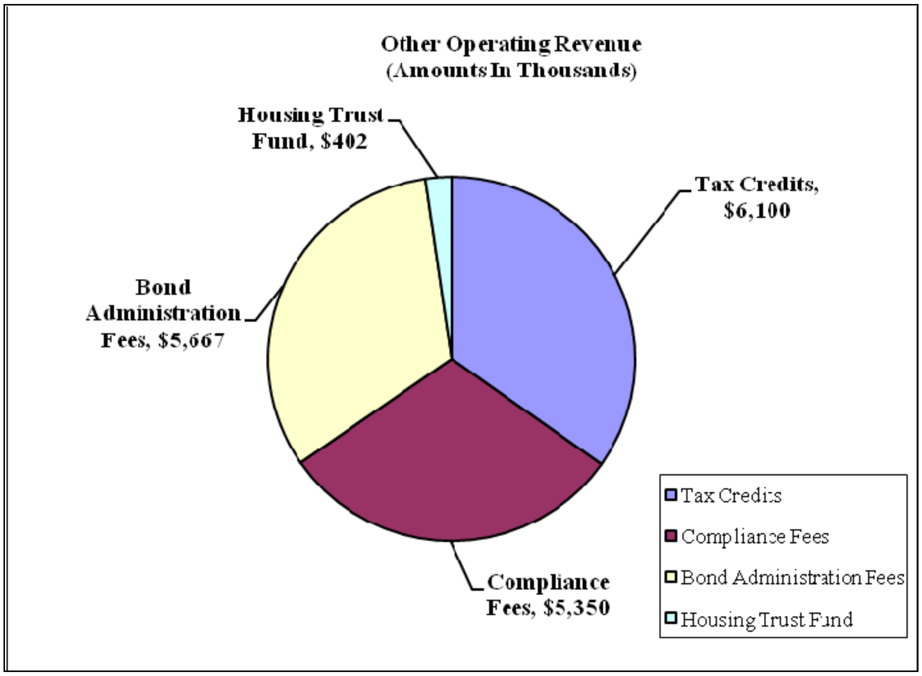
Interest expense decreased $13 million related to the Department's debt. One of the factors in this decrease is the Department's decision to pay down its bonds on a monthly basis as opposed to every six months and a decrease in interest rates related to variable rate debt.

Unrestricted earnings are composed of $683.6 thousand in interest and investment income and $17.5 million in other operating revenue.

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

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

The graph below illustrates the composition of the $17.5 million in other operating revenue, classified as unrestricted earnings, according to the different housing programs.



The following table illustrates the changes in net assets by program of the Department's Proprietary Fund for fiscal years 2011and 2010.

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

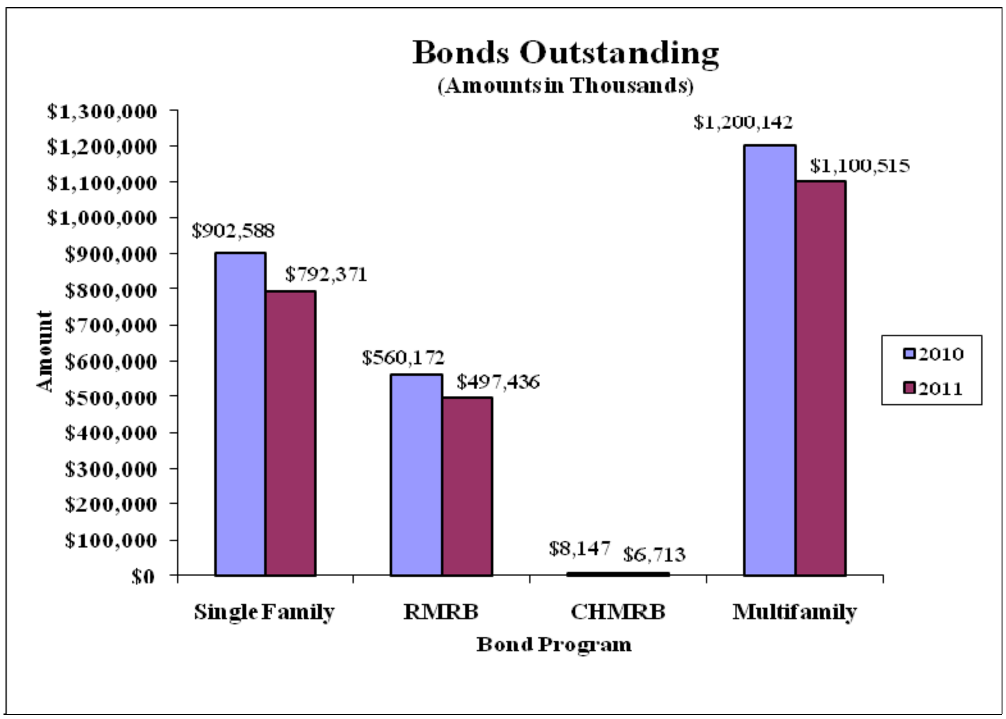
Program	2011	2010	Increase / (Decrease) Amount	Increase / (Decrease) %
Single Family	$ 123,147	$ 101,370	$ 21,777	21.5
RMRB	53,418	31,291	22,127	70.7
CHMRB	1,968	1,829	139	7.6
Multifamily	(563)	(402)	(161)	40.0
General Funds	14,459	13,326	1,133	8.5
Housing Trust Fund	66,462	61,747	4,715	7.6
Administration Fund	(1,081)	(529)	(552)	104.3
Housing Initiatives & Compliance	8,105	6,162	1,943	31.5
Total	$ 265,915	$ 214,794	$ 51,121	23.8

Proprietary Fund Cont'd
The net assets of the Single Family Bond Program increased by $21.8 million or 21.5%, and the RMRB Bond Program increased $22.1 million or 70.7%, primarily due to an increase in fair value in investments.

The net assets of the Housing Trust Fund increased $4.7 million or 7.6% primarily due to the yearly transfer of funds from general revenue appropriations.

Department Debt
The Department's new debt issuances during fiscal year 2011 totaled $60 million. The Residential Mortgage Revenue Bond Program issued $60 million in bonds. The Department also had $333 million in debt retirement during the year primarily due to consumer refinancing and prepayments of original loans. The net result was a decrease in bonds payable of $274 million to $2.4 billion of which $237 million is due within one year. For additional information, see Note 5, Bond Indebtedness, and supplementary bond information schedules.

The following graph illustrates a comparison of bonds outstanding between fiscal year 2010 and 2011 per bond program.



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

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BASIC

FINANCIAL STATEMENTS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT I
STATEMENT OF NET ASSETS - GOVERNMENT WIDE
As of August 31, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents (Note 3):			
Cash on Hand	$ 200	$ 200	$ 400
Cash in Bank	30,000	95,722	125,722
Cash in State Treasury	-	1,434,843	1,434,843
Cash Equivalents	-	47,326,859	47,326,859
Restricted:			
Cash and Cash Equivalents (Note 3):			
Cash in Bank	-	2,401,389	2,401,389
Cash in State Treasury	6,070,889	-	6,070,889
Cash Equivalents	-	288,002,448	288,002,448
Short-term Investments (Note 3)	-	688,089	688,089
Loans and Contracts	-	12,089,151	12,089,151
Interest Receivable	-	13,704,994	13,704,994
Federal Receivable	39,098,470	-	39,098,470
Legislative Appropriations	4,140,727	-	4,140,727
Receivables From:			
Interest Receivable	169,931	94,649	264,580
Accounts Receivable	47,476	1,432,823	1,480,299
Other Intergovernmental	30,000	-	30,000
Interfund Receivable (Note 8)	-	95,231	95,231
Due From Other Funds (Note 8)	-	127,958	127,958
Due From Other Agencies (Note 8)	891,715	-	891,715
Consumable Inventories	17,990	17,989	35,979
Loans and Contracts	30,294,863	2,849,165	33,144,028
Other Current Assets	-	1,230,128	1,230,128
Total Current Assets	80,792,261	371,591,638	452,383,899
Non-Current Assets:			
Loans and Contracts	-	41,774,822	41,774,822
Capital Assets (Note 2):			
Depreciable or Amortizable, Net	146,994	104,237	251,231
Restricted Assets:			
Investments (Note 3)	-	1,232,370,854	1,232,370,854
Loans and Contracts	464,607,591	1,128,175,499	1,592,783,090
Deferred Outflow of Resources	-	38,672,925	38,672,925
Other Non-Current Assets:			
Deferred Issuance Cost, net (Note 5)	-	8,507,291	8,507,291
Real Estate Owned, net	-	405,650	405,650
Total Non-Current Assets	464,754,585	2,450,011,278	2,914,765,863
Total Assets	$ 545,546,846	$ 2,821,602,916	$ 3,367,149,762

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT I (Continued)
STATEMENT OF NET ASSETS - GOVERNMENT WIDE
As of August 31, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities:			
Payables:			
Accounts Payable	$ 40,617,042	$ 1,929,928	$ 42,546,970
Accrued Bond Interest Payable	-	29,103,084	29,103,084
Payroll Payable	1,576,252	-	1,576,252
Due To Other Funds (Note 8)	127,958	-	127,958
Interfund Payable (Note 8)	95,231	-	95,231
Deferred Revenues	4,961,627	18,933,471	23,895,098
Employees' Compensable Leave (Note 4)	1,164,907	822,678	1,987,585
Revenue Bonds Payable (Notes 4 & 5)	-	237,154,879	237,154,879
Other Current Liabilities	-	1,767,893	1,767,893
Total Current Liabilities	48,543,017	289,711,933	338,254,950
Non-Current Liabilities:			
Employees' Compensable Leave (Note 4)	403,273	317,022	720,295
Revenue Bonds Payable (Notes 4 & 5)	-	2,159,880,108	2,159,880,108
Derivative Hedging Instrument (Note 6)	-	38,672,925	38,672,925
Other Non-Current Liabilities (Note 4)	-	67,104,463	67,104,463
Total Non-Current Liabilities	403,273	2,265,974,518	2,266,377,791
Total Liabilities	48,946,290	2,555,686,451	2,604,632,741
NET ASSETS			
Invested in Capital Assets	146,994	104,237	251,231
Restricted	495,064,096	179,534,185	674,598,281
Unrestricted	1,389,466	86,278,043	87,667,509
Total Net Assets	$ 496,600,556	$ 265,916,465	$ 762,517,021

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

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EXHIBIT II
STATEMENT OF ACTIVITIES - GOVERNMENT WIDE
For the Year Ended August 31, 2011

		Program Revenues		Net (Expenses) Revenue and Changes in Net Assets		
				Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	2011 Total
Primary Government						
Governmental Activities:						
Manufactured Housing	$ 5,271,991	$ 5,615,889	$ -	$ 343,898	$ -	$ 343,898
HOME Investment in Affordable Housing	16,293,841	-	43,852,560	27,558,719	-	27,558,719
Energy Assistance	193,858,245	-	193,967,836	109,591	-	109,591
Community Services	36,642,277	-	36,823,078	180,801	-	180,801
Community Development	140,738,905	-	167,884,831	27,145,926	-	27,145,926
Federal Emergency Management	1,539,445	-	1,537,205	(2,240)	-	(2,240)
Section 8	6,085,148	-	6,080,299	(4,849)	-	(4,849)
National Foreclosure Mitigation Counseling	231,541	-	231,541	-	-	-
Neighborhood Stabilization Program	1,427,919		37,448,826	36,020,907	-	36,020,907
Community Services Block Grant - ARRA	5,360,841	-	5,360,841	-	-	-
Homeless Prevention & Rapid Re-Housing-ARRA	19,643,486	-	19,680,419	36,933	-	36,933
DOE Weatherization Assistance - ARRA	168,103,655	-	168,506,679	403,024	-	403,024
Tax Credit Assistance Program - ARRA	-	-	104,349,032	104,349,032	-	104,349,032
Housing Tax Credit Exchange -ARRA	419,208,071	-	419,208,071	-	-	-
Homeless Housing & Services Program	11,625,843	-	891,627	(10,734,216)	-	(10,734,216)
Housing Trust Fund	2,606,756	761	184,473	(2,421,522)	-	(2,421,522)
Administration	2,680,221	29,336	1,910,104	(740,781)	-	(740,781)
Total Governmental Activities	1,031,318,185	5,645,986	1,207,917,422	182,245,223	-	182,245,223
Business-type Activities:						
Single Family Bonds	54,094,274	60,000,929	-	-	5,906,655	5,906,655
Multifamily Bonds	52,763,604	52,603,606	-	-	(159,998)	(159,998)
Housing Trust Fund Program	2,719,550	402,220	-	-	(2,317,330)	(2,317,330)
Administration	16,016,936	17,138,761	-	-	1,121,825	1,121,825
	125,594,364	130,145,516	-	-	4,551,152	4,551,152
Total Primary Government	$ 1,156,912,549	$ 135,791,502	$ 1,207,917,422	182,245,223	4,551,152	186,796,375
General Revenues:						
Original Appropriations				$ 19,634,858	-	19,634,858
Additional Appropriations				1,837,903	-	1,837,903
Interest & Other Investment Income				178,710	683,589	862,299
Appropriations Lapsed				(92,696)	-	(92,696)
Other Revenues				447,805	-	447,805
Net Increase in Fair Value of Investments				-	33,223,121	33,223,121
Transfers In (Out) (Note 8)				(9,275,683)	6,720,386	(2,555,297)
Gain on sale of Investments				-	5,944,101	5,944,101
Total General Revenues and Transfers				12,730,897	46,571,197	59,302,094
Change in Net Assets				194,976,120	51,122,349	246,098,469
Net Assets, September 1, 2010				301,624,436	214,794,116	516,418,552
Net Assets - August 31, 2011				$ 496,600,556	$ 265,916,465	$ 762,517,021

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

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT III
BALANCE SHEET - GOVERNMENTAL FUND
As of August 31, 2011

	Total
ASSETS	
Current Assets:	
Cash and Cash Equivalents (Note 3):	
Cash on Hand	$ 200
Cash in Bank	30,000
Restricted:	
Cash and Cash Equivalents (Note 3):	
Cash in State Treasury	6,070,889
Federal Receivable	39,098,470
Legislative Appropriations	4,140,727
Accounts Receivable	47,476
Receivables From:	
Other Intergovernmental	30,000
Interest	169,931
Interfund Receivable (Note 8)	1,330,865
Due From Other Agencies (Note 8)	891,715
Consumable Inventories	17,990
Restricted - Loans and Contracts	30,294,863
Total Current Assets	82,123,126
Non-Current Assets:	
Restricted - Loans and Contracts	464,607,591
Total Non-Current Assets	464,607,591
Total Assets	546,730,717
LIABILITIES	
Current Liabilities:	
Payables:	
Accounts Payable	40,617,042
Payroll Payable	1,576,252
Interfund Payable (Note 8)	1,426,096
Due To Other Funds (Note 8)	127,958
Deferred Revenues	4,961,627
Total Liabilities	48,708,975
FUND FINANCIAL STATEMENT-FUND BALANCES	
Fund Balances:	
Nonspendable for Inventory	17,990
Restricted	492,969,806
Assigned	933,672
Unassigned	4,100,274
Total Fund Balances as of August 31	498,021,742
NOTE: Amounts reported for governmental activities in the statement of net assets are different because:	
Capital net assets net of accumulated depreciation used in governmental activities are not financial resources and therefore not reported in the funds.	146,994
Long term liabilities relating to employees' compensable leave are not due and payable in the current year therefore are not reported in the funds.	(1,568,180)
NET ASSETS AS OF AUGUST 31	$ 496,600,556

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT IV
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
Year Ended August 31, 2011

		Total
REVENUES		
Legislative Appropriations:		
Original Appropriations (GR)	$	19,634,858
Additional Appropriations (GR)		1,837,903
Federal Revenue (PR-OP G/C)		1,111,544,941
Federal Revenue Grant Pass-Thru Revenue (PR-OP G/C)		95,741,310
State Grant Pass-Through Revenue (PR-OP G/C)		2,295
Licenses, Fees & Permits (PR-C/S)		5,050,358
Interest and Other Investment Income (PR-OP G/C)		293,748
Interest and Other Investment Income (GR)		178,710
Sales of Goods and Services (PR-C/S)		595,629
Other (PR-OP G/C)		335,127
Other (GR)		447,110
Total Revenues		1,235,661,989
EXPENDITURES		
Salaries and Wages		13,517,465
Payroll Related Costs		3,635,642
Professional Fees and Services		3,897,984
Travel		952,586
Materials and Supplies		423,071
Communication and Utilities		394,117
Repairs and Maintenance		384,249
Rentals & Leases		333,444
Printing and Reproduction		223,784
Claims and Judgments		(62,455)
Federal Pass-Through Expenditures		7,648,717
Intergovernmental Payments		217,547,175
Public Assistance Payments		782,024,554
Other Expenditures		592,729
Capital Outlay		104,528
Total Expenditures		1,031,617,590
Excess of Revenues Over Expenditures		204,044,399
OTHER FINANCING SOURCES (USES)		
Transfers Out (Note 8)		(9,275,683)
Total Other Financing (Uses)		(9,275,683)
Net Change in Fund Balances		194,768,716
FUND FINANCIAL STATEMENT-FUND BALANCES		
Fund Balances--Beginning		303,345,722
Appropriations (Lapsed)		(92,696)
Fund Balances - August 31	$	498,021,742

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

EXHIBIT IV (Continued)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
Year Ended August 31, 2011

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

		Total
Net Change in Fund Balances (Exhibit IV)	$	194,768,716
Appropriations (Lapsed)		(92,696)
Changes in Fund Balances		194,676,020
Amounts reported for governmental activities in the Statement of Activities (Exhibit II) are different because of the adjustments to:		
- capital outlay expense		105,222
- depreciation expense		(43,400)
- payroll expense due to Compensable Leave		238,278
Changes in Net Assets, August 31 (Exhibit II)	$	194,976,120

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT V
STATEMENT OF NET ASSETS - PROPRIETARY FUND
August 31, 2011

	Total
ASSETS AND DEFERRED OUTFLOWS	
Current Assets:	
Cash and Cash Equivalents (Note 3)	
Cash on Hand	$ 200
Cash in Bank	95,722
Cash in State Treasury	1,434,843
Cash Equivalents	47,326,859
Restricted Assets:	
Cash and Cash Equivalents (Note 3)	
Cash in Bank	2,401,389
Cash Equivalents	288,002,448
Short-term Investments (Note 3)	688,089
Loans and Contracts	12,089,151
Interest Receivable	13,704,994
Receivable:	
Interest Receivable	94,649
Accounts Receivable	1,432,823
Interfund Receivable (Note 8)	95,231
Due From Other Funds (Note 8)	127,958
Consumable Inventories	17,989
Loans and Contracts	2,849,165
Other Current Assets	1,230,128
Total Current Assets	371,591,638
Non-Current Assets and Deferred Outflows:	
Loans and Contracts	41,774,822
Capital Assets: (Note 2)	
Depreciable or Amortizable, Net	104,237
Restricted Assets:	
Investments (Note 3)	1,232,370,854
Loans and Contracts	1,128,175,499
Deferred Outflow of Resources	38,672,925
Deferred Issuance Cost, net (Note 5)	8,507,291
Real Estate Owned, net	405,650
Total Non-Current Assets and Deferred Outflows	2,450,011,278
Total Assets and Deferred Outflows	$ 2,821,602,916

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT V (Continued)
STATEMENT OF NET ASSETS - PROPRIETARY FUND
August 31, 2011

	Total
LIABILITIES AND DEFERRED INFLOWS	
Current Liabilities	
Payables:	
Accounts Payable	$ 1,929,928
Accrued Bond Interest Payable	29,103,084
Deferred Revenues	18,933,471
Employees' Compensable Leave (Note 4)	822,678
Revenue Bonds Payable (Notes 4 & 5)	237,154,879
Other Current Liabilities	1,767,893
Total Current Liabilities	289,711,933
Non-Current Liabilities and Deferred Inflows	
Employees' Compensable Leave (Note 4)	317,022
Revenue Bonds Payable (Note 4 & 5)	2,159,880,108
Derivative Hedging Instrument (Note 6)	38,672,925
Other Non-Current Liabilities (Note 4)	67,104,463
Total Non-Current Liabilities and Deferred Inflows	2,265,974,518
Total Liabilities and Deferred Inflows	2,555,686,451
NET ASSETS	
Invested in Capital Assets	104,237
Restricted	179,534,185
Unrestricted	86,278,043
Total Net Assets	$ 265,916,465

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

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VI

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

For the fiscal year ended August 31, 2011

		Total
OPERATING REVENUES		
Interest and Investment Income	$	111,581,189
Net Increase in Fair Value of Investments		33,223,121
Other Operating Revenues		19,247,915
Total Operating Revenues		164,052,225
OPERATING EXPENSES		
Salaries and Wages		9,376,410
Payroll Related Costs		2,175,875
Professional Fees and Services		4,327,131
Travel		277,983
Materials and Supplies		134,663
Communications and Utilities		132,421
Repairs and Maintenance		221,952
Rentals and Leases		96,867
Printing and Reproduction		88,554
Depreciation and Amortization		685,204
Interest		103,484,220
Bad Debt Expense		950,488
Down Payment Assistance		2,383,939
Other Operating Expenses		1,258,656
Total Operating Expenses		125,594,363
Operating Income		38,457,862
NONOPERATING REVENUES		
Gain on Sale of Investments		5,944,101
Total Non-Operating Revenues		5,944,101
Income before Other Revenues, Expenses, Gains, Losses and Transfers		44,401,963
OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS		
Transfers In (Note 8)		6,720,386
Total Other Revenues, Expenses, Gains, Losses and Transfers		6,720,386
CHANGE IN NET ASSETS		51,122,349
Net Assets, September 1, 2010		214,794,116
NET ASSETS, AUGUST 31, 2011	$	265,916,465

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VII
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the fiscal year ended August 31, 2011

		Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from Loan Programs	$	129,579,222
Proceeds from Other Revenues		14,795,637
Payments to Suppliers for Goods/Services		(9,114,152)
Payments to Employees		(11,406,246)
Payments for Loans Provided		(16,641,794)
Net Cash Provided By Operating Activities		107,212,667
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from Debt Issuance		60,964,050
Proceeds from Transfers from Other Funds		6,720,386
Proceeds from Other Funds		48,763
Payments of Principal on Debt Issuance		(319,025,807)
Payments of Interest		(106,653,607)
Payments for Other Cost of Debt		(1,607,226)
Net Cash (Used for) Noncapital Financing Activities		(359,553,441)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for Additions to Capital Assets		(63,330)
Net Cash (Used for) Capital Activities		(63,330)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments		314,558,775
Proceeds from Interest/Invest. Income		65,209,387
Payments to Acquire Investments		(284,938,667)
Net Cash Provided by Investing Activities		94,829,495
Net Decrease in Cash and Cash Equivalents		(157,574,609)
Cash and Cash Equivalents, September 1, 2010		496,836,070
Cash and Cash Equivalents, August 31, 2011	$	339,261,461

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

EXHIBIT VII (Continued)
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the fiscal year ended August 31, 2011

	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	$ 38,457,862
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Amortization and Depreciation	685,204
Provision for Uncollectibles	950,488
Operating Income and Cash Flow Categories	
Classification Differences	8,164,641
Changes in Assets and Liabilities:	
Decrease in Receivables	315,177
Decrease in Accrued Interest Receivable	828,658
Decrease in Loans / Contracts	90,681,875
Decrease in Property Owned	115,269
Decrease in Acquisition Costs	1,270,809
(Increase) in Other Assets	(862,158)
Increase in Payables	1,279,322
(Decrease) in Deferred Revenues	(580,592)
(Decrease) in Accrued Interest Payable	(3,362,508)
(Decrease) in Other Liabilities	(30,731,380)
Total Adjustments	68,754,805
Net Cash Provided By Operating Activities	$ 107,212,667

NON CASH TRANSACTIONS
Increase in Fair Value of Investments for 2011 was $33,223,121.
Partial forgiveness of debt for Multifamily issue 2001 Cobb Park was $3,031,470.
Cancellation of debt for Multifamily issue 2003 Spinx at Murdeaux in exchange of mortgage-backed securities was $14,222,840.
Cancellation of debt for Multifamily issue 2004 Spinx at Delafied in exchange of mortgage-backed securities was $10,898,663.
Cancellation of debt for Multifamily issue 2007 Summit Point in exchange of mortgage-backed securities was $9,445,242.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VIII
STATEMENT OF FIDUCIARY NET ASSETS
As of August 31, 2011

AGENCY FUND		**Total**
ASSETS		
Current Assets:		
Restricted:		
Cash in State Treasury	$	76,699
Total Current Assets		76,699
Total Assets	$	76,699
LIABILITIES		
Current Liabilities:		
Funds Held for Others	$	76,699
Total Current Liabilities		76,699
Total Liabilities	$	76,699

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT IX

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUND

August 31, 2011

	Beginning Balance September 1, 2010	Additions	Deductions	Ending Balance August 31, 2011
Suspense Fund (0900) U/F (0903)				
ASSETS				
Cash in State Treasury	$ 48,239	$ 216,033	$ 190,613	$ 73,659
Total Assets	$ 48,239	$ 216,033	$ 190,613	$ 73,659
LIABILITIES				
Funds Held for Others	$ 48,239	$ 216,033	$ 190,613	$ 73,659
Total Liabilities	$ 48,239	$ 216,033	$ 190,613	$ 73,659
Employees' Savings Bonds Account (0901) U/F (0901)				
ASSETS				
Cash in State Treasury	$ 300	$ 800	$ 1,100	$ -
Total Assets	$ 300	$ 800	$ 1,100	$ -
LIABILITIES				
Funds Held for Others	$ 300	$ 800	$ 1,100	$ -
Total Liabilities	$ 300	$ 800	$ 1,100	$ -
Child Support Addenda Deducts (0807) U/F (8070)				
ASSETS				
Cash in State Treasury	$ 4,189	$ 49,274	$ 50,423	$ 3,040
Total Assets	$ 4,189	$ 49,274	$ 50,423	$ 3,040
LIABILITIES				
Funds Held for Others	$ 4,189	$ 49,274	$ 50,423	$ 3,040
Total Liabilities	$ 4,189	$ 49,274	$ 50,423	$ 3,040
Totals - All Agency Funds				
ASSETS				
Cash in State Treasury	$ 52,728	$ 266,107	$ 242,136	$ 76,699
Total Assets	$ 52,728	$ 266,107	$ 242,136	$ 76,699
LIABILITIES				
Funds Held for Others	$ 52,728	$ 266,107	$ 242,136	$ 76,699
Total Liabilities	$ 52,728	$ 266,107	$ 242,136	$ 76,699

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

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NOTES TO THE

FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ENTITY

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

Effective September 1, 1991, the Department was created to assist local governments in helping residents overcome financial, social and environmental problems; to address very low to moderate income housing needs; to contribute to the preservation and redevelopment of neighborhoods and communities; to assist the Governor and the legislature in coordinating federal and state programs affecting local governments; and to continually inform the state and the public about the needs of local government (*Texas Government Code Ann., Chapter 2306*). The Department was created by merging two former agencies, the Texas Housing Agency and the Texas Department of Community Affairs.

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

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

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

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

FUND STRUCTURE

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

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

Governmental Fund

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

Proprietary Fund Types

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

Fiduciary Fund Types

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

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

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

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

Proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Proprietary Funds distinguish operating from non-operating items. Operating revenues result from providing services or producing and delivering goods in connection with the proprietary fund's principal ongoing operations. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets.

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

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

BUDGET AND BUDGETARY ACCOUNTING

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

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

ASSETS, LIABILITIES AND FUND BALANCES/NET ASSETS

Assets

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

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

The Department has reported all investment securities at fair value as of August 31, 2011 with exception of some short-term money market investments, mortgage-backed securities related to multifamily, and nonparticipating interest-earning investments contracts which are reported at amortized cost provided that the fair value of these investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors.

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

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

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

Capital Assets
Assets with an initial, individual cost meeting the thresholds established by the Comptroller's Office and an estimated useful life in excess of one year are capitalized. These assets are capitalized at cost or, if donated, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all "exhaustible" assets. Assets are depreciated over the estimated useful life of the asset (5 years for both Furniture & Equipment and Other Capital Assets) using the straight-line method.

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

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

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

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

Real Estate Owned
Real estate owned are properties acquired through foreclosure that are carried at the unpaid principal balance on the related property plus accrued interest and reimbursable expenses through the date of foreclosure, less any sales proceeds, reimbursements received from mortgage insurers and an allowance for estimated losses on such properties, which approximates the net realizable value of the property at foreclosure.

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

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

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

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

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

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

Liabilities

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

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

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

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

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

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

Derivative Hedging Instrument
Per GASB Statement No. 53, the Department is to recognize its interest rate swaps at fair value on the Statement of Net Assets. For the year ended August 31, 2011, the fair value of the Department's five swaps is considered to be negative indicating the Department would be obligated to pay the counterparty the fair value as of the termination date. The Department has the option to terminate prior to the maturity date.

Other Non-current Liabilities
Other non-current liabilities primarily account for funds due to Developers as a result of Multifamily bond proceeds. These proceeds are conduit debt issued on behalf of the Developer for the purpose of Multifamily developments and are held by the trustee. Due to the developers' fluctuation in cash flow needs, the current portion cannot be reasonably estimated.

Fund Balance/Net Assets

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

Fund Balance Components

The fund balance amounts for governmental funds were reclassified in accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* Amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned or unassigned.

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

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

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

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

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

Net Assets Components

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

Restricted Net Assets
Includes amounts restricted through bond covenants.

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

Interfund Transactions and Balances

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

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

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

Interfund Receivables and Payables
Interfund receivables and payables are eliminated from the statement of net assets except for amounts due between governmental and business-type activities.

NOTE 2: CAPITAL ASSETS

Capital Assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Depreciation and amortization was reported in the Statement of Activities in the Administration Function for Business-Type Activities in the amount of $32,126 and $43,400 for Governmental Activities. A summary of changes in Capital Assets for the year ended August 31, 2011, is presented below:

	PRIMARY GOVERNMENT				
	Balance 09/01/10	Adjustments	Additions	Deletions	Balance 08/31/11
GOVERNMENTAL ACTIVITIES					
Depreciable Assets					
Furniture and Equipment	$ 453,429	$ 13,170	$ 104,527	$ (2,748)	$ 568,378
Other Capital Assets	130,964	-	-	-	130,964
Total Depreciable Assets	$ 584,393	$ 13,170	$ 104,527	$ (2,748)	$ 699,342
Less Accumulated Depreciation for:					
Furniture and Equipment	$ (385,151)	$ (12,475)	$ (28,181)	$ 2,748	$ (423,059)
Other Capital Assets	(126,063)	-	(4,900)	-	(130,963)
Total Accumulated Depreciation	(511,214)	(12,475)	(33,081)	2,748	(554,022)
Depreciable Assets, Net	$ 73,179	$ 695	$ 71,446	$ -	$ 145,320
Amortizable Assets - Intangible					
Computer Software	$ 1,307,012	$ -	$ -	$ -	$ 1,307,012
Total Amortizable Assets - Intangible	$ 1,307,012	$ -	$ -	$ -	$ 1,307,012
Less Accumulated Amortization for:					
Computer Software	$ (1,295,019)	$ -	$ (10,319)	$ -	$ (1,305,338)
Total Accumulated Amortization	(1,295,019)	-	(10,319)	-	(1,305,338)
Amortizable Assets - Intangible, Net	$ 11,993	$ -	$ (10,319)	$ -	$ 1,674
Governmental Activities Capital Assets, Net	$ 85,172	$ 695	$ 61,127	$ -	$ 146,994
BUSINESS-TYPE ACTIVITIES					
Depreciable Assets					
Furniture and Equipment	$ 384,120	$ -	$ 63,330	$ (3,819)	$ 443,631
Other Capital Assets	132,279	-	-	-	132,279
Total Depreciable Assets	$ 516,399	$ -	$ 63,330	$ (3,819)	$ 575,910
Less Accumulated Depreciation for:					
Furniture and Equipment	$ (319,263)	$ -	$ (25,743)	$ 3,819	$ (341,187)
Other Capital Assets	(127,330)	-	(4,949)	-	(132,279)
Total Accumulated Depreciation	(446,593)	-	(30,692)	3,819	(473,466)
Depreciable Assets, Net	$ 69,806	$ -	$ 32,638	$ -	$ 102,444
Amortizable Assets - Intangible					
Computer Software	$ 679,785	$ -	$ -	$ -	$ 679,785
Total Amortizable Assets - Intangible	$ 679,785	$ -	$ -	$ -	$ 679,785
Less Accumulated Amortization for:					
Computer Software	$ (676,558)	$ -	$ (1,434)	$ -	$ (677,992)
Total Accumulated Amortization	(676,558)	-	(1,434)	-	(677,992)
Amortizable Assets - Intangible, Net	$ 3,227	$ -	$ (1,434)	$ -	$ 1,793
Business-Type Activities Capital Assets, Net	$ 73,033	$ -	$ 31,204	$ -	$ 104,237

NOTE 3: 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

As of August 31, 2011, the carrying amount of deposits was $2,527,111.

Governmental and Business-Type Activities		
CASH IN BANK - CARRYING VALUE	$	2,527,111

Governmental Funds Current Assets Cash in Bank	$	30,000
Texas Treasury Safekeeping Trust		95,722
Proprietary Funds Current Assets Restricted Cash in Bank		
Texas Treasury Safekeeping Trust		1,655,084
Demand Deposits		746,305
Cash in Bank per AFR	$	2,527,111

At August 31, 2011 the Department's cash and deposits in the State Treasury amounted to $7,505,732. Of that amount, $7,505,732 was fully collateralized by securities held with a trustee in the State's name, as reported to the Department by the Comptroller of Public Accounts of the State of Texas.

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 in accordance with the Public Funds Investment Act. 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 $96,752,959 in overnight repurchase agreements maturing on the following business day, September 1, 2011, at a rate of .01%.

At August 31, 2011, the fair value of investments (including both short-term and long-term) and cash equivalents are shown below.

Business Type Activities	Carrying Value		Fair Value	
U.S. Government				
U.S. Government Agency Obligations	$	1,093,593,165	$	1,216,987,217
Repurchase Agreements (TTSTC)		96,753,959		96,753,959
Fixed Income Money Markets		238,575,347		238,575,347
Misc (Investment Agreements/GICs)		16,071,727		16,071,727
Total	$	1,444,994,198	$	1,568,388,250

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

Credit Risk

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Preservation and safety of principal is the foremost objective of the investment program. According to the Department's investment policy, investments should be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. 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, 2011, 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			$181,393,508	
Repurchase Agreements (TTSTC)	$96,753,959			
Misc (Investment Agreements/GICs)	$16,071,727			

	Not Rated	AAA-M	AA-M	A-M
Fixed Income Money Market		$238,575,347		

A total of $1,035,593,709 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, 2011, the Department's concentration of credit risk is as follows.

Issuer	Carrying Value	% of Total Portfolio
Warburg	$96,753,959	6.17%

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.

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

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

Remaining Maturity (in months)

Government and Business Type Activities	Fair Value	12 months or less	13 to 24 months	25 to 60 months	More than 60 months
U.S. Government Agency Obligations	$ 1,216,987,217	$ -	$ -	$ 3,156,552	$1,213,830,665
Repurchase Agreements (TTSTC)	96,753,959	96,753,959			
Fixed Income Money Markets	238,575,347	238,575,347			
Misc (Investment Agreements/GICs)	16,071,727	688,089			15,383,638
Total	$ 1,568,388,250	$ 336,017,395	$ -	$ 3,156,552	$ 1,229,214,303

Highly Sensitive Investments

Mortgage backed securities. These securities are subject to early payment in a period of declining interest rates. These prepayments result in a reduction of expected total cash flows affecting the fair value of these securities and make the fair value of these securities highly sensitive to the changes in interest rates. The Department does not make it a common practice to sell these investments. However, in recent years the Department has sold some of these investments at a premium and used the realized gain to fund Down Payment Assistance loans in connection with the Single Family, First-Time Homebuyer Program. Any other fluctuation in fair value generates an unrealized gain or loss.. As of August 31, 2011, the Department holds $1,216,987,217 in mortgage backed securities.

NOTE 4: SUMMARY OF LONG TERM LIABILITIES

Changes in Long-Term Liabilities

During the year ended August 31, 2011, the following changes occurred in liabilities.

Governmental Activities	Balance 09/01/2010	Additions	Reductions	Balance 08/31/2011	Amounts Due Within One Year
Compensable Leave	$ 1,806,459	$ 1,805,628	$ 2,043,907	$ 1,568,180	$ 1,164,907
Total Governmental Activities	$ 1,806,459	$ 1,805,628	$ 2,043,907	$ 1,568,180	$ 1,164,907

Business-Type Activities	Balance 09/01/2010	Additions	Reductions	Balance 08/31/2011	Amounts Due Within One Year
Revenue Bonds Payable	$ 2,671,049,369	$ 60,768,567	$ 334,782,949	$ 2,397,034,987	$ 237,154,879
Compensable Leave	993,661	1,052,074	906,035	1,139,700	822,678
Total Business-Type Activities	$ 2,672,043,030	$ 61,820,641	$ 335,688,984	$ 2,398,174,687	$ 237,977,557

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

Revenue Bonds Payable
The Department issues bonds to assist in financing the purchase of homes or the construction of rental housing for families with very low to moderate incomes. Loan payments provide the revenues for debt service payments. (See Note 5 for more information.)

Other Non-current Liabilities
Other non-current liabilities in the Enterprise Fund totaling $67,104,463 primarily account for funds due to Developers as a result of Multifamily unexpended bond proceeds and Developer deposits which have corresponding investment balances not 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 5: BOND INDEBTEDNESS

The Department has 114 bond issues outstanding at August 31, 2011. All series are revenue bonds backed by the pledged revenue sources and restricted funds specified in the bond resolutions. Each series is designed to be self-supporting with no repayment nor obligation from the State's General Revenue. The Department issues bonds to assist in financing the purchase of homes or the construction of rental housing for families with very low to moderate incomes. Loan payments provide the revenues for debt service payments. (Detailed supplemental bond information is disclosed in Schedules 1-A, 1-B, 1-C, 1-D and 1-E.)

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

Interest on bonds and collateralized mortgage obligations is payable periodically.

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

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

Bond contractual maturities (principal only) at August 31, 2011, are as follows (in thousands):

Description	2012	2013	2014	2015	2016	2017 to 2021	2022 to 2026
Single-family	$ 11,745	$ 12,895	$ 13,310	$ 14,245	$ 15,575	$ 98,875	$ 159,525
RMRB	215,645	4,850	5,145	5,360	5,525	31,415	43,160
CHMRB							6,600
Multifamily	9,534	9,216	9,593	10,211	10,889	67,695	127,912
Total	$ 236,924	$ 26,961	$ 28,048	$ 29,816	$ 31,989	$ 197,985	$ 337,197

Description	2027 to 2031	2032 to 2036	2037 to 2041	2042 to 2046	2047 to 2051	Total
Single-family	$ 175,865	$ 214,430	$ 70,845	$	$	$ 787,310
RMRB	64,330	64,050	56,735			496,215
CHMRB						6,600
Multifamily	148,445	165,823	343,418	162,727	35,256	1,100,719
Total	$ 388,640	$ 444,303	$ 470,998	$ 162,727	$ 35,256	$ 2,390,844

NOTE 5: BOND INDEBTEDNESS Cont'd

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

The interest payment requirements at August 31, 2011, are as follows (in thousands):

Description	2012	2013	2014	2015	2016	2017 to 2021	2022 to 2026
Single-family	$ 24,524	$ 23,991	$ 23,423	$ 22,827	$ 22,249	$ 102,263	$ 84,357
RMRB	12,555	12,400	12,266	12,094	11,897	55,818	47,474
CHMRB	480	437	480	437	480	2,271	1,306
Multifamily	51,299	48,937	48,390	47,813	47,198	225,197	199,459
Total	$ 88,858	$ 85,765	$ 84,559	$ 83,171	$ 81,824	$ 385,549	$ 332,596

Description	2027 to 2031	2032 to 2036	2037 to 2041	2042 to 2046	2047 to 2051	Total
Single-family	$ 60,075	$ 31,446	$ 4,128	$	$	$ 399,283
RMRB	34,019	18,524	5,886			222,933
CHMRB						5,891
Multifamily	158,287	118,402	69,557	25,742	1,191	1,041,472
Total	$252,381	$168,372	$ 79,571	$ 25,742	$ 1,191	$ 1,669,579

Interest requirements on variable rate debt are calculated using the interest rate in effect at August 31, 2011. Interest rates on variable rate debt reset on a weekly basis by the remarketing agent.

Deferred issuance costs at August 31, 2011, consist of the following:

	Amount
Deferred Issuance Costs at August 31, 2011	$ 44,742,536
Less Accumulated Amortization	(36,235,245)
Deferred Issuance Costs, net	$ 8,507,291

NOTE 5: BOND INDEBTEDNESS Cont'd

CHANGES IN BONDS PAYABLE

Description	Bonds Outstanding 09/01/10	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/11	Amounts Due Within One Year
Single Family	$ 896,080,000	$ -	$ 12,270,000	$ 96,500,000	$ 787,310,000	$ 11,921,745
RMRB	559,365,000	60,000,000	3,545,000	119,605,000	496,215,000	215,699,756
CHMRB	8,000,000	-	-	1,400,000	6,600,000	8,814
Multifamily	1,200,354,631	-	8,116,352	91,519,586	1,100,718,693	9,524,564
Total Principal	$ 2,663,799,631	$ 60,000,000	$ 23,931,352	$ 309,024,586	$ 2,390,843,693	$ 237,154,879
Unamortized Premium	9,656,808				8,054,330	
Unamortized Refunding (Loss)	(2,407,071)				(1,863,036)	
Total	$ 2,671,049,368				$ 2,397,034,987	

Demand Bonds

The Department currently holds seven single family bond series in the amount $307,865,000 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 8/31/11**	**Liquidity Facility Expiration Date**
2004A Jr. Lien		Comptroller of Public Accounts	0.12%	3,855,000	8/31/2012
2004B	JP Morgan	Comptroller of Public Accounts	0.12%	53,000,000	8/31/2012
2004D	Piper Jaffray	Comptroller of Public Accounts	0.12%	35,000,000	8/31/2012
2005A	JP Morgan	Comptroller of Public Accounts	0.12%	70,820,000	8/31/2012
2005C	JP Morgan	Comptroller of Public Accounts	0.12%	4,900,000	8/31/2012
2006H	JP Morgan	Comptroller of Public Accounts	0.12%	36,000,000	8/31/2012
2007A	JP Morgan	Comptroller of Public Accounts	0.12%	104,290,000	8/31/2012
Total Demand Bonds				**307,865,000**	

These bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest with proper notice and delivery to the corresponding remarketing agent. If the remarketing agent is unable to remarket any bonds, the liquidity facility will purchase the bonds (bank bonds). The liquidity agreement is subject to renewal yearly on an ongoing basis. The Department shall use its best effort to cause the bonds to be purchased from the liquidity facility as soon as possible. The purchased bonds are not subject to take out provisions. For fiscal year 2011, the bondholders did not draw from the liquidity provider, Comptroller of Public Accounts, related to the Department's demand bonds.

NOTE 5: BOND INDEBTEDNESS Cont'd

Federal Arbitrage Regulations

In accordance with Federal law, the 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, 2011, the Bond Program had liabilities to the IRS totaling $1.5 million reported in the Statement of Net Assets as Other Current Liabilities. Any increase in this liability account has been recorded as a decrease to interest income.

Pledged and Other Sources

GASB Statement No. 48 requires the following disclosures for "specific revenues that have been formally committed to directly collateralize or secure debt of the Department." The following table summarizes by indenture, pledged and other sources and related expenditures for the Department's revenue bonds. A detail schedule of each bond issue is included in Schedule 1-D.

	Pledged and Other Sources and Related Expenditures for FY 2011			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
Total Single Family Bonds	$ 138,670,267	$ 1,797,498	$ 12,270,000	$ 37,414,880
Total Residential Mtg Revenue Bonds	134,486,417	804,644	3,545,000	12,761,413
Total 1992 CHMRB	2,025,290	5,249	-	522,560
Total Multifamily Bonds	144,122,663	9,249	8,116,352	52,582,908
Total	**$ 419,304,637**	**$ 2,616,640**	**$ 23,931,352**	**$ 103,281,761**

NOTE 6: DERIVATIVE INSTRUMENTS

VARIABLE TO FIXED INTEREST RATE SWAP

OBJECTIVE

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

NOTE 6: DERIVATIVE INSTRUMENTS Cont'd

SUMMARY

The fair value balances and notional amounts of derivative instruments outstanding as of August 31 2011, classified by type, and the changes in fair value of such derivative instruments for the year ended as reported in the 2011 financial statements are as follows.

Business Type Activities		Changes in Fair Value		Fair Value at August 31, 2011		
Cash Flow Hedges	Bond Issue	Classification	Amount	Classification	Amount	Notional
Pay-fixed, receive-variable interest rate swap	2004B	Deferred outflow of resources	$ 771,097	Debt	$ (6,748,336)	$ 53,000,000
Pay-fixed, receive-variable interest rate swap	2004D	Deferred outflow of resources	$ 307,228	Debt	$ (4,127,198)	$ 35,000,000
Pay-fixed, receive-variable interest rate swap	2005A	Deferred outflow of resources	$ (1,408,738)	Debt	$ (9,614,320)	$ 70,820,000
Pay-fixed, receive-variable interest rate swap	2006H	Deferred outflow of resources	$ 257,831	Debt	$ (4,351,665)	$ 36,000,000
Pay-fixed, receive-variable interest rate swap	2007A	Deferred outflow of resources	$ (1,634,188)	Debt	$ (13,831,406)	$ 104,290,000
			$ (1,706,770)		$ (38,672,925)	$ 299,110,000

TERMS AND FAIR VALUE

The terms, including the fair value of the outstanding swaps as of August 31, 2011 are as follows. The notional amounts of the swaps match the principal amount of the associated debt.

Counterparty	Notional Amount	Fair Value	Effective Date	Fixed Rate	Variable Rate	Swap Termination Date
UBS AG	$ 53,000,000	$ (6,748,336)	9/1/2004	3.84%	63% of LIBOR + .30%	9/1/34 (a)
Goldman Sachs Capital Markets, LP	$ 35,000,000	$ (4,127,198)	1/1/2005	3.64%	Lesser of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR	3/1/35 (b)
JP Morgan Chase & Co.	$ 70,820,000	$ (9,614,320)	8/1/2005	4.01%	Less of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR	9/1/36 (c)
UBS AG	$ 36,000,000	$ (4,351,665)	11/15/2006	3.86%	63% of LIBOR +.30%	9/1/25 (d)
JP Morgan Chase & Co.	$ 104,290,000	$ (13,831,406)	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	$ 299,110,000	$ (38,672,925)				

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

NOTE 6: DERIVATIVE INSTRUMENTS Cont'd

CREDIT RISK

As of August 31, 2011, the Department is not exposed to credit risk on any of its outstanding swaps because the swaps currently have a negative fair value indicating an obligation for the Department to pay the counterparty as opposed to receive payments. If interest rates change and the fair value of the swaps become positive, the Department would be exposed to credit risk on those swaps. The swap agreements contain varying collateral agreements and insurance policies with the counterparties. The credit ratings for the counterparties are as follows.

Counterparty	Standard & Poor's	Moody's
UBS AG	A+	Aa3
Goldman Sachs Bank	Not Rated	Aa3
JP Morgan Chase & Co.	AA-	Aa1

BASIS RISK

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

ROLLOVER RISK

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

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

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

NOTE 6: DERIVATIVE INSTRUMENTS Cont'd

SWAP PAYMENTS AND ASSOCIATED DEBT

Using rates as of August 31, 2011, debt service requirements of the Department's outstanding variable-rate debt and net swap payments are as follows. As rates vary, variable-rate debt bond interest payments and new swap payments will vary. The Department's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to follow scheduled reductions in the associated bonds outstanding.

Fiscal Year Ending August 31	Variable-Rate Bonds Principal	Variable-Rate Bonds Interest	Interest Rate Swaps, Net	Total
2012	$ -	$ 583,220	$ 10,708,871	$ 11,287,391
2013	-	577,196	10,708,871	11,286,067
2014	-	578,520	10,708,871	11,287,391
2015	2,020,000	577,915	10,699,385	13,297,300
2016	3,435,000	574,427	10,614,466	14,623,893
2017-2021	32,705,000	2,740,777	50,795,972	86,241,749
2022-2026	71,400,000	2,228,225	41,147,011	114,775,236
2027-2031	83,810,000	1,471,927	26,849,587	112,131,514
2032-2036	86,375,000	638,137	11,193,340	98,206,477
2037-2041	19,365,000	40,430	882,521	20,287,951
	$ 299,110,000	**$ 10,010,774**	**$ 184,308,895**	**$ 493,424,969**

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, 2011, the Department has an aggregate liability related to the interest rate swaps in the amount of $5,441,699 payable September 1, 2011.

NOTE 7: LEASES

OPERATING LEASES

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

Year Ended August 31	Governmental Activities	Business-Type Activities	Total
2012 (Future Year 1)	$ 132,994	$ 12,776	$ 145,770
2013 (Future Year 2)	132,994	12,776	145,770
2014 (Future Year 3)	132,994	12,776	145,770
2015 (Future Year 4)	132,994	12,776	145,770
2016 (Future Year 5)	11,083	1,065	12,148
Total Minimum Future Lease Rental Payments	$ 543,059	$ 52,169	$ 595,228

NOTE 8: INTERFUND ACTIVITY AND TRANSACTIONS

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

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

The Department experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer. Repayment of interfund balances will occur within one year from the date of the financial statements. Individual balances and activity at August 31, 2011, follows:

Fund	Current Interfund Receivable	Current Interfund Payable
General Fund (01)		
General Revenue (0001)	$ 1,330,865	$ 32,581
Consolidated Federal (0127, 0369)		1,393,515
Enterprise Fund (05, 0896)	95,231	
Total Interfund Receivable/Payable (Exhibit I, III, & V)	**$ 1,426,096**	**$ 1,426,096**

Fund	Current Due From Other Funds	Current Due To Other Funds
General Fund (01)		
General Revenue (0001)		$ 127,958
Enterprise Fund (05, 3054)	$ 127,958	
Total Due From Other Funds/Due to Other Funds (Exhibit I, III, & V)	**$ 127,958**	**$ 127,958**

General (01)	Due From Other Agencies	Due To Other Agencies	Source
Appd Fund 0369, D23 Fund 0369			
(Agency 781, D23 Fund 0369)	$ 891,627		Federal P-T
Appd Fund 5140, D23 Fund 5140			
(Agency 608, D23 Fund 5140)	88		Transfers
Total Due From Other Agencies/Due To Other Agencies (Exhibit I & III)	**$ 891,715**	-	

NOTE 8: INTERFUND ACTIVITY AND TRANSACTIONS Cont'd

Fund	Transfers In	Transfers Out	Purpose
General Fund (01)			
Appd Fund 0001, D23 Fund 0001		$ 6,720,386	Article VII-6, Rider 10
Appd Fund 0001, D23 Fund 0001		2,007,584	Article IX, Sect. 6.22
Appd Fund 0001, D23 Fund 0066		445,072	Gov't Code, Sect. 403.021
Appd Fund 0001, D23 Fund 0077		36,006	Gov't Code, Sect. 403.021
Appd Fund 0369, D23 Fund 0369		66,635	Article IX, Sect. 6.22
Total Transfers for Fund 0001 (Exhibit II & IV)		**$ 9,275,683**	
Enterprise Fund (05)			
Appd Fund 3054, D23 Fund 0999	$ 6,720,386		Article VII-6, Rider 10
Total Transfers for Fund 3054 (Exhibit VI)	**$ 6,720,386**		
Total Transfers*	**$ 6,720,386**	**$ 9,275,683**	

* The $2,555,297 difference between total transfers in/out represents transfers to the Texas Comptroller of Public Accounts.

NOTE 9: CONTINUANCE SUBJECT TO REVIEW

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

NOTE 10: CONTINGENCIES AND COMMITMENTS

The Department receives federal grants that are subject to review and audit by the grantor agencies. Such audits could result in request(s) for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The Department's management is currently communicating with the U.S. Department of Housing & Urban Development (HUD) to resolve ongoing HOME compliance matters. HUD has advised that if the State ultimately determines that it wishes to pursue resolution by requesting a reduction of grants, any such request would have to be made by the State's chief elected official. If a grant reduction is ultimately requested and approved, this would result in a decline in future services. Management believes it cannot reasonably estimate the amount of these reductions at this time.

The Department is a defendant in legal actions arising from transactions and activities conducted in the ordinary course of business. Management, after consultation with legal counsel, believes that it is reasonably possible it will incur additional losses associated with the conduct of this litigation. Management believes it cannot reasonably estimate the amount of these additional losses using information currently available.

NOTE 10: CONTINGENCIES AND COMMITMENTS Cont'd

DERIVATIVE INSTRUMENTS

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

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

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

As of August 31, 2011 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 $38,672,924.96. If the collateral posting requirements had been triggered at August 31, 2011, the Department would have been required to post eligible collateral equal to the aggregate fair value of the derivative instruments.

WAREHOUSING AGREEMENT

The Department revised its Warehousing Agreement on January 1, 2011 between PlainsCapital Bank and First Southwest Company. The agreement allows for the temporary warehousing of mortgage backed securities by the provider until the Department purchases them with expected issued bond proceeds. The maximum dollar volume of mortgage backed securities to be held by the providers should not exceed $200,000,000 ($100,000,000 per provider) at any time with a cumulative purchased maximum of $500,000,000 ($250,000,000 per provider). The Department has agreed to purchase the warehoused mortgage backed securities from the providers before December 31, 2011 at a price equal to the current par value of the securities. As of August 31, 2011, Plains Capital Bank and First Southwest Company have warehoused $49,316,018 in mortgage backed securities.

NOTE 11: SUBSEQUENT EVENTS

Bond Issuance	Series	Amount	Date of Issuance	Purpose
Revenue Bonds	Residential Mortgage Revenue Bond Series 2009 C-2 (NIBP Program Bonds)	$ 60,080,000	9/29/2011	Bonds are being issued for the primary purpose of providing funds for the purchase of mortgage-backed securities guaranteed as timely payments of principal and interest by Government National Mortgage Association ("Ginnie Mae").
Revenue Bonds	Residential Mortgage Revenue Bond Series 2011B	$ 87,955,000	9/29/2011	Bonds are being issued for the primary purpose of providing funds for the purchase of mortgage-backed securities guaranteed as timely payments of principal and interest by Government National Mortgage Association ("Ginnie Mae").

NOTE 12: RISK MANAGEMENT

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

The Department's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience and economic factors. There have been no significant reductions in insurance coverage in the past year and losses did not exceed funding arrangements during the past three years. The Department incurred a claim of $100,000 in fiscal year 2010 and reported no claims in fiscal year 2011.

NOTE 13: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Department's Enterprise Fund 0896 reported a negative change in Net Assets of $551,828 resulting in a negative Net Assets balance of $1,080,831 at August 31, 2011. Balances are due to the accrual of expenditures with transfer of funds made in Fiscal Year 2012, therefore, offsetting the negative balance.

NOTE 14: SEGMENT INFORMATION FOR ENTERPRISE FUND

The Segment information below is for the Department's direct debt associated with the issuance of Single Family bonds only and does not include the Multifamily bonds where the Department is only a conduit issuer. Therefore, this note represents less than what is reported in the Enterprise Fund as a whole. Each grouping consists of separate indentures that have one or more bonds outstanding with the revenue stream and assets exclusively pledged in support of that debt. Each indenture imposes the requirement of separate accounting of the revenues, expenses, gains, losses, assets, and liabilities.

CONDENSED STATEMENT OF NET ASSETS

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds
Restricted Assets:			
Current Assets	$ 46,580,228	$ 222,941,333	$ 190,052
Non-Current Assets	936,917,262	332,964,258	8,751,867
Total Assets	983,497,490	555,905,591	8,941,919
Liabilities:			
Current Liabilities	41,227,600	220,750,787	269,529
Non-Current Liabilies	819,122,467	281,736,378	6,704,054
Total Liabilities	860,350,067	502,487,165	6,973,583
Net Assets:			
Restricted Net Assets	$ 123,147,423	$ 53,418,426	$ 1,968,336
Total Restricted Net Assets	$ 123,147,423	$ 53,418,426	$ 1,968,336

NOTE 14: SEGMENT INFORMATION FOR ENTERPRISE FUND Cont'd

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

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds
Operating Revenues:			
Interest and Investment Income	$ 43,788,088	$ 13,928,231	$ 588,500
Net Increase in Fair Value of Investments	18,687,633	14,521,706	13,782
Other Operating Revenues	723,486	935,834	36,790
Operating Expenses	(38,588,448)	(14,363,617)	(498,381)
Depreciation and Amortization	(443,328)	(196,960)	(3,541)
Operating Income	24,167,431	14,825,194	137,150
Nonoperating Revenues (Expenses):			
Other Nonoperating Revenues (Expenses):	-	5,944,101	-
Special and Extraordinary Items	-	-	-
Transfers In (Out)	(2,389,476)	1,357,968	2,019
Changes in Net Assets	21,777,955	22,127,263	139,169
Net Assets, September 1, 2010	101,369,468	31,291,163	1,829,167
Net Assets, August 31, 2011	$ 123,147,423	$ 53,418,426	$ 1,968,336

CONDENSED STATEMENT OF CASH FLOWS

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds
Net Cash Provided (Used) By:			
Operating Activities	$ 1,917,492	$ (9,662,720)	$ (1,221)
Noncapital Financing Activities	(151,150,092)	(75,171,638)	(1,907,114)
Investing Activities	125,220,724	(52,013,503)	1,851,516
Net Increase (Decrease)	(24,011,876)	(136,847,861)	(56,819)
Beginning Cash and Cash Equivalents	64,213,348	357,471,896	197,195
Ending Cash and Cash Equivalents	$ 40,201,472	$ 220,624,035	$ 140,376

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SUPPLEMENTARY BOND

SCHEDULES

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
SCHEDULE 1-A
Supplementary Bond Schedules
MISCELLANEOUS BOND INFORMATION
For the fiscal year ended August 31, 2011

Description of Issue	Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat. First Year	Scheduled Mat. Last Year	First Call Date	
2002 Single Family Series A	$ 38,750,000	5.45%	5.55%	2023	2034	03/01/2012	
2002 Single Family Series B	52,695,000	5.35%	5.55%	2033	2033	03/01/2012	
2002 Single Family Series C	12,950,000	2.80%	5.20%	2004	2017	03/01/2012	
2002 Single Family Series D	13,605,000	2.00%	4.50%	2003	2012	03/01/2012	
2004 Single Family Series A	123,610,000	2.00%	4.70%	2006	2035	03/01/2013	
2004 Single Family Series B	53,000,000	VAR - Weekly		2015	2034	03/01/2015	(f)
2004 Single Family Series A (Jr. Lien)	4,140,000	VAR - Weekly		2036	2036	09/01/2036	(f)
2004 Single Family Series C	41,245,000	4.30%	4.80%	2019	2036	09/01/2014	
2004 Single Family Series D	35,000,000	VAR - Weekly		2035	2035	(g)	
2004 Single Family Series E	10,825,000	2.45%	4.30%	2006	2013	09/01/2014	
2005 Single Family Series A	100,000,000	VAR - Weekly		2007	2036	03/01/2006	
2005 Single Family Series B	25,495,000	4.38%	4.38%	2006	2026	03/01/2006	
2005 Single Family Series C	8,970,000	VAR - Weekly		2017	2017	03/01/2006	
2005 Single Family Series D	3,730,000	5.00%	5.00%	2025	2035	03/01/2006	
2006 Single Family Series A	59,555,000	5.00%	5.00%	2008	2037	09/01/2006	
2006 Single Family Series B	70,485,000	5.00%	5.00%	2008	2034	09/02/2006	
2006 Single Family Series C	105,410,000	5.13%	5.13%	2008	2037	09/03/2006	
2006 Single Family Series D	29,685,000	4.50%	4.50%	2018	2028	09/04/2006	
2006 Single Family Series E	17,295,000	4.06%	4.06%	2007	2017	09/05/2006	
2006 Single Family Series F	81,195,000	4.65%	5.75%	2008	2038	03/01/2016	
2006 Single Family Series G	15,000,000	3.75%	4.60%	2012	2019	03/01/2016	
2006 Single Family Series H	36,000,000	VAR - Weekly		2016	2037	03/01/2016	
2007 Single Family Series A	143,005,000	VAR - Weekly		2008	2038	03/01/2008	(f)
2007 Single Family Series B	157,060,000	3.90%	5.63%	2008	2039	03/01/2008	
1998 RMRB Series A	102,055,000	4.05%	5.35%	2002	2031	01/01/2009	
1998 RMRB Series B	14,300,000	5.30%	5.30%	2022	2022	01/01/2009	
1999 RMRB Series A	25,615,000	4.80%	5.50%	2018	2021	01/01/2009	
2000 RMRB Series B	82,975,000	5.70%	5.70%	2005	2033	07/01/2010	
2000 RMRB Series C	13,675,000	5.82%	5.85%	2011	2025	07/01/2010	
2001 RMRB Series A	52,715,000	3.15%	5.70%	2004	2033	07/01/2011	
2001 RMRB Series B	15,585,000	5.00%	5.25%	2011	2022	07/01/2011	
2001 RMRB Series C	32,225,000	2.55%	4.63%	2003	2015	07/01/2011	
2002 RMRB Series A	42,310,000	2.25%	5.35%	2004	2034	07/01/2012	
2003 RMRB Series A	73,630,000	1.70%	5.00%	2005	2034	01/01/2013	
2009 RMRB Series A	80,000,000	5.13%	5.13%	2011	2039	01/01/2019	
2009 RMRB Series B	22,605,000	4.72%	4.72%	2010	2022	01/01/2019	
2009 RMRB Series C	300,000,000	VAR - Weekly		2010	2041	12/31/2011	
2009 RMRB Series C-1	89,030,000	0.70%	3.57%	2029	2041	04/01/2011	
2011 RMRB Series A	60,000,000	0.70%	5.05%	2012	2029	01/01/2021	
1992 Coll Home Mtg Rev Bonds, Series C	72,700,000	3.48%	10.27%	2024	2024	05/04/1995	
TOTAL SINGLE FAMILY & RMRB BONDS	$ 2,318,125,000						
1996 MF Series A/B (Brighton's Mark)	$ 10,174,000	6.13%	6.13%	2026	2026	01/01/2003	
1996 MF Series A/B (Braxton's Mark)	14,867,000	5.81%	5.81%	2026	2026	01/01/2003	
1998 MF Series A (Pebble Brook)	10,900,000	4.95%	5.60%	2001	2030	06/01/2001	
1998 MF Series A-C (Residence Oaks)	8,200,000	5.98%	7.18%	2001	2030	05/01/2001	
1998 MF Series A/B (Greens of Hickory Trial)	13,500,000	5.20%	6.03%	2001	2030	09/01/2008	
1999 MF Series A-C (Mayfield)	11,445,000	5.70%	7.25%	2001	2031	05/01/2002	
2000 MF Series A (Timber Point Apts)	8,100,000	VAR - Weekly		2003	2032	07/01/2000	(a)
2000 MF Series A/B (Oaks at Hampton)	10,060,000	7.20%	9.00%	2002	2040	03/01/2017	(a)
2000 MF Series A (Deerwood Apts)	6,435,000	5.25%	6.40%	2003	2032	06/01/2010	
2000 MF Series A (Creek Point Apts)	7,200,000	VAR - Weekly		2004	2032	07/01/2000	(a)
2000 MF Series A/B (Parks @ Westmoreland)	9,990,000	7.20%	9.00%	2002	2040	07/01/2017	(a)
2000 MF Series A-C (Highland Meadow Apts)	13,500,000	6.75%	8.00%	2004	2033	05/01/2019	

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
SCHEDULE 1-A
Supplementary Bond Schedules
MISCELLANEOUS BOND INFORMATION (Continued)
For the fiscal year ended August 31, 2011

Description of Issue	Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat. First Year	Scheduled Mat. Last Year	First Call Date	
2000 MF Series A/B (Greenbridge)	$ 20,085,000	7.40%	10.00%	2003	2040	03/01/2014	
2000 MF Series A-C (Collingham Park)	13,500,000	6.72%	7.72%	2004	2033	05/01/2019	
2000 MF Series A/B (Williams Run)	12,850,000	7.65%	9.25%	2002	2040	01/01/2011	
2001 MF Series A (Bluffview Senior Apts)	10,700,000	7.65%	7.65%	2003	2041	05/01/2018	
2001 MF Series A (Knollwood Villas Apts)	13,750,000	7.65%	7.65%	2003	2041	05/01/2018	
2001 MF Series A (Skyway Villas)	13,250,000	6.00%	6.50%	2005	2034	12/01/2011	
2001 MF Series A/B (Cobb Park)	7,785,000	6.77%	6.77%	2003	2041	07/01/2018	
2001 MF Series A (Greens Road Apts.)	8,375,000	5.30%	5.40%	2004	2034	12/01/2011	
2001 MF Series A/B (Meridian Apts.)	14,310,000	5.45%	6.85%	2004	2034	12/01/2011	
2001 MF Series A/B (Wildwood Apts.)	14,365,000	5.45%	6.75%	2004	2034	12/01/2011	
2001 MF Series A-C (Fallbrook Apts.)	14,700,000	6.06%	6.78%	2005	2034	01/01/2012	
2001 MF Series A (Oak Hollow Apts.)	8,625,000	7.00%	7.90%	2003	2041	11/01/2018	
2001 MF Series A/B (Hillside Apts.)	12,900,000	7.00%	9.25%	2003	2041	11/01/2018	
2002 MF Series A (Millstone Apts.)	12,700,000	5.35%	5.86%	2005	2035	06/01/2012	
2002 MF Series A (West Oaks Apts.)	10,150,000	7.15%	7.50%	2004	2042	12/01/2018	
2002 MF Series A (Park Meadows Apts)	4,600,000	6.53%	6.53%	2004	2034	05/01/2012	
2002 MF Series A (Clarkridge Villas Apts)	14,600,000	7.00%	7.00%	2004	2042	08/01/2019	
2002 MF Series A (Hickory Trace Apts)	11,920,000	7.00%	7.00%	2004	2042	12/01/2019	
2002 MF Series A (Green Crest Apts)	12,500,000	7.00%	7.00%	2004	2042	11/01/2019	
2002 MF Series A/B (Ironwood Crossing)	16,970,000	5.50%	8.75%	2005	2042	10/01/2027	
2002 MF Series A (Woodway Village Apts)	9,100,000	4.95%	5.20%	2006	2023	01/01/2013	
2003 MF Series A/B (Reading Road)	12,200,000	VAR-Weekly		2007	2036	01/01/2004	(a)
2003 MF Series A/B (North Vista Apts)	14,000,000	4.10%	5.41%	2006	2036	06/01/2013	
2003 MF Series A/B (West Virginia Apts)	9,450,000	4.15%	5.41%	2006	2036	06/01/2013	
2003 MF Series A/B (Sphinx @ Murdeaux)	15,085,000	3.55%	5.00%	2005	2042	06/20/2013	
2003 MF Series A/B (Primrose Houston School)	16,900,000	5.50%	8.00%	2006	2036	07/01/2003	(a)
2003 MF Series A/B (Timber Oaks Apts)	13,200,000	6.75%	8.75%	2005	2043	06/01/2020	
2003 MF Series A/B (Ash Creek Apts)	16,375,000	5.60%	15.00%	2006	2036	10/01/2003	(a)
2003 MF Series A/B (Peninsula Apts)	12,400,000	4.25%	5.30%	2007	2024	10/01/2013	
2003 MF Series A (Evergreen @ Mesquite)	11,000,000	6.60%	8.00%	2006	2043	09/01/2020	
2003 MF Series A/B (Arlington Villas)	17,100,000	6.75%	8.00%	2007	2036	01/01/2007	(a)
2003 MF Series A/B (Parkview Twnhms)	16,600,000	6.60%	8.50%	2006	2043	12/01/2020	
2003 MF Series A (NHP-Asmara) Refunding	31,500,000	VAR - Weekly		2007	2033	07/01/2007	(a)
2004 MF Series A/B (Timber Ridge)	7,500,000	5.75%	8.00%	2007	2037	03/01/2007	(a)
2004 MF Series A/B (Century Park)	13,000,000	5.75%	5.75%	2007	2037	05/01/2007	(a)
2004 MF Series A/B (Veterans Memorial)	16,300,000	6.60%	8.50%	.2006	2044	03/01/2006	(a)
2004 MF Series A (Rush Creek)	10,000,000	5.38%	6.70%	2006	2044	03/01/2021	
2004 MF Series A (Humble Park)	11,700,000	6.60%	6.60%	2007	2041	07/01/2021	
2004 MF Series A (Chisholm Trail)	12,000,000	VAR - Weekly (b)		2006	2037	10/15/2006	(a)
2004 MF Series A (Evergreen @ Plano)	14,750,000	5.25%	6.55%	2007	2044	06/01/2021	
2004 MF Series A (Montgomery Pines)	12,300,000	VAR - Weekly		2006	2037	12/15/2006	(a)
2004 MF Series A (Bristol)	12,625,000	VAR - Weekly		2007	2037	06/15/2007	(a)
2004 MF Series A (Pinnacle)	14,500,000	VAR - Weekly (c)		2007	2044	09/01/2007	(a)
2004 MF Series A (Tranquility Bay)	14,350,000	6.50%	6.50%	2007	2044	06/01/2021	(e)
2004 MF Series A (Sphinx @ Delafield)	11,380,000	5.05%	5.35%	2006	2044	07/20/2014	
2004 MF Series A (Churchill @ Pinnacle)	10,750,000	5.25%	6.55%	2007	2044	09/01/2021	(e)
2004 MF Series A/B (Post Oak East)	13,600,000	VAR - Weekly		(d)	2037	(d)	
2004 MF Series A (Village Fair)	14,100,000	5.00%	6.50%	2007	2044	12/01/2021	
2005 MF Series A (Pecan Grove)	14,030,000	5.00%	6.50%	2007	2045	01/01/2022	
2005 MF Series A (Prairie Oaks)	11,050,000	4.75%	6.50%	2007	2045	01/01/2022	
2005 MF Series A (Port Royal)	12,200,000	5.00%	6.50%	2007	2045	02/01/2022	
2005 MF Series A (Del Rio)	11,490,000	5.00%	6.50%	2007	2045	02/01/2022	
2005 MF Series A (Atascocita Pines)	11,900,000	VAR - Weekly (c)		2007	2037	(f)	
2005 MF Series A (Tower Ridge)	15,000,000	VAR - Weekly (b)		2009	2038	(f)	
2005 MF Series A (Prairie Ranch)	12,200,000	4.85%	4.85%	2007	2045	12/20/2015	
2005 MF Series A (St Augustine)	7,650,000	VAR - Weekly		2009	2038	n/a	
2005 MF Series A (Park Manor)	10,400,000	5.00%	6.40%	2008	2045	09/01/2022	

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
SCHEDULE 1-A
Supplementary Bond Schedules
MISCELLANEOUS BOND INFORMATION (Continued)
For the fiscal year ended August 31, 2011

Description of Issue	Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat. First Year	Scheduled Mat. Last Year	First Call Date
2005 MF Series A (Mockingbird)	$ 14,360,000	6.40%	6.40%	2007	2045	08/01/2022
2005 MF Series A (Chase Oaks)	14,250,000	5.05%	5.05%	2007	2035	(h)
2005 MF Series A/B (Canal Place)	16,100,000	3.45%	8.00%	2019	2039	(i)
2005 MF Series A (Coral Hills)	5,320,000	5.05%	5.05%	2038	2038	08/01/2015
2006 MF Series A (Harris Branch)	15,000,000	VAR - Weekly		2009	2039	(j)
2006 MF Series A (Bella Vista)	6,800,000	6.15%	6.15%	2008	2046	04/01/2016
2006 MF Series A (Village Park)	13,660,000	4.75%	5.13%	2009	2026	06/01/2021
2006 MF Series A (Oakmoor)	14,635,000	5.50%	6.00%	2008	2046	03/01/2023
2006 MF Series A (Sunset Pointe)	15,000,000	VAR - Weekly		2039	2039	(i)
2006 MF Series A (Hillcrest)	12,435,000	5.25%	5.25%	2009	2039	04/01/2021
2006 MF Series A (Pleasant Village)	6,000,000	6.00%	6.00%	2008	2023	(k)
2006 MF Series A (Grove Village)	6,180,000	6.00%	6.00%	2008	2023	(k)
2006 MF Series A (Red Hills Villas)	5,015,000	VAR - Weekly		2036	2036	(j)
2006 MF Series A (Champion Crossing)	5,125,000	VAR - Weekly		2036	2036	(j)
2006 MF Series A (Stonehaven)	11,300,000	5.80%	5.80%	2008	2026	(h)
2006 MF Series A (Center Ridge)	8,325,000	5.00%	5.00%	2009	2039	05/01/2021
2006 MF Series A (Meadowlands)	13,500,000	6.00%	6.00%	2009	2046	09/01/2023
2006 MF Series A (East Tex Pines)	13,500,000	4.95%	4.95%	2010	2046	(l)
2006 MF Series A (Villas at Henderson)	7,200,000	VAR - Weekly		2010	2039	(m)
2006 MF Series A (Aspen Park Apts)	9,800,000	5.00%	5.00%	2010	2039	07/01/2021
2006 MF Series A (Idlewilde Apts)	14,250,000	VAR - Weekly		2010	2040	(j)
2007 MF Series A (Lancaster Apts)	14,250,000	VAR - Weekly		2010	2040	(j)
2007 MF Series A (Park Place)	15,000,000	5.80%	5.80%	2010	2047	03/01/2024
2007 MF Series A (Terrace at Cibolo)	8,000,000	VAR - Weekly		2010	2040	(m)
2007 MF Series A (Santora Villas)	13,072,000	5.80%	5.80%	2010	2047	06/01/2024
2007 MF Series A (Villas @ Mesquite Creek)	16,860,000	5.00%	5.81%	2010	2047	01/20/2017
2007 MF Series A (Summit Point)	11,700,000	4.80%	5.25%	2009	2047	06/20/2017
2007 MF Series A (Costa Rialto)	12,385,000	5.35%	5.35%	2010	2047	08/01/2025
2007 MF Series A (Windshire)	14,000,000	VAR - Weekly		2010	2041	(j)
2007 MF Series A (Residences @ Onion Creek)	15,000,000	VAR - Weekly		2011	2040	(j)
2008 MF Series A (West Oaks)	13,125,000	VAR - Weekly		2011	2041	(n)
2008 MF Series A (Costa Ibiza)	13,900,000	VAR - Weekly		2011	2041	(f)
2008 MF Series A (Addison Park)	14,000,000	VAR - Weekly		2008	2044	(n)
2008 MF Series A (Alta Cullen Apartments)	14,000,000	VAR - Weekly		2011	2045	(n)
2009 MF Series A (Costa Mariposa Apartments)	13,690,000	VAR - Weekly		2012	2042	(n)
2009 MF Series A (Woodmont Apartments)	15,000,000	VAR - Weekly		2012	2042	(n)
TOTAL MULTIFAMILY BONDS	$ 1,294,428,000					
TOTAL BONDS ISSUED	**$ 3,612,553,000**					

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) No set amortization, per trustee, amortization will occur in $100,000 denominations when the amount in the principal reserve fund exceeds 20% of the issue.

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(i) 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.

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

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

(l) 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.

(m) 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.

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

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-B
CHANGES IN BOND INDEBTEDNESS
For the fiscal year ended August 31, 2011

Description of Issue	Bonds Outstanding 09/01/10	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/11	Amounts Due Within One Year
2002 Single Family Series A	$ 31,505,000	$	$	$ 1,325,000	$ 30,180,000	$
2002 Single Family Series B	21,705,000			3,935,000	17,770,000	2,843
2002 Single Family Series C	8,080,000		500,000	325,000	7,255,000	497,618
2002 Single Family Series D	2,640,000		835,000	40,000	1,765,000	862,323
2004 Single Family Series A	66,185,000		2,110,000	8,340,000	55,735,000	1,935,000
2004 Single Family Series B	53,000,000			-	53,000,000	-
2004 Single Family Series A (Jr. Lien)	3,855,000				3,855,000	-
2004 Single Family Series C	19,575,000			2,740,000	16,835,000	-
2004 Single Family Series D	35,000,000				35,000,000	-
2004 Single Family Series E	4,875,000		960,000	585,000	3,330,000	888,868
2005 Single Family Series A	77,290,000			6,470,000	70,820,000	-
2005 Single Family Series B	12,400,000		560,000	1,720,000	10,120,000	482,300
2005 Single Family Series C	5,800,000			900,000	4,900,000	-
2005 Single Family Series D	3,040,000				3,040,000	-
2006 Single Family Series A	43,370,000		420,000	4,925,000	38,025,000	459,082
2006 Single Family Series B	49,505,000		1,175,000	5,590,000	42,740,000	1,176,835
2006 Single Family Series C	75,350,000		1,255,000	8,515,000	65,580,000	1,355,941
2006 Single Family Series D	17,135,000			4,440,000	12,695,000	(33,984)
2006 Single Family Series E	12,680,000		1,370,000		11,310,000	1,348,874
2006 Single Family Series F	54,750,000		385,000	12,365,000	42,000,000	403,601
2006 Single Family Series G	8,185,000		810,000	1,590,000	5,785,000	750,000
2006 Single Family Series H	36,000,000				36,000,000	-
2007 Single Family Series A	120,775,000			16,485,000	104,290,000	(21,805)
2007 Single Family Series B	133,380,000		1,890,000	16,210,000	115,280,000	1,814,249
1998 RMRB Series A	27,720,000			27,720,000	-	-
1998 RMRB Series B	5,175,000			5,175,000	-	-
1999 RMRB Series A	3,655,000			3,655,000	-	-
2000 RMRB Series B	12,000,000			12,000,000	-	-
2000 RMRB Series C	3,675,000			3,675,000	-	-
2001 RMRB Series A	21,995,000			21,995,000	-	-
2001 RMRB Series B	10,600,000		650,000	9,950,000	-	-
2001 RMRB Series C	4,770,000		930,000	3,840,000	-	-
2002 RMRB Series A	22,700,000		330,000	1,670,000	20,700,000	293,087
2003 RMRB Series A	47,535,000		620,000	3,215,000	43,700,000	583,834
2009 RMRB Series A	79,990,000		250,000	24,440,000	55,300,000	533,287
2009 RMRB Series B	19,550,000		765,000	1,545,000	17,240,000	1,025,542
2009 RMRB Series C	300,000,000	(89,030,000)			210,970,000	210,970,000
2009 RMRB Series C-1		89,030,000		435,000	88,595,000	-
2011 RMRB Series A		60,000,000		290,000	59,710,000	2,294,006
1992 Coll Home Mtg Rev Bonds, Series C	8,000,000	-	-	1,400,000	6,600,000	8,814
Total Single Family Bonds	$ 1,463,445,000	$ 60,000,000	$ 15,815,000	$ 217,505,000	$ 1,290,125,000	$ 227,630,315
1996 MF Series A/B (Brighton's Mark)	$ 8,075,000	$	$		$ 8,075,000	$
1996 MF Series A/B (Braxton's Mark)	14,273,700			14,273,700	-	-
1998 MF Series A (Pebble Brook)	9,250,000		225,000		9,025,000	245,000
1998 MF Series A-C (Residence Oaks)	6,929,000		180,000		6,749,000	189,000
1998 MF Series A/B (Greens of Hickory Trial)	11,565,000		290,000		11,275,000	310,000
1999 MF Series A-C (Mayfield)	9,741,000		248,000		9,493,000	263,000
2000 MF Series A (Timber Point Apts)	7,370,000			200,000	7,170,000	-
2000 MF Series A/B (Oaks at Hampton)	9,508,287		96,379		9,411,908	103,550
2000 MF Series A (Deerwood Apts)	5,780,000		115,000		5,665,000	120,000
2000 MF Series A (Creek Point Apts)	6,260,000			200,000	6,060,000	-
2000 MF Series A/B (Parks @ Westmoreland)	9,464,168		93,604		9,370,564	100,571
2000 MF Series A-C (Highland Meadow Apts)	8,175,000		149,000		8,026,000	159,000

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-B
CHANGES IN BOND INDEBTEDNESS (Continued)
For the fiscal year ended August 31, 2011

Description of Issue	Bonds Outstanding 09/01/10	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2011	Amounts Due Within One Year
2000 MF Series A/B (Greenbridge)	$ 19,474,075	$	$	$	$ 19,474,075	$ 498,074
2000 MF Series A-C (Collingham Park)	12,323,000		244,000		12,079,000	259,000
2000 MF Series A/B (Williams Run)	12,417,289				12,417,289	525,227
2001 MF Series A (Bluffview Senior Apts)	10,296,591		74,486		10,222,105	80,348
2001 MF Series A (Knollwood Villas Apts)	13,231,600		95,717		13,135,883	103,250
2001 MF Series A (Skyway Villas)	7,190,000		135,000		7,055,000	145,000
2001 MF Series A/B (Cobb Park)	7,584,303		9,059	7,575,244	-	-
2001 MF Series A (Greens Road Apts.)	7,675,000		145,000		7,530,000	155,000
2001 MF Series A/B (Meridian Apts.)	8,413,000		75,000		8,338,000	84,000
2001 MF Series A/B (Wildwood Apts.)	6,512,000		60,000		6,452,000	67,000
2001 MF Series A-C (Fallbrook Apts.)	13,580,000		251,000		13,329,000	268,000
2001 MF Series A (Oak Hollow Apts.)	6,252,173		49,217		6,202,956	52,775
2001 MF Series A/B (Hillside Apts.)	12,456,677		55,426		12,401,251	59,433
2002 MF Series A (Millstone Apts.)	10,050,000		195,000		9,855,000	215,000
2002 MF Series A (West Oaks Apts.)	9,387,762		52,802	9,334,960	-	-
2002 MF Series A (Park Meadows Apts)	4,140,000		80,000		4,060,000	80,000
2002 MF Series A (Clarkridge Villas Apts)	13,529,328		99,871		13,429,457	107,090
2002 MF Series A (Hickory Trace Apts)	11,186,559		82,049		11,104,510	87,981
2002 MF Series A (Green Crest Apts)	11,137,858		81,692		11,056,166	87,598
2002 MF Series A/B (Ironwood Crossing)	16,612,853		94,615		16,518,238	103,235
2002 MF Series A (Woodway Village Apts)	7,300,000		130,000	45,000	7,125,000	135,000
2003 MF Series A/B (Reading Road)	11,610,000		30,000	200,000	11,380,000	30,000
2003 MF Series A/B (North Vista Apts)	12,290,000		230,000		12,060,000	240,000
2003 MF Series A/B (West Virginia Apts)	8,865,000		165,000		8,700,000	165,000
2003 MF Series A/B (Sphinx @ Murdeaux)	14,200,000		90,000	14,110,000	-	-
2003 MF Series A/B (Primrose Houston School)	16,294,476		100,503		16,193,973	108,975
2003 MF Series A/B (Timber Oaks Apts)	12,913,340		72,942		12,840,398	79,586
2003 MF Series A/B (Ash Creek Apts)	16,018,853		101,439		15,917,414	109,967
2003 MF Series A/B (Peninsula Apts)	11,605,000		180,000	15,000	11,410,000	185,000
2003 MF Series A (Evergreen @ Mesquite)	10,504,584		98,902	10,405,682	-	-
2003 MF Series A/B (Arlington Villas)	16,811,691		94,502		16,717,189	102,396
2003 MF Series A/B (Parkview Twnhms)	16,221,678		102,420		16,119,258	111,473
2003 MF Series A (NHP-Asmara) Refunding	20,035,000		430,000		19,605,000	440,657
2004 MF Series A/B (Timber Ridge)	6,557,974		42,119		6,515,855	45,150
2004 MF Series A/B (Century Park)	12,100,000		190,000		11,910,000	200,000
2004 MF Series A/B (Veterans Memorial)	15,934,152		102,036		15,832,116	111,055
2004 MF Series A (Rush Creek)	8,662,944		59,737		8,603,207	63,865
2004 MF Series A (Humble Park)	11,290,000		120,000		11,170,000	130,000
2004 MF Series A (Chisholm Trail)	11,500,000			100,000	11,400,000	-
2004 MF Series A (Evergreen @ Plano)	14,481,800		96,886		14,384,914	103,426
2004 MF Series A (Montgomery Pines)	12,100,000			200,000	11,900,000	-
2004 MF Series A (Bristol)	12,100,000			100,000	12,000,000	-
2004 MF Series A (Pinnacle)	14,065,000			200,000	13,865,000	-
2004 MF Series A (Tranquility Bay)	13,982,022		102,339		13,879,683	109,192
2004 MF Series A (Sphinx @ Delafield)	10,915,000			10,915,000	-	-
2004 MF Series A (Churchill @ Pinnacle)	9,879,304		81,665		9,797,639	87,178
2004 MF Series A/B (Post Oak East)	13,600,000			13,600,000	-	-
2004 MF Series A (Village Fair)	13,794,149		96,824		13,697,325	103,309
2005 MF Series A (Pecan Grove)	13,733,417		95,824		13,637,593	102,242
2005 MF Series A (Prairie Oaks)	10,816,414		75,470		10,740,944	80,525
2005 MF Series A (Port Royal)	11,948,806		82,876		11,865,930	88,429
2005 MF Series A (Del Rio)	11,253,424		25,455		11,227,969	135,879
2005 MF Series A (Atascocita Pines)	11,600,000			100,000	11,500,000	-
2005 MF Series A (Tower Ridge)	15,000,000				15,000,000	-
2005 MF Series A (Prairie Ranch)	11,810,000		125,000		11,685,000	135,000
2005 MF Series A (St Augustine)	6,380,000				6,380,000	-

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-B
CHANGES IN BOND INDEBTEDNESS (Continued)
For the fiscal year ended August 31, 2011

Description of Issue	Bonds Outstanding 09/01/10	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2011	Amounts Due Within One Year
2005 MF Series A (Park Manor)	$ 10,400,000				$ 10,400,000	$
2005 MF Series A (Mockingbird)	14,104,203		96,744		14,007,459	103,121
2005 MF Series A (Chase Oaks)	13,670,193		238,319		13,431,874	250,636
2005 MF Series A/B (Canal Place)	16,043,577		81,743	290,000	15,671,834	88,884
2005 MF Series A (Coral Hills)	4,900,000		20,000	50,000	4,830,000	55,000
2006 MF Series A (Harris Branch)	14,700,000			210,000	14,490,000	-
2006 MF Series A (Bella Vista)	6,695,000		45,000		6,650,000	50,000
2006 MF Series A (Village Park)	10,415,000		150,000		10,265,000	155,000
2006 MF Series A (Oakmoor)	14,326,180		100,196		14,225,984	106,376
2006 MF Series A (Sunset Pointe)	15,000,000				15,000,000	-
2006 MF Series A (Hillcrest)	10,990,000		150,000		10,840,000	150,000
2006 MF Series A (Pleasant Village)	5,817,917		83,923		5,733,994	88,201
2006 MF Series A (Grove Village)	5,992,455		86,442		5,906,013	90,847
2006 MF Series A (Red Hills Villas)	4,915,000				4,915,000	-
2006 MF Series A (Champion Crossing)	4,925,000				4,925,000	-
2006 MF Series A (Stonehaven)	11,161,340		82,069		11,079,271	86,957
2006 MF Series A (Center Ridge)	8,325,000				8,325,000	-
2006 MF Series A (Meadowlands)	12,326,515		82,018		12,244,497	87,077
2006 MF Series A (East Tex Pines)	13,500,000		80,000		13,420,000	95,000
2006 MF Series A (Villas at Henderson)	7,200,000			175,000	7,025,000	-
2006 MF Series A (Aspen Park Apts)	9,695,000		95,000		9,600,000	100,000
2006 MF Series A (Idlewilde Apts)	14,040,000			105,000	13,935,000	-
2007 MF Series A (Lancaster Apts)	14,040,000			105,000	13,935,000	-
2007 MF Series A (Park Place)	15,000,000			850,000	14,150,000	-
2007 MF Series A (Terrace at Cibolo)	8,000,000			3,000,000	5,000,000	-
2007 MF Series A (Santora Villas)	13,072,000			1,000,000	12,072,000	-
2007 MF Series A (Villas @ Mesquite Creek)	16,650,000		155,000		16,495,000	165,000
2007 MF Series A (Summit Point)	11,535,000		80,000	2,100,000	9,355,000	85,000
2007 MF Series A (Costa Rialto)	12,385,000		91,042		12,293,958	96,029
2007 MF Series A (Windshire)	14,000,000			200,000	13,800,000	-
2007 MF Series A (Residences @ Onion Creek)	15,000,000				15,000,000	-
2008 MF Series A (West Oaks)	13,125,000				13,125,000	-
2008 MF Series A (Costa Ibiza)	13,900,000			350,000	13,550,000	-
2008 MF Series A (Addison Park)	13,800,000			210,000	13,590,000	-
2008 MF Series A (Alta Cullen Apartments)	14,000,000			1,300,000	12,700,000	-
2009 MF Series A (Costa Mariposa Apartments)	13,690,000				13,690,000	-
2009 MF Series A (Woodmont Apartments)	15,000,000	-	-	-	15,000,000	-
Total Multifamily Bonds	$ 1,200,354,631	$	$ 8,116,352	$ 91,519,586	$ 1,100,718,693	$ 9,524,564
	$ 2,663,799,631	$ 60,000,000	$ 23,931,352	$ 309,024,586	$ 2,390,843,693	$ 237,154,879

FOOTNOTES:

(a) Bonds Outstanding balance at 8/31/11 does not include unamortized premium or discounts.

Bonds Outstanding per schedule	$ 2,390,843,693
Unamortized (Discount)/Premium:	
Single Family	6,396,242
RMRB	1,749,214
CHMRB	112,868
Multifamily	(203,994)
Unamortized Deferred Gain/(Loss) on Refunding:	
Single Family	(1,334,955)
RMRB	(528,081)
Bonds Outstanding	$ 2,397,034,987

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2011

DESCRIPTION		2012	2013	2014	2015	2016
2002 Single Family, Series A	Principal	-	-	-	-	-
2002 Single Family, Series A	Interest	1,660,927	1,660,927	1,660,927	1,660,927	1,660,927
2002 Single Family, Series B	Principal	-	-	-	-	-
2002 Single Family, Series B	Interest	978,616	978,615	978,615	978,615	978,615
2002 Single Family, Series C	Principal	510,000	1,080,000	1,150,000	1,225,000	1,285,000
2002 Single Family, Series C	Interest	360,605	335,900	279,890	218,920	154,440
2002 Single Family, Series D	Principal	865,000	900,000	-	-	-
2002 Single Family, Series D	Interest	59,530	20,250	-	-	-
2004 Single Family, Series A	Principal	1,935,000	2,120,000	3,010,000	1,815,000	1,465,000
2004 Single Family, Series A	Interest	2,485,293	2,411,381	2,328,140	2,220,809	2,151,215
2004 Single Family, Series A (Junior Lien)	Principal	-	-	-	-	-
2004 Single Family, Series A (Junior Lien)	Interest	9,178	8,846	8,867	8,867	8,887
2004 Single Family, Series B	Principal	-	-	-	895,000	1,840,000
2004 Single Family, Series B	Interest	95,447	89,894	90,100	90,100	88,011
2004 Single Family, Series C	Principal	-	-	-	485,000	480,000
2004 Single Family, Series C	Interest	780,760	780,760	780,760	775,600	754,745
2004 Single Family, Series D	Principal	-	-	-	1,125,000	1,185,000
2004 Single Family, Series D	Interest	76,524	76,824	77,000	76,395	74,055
2004 Single Family, Series E	Principal	905,000	935,000	970,000	100,000	100,000
2004 Single Family, Series E	Interest	127,828	91,765	53,045	21,285	16,985
2005 Single Family, Series A	Principal	-	-	-	-	-
2005 Single Family, Series A	Interest	140,102	141,316	141,640	141,640	141,964
2005 Single Family, Series B	Principal	535,000	555,000	555,000	585,000	635,000
2005 Single Family, Series B	Interest	461,266	438,819	415,178	390,861	364,419
2005 Single Family, Series C	Principal	-	-	-	-	-
2005 Single Family, Series C	Interest	16,348	15,155	15,190	15,190	15,225
2005 Single Family, Series D	Principal	-	-	-	-	-
2005 Single Family, Series D	Interest	152,000	152,000	152,000	152,000	152,000
2006 Single Family, Series A	Principal	435,000	460,000	470,000	490,000	510,000
2006 Single Family, Series A	Interest	1,895,875	1,873,875	1,850,625	1,826,875	1,802,250
2006 Single Family, Series B	Principal	1,140,000	1,180,000	1,220,000	1,280,000	1,335,000
2006 Single Family, Series B	Interest	2,122,875	2,065,375	2,005,875	1,944,125	1,879,500
2006 Single Family, Series C	Principal	1,195,000	1,265,000	1,335,000	1,400,000	1,470,000
2006 Single Family, Series C	Interest	3,345,856	3,283,716	3,217,988	3,148,800	3,076,153
2006 Single Family, Series D	Principal	-	-	-	-	-
2006 Single Family, Series D	Interest	587,000	587,000	587,000	587,000	587,000
2006 Single Family, Series E	Principal	1,420,000	1,480,000	1,545,000	1,605,000	1,675,000
2006 Single Family, Series E	Interest	443,597	385,952	325,066	260,476	191,579
2006 Single Family, Series F	Principal	335,000	345,000	355,000	380,000	415,000
2006 Single Family, Series F	Interest	2,203,901	2,184,495	2,164,514	2,143,814	2,121,389
2006 Single Family, Series G	Principal	750,000	795,000	840,000	900,000	725,000
2006 Single Family, Series G	Interest	244,359	213,134	179,165	142,610	102,742
2006 Single Family, Series H	Principal	-	-	-	-	410,000
2006 Single Family, Series H	Interest	64,832	61,060	61,200	61,200	61,340
2007 Single Family, Series A	Principal	-	-	-	-	-
2007 Single Family, Series A	Interest	206,315	208,102	208,580	208,580	209,057
2007 Single Family, Series B	Principal	1,720,000	1,780,000	1,860,000	1,960,000	2,045,000
2007 Single Family, Series B	Interest	6,004,896	5,925,412	5,841,472	5,752,302	5,656,249
TOTAL SINGLE FAMILY BONDS		36,268,930	36,885,573	36,732,837	37,071,991	37,823,747

2017-21	2022-26	2027-31	2032-36	2037-41	2042-46	2047-51	TOTAL REQUIRED
-	17,095,000	-	13,085,000	-	-	-	30,180,000
8,304,637	6,653,036	3,631,087	1,983,850	-	-	-	28,877,245
-	-	8,005,000	9,765,000	-	-	-	17,770,000
4,893,076	4,893,076	3,946,523	964,891	-	-	-	19,590,642
2,005,000	-	-	-	-	-	-	7,255,000
105,300	-	-	-	-	-	-	1,455,055
-	-	-	-	-	-	-	1,765,000
-	-	-	-	-	-	-	79,780
8,130,000	9,620,000	11,920,000	15,720,000	-	-	-	55,735,000
9,764,242	7,758,313	5,269,641	2,163,058	-	-	-	36,552,092
-	-	-	-	3,855,000	-	-	3,855,000
44,312	44,333	44,333	44,353	4,456	-	-	226,432
10,300,000	12,435,000	15,080,000	12,450,000	-	-	-	53,000,000
389,071	293,844	178,441	43,212	-	-	-	1,358,120
2,950,000	3,900,000	3,985,000	5,035,000	-	-	-	16,835,000
3,442,067	2,647,125	1,748,225	663,121	-	-	-	12,373,163
6,945,000	8,320,000	8,600,000	8,825,000	-	-	-	35,000,000
326,749	241,264	151,328	45,130	-	-	-	1,145,269
320,000	-	-	-	-	-	-	3,330,000
24,510	-	-	-	-	-	-	335,418
5,000,000	17,060,000	20,730,000	25,225,000	2,805,000	-	-	70,820,000
701,961	584,275	397,747	171,003	2,821	-	-	2,564,469
3,450,000	3,710,000	95,000	-	-	-	-	10,120,000
1,358,166	471,048	2,019	-	-	-	-	3,901,776
4,900,000	-	-	-	-	-	-	4,900,000
22,813	-	-	-	-	-	-	99,921
-	460,000	1,815,000	765,000	-	-	-	3,040,000
759,999	757,749	345,499	98,498	-	-	-	2,721,745
3,160,000	4,310,000	5,655,000	14,645,000	7,890,000	-	-	38,025,000
8,583,874	7,665,375	6,449,999	4,509,249	397,499	-	-	36,855,496
7,535,000	9,420,000	11,855,000	7,775,000	-	-	-	42,740,000
8,326,626	6,250,125	3,622,625	670,376	-	-	-	28,887,502
8,560,000	11,120,000	14,280,000	18,445,000	6,510,000	-	-	65,580,000
14,157,686	11,679,620	8,483,670	4,363,170	336,071	-	-	55,092,730
3,180,000	5,415,000	4,100,000	-	-	-	-	12,695,000
2,722,551	1,677,708	342,748	-	-	-	-	7,678,007
3,585,000	-	-	-	-	-	-	11,310,000
158,514	-	-	-	-	-	-	1,765,184
3,760,000	7,370,000	9,870,000	13,205,000	5,965,000	-	-	42,000,000
10,171,622	8,697,507	6,490,311	3,523,516	367,706	-	-	40,068,775
1,775,000	-	-	-	-	-	-	5,785,000
149,699	-	-	-	-	-	-	1,031,709
4,845,000	6,490,000	8,685,000	11,610,000	3,960,000	-	-	36,000,000
284,853	237,831	174,749	90,379	6,601	-	-	1,104,045
5,615,000	27,095,000	30,715,000	28,265,000	12,600,000	-	-	104,290,000
1,038,143	871,011	569,662	288,413	31,008	-	-	3,838,871
12,860,000	15,705,000	20,475,000	29,615,000	27,260,000	-	-	115,280,000
26,532,250	22,933,872	18,226,373	11,823,749	2,982,473	-	-	111,679,048
201,137,721	243,882,112	235,939,980	245,875,968	74,973,635	-	-	1,186,592,494

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2011

DESCRIPTION		2012	2013	2014	2015	2016
2002 Residential Mtg Revenue Bonds, Series A	Principal	290,000	355,000	360,000	370,000	370,000
2002 Residential Mtg Revenue Bonds, Series A	Interest	1,097,770	1,083,132	1,064,389	1,045,383	1,025,983
2003 Residential Mtg Revenue Bonds, Series A	Principal	600,000	600,000	750,000	765,000	780,000
2003 Residential Mtg Revenue Bonds, Series A	Interest	2,147,875	2,124,175	2,103,202	2,066,585	2,029,361
2009 Residential Mtg Revenue Bonds, Series A	Principal	495,000	490,000	485,000	490,000	485,000
2009 Residential Mtg Revenue Bonds, Series A	Interest	2,843,739	2,834,139	2,822,257	2,808,432	2,792,966
2009 Residential Mtg Revenue Bonds, Series B	Principal	1,045,000	1,110,000	1,190,000	1,295,000	1,355,000
2009 Residential Mtg Revenue Bonds, Series B	Interest	826,615	782,679	734,192	678,967	615,847
2009 Residential Mtg Revenue Bonds, Series C	Principal	210,970,000	-	-	-	-
2009 Residential Mtg Revenue Bonds, Series C	Interest	42,006	-	-	-	-
2009 Residential Mtg Revenue Bonds, Series C-1	Principal	-	-	-	-	-
2009 Residential Mtg Revenue Bonds, Series C-1	Interest	3,162,842	3,162,842	3,162,842	3,162,842	3,162,842
2011 Residential Mtg Revenue Bonds, Series A	Principal	2,245,000	2,295,000	2,360,000	2,440,000	2,535,000
2011 Residential Mtg Revenue Bonds, Series A	Interest	2,434,366	2,413,169	2,379,344	2,331,986	2,270,064
TOTAL RESIDENTIAL MTG REVENUE BONDS		228,200,213	17,250,136	17,411,226	17,454,195	17,422,063
1992 Coll Home Mtg Rev Bonds, Series C	Princpal	-	-	-	-	-
1992 Coll Home Mtg Rev Bonds, Series C	Interest	480,331	436,664	480,331	436,664	480,331
TOTAL COLL HOME MTG REV BONDS		480,331	436,664	480,331	436,664	480,331

2017-21	2022-26	2027-31	2032-36	2037-41	2042-46	2047-51	TOTAL REQUIRED
1,885,000	3,780,000	8,250,000	5,040,000	-	-	-	20,700,000
4,836,158	4,251,701	2,606,252	412,753	-	-	-	17,423,521
4,325,000	8,560,000	15,815,000	11,505,000	-	-	-	43,700,000
9,541,162	8,247,710	5,134,874	1,027,001	-	-	-	34,421,945
1,500,000	9,005,000	13,680,000	13,165,000	15,505,000	-	-	55,300,000
13,715,201	12,851,439	9,741,563	6,231,183	1,883,231	-	-	58,524,150
9,025,000	2,220,000	-	-	-	-	-	17,240,000
1,957,940	87,413	-	-	-	-	-	5,683,653
-	-	-	-	-	-	-	210,970,000
-	-	-	-	-	-	-	42,006
-	-	13,025,000	34,340,000	41,230,000	-	-	88,595,000
15,814,210	15,814,210	15,406,338	10,853,069	4,001,881	-	-	77,703,918
14,680,000	19,595,000	13,560,000	-	-	-	-	59,710,000
9,953,109	6,221,900	1,129,749	-	-	-	-	29,133,687
87,232,780	90,634,373	98,348,776	82,574,006	62,620,112	-	-	719,147,880
-	6,600,000	-	-	-	-	-	6,600,000
2,270,654	1,306,249	-	-	-	-	-	5,891,224
2,270,654	7,906,249	-	-	-	-	-	12,491,224

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2011

DESCRIPTION		2012	2013	2014	2015	2016
1996 MF Series A/B (Brighton's Mark)	Principal	-	-	-	-	-
1996 MF Series A/B (Brighton's Mark)	Interest	494,998	494,998	494,998	494,998	494,998
1998 MF Series A (Pebble Brook)	Principal	245,000	255,000	275,000	295,000	315,000
1998 MF Series A (Pebble Brook)	Interest	498,478	484,865	470,565	455,165	438,665
1998 MF Series A/B (Greens of Hickory Trial)	Principal	310,000	335,000	355,000	370,000	395,000
1998 MF Series A/B (Greens of Hickory Trial)	Interest	589,770	570,776	552,541	533,821	514,191
1998 MF Series A-C (Residence Oaks)	Principal	189,000	202,000	-	-	-
1998 MF Series A-C (Residence Oaks)	Interest	400,744	389,163	381,108	381,108	381,108
1999 MF Series A-C (Mayfield)	Principal	263,000	279,000	294,000	312,000	329,000
1999 MF Series A-C (Mayfield)	Interest	537,396	522,206	506,075	489,060	471,048
2000 MF Series A (Creek Point Apts)	Principal	-	-	-	-	-
2000 MF Series A (Creek Point Apts)	Interest	11,655	11,501	11,514	11,514	11,527
2000 MF Series A (Deerwood Apts)	Principal	120,000	-	-	-	-
2000 MF Series A (Deerwood Apts)	Interest	358,825	353,575	353,575	353,575	353,575
2000 MF Series A/B (Oaks at Hampton)	Principal	103,550	111,258	119,538	128,436	137,994
2000 MF Series A/B (Oaks at Hampton)	Interest	674,282	666,576	658,296	649,399	639,841
2000 MF Series A (Timber Point Apts)	Principal	-	-	-	-	-
2000 MF Series A (Timber Point Apts)	Interest	13,790	13,607	13,623	13,623	13,639
2000 MF Series A/B (Greenbridge)	Principal	498,074	171,156	184,261	198,368	213,555
2000 MF Series A/B (Greenbridge)	Interest	1,576,638	1,398,496	1,385,392	1,371,284	1,356,097
2000 MF Series A/B (Parks @ Westmoreland)	Principal	100,571	108,055	116,097	124,738	134,023
2000 MF Series A/B (Parks @ Westmoreland)	Interest	671,404	663,920	655,878	647,237	637,954
2000 MF Series A/B (Williams Run)	Principal	525,227	123,640	133,437	144,011	155,422
2000 MF Series A/B (Williams Run)	Interest	1,043,418	905,467	895,670	885,096	873,685
2000 MF Series A-C (Collingham Park)	Principal	259,000	274,000	291,000	308,000	327,000
2000 MF Series A-C (Collingham Park)	Interest	807,408	789,768	771,053	751,229	730,229
2000 MF Series A-C (Highland Meadow Apts)	Principal	159,000	170,000	182,000	194,000	207,000
2000 MF Series A-C (Highland Meadow Apts)	Interest	539,090	528,189	516,511	504,024	490,726
2001 MF Series A (Bluffview Senior Apts)	Principal	80,348	86,671	93,493	100,851	108,788
2001 MF Series A (Bluffview Senior Apts)	Interest	774,120	767,796	760,975	753,617	745,680
2001 MF Series A (Greens Road Apts.)	Principal	155,000	165,000	175,000	185,000	195,000
2001 MF Series A (Greens Road Apts.)	Interest	401,832	393,485	384,607	375,200	365,262
2001 MF Series A (Knollwood Villas Apts)	Principal	103,250	111,377	120,142	129,598	139,798
2001 MF Series A (Knollwood Villas Apts)	Interest	994,779	986,653	977,887	968,432	958,232
2001 MF Series A (Oak Hollow Apts.)	Principal	52,775	56,590	60,681	65,068	69,771
2001 MF Series A (Oak Hollow Apts.)	Interest	432,535	428,720	424,629	420,243	415,539
2001 MF Series A (Skyway Villas)	Principal	145,000	150,000	160,000	170,000	180,000
2001 MF Series A (Skyway Villas)	Interest	393,589	385,397	376,933	367,924	358,369
2001 MF Series A/B (Hillside Apts.)	Principal	59,433	63,729	68,336	73,276	78,573
2001 MF Series A/B (Hillside Apts.)	Interest	866,206	861,909	857,302	852,362	847,065
2001 MF Series A/B (Meridian Apts.)	Principal	84,000	84,000	94,000	96,000	105,000
2001 MF Series A/B (Meridian Apts.)	Interest	497,970	492,930	487,665	481,920	475,980
2001 MF Series A/B (Wildwood Apts.)	Principal	67,000	72,000	72,000	81,000	84,000
2001 MF Series A/B (Wildwood Apts.)	Interest	385,365	381,120	376,800	372,300	367,290
2001 MF Series A-C (Fallbrook Apts.)	Principal	268,000	283,000	302,000	320,000	339,000
2001 MF Series A-C (Fallbrook Apts.)	Interest	803,738	787,285	769,832	751,289	731,594
2002 MF Series A (Clarkridge Villas Apts)	Principal	107,090	114,832	123,133	132,034	141,579
2002 MF Series A (Clarkridge Villas Apts)	Interest	936,670	928,928	920,627	911,726	902,181

2017-21	2022-26	2027-31	2032-36	2037-41	2042-46	2047-51	TOTAL REQUIRED
-	8,075,000	-	-	-	-	-	8,075,000
2,474,988	2,474,985	-	-	-	-	-	7,424,963
1,890,000	2,590,000	3,160,000	-	-	-	-	9,025,000
1,907,518	1,300,931	459,899	-	-	-	-	6,016,086
2,405,000	3,240,000	3,865,000	-	-	-	-	11,275,000
2,227,125	1,502,946	526,574	-	-	-	-	7,017,744
-	-	6,358,000	-	-	-	-	6,749,000
1,905,542	1,905,542	1,619,711	-	-	-	-	7,364,026
1,960,000	2,602,000	3,454,000	-	-	-	-	9,493,000
2,044,191	1,409,468	564,327	-	-	-	-	6,543,771
-	-	-	6,060,000	-	-	-	6,060,000
57,557	57,570	57,570	13,446	-	-	-	243,854
1,305,000	-	-	4,240,000	-	-	-	5,665,000
1,685,660	1,356,800	1,356,800	407,039	-	-	-	6,579,424
860,185	1,231,607	1,763,397	2,524,810	2,431,133	-	-	9,411,908
3,028,987	2,657,571	2,125,780	1,364,368	331,350	-	-	12,796,450
-	-	-	7,170,000	-	-	-	7,170,000
68,099	68,115	68,115	14,793	-	-	-	287,404
1,339,549	1,937,110	2,801,237	4,050,842	8,079,923	-	-	19,474,075
6,508,712	5,911,151	5,047,025	3,797,421	1,814,597	-	-	30,166,813
835,427	1,196,152	1,712,639	2,451,137	2,591,725	-	-	9,370,564
3,024,451	2,663,722	2,147,236	1,407,812	383,973	-	-	12,903,587
982,561	1,438,634	2,106,398	3,084,117	3,723,842	-	-	12,417,289
4,162,976	3,706,904	3,039,138	2,061,418	649,854	-	-	18,223,626
1,971,000	2,679,000	3,669,000	2,301,000	-	-	-	12,079,000
3,286,886	2,524,032	1,483,070	235,805	-	-	-	11,379,480
1,272,000	1,778,000	2,479,000	1,585,000	-	-	-	8,026,000
2,219,675	1,717,844	1,017,834	164,092	-	-	-	7,697,985
686,670	1,002,905	1,464,776	2,139,354	4,458,249	-	-	10,222,105
3,585,668	3,269,434	2,807,563	2,132,982	1,120,037	-	-	16,717,872
1,180,000	1,605,000	2,190,000	1,680,000	-	-	-	7,530,000
1,654,062	1,292,702	794,070	162,811	-	-	-	5,824,031
882,403	1,288,780	1,882,306	2,749,170	5,729,059	-	-	13,135,883
4,607,745	4,201,369	3,607,844	2,740,981	1,439,302	-	-	21,483,224
432,213	612,717	868,602	1,231,353	1,745,597	1,007,589	-	6,202,956
1,994,337	1,813,835	1,557,949	1,195,199	680,955	22,297	-	9,386,238
1,085,000	1,450,000	1,955,000	1,760,000	-	-	-	7,055,000
1,625,985	1,281,046	812,328	204,103	-	-	-	5,805,674
486,738	690,012	978,178	1,386,690	1,965,807	6,550,479	-	12,401,251
4,141,454	3,938,179	3,650,011	3,241,497	2,662,382	151,478	-	22,069,845
629,000	900,000	6,336,000	10,000	-	-	-	8,338,000
2,275,435	2,047,455	1,364,640	1,975	-	-	-	8,125,970
507,000	683,000	4,881,000	5,000	-	-	-	6,452,000
1,751,995	1,575,220	792,250	1,000	-	-	-	6,003,340
2,038,000	2,746,000	3,702,000	3,331,000	-	-	-	13,329,000
3,317,911	2,609,133	1,653,865	415,745	-	-	-	11,840,392
877,039	1,243,313	1,762,552	2,498,638	3,542,132	2,887,115	-	13,429,457
4,341,760	3,975,486	3,456,246	2,720,159	1,676,665	186,332	-	20,956,780

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2011

DESCRIPTION		2012	2013	2014	2015	2016
2002 MF Series A (Green Crest Apts)	Principal	87,598	93,930	100,720	108,001	115,809
2002 MF Series A (Green Crest Apts)	Interest	771,156	764,823	758,033	750,752	742,945
2002 MF Series A (Hickory Trace Apts)	Principal	87,981	94,341	101,161	108,473	116,315
2002 MF Series A (Hickory Trace Apts)	Interest	774,527	768,167	761,347	754,034	746,193
2002 MF Series A (Millstone Apts.)	Principal	215,000	215,000	230,000	240,000	260,000
2002 MF Series A (Millstone Apts.)	Interest	539,812	528,080	516,093	503,571	489,941
2002 MF Series A (Park Meadows Apts)	Principal	80,000	85,000	90,000	95,000	105,000
2002 MF Series A (Park Meadows Apts)	Interest	263,812	258,588	252,874	246,997	240,631
2002 MF Series A (Woodway Village Apts)	Principal	135,000	145,000	155,000	160,000	170,000
2002 MF Series A (Woodway Village Apts)	Interest	366,418	359,612	352,310	344,638	336,594
2002 MF Series A/B (Ironwood Crossing)	Principal	103,235	112,639	122,900	134,096	146,311
2002 MF Series A/B (Ironwood Crossing)	Interest	1,178,771	1,169,367	1,159,106	1,147,910	1,135,695
2003 MF Series A/B (Ash Creek Apts)	Principal	109,967	119,212	129,237	140,101	151,881
2003 MF Series A/B (Ash Creek Apts)	Interest	1,059,419	1,050,288	1,040,389	1,029,693	1,018,024
2003 MF Series A/B (North Vista Apts)	Principal	240,000	250,000	260,000	275,000	290,000
2003 MF Series A/B (North Vista Apts)	Interest	605,802	595,205	584,197	571,340	557,104
2003 MF Series A/B (Peninsula Apts)	Principal	185,000	205,000	215,000	225,000	245,000
2003 MF Series A/B (Peninsula Apts)	Interest	598,272	589,057	578,994	568,324	557,290
2003 MF Series A/B (Primrose Houston School)	Principal	108,975	118,161	128,120	138,921	150,631
2003 MF Series A/B (Primrose Houston School)	Interest	1,066,581	1,057,531	1,047,718	1,037,078	1,025,541
2003 MF Series A/B (Reading Road)	Principal	30,000	30,000	30,000	40,000	40,000
2003 MF Series A/B (Reading Road)	Interest	145,778	143,889	141,890	139,696	137,022
2003 MF Series A/B (Timber Oaks Apts)	Principal	79,586	86,836	94,746	103,377	112,795
2003 MF Series A/B (Timber Oaks Apts)	Interest	902,393	895,143	887,233	878,601	869,184
2003 MF Series A/B (West Virginia Apts)	Principal	165,000	180,000	190,000	195,000	205,000
2003 MF Series A/B (West Virginia Apts)	Interest	437,259	429,930	421,884	412,413	402,374
2004 MF Series A (Bristol)	Principal	-	-	-	-	-
2004 MF Series A (Bristol)	Interest	19,628	19,180	19,200	19,200	19,220
2004 MF Series A (Chisholm Trail)	Principal	-	-	-	-	-
2004 MF Series A (Chisholm Trail)	Interest	18,646	18,221	18,240	18,240	18,259
2004 MF Series A (Churchill @ Pinnacle)	Principal	87,178	93,063	99,345	106,051	113,209
2004 MF Series A (Churchill @ Pinnacle)	Interest	639,159	633,274	626,992	620,286	613,127
2004 MF Series A (Evergreen @ Plano)	Principal	103,426	110,408	117,861	125,816	134,309
2004 MF Series A (Evergreen @ Plano)	Interest	939,144	932,163	924,710	916,754	908,261
2004 MF Series A (Humble Park)	Principal	130,000	135,000	145,000	155,000	165,000
2004 MF Series A (Humble Park)	Interest	735,075	726,495	717,420	707,685	697,290
2004 MF Series A (Montgomery Pines)	Principal	-	-	-	-	-
2004 MF Series A (Montgomery Pines)	Interest	19,464	19,020	19,040	19,040	19,060
2004 MF Series A (Pinnacle)	Principal	-	-	-	-	-
2004 MF Series A (Pinnacle)	Interest	21,290	20,776	20,797	20,797	20,819
2004 MF Series A (Rush Creek)	Principal	63,865	68,278	72,996	78,039	83,432
2004 MF Series A (Rush Creek)	Interest	574,477	570,064	565,346	560,303	554,911
2004 MF Series A (Tranquility Bay)	Principal	109,192	116,505	124,307	132,633	141,515
2004 MF Series A (Tranquility Bay)	Interest	898,965	891,652	883,849	875,524	866,642
2004 MF Series A/B (Century Park)	Principal	200,000	210,000	230,000	245,000	255,000
2004 MF Series A/B (Century Park)	Interest	639,268	628,355	616,913	604,244	590,902
2004 MF Series A/B (Timber Ridge)	Principal	45,150	48,399	51,881	55,616	59,619
2004 MF Series A/B (Timber Ridge)	Interest	438,443	435,296	431,923	428,307	424,430

2017-21	2022-26	2027-31	2032-36	2037-41	2042-46	2047-51	TOTAL REQUIRED
717,400	1,017,004	1,441,730	2,043,833	2,897,390	2,432,751	-	11,056,166
3,576,369	3,276,766	2,852,040	2,249,936	1,396,381	176,822	-	17,316,023
720,537	1,021,925	1,448,035	2,052,771	2,910,060	2,442,911	-	11,104,510
3,592,003	3,290,970	2,864,343	2,259,607	1,402,319	177,554	-	17,391,064
1,505,000	1,965,000	2,585,000	2,640,000	-	-	-	9,855,000
2,222,576	1,756,987	1,140,254	339,377	-	-	-	8,036,691
625,000	865,000	1,195,000	920,000	-	-	-	4,060,000
1,090,837	853,308	525,339	107,910	-	-	-	3,840,296
1,020,000	5,340,000	-	-	-	-	-	7,125,000
1,541,209	536,769	-	-	-	-	-	3,837,550
957,398	1,408,526	1,996,763	2,830,661	4,012,817	4,692,892	-	16,518,238
5,452,629	5,001,500	4,413,265	3,579,366	2,397,210	360,707	-	26,995,526
958,112	1,345,341	1,882,694	11,080,869	-	-	-	15,917,414
4,895,116	4,516,061	3,989,870	3,064,871	-	-	-	21,663,731
1,715,000	2,240,000	2,935,000	3,855,000	-	-	-	12,060,000
2,543,033	2,050,694	1,406,256	561,395	-	-	-	9,475,026
1,475,000	8,860,000	-	-	-	-	-	11,410,000
2,572,620	1,545,744	-	-	-	-	-	7,010,301
962,483	1,360,979	1,895,133	11,330,570	-	-	-	16,193,973
4,923,291	4,535,377	4,012,486	3,237,010	-	-	-	21,942,613
230,000	330,000	460,000	10,190,000	-	-	-	11,380,000
641,923	549,979	420,546	237,394	-	-	-	2,558,117
738,147	1,135,154	1,623,701	2,273,368	3,182,977	3,409,711	-	12,840,398
4,171,750	3,774,740	3,286,197	2,636,531	1,726,922	348,358	-	20,377,052
1,225,000	1,620,000	2,130,000	2,790,000	-	-	-	8,700,000
1,839,998	1,485,487	1,018,994	406,217	-	-	-	6,854,556
-	-	-	-	12,000,000	-	-	12,000,000
95,980	96,000	96,000	96,020	15,972	-	-	496,400
-	-	-	-	11,400,000	-	-	11,400,000
91,181	91,200	91,200	91,219	12,124	-	-	468,530
691,529	958,639	1,328,923	1,842,233	2,553,814	1,923,655	-	9,797,639
2,940,153	2,673,043	2,302,761	1,789,450	1,077,871	194,825	-	14,110,941
820,417	1,137,311	1,576,609	2,185,590	3,029,796	5,043,371	-	14,384,914
4,392,435	4,075,541	3,636,242	3,027,262	2,183,056	727,328	-	22,662,896
1,025,000	1,425,000	1,955,000	2,710,000	3,325,000	-	-	11,170,000
3,302,145	2,908,950	2,362,800	1,612,545	573,870	-	-	14,344,275
-	-	-	-	11,900,000	-	-	11,900,000
95,180	95,200	95,200	95,220	15,838	-	-	492,262
-	-	-	-	13,865,000	-	-	13,865,000
103,966	103,987	103,987	104,009	17,301	-	-	537,729
512,021	715,108	998,749	1,394,889	1,948,156	2,667,674	-	8,603,207
2,679,690	2,476,604	2,192,962	1,796,821	1,243,556	340,594	-	13,555,328
863,089	1,193,494	1,650,384	2,282,180	3,155,838	4,110,546	-	13,879,683
4,177,694	3,847,287	3,390,397	2,758,603	1,884,945	558,078	-	21,033,636
1,540,000	2,035,000	2,720,000	3,620,000	855,000	-	-	11,910,000
2,725,442	2,254,279	1,625,900	789,666	34,758	-	-	10,509,727
368,970	522,283	739,302	4,624,635	-	-	-	6,515,855
2,053,508	1,905,033	1,694,864	1,397,367	-	-	-	9,209,171

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2011

DESCRIPTION		2012	2013	2014	2015	2016
2004 MF Series A/B (Veterans Memorial)	Principal	111,055	120,871	131,555	143,183	155,839
2004 MF Series A/B (Veterans Memorial)	Interest	1,056,470	1,046,654	1,035,970	1,024,342	1,011,686
2003 MF Series A/B (Parkview Twnhms)	Principal	111,473	121,326	132,050	143,722	156,426
2003 MF Series A/B (Parkview Twnhms)	Interest	1,080,861	1,071,008	1,060,283	1,048,611	1,035,908
2003 MF Series A/B (Arlington Villas)	Principal	102,396	110,951	120,219	130,262	141,142
2003 MF Series A/B (Arlington Villas)	Interest	1,146,176	1,137,675	1,128,464	1,118,483	1,107,669
2003 MF Series A (NHP-Asmara) Refunding	Principal	450,000	480,000	510,000	540,000	570,000
2003 MF Series A (NHP-Asmara) Refunding	Interest	29,218	28,638	27,948	27,179	26,395
2004 MF Series A (Village Fair)	Principal	103,309	110,227	117,607	125,486	133,890
2004 MF Series A (Village Fair)	Interest	887,285	880,366	872,984	865,108	856,704
2005 MF Series A (Pecan Grove)	Principal	102,242	109,089	116,395	124,190	132,508
2005 MF Series A (Pecan Grove)	Interest	883,434	876,587	869,281	861,486	853,168
2005 MF Series A (Prairie Oaks)	Principal	80,525	85,920	91,672	97,812	104,364
2005 MF Series A (Prairie Oaks)	Interest	695,791	690,398	684,644	678,505	671,954
2005 MF Series A (Port Royal)	Principal	88,429	94,349	100,668	107,408	114,604
2005 MF Series A (Port Royal)	Interest	768,682	762,760	756,441	749,700	742,506
2005 MF Series A (Del Rio)	Principal	135,879	88,860	94,810	101,159	107,933
2005 MF Series A (Del Rio)	Interest	1,209,503	718,369	712,418	706,068	699,293
2005 MF Series A (Atascocita Pines)	Principal	-	-	-	-	-
2005 MF Series A (Atascocita Pines)	Interest	26,427	26,422	26,450	26,450	26,478
2005 MF Series A (Tower Ridge)	Principal	-	-	-	-	-
2005 MF Series A (Tower Ridge)	Interest	38,999	38,959	39,000	39,000	39,041
2005 MF Series A (Prairie Ranch)	Principal	135,000	140,000	150,000	160,000	165,000
2005 MF Series A (Prairie Ranch)	Interest	565,025	558,477	551,566	544,170	536,289
2005 MF Series A (St Augustine)	Principal	-	-	-	-	-
2005 MF Series A (St Augustine)	Interest	11,074	10,835	10,846	10,846	10,857
2005 MF Series A (Park Manor)	Principal	-	-	-	-	-
2005 MF Series A (Park Manor)	Interest	1,719,466	665,600	665,600	665,600	665,600
2005 MF Series A (Mockingbird)	Principal	103,121	109,918	117,163	124,885	133,116
2005 MF Series A (Mockingbird)	Interest	893,489	886,692	879,447	871,725	863,494
2005 MF Series A (Chase Oaks)	Principal	250,636	263,590	277,214	291,542	306,611
2005 MF Series A (Chase Oaks)	Interest	672,561	659,607	645,983	631,655	616,587
2005 MF Series A/B (Canal Place)	Principal	88,884	96,430	104,622	113,508	123,150
2005 MF Series A/B (Canal Place)	Interest	988,036	980,653	972,643	963,952	954,523
2005 MF Series A (Coral Hills)	Principal	55,000	85,000	90,000	90,000	100,000
2005 MF Series A (Coral Hills)	Interest	243,537	240,002	235,709	231,164	226,493
2006 MF Series A (Harris Branch)	Principal	-	-	-	-	-
2006 MF Series A (Harris Branch)	Interest	25,048	24,607	24,633	24,633	24,659
2006 MF Series A (Bella Vista)	Principal	50,000	55,000	55,000	60,000	65,000
2006 MF Series A (Bella Vista)	Interest	408,975	405,900	402,517	399,135	395,445
2006 MF Series A (Village Park)	Principal	155,000	170,000	175,000	185,000	195,000
2006 MF Series A (Village Park)	Interest	516,613	509,013	500,938	492,506	483,600
2006 MF Series A (Oakmoor)	Principal	106,376	112,937	119,903	127,299	135,150
2006 MF Series A (Oakmoor)	Interest	850,666	844,105	837,139	829,744	821,892
2006 MF Series A (Sunset Pointe)	Principal	-	-	-	-	-
2006 MF Series A (Sunset Pointe)	Interest	38,999	38,959	39,000	39,000	39,041
2006 MF Series A (Hillcrest)	Principal	150,000	160,000	170,000	185,000	195,000
2006 MF Series A (Hillcrest)	Interest	567,131	559,125	550,594	541,538	531,694

2017-21	2022-26	2027-31	2032-36	2037-41	2042-46	2047-51	TOTAL REQUIRED
979,734	1,363,941	1,895,484	2,634,174	3,660,741	4,635,539	-	15,832,116
4,857,890	4,473,682	3,942,138	3,203,447	2,176,880	570,817	-	24,399,976
1,002,584	1,408,409	1,957,282	2,720,056	3,780,092	4,585,838	-	16,119,258
4,959,084	4,553,258	4,004,386	3,241,611	2,181,576	544,478	-	24,781,064
903,551	1,323,334	1,868,604	2,635,853	9,380,877	-	-	16,717,189
5,341,738	4,927,644	4,394,269	3,643,704	209,305	-	-	24,155,127
3,425,000	4,585,000	6,150,000	2,895,000	-	-	-	19,605,000
117,766	88,683	49,694	6,129	-	-	-	401,650
816,583	1,129,185	1,561,456	2,159,209	2,985,792	4,454,581	-	13,697,325
4,136,385	3,823,785	3,391,512	2,793,758	1,967,174	700,516	-	21,175,577
808,151	1,117,526	1,545,334	2,136,915	2,954,963	4,490,280	-	13,637,593
4,120,227	3,810,853	3,383,044	2,791,462	1,973,414	721,359	-	21,144,315
636,502	880,159	1,217,102	1,683,030	2,327,320	3,536,538	-	10,740,944
3,245,084	3,001,419	2,664,475	2,198,547	1,554,255	568,142	-	16,653,214
698,955	966,524	1,336,528	1,848,176	2,555,690	3,954,599	-	11,865,930
3,586,592	3,319,020	2,949,016	2,437,369	1,729,855	648,691	-	18,450,632
658,279	910,277	1,258,749	1,740,617	2,406,957	3,724,449	-	11,227,969
3,377,858	3,125,858	2,777,389	2,295,519	1,629,182	610,937	-	17,862,394
-	-	-	-	11,500,000	-	-	11,500,000
132,222	132,250	132,250	132,278	44,032	-	-	705,259
-	-	-	-	15,000,000	-	-	15,000,000
194,959	195,000	195,000	195,041	63,429	-	-	1,038,428
965,000	1,260,000	1,610,000	2,020,000	2,555,000	2,525,000	-	11,685,000
2,551,584	2,287,017	1,942,910	1,511,139	965,150	282,755	-	12,296,082
-	-	-	-	6,380,000	-	-	6,380,000
54,219	54,230	54,230	54,241	22,602	-	-	293,980
-	-	-	-	-	10,400,000	-	10,400,000
3,328,000	3,328,000	3,328,000	3,328,000	3,328,000	2,606,934	-	23,628,800
809,342	1,113,621	1,532,294	2,108,371	2,901,029	4,954,599	-	14,007,459
4,173,707	3,869,427	3,450,753	2,874,676	2,082,017	898,103	-	21,743,530
1,787,792	2,300,098	2,959,208	3,807,192	1,187,991	-	-	13,431,874
2,828,195	2,315,890	1,656,779	808,794	42,942	-	-	10,878,993
478,428	1,087,802	1,496,774	2,059,494	10,022,742	-	-	15,671,834
4,675,691	4,425,269	4,025,884	3,476,351	1,605,765	-	-	23,068,767
550,000	3,860,000	-	-	-	-	-	4,830,000
1,054,439	893,470	-	-	-	-	-	3,124,814
-	-	-	-	14,490,000	-	-	14,490,000
123,140	123,165	123,165	123,191	63,547	-	-	679,788
385,000	530,000	710,000	970,000	1,320,000	2,450,000	-	6,650,000
1,912,342	1,777,350	1,594,079	1,344,697	1,006,447	546,120	-	10,193,007
1,170,000	1,560,000	6,655,000	-	-	-	-	10,265,000
2,265,169	1,935,713	170,534	-	-	-	-	6,874,086
811,556	1,094,668	1,476,543	1,991,635	2,686,417	5,563,500	-	14,225,984
3,973,653	3,690,540	3,308,663	2,793,571	2,098,789	1,107,941	-	21,156,703
-	-	-	-	15,000,000	-	-	15,000,000
194,959	195,000	195,000	195,041	113,648	-	-	1,088,647
1,175,000	1,615,000	7,190,000	-	-	-	-	10,840,000
2,487,844	2,131,369	372,488	-	-	-	-	7,741,783

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Supplementary Bond Schedules
SCHEDULE 1-C
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August 31, 2011

DESCRIPTION		2012	2013	2014	2015	2016
2006 MF Series A (Pleasant Village)	Principal	88,201	94,691	100,615	106,910	112,693
2006 MF Series A (Pleasant Village)	Interest	347,340	340,849	334,925	328,631	322,847
2006 MF Series A (Grove Village)	Principal	90,847	97,532	103,634	110,117	116,074
2006 MF Series A (Grove Village)	Interest	357,761	351,076	344,974	338,491	332,533
2006 MF Series A (Red Hills Villas)	Principal	-	-	-	-	-
2006 MF Series A (Red Hills Villas)	Interest	11,468	11,292	11,304	11,304	11,316
2006 MF Series A (Champion Crossing)	Principal	-	-	-	-	-
2006 MF Series A (Champion Crossing)	Interest	11,492	11,315	11,327	11,327	11,339
2006 MF Series A (Stonehaven)	Principal	86,957	92,138	97,626	103,443	109,604
2006 MF Series A (Stonehaven)	Interest	640,310	635,130	629,642	623,826	617,665
2006 MF Series A (Center Ridge)	Principal	-	-	-	-	-
2006 MF Series A (Center Ridge)	Interest	416,250	416,250	416,250	416,250	416,250
2006 MF Series A (Meadowlands)	Principal	87,077	92,448	98,150	104,203	110,631
2006 MF Series A (Meadowlands)	Interest	732,302	726,931	721,229	715,176	708,748
2006 MF Series A (East Tex Pines)	Principal	95,000	105,000	110,000	110,000	125,000
2006 MF Series A (East Tex Pines)	Interest	775,605	769,805	763,570	757,190	750,375
2006 MF Series A (Villas at Henderson)	Principal	-	-	-	-	-
2006 MF Series A (Villas at Henderson)	Interest	11,469	11,228	11,240	11,240	11,252
2006 MF Series A (Aspen Park Apts)	Principal	100,000	110,000	110,000	120,000	125,000
2006 MF Series A (Aspen Park Apts)	Interest	478,750	473,625	468,125	462,500	456,500
2006 MF Series A (Idlewilde Apts)	Principal	-	-	-	-	-
2006 MF Series A (Idlewilde Apts)	Interest	32,023	32,017	32,050	32,050	32,084
2007 MF Series A (Lancaster Apts)	Principal	-	-	-	-	-
2007 MF Series A (Lancaster Apts)	Interest	32,023	32,017	32,050	32,050	32,084
2007 MF Series A (Park Place)	Principal	-	-	-	-	-
2007 MF Series A (Park Place)	Interest	820,700	820,700	820,700	820,700	820,700
2007 MF Series A (Terrace at Cibolo)	Principal	-	-	-	-	-
2007 MF Series A (Terrace at Cibolo)	Interest	8,216	7,991	8,000	8,000	8,009
2007 MF Series A (Santora Villas)	Principal	-	-	-	-	-
2007 MF Series A (Santora Villas)	Interest	700,176	700,176	700,176	700,176	700,176
2007 MF Series A (Villas @ Mesquite Creek)	Principal	165,000	175,000	185,000	195,000	210,000
2007 MF Series A (Villas @ Mesquite Creek)	Interest	834,535	824,804	814,491	803,597	791,977
2007 MF Series A (Summit Point)	Principal	85,000	100,000	100,000	110,000	110,000
2007 MF Series A (Summit Point)	Interest	481,658	477,338	472,538	467,618	462,338
2007 MF Series A (Costa Rialto)	Principal	96,032	101,298	106,853	112,713	118,894
2007 MF Series A (Costa Rialto)	Interest	655,395	650,130	644,575	638,716	632,536
2007 MF Series A (Windshire)	Principal	-	-	-	-	-
2007 MF Series A (Windshire)	Interest	31,713	31,707	31,740	31,740	31,773
2007 MF Series A (Residences @ Onion Creek)	Principal	-	-	-	-	-
2007 MF Series A (Residences @ Onion Creek)	Interest	30,496	29,969	30,000	30,000	30,031
2008 MF Series A (Addison Park)	Principal	-	-	-	-	-
2008 MF Series A (Addison Park)	Interest	35,229	35,294	35,334	35,334	35,374
2008 MF Series A (Costa Ibiza)	Principal	-	-	-	-	-
2008 MF Series A (Costa Ibiza)	Interest	29,569	29,776	29,810	29,810	29,844
2008 MF Series A (West Oaks)	Principal	-	-	-	-	-
2008 MF Series A (West Oaks)	Interest	28,649	28,842	28,875	28,875	28,908
2009 MF Series A (Costa Mariposa Apartments)	Principal	-	-	-	-	-
2009 MF Series A (Costa Mariposa Apartments)	Interest	43,071	43,758	43,808	43,808	43,858

2017-21	2022-26	2027-31	2032-36	2037-41	2042-46	2047-51	TOTAL REQUIRED
682,717	4,548,167	-	-	-	-	-	5,733,994
1,494,988	425,643	-	-	-	-	-	3,595,223
703,198	4,684,611	-	-	-	-	-	5,906,013
1,539,841	437,673	-	-	-	-	-	3,702,349
100,000	500,000	1,000,000	1,300,000	2,015,000	-	-	4,915,000
56,298	52,019	42,918	30,102	393	-	-	238,414
500,000	500,000	1,000,000	1,300,000	1,625,000	-	-	4,925,000
53,272	47,534	38,433	25,616	316	-	-	221,971
654,087	873,546	9,061,870	-	-	-	-	11,079,271
2,982,259	2,762,814	87,516	-	-	-	-	8,979,162
-	-	-	-	8,325,000	-	-	8,325,000
2,081,250	2,081,250	2,081,250	2,081,250	1,248,750	-	-	11,655,000
664,320	896,069	1,208,663	1,630,305	2,199,037	2,966,171	2,187,423	12,244,497
3,432,573	3,200,825	2,888,232	2,466,590	1,897,858	1,130,721	10,938	18,632,123
720,000	955,000	1,265,000	1,675,000	2,225,000	2,950,000	3,085,000	13,420,000
3,634,570	3,392,855	3,073,275	2,649,005	2,086,985	1,341,830	89,466	20,084,531
-	7,025,000	-	-	-	-	-	7,025,000
56,188	24,883	-	-	-	-	-	137,500
750,000	1,005,000	240,000	-	7,040,000	-	-	9,600,000
2,178,499	1,963,498	1,769,000	1,760,000	1,056,000	-	-	11,066,497
-	-	-	-	13,935,000	-	-	13,935,000
160,219	160,252	160,252	160,286	122,860	-	-	924,093
-	-	-	-	13,935,000	-	-	13,935,000
160,219	160,252	160,252	160,286	125,487	-	-	926,720
-	-	-	-	-	-	14,150,000	14,150,000
4,103,500	4,103,500	4,103,500	4,103,500	4,103,500	4,103,500	410,351	29,134,851
-	-	-	-	5,000,000	-	-	5,000,000
39,991	40,000	40,000	40,009	29,989	-	-	230,205
-	-	-	-	-	-	12,072,000	12,072,000
3,500,880	3,500,880	3,500,880	3,500,880	3,500,880	3,500,880	525,132	25,031,292
1,235,000	1,595,000	2,025,000	2,610,000	3,340,000	4,270,000	490,000	16,495,000
3,766,155	3,411,875	2,966,250	2,396,750	1,665,875	731,750	12,251	19,020,310
630,000	825,000	1,080,000	1,415,000	1,870,000	2,460,000	570,000	9,355,000
2,226,820	2,048,390	1,813,795	1,499,411	1,077,302	520,276	22,444	11,569,928
699,700	913,748	1,193,274	1,558,328	2,035,046	2,657,598	2,700,474	12,293,958
3,057,444	2,843,394	2,563,862	2,198,822	1,722,101	1,099,545	119,865	16,826,385
-	-	-	-	13,800,000	-	-	13,800,000
158,667	158,700	158,700	158,733	140,230	-	-	933,703
-	-	-	-	15,000,000	-	-	15,000,000
149,969	150,000	150,000	150,029	130,000	-	-	880,494
-	-	-	-	-	13,590,000	-	13,590,000
176,629	176,670	176,670	176,710	176,629	85,481	-	1,145,354
-	-	-	-	13,550,000	-	-	13,550,000
149,016	149,050	149,050	149,084	149,017	-	-	894,026
-	-	-	-	13,125,000	-	-	13,125,000
144,342	144,375	144,375	144,408	141,890	-	-	863,539
-	-	-	-	-	13,690,000	-	13,690,000
218,990	219,040	219,040	219,090	218,990	32,765	-	1,346,218

DESCRIPTION		2012	2013	2014	2015	2016
2009 MF Series A (Woodmont Apartments)	Principal	-	-	-	-	-
2009 MF Series A (Woodmont Apartments)	Interest	41,210	41,952	42,000	42,000	42,048
2008 MF Series A (Alta Cullen Apartments)	Principal	-	-	-	-	-
2008 MF Series A (Alta Cullen Apartments)	Interest	30,257	30,445	30,480	30,480	30,515
TOTAL MULTIFAMILY BONDS		60,833,302	58,152,989	57,983,413	58,024,408	58,086,948
Total		325,782,776	112,725,362	112,607,807	112,987,258	113,813,089
Less Interest		88,858,866	85,764,707	84,559,659	83,170,912	81,824,131
Total Principal		236,923,910	26,960,655	28,048,148	29,816,346	31,988,958

2017-21	2022-26	2027-31	2032-36	2037-41	2042-46	2047-51	TOTAL REQUIRED
-	-	-	-	-	15,000,000	-	15,000,000
209,952	210,000	210,000	210,048	209,952	34,980	-	1,294,142
-	-	-	-	-	12,700,000	-	12,700,000
152,365	152,400	152,400	152,435	152,365	109,144	-	1,023,286
292,892,457	327,370,289	306,732,329	284,225,117	412,974,625	188,469,424	36,445,344	2,142,190,645
583,533,612	669,793,023	641,021,085	612,675,091	550,568,372	188,469,424	36,445,344	4,060,422,243
385,548,245	332,596,344	252,380,812	168,372,026	79,570,363	25,742,038	1,190,447	1,669,578,550
197,985,367	337,196,679	388,640,273	444,303,065	470,998,009	162,727,386	35,254,897	2,390,843,693

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-D
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE
For the Fiscal Year Ended August 31, 2011

	Pledged and Other Sources and Related Expenditures for FY 2011			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2002 Single Family Series A	$ 2,848,808	$ 65,607	$ -	$ 1,680,718
2002 Single Family Series B	4,826,284	38,374	-	1,070,854
2002 Single Family Series C	698,764	16,092	500,000	377,059
2002 Single Family Series D	126,253	3,714	835,000	78,895
2004 Single Family Series A	11,135,569	155,933	2,110,000	2,711,805
2004 Single Family Series A (Jr. Lien)	119	2,277	-	11,291
2004 Single Family Series B	2,685,938	149,818	-	1,924,254
2004 Single Family Series C	3,573,370	54,790	-	826,605
2004 Single Family Series D	1,693,622	111,348	-	1,281,876
2004 Single Family Series E	746,297	10,605	960,000	153,685
2005 Single Family Series A	9,801,442	269,840	-	2,883,124
2005 Single Family Series B	2,264,628	44,164	560,000	502,402
2005 Single Family Series C	1,162,588	21,293	-	17,063
2005 Single Family Series D	165,333	13,407	-	152,000
2006 Single Family Series A	7,086,338	26,736	420,000	2,006,562
2006 Single Family Series B	8,046,065	30,382	1,175,000	2,264,833
2006 Single Family Series C	12,346,462	47,396	1,255,000	3,553,889
2006 Single Family Series D	5,127,698	8,507	-	684,496
2006 Single Family Series E	13,052,698	8,507	1,370,000	471,642
2006 Single Family Series F	2,491,151	83,403	385,000	2,439,731
2006 Single Family Series G	1,938,761	11,676	810,000	276,389
2006 Single Family Series H	2,142,390	71,726	-	1,312,081
2007 Single Family Series A	21,861,304	349,333	-	4,324,473
2007 Single Family Series B	22,848,385	202,570	1,890,000	6,409,153
Total Single Family Bonds	$ 138,670,267	$ 1,797,498	$ 12,270,000	$ 37,414,880
1998 RMRB Series A	$ 29,578,768	$ 103,169	$ -	$ 947,850
1998 RMRB Series B	5,529,051	19,651	-	175,077
1999 RMRB Series A	3,796,007	8,460	-	129,224
2000 RMRB Series B	12,439,455	2,657	-	(2)
2000 RMRB Series C	3,806,266	794	-	-
2001 RMRB Series A	22,985,244	133,875	-	949,084
2001 RMRB Series B	10,419,946	63,534	650,000	438,388
2001 RMRB Series C	4,058,189	29,498	930,000	151,435
2002 RMRB Series A	2,789,294	16,594	330,000	1,146,637
2003 RMRB Series A	5,337,988	42,923	620,000	2,239,056
2009 RMRB Series A	27,649,193	269,267	250,000	3,137,283
2009 RMRB Series B	2,558,429	85,032	765,000	891,127
2009 RMRB Series C	336,459	53	-	310,680
2009 RMRB Series C-1	1,921,277	17,482	-	1,082,572
2011 RMRB Series A	1,280,851	11,655	-	1,163,002
Total Residential Mtg Revenue Bonds	$ 134,486,417	$ 804,644	$ 3,545,000	$ 12,761,413
1992 CHMRB Series C	$ 2,025,290	$ 5,249	$ -	$ 522,560
Total 1992 CHMRB	$ 2,025,290	$ 5,249	$ -	$ 522,560
1996 MF Series A/B (Brighton's Mark)	$ 508,437	$ 6,126	$ -	$ 501,873
1996 MF Series A/B (Braxton's Mark)	15,137,209	3,123	-	859,248
1998 MF Series A (Pebble Brook)	507,938	-	225,000	507,938
1998 MF Series A-C (Residence Oaks)	409,093	-	180,000	409,093
1998 MF Series A/B (Greens of Hickory Trial)	598,815	-	290,000	598,815
1999 MF Series A-C (Mayfield)	547,047	-	248,000	547,048

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
SCHEDULE 1-D
Supplementary Bond Schedules
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE (Continued)
For the Fiscal Year Ended August 31, 2011

	Pledged and Other Sources and Related Expenditures for FY 2011			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2000 MF Series A (Creek Point Apts)	$ 216,209	$ -	$ -	$ 16,204
2000 MF Series A (Deerwood Apts)	363,818	-	115,000	363,820
2000 MF Series A (Timber Point Apts)	219,065	-	-	19,065
2000 MF Series A/B (Greenbridge)	1,441,082	-	-	1,441,082
2000 MF Series A/B (Oaks at Hampton)	680,879	-	96,379	680,879
2000 MF Series A/B (Parks @ Westmoreland)	677,809	-	93,604	677,809
2000 MF Series A/B (Williams Run)	949,920	-	-	949,920
2000 MF Series A-C (Collingham Park)	818,608	-	244,000	818,608
2000 MF Series A-C (Highland Meadow Apts)	545,962	-	149,000	545,963
2001 MF Series A (Bluffview Senior Apts)	779,508	-	74,486	779,510
2001 MF Series A (Knollwood Villas Apts)	1,001,718	-	95,717	1,001,719
2001 MF Series A (Oak Hollow Apts.)	435,807	-	49,217	435,806
2001 MF Series A (Greens Road Apts.)	407,728	-	145,000	407,729
2001 MF Series A (Skyway Villas)	398,968	-	135,000	398,967
2001 MF Series A/B (Cobb Park)	7,713,967	-	9,059	138,723
2001 MF Series A/B (Hillside Apts.)	869,890	-	55,426	869,889
2001 MF Series A/B (Meridian Apts.)	502,410	-	75,000	502,410
2001 MF Series A/B (Wildwood Apts.)	388,770	-	60,000	388,770
2001 MF Series A-C (Fallbrook Apts.)	815,532	-	251,000	815,532
2002 MF Series A (Clarkridge Villas Apts)	943,310	-	99,871	943,307
2002 MF Series A (Park Meadows Apts)	267,730	-	80,000	267,730
2002 MF Series A (West Oaks Apts.)	9,803,444	-	52,802	468,486
2002 MF Series A (Green Crest Apts)	776,585	-	81,692	776,585
2002 MF Series A (Hickory Trace Apts)	779,980	-	82,049	779,981
2002 MF Series A (Millstone Apts.)	547,732	-	195,000	547,733
2002 MF Series A (Woodway Village Apts)	417,932	-	130,000	372,933
2002 MF Series A/B (Ironwood Crossing)	1,186,701	-	94,615	1,186,700
2003 MF Series A (NHP-Asmara) Refunding	48,707	-	430,000	39,364
2003 MF Series A (Evergreen @ Mesquite)	10,928,770	-	98,902	523,087
2003 MF Series A/B (Reading Road)	350,097	-	30,000	150,098
2003 MF Series A/B (Arlington Villas)	1,153,391	-	94,502	1,153,391
2003 MF Series A/B (Ash Creek Apts)	1,067,166	-	101,439	1,067,166
2003 MF Series A/B (North Vista Apts)	613,243	-	230,000	613,243
2003 MF Series A/B (Parkview Twnhms)	1,089,188	-	102,420	1,089,188
2003 MF Series A/B (Peninsula Apts)	618,549	-	180,000	603,549
2003 MF Series A/B (Primrose Houston School)	1,074,257	-	100,503	1,074,257
2003 MF Series A/B (Sphinx @ Murdeaux)	14,400,629	-	90,000	290,629
2003 MF Series A/B (Timber Oaks Apts)	908,551	-	72,942	908,551
2003 MF Series A/B (West Virginia Apts)	442,546	-	165,000	442,543
2004 MF Series A (Bristol)	130,529	-	-	30,531
2004 MF Series A (Chisholm Trail)	129,056	-	-	29,056
2004 MF Series A (Churchill @ Pinnacle)	644,226	-	81,665	644,226
2004 MF Series A (Evergreen @ Plano)	945,155	-	96,886	945,155
2004 MF Series A (Humble Park)	741,840	-	120,000	741,840
2004 MF Series A (Montgomery Pines)	230,404	-	-	30,405
2004 MF Series A (Pinnacle)	233,982	-	-	33,982
2004 MF Series A (Rush Creek)	578,271	-	59,737	578,271
2004 MF Series A (Sphinx @ Delafield)	11,091,763	-	-	176,763
2004 MF Series A (Tranquility Bay)	905,264	-	102,339	905,264
2004 MF Series A (Village Fair)	893,245	-	96,824	893,244
2004 MF Series A/B (Century Park)	646,896	-	190,000	646,896
2004 MF Series A/B (Post Oak East)	13,606,988	-	-	6,989
2004 MF Series A/B (Timber Ridge)	441,140	-	42,119	441,140

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
SCHEDULE 1-D
Supplementary Bond Schedules
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE (Continued)
For the Fiscal Year Ended August 31, 2011

	Pledged and Other Sources and Related Expenditures for FY 2011			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2004 MF Series A/B (Veterans Memorial)	$ 1,064,766	$ -	$ 102,036	$ 1,064,766
2005 MF Series A (Atascocita Pines)	129,310	-	-	29,310
2005 MF Series A/B (Canal Place)	1,286,228	-	81,743	996,228
2005 MF Series A (Del Rio)	730,045	-	25,455	730,045
2005 MF Series A (Park Manor)	665,600	-	-	665,600
2005 MF Series A (Pecan Grove)	889,330	-	95,824	889,332
2005 MF Series A (Chase Oaks)	683,876	-	238,319	683,876
2005 MF Series A (Port Royal)	773,783	-	82,876	773,783
2005 MF Series A (Prairie Oaks)	700,437	-	75,470	700,436
2005 MF Series A (Prairie Ranch)	570,013	-	125,000	570,013
2005 MF Series A (Mockingbird)	899,349	-	96,744	899,349
2005 MF Series A (St Augustine)	16,810	-	-	16,810
2005 MF Series A (Tower Ridge)	45,459	-	-	45,460
2006 MF Series A (Aspen Park Apts)	482,833	-	95,000	482,833
2006 MF Series A (Bella Vista)	410,589	-	45,000	410,589
2006 MF Series A (Center Ridge)	416,250	-	-	416,250
2006 MF Series A (Champion Crossing)	15,363	-	-	15,363
2005 MF Series A (Coral Hills)	296,272	-	20,000	246,272
2006 MF Series A (East Tex Pines)	778,747	-	80,000	778,747
2006 MF Series A (Grove Village)	361,720	-	86,442	361,720
2006 MF Series A (Harris Branch)	250,662	-	-	40,665
2006 MF Series A (Hillcrest)	571,726	-	150,000	571,725
2006 MF Series A (Idlewilde Apts)	140,554	-	-	35,554
2006 MF Series A (Meadowlands)	736,953	-	82,018	736,950
2006 MF Series A (Oakmoor)	856,344	-	100,196	856,345
2006 MF Series A (Pleasant Village)	351,184	-	83,923	351,184
2006 MF Series A (Red Hills Villas)	15,331	-	-	15,332
2006 MF Series A (Stonehaven)	644,798	-	82,069	644,802
2006 MF Series A (Sunset Pointe)	48,172	-	-	48,173
2006 MF Series A (Village Park)	521,975	-	150,000	521,975
2006 MF Series A (Villas at Henderson)	192,831	-	-	17,833
2007 MF Series A (Villas @ Mesquite Creek)	842,661	-	155,000	842,661
2007 MF Series A (Costa Rialto)	659,983	-	91,042	659,981
2007 MF Series A (Lancaster Apts)	140,554	-	-	35,554
2007 MF Series A (Park Place @ Loyola)	1,679,876	-	-	829,875
2007 MF Series A (Santora Villas)	1,703,400	-	-	703,398
2007 MF Series A (Summit Point)	2,606,095	-	80,000	506,095
2007 MF Series A (Terraces at Cibolo)	3,017,890	-	-	17,890
2007 MF Series A (Windshire)	235,235	-	-	35,235
2007 MF Series A (Residences @ Onion Creek)	45,459	-	-	45,460
2008 MF Series A (West Oaks Apts)	31,960	-	-	31,960
2008 MF Series A (Costa Ibiza Apts)	382,178	-	-	32,178
2008 MF Series A(Addison Park)	251,445	-	-	41,446
2008 MF Series A (Alta Cullen)	1,335,234	-	-	35,226
2009 MF Series A (Costa Mariposa)	34,907	-	-	34,908
2009 MF Series A (Woodmont Apts)	35,020	-	-	35,018
Total Multifamily Bonds	$ 144,122,663	$ 9,249	$ 8,116,352	$ 52,582,908
Total	$ 419,304,637	$ 2,616,640	$ 23,931,352	$ 103,281,761

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-E
EARLY EXTINGUISHMENT AND REFUNDING
For the fiscal year ended August 31, 2011

			For Refunding Only		
Description of Issue	Category	Amount Extinguished or Refunded	Refunding Issue Par Value	Cash Flow Increase (Decrease)	Economic Gain/ (Loss)
Business-Type Activities					
2002 Single Family Series A	Early Extinguishment	$ 1,325,000	$	$	$
2002 Single Family Series B	Early Extinguishment	3,935,000			
2002 Single Family Series C	Early Extinguishment	325,000			
2002 Single Family Series D	Early Extinguishment	40,000			
2004 Single Family Series A	Early Extinguishment	8,340,000			
2004 Single Family Series C	Early Extinguishment	2,740,000			
2004 Single Family Series E	Early Extinguishment	585,000			
2005 Single Family Series A	Early Extinguishment	6,470,000			
2005 Single Family Series B	Early Extinguishment	1,720,000			
2005 Single Family Series C	Early Extinguishment	900,000			
2006 Single Family Series A	Early Extinguishment	4,925,000			
2006 Single Family Series B	Early Extinguishment	5,590,000			
2006 Single Family Series C	Early Extinguishment	8,515,000			
2006 Single Family Series D	Early Extinguishment	4,440,000			
2006 Single Family Series F	Early Extinguishment	12,365,000			
2006 Single Family Series G	Early Extinguishment	1,590,000			
2007 Single Family Series A	Early Extinguishment	16,485,000			
2007 Single Family Series B	Early Extinguishment	16,210,000			
1998 RMRB Series A	Early Extinguishment	27,720,000			
1998 RMRB Series B	Early Extinguishment	5,175,000			
1999 RMRB Series A	Early Extinguishment	3,655,000			
2000 RMRB Series B	Early Extinguishment	12,000,000			
2000 RMRB Series C	Early Extinguishment	3,675,000			
2001 RMRB Series A	Early Extinguishment	21,995,000			
2001 RMRB Series B	Early Extinguishment	9,950,000			
2001 RMRB Series C	Early Extinguishment	3,840,000			
2002 RMRB Series A	Early Extinguishment	1,670,000			
2003 RMRB Series A	Early Extinguishment	3,215,000			
2009 RMRB Series A	Early Extinguishment	24,440,000			
2009 RMRB Series B	Early Extinguishment	1,545,000			
2009 RMRB Series C-1	Early Extinguishment	435,000			
2011 RMRB Series A	Early Extinguishment	290,000			
1992 Coll Home Mtg Rev Bonds, Series C	Early Extinguishment	1,400,000			
1996 MF Series A/B (Braxton's Mark)	Early Extinguishment	14,273,700			
2000 MF Series A (Timber Point Apts)	Early Extinguishment	200,000			
2000 MF Series A (Creek Point Apts)	Early Extinguishment	200,000			
2001 MF Series A/B (Cobb Park)	Early Extinguishment	7,575,244			
2002 MF Series A (West Oaks Apts.)	Early Extinguishment	9,334,960			
2002 MF Series A (Woodway Village Apts)	Early Extinguishment	45,000			
2003 MF Series A/B (Reading Road)	Early Extinguishment	200,000			
2003 MF Series A/B (Sphinx @ Murdeaux)	Early Extinguishment	14,110,000			
2003 MF Series A/B (Peninsula Apts)	Early Extinguishment	15,000			
2003 MF Series A (Evergreen @ Mesquite)	Early Extinguishment	10,405,682			
2004 MF Series A (Chisholm Trail)	Early Extinguishment	100,000			
2004 MF Series A (Montgomery Pines)	Early Extinguishment	200,000			
2004 MF Series A (Bristol)	Early Extinguishment	100,000			
2004 MF Series A (Pinnacle)	Early Extinguishment	200,000			
2004 MF Series A (Sphinx @ Delafield)	Early Extinguishment	10,915,000			
2004 MF Series A/B (Post Oak East)	Early Extinguishment	13,600,000			
2005 MF Series A (Atascocita Pines)	Early Extinguishment	100,000			
2005 MF Series A/B (Canal Place)	Early Extinguishment	290,000			
2005 MF Series A (Coral Hills)	Early Extinguishment	50,000			
2006 MF Series A (Harris Branch)	Early Extinguishment	210,000			
2006 MF Series A (Villas at Henderson)	Early Extinguishment	175,000			
2006 MF Series A (Idlewilde Apts)	Early Extinguishment	105,000			
2007 MF Series A (Lancaster Apts)	Early Extinguishment	105,000			
2007 MF Series A (Park Place)	Early Extinguishment	850,000			
2007 MF Series A (Terrace at Cibolo)	Early Extinguishment	3,000,000			
2007 MF Series A (Santora Villas)	Early Extinguishment	1,000,000			
2007 MF Series A (Summit Point)	Early Extinguishment	2,100,000			
2007 MF Series A (Windshire)	Early Extinguishment	200,000			
2008 MF Series A (Costa Ibiza)	Early Extinguishment	350,000			
2008 MF Series A (Addison Park)	Early Extinguishment	210,000			
2008 MF Series A (Alta Cullen Apartments)	Early Extinguishment	1,300,000			
Total Business-Type Activities		$ 309,024,586	$ -	$ -	$ -

State Auditor's Office
John Keel, CPA
State Auditor

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

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

We have audited the financial statements of the Department of Housing and Community Affairs (Department), the financial statements of the Department's Revenue Bond Program Enterprise Fund, and the computation of unencumbered fund balances of the Department's Housing Finance Division (collectively, the Department's financial reports), as of and for the year ended August 31, 2011, and have issued our reports thereon dated December 20, 2011. Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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

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

John Keel, CPA
State Auditor

December 20, 2011

Texas Department of Housing and Community Affairs — Housing Finance Division

Computation of Unencumbered
Fund Balances as of August 31, 2011, and
Independent Auditors' Report

State Auditor's Office
John Keel, CPA
State Auditor

Independent Auditor's Report

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

We have audited the accompanying Computation of Unencumbered Fund Balances (Computation) of the Department of Housing and Community Affairs' (Department) Housing Finance Division as of August 31, 2011. The Computation is the responsibility of the Department's management. Our responsibility is to express an opinion on the Computation based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Computation is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Computation. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall presentation of the Computation. We believe that our audit provides a reasonable basis for our opinion.

The Computation is presented on the basis of criteria described in Note 2 to the Computation for compliance with the provisions of Texas Government Code, Sections 2306.204 and 2306.205. The Computation is not intended to present unencumbered fund balances in accordance with accounting principles generally accepted in the United States of America. Unencumbered fund balances determined under the basis of presentation described in Note 2 may materially differ from those determined under accounting principles generally accepted in the United States of America.

In our opinion, the Computation referred to above presents fairly, in all material respects, the unencumbered fund balances of the Department's Housing Finance Division, as of August 31, 2011, in conformity with the criteria specified by management of the Department for compliance with the computations described in the Texas Government Code, Sections 2306.204 and 2306.205, as set forth in Note 2 to the Computation.

In accordance with *Government Auditing Standards,* we have also issued our report dated December 20, 2011, 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

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reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

John Keel, CPA
State Auditor

December 20, 2011

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS — HOUSING FINANCE DIVISION

COMPUTATION OF UNENCUMBERED FUND BALANCES
AS OF AUGUST 31, 2011
(Amounts in thousands)

	SFMRB Program	RMRB Program	CHMRB Program	M/F Program	Operating Fund
BOND LIABILITIES:					
Bonds payable/commercial paper notes payable	$ 787,310	$496,215	$ 6,600	$1,100,719	$
Accrued interest payable on bonds	17,800	2,527	44	8,733	
TOTAL	$ 805,110	$498,742	$ 6,644	$1,109,452	$
ASSET TEST RATIO REQUIREMENT	102 %	102 %	102 %	100 %	%
QUALIFYING ASSETS:					
Cash and temporary investments	$ 40,201	$220,624	$ 140	$ 28,438	$13,151
Investments — at fair value	14,467	645	237	723	
Mortgage-backed securities — at fair value	853,297	317,493	8,476	37,722	
Less fair value adjustment	(88,749)	(33,500)	(1,145)		
Unamortized premium/discount	4,840	1,035	26		
Loans and Contracts	28,909	11,864		1,100,719	766
Less Special Loans	(22,099)	(11,197)			
Real estate owned — net	178				1
Accrued interest receivable	3,416	1,684	50	8,555	29
Subtotal	834,460	508,648	7,784	1,176,157	13,947
LESS RESTRICTIONS:					
Self-insurance fund	40	16			
Operating reserve fund	1,129	278		315	526
Debt service fund	14,438				
Rebate payable	1,536				
Due to lenders/other departments				67,104	
Housing assistance programs	60	4,790			
Board/department restrictions					12,991
Amounts reserved for special redemptions subsequent to August 31, 2011	1,125				
Subtotal	18,328	5,084		67,419	13,517
Total qualifying assets less restrictions	816,132	503,564	7,784	1,108,738	430
LESS ASSET TEST REQUIREMENT	821,212	508,717	6,777	1,109,452	
AMOUNT NEEDED TO MEET ASSET TEST REQUIREMENT	5,080	5,153		714	
UNENCUMBERED FUND BALANCES	$ (0)	$ 0	$ 1,007	$	$ 430

See accompanying independent auditors' report and accompanying notes to the computation.

1. BACKGROUND OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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 (subsequently codified as Chapter 2306, Texas Government Code) (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 Department is governed by a Governing Board composed of seven members appointed by the Governor with advice and consent of the Senate. The Department is administered by an Executive Director to be employed by the Board 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 Housing Finance Division (the "Division") of 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. The Department Act requires a portion of the unencumbered fund balances, as defined, of the Division of the Department to be transferred to the Housing Trust Fund from the bond programs should certain conditions be met.

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

General — Single-Family — Since 1979, the year of creation of the Texas Housing Agency (the "Agency"), a predecessor to the Department, through August 31, 2011, the Agency or the Department has issued 30 series of Residential Mortgage Revenue Bonds, 53 series of Single-Family Mortgage Revenue Bonds, 4 series of Junior Lien Single-Family Mortgage Revenue Refunding Bonds, 10 series of GNMA/FNMA Collateralized Home Mortgage Revenue Bonds, 11 series of Collateralized Home Mortgage Revenue Bonds, and 2 series of Government National Mortgage Association (GNMA) Collateralized Home Mortgage Revenue Bonds. As of August 31, 2011, the outstanding principal amount of bonded indebtedness of the Department for single-family housing purposes was $1,290,125.

General — Multifamily (M/F) — The Department and the Agency have issued 213 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 August 31, 2011, 98 series were outstanding, with an aggregate outstanding principal amount of $1,100,719.

Single-Family Mortgage Revenue Bonds (SFMRBs) — The Department has issued 51 series of SFMRBs under a SFMRB Trust Indenture, dated as of October 1, 1980, and 51 indentures supplemental thereto, which are secured on an equal and ratable basis by the trust estate established by the SFMRB Indenture. As of August 31, 2011, 23 series were outstanding, with an aggregate outstanding principal amount totaling $783,455.

Junior Lien Bonds — The Department has issued four series of its Junior Lien SFMRBS (the "Junior Lien Bonds") pursuant to a Junior Lien Trust Indenture, as supplemented by the First Supplemental Junior Lien Trust Indenture and the Second Supplemental Junior Lien Trust Indenture, each dated as of May 1, 1994, the Third Supplemental Junior Lien Trust Indenture dated as of March 27, 2002; and the Fourth Supplemental Junior Lien Trust Indenture dated as of April 1, 2004, by and between the Department and J.P. Morgan Trust Company, Texas, NA, as trustee. The Junior Lien Bonds are secured on an equal and ratable basis with each other and on a subordinated basis to the SFMRBs by the trust estate held under the SFMRB Indenture. As of August 31, 2011, 1 series was outstanding, with an aggregate outstanding principal of $3,855.

Residential Mortgage Revenue Bonds (RMRBs) — As of August 31, 2011, the Department has issued 32 series of RMRBs pursuant to the RMRB Trust Indenture and 29 separate series supplements, which are secured on an equal and ratable basis by the trust estate established by the RMRB Indenture. As of August 31, 2011, 7 series were outstanding, with an aggregate outstanding principal amount of $496,215.

Collateralized Home Mortgage Revenue Bonds (CHMRBs) — The Department has issued 11 series of CHMRBs pursuant to the CHMRB Master Indenture and six separate series supplements, which are secured on an equal and ratable basis by the trust estate established by such trust indentures. As of August 31, 2011, 2 series of CHMRBs was outstanding, with an aggregate outstanding principal amount of $6,600.

Housing Trust Fund — The Department Act provided for a transfer of a portion of the unencumbered fund balance from the bond programs for use in the Housing Trust Fund. The fund will be used to provide assistance for low- and very-low-income persons and families in financing, acquiring, rehabilitating, and developing affordable, decent, and safe housing. The fund will be made available to local units of government, public housing authorities, the Department, community housing development organizations, and nonprofit organizations, as well as eligible low- and very-low-income individuals and families.

2. BASIS OF PRESENTATION

Management of the Department has determined the following criteria and definitions should be used in the computation of unencumbered fund balances specified by the Department Act, Texas Government Code, Sections 2306.204 and 2306.205. These criteria and definitions were determined based on the requirements of the bond trust indentures, the Board's designated purposes, and financial advisors' recommendations for credit rating purposes:

Definition of Unencumbered Fund Balance — The bond trust indentures of the Department include certain restrictions and encumbrances on Department assets for the benefit, protection, and security of the owners of the outstanding Department bonds. In addition, the Department's financial advisor has recommended that additional restrictions be maintained in the determination of unencumbered fund balance for ensuring the maintenance of parity over the immediate future.

The unencumbered fund balances of the Department represent qualifying assets less restrictions in excess of a percentage (the "Asset Test Ratio") of the total bond liabilities specified in the respective bond trust indentures.

Generally, the unencumbered fund balances cannot be distributed or utilized except when certain conditions have been met within the bond trust indentures, including filing of a statement of projected revenues that projects that anticipated cash flows will be sufficient to pay Department expenses of the Division and aggregate debt service through the maturity of the bonds and to maintain all other reserve fund requirements of the respective bond trust indentures.

Total Bond Liabilities — The following represents the amounts included in determination of total bond liabilities:

- The bonds payable represent the contractual balance of bonds outstanding at August 31, 2011. Where the bonds are concerned, the amount excludes unamortized bond premiums or discounts.

- Accrued interest on bonds payable represents contractual interest due on outstanding balances at August 31, 2011.

Asset Test Ratio — This represents the ratio in excess of total bond liabilities considered necessary by the respective bond trust indentures.

Asset Test Requirement — This represents the encumbered qualifying assets considered necessary by the respective bond trust indentures. These amounts are calculated by multiplying the total bond liabilities by the Asset Test Ratio for the related programs.

Qualifying Assets — Qualifying assets exclude deferred issuance costs, deferred commitment fees, other assets, and the interfund receivables (payables). The following is a summary of amounts considered to be qualifying assets in determination of unencumbered fund balance by the respective bond trust indentures and the bond rating agencies:

- Cash, cash equivalents, and investments are included at fair value.

- Mortgage-backed securities are included at fair value. Deferred commitment fees are excluded.

- Fair value adjustment represents the adjustment to eliminate the unrealized gain or loss in investments marked to fair value, since these funds are not currently available.

- Unamortized premium/discount represents adjustment to value investments at par.

- Loans and Contracts are fully amortizing 1st lien loans and are included at their current contractual balances outstanding, net of the estimated allowance for estimated loan losses. Deferred commitment fees are excluded.

- Special loans are primarily 2nd and 3rd lien zero percent loans, non-amortizing downpayment assistance loans, home improvement, preservation and bootstrap loans. They are excluded at their contractual balances outstanding due to rating agency exclusion.

- Real estate owned is included at the carrying amount, net of the allowance for estimated losses.
- Accrued interest receivable is included at the contractual balances of accrued interest on investments, mortgage-backed securities, and loans.

Restrictions — The restrictions represent amounts to be deducted from qualifying assets for amounts required by the respective bond trust indentures, other Governing Board-designated purposes, or recommendations by the Department's financial advisors in the determination of unencumbered fund balance. The restrictions consist of the following:

- Self-insurance fund represents a required fund within the single-family and RMRB programs that is restricted for losses on self-insured loan pool programs.
- Operating reserve fund represents a restriction of approximately six months' operating expenses of the related bond programs.
- Debt service fund represents qualifying assets restricted for debt service requirements by the respective bond trust indentures.
- Rebate payable represents a restriction for amounts calculated to be payable under the rebate rules of the U.S. Treasury.
- Amounts due to lenders/other departments represent qualifying assets that are due to lenders under the bond trust indentures, as well as due to other Department funds, and are not available for any other purposes.
- Amounts reserved for Housing Assistance Programs represent amounts that are restricted for certain Department programs as designated by the Governing Board and respective bond trust indentures and, therefore, are not available for any other purpose as of August 31, 2011.
- Board/Department restrictions represent funds designated for a specific purpose by either Board action or management decision.
- Amounts reserved for special redemptions subsequent to August 31, 2011, represent amounts calculated for the redemption of bonds (debt service) according to provisions stipulated in each bond series' respective supplemental indenture.

A summary of the restrictions within the Housing Assistance Programs is as follows:

	Single-Family Program
Mortgage/housing development:	
Down Payment Assistance Program	$ 60
	$ 60

	RMRB Program
1998 A/B RMRB Special Mortgage Loan Fund (designated for P77)	$ 2
1998/1999A Residual Revenue Fund (designated for P77)	4,108
2003A Residual Revenue Fund (designated for P77)	387
2000 BCD Residual Revenue Fund (desginated for P77)	
2002 A Residual Revenue Fund (designated for P77)	293
	$ 4,790

As of August 31, 2011, the following additional restrictions existed:

	Program and Operating Fund
Supplemental Bond Contingency Reserve:	$ 1,991
	1,991
Single Family & Multifamily Asset Preservation & Workout:	
Arkansas Development Finance Authority/Below Market Interest Rate Program	226
Multi-Family Housing Preservation	428
Below Market Interest Rate Program/Asset Management	499
Single Family & Multi-Family Asset Workout	346
	1,499
Bond/MCC Program:	
Bond Programs/COI	1,944
2003 Mortgage Credit Certificate Program (Designated for Mortgage Advantage Program)	14
Bond Programs/Marketing	235
2009 Mortgage Credit Certificate Program	1
2010 Mortgage Credit Certificate Program	3
2010B Mortgage Credit Certificate Program	236
Warehousing Agreement - Escrow Fund	5,007
Bond Programs/Maintenance	1,074
M/F bond issuance fees reserved for HTF and/or other program use	987
	9,501
	$ 12,991

Supplemental Bond Contingency Reserve — This reserve will be used to supplement the Single Family Surplus and Swap Termination Value Holdback requirement, pursuant to Section 2.16© of the 37th Supplement and/or for other bond requirements such as collateral, pledges or issuer contributions.

Single Family & Multifamily Asset Preservation & Workout — These funds are reserved for single family and multifamily asset preservation and workout.

Bond/MCC Program — These funds are reserved for the MCC bond program and future bond programs.

* * * * * *

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Revenue Bond Program Enterprise Fund

Basic Financial Statements
for the Year Ended August 31, 2011

(With Independent Auditors' Report)

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

Basic Financial Statements for the Year Ended August 31, 2011

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State Auditor's Office
John Keel, CPA
State Auditor

Independent Auditor's Report

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

We have audited the accompanying financial statements of the Revenue Bond Program Enterprise Fund (Program) of the Department of Housing and Community Affairs' (Department), as of and for the year ended August 31, 2011, which collectively comprise the Program's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 1, the financial statements present only the Program, an enterprise fund of the Department and the State of Texas, and do not purport to, and do not, present fairly the financial position of the Department or the State of Texas as of August 31, 2011, the changes in the Department's or the State's financial position, or, where applicable, the Department's or the State's cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Program, as of August 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Program's basic financial statements. The Supplemental Schedules and Supplementary Bond Schedules, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Bond Schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

In accordance with *Government Auditing Standards,* we have also issued our report dated December 20, 2011, on our consideration of the Department's internal control over the Program's financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

John Keel, CPA
State Auditor

December 20, 2011

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

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the Texas Department of Housing and Community Affairs - Revenue Bond Program (the “Bond Program”) annual financial report presents management’s discussion and analysis of the financial performance of the Bond Program of the Texas Department of Housing and Community Affairs (“Department”) during the fiscal year that ended on August 31, 2011. Please read it in conjunction with the Department’s Bond Program financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Bond Program’s net assets increased by $45 million. This was primarily because of the $33.2 million change in fair value of investments and a positive $7.8 million difference between interest income and interest expense as explained below.

- The Bond Program had an Operating Income of $42.7 million, an increase of $1.4 million from the prior year. The change in operating income was a result of the following factors. The change in fair value of investments decreased from an unrealized gain of $35.7 million in fiscal year 2010 to an unrealized gain of $33.2 million in fiscal year 2011, or $2.4 million. Bond interest expense decreased $13 million due to lower interest rates related to variable rate debt. In addition, interest and investment income decreased by $10 million.

- The Bond Program’s debt outstanding of $2.4 billion as of August 31, 2011, decreased $274 million. Debt issuances and debt retirements totaled $60 million and $333 million, respectively. Loan originations for the year totaled $9.5 million in the Bond Program.

- In accordance with Governmental Accounting Standards Board Statement (GASB) No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the Department identified its derivative instruments, measured their effectiveness, and reported the derivative instruments at fair value. The Department’s interest rate swaps, which were primarily used to hedge changes in interest rates, are considered to be derivative instruments under GASB 53. GASB 53 requires the fair value of a derivative to be reported at the end of the fiscal year in the balance sheet. As of August 31, 2011, the Department’s five interest rate swaps had a total notional amount of $299.1 million and a negative $38.7 million fair value which was recorded in the deferred outflow of resources account and as a derivative swap liability.

- A rise in the number of borrowers who are unable to pay debt obligations has led to increased foreclosures causing uncertainty in the housing market. According to Standard and Poor’s, Housing Finance Agencies (HFAs) face lower risk from defaults on their loans. Homebuyer education programs, conservative underwriting, generous reserves, and ongoing HFA asset management have resulted in strong portfolio performance which is expected to continue for the long-term. Since 1988, the Department has had its single family mortgage loans guaranteed by the Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA), and the Federal Home Loan Mortgage Corporation (FHLMC).

FINANCIAL STATEMENTS

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

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

FINANCIAL ANALYSIS OF THE REVENUE BOND PROGRAM

Bond Program — Condensed Statement of Net Assets

	Bond Program		Increase (Decrease)	
	2011	2010	Amount	Percentage
ASSETS:				
Cash and investments	$ 1,535,613,843	$ 1,700,073,540	$ (164,459,697)	(9.67)%
Loans, contracts, and notes receivable	1,140,902,793	1,235,234,117	(94,331,324)	(7.64)%
Interest receivable	13,734,017	14,562,606	(828,589)	(5.69)%
Real estate owned	178,763	200,415	(21,652)	(10.80)%
Deferred Outflow of Resources	38,672,925	36,966,154	1,706,771	4.62 %
Deferred issuance cost	8,507,291	9,778,100	(1,270,809)	(13.00)%
Other assets	1,065,877	641,844	424,033	66.06 %
Total assets	2,738,675,509	2,997,456,776	(258,781,267)	(8.63)%
LIABILITIES:				
Bonds/notes payable	2,397,034,987	2,671,049,369	(274,014,382)	(10.26)%
Interest payable	29,103,084	32,465,592	(3,362,508)	(10.36)%
Derivative Hedging Instrument	38,672,925	36,966,154	1,706,771	4.62 %
Deferred revenue	12,266,683	10,089,112	2,177,571	21.58 %
Other liabilities	69,167,573	99,472,591	(30,305,018)	(30.47)%
Total liabilities	2,546,245,252	2,850,042,818	(303,797,566)	(10.66)%
NET ASSETS:				
Restricted	179,534,185	139,489,798	40,044,387	28.71 %
Unrestricted	12,896,073	7,924,160	4,971,913	62.74 %
Total net assets	$ 192,430,258	$ 147,413,958	$ 45,016,300	30.54 %

Net assets of the Bond Program increased $45 million, or 30.54%, to $192.4 million. The net increase primarily resulted from an increase in fair value of the Bond Program's investments, decrease in interest income, and decrease in interest expense. Restricted net assets of the Bond Program increased $40 million, or 28.7%. Unrestricted net assets increased $5 million, or 62.74%.

Cash and investments decreased $164.5 million, or 9.7%, to $1.5 billion, due to the change in fair value of investments, debt service payments, interest earnings, and construction draws to fund construction projects for previously issued multifamily bonds. The Bond Program loans receivable (current and non-current) decreased $94.3 million, or 7.64%, to $1.1 billion, due primarily as a result of loan payoffs related to the Department's

Multi-family Bond Program. Total bonds and notes payable (current and non-current) decreased $274 million, or 10.26%, due to the Department's monthly retirement of existing debt primarily due to consumer refinancing and paying off of original loans.

In accordance with Governmental Accounting Standards Board Statement (GASB) No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the Department reported its derivative instruments at fair value on the balance sheet. The Department's five interest rate swaps are considered to be derivative instruments per GASB No. 53. The negative $38.7 million fair value of the swaps is reported as deferred outflow of resources and a derivative hedging instrument classified as a liability.

A comparison between 2011 and 2010 for the Statement of Revenues, Expenses, and Changes in Net Assets is as follows:

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

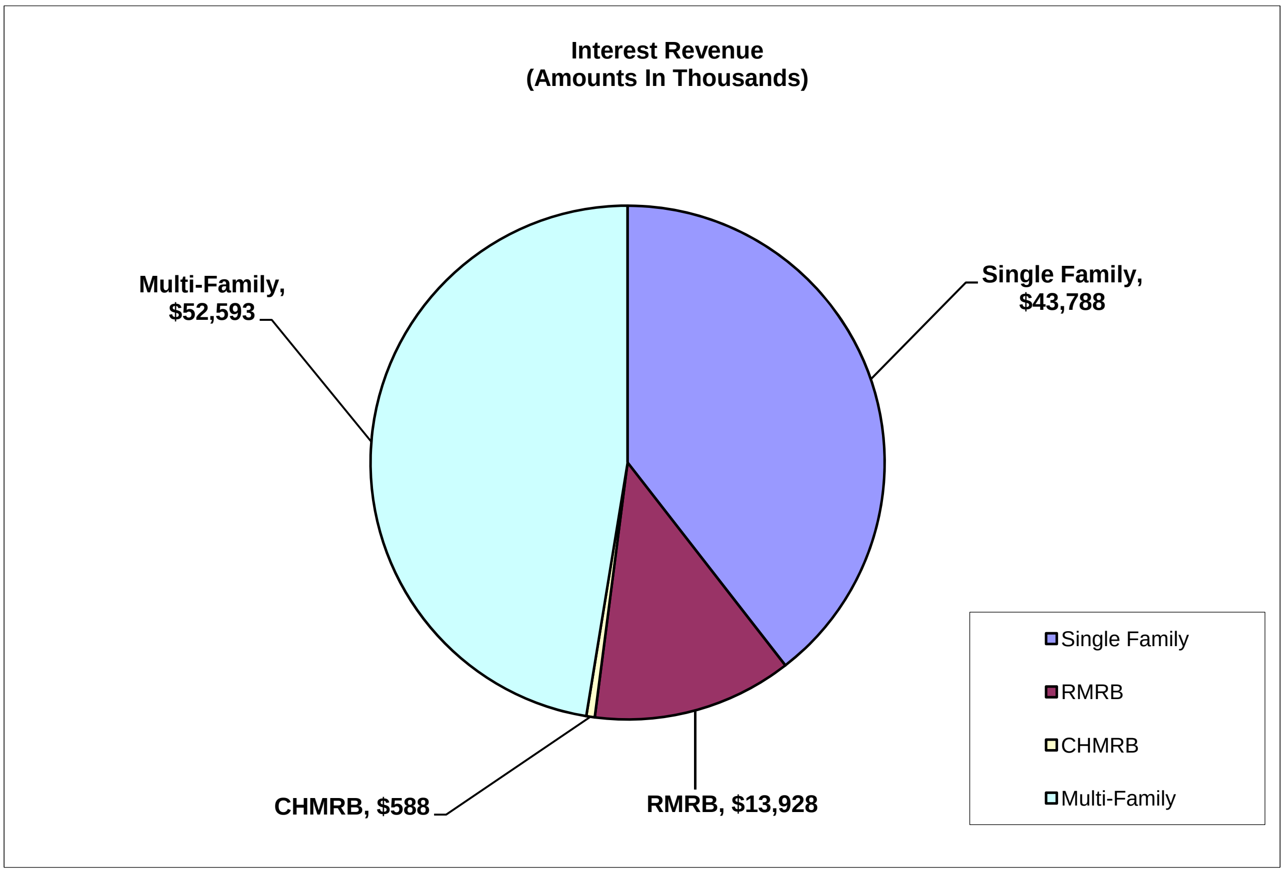
			Increase (Decrease)	
	2011	**2010**	**Amount**	**Percentage**
OPERATING REVENUES:				
Interest and investment income	$ 111,248,944	$ 121,288,357	$ (10,039,413)	(8.28)%
Net increase in fair value of Investments	33,223,121	35,670,235	(2,447,114)	(6.86)%
Other operating revenues	7,373,983	5,959,333	1,414,650	23.74 %
Total operating revenues	151,846,048	162,917,925	(11,071,877)	(6.80)%
OPERATING EXPENSES:				
Professional fees and services	3,187,618	1,717,807	1,469,811	85.56 %
Depreciation expense	653,078	727,358	(74,280)	(10.21)%
Interest	103,484,220	116,471,499	(12,987,279)	(11.15)%
Bad debt expense	222,801	270,810	(48,009)	(17.73)%
Down payment assistance	765,058	1,601,208	(836,150)	(52.22)%
Other operating expenses	784,595	782,185	2,410	0.31 %
Total operating expenses	109,097,370	121,570,867	(12,473,497)	(10.26)%
OPERATING INCOME	42,748,678	41,347,058	1,401,620	3.39 %
NONOPERATING REVENUES	5,944,101	4,922,551	1,021,550	20.75 %
TRANSFERS	(3,676,479)	(3,620,612)	(55,867)	1.54 %
CHANGE IN NET ASSETS	45,016,300	42,648,997	2,367,303	5.55 %
BEGINNING NET ASSETS	147,413,958	104,764,961	42,648,997	40.71 %
ENDING NET ASSETS	$ 192,430,258	$ 147,413,958	$ 45,016,300	30.54 %

Earnings within the Bond Program's various bond indentures were $151.8 million, of which $145.8 million is classified as restricted and $6 million as unrestricted.

Restricted earnings are composed of $110.9 million in interest and investment income, $33.2 million net increase in fair value of investments, and $1.7 million in other revenue. Interest and investment income is restricted per bond covenants for debt service, net increase in fair value in investments is an unrealized gain due to the fact that in most cases the Bond Program holds investments until maturity, and other revenue is predominantly an accounting recognition of fees received in previous years that were deferred when received and are being amortized over a period of time.

Unrestricted earnings are composed of $351 thousand in interest and investment income and $5.7 million in other operating revenue.

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



Interest earned on program loans decreased by $3.2 million, or 5.7%, due primarily to a decrease of $3 million, or 5.38%, within the Bond Program's Multi-Family Program, due to lower loan amounts outstanding as a result of loan payoffs throughout the year and lower interest rates.

Investment income decreased $7.1 million, or 10.96%, and reflected lower investment yields. The primary changes in investment income were within the Single Family Revenue Bond Program funds, which decreased $6.9 million, or 13.9%.

Expenses of the Bond Program consist primarily of interest expense of $103.5 million, which decreased $13 million, or 11.15%, on the Bond Program's debt incurred to fund its various lending programs.

The changes in net assets by bond indenture for the Bond Program for fiscal years 2011 and 2010 are as follows:

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

Fund	2011	2010	Increase (Decrease) Amount	Increase (Decrease) Percentage
Single Family	$ 123,147	$101,369	$ 21,778	21.5 %
RMRB	53,418	31,291	22,127	70.7 %
CHMRB	1,968	1,829	139	7.6 %
Multifamily	(562)	(401)	(161)	40.1 %
General funds	14,459	13,326	1,133	8.5 %
Total	$ 192,430	$147,414	$ 45,016	30.5 %

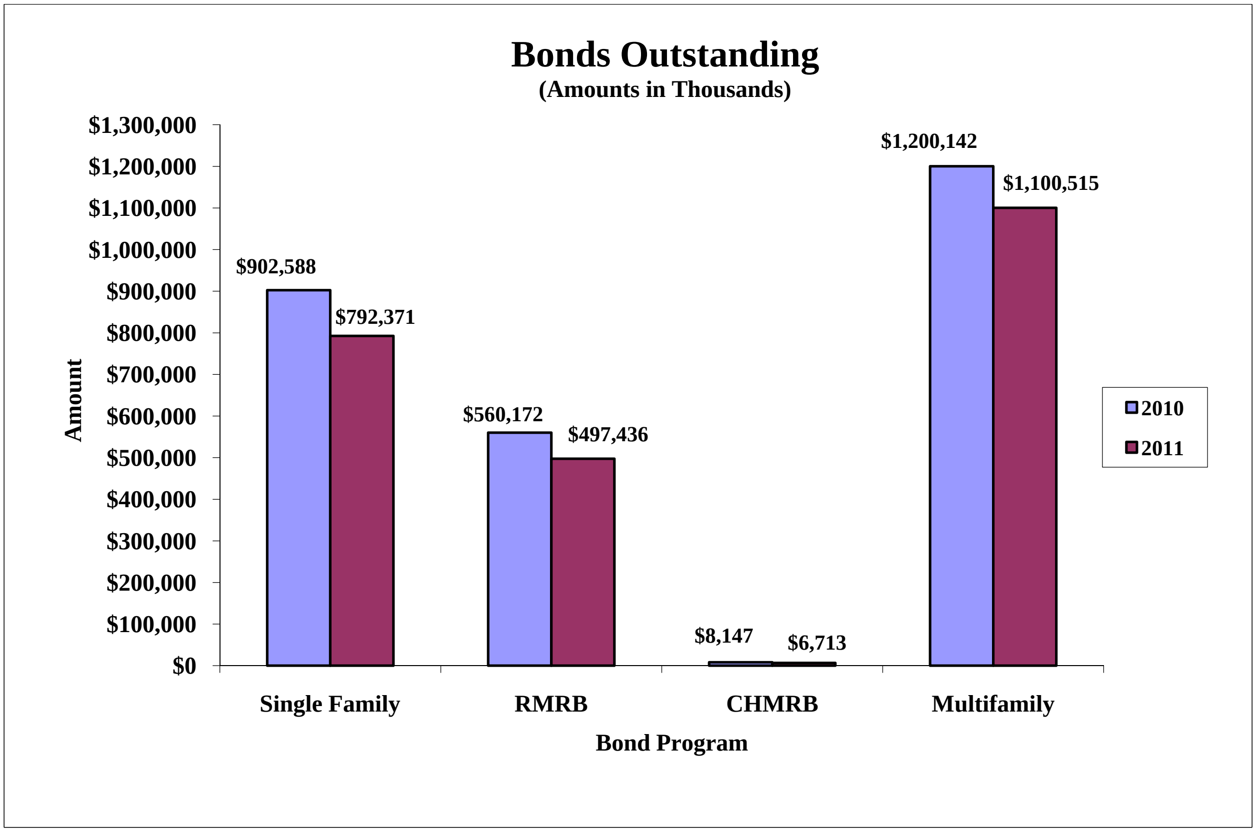
The Net assets of the Single Family Bond Programs increased by $21.8 million, or 21.5%, primarily due to an increase of $18.7 million to the fair value of investments and a positive difference of $7.3 million between interest income and interest expense.

Net assets of the RMRB Bond Programs increased $22.1 million or 70.7% primarily due to an increase of $14.5 million to the fair value of investments and a $5.9 million recognized gain on the sale of investments.

BOND PROGRAM DEBT

The Bond Program's new debt issuances during fiscal year 2011 totaled $60 million. The Residential Mortgage Revenue Bond Program issued $60 million in bonds. The Bond Program also had $333 million in debt retirements during the year primarily due to consumer refinancing and paying off of original loans. The net result was a decrease in bonds payable of $274 million to $2.4 billion of which $237 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 2011 and 2010 per bond program:



REQUEST FOR INFORMATION

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

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

STATEMENT OF NET ASSETS
As of August 31, 2011

ASSETS AND DEFERRED OUTFLOWS		
Current Assets:		
Cash and Cash Equivalents (Note 2)		
Cash in Bank	$	6,864
Cash Equivalents		12,144,199
Restricted Assets:		
Cash and Cash Equivalents (Note 2)		
Cash in Bank		2,401,389
Cash Equivalents		288,002,448
Short-term Investments (Note 2)		688,089
Loans and Contracts		12,089,151
Interest Receivable		13,704,994
Receivable:		
Interest Receivable		29,023
Accounts Receivable		323,021
Loans and Contracts		305,197
Other Current Assets		742,856
Total Current Assets		330,437,231
Non-Current Assets and Deferred Outflows:		
Loans and Contracts		332,946
Restricted Assets:		
Investments (Note 2)		1,232,370,854
Loans and Contracts		1,128,175,499
Deferred Outflow of Resources		38,672,925
Other Non-current Assets		
Deferred Issuance Cost, net (Note 4)		8,507,291
Real Estate Owned, net		178,764
Total Non-Current Assets and Deferred Outflows		2,408,238,279
Total Assets and Deferred Outflows	$	2,738,675,510
LIABILITIES AND DEFERRED INFLOWS		
Current Liabilities		
Payables:		
Accounts Payable	$	304,053
Accrued Bond Interest Payable		29,103,084
Deferred Revenues		12,266,683
Revenue Bonds Payable (Notes 3 & 4)		237,154,879
Other Current Liabilities		1,759,057
Total Current Liabilities		280,587,756
Non-Current Liabilities and Deferred Inflows		
Revenue Bonds Payable (Note 3 & 4)		2,159,880,108
Derivative Hedging Instrument (Note 5)		38,672,925
Other Non-Current Liabilities (Note 3)		67,104,463
Total Non-Current Liabilities and Deferred Inflows		2,265,657,496
Total Liabilities and Deferred Inflows		2,546,245,252
NET ASSETS		
Restricted		179,534,185
Unrestricted		12,896,073
Total Net Assets	$	192,430,258

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

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the fiscal year ended August 31, 2011

OPERATING REVENUES	
Interest and Investment Income	$ 111,248,944
Net Increase in Fair Value of Investments	33,223,121
Other Operating Revenues	7,373,983
Total Operating Revenues	151,846,048
OPERATING EXPENSES	
Professional Fees and Services	3,187,618
Printing and Reproduction	75,444
Depreciation and Amortization	653,078
Interest	103,484,220
Bad Debt Expense	222,801
Down Payment Assistance	765,058
Other Operating Expenses	709,151
Total Operating Expenses	109,097,370
Operating Income	42,748,678
NONOPERATING REVENUES	
Gain on Sale of Investments	5,944,101
Total Non-Operating Revenues	5,944,101
Income before Other Revenues, Expenses, Gains, Losses and Transfers	48,692,779
OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS	
Transfers Out	(3,676,479)
Total Other Revenues, Expenses, Gains, Losses and Transfers	(3,676,479)
CHANGE IN NET ASSETS	45,016,300
Net Assets, September 1, 2010	147,413,958
NET ASSETS, AUGUST 31, 2011	$ 192,430,258

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, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds from Loan Programs	$ 126,016,335
Proceeds from Other Revenues	5,850,478
Payments to Suppliers for Goods/Services	(5,133,277)
Payments for Loans Provided	(9,517,722)
Net Cash Provided By Operating Activities	117,215,814
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from Debt Issuance	60,964,050
Payments for Transfers to Other Funds	(3,676,479)
Payments of Principal on Debt Issuance	(304,802,967)
Payments of Interest	(106,653,607)
Payments for Other Cost of Debt	(1,607,226)
Net Cash (Used for) Noncapital Financing Activities	(355,776,229)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales of Investments	300,345,935
Proceeds from Interest and Investment Income	65,131,796
Payments to Acquire Investments	(284,948,668)
Net Cash Provided by Investing Activities	80,529,063
Net Decrease in Cash and Cash Equivalents	(158,031,352)
Cash and Cash Equivalents, September 1, 2010	460,586,252
Cash and Cash Equivalents, August 31, 2011	$ 302,554,900

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

STATEMENT OF CASH FLOWS (Continued)
For the fiscal year ended August 31, 2011

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Income	$	42,748,678
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Amortization and Depreciation		653,078
Provision for Uncollectibles		222,801
Operating Income and Cash Flow Categories Classification Differences		10,854,054
Changes in Assets and Liabilities:		
Decrease in Receivables		85,833
Decrease in Accrued Interest Receivable		828,658
Decrease in Loans / Contracts		94,331,324
(Increase) in Property Owned		(158,348)
Decrease in Acquisition Costs		1,270,809
(Increase) in Other Assets		(376,357)
Increase in Payables		301,523
Increase in Deferred Revenues		2,177,571
(Decrease) in Accrued Interest Payable		(3,362,508)
(Decrease) in Other Liabilities		(32,361,302)
Total Adjustments		74,467,136
Net Cash Provided By Operating Activities		117,215,814

NON CASH TRANSACTIONS
Increase in Fair Value of Investments for 2011 was $33,223,121.
Partial forgiveness of debt for Multi-Family issue 2001 Cobb Park was $3,031,470.
Cancellation of debt for Multi-Family issue 2003 Spinx at Murdeaux in exchange for mortgage-backed security was $14,222,840
Cancellation of debt for Multi-Family issue 2004 Spinx at Delafied in exchange for mortgage-backed security was $10,898,663
Cancellation of debt for Multi-Family issue 2007 Summit Point in exchange for mortgage-backed security was $9,445,242

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

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

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

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

The Bond Program has reported all investment securities at fair value as of August 31, 2011, with the exception of certain money market investments, mortgage-backed securities related to multi-family, 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 are reported in the statement of revenues, expenses, and changes in net assets as net increase (decrease) in fair value of investments.

Loans and Contracts — Loans and contracts are carried at the unpaid principal balance outstanding less the allowance for estimated loan losses and deferred commitment fees. Interest on loans is credited to income as earned. Loans are generally placed on nonaccrual status when the Department becomes aware that the borrower has entered bankruptcy proceedings or when the loans are 90 days past due as to either principal or interest or when payment in full of principal and interest is not expected. Deferred commitment fees are recognized using the interest method over the estimated lives of the single-family loans and the contractual lives, adjusted for actual repayments, of the multifamily loans.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

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

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

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

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

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

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

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

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

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

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

NOTE 2: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS

The Department is authorized by statute to make investments following the "prudent person rule" and 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
At August 31, 2011, the Department's cash and deposits were fully collateralized by securities with a trustee in the Department's name. As of August 31, 2011, the carrying amount of deposits was $2,408,253.

Current Assets Cash in Bank	
Texas Treasury Safekeeping Trust	$ 6,864
Current Assets Restricted Cash in Bank	
Texas Treasury Safekeeping Trust	1,655,084
Demand Deposits	746,305
Cash in Bank	$ 2,408,253

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 in accordance with the Public Funds Investment Act. 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 $61,571,299 in overnight repurchase agreements maturing on the following business day, September 1, 2011, at a rate of .01%.

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

At August 31, 2011, the fair value of investments (including both short-term and long-term) are shown below.

Business Type Activities	Carrying Value	Fair Value
U.S. Government		
U.S. Government Agency Obligations	$ 1,093,593,165	$ 1,216,987,217
Repurchase Agreements (TTSTC)	61,571,299	61,571,299
Fixed Income Money Markets	238,575,347	238,575,347
Misc (Investment Agreements/GICs)	16,071,727	16,071,727
Total	$ 1,409,811,538	$ 1,533,205,590

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, 2011, 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			$ 181,393,508	
Repurchase Agreements (TTSTC)	$ 61,571,299			
Misc (Investment Agreements/GICs)	$ 16,071,727			

Investment Type	Not Rated	AAA-M	AA-M	A-M
Fixed Income Money Market		$ 238,575,347		

A total of $1,035,593,709 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, 2011, the Department's was not subject to concentration of credit risk.

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)

Government and Business Type Activities	Fair Value	12 months or less	13 to 24 months	25 to 60 months	More than 60 months
U.S. Government Agency Obligations	$ 1,216,987,217			$ 3,156,552	$ 1,213,830,665
Repurchase Agreements (TTSTC)	$ 61,571,299	$ 61,571,299			
Fixed Income Money Markets	$ 238,575,347	$ 238,575,347			
Misc (Investment Agreements/GICs)	$ 16,071,727	$ 688,089			$ 15,383,638
Total	$ 1,533,205,590	$ 300,834,735	$ -	$ 3,156,552	$ 1,229,214,303

Highly Sensitive Investments

Mortgage backed securities. These securities are subject to early payment in a period of declining interest rates. These prepayments result in a reduction of expected total cash flows affecting the fair value of these securities and make the fair value of these securities highly sensitive to the changes in interest rates. The Department does not make it a common practice to sell these investments. Any fluctuation in fair value generates an unrealized gain or loss. As of August 31, 2011, the Department holds $1,216,987,217 in mortgage backed securities.

NOTE 3: SUMMARY OF LONG TERM LIABILITIES

Changes in Long-Term Liabilities

During the year ended August 31, 2011, the following changes occurred in liabilities.

Business-Type Activities	Balance 09/01/2010	Additions	Reductions	Balance 08/31/2011	Amounts Due Within One Year
Revenue Bonds Payable	$ 2,671,049,369	60,768,567	334,782,949	$ 2,397,034,987	$ 237,154,879
Total Business-Type Activities	$ 2,671,049,369	60,768,567	334,782,949	$ 2,397,034,987	$ 237,154,879

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

Other Non-current Liabilities
Other non-current liabilities totaling $67,104,463 are primarily accounted by funds due to Developers as a result of Multifamily unexpended bond proceeds and Developer deposits which have corresponding investment balances not 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 114 bond issues outstanding at August 31, 2011. All series are revenue bonds backed by the pledged revenue sources and restricted funds specified in the bond resolutions. Each series is designed to be self-supporting with no repayment nor obligation from the State’s General Revenue. The Department issues bonds to assist in financing the purchase of homes by or the construction of rental housing for families with very low to moderate incomes. Loan payments provide the revenues for debt service payments. (Detailed supplemental bond information is disclosed in Schedules 3, 4, 5, 6 and 7) Proceeds from the issuance of bonds under the Single Family indenture prior to 1987 and Residential Mortgage Revenue Bonds (RMRB) Series 1987A Programs were used to acquire loans. Proceeds from Collateralized Home Mortgage Revenue Bond (CHMRB) and the remaining Single Family and RMRB programs were used to acquire pass-through certificates backed by mortgage loans. Proceeds from the remaining Multifamily bond issues were used to finance mortgage loans.

Interest on bonds and collateralized mortgage obligations is payable periodically.

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

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

NOTE 4: BONDED INDEBTEDNESS Cont'd

Bond contractual maturities (principal only) at August 31, 2011, are as follows (in thousands):

Description	2012	2013	2014	2015	2016	2017 to 2021	2022 to 2026
Single-family	$ 11,745	$ 12,895	$ 13,310	$ 14,245	$ 15,575	$ 98,875	$ 159,525
RMRB	215,645	4,850	5,145	5,360	5,525	31,415	43,160
CHMRB							6,600
Multifamily	9,534	9,216	9,593	10,211	10,889	67,695	127,912
Total	$ 236,924	$ 26,961	$ 28,048	$ 29,816	$ 31,989	$ 197,985	$ 337,197

Description	2027 to 2031	2032 to 2036	2037 to 2041	2042 to 2046	2047 to 2051	Total
Single-family	$ 175,865	$ 214,430	$ 70,845	$	$	$ 787,310
RMRB	64,330	64,050	56,735			496,215
CHMRB						6,600
Multifamily	148,445	165,823	343,418	162,727	35,256	1,100,719
Total	$ 388,640	$ 444,303	$ 470,998	$ 162,727	$ 35,256	$ 2,390,844

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, 2011, are as follows (in thousands):

Description	2012	2013	2014	2015	2016	2017 to 2021	2022 to 2026
Single-family	$ 24,524	$ 23,991	$ 23,423	$ 22,827	$ 22,249	$ 102,263	$ 84,357
RMRB	12,555	12,400	12,266	12,094	11,897	55,818	47,474
CHMRB	480	437	480	437	480	2,271	1,306
Multifamily	51,299	48,937	48,390	47,813	47,198	225,197	199,459
Total	$ 88,858	$ 85,765	$ 84,559	$ 83,171	$ 81,824	$ 385,549	$ 332,596

Description	2027 to 2031	2032 to 2036	2037 to 2041	2042 to 2046	2047 to 2051	Total
Single-family	$ 60,075	$ 31,446	$ 4,128	$	$	$ 399,283
RMRB	34,019	18,524	5,886			222,933
CHMRB						5,891
Multifamily	158,287	118,402	69,557	25,742	1,191	1,041,472
Total	$ 252,381	$ 168,372	$ 79,571	$ 25,742	$ 1,191	$ 1,669,579

Interest requirements on variable rate debt are calculated using the interest rate in effect at August 31, 2011. Interest rates on variable rate debt reset on a weekly basis by the remarketing agent.

NOTE 4: BONDED INDEBTEDNESS Cont'd

Deferred issuance costs at August 31, 2011, consist of the following:

		Amount
Deferred Issuance Costs at August 31, 2011	$	44,742,536
Less Accumulated Amortization		(36,235,245)
Deferred Issuance Costs, net	$	8,507,291

CHANGES IN BONDS PAYABLE

Description	Bonds Outstanding 09/01/10	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/11	Amounts Due Within One Year
Single Family	$ 896,080,000	$ -	$ 12,270,000	$ 96,500,000	$ 787,310,000	$ 11,921,745
RMRB	559,365,000	60,000,000	3,545,000	119,605,000	496,215,000	215,699,756
CHMRB	8,000,000	-	-	1,400,000	6,600,000	8,814
Multifamily	1,200,354,631	-	8,116,352	91,519,586	1,100,718,693	9,524,564
Total Principal	$ 2,663,799,631	$ 60,000,000	$ 23,931,352	$ 309,024,586	$ 2,390,843,693	$ 237,154,879
Unamortized Premium	9,656,808				8,054,330	
Unamortized Refunding (Loss)	(2,407,071)				(1,863,036)	
Total	$ 2,671,049,368				$ 2,397,034,987	

Demand Bonds

The Department currently holds seven single family bond series in the amount $307,865,000 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 8/31/11**	**Liquidity Facility Expiration Date**
2004A Jr. Lien		Comptroller of Public Accounts	0.12%	3,855,000	8/31/2012
2004B	JP Morgan	Comptroller of Public Accounts	0.12%	53,000,000	8/31/2012
2004D	Piper Jaffray	Comptroller of Public Accounts	0.12%	35,000,000	8/31/2012
2005A	JP Morgan	Comptroller of Public Accounts	0.12%	70,820,000	8/31/2012
2005C	JP Morgan	Comptroller of Public Accounts	0.12%	4,900,000	8/31/2012
2006H	JP Morgan	Comptroller of Public Accounts	0.12%	36,000,000	8/31/2012
2007A	JP Morgan	Comptroller of Public Accounts	0.12%	104,290,000	8/31/2012
Total Demand Bonds				**307,865,000**	

NOTE 4: BONDED INDEBTEDNESS Cont'd

These bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest with proper notice and delivery to the corresponding remarketing agent. If the remarketing agent is unable to remarket any bonds, the liquidity facility will purchase the bonds (bank bonds). The liquidity agreement is subject to renewal yearly on an ongoing basis. The Department shall use its best effort to cause the bonds to be purchased from the liquidity facility as soon as possible. The purchased bonds are not subject to take out provisions. For fiscal year 2011, the bondholders did not draw from the liquidity provider, Comptroller of Public Accounts, related to the Department's demand bonds.

Federal Arbitrage Regulations

In accordance with Federal law, the Agency is required to rebate to the Internal Revenue Service ("IRS") the excess of the amount derived from investing the bond proceeds over the amount that would have been earned if those investments had a rate equal to the yield on the bond issue. As of August 31, 2011, the Bond Program had liabilities to the IRS totaling $1.5 million reported in the Statement of Net Assets as Other Current Liabilities. Any increase in this liability account has been recorded as a decrease to interest income.

Pledged and Other Sources

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

Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
Total Single Family Bonds	$ 138,670,267	$ 1,797,498	$ 12,270,000	$ 37,414,880
Total Residential Mtg Revenue Bonds	$ 134,486,417	$ 804,644	$ 3,545,000	$ 12,761,413
Total 1992 CHMRB	$ 2,025,290	$ 5,249	$ -	$ 522,560
Total Multifamily Bonds	$ 144,122,663	$ 9,249	$ 8,116,352	$ 52,582,908
Total	**$ 419,304,637**	**$ 2,616,640**	**$ 23,931,352**	**$ 103,281,761**

NOTE 5: DERIVATIVE INSTRUMENTS

VARIABLE TO FIXED INTEREST RATE SWAP

OBJECTIVE

In order to hedge against increases in interest rates on variable rate demand bond issues, the Department has entered into five interest rate swap agreements with the objective of reducing the interest rate risk of certain variable rate demand bonds. The variable rate demand bonds were issued at a lower total interest cost than attainable through traditional fixed rate bond structures. The Department has entered into interest rate swap agreements with various rated counterparties. Under the terms of the agreements, the Department makes periodic fixed interest rate payments in exchange for receiving variable rate payments comparable to the rates payable on the variable rate demand bonds. The swap notional amounts amortize in accordance with the scheduled and/or anticipated reductions in the related 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, 2011, classified by type, and the changes in fair value of such derivative instruments for the year ended as reported in the 2011 financial statements are as follows.

Business Type Activities		Changes in Fair Value		Fair Value at August 31, 2011		
Cash Flow Hedges	**Bond Issue**	**Classification**	**Amount**	**Classification**	**Amount**	**Notional**
Pay-fixed, receive-variable interest rate swap	2004B	Deferred outflow of resources	$ 771,097	Debt	$ (6,748,336)	$ 53,000,000
Pay-fixed, receive-variable interest rate swap	2004D	Deferred outflow of resources	307,228	Debt	(4,127,198)	35,000,000
Pay-fixed, receive-variable interest rate swap	2005A	Deferred outflow of resources	(1,408,738)	Debt	(9,614,320)	70,820,000
Pay-fixed, receive-variable interest rate swap	2006H	Deferred outflow of resources	257,831	Debt	(4,351,665)	36,000,000
Pay-fixed, receive-variable interest rate swap	2007A	Deferred outflow of resources	(1,634,188)	Debt	(13,831,406)	104,290,000
			$ (1,706,770)		$ (38,672,925)	$ 299,110,000

TERMS AND FAIR VALUE

The terms, including the fair value of the outstanding swaps as of August 31, 2011 are as follows. The notional amounts of the swaps match the principal amount of the associated debt.

Counterparty	Notional Amount	Fair Value	Effective Date	Fixed Rate	Variable Rate	Swap Termination Date
UBS AG	$ 53,000,000	$ (6,748,336)	9/1/2004	3.84%	63% of LIBOR + .30%	9/1/34 (a)
Goldman Sachs Capital Markets, LP	35,000,000	(4,127,198)	1/1/2005	3.64%	Lesser of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR	3/1/35 (b)
JP Morgan Chase & Co.	70,820,000	(9,614,320)	8/1/2005	4.01%	Less of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR	9/1/36 (c)
UBS AG	36,000,000	(4,351,665)	11/15/2006	3.86%	63% of LIBOR +.30%	9/1/25 (d)
JP Morgan Chase & Co.	104,290,000	(13,831,406)	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	$ 299,110,000	$ (38,672,925)				

a. Swap Agreement has an optional early termination date of March 1, 2014 and every March and September thereafter. The maximum notional amount subject to early termination is equal to 60% of the current notional amount.

b. Swap Agreement has an optional early termination date of September 1, 2014 and every March and September thereafter.

c. Swap Agreement is subject to an early termination date at any time from mortgage loan prepayments with a 10 business day notice.

d. Swap Agreement has an optional early termination date of March 1, 2016 and every March and September thereafter. The maximum notional amount subject to early termination is current notional amount per the amortization schedule.

NOTE 5: DERIVATIVE INSTRUMENTS Cont'd

CREDIT RISK

As of August 31, 2011, the Department is not exposed to credit risk on any of its outstanding swaps because the swaps have negative fair values. If interest rates change and the fair value of the swaps become positive, the department would be exposed to credit risk on those swaps. The swap agreements contain varying collateral agreements and insurance policies with the counterparties. The credit ratings for the counterparties are as follows.

Counterparty	Standard & Poor's	Moody's
UBS AG	A+	Aa3
Goldman Sachs Bank	Not Rated	Aa3
JP Morgan Chase & Co.	AA-	Aa1

BASIS RISK

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

ROLLOVER RISK

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

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

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

NOTE 5: DERIVATIVE INSTRUMENTS Cont'd

SWAP PAYMENTS AND ASSOCIATED DEBT

Using rates as of August 31, 2011, debt service requirements of the Department's outstanding variable-rate debt and net swap payments are as follows. As rates vary, variable-rate debt bond interest payments and new swap payments will vary. The Department's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to follow scheduled reductions in the associated bonds outstanding.

Fiscal Year Ending August 31	Variable-Rate Bonds Principal	Variable-Rate Bonds Interest	Interest Rate Swaps, Net	Total
2012	$ -	$ 583,220	$ 10,708,871	$ 11,292,091
2013	-	577,196	10,708,871	11,286,067
2014	-	578,520	10,708,871	11,287,391
2015	2,020,000	577,915	10,699,385	13,297,300
2016	3,435,000	574,427	10,614,466	14,623,893
2017-2021	32,705,000	2,740,777	50,795,972	86,241,749
2022-2026	71,400,000	2,228,225	41,147,011	114,775,236
2027-2031	83,810,000	1,471,927	26,849,587	112,131,514
2032-2036	86,375,000	638,137	11,193,340	98,206,477
2037-2041	19,365,000	40,430	882,521	20,287,951
	$ 299,110,000	**$ 10,010,774**	**$ 184,308,895**	**$ 493,429,669**

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, 2011, the Department has an aggregate liability related to the interest rate swaps in the amount of $5,441,699 payable September 1, 2011.

NOTE 6: CONTINUANCE SUBJECT TO REVIEW

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

NOTE 7: CONTINGENCIES AND COMMITMENTS

The Department is a defendant in legal actions arising from transactions and activities conducted in the ordinary course of business. Management, after consultation with legal counsel, believes that it is reasonably possible it will incur losses associated with the conduct of this litigation. Management believes it cannot reasonably estimate the amount of these losses using information currently available.

NOTE 7: CONTINGENCIES AND COMMITMENTS Cont'd

DERIVATIVE INSTRUMENTS

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

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

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

As of August 31, 2011 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 ($38,672,925). If the collateral posting requirements had been triggered at August 31, 2011, the Department would have been required to post eligible collateral equal to the aggregate fair value of the derivative instruments.

WAREHOUSING AGREEMENT

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

The Department has agreed to purchase the warehoused mortgage backed securities from the providers before December 31, 2011 at a price equal to the current par value of the securities. As of August 31, 2011, PlainsCapital Bank and First Southwest Company have warehoused $49,316,018 in mortgage backed securities.

NOTE 8: SUBSEQUENT EVENTS

Bond Issuance	Series	Amount	Date of Issuance	Purpose
Revenue Bonds	Residential Mortgage Revenue Bond Series 2009 C-2 (NIBP Program Bonds)	60,080,000	9/29/2011	Bonds are being issued for the primary purpose of providing funds for the purchase of mortgage-backed securities guaranteed as timely payments of principal and interest by Government Natioinal Mortgage Association ("Ginnie Mae").
Revenue Bonds	Residential Mortgage Revenue Bond Series 2011B	87,955,000	9/29/2011	Bonds are being issued for the primary purpose of providing funds for the purchase of mortgage-backed securities guaranteed as timely payments of principal and interest by Government Natioinal Mortgage Association ("Ginnie Mae").

NOTE 9: RISK MANAGEMENT

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

The Department's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience and economic factors. There have been no significant reductions in insurance coverage in the past year and losses did not exceed funding arrangements during the past three years. The department incurred a claim of $100,000 during fiscal year 2010 and reported no claims in fiscal year 2011.

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. Each indenture imposes the requirement of separate accounting of the revenues, expenses, gains, losses, assets, and liabilities.

CONDENSED STATEMENT OF NET ASSETS

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds
Restricted Assets:			
Current Assets	$ 46,580,228	$ 222,941,333	$ 190,052
Non-Current Assets	936,917,262	332,964,258	8,751,867
Total Assets	983,497,490	555,905,591	8,941,919
Liabilities:			
Current Liabilities	41,227,600	220,750,787	269,529
Non-Current Liabilies	819,122,467	281,736,378	6,704,054
Total Liabilities	860,350,067	502,487,165	6,973,583
Net Assets:			
Restricted Net Assets	$ 123,147,423	$ 53,418,426	$ 1,968,336
Total Restricted Net Assets	$ 123,147,423	$ 53,418,426	$ 1,968,336

NOTE 10: SEGMENT INFORMATION FOR ENTERPRISE FUND Cont'd

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

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds
Operating Revenues:			
Interest and Investment Income	$ 43,788,088	$ 13,928,231	$ 588,500
Net Increase in Fair Value of Investments	18,687,633	14,521,706	13,782
Other Operating Revenues	723,486	935,834	36,790
Operating Expenses	(38,588,448)	(14,363,617)	(498,381)
Depreciation and Amortization	(443,328)	(196,960)	(3,541)
Operating Income	24,167,431	14,825,194	137,150
Nonoperating Revenues (Expenses):			
Other Nonoperating Revenues (Expenses):	-	5,944,101	-
Special and Extraordinary Items	-	-	-
Transfers In (Out)	(2,389,476)	1,357,968	2,019
Changes in Net Assets	21,777,955	22,127,263	139,169
Net Assets, September 1, 2010	101,369,468	31,291,163	1,829,167
Net Assets, August 31, 2011	$ 123,147,423	$ 53,418,426	$ 1,968,336

CONDENSED STATEMENT OF CASH FLOWS

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds
Net Cash Provided (Used) By:			
Operating Activities	$ 1,917,492	$ (9,662,720)	$ (1,221)
Noncapital Financing Activities	(151,150,092)	(75,171,638)	(1,907,114)
Investing Activities	125,220,724	(52,013,503)	1,851,516
Net Increase (Decrease)	(24,011,876)	(136,847,861)	(56,819)
Beginning Cash and Cash Equivalents	64,213,348	357,471,896	197,195
Ending Cash and Cash Equivalents	$ 40,201,472	$ 220,624,035	$ 140,376

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

SCHEDULE 1

SUPPLEMENTAL SCHEDULE — STATEMENT OF NET ASSETS (DEFICIT) INFORMATION BY INDIVIDUAL ACTIVITY (UNAUDITED) AS OF AUGUST 31, 2011

ASSETS	Single-Family Program	RMRB Program	CHMRB Program	Multifamily Program	Operating Fund	Total
CURRENT ASSETS:						
Cash and cash equivalents:						
Cash in bank	$	$	$	$	$ 6,864	$ 6,864
Cash equivalents					12,144,199	12,144,199
Restricted assets:						
Cash and cash equivalents:						
Cash in bank	1,655,084		1,354	744,951		2,401,389
Cash equivalents	38,546,388	220,624,035	139,022	27,693,003	1,000,000	288,002,448
Short-term investments	688,089					688,089
Loans and contracts	2,261,170	303,417		9,524,564		12,089,151
Interest receivable	3,416,644	1,683,524	49,676	8,555,150		13,704,994
Receivable:						
Interest receivable					29,023	29,023
Accounts receivable					323,021	323,021
Loans and Contracts					305,197	305,197
Other current assets	12,853	330,357			399,646	742,856
Total current assets	46,580,228	222,941,333	190,052	46,517,668	14,207,950	330,437,231
NONCURRENT ASSETS:						
Loans and Contracts					332,946	332,946
Restricted assets:						
Investments	867,075,600	318,138,073	8,712,519	38,444,662		1,232,370,854
Loans, contracts, and notes receiv	26,076,060	11,564,679		1,090,534,760		1,128,175,499
Derivative Hedging Instruments						
Deferred Outflow of Resources	38,672,925					38,672,925
Other noncurrent assets:						
Deferred issuance cost — net	4,914,712	3,261,506	39,348	291,725		8,507,291
Real estate owned — net	177,965				799	178,764
Total noncurrent assets	936,917,262	332,964,258	8,751,867	1,129,271,147	333,745	2,408,238,279
TOTAL ASSETS	$ 983,497,490	$ 555,905,591	$ 8,941,919	$1,175,788,815	$ 14,541,695	$ 2,738,675,510
LIABILITIES						
CURRENT LIABILITIES:						
Payables:						
Accounts payable	$ 154,007	$ 71,180	$ 486	$	$ 78,380	$ 304,053
Accrued bond interest payable	17,800,235	2,526,582	43,667	8,732,600		29,103,084
Deferred revenues	9,927,208	2,122,913	216,562			12,266,683
Revenue bonds payable	11,921,745	215,699,756	8,814	9,524,564		237,154,879
Other current liabilities	1,424,405	330,356			4,296	1,759,057
Total current liabilities	41,227,600	220,750,787	269,529	18,257,164	82,676	280,587,756
NONCURRENT LIABILITIES:						
Revenue bonds payable	780,449,542	281,736,378	6,704,054	1,090,990,134		2,159,880,108
Derivative Hedging Instrument	38,672,925					38,672,925
Deferred Outflow of Resources						
Other noncurrent liabilities				67,107,463		67,107,463
Total noncurrent liabilities	819,122,467	281,736,378	6,704,054	1,158,097,597		2,265,660,496
TOTAL LIABILITIES	$ 860,350,067	$ 502,487,165	$ 6,973,583	$1,176,354,761	$ 82,676	$ 2,546,248,252
NET ASSETS (DEFICIT)						
RESTRICTED	123,147,423	53,418,426	1,968,336		1,000,000	179,534,185
UNRESTRICTED				(562,945)	13,459,018	12,896,073
TOTAL NET ASSETS (DEFICIT)	$ 123,147,423	$ 53,418,426	$ 1,968,336	$ (562,945)	$ 14,459,018	$ 192,430,258

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

SUPPLEMENTAL SCHEDULE — STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS (DEFICIT) INFORMATION BY INDIVIDUAL ACTIVITY (UNAUDITED) FOR THE YEAR ENDED AUGUST 31, 2011

	Single-Family Program	RMRB Program	CHMRB Program	Multifamily Program	Operating Fund	Total
OPERATING REVENUES:						
Interest and investment income	$ 43,788,088	$ 13,928,231	$ 588,500	$ 52,592,781	$ 351,344	$ 111,248,944
Net increase in fair value	18,687,633	14,521,706	13,782			33,223,121
Other operating revenues	723,486	935,834	36,790	10,824	5,667,049	7,373,983
Total operating revenues	63,199,207	29,385,771	639,072	52,603,605	6,018,393	151,846,048
OPERATING EXPENSES:						
Professional fees and services	985,149	295,800	1,000		1,905,669	3,187,618
Printing and reproduction					75,444	75,444
Depreciation and amortization	443,328	196,960	3,541	9,249		653,078
Interest	36,482,517	13,750,899	496,673	52,754,131		103,484,220
Bad debt expense	90,103				132,698	222,801
Down Payment Assistance	535,128	229,930				765,058
Other operating expenses	495,551	86,988	708	224	125,680	709,151
Total operating expenses	39,031,776	14,560,577	501,922	52,763,604	2,239,491	109,097,370
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS LOSSES, AND TRANSFERS	24,167,431	14,825,194	137,150	(159,999)	3,778,902	42,748,678
NONOPERATING REVENUES AND EXPENSES —						
Gain on sale of investments		5,944,101				5,944,101
OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS						
Extraordinary items						
Transfers in (out)	(2,389,476)	1,357,968	2,019	(1,327)	(2,645,663)	(3,676,479)
CHANGE IN NET ASSETS	21,777,955	22,127,263	139,169	(161,326)	1,133,239	45,016,300
NET ASSETS (DEFICIT) — September 1, 2010	101,369,468	31,291,163	1,829,167	(401,619)	13,325,779	147,413,958
NET ASSETS (DEFICIT) — August 31, 2011	$ 123,147,423	$ 53,418,426	$ 1,968,336	$ (562,945)	$ 14,459,018	$ 192,430,258

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, 2011

Description of Issue	Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat. First Year	Scheduled Mat. Last Year	First Call Date	
2002 Single Family Series A	$ 38,750,000	5.45%	5.55%	2023	2034	03/01/2012	
2002 Single Family Series B	52,695,000	5.35%	5.55%	2033	2033	03/01/2012	
2002 Single Family Series C	12,950,000	2.80%	5.20%	2004	2017	03/01/2012	
2002 Single Family Series D	13,605,000	2.00%	4.50%	2003	2012	03/01/2012	
2004 Single Family Series A	123,610,000	2.00%	4.70%	2006	2035	03/01/2013	
2004 Single Family Series B	53,000,000	VAR - Weekly		2015	2034	03/01/2015	(f)
2004 Single Family Series A (Jr. Lien)	4,140,000	VAR - Weekly		2036	2036	09/01/2036	(f)
2004 Single Family Series C	41,245,000	4.30%	4.80%	2019	2036	09/01/2014	
2004 Single Family Series D	35,000,000	VAR - Weekly		2035	2035	(g)	
2004 Single Family Series E	10,825,000	2.45%	4.30%	2006	2013	09/01/2014	
2005 Single Family Series A	100,000,000	VAR - Weekly		2007	2036	03/01/2006	
2005 Single Family Series B	25,495,000	4.38%	4.38%	2006	2026	03/01/2006	
2005 Single Family Series C	8,970,000	VAR - Weekly		2017	2017	03/01/2006	
2005 Single Family Series D	3,730,000	5.00%	5.00%	2025	2035	03/01/2006	
2006 Single Family Series A	59,555,000	5.00%	5.00%	2008	2037	09/01/2006	
2006 Single Family Series B	70,485,000	5.00%	5.00%	2008	2034	09/02/2006	
2006 Single Family Series C	105,410,000	5.13%	5.13%	2008	2037	09/03/2006	
2006 Single Family Series D	29,685,000	4.50%	4.50%	2018	2028	09/04/2006	
2006 Single Family Series E	17,295,000	4.06%	4.06%	2007	2017	09/05/2006	
2006 Single Family Series F	81,195,000	4.65%	5.75%	2008	2038	03/01/2016	
2006 Single Family Series G	15,000,000	3.75%	4.60%	2012	2019	03/01/2016	
2006 Single Family Series H	36,000,000	VAR - Weekly		2016	2037	03/01/2016	
2007 Single Family Series A	143,005,000	VAR - Weekly		2008	2038	03/01/2008	(f)
2007 Single Family Series B	157,060,000	3.90%	5.63%	2008	2039	03/01/2008	
1998 RMRB Series A	102,055,000	4.05%	5.35%	2002	2031	01/01/2009	
1998 RMRB Series B	14,300,000	5.30%	5.30%	2022	2022	01/01/2009	
1999 RMRB Series A	25,615,000	4.80%	5.50%	2018	2021	01/01/2009	
2000 RMRB Series B	82,975,000	5.70%	5.70%	2005	2033	07/01/2010	
2000 RMRB Series C	13,675,000	5.82%	5.85%	2011	2025	07/01/2010	
2001 RMRB Series A	52,715,000	3.15%	5.70%	2004	2033	07/01/2011	
2001 RMRB Series B	15,585,000	5.00%	5.25%	2011	2022	07/01/2011	
2001 RMRB Series C	32,225,000	2.55%	4.63%	2003	2015	07/01/2011	
2002 RMRB Series A	42,310,000	2.25%	5.35%	2004	2034	07/01/2012	
2003 RMRB Series A	73,630,000	1.70%	5.00%	2005	2034	01/01/2013	
2009 RMRB Series A	80,000,000	5.13%	5.13%	2011	2039	01/01/2019	
2009 RMRB Series B	22,605,000	4.72%	4.72%	2010	2022	01/01/2019	
2009 RMRB Series C	300,000,000	VAR - Weekly		2010	2041	12/31/2011	
2009 RMRB Series C-1	89,030,000	0.70%	3.57%	2029	2041	04/01/2011	
2011 RMRB Series A	60,000,000	0.70%	5.05%	2012	2029	01/01/2021	
1992 Coll Home Mtg Rev Bonds, Series C	72,700,000	3.48%	10.27%	2024	2024	05/04/1995	
TOTAL SINGLE FAMILY & RMRB BONDS	$ 2,318,125,000						
1996 MF Series A/B (Brighton's Mark)	$ 10,174,000	6.13%	6.13%	2026	2026	01/01/2003	
1996 MF Series A/B (Braxton's Mark)	14,867,000	5.81%	5.81%	2026	2026	01/01/2003	
1998 MF Series A (Pebble Brook)	10,900,000	4.95%	5.60%	2001	2030	06/01/2001	
1998 MF Series A-C (Residence Oaks)	8,200,000	5.98%	7.18%	2001	2030	05/01/2001	
1998 MF Series A/B (Greens of Hickory Trial)	13,500,000	5.20%	6.03%	2001	2030	09/01/2008	
1999 MF Series A-C (Mayfield)	11,445,000	5.70%	7.25%	2001	2031	05/01/2002	
2000 MF Series A (Timber Point Apts)	8,100,000	VAR - Weekly		2003	2032	07/01/2000	(a)
2000 MF Series A/B (Oaks at Hampton)	10,060,000	7.20%	9.00%	2002	2040	03/01/2017	(a)
2000 MF Series A (Deerwood Apts)	6,435,000	5.25%	6.40%	2003	2032	06/01/2010	
2000 MF Series A (Creek Point Apts)	7,200,000	VAR - Weekly		2004	2032	07/01/2000	(a)
2000 MF Series A/B (Parks @ Westmoreland)	9,990,000	7.20%	9.00%	2002	2040	07/01/2017	(a)
2000 MF Series A-C (Highland Meadow Apts)	13,500,000	6.75%	8.00%	2004	2033	05/01/2019	

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, 2011

Description of Issue	Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat. First Year	Scheduled Mat. Last Year	First Call Date	
2000 MF Series A/B (Greenbridge)	$ 20,085,000	7.40%	10.00%	2003	2040	03/01/2014	
2000 MF Series A-C (Collingham Park)	13,500,000	6.72%	7.72%	2004	2033	05/01/2019	
2000 MF Series A/B (Williams Run)	12,850,000	7.65%	9.25%	2002	2040	01/01/2011	
2001 MF Series A (Bluffview Senior Apts)	10,700,000	7.65%	7.65%	2003	2041	05/01/2018	
2001 MF Series A (Knollwood Villas Apts)	13,750,000	7.65%	7.65%	2003	2041	05/01/2018	
2001 MF Series A (Skyway Villas)	13,250,000	6.00%	6.50%	2005	2034	12/01/2011	
2001 MF Series A/B (Cobb Park)	7,785,000	6.77%	6.77%	2003	2041	07/01/2018	
2001 MF Series A (Greens Road Apts.)	8,375,000	5.30%	5.40%	2004	2034	12/01/2011	
2001 MF Series A/B (Meridian Apts.)	14,310,000	5.45%	6.85%	2004	2034	12/01/2011	
2001 MF Series A/B (Wildwood Apts.)	14,365,000	5.45%	6.75%	2004	2034	12/01/2011	
2001 MF Series A-C (Fallbrook Apts.)	14,700,000	6.06%	6.78%	2005	2034	01/01/2012	
2001 MF Series A (Oak Hollow Apts.)	8,625,000	7.00%	7.90%	2003	2041	11/01/2018	
2001 MF Series A/B (Hillside Apts.)	12,900,000	7.00%	9.25%	2003	2041	11/01/2018	
2002 MF Series A (Millstone Apts.)	12,700,000	5.35%	5.86%	2005	2035	06/01/2012	
2002 MF Series A (West Oaks Apts.)	10,150,000	7.15%	7.50%	2004	2042	12/01/2018	
2002 MF Series A (Park Meadows Apts)	4,600,000	6.53%	6.53%	2004	2034	05/01/2012	
2002 MF Series A (Clarkridge Villas Apts)	14,600,000	7.00%	7.00%	2004	2042	08/01/2019	
2002 MF Series A (Hickory Trace Apts)	11,920,000	7.00%	7.00%	2004	2042	12/01/2019	
2002 MF Series A (Green Crest Apts)	12,500,000	7.00%	7.00%	2004	2042	11/01/2019	
2002 MF Series A/B (Ironwood Crossing)	16,970,000	5.50%	8.75%	2005	2042	10/01/2027	
2002 MF Series A (Woodway Village Apts)	9,100,000	4.95%	5.20%	2006	2023	01/01/2013	
2003 MF Series A/B (Reading Road)	12,200,000	VAR-Weekly		2007	2036	01/01/2004	(a)
2003 MF Series A/B (North Vista Apts)	14,000,000	4.10%	5.41%	2006	2036	06/01/2013	
2003 MF Series A/B (West Virginia Apts)	9,450,000	4.15%	5.41%	2006	2036	06/01/2013	
2003 MF Series A/B (Sphinx @ Murdeaux)	15,085,000	3.55%	5.00%	2005	2042	06/20/2013	
2003 MF Series A/B (Primrose Houston School)	16,900,000	5.50%	8.00%	2006	2036	07/01/2003	(a)
2003 MF Series A/B (Timber Oaks Apts)	13,200,000	6.75%	8.75%	2005	2043	06/01/2020	
2003 MF Series A/B (Ash Creek Apts)	16,375,000	5.60%	15.00%	2006	2036	10/01/2003	(a)
2003 MF Series A/B (Peninsula Apts)	12,400,000	4.25%	5.30%	2007	2024	10/01/2013	
2003 MF Series A (Evergreen @ Mesquite)	11,000,000	6.60%	8.00%	2006	2043	09/01/2020	
2003 MF Series A/B (Arlington Villas)	17,100,000	6.75%	8.00%	2007	2036	01/01/2007	(a)
2003 MF Series A/B (Parkview Twnhms)	16,600,000	6.60%	8.50%	2006	2043	12/01/2020	
2003 MF Series A (NHP-Asmara) Refunding	31,500,000	VAR - Weekly		2007	2033	07/01/2007	(a)
2004 MF Series A/B (Timber Ridge)	7,500,000	5.75%	8.00%	2007	2037	03/01/2007	(a)
2004 MF Series A/B (Century Park)	13,000,000	5.75%	5.75%	2007	2037	05/01/2007	(a)
2004 MF Series A/B (Veterans Memorial)	16,300,000	6.60%	8.50%	2006	2044	03/01/2006	(a)
2004 MF Series A (Rush Creek)	10,000,000	5.38%	6.70%	2006	2044	03/01/2021	
2004 MF Series A (Humble Park)	11,700,000	6.60%	6.60%	2007	2041	07/01/2021	
2004 MF Series A (Chisholm Trail)	12,000,000	VAR - Weekly (b)		2006	2037	10/15/2006	(a)
2004 MF Series A (Evergreen @ Plano)	14,750,000	5.25%	6.55%	2007	2044	06/01/2021	
2004 MF Series A (Montgomery Pines)	12,300,000	VAR - Weekly		2006	2037	12/15/2006	(a)
2004 MF Series A (Bristol)	12,625,000	VAR - Weekly		2007	2037	06/15/2007	(a)
2004 MF Series A (Pinnacle)	14,500,000	VAR - Weekly (c)		2007	2044	09/01/2007	(a)
2004 MF Series A (Tranquility Bay)	14,350,000	6.50%	6.50%	2007	2044	06/01/2021	(e)
2004 MF Series A (Sphinx @ Delafield)	11,380,000	5.05%	5.35%	2006	2044	07/20/2014	
2004 MF Series A (Churchill @ Pinnacle)	10,750,000	5.25%	6.55%	2007	2044	09/01/2021	(e)
2004 MF Series A/B (Post Oak East)	13,600,000	VAR - Weekly		(d)	2037	(d)	
2004 MF Series A (Village Fair)	14,100,000	5.00%	6.50%	2007	2044	12/01/2021	
2005 MF Series A (Pecan Grove)	14,030,000	5.00%	6.50%	2007	2045	01/01/2022	
2005 MF Series A (Prairie Oaks)	11,050,000	4.75%	6.50%	2007	2045	01/01/2022	
2005 MF Series A (Port Royal)	12,200,000	5.00%	6.50%	2007	2045	02/01/2022	
2005 MF Series A (Del Rio)	11,490,000	5.00%	6.50%	2007	2045	02/01/2022	
2005 MF Series A (Atascocita Pines)	11,900,000	VAR - Weekly (c)		2007	2037	(f)	
2005 MF Series A (Tower Ridge)	15,000,000	VAR - Weekly (b)		2009	2038	(f)	
2005 MF Series A (Prairie Ranch)	12,200,000	4.85%	4.85%	2007	2045	12/20/2015	
2005 MF Series A (St Augustine)	7,650,000	VAR - Weekly		2009	2038	n/a	
2005 MF Series A (Park Manor)	10,400,000	5.00%	6.40%	2008	2045	09/01/2022	

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, 2011

Description of Issue	Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat. First Year	Scheduled Mat. Last Year	First Call Date
2005 MF Series A (Mockingbird)	$ 14,360,000	6.40%	6.40%	2007	2045	08/01/2022
2005 MF Series A (Chase Oaks)	14,250,000	5.05%	5.05%	2007	2035	(h)
2005 MF Series A/B (Canal Place)	16,100,000	3.45%	8.00%	2019	2039	(i)
2005 MF Series A (Coral Hills)	5,320,000	5.05%	5.05%	2038	2038	08/01/2015
2006 MF Series A (Harris Branch)	15,000,000	VAR - Weekly		2009	2039	(j)
2006 MF Series A (Bella Vista)	6,800,000	6.15%	6.15%	2008	2046	04/01/2016
2006 MF Series A (Village Park)	13,660,000	4.75%	5.13%	2009	2026	06/01/2021
2006 MF Series A (Oakmoor)	14,635,000	5.50%	6.00%	2008	2046	03/01/2023
2006 MF Series A (Sunset Pointe)	15,000,000	VAR - Weekly		2039	2039	(i)
2006 MF Series A (Hillcrest)	12,435,000	5.25%	5.25%	2009	2039	04/01/2021
2006 MF Series A (Pleasant Village)	6,000,000	6.00%	6.00%	2008	2023	(k)
2006 MF Series A (Grove Village)	6,180,000	6.00%	6.00%	2008	2023	(k)
2006 MF Series A (Red Hills Villas)	5,015,000	VAR - Weekly		2036	2036	(j)
2006 MF Series A (Champion Crossing)	5,125,000	VAR - Weekly		2036	2036	(j)
2006 MF Series A (Stonehaven)	11,300,000	5.80%	5.80%	2008	2026	(h)
2006 MF Series A (Center Ridge)	8,325,000	5.00%	5.00%	2009	2039	05/01/2021
2006 MF Series A (Meadowlands)	13,500,000	6.00%	6.00%	2009	2046	09/01/2023
2006 MF Series A (East Tex Pines)	13,500,000	4.95%	4.95%	2010	2046	(l)
2006 MF Series A (Villas at Henderson)	7,200,000	VAR - Weekly		2010	2039	(m)
2006 MF Series A (Aspen Park Apts)	9,800,000	5.00%	5.00%	2010	2039	07/01/2021
2006 MF Series A (Idlewilde Apts)	14,250,000	VAR - Weekly		2010	2040	(j)
2007 MF Series A (Lancaster Apts)	14,250,000	VAR - Weekly		2010	2040	(j)
2007 MF Series A (Park Place)	15,000,000	5.80%	5.80%	2010	2047	03/01/2024
2007 MF Series A (Terrace at Cibolo)	8,000,000	VAR - Weekly		2010	2040	(m)
2007 MF Series A (Santora Villas)	13,072,000	5.80%	5.80%	2010	2047	06/01/2024
2007 MF Series A (Villas @ Mesquite Creek)	16,860,000	5.00%	5.81%	2010	2047	01/20/2017
2007 MF Series A (Summit Point)	11,700,000	4.80%	5.25%	2009	2047	06/20/2017
2007 MF Series A (Costa Rialto)	12,385,000	5.35%	5.35%	2010	2047	08/01/2025
2007 MF Series A (Windshire)	14,000,000	VAR - Weekly		2010	2041	(j)
2007 MF Series A (Residences @ Onion Creek)	15,000,000	VAR - Weekly		2011	2040	(j)
2008 MF Series A (West Oaks)	13,125,000	VAR - Weekly		2011	2041	(n)
2008 MF Series A (Costa Ibiza)	13,900,000	VAR - Weekly		2011	2041	(f)
2008 MF Series A (Addison Park)	14,000,000	VAR - Weekly		2008	2044	(n)
2008 MF Series A (Alta Cullen Apartments)	14,000,000	VAR - Weekly		2011	2045	(n)
2009 MF Series A (Costa Mariposa Apartments)	13,690,000	VAR - Weekly		2012	2042	(n)
2009 MF Series A (Woodmont Apartments)	15,000,000	VAR - Weekly		2012	2042	(n)
TOTAL MULTIFAMILY BONDS	$ 1,294,428,000					
TOTAL BONDS ISSUED	**$ 3,612,553,000**					

Supplementary Bond Schedules
MISCELLANEOUS BOND INFORMATION (Continued)
For the fiscal year ended August 31, 2011

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) No set amortization, per trustee, amortization will occur in $100,000 denominations when the amount in the principal reserve fund exceeds 20% of the issue.

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(i) 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.

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

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

(l) 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.

(m) 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.

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS -
REVENUE BOND PROGRAM ENTERPRISE FUND **SCHEDULE 4**

Supplementary Bond Schedules
CHANGES IN BOND INDEBTEDNESS
For the fiscal year ended August 31, 2011

Description of Issue	Bonds Outstanding 09/01/10	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/11	Amounts Due Within One Year
2002 Single Family Series A	$ 31,505,000	$	$	$ 1,325,000	$ 30,180,000	$
2002 Single Family Series B	21,705,000			3,935,000	17,770,000	2,843
2002 Single Family Series C	8,080,000		500,000	325,000	7,255,000	497,618
2002 Single Family Series D	2,640,000		835,000	40,000	1,765,000	862,323
2004 Single Family Series A	66,185,000		2,110,000	8,340,000	55,735,000	1,935,000
2004 Single Family Series B	53,000,000				53,000,000	-
2004 Single Family Series A (Jr. Lien)	3,855,000				3,855,000	-
2004 Single Family Series C	19,575,000			2,740,000	16,835,000	-
2004 Single Family Series D	35,000,000				35,000,000	-
2004 Single Family Series E	4,875,000		960,000	585,000	3,330,000	888,868
2005 Single Family Series A	77,290,000			6,470,000	70,820,000	-
2005 Single Family Series B	12,400,000		560,000	1,720,000	10,120,000	482,300
2005 Single Family Series C	5,800,000			900,000	4,900,000	-
2005 Single Family Series D	3,040,000				3,040,000	-
2006 Single Family Series A	43,370,000		420,000	4,925,000	38,025,000	459,082
2006 Single Family Series B	49,505,000		1,175,000	5,590,000	42,740,000	1,176,835
2006 Single Family Series C	75,350,000		1,255,000	8,515,000	65,580,000	1,355,941
2006 Single Family Series D	17,135,000			4,440,000	12,695,000	(33,984)
2006 Single Family Series E	12,680,000		1,370,000		11,310,000	1,348,874
2006 Single Family Series F	54,750,000		385,000	12,365,000	42,000,000	403,601
2006 Single Family Series G	8,185,000		810,000	1,590,000	5,785,000	750,000
2006 Single Family Series H	36,000,000				36,000,000	-
2007 Single Family Series A	120,775,000			16,485,000	104,290,000	(21,805)
2007 Single Family Series B	133,380,000		1,890,000	16,210,000	115,280,000	1,814,249
1998 RMRB Series A	27,720,000			27,720,000	-	-
1998 RMRB Series B	5,175,000			5,175,000	-	-
1999 RMRB Series A	3,655,000			3,655,000	-	-
2000 RMRB Series B	12,000,000			12,000,000	-	-
2000 RMRB Series C	3,675,000			3,675,000	-	-
2001 RMRB Series A	21,995,000			21,995,000	-	-
2001 RMRB Series B	10,600,000		650,000	9,950,000	-	-
2001 RMRB Series C	4,770,000		930,000	3,840,000	-	-
2002 RMRB Series A	22,700,000		330,000	1,670,000	20,700,000	293,087
2003 RMRB Series A	47,535,000		620,000	3,215,000	43,700,000	583,834
2009 RMRB Series A	79,990,000		250,000	24,440,000	55,300,000	533,287
2009 RMRB Series B	19,550,000		765,000	1,545,000	17,240,000	1,025,542
2009 RMRB Series C	300,000,000	(89,030,000)			210,970,000	210,970,000
2009 RMRB Series C-1		89,030,000		435,000	88,595,000	-
2011 RMRB Series A		60,000,000		290,000	59,710,000	2,294,006
1992 Coll Home Mtg Rev Bonds, Series C	8,000,000	-	-	1,400,000	6,600,000	8,814
Total Single Family Bonds	$ 1,463,445,000	$ 60,000,000	$ 15,815,000	$ 217,505,000	$ 1,290,125,000	$ 227,630,315
1996 MF Series A/B (Brighton's Mark)	$ 8,075,000	$	$		$ 8,075,000	$
1996 MF Series A/B (Braxton's Mark)	14,273,700			14,273,700	-	-
1998 MF Series A (Pebble Brook)	9,250,000		225,000		9,025,000	245,000
1998 MF Series A-C (Residence Oaks)	6,929,000		180,000		6,749,000	189,000
1998 MF Series A/B (Greens of Hickory Trial)	11,565,000		290,000		11,275,000	310,000
1999 MF Series A-C (Mayfield)	9,741,000		248,000		9,493,000	263,000
2000 MF Series A (Timber Point Apts)	7,370,000			200,000	7,170,000	-
2000 MF Series A/B (Oaks at Hampton)	9,508,287		96,379		9,411,908	103,550
2000 MF Series A (Deerwood Apts)	5,780,000		115,000		5,665,000	120,000
2000 MF Series A (Creek Point Apts)	6,260,000			200,000	6,060,000	-
2000 MF Series A/B (Parks @ Westmoreland)	9,464,168		93,604		9,370,564	100,571
2000 MF Series A-C (Highland Meadow Apts)	8,175,000		149,000		8,026,000	159,000

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

Supplementary Bond Schedules
CHANGES IN BOND INDEBTEDNESS (Continued)
For the fiscal year ended August 31, 2011

Description of Issue	Bonds Outstanding 09/01/10	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2011	Amounts Due Within One Year
2000 MF Series A/B (Greenbridge)	$ 19,474,075	$	$	$	$ 19,474,075	$ 498,074
2000 MF Series A-C (Collingham Park)	12,323,000		244,000		12,079,000	259,000
2000 MF Series A/B (Williams Run)	12,417,289				12,417,289	525,227
2001 MF Series A (Bluffview Senior Apts)	10,296,591		74,486		10,222,105	80,348
2001 MF Series A (Knollwood Villas Apts)	13,231,600		95,717		13,135,883	103,250
2001 MF Series A (Skyway Villas)	7,190,000		135,000		7,055,000	145,000
2001 MF Series A/B (Cobb Park)	7,584,303		9,059	7,575,244	-	-
2001 MF Series A (Greens Road Apts.)	7,675,000		145,000		7,530,000	155,000
2001 MF Series A/B (Meridian Apts.)	8,413,000		75,000		8,338,000	84,000
2001 MF Series A/B (Wildwood Apts.)	6,512,000		60,000		6,452,000	67,000
2001 MF Series A-C (Fallbrook Apts.)	13,580,000		251,000		13,329,000	268,000
2001 MF Series A (Oak Hollow Apts.)	6,252,173		49,217		6,202,956	52,775
2001 MF Series A/B (Hillside Apts.)	12,456,677		55,426		12,401,251	59,433
2002 MF Series A (Millstone Apts.)	10,050,000		195,000		9,855,000	215,000
2002 MF Series A (West Oaks Apts.)	9,387,762		52,802	9,334,960	-	-
2002 MF Series A (Park Meadows Apts)	4,140,000		80,000		4,060,000	80,000
2002 MF Series A (Clarkridge Villas Apts)	13,529,328		99,871		13,429,457	107,090
2002 MF Series A (Hickory Trace Apts)	11,186,559		82,049		11,104,510	87,981
2002 MF Series A (Green Crest Apts)	11,137,858		81,692		11,056,166	87,598
2002 MF Series A/B (Ironwood Crossing)	16,612,853		94,615		16,518,238	103,235
2002 MF Series A (Woodway Village Apts)	7,300,000		130,000	45,000	7,125,000	135,000
2003 MF Series A/B (Reading Road)	11,610,000		30,000	200,000	11,380,000	30,000
2003 MF Series A/B (North Vista Apts)	12,290,000		230,000		12,060,000	240,000
2003 MF Series A/B (West Virginia Apts)	8,865,000		165,000		8,700,000	165,000
2003 MF Series A/B (Sphinx @ Murdeaux)	14,200,000		90,000	14,110,000	-	-
2003 MF Series A/B (Primrose Houston School)	16,294,476		100,503		16,193,973	108,975
2003 MF Series A/B (Timber Oaks Apts)	12,913,340		72,942		12,840,398	79,586
2003 MF Series A/B (Ash Creek Apts)	16,018,853		101,439		15,917,414	109,967
2003 MF Series A/B (Peninsula Apts)	11,605,000		180,000	15,000	11,410,000	185,000
2003 MF Series A (Evergreen @ Mesquite)	10,504,584		98,902	10,405,682	-	-
2003 MF Series A/B (Arlington Villas)	16,811,691		94,502		16,717,189	102,396
2003 MF Series A/B (Parkview Twnhms)	16,221,678		102,420		16,119,258	111,473
2003 MF Series A (NHP-Asmara) Refunding	20,035,000		430,000		19,605,000	440,657
2004 MF Series A/B (Timber Ridge)	6,557,974		42,119		6,515,855	45,150
2004 MF Series A/B (Century Park)	12,100,000		190,000		11,910,000	200,000
2004 MF Series A/B (Veterans Memorial)	15,934,152		102,036		15,832,116	111,055
2004 MF Series A (Rush Creek)	8,662,944		59,737		8,603,207	63,865
2004 MF Series A (Humble Park)	11,290,000		120,000		11,170,000	130,000
2004 MF Series A (Chisholm Trail)	11,500,000			100,000	11,400,000	-
2004 MF Series A (Evergreen @ Plano)	14,481,800		96,886		14,384,914	103,426
2004 MF Series A (Montgomery Pines)	12,100,000			200,000	11,900,000	-
2004 MF Series A (Bristol)	12,100,000			100,000	12,000,000	-
2004 MF Series A (Pinnacle)	14,065,000			200,000	13,865,000	-
2004 MF Series A (Tranquility Bay)	13,982,022		102,339		13,879,683	109,192
2004 MF Series A (Sphinx @ Delafield)	10,915,000			10,915,000	-	-
2004 MF Series A (Churchill @ Pinnacle)	9,879,304		81,665		9,797,639	87,178
2004 MF Series A/B (Post Oak East)	13,600,000			13,600,000	-	-
2004 MF Series A (Village Fair)	13,794,149		96,824		13,697,325	103,309
2005 MF Series A (Pecan Grove)	13,733,417		95,824		13,637,593	102,242
2005 MF Series A (Prairie Oaks)	10,816,414		75,470		10,740,944	80,525
2005 MF Series A (Port Royal)	11,948,806		82,876		11,865,930	88,429
2005 MF Series A (Del Rio)	11,253,424		25,455		11,227,969	135,879
2005 MF Series A (Atascocita Pines)	11,600,000			100,000	11,500,000	-
2005 MF Series A (Tower Ridge)	15,000,000				15,000,000	-
2005 MF Series A (Prairie Ranch)	11,810,000		125,000		11,685,000	135,000
2005 MF Series A (St Augustine)	6,380,000				6,380,000	-

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

Supplementary Bond Schedules
CHANGES IN BOND INDEBTEDNESS (Continued)
For the fiscal year ended August 31, 2011

Description of Issue	Bonds Outstanding 09/01/10	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2011	Amounts Due Within One Year
2005 MF Series A (Park Manor)	$ 10,400,000				$ 10,400,000	$
2005 MF Series A (Mockingbird)	14,104,203		96,744		14,007,459	103,121
2005 MF Series A (Chase Oaks)	13,670,193		238,319		13,431,874	250,636
2005 MF Series A/B (Canal Place)	16,043,577		81,743	290,000	15,671,834	88,884
2005 MF Series A (Coral Hills)	4,900,000		20,000	50,000	4,830,000	55,000
2006 MF Series A (Harris Branch)	14,700,000			210,000	14,490,000	-
2006 MF Series A (Bella Vista)	6,695,000		45,000		6,650,000	50,000
2006 MF Series A (Village Park)	10,415,000		150,000		10,265,000	155,000
2006 MF Series A (Oakmoor)	14,326,180		100,196		14,225,984	106,376
2006 MF Series A (Sunset Pointe)	15,000,000				15,000,000	-
2006 MF Series A (Hillcrest)	10,990,000		150,000		10,840,000	150,000
2006 MF Series A (Pleasant Village)	5,817,917		83,923		5,733,994	88,201
2006 MF Series A (Grove Village)	5,992,455		86,442		5,906,013	90,847
2006 MF Series A (Red Hills Villas)	4,915,000				4,915,000	-
2006 MF Series A (Champion Crossing)	4,925,000				4,925,000	-
2006 MF Series A (Stonehaven)	11,161,340		82,069		11,079,271	86,957
2006 MF Series A (Center Ridge)	8,325,000				8,325,000	-
2006 MF Series A (Meadowlands)	12,326,515		82,018		12,244,497	87,077
2006 MF Series A (East Tex Pines)	13,500,000		80,000		13,420,000	95,000
2006 MF Series A (Villas at Henderson)	7,200,000			175,000	7,025,000	-
2006 MF Series A (Aspen Park Apts)	9,695,000		95,000		9,600,000	100,000
2006 MF Series A (Idlewilde Apts)	14,040,000			105,000	13,935,000	-
2007 MF Series A (Lancaster Apts)	14,040,000			105,000	13,935,000	-
2007 MF Series A (Park Place)	15,000,000			850,000	14,150,000	-
2007 MF Series A (Terrace at Cibolo)	8,000,000			3,000,000	5,000,000	-
2007 MF Series A (Santora Villas)	13,072,000			1,000,000	12,072,000	-
2007 MF Series A (Villas @ Mesquite Creek)	16,650,000		155,000		16,495,000	165,000
2007 MF Series A (Summit Point)	11,535,000		80,000	2,100,000	9,355,000	85,000
2007 MF Series A (Costa Rialto)	12,385,000		91,042		12,293,958	96,029
2007 MF Series A (Windshire)	14,000,000			200,000	13,800,000	-
2007 MF Series A (Residences @ Onion Creek)	15,000,000				15,000,000	-
2008 MF Series A (West Oaks)	13,125,000				13,125,000	-
2008 MF Series A (Costa Ibiza)	13,900,000			350,000	13,550,000	-
2008 MF Series A (Addison Park)	13,800,000			210,000	13,590,000	-
2008 MF Series A (Alta Cullen Apartments)	14,000,000			1,300,000	12,700,000	-
2009 MF Series A (Costa Mariposa Apartments)	13,690,000				13,690,000	-
2009 MF Series A (Woodmont Apartments)	15,000,000	-	-	-	15,000,000	-
Total Multifamily Bonds	$ 1,200,354,631	$	$ 8,116,352	$ 91,519,586	$ 1,100,718,693	$ 9,524,564
	$ 2,663,799,631	**$ 60,000,000**	**$ 23,931,352**	**$ 309,024,586**	**$ 2,390,843,693**	**$ 237,154,879**

FOOTNOTES:

(a) Bonds Outstanding balance at 8/31/11 does not include unamortized premium or discounts.

Bonds Outstanding per schedule	$ 2,390,843,693
Unamortized (Discount)/Premium:	
Single Family	6,396,242
RMRB	1,749,214
CHMRB	112,868
Multi-Family	(203,994)
Unamortized Deferred Gain/(Loss) on Refunding:	
Single Family	(1,334,955)
RMRB	(528,081)
Bonds Outstanding	**$ 2,397,034,987**

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS-
REVENUE BOND PROGRAM ENTERPRISE FUND **SCHEDULE 5**

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2011

DESCRIPTION		2012	2013	2014	2015	2016
2002 Single Family, Series A	Principal	-	-	-	-	-
2002 Single Family, Series A	Interest	1,660,927	1,660,927	1,660,927	1,660,927	1,660,927
2002 Single Family, Series B	Principal	-	-	-	-	-
2002 Single Family, Series B	Interest	978,616	978,615	978,615	978,615	978,615
2002 Single Family, Series C	Principal	510,000	1,080,000	1,150,000	1,225,000	1,285,000
2002 Single Family, Series C	Interest	360,605	335,900	279,890	218,920	154,440
2002 Single Family, Series D	Principal	865,000	900,000	-	-	-
2002 Single Family, Series D	Interest	59,530	20,250	-	-	-
2004 Single Family, Series A	Principal	1,935,000	2,120,000	3,010,000	1,815,000	1,465,000
2004 Single Family, Series A	Interest	2,485,293	2,411,381	2,328,140	2,220,809	2,151,215
2004 Single Family, Series A (Junior Lien)	Principal	-	-	-	-	-
2004 Single Family, Series A (Junior Lien)	Interest	9,178	8,846	8,867	8,867	8,887
2004 Single Family, Series B	Principal	-	-	-	895,000	1,840,000
2004 Single Family, Series B	Interest	95,447	89,894	90,100	90,100	88,011
2004 Single Family, Series C	Principal	-	-	-	485,000	480,000
2004 Single Family, Series C	Interest	780,760	780,760	780,760	775,600	754,745
2004 Single Family, Series D	Principal	-	-	-	1,125,000	1,185,000
2004 Single Family, Series D	Interest	76,524	76,824	77,000	76,395	74,055
2004 Single Family, Series E	Principal	905,000	935,000	970,000	100,000	100,000
2004 Single Family, Series E	Interest	127,828	91,765	53,045	21,285	16,985
2005 Single Family, Series A	Principal	-	-	-	-	-
2005 Single Family, Series A	Interest	140,102	141,316	141,640	141,640	141,964
2005 Single Family, Series B	Principal	535,000	555,000	555,000	585,000	635,000
2005 Single Family, Series B	Interest	461,266	438,819	415,178	390,861	364,419
2005 Single Family, Series C	Principal	-	-	-	-	-
2005 Single Family, Series C	Interest	16,348	15,155	15,190	15,190	15,225
2005 Single Family, Series D	Principal	-	-	-	-	-
2005 Single Family, Series D	Interest	152,000	152,000	152,000	152,000	152,000
2006 Single Family, Series A	Principal	435,000	460,000	470,000	490,000	510,000
2006 Single Family, Series A	Interest	1,895,875	1,873,875	1,850,625	1,826,875	1,802,250
2006 Single Family, Series B	Principal	1,140,000	1,180,000	1,220,000	1,280,000	1,335,000
2006 Single Family, Series B	Interest	2,122,875	2,065,375	2,005,875	1,944,125	1,879,500
2006 Single Family, Series C	Principal	1,195,000	1,265,000	1,335,000	1,400,000	1,470,000
2006 Single Family, Series C	Interest	3,345,856	3,283,716	3,217,988	3,148,800	3,076,153
2006 Single Family, Series D	Principal	-	-	-	-	-
2006 Single Family, Series D	Interest	587,000	587,000	587,000	587,000	587,000
2006 Single Family, Series E	Principal	1,420,000	1,480,000	1,545,000	1,605,000	1,675,000
2006 Single Family, Series E	Interest	443,597	385,952	325,066	260,476	191,579
2006 Single Family, Series F	Principal	335,000	345,000	355,000	380,000	415,000
2006 Single Family, Series F	Interest	2,203,901	2,184,495	2,164,514	2,143,814	2,121,389
2006 Single Family, Series G	Principal	750,000	795,000	840,000	900,000	725,000
2006 Single Family, Series G	Interest	244,359	213,134	179,165	142,610	102,742
2006 Single Family, Series H	Principal	-	-	-	-	410,000
2006 Single Family, Series H	Interest	64,832	61,060	61,200	61,200	61,340
2007 Single Family, Series A	Principal	-	-	-	-	-
2007 Single Family, Series A	Interest	206,315	208,102	208,580	208,580	209,057
2007 Single Family, Series B	Principal	1,720,000	1,780,000	1,860,000	1,960,000	2,045,000
2007 Single Family, Series B	Interest	6,004,896	5,925,412	5,841,472	5,752,302	5,656,249
TOTAL SINGLE FAMILY BONDS		36,268,930	36,885,573	36,732,837	37,071,991	37,823,747

2017-21	2022-26	2027-31	2032-36	2037-41	2042-46	2047-51	TOTAL REQUIRED
-	17,095,000	-	13,085,000	-	-	-	30,180,000
8,304,637	6,653,036	3,631,087	1,983,850	-	-	-	28,877,245
-	-	8,005,000	9,765,000	-	-	-	17,770,000
4,893,076	4,893,076	3,946,523	964,891	-	-	-	19,590,642
2,005,000	-	-	-	-	-	-	7,255,000
105,300	-	-	-	-	-	-	1,455,055
-	-	-	-	-	-	-	1,765,000
-	-	-	-	-	-	-	79,780
8,130,000	9,620,000	11,920,000	15,720,000	-	-	-	55,735,000
9,764,242	7,758,313	5,269,641	2,163,058	-	-	-	36,552,092
-	-	-	-	3,855,000	-	-	3,855,000
44,312	44,333	44,333	44,353	4,456	-	-	226,432
10,300,000	12,435,000	15,080,000	12,450,000	-	-	-	53,000,000
389,071	293,844	178,441	43,212	-	-	-	1,358,120
2,950,000	3,900,000	3,985,000	5,035,000	-	-	-	16,835,000
3,442,067	2,647,125	1,748,225	663,121	-	-	-	12,373,163
6,945,000	8,320,000	8,600,000	8,825,000	-	-	-	35,000,000
326,749	241,264	151,328	45,130	-	-	-	1,145,269
320,000	-	-	-	-	-	-	3,330,000
24,510	-	-	-	-	-	-	335,418
5,000,000	17,060,000	20,730,000	25,225,000	2,805,000	-	-	70,820,000
701,961	584,275	397,747	171,003	2,821	-	-	2,564,469
3,450,000	3,710,000	95,000	-	-	-	-	10,120,000
1,358,166	471,048	2,019	-	-	-	-	3,901,776
4,900,000	-	-	-	-	-	-	4,900,000
22,813	-	-	-	-	-	-	99,921
-	460,000	1,815,000	765,000	-	-	-	3,040,000
759,999	757,749	345,499	98,498	-	-	-	2,721,745
							-
3,160,000	4,310,000	5,655,000	14,645,000	7,890,000	-	-	38,025,000
8,583,874	7,665,375	6,449,999	4,509,249	397,499	-	-	36,855,496
7,535,000	9,420,000	11,855,000	7,775,000	-	-	-	42,740,000
8,326,626	6,250,125	3,622,625	670,376	-	-	-	28,887,502
8,560,000	11,120,000	14,280,000	18,445,000	6,510,000	-	-	65,580,000
14,157,686	11,679,620	8,483,670	4,363,170	336,071	-	-	55,092,730
3,180,000	5,415,000	4,100,000	-	-	-	-	12,695,000
2,722,551	1,677,708	342,748	-	-	-	-	7,678,007
3,585,000	-	-	-	-	-	-	11,310,000
158,514	-	-	-	-	-	-	1,765,184
3,760,000	7,370,000	9,870,000	13,205,000	5,965,000	-	-	42,000,000
10,171,622	8,697,507	6,490,311	3,523,516	367,706	-	-	40,068,775
1,775,000	-	-	-	-	-	-	5,785,000
149,699	-	-	-	-	-	-	1,031,709
4,845,000	6,490,000	8,685,000	11,610,000	3,960,000	-	-	36,000,000
284,853	237,831	174,749	90,379	6,601	-	-	1,104,045
5,615,000	27,095,000	30,715,000	28,265,000	12,600,000	-	-	104,290,000
1,038,143	871,011	569,662	288,413	31,008	-	-	3,838,871
12,860,000	15,705,000	20,475,000	29,615,000	27,260,000	-	-	115,280,000
26,532,250	22,933,872	18,226,373	11,823,749	2,982,473	-	-	111,679,048
201,137,721	243,882,112	235,939,980	245,875,968	74,973,635	-	-	1,186,592,494

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS-
REVENUE BOND PROGRAM ENTERPRISE FUND **SCHEDULE 5**

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2011

DESCRIPTION		2012	2013	2014	2015	2016
2002 Residential Mtg Revenue Bonds, Series A	Principal	290,000	355,000	360,000	370,000	370,000
2002 Residential Mtg Revenue Bonds, Series A	Interest	1,097,770	1,083,132	1,064,389	1,045,383	1,025,983
2003 Residential Mtg Revenue Bonds, Series A	Principal	600,000	600,000	750,000	765,000	780,000
2003 Residential Mtg Revenue Bonds, Series A	Interest	2,147,875	2,124,175	2,103,202	2,066,585	2,029,361
2009 Residential Mtg Revenue Bonds, Series A	Principal	495,000	490,000	485,000	490,000	485,000
2009 Residential Mtg Revenue Bonds, Series A	Interest	2,843,739	2,834,139	2,822,257	2,808,432	2,792,966
2009 Residential Mtg Revenue Bonds, Series B	Principal	1,045,000	1,110,000	1,190,000	1,295,000	1,355,000
2009 Residential Mtg Revenue Bonds, Series B	Interest	826,615	782,679	734,192	678,967	615,847
2009 Residential Mtg Revenue Bonds, Series C	Principal	210,970,000	-	-	-	-
2009 Residential Mtg Revenue Bonds, Series C	Interest	42,006	-	-	-	-
2009 Residential Mtg Revenue Bonds, Series C-1	Principal	-	-	-	-	-
2009 Residential Mtg Revenue Bonds, Series C-1	Interest	3,162,842	3,162,842	3,162,842	3,162,842	3,162,842
2011 Residential Mtg Revenue Bonds, Series A	Principal	2,245,000	2,295,000	2,360,000	2,440,000	2,535,000
2011 Residential Mtg Revenue Bonds, Series A	Interest	2,434,366	2,413,169	2,379,344	2,331,986	2,270,064
TOTAL RESIDENTIAL MTG REVENUE BONDS		228,200,213	17,250,136	17,411,226	17,454,195	17,422,063
1992 Coll Home Mtg Rev Bonds, Series C	Princpal	-	-	-	-	-
1992 Coll Home Mtg Rev Bonds, Series C	Interest	480,331	436,664	480,331	436,664	480,331
TOTAL COLL HOME MTG REV BONDS		480,331	436,664	480,331	436,664	480,331

2017-21	2022-26	2027-31	2032-36	2037-41	2042-46	2047-51	TOTAL REQUIRED
1,885,000	3,780,000	8,250,000	5,040,000	-	-	-	20,700,000
4,836,158	4,251,701	2,606,252	412,753	-	-	-	17,423,521
4,325,000	8,560,000	15,815,000	11,505,000	-	-	-	43,700,000
9,541,162	8,247,710	5,134,874	1,027,001	-	-	-	34,421,945
1,500,000	9,005,000	13,680,000	13,165,000	15,505,000	-	-	55,300,000
13,715,201	12,851,439	9,741,563	6,231,183	1,883,231	-	-	58,524,150
9,025,000	2,220,000	-	-	-	-	-	17,240,000
1,957,940	87,413	-	-	-	-	-	5,683,653
-	-	-	-	-	-	-	210,970,000
-	-	-	-	-	-	-	42,006
-	-	13,025,000	34,340,000	41,230,000	-	-	88,595,000
15,814,210	15,814,210	15,406,338	10,853,069	4,001,881	-	-	77,703,918
14,680,000	19,595,000	13,560,000	-	-	-	-	59,710,000
9,953,109	6,221,900	1,129,749	-	-	-	-	29,133,687
87,232,780	90,634,373	98,348,776	82,574,006	62,620,112	-	-	719,147,880
-	6,600,000	-	-	-	-	-	6,600,000
2,270,654	1,306,249	-	-	-	-	-	5,891,224
2,270,654	7,906,249	-	-	-	-	-	12,491,224

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS-
REVENUE BOND PROGRAM ENTERPRISE FUND **SCHEDULE 5**

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2011

DESCRIPTION		2012	2013	2014	2015	2016
1996 MF Series A/B (Brighton's Mark)	Principal	-	-	-	-	-
1996 MF Series A/B (Brighton's Mark)	Interest	494,998	494,998	494,998	494,998	494,998
1998 MF Series A (Pebble Brook)	Principal	245,000	255,000	275,000	295,000	315,000
1998 MF Series A (Pebble Brook)	Interest	498,478	484,865	470,565	455,165	438,665
1998 MF Series A/B (Greens of Hickory Trial)	Principal	310,000	335,000	355,000	370,000	395,000
1998 MF Series A/B (Greens of Hickory Trial)	Interest	589,770	570,776	552,541	533,821	514,191
1998 MF Series A-C (Residence Oaks)	Principal	189,000	202,000	-	-	-
1998 MF Series A-C (Residence Oaks)	Interest	400,744	389,163	381,108	381,108	381,108
1999 MF Series A-C (Mayfield)	Principal	263,000	279,000	294,000	312,000	329,000
1999 MF Series A-C (Mayfield)	Interest	537,396	522,206	506,075	489,060	471,048
2000 MF Series A (Creek Point Apts)	Principal	-	-	-	-	-
2000 MF Series A (Creek Point Apts)	Interest	11,655	11,501	11,514	11,514	11,527
2000 MF Series A (Deerwood Apts)	Principal	120,000	-	-	-	-
2000 MF Series A (Deerwood Apts)	Interest	358,825	353,575	353,575	353,575	353,575
2000 MF Series A/B (Oaks at Hampton)	Principal	103,550	111,258	119,538	128,436	137,994
2000 MF Series A/B (Oaks at Hampton)	Interest	674,282	666,576	658,296	649,399	639,841
2000 MF Series A (Timber Point Apts)	Principal	-	-	-	-	-
2000 MF Series A (Timber Point Apts)	Interest	13,790	13,607	13,623	13,623	13,639
2000 MF Series A/B (Greenbridge)	Principal	498,074	171,156	184,261	198,368	213,555
2000 MF Series A/B (Greenbridge)	Interest	1,576,638	1,398,496	1,385,392	1,371,284	1,356,097
2000 MF Series A/B (Parks @ Westmoreland)	Principal	100,571	108,055	116,097	124,738	134,023
2000 MF Series A/B (Parks @ Westmoreland)	Interest	671,404	663,920	655,878	647,237	637,954
2000 MF Series A/B (Williams Run)	Principal	525,227	123,640	133,437	144,011	155,422
2000 MF Series A/B (Williams Run)	Interest	1,043,418	905,467	895,670	885,096	873,685
2000 MF Series A-C (Collingham Park)	Principal	259,000	274,000	291,000	308,000	327,000
2000 MF Series A-C (Collingham Park)	Interest	807,408	789,768	771,053	751,229	730,229
2000 MF Series A-C (Highland Meadow Apts)	Principal	159,000	170,000	182,000	194,000	207,000
2000 MF Series A-C (Highland Meadow Apts)	Interest	539,090	528,189	516,511	504,024	490,726
2001 MF Series A (Bluffview Senior Apts)	Principal	80,348	86,671	93,493	100,851	108,788
2001 MF Series A (Bluffview Senior Apts)	Interest	774,120	767,796	760,975	753,617	745,680
2001 MF Series A (Greens Road Apts.)	Principal	155,000	165,000	175,000	185,000	195,000
2001 MF Series A (Greens Road Apts.)	Interest	401,832	393,485	384,607	375,200	365,262
2001 MF Series A (Knollwood Villas Apts)	Principal	103,250	111,377	120,142	129,598	139,798
2001 MF Series A (Knollwood Villas Apts)	Interest	994,779	986,653	977,887	968,432	958,232
2001 MF Series A (Oak Hollow Apts.)	Principal	52,775	56,590	60,681	65,068	69,771
2001 MF Series A (Oak Hollow Apts.)	Interest	432,535	428,720	424,629	420,243	415,539
2001 MF Series A (Skyway Villas)	Principal	145,000	150,000	160,000	170,000	180,000
2001 MF Series A (Skyway Villas)	Interest	393,589	385,397	376,933	367,924	358,369
2001 MF Series A/B (Hillside Apts.)	Principal	59,433	63,729	68,336	73,276	78,573
2001 MF Series A/B (Hillside Apts.)	Interest	866,206	861,909	857,302	852,362	847,065
2001 MF Series A/B (Meridian Apts.)	Principal	84,000	84,000	94,000	96,000	105,000
2001 MF Series A/B (Meridian Apts.)	Interest	497,970	492,930	487,665	481,920	475,980
2001 MF Series A/B (Wildwood Apts.)	Principal	67,000	72,000	72,000	81,000	84,000
2001 MF Series A/B (Wildwood Apts.)	Interest	385,365	381,120	376,800	372,300	367,290
2001 MF Series A-C (Fallbrook Apts.)	Principal	268,000	283,000	302,000	320,000	339,000
2001 MF Series A-C (Fallbrook Apts.)	Interest	803,738	787,285	769,832	751,289	731,594
2002 MF Series A (Clarkridge Villas Apts)	Principal	107,090	114,832	123,133	132,034	141,579
2002 MF Series A (Clarkridge Villas Apts)	Interest	936,670	928,928	920,627	911,726	902,181

2017-21	2022-26	2027-31	2032-36	2037-41	2042-46	2047-51	TOTAL REQUIRED
-	8,075,000	-	-	-	-	-	8,075,000
2,474,988	2,474,985	-	-	-	-	-	7,424,963
1,890,000	2,590,000	3,160,000	-	-	-	-	9,025,000
1,907,518	1,300,931	459,899	-	-	-	-	6,016,086
2,405,000	3,240,000	3,865,000	-	-	-	-	11,275,000
2,227,125	1,502,946	526,574	-	-	-	-	7,017,744
-	-	6,358,000	-	-	-	-	6,749,000
1,905,542	1,905,542	1,619,711	-	-	-	-	7,364,026
1,960,000	2,602,000	3,454,000	-	-	-	-	9,493,000
2,044,191	1,409,468	564,327	-	-	-	-	6,543,771
-	-	-	6,060,000	-	-	-	6,060,000
57,557	57,570	57,570	13,446	-	-	-	243,854
1,305,000	-	-	4,240,000	-	-	-	5,665,000
1,685,660	1,356,800	1,356,800	407,039	-	-	-	6,579,424
860,185	1,231,607	1,763,397	2,524,810	2,431,133	-	-	9,411,908
3,028,987	2,657,571	2,125,780	1,364,368	331,350	-	-	12,796,450
-	-	-	7,170,000	-	-	-	7,170,000
68,099	68,115	68,115	14,793	-	-	-	287,404
1,339,549	1,937,110	2,801,237	4,050,842	8,079,923	-	-	19,474,075
6,508,712	5,911,151	5,047,025	3,797,421	1,814,597	-	-	30,166,813
835,427	1,196,152	1,712,639	2,451,137	2,591,725	-	-	9,370,564
3,024,451	2,663,722	2,147,236	1,407,812	383,973	-	-	12,903,587
982,561	1,438,634	2,106,398	3,084,117	3,723,842	-	-	12,417,289
4,162,976	3,706,904	3,039,138	2,061,418	649,854	-	-	18,223,626
1,971,000	2,679,000	3,669,000	2,301,000	-	-	-	12,079,000
3,286,886	2,524,032	1,483,070	235,805	-	-	-	11,379,480
1,272,000	1,778,000	2,479,000	1,585,000	-	-	-	8,026,000
2,219,675	1,717,844	1,017,834	164,092	-	-	-	7,697,985
686,670	1,002,905	1,464,776	2,139,354	4,458,249	-	-	10,222,105
3,585,668	3,269,434	2,807,563	2,132,982	1,120,037	-	-	16,717,872
1,180,000	1,605,000	2,190,000	1,680,000	-	-	-	7,530,000
1,654,062	1,292,702	794,070	162,811	-	-	-	5,824,031
882,403	1,288,780	1,882,306	2,749,170	5,729,059	-	-	13,135,883
4,607,745	4,201,369	3,607,844	2,740,981	1,439,302	-	-	21,483,224
432,213	612,717	868,602	1,231,353	1,745,597	1,007,589	-	6,202,956
1,994,337	1,813,835	1,557,949	1,195,199	680,955	22,297	-	9,386,238
1,085,000	1,450,000	1,955,000	1,760,000	-	-	-	7,055,000
1,625,985	1,281,046	812,328	204,103	-	-	-	5,805,674
486,738	690,012	978,178	1,386,690	1,965,807	6,550,479	-	12,401,251
4,141,454	3,938,179	3,650,011	3,241,497	2,662,382	151,478	-	22,069,845
629,000	900,000	6,336,000	10,000	-	-	-	8,338,000
2,275,435	2,047,455	1,364,640	1,975	-	-	-	8,125,970
507,000	683,000	4,881,000	5,000	-	-	-	6,452,000
1,751,995	1,575,220	792,250	1,000	-	-	-	6,003,340
2,038,000	2,746,000	3,702,000	3,331,000	-	-	-	13,329,000
3,317,911	2,609,133	1,653,865	415,745	-	-	-	11,840,392
877,039	1,243,313	1,762,552	2,498,638	3,542,132	2,887,115	-	13,429,457
4,341,760	3,975,486	3,456,246	2,720,159	1,676,665	186,332	-	20,956,780

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS-
REVENUE BOND PROGRAM ENTERPRISE FUND **SCHEDULE 5**

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2011

DESCRIPTION		2012	2013	2014	2015	2016
2002 MF Series A (Green Crest Apts)	Principal	87,598	93,930	100,720	108,001	115,809
2002 MF Series A (Green Crest Apts)	Interest	771,156	764,823	758,033	750,752	742,945
2002 MF Series A (Hickory Trace Apts)	Principal	87,981	94,341	101,161	108,473	116,315
2002 MF Series A (Hickory Trace Apts)	Interest	774,527	768,167	761,347	754,034	746,193
2002 MF Series A (Millstone Apts.)	Principal	215,000	215,000	230,000	240,000	260,000
2002 MF Series A (Millstone Apts.)	Interest	539,812	528,080	516,093	503,571	489,941
2002 MF Series A (Park Meadows Apts)	Principal	80,000	85,000	90,000	95,000	105,000
2002 MF Series A (Park Meadows Apts)	Interest	263,812	258,588	252,874	246,997	240,631
2002 MF Series A (Woodway Village Apts)	Principal	135,000	145,000	155,000	160,000	170,000
2002 MF Series A (Woodway Village Apts)	Interest	366,418	359,612	352,310	344,638	336,594
2002 MF Series A/B (Ironwood Crossing)	Principal	103,235	112,639	122,900	134,096	146,311
2002 MF Series A/B (Ironwood Crossing)	Interest	1,178,771	1,169,367	1,159,106	1,147,910	1,135,695
2003 MF Series A/B (Ash Creek Apts)	Principal	109,967	119,212	129,237	140,101	151,881
2003 MF Series A/B (Ash Creek Apts)	Interest	1,059,419	1,050,288	1,040,389	1,029,693	1,018,024
2003 MF Series A/B (North Vista Apts)	Principal	240,000	250,000	260,000	275,000	290,000
2003 MF Series A/B (North Vista Apts)	Interest	605,802	595,205	584,197	571,340	557,104
2003 MF Series A/B (Peninsula Apts)	Principal	185,000	205,000	215,000	225,000	245,000
2003 MF Series A/B (Peninsula Apts)	Interest	598,272	589,057	578,994	568,324	557,290
2003 MF Series A/B (Primrose Houston School)	Principal	108,975	118,161	128,120	138,921	150,631
2003 MF Series A/B (Primrose Houston School)	Interest	1,066,581	1,057,531	1,047,718	1,037,078	1,025,541
2003 MF Series A/B (Reading Road)	Principal	30,000	30,000	30,000	40,000	40,000
2003 MF Series A/B (Reading Road)	Interest	145,778	143,889	141,890	139,696	137,022
2003 MF Series A/B (Timber Oaks Apts)	Principal	79,586	86,836	94,746	103,377	112,795
2003 MF Series A/B (Timber Oaks Apts)	Interest	902,393	895,143	887,233	878,601	869,184
2003 MF Series A/B (West Virginia Apts)	Principal	165,000	180,000	190,000	195,000	205,000
2003 MF Series A/B (West Virginia Apts)	Interest	437,259	429,930	421,884	412,413	402,374
2004 MF Series A (Bristol)	Principal	-	-	-	-	-
2004 MF Series A (Bristol)	Interest	19,628	19,180	19,200	19,200	19,220
2004 MF Series A (Chisholm Trail)	Principal	-	-	-	-	-
2004 MF Series A (Chisholm Trail)	Interest	18,646	18,221	18,240	18,240	18,259
2004 MF Series A (Churchill @ Pinnacle)	Principal	87,178	93,063	99,345	106,051	113,209
2004 MF Series A (Churchill @ Pinnacle)	Interest	639,159	633,274	626,992	620,286	613,127
2004 MF Series A (Evergreen @ Plano)	Principal	103,426	110,408	117,861	125,816	134,309
2004 MF Series A (Evergreen @ Plano)	Interest	939,144	932,163	924,710	916,754	908,261
2004 MF Series A (Humble Park)	Principal	130,000	135,000	145,000	155,000	165,000
2004 MF Series A (Humble Park)	Interest	735,075	726,495	717,420	707,685	697,290
2004 MF Series A (Montgomery Pines)	Principal	-	-	-	-	-
2004 MF Series A (Montgomery Pines)	Interest	19,464	19,020	19,040	19,040	19,060
2004 MF Series A (Pinnacle)	Principal	-	-	-	-	-
2004 MF Series A (Pinnacle)	Interest	21,290	20,776	20,797	20,797	20,819
2004 MF Series A (Rush Creek)	Principal	63,865	68,278	72,996	78,039	83,432
2004 MF Series A (Rush Creek)	Interest	574,477	570,064	565,346	560,303	554,911
2004 MF Series A (Tranquility Bay)	Principal	109,192	116,505	124,307	132,633	141,515
2004 MF Series A (Tranquility Bay)	Interest	898,965	891,652	883,849	875,524	866,642
2004 MF Series A/B (Century Park)	Principal	200,000	210,000	230,000	245,000	255,000
2004 MF Series A/B (Century Park)	Interest	639,268	628,355	616,913	604,244	590,902
2004 MF Series A/B (Timber Ridge)	Principal	45,150	48,399	51,881	55,616	59,619
2004 MF Series A/B (Timber Ridge)	Interest	438,443	435,296	431,923	428,307	424,430

2017-21	2022-26	2027-31	2032-36	2037-41	2042-46	2047-51	TOTAL REQUIRED
717,400	1,017,004	1,441,730	2,043,833	2,897,390	2,432,751	-	11,056,166
3,576,369	3,276,766	2,852,040	2,249,936	1,396,381	176,822	-	17,316,023
720,537	1,021,925	1,448,035	2,052,771	2,910,060	2,442,911	-	11,104,510
3,592,003	3,290,970	2,864,343	2,259,607	1,402,319	177,554	-	17,391,064
1,505,000	1,965,000	2,585,000	2,640,000	-	-	-	9,855,000
2,222,576	1,756,987	1,140,254	339,377	-	-	-	8,036,691
625,000	865,000	1,195,000	920,000	-	-	-	4,060,000
1,090,837	853,308	525,339	107,910	-	-	-	3,840,296
1,020,000	5,340,000	-	-	-	-	-	7,125,000
1,541,209	536,769	-	-	-	-	-	3,837,550
957,398	1,408,526	1,996,763	2,830,661	4,012,817	4,692,892	-	16,518,238
5,452,629	5,001,500	4,413,265	3,579,366	2,397,210	360,707	-	26,995,526
958,112	1,345,341	1,882,694	11,080,869	-	-	-	15,917,414
4,895,116	4,516,061	3,989,870	3,064,871	-	-	-	21,663,731
1,715,000	2,240,000	2,935,000	3,855,000	-	-	-	12,060,000
2,543,033	2,050,694	1,406,256	561,395	-	-	-	9,475,026
1,475,000	8,860,000	-	-	-	-	-	11,410,000
2,572,620	1,545,744	-	-	-	-	-	7,010,301
962,483	1,360,979	1,895,133	11,330,570	-	-	-	16,193,973
4,923,291	4,535,377	4,012,486	3,237,010	-	-	-	21,942,613
230,000	330,000	460,000	10,190,000	-	-	-	11,380,000
641,923	549,979	420,546	237,394	-	-	-	2,558,117
738,147	1,135,154	1,623,701	2,273,368	3,182,977	3,409,711	-	12,840,398
4,171,750	3,774,740	3,286,197	2,636,531	1,726,922	348,358	-	20,377,052
1,225,000	1,620,000	2,130,000	2,790,000	-	-	-	8,700,000
1,839,998	1,485,487	1,018,994	406,217	-	-	-	6,854,556
-	-	-	-	12,000,000	-	-	12,000,000
95,980	96,000	96,000	96,020	15,972	-	-	496,400
-	-	-	-	11,400,000	-	-	11,400,000
91,181	91,200	91,200	91,219	12,124	-	-	468,530
691,529	958,639	1,328,923	1,842,233	2,553,814	1,923,655	-	9,797,639
2,940,153	2,673,043	2,302,761	1,789,450	1,077,871	194,825	-	14,110,941
820,417	1,137,311	1,576,609	2,185,590	3,029,796	5,043,371	-	14,384,914
4,392,435	4,075,541	3,636,242	3,027,262	2,183,056	727,328	-	22,662,896
1,025,000	1,425,000	1,955,000	2,710,000	3,325,000	-	-	11,170,000
3,302,145	2,908,950	2,362,800	1,612,545	573,870	-	-	14,344,275
-	-	-	-	11,900,000	-	-	11,900,000
95,180	95,200	95,200	95,220	15,838	-	-	492,262
-	-	-	-	13,865,000	-	-	13,865,000
103,966	103,987	103,987	104,009	17,301	-	-	537,729
512,021	715,108	998,749	1,394,889	1,948,156	2,667,674	-	8,603,207
2,679,690	2,476,604	2,192,962	1,796,821	1,243,556	340,594	-	13,555,328
863,089	1,193,494	1,650,384	2,282,180	3,155,838	4,110,546	-	13,879,683
4,177,694	3,847,287	3,390,397	2,758,603	1,884,945	558,078	-	21,033,636
1,540,000	2,035,000	2,720,000	3,620,000	855,000	-	-	11,910,000
2,725,442	2,254,279	1,625,900	789,666	34,758	-	-	10,509,727
368,970	522,283	739,302	4,624,635	-	-	-	6,515,855
2,053,508	1,905,033	1,694,864	1,397,367	-	-	-	9,209,171

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS-
REVENUE BOND PROGRAM ENTERPRISE FUND **SCHEDULE 5**

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2011

DESCRIPTION		2012	2013	2014	2015	2016
2004 MF Series A/B (Veterans Memorial)	Principal	111,055	120,871	131,555	143,183	155,839
2004 MF Series A/B (Veterans Memorial)	Interest	1,056,470	1,046,654	1,035,970	1,024,342	1,011,686
2003 MF Series A/B (Parkview Twnhms)	Principal	111,473	121,326	132,050	143,722	156,426
2003 MF Series A/B (Parkview Twnhms)	Interest	1,080,861	1,071,008	1,060,283	1,048,611	1,035,908
2003 MF Series A/B (Arlington Villas)	Principal	102,396	110,951	120,219	130,262	141,142
2003 MF Series A/B (Arlington Villas)	Interest	1,146,176	1,137,675	1,128,464	1,118,483	1,107,669
2003 MF Series A (NHP-Asmara) Refunding	Principal	450,000	480,000	510,000	540,000	570,000
2003 MF Series A (NHP-Asmara) Refunding	Interest	29,218	28,638	27,948	27,179	26,395
2004 MF Series A (Village Fair)	Principal	103,309	110,227	117,607	125,486	133,890
2004 MF Series A (Village Fair)	Interest	887,285	880,366	872,984	865,108	856,704
2005 MF Series A (Pecan Grove)	Principal	102,242	109,089	116,395	124,190	132,508
2005 MF Series A (Pecan Grove)	Interest	883,434	876,587	869,281	861,486	853,168
2005 MF Series A (Prairie Oaks)	Principal	80,525	85,920	91,672	97,812	104,364
2005 MF Series A (Prairie Oaks)	Interest	695,791	690,398	684,644	678,505	671,954
2005 MF Series A (Port Royal)	Principal	88,429	94,349	100,668	107,408	114,604
2005 MF Series A (Port Royal)	Interest	768,682	762,760	756,441	749,700	742,506
2005 MF Series A (Del Rio)	Principal	135,879	88,860	94,810	101,159	107,933
2005 MF Series A (Del Rio)	Interest	1,209,503	718,369	712,418	706,068	699,293
2005 MF Series A (Atascocita Pines)	Principal	-	-	-	-	-
2005 MF Series A (Atascocita Pines)	Interest	26,427	26,422	26,450	26,450	26,478
2005 MF Series A (Tower Ridge)	Principal	-	-	-	-	-
2005 MF Series A (Tower Ridge)	Interest	38,999	38,959	39,000	39,000	39,041
2005 MF Series A (Prairie Ranch)	Principal	135,000	140,000	150,000	160,000	165,000
2005 MF Series A (Prairie Ranch)	Interest	565,025	558,477	551,566	544,170	536,289
2005 MF Series A (St Augustine)	Principal	-	-	-	-	-
2005 MF Series A (St Augustine)	Interest	11,074	10,835	10,846	10,846	10,857
2005 MF Series A (Park Manor)	Principal	-	-	-	-	-
2005 MF Series A (Park Manor)	Interest	1,719,466	665,600	665,600	665,600	665,600
2005 MF Series A (Mockingbird)	Principal	103,121	109,918	117,163	124,885	133,116
2005 MF Series A (Mockingbird)	Interest	893,489	886,692	879,447	871,725	863,494
2005 MF Series A (Chase Oaks)	Principal	250,636	263,590	277,214	291,542	306,611
2005 MF Series A (Chase Oaks)	Interest	672,561	659,607	645,983	631,655	616,587
2005 MF Series A/B (Canal Place)	Principal	88,884	96,430	104,622	113,508	123,150
2005 MF Series A/B (Canal Place)	Interest	988,036	980,653	972,643	963,952	954,523
2005 MF Series A (Coral Hills)	Principal	55,000	85,000	90,000	90,000	100,000
2005 MF Series A (Coral Hills)	Interest	243,537	240,002	235,709	231,164	226,493
2006 MF Series A (Harris Branch)	Principal	-	-	-	-	-
2006 MF Series A (Harris Branch)	Interest	25,048	24,607	24,633	24,633	24,659
2006 MF Series A (Bella Vista)	Principal	50,000	55,000	55,000	60,000	65,000
2006 MF Series A (Bella Vista)	Interest	408,975	405,900	402,517	399,135	395,445
2006 MF Series A (Village Park)	Principal	155,000	170,000	175,000	185,000	195,000
2006 MF Series A (Village Park)	Interest	516,613	509,013	500,938	492,506	483,600
2006 MF Series A (Oakmoor)	Principal	106,376	112,937	119,903	127,299	135,150
2006 MF Series A (Oakmoor)	Interest	850,666	844,105	837,139	829,744	821,892
2006 MF Series A (Sunset Pointe)	Principal	-	-	-	-	-
2006 MF Series A (Sunset Pointe)	Interest	38,999	38,959	39,000	39,000	39,041
2006 MF Series A (Hillcrest)	Principal	150,000	160,000	170,000	185,000	195,000
2006 MF Series A (Hillcrest)	Interest	567,131	559,125	550,594	541,538	531,694

2017-21	2022-26	2027-31	2032-36	2037-41	2042-46	2047-51	TOTAL REQUIRED
979,734	1,363,941	1,895,484	2,634,174	3,660,741	4,635,539	-	15,832,116
4,857,890	4,473,682	3,942,138	3,203,447	2,176,880	570,817	-	24,399,976
1,002,584	1,408,409	1,957,282	2,720,056	3,780,092	4,585,838	-	16,119,258
4,959,084	4,553,258	4,004,386	3,241,611	2,181,576	544,478	-	24,781,064
903,551	1,323,334	1,868,604	2,635,853	9,380,877	-	-	16,717,189
5,341,738	4,927,644	4,394,269	3,643,704	209,305	-	-	24,155,127
3,425,000	4,585,000	6,150,000	2,895,000	-	-	-	19,605,000
117,766	88,683	49,694	6,129	-	-	-	401,650
816,583	1,129,185	1,561,456	2,159,209	2,985,792	4,454,581	-	13,697,325
4,136,385	3,823,785	3,391,512	2,793,758	1,967,174	700,516	-	21,175,577
808,151	1,117,526	1,545,334	2,136,915	2,954,963	4,490,280	-	13,637,593
4,120,227	3,810,853	3,383,044	2,791,462	1,973,414	721,359	-	21,144,315
636,502	880,159	1,217,102	1,683,030	2,327,320	3,536,538	-	10,740,944
3,245,084	3,001,419	2,664,475	2,198,547	1,554,255	568,142	-	16,653,214
698,955	966,524	1,336,528	1,848,176	2,555,690	3,954,599	-	11,865,930
3,586,592	3,319,020	2,949,016	2,437,369	1,729,855	648,691	-	18,450,632
658,279	910,277	1,258,749	1,740,617	2,406,957	3,724,449	-	11,227,969
3,377,858	3,125,858	2,777,389	2,295,519	1,629,182	610,937	-	17,862,394
-	-	-	-	11,500,000	-	-	11,500,000
132,222	132,250	132,250	132,278	44,032	-	-	705,259
-	-	-	-	15,000,000	-	-	15,000,000
194,959	195,000	195,000	195,041	63,429	-	-	1,038,428
965,000	1,260,000	1,610,000	2,020,000	2,555,000	2,525,000	-	11,685,000
2,551,584	2,287,017	1,942,910	1,511,139	965,150	282,755	-	12,296,082
-	-	-	-	6,380,000	-	-	6,380,000
54,219	54,230	54,230	54,241	22,602	-	-	293,980
-	-	-	-	-	10,400,000	-	10,400,000
3,328,000	3,328,000	3,328,000	3,328,000	3,328,000	2,606,934	-	23,628,800
809,342	1,113,621	1,532,294	2,108,371	2,901,029	4,954,599	-	14,007,459
4,173,707	3,869,427	3,450,753	2,874,676	2,082,017	898,103	-	21,743,530
1,787,792	2,300,098	2,959,208	3,807,192	1,187,991	-	-	13,431,874
2,828,195	2,315,890	1,656,779	808,794	42,942	-	-	10,878,993
478,428	1,087,802	1,496,774	2,059,494	10,022,742	-	-	15,671,834
4,675,691	4,425,269	4,025,884	3,476,351	1,605,765	-	-	23,068,767
550,000	3,860,000	-	-	-	-	-	4,830,000
1,054,439	893,470	-	-	-	-	-	3,124,814
-	-	-	-	14,490,000	-	-	14,490,000
123,140	123,165	123,165	123,191	63,547	-	-	679,788
385,000	530,000	710,000	970,000	1,320,000	2,450,000	-	6,650,000
1,912,342	1,777,350	1,594,079	1,344,697	1,006,447	546,120	-	10,193,007
1,170,000	1,560,000	6,655,000	-	-	-	-	10,265,000
2,265,169	1,935,713	170,534	-	-	-	-	6,874,086
811,556	1,094,668	1,476,543	1,991,635	2,686,417	5,563,500	-	14,225,984
3,973,653	3,690,540	3,308,663	2,793,571	2,098,789	1,107,941	-	21,156,703
-	-	-	-	15,000,000	-	-	15,000,000
194,959	195,000	195,000	195,041	113,648	-	-	1,088,647
1,175,000	1,615,000	7,190,000	-	-	-	-	10,840,000
2,487,844	2,131,369	372,488	-	-	-	-	7,741,783

Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2011

DESCRIPTION		2012	2013	2014	2015	2016
2006 MF Series A (Pleasant Village)	Principal	88,201	94,691	100,615	106,910	112,693
2006 MF Series A (Pleasant Village)	Interest	347,340	340,849	334,925	328,631	322,847
2006 MF Series A (Grove Village)	Principal	90,847	97,532	103,634	110,117	116,074
2006 MF Series A (Grove Village)	Interest	357,761	351,076	344,974	338,491	332,533
2006 MF Series A (Red Hills Villas)	Principal	-	-	-	-	-
2006 MF Series A (Red Hills Villas)	Interest	11,468	11,292	11,304	11,304	11,316
2006 MF Series A (Champion Crossing)	Principal	-	-	-	-	-
2006 MF Series A (Champion Crossing)	Interest	11,492	11,315	11,327	11,327	11,339
2006 MF Series A (Stonehaven)	Principal	86,957	92,138	97,626	103,443	109,604
2006 MF Series A (Stonehaven)	Interest	640,310	635,130	629,642	623,826	617,665
2006 MF Series A (Center Ridge)	Principal	-	-	-	-	-
2006 MF Series A (Center Ridge)	Interest	416,250	416,250	416,250	416,250	416,250
2006 MF Series A (Meadowlands)	Principal	87,077	92,448	98,150	104,203	110,631
2006 MF Series A (Meadowlands)	Interest	732,302	726,931	721,229	715,176	708,748
2006 MF Series A (East Tex Pines)	Principal	95,000	105,000	110,000	110,000	125,000
2006 MF Series A (East Tex Pines)	Interest	775,605	769,805	763,570	757,190	750,375
2006 MF Series A (Villas at Henderson)	Principal	-	-	-	-	-
2006 MF Series A (Villas at Henderson)	Interest	11,469	11,228	11,240	11,240	11,252
2006 MF Series A (Aspen Park Apts)	Principal	100,000	110,000	110,000	120,000	125,000
2006 MF Series A (Aspen Park Apts)	Interest	478,750	473,625	468,125	462,500	456,500
2006 MF Series A (Idlewilde Apts)	Principal	-	-	-	-	-
2006 MF Series A (Idlewilde Apts)	Interest	32,023	32,017	32,050	32,050	32,084
2007 MF Series A (Lancaster Apts)	Principal	-	-	-	-	-
2007 MF Series A (Lancaster Apts)	Interest	32,023	32,017	32,050	32,050	32,084
2007 MF Series A (Park Place)	Principal	-	-	-	-	-
2007 MF Series A (Park Place)	Interest	820,700	820,700	820,700	820,700	820,700
2007 MF Series A (Terrace at Cibolo)	Principal	-	-	-	-	-
2007 MF Series A (Terrace at Cibolo)	Interest	8,216	7,991	8,000	8,000	8,009
2007 MF Series A (Santora Villas)	Principal	-	-	-	-	-
2007 MF Series A (Santora Villas)	Interest	700,176	700,176	700,176	700,176	700,176
2007 MF Series A (Villas @ Mesquite Creek)	Principal	165,000	175,000	185,000	195,000	210,000
2007 MF Series A (Villas @ Mesquite Creek)	Interest	834,535	824,804	814,491	803,597	791,977
2007 MF Series A (Summit Point)	Principal	85,000	100,000	100,000	110,000	110,000
2007 MF Series A (Summit Point)	Interest	481,658	477,338	472,538	467,618	462,338
2007 MF Series A (Costa Rialto)	Principal	96,032	101,298	106,853	112,713	118,894
2007 MF Series A (Costa Rialto)	Interest	655,395	650,130	644,575	638,716	632,536
2007 MF Series A (Windshire)	Principal	-	-	-	-	-
2007 MF Series A (Windshire)	Interest	31,713	31,707	31,740	31,740	31,773
2007 MF Series A (Residences @ Onion Creek)	Principal	-	-	-	-	-
2007 MF Series A (Residences @ Onion Creek)	Interest	30,496	29,969	30,000	30,000	30,031
2008 MF Series A (Addison Park)	Principal	-	-	-	-	-
2008 MF Series A (Addison Park)	Interest	35,229	35,294	35,334	35,334	35,374
2008 MF Series A (Costa Ibiza)	Principal	-	-	-	-	-
2008 MF Series A (Costa Ibiza)	Interest	29,569	29,776	29,810	29,810	29,844
2008 MF Series A (West Oaks)	Principal	-	-	-	-	-
2008 MF Series A (West Oaks)	Interest	28,649	28,842	28,875	28,875	28,908
2009 MF Series A (Costa Mariposa Apartments)	Principal	-	-	-	-	-
2009 MF Series A (Costa Mariposa Apartments)	Interest	43,071	43,758	43,808	43,808	43,858

2017-21	2022-26	2027-31	2032-36	2037-41	2042-46	2047-51	TOTAL REQUIRED
682,717	4,548,167	-	-	-	-	-	5,733,994
1,494,988	425,643	-	-	-	-	-	3,595,223
703,198	4,684,611	-	-	-	-	-	5,906,013
1,539,841	437,673	-	-	-	-	-	3,702,349
100,000	500,000	1,000,000	1,300,000	2,015,000	-	-	4,915,000
56,298	52,019	42,918	30,102	393	-	-	238,414
500,000	500,000	1,000,000	1,300,000	1,625,000	-	-	4,925,000
53,272	47,534	38,433	25,616	316	-	-	221,971
654,087	873,546	9,061,870	-	-	-	-	11,079,271
2,982,259	2,762,814	87,516	-	-	-	-	8,979,162
-	-	-	-	8,325,000	-	-	8,325,000
2,081,250	2,081,250	2,081,250	2,081,250	1,248,750	-	-	11,655,000
664,320	896,069	1,208,663	1,630,305	2,199,037	2,966,171	2,187,423	12,244,497
3,432,573	3,200,825	2,888,232	2,466,590	1,897,858	1,130,721	10,938	18,632,123
720,000	955,000	1,265,000	1,675,000	2,225,000	2,950,000	3,085,000	13,420,000
3,634,570	3,392,855	3,073,275	2,649,005	2,086,985	1,341,830	89,466	20,084,531
-	7,025,000	-	-	-	-	-	7,025,000
56,188	24,883	-	-	-	-	-	137,500
750,000	1,005,000	240,000	-	7,040,000	-	-	9,600,000
2,178,499	1,963,498	1,769,000	1,760,000	1,056,000	-	-	11,066,497
-	-	-	-	13,935,000	-	-	13,935,000
160,219	160,252	160,252	160,286	122,860	-	-	924,093
-	-	-	-	13,935,000	-	-	13,935,000
160,219	160,252	160,252	160,286	125,487	-	-	926,720
-	-	-	-	-	-	14,150,000	14,150,000
4,103,500	4,103,500	4,103,500	4,103,500	4,103,500	4,103,500	410,351	29,134,851
-	-	-	-	5,000,000	-	-	5,000,000
39,991	40,000	40,000	40,009	29,989	-	-	230,205
-	-	-	-	-	-	12,072,000	12,072,000
3,500,880	3,500,880	3,500,880	3,500,880	3,500,880	3,500,880	525,132	25,031,292
1,235,000	1,595,000	2,025,000	2,610,000	3,340,000	4,270,000	490,000	16,495,000
3,766,155	3,411,875	2,966,250	2,396,750	1,665,875	731,750	12,251	19,020,310
630,000	825,000	1,080,000	1,415,000	1,870,000	2,460,000	570,000	9,355,000
2,226,820	2,048,390	1,813,795	1,499,411	1,077,302	520,276	22,444	11,569,928
699,700	913,748	1,193,274	1,558,328	2,035,046	2,657,598	2,700,474	12,293,958
3,057,444	2,843,394	2,563,862	2,198,822	1,722,101	1,099,545	119,865	16,826,385
-	-	-	-	13,800,000	-	-	13,800,000
158,667	158,700	158,700	158,733	140,230	-	-	933,703
-	-	-	-	15,000,000	-	-	15,000,000
149,969	150,000	150,000	150,029	130,000	-	-	880,494
-	-	-	-	-	13,590,000	-	13,590,000
176,629	176,670	176,670	176,710	176,629	85,481	-	1,145,354
-	-	-	-	13,550,000	-	-	13,550,000
149,016	149,050	149,050	149,084	149,017	-	-	894,026
-	-	-	-	13,125,000	-	-	13,125,000
144,342	144,375	144,375	144,408	141,890	-	-	863,539
-	-	-	-	-	13,690,000	-	13,690,000
218,990	219,040	219,040	219,090	218,990	32,765	-	1,346,218

**Supplementary Bond Schedules
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2011**

DESCRIPTION		2012	2013	2014	2015	2016
2009 MF Series A (Woodmont Apartments)	Principal	-	-	-	-	-
2009 MF Series A (Woodmont Apartments)	Interest	41,210	41,952	42,000	42,000	42,048
2008 MF Series A (Alta Cullen Apartments)	Principal	-	-	-	-	-
2008 MF Series A (Alta Cullen Apartments)	Interest	30,257	30,445	30,480	30,480	30,515
TOTAL MULTI-FAMILY BONDS		60,833,302	58,152,989	57,983,413	58,024,408	58,086,948
Total		325,782,776	112,725,362	112,607,807	112,987,258	113,813,089
Less Interest		88,858,866	85,764,707	84,559,659	83,170,912	81,824,131
Total Principal		236,923,910	26,960,655	28,048,148	29,816,346	31,988,958

2017-21	2022-26	2027-31	2032-36	2037-41	2042-46	2047-51	TOTAL REQUIRED
-	-	-	-	-	15,000,000	-	15,000,000
209,952	210,000	210,000	210,048	209,952	34,980	-	1,294,142
-	-	-	-	-	12,700,000	-	12,700,000
152,365	152,400	152,400	152,435	152,365	109,144	-	1,023,286
292,892,457	327,370,289	306,732,329	284,225,117	412,974,625	188,469,424	36,445,344	2,142,190,645
583,533,612	669,793,023	641,021,085	612,675,091	550,568,372	188,469,424	36,445,344	4,060,422,243
385,548,245	332,596,344	252,380,812	168,372,026	79,570,363	25,742,038	1,190,447	1,669,578,550
197,985,367	337,196,679	388,640,273	444,303,065	470,998,009	162,727,386	35,254,897	2,390,843,693

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

SCHEDULE 6

Supplementary Bond Schedules
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE - REVENUE BONDS
For the Fiscal Year Ended August 31, 2011

	Pledged and Other Sources and Related Expenditures for FY 2011			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2002 Single Family Series A	$ 2,848,808	$ 65,607	$ -	$ 1,680,718
2002 Single Family Series B	4,826,284	38,374	-	1,070,854
2002 Single Family Series C	698,764	16,092	500,000	377,059
2002 Single Family Series D	126,253	3,714	835,000	78,895
2004 Single Family Series A	11,135,569	155,933	2,110,000	2,711,805
2004 Single Family Series A (Jr. Lien)	119	2,277	-	11,291
2004 Single Family Series B	2,685,938	149,818	-	1,924,254
2004 Single Family Series C	3,573,370	54,790	-	826,605
2004 Single Family Series D	1,693,622	111,348	-	1,281,876
2004 Single Family Series E	746,297	10,605	960,000	153,685
2005 Single Family Series A	9,801,442	269,840	-	2,883,124
2005 Single Family Series B	2,264,628	44,164	560,000	502,402
2005 Single Family Series C	1,162,588	21,293	-	17,063
2005 Single Family Series D	165,333	13,407	-	152,000
2006 Single Family Series A	7,086,338	26,736	420,000	2,006,562
2006 Single Family Series B	8,046,065	30,382	1,175,000	2,264,833
2006 Single Family Series C	12,346,462	47,396	1,255,000	3,553,889
2006 Single Family Series D	5,127,698	8,507	-	684,496
2006 Single Family Series E	13,052,698	8,507	1,370,000	471,642
2006 Single Family Series F	2,491,151	83,403	385,000	2,439,731
2006 Single Family Series G	1,938,761	11,676	810,000	276,389
2006 Single Family Series H	2,142,390	71,726	-	1,312,081
2007 Single Family Series A	21,861,304	349,333	-	4,324,473
2007 Single Family Series B	22,848,385	202,570	1,890,000	6,409,153
Total Single Family Bonds	$ 138,670,267	$ 1,797,498	$ 12,270,000	$ 37,414,880
1998 RMRB Series A	$ 29,578,768	$ 103,169	$ -	$ 947,850
1998 RMRB Series B	5,529,051	19,651	-	175,077
1999 RMRB Series A	3,796,007	8,460	-	129,224
2000 RMRB Series B	12,439,455	2,657	-	(2)
2000 RMRB Series C	3,806,266	794	-	-
2001 RMRB Series A	22,985,244	133,875	-	949,084
2001 RMRB Series B	10,419,946	63,534	650,000	438,388
2001 RMRB Series C	4,058,189	29,498	930,000	151,435
2002 RMRB Series A	2,789,294	16,594	330,000	1,146,637
2003 RMRB Series A	5,337,988	42,923	620,000	2,239,056
2009 RMRB Series A	27,649,193	269,267	250,000	3,137,283
2009 RMRB Series B	2,558,429	85,032	765,000	891,127
2009 RMRB Series C	336,459	53	-	310,680
2009 RMRB Series C-1	1,921,277	17,482	-	1,082,572
2011 RMRB Series A	1,280,851	11,655	-	1,163,002
Total Residential Mtg Revenue Bonds	$ 134,486,417	$ 804,644	$ 3,545,000	$ 12,761,413
1992 CHMRB Series C	$ 2,025,290	$ 5,249	$ -	$ 522,560
Total 1992 CHMRB	$ 2,025,290	$ 5,249	$ -	$ 522,560
1996 MF Series A/B (Brighton's Mark)	$ 508,437	$ 6,126	$ -	$ 501,873
1996 MF Series A/B (Braxton's Mark)	15,137,209	3,123	-	859,248
1998 MF Series A (Pebble Brook)	507,938	-	225,000	507,938
1998 MF Series A-C (Residence Oaks)	409,093	-	180,000	409,093
1998 MF Series A/B (Greens of Hickory Trial)	598,815	-	290,000	598,815
1999 MF Series A-C (Mayfield)	547,047	-	248,000	547,048

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

Supplementary Bond Schedules
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE - REVENUE BONDS (Continued)
For the Fiscal Year Ended August 31, 2011

	Pledged and Other Sources and Related Expenditures for FY 2011			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2000 MF Series A (Creek Point Apts)	$ 216,209	$ -	$ -	$ 16,204
2000 MF Series A (Deerwood Apts)	363,818	-	115,000	363,820
2000 MF Series A (Timber Point Apts)	219,065	-	-	19,065
2000 MF Series A/B (Greenbridge)	1,441,082	-	-	1,441,082
2000 MF Series A/B (Oaks at Hampton)	680,879	-	96,379	680,879
2000 MF Series A/B (Parks @ Westmoreland)	677,809	-	93,604	677,809
2000 MF Series A/B (Williams Run)	949,920	-	-	949,920
2000 MF Series A-C (Collingham Park)	818,608	-	244,000	818,608
2000 MF Series A-C (Highland Meadow Apts)	545,962	-	149,000	545,963
2001 MF Series A (Bluffview Senior Apts)	779,508	-	74,486	779,510
2001 MF Series A (Knollwood Villas Apts)	1,001,718	-	95,717	1,001,719
2001 MF Series A (Oak Hollow Apts.)	435,807	-	49,217	435,806
2001 MF Series A (Greens Road Apts.)	407,728	-	145,000	407,729
2001 MF Series A (Skyway Villas)	398,968	-	135,000	398,967
2001 MF Series A/B (Cobb Park)	7,713,967	-	9,059	138,723
2001 MF Series A/B (Hillside Apts.)	869,890	-	55,426	869,889
2001 MF Series A/B (Meridian Apts.)	502,410	-	75,000	502,410
2001 MF Series A/B (Wildwood Apts.)	388,770	-	60,000	388,770
2001 MF Series A-C (Fallbrook Apts.)	815,532	-	251,000	815,532
2002 MF Series A (Clarkridge Villas Apts)	943,310	-	99,871	943,307
2002 MF Series A (Park Meadows Apts)	267,730	-	80,000	267,730
2002 MF Series A (West Oaks Apts.)	9,803,444	-	52,802	468,486
2002 MF Series A (Green Crest Apts)	776,585	-	81,692	776,585
2002 MF Series A (Hickory Trace Apts)	779,980	-	82,049	779,981
2002 MF Series A (Millstone Apts.)	547,732	-	195,000	547,733
2002 MF Series A (Woodway Village Apts)	417,932	-	130,000	372,933
2002 MF Series A/B (Ironwood Crossing)	1,186,701	-	94,615	1,186,700
2003 MF Series A (NHP-Asmara) Refunding	48,707	-	430,000	39,364
2003 MF Series A (Evergreen @ Mesquite)	10,928,770	-	98,902	523,087
2003 MF Series A/B (Reading Road)	350,097	-	30,000	150,098
2003 MF Series A/B (Arlington Villas)	1,153,391	-	94,502	1,153,391
2003 MF Series A/B (Ash Creek Apts)	1,067,166	-	101,439	1,067,166
2003 MF Series A/B (North Vista Apts)	613,243	-	230,000	613,243
2003 MF Series A/B (Parkview Twnhms)	1,089,188	-	102,420	1,089,188
2003 MF Series A/B (Peninsula Apts)	618,549	-	180,000	603,549
2003 MF Series A/B (Primrose Houston School)	1,074,257	-	100,503	1,074,257
2003 MF Series A/B (Sphinx @ Murdeaux)	14,400,629	-	90,000	290,629
2003 MF Series A/B (Timber Oaks Apts)	908,551	-	72,942	908,551
2003 MF Series A/B (West Virginia Apts)	442,546	-	165,000	442,543
2004 MF Series A (Bristol)	130,529	-	-	30,531
2004 MF Series A (Chisholm Trail)	129,056	-	-	29,056
2004 MF Series A (Churchill @ Pinnacle)	644,226	-	81,665	644,226
2004 MF Series A (Evergreen @ Plano)	945,155	-	96,886	945,155
2004 MF Series A (Humble Park)	741,840	-	120,000	741,840
2004 MF Series A (Montgomery Pines)	230,404	-	-	30,405
2004 MF Series A (Pinnacle)	233,982	-	-	33,982
2004 MF Series A (Rush Creek)	578,271	-	59,737	578,271
2004 MF Series A (Sphinx @ Delafield)	11,091,763	-	-	176,763
2004 MF Series A (Tranquility Bay)	905,264	-	102,339	905,264
2004 MF Series A (Village Fair)	893,245	-	96,824	893,244
2004 MF Series A/B (Century Park)	646,896	-	190,000	646,896
2004 MF Series A/B (Post Oak East)	13,606,988	-	-	6,989
2004 MF Series A/B (Timber Ridge)	441,140	-	42,119	441,140

Supplementary Bond Schedules
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE - REVENUE BONDS (Continued)
For the Fiscal Year Ended August 31, 2011

	Pledged and Other Sources and Related Expenditures for FY 2011			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2004 MF Series A/B (Veterans Memorial)	$ 1,064,766	$ -	$ 102,036	$ 1,064,766
2005 MF Series A (Atascocita Pines)	129,310	-	-	29,310
2005 MF Series A/B (Canal Place)	1,286,228	-	81,743	996,228
2005 MF Series A (Del Rio)	730,045	-	25,455	730,045
2005 MF Series A (Park Manor)	665,600	-	-	665,600
2005 MF Series A (Pecan Grove)	889,330	-	95,824	889,332
2005 MF Series A (Chase Oaks)	683,876	-	238,319	683,876
2005 MF Series A (Port Royal)	773,783	-	82,876	773,783
2005 MF Series A (Prairie Oaks)	700,437	-	75,470	700,436
2005 MF Series A (Prairie Ranch)	570,013	-	125,000	570,013
2005 MF Series A (Mockingbird)	899,349	-	96,744	899,349
2005 MF Series A (St Augustine)	16,810	-	-	16,810
2005 MF Series A (Tower Ridge)	45,459	-	-	45,460
2006 MF Series A (Aspen Park Apts)	482,833	-	95,000	482,833
2006 MF Series A (Bella Vista)	410,589	-	45,000	410,589
2006 MF Series A (Center Ridge)	416,250	-	-	416,250
2006 MF Series A (Champion Crossing)	15,363	-	-	15,363
2005 MF Series A (Coral Hills)	296,272	-	20,000	246,272
2006 MF Series A (East Tex Pines)	778,747	-	80,000	778,747
2006 MF Series A (Grove Village)	361,720	-	86,442	361,720
2006 MF Series A (Harris Branch)	250,662	-	-	40,665
2006 MF Series A (Hillcrest)	571,726	-	150,000	571,725
2006 MF Series A (Idlewilde Apts)	140,554	-	-	35,554
2006 MF Series A (Meadowlands)	736,953	-	82,018	736,950
2006 MF Series A (Oakmoor)	856,344	-	100,196	856,345
2006 MF Series A (Pleasant Village)	351,184	-	83,923	351,184
2006 MF Series A (Red Hills Villas)	15,331	-	-	15,332
2006 MF Series A (Stonehaven)	644,798	-	82,069	644,802
2006 MF Series A (Sunset Pointe)	48,172	-	-	48,173
2006 MF Series A (Village Park)	521,975	-	150,000	521,975
2006 MF Series A (Villas at Henderson)	192,831	-	-	17,833
2007 MF Series A (Villas @ Mesquite Creek)	842,661	-	155,000	842,661
2007 MF Series A (Costa Rialto)	659,983	-	91,042	659,981
2007 MF Series A (Lancaster Apts)	140,554	-	-	35,554
2007 MF Series A (Park Place @ Loyola)	1,679,876	-	-	829,875
2007 MF Series A (Santora Villas)	1,703,400	-	-	703,398
2007 MF Series A (Summit Point)	2,606,095	-	80,000	506,095
2007 MF Series A (Terraces at Cibolo)	3,017,890	-	-	17,890
2007 MF Series A (Windshire)	235,235	-	-	35,235
2007 MF Series A (Residences @ Onion Creek)	45,459	-	-	45,460
2008 MF Series A (West Oaks Apts)	31,960	-	-	31,960
2008 MF Series A (Costa Ibiza Apts)	382,178	-	-	32,178
2008 MF Series A(Addison Park)	251,445	-	-	41,446
2008 MF Series A (Alta Cullen)	1,335,234	-	-	35,226
2009 MF Series A (Costa Mariposa)	34,907	-	-	34,908
2009 MF Series A (Woodmont Apts)	35,020	-	-	35,018
Total Multifamily Bonds	$ 144,122,663	$ 9,249	$ 8,116,352	$ 52,582,908
Total	$ 419,304,637	$ 2,616,640	$ 23,931,352	$ 103,281,761

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

SCHEDULE 7

Supplementary Bond Schedules

EARLY EXTINGUISHMENT AND REFUNDING

For the fiscal year ended August 31, 2011

Description of Issue	Category	Amount Extinguished or Refunded	For Refunding Only: Refunding Issue Par Value	Cash Flow Increase (Decrease)	Economic Gain/ (Loss)
Business-Type Activities					
2002 Single Family Series A	Early Extinguishment	$ 1,325,000	$	$	$
2002 Single Family Series B	Early Extinguishment	3,935,000			
2002 Single Family Series C	Early Extinguishment	325,000			
2002 Single Family Series D	Early Extinguishment	40,000			
2004 Single Family Series A	Early Extinguishment	8,340,000			
2004 Single Family Series C	Early Extinguishment	2,740,000			
2004 Single Family Series E	Early Extinguishment	585,000			
2005 Single Family Series A	Early Extinguishment	6,470,000			
2005 Single Family Series B	Early Extinguishment	1,720,000			
2005 Single Family Series C	Early Extinguishment	900,000			
2006 Single Family Series A	Early Extinguishment	4,925,000			
2006 Single Family Series B	Early Extinguishment	5,590,000			
2006 Single Family Series C	Early Extinguishment	8,515,000			
2006 Single Family Series D	Early Extinguishment	4,440,000			
2006 Single Family Series F	Early Extinguishment	12,365,000			
2006 Single Family Series G	Early Extinguishment	1,590,000			
2007 Single Family Series A	Early Extinguishment	16,485,000			
2007 Single Family Series B	Early Extinguishment	16,210,000			
1998 RMRB Series A	Early Extinguishment	27,720,000			
1998 RMRB Series B	Early Extinguishment	5,175,000			
1999 RMRB Series A	Early Extinguishment	3,655,000			
2000 RMRB Series B	Early Extinguishment	12,000,000			
2000 RMRB Series C	Early Extinguishment	3,675,000			
2001 RMRB Series A	Early Extinguishment	21,995,000			
2001 RMRB Series B	Early Extinguishment	9,950,000			
2001 RMRB Series C	Early Extinguishment	3,840,000			
2002 RMRB Series A	Early Extinguishment	1,670,000			
2003 RMRB Series A	Early Extinguishment	3,215,000			
2009 RMRB Series A	Early Extinguishment	24,440,000			
2009 RMRB Series B	Early Extinguishment	1,545,000			
2009 RMRB Series C-1	Early Extinguishment	435,000			
2011 RMRB Series A	Early Extinguishment	290,000			
1992 Coll Home Mtg Rev Bonds, Series C	Early Extinguishment	1,400,000			
1996 MF Series A/B (Braxton's Mark)	Early Extinguishment	14,273,700			
2000 MF Series A (Timber Point Apts)	Early Extinguishment	200,000			
2000 MF Series A (Creek Point Apts)	Early Extinguishment	200,000			
2001 MF Series A/B (Cobb Park)	Early Extinguishment	7,575,244			
2002 MF Series A (West Oaks Apts.)	Early Extinguishment	9,334,960			
2002 MF Series A (Woodway Village Apts)	Early Extinguishment	45,000			
2003 MF Series A/B (Reading Road)	Early Extinguishment	200,000			
2003 MF Series A/B (Sphinx @ Murdeaux)	Early Extinguishment	14,110,000			
2003 MF Series A/B (Peninsula Apts)	Early Extinguishment	15,000			
2003 MF Series A (Evergreen @ Mesquite)	Early Extinguishment	10,405,682			
2004 MF Series A (Chisholm Trail)	Early Extinguishment	100,000			
2004 MF Series A (Montgomery Pines)	Early Extinguishment	200,000			
2004 MF Series A (Bristol)	Early Extinguishment	100,000			
2004 MF Series A (Pinnacle)	Early Extinguishment	200,000			
2004 MF Series A (Sphinx @ Delafield)	Early Extinguishment	10,915,000			
2004 MF Series A/B (Post Oak East)	Early Extinguishment	13,600,000			
2005 MF Series A (Atascocita Pines)	Early Extinguishment	100,000			
2005 MF Series A/B (Canal Place)	Early Extinguishment	290,000			
2005 MF Series A (Coral Hills)	Early Extinguishment	50,000			
2006 MF Series A (Harris Branch)	Early Extinguishment	210,000			
2006 MF Series A (Villas at Henderson)	Early Extinguishment	175,000			
2006 MF Series A (Idlewilde Apts)	Early Extinguishment	105,000			
2007 MF Series A (Lancaster Apts)	Early Extinguishment	105,000			
2007 MF Series A (Park Place)	Early Extinguishment	850,000			
2007 MF Series A (Terrace at Cibolo)	Early Extinguishment	3,000,000			
2007 MF Series A (Santora Villas)	Early Extinguishment	1,000,000			
2007 MF Series A (Summit Point)	Early Extinguishment	2,100,000			
2007 MF Series A (Windshire)	Early Extinguishment	200,000			
2008 MF Series A (Costa Ibiza)	Early Extinguishment	350,000			
2008 MF Series A (Addison Park)	Early Extinguishment	210,000			
2008 MF Series A (Alta Cullen Apartments)	Early Extinguishment	1,300,000			
Total Business-Type Activities		**$ 309,024,586**	**$ -**	**$ -**	**$ -**

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INTERNAL AUDIT

BOARD ACTION REQUEST

FEBRUARY 16, 2012

Presentation, Discussion, and Possible Action on the 2012 Internal Audit Charter and Board Resolution No. 12-018.

RECOMMENDED ACTION

WHEREAS, the Internal Audit Division is required by audit standards to develop a charter, and to periodically update the charter. Further, the Department maintains a board resolution regarding internal audit in order to clarify its expectations regarding the audit function.

RESOLVED, the Internal Audit Charter and Board Resolution No. 12-018 are approved as presented.

BACKGROUND

Internal Audit Standards (the Institute of Internal Auditor's *International Standards for the Professional Practice of Internal Auditing*) require periodic approval of the Internal Audit Charter. The Board resolutions regarding internal audit are reviewed and approved as part of this process. The content of the charter and the resolutions has not changed since their last approval in January 2011.

Texas Department of Housing and Community Affairs
Internal Audit Division

INTERNAL AUDIT CHARTER

(Effective October 17, 2001, Amended February 16, 2012
as approved by the Department's Governing Board)

D E F I N I T I O N

Internal audit is an independent, objective assurance and consulting activity within the Texas Department of Housing and Community Affairs (Department) designed to add value and improve the Department's operations. Internal audit helps the Department accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

P U R P O S E

The purpose of internal audit's work is to determine whether:

- risks are appropriately identified and managed,
- management information is reliable, accurate and timely,
- acceptable policies and procedures are followed,
- compliance with applicable laws and regulations is achieved,
- resources are safeguarded and used efficiently and economically,
- planned missions are accomplished effectively, and
- the Department's objectives are met.

The internal audit division supports management in its responsibilities by furnishing analyses, appraisals, observations and recommendations to assist the Department in evaluating and improving the effectiveness of its risk management, control and governance processes.

A U T H O R I T Y

The Internal Auditing Act (Chapter 2102, Government Code) and the Department's enabling legislation (Chapter 2306, Government Code) authorize the establishment of an internal audit program. Internal auditors shall have full access to all of the Department's records, facilities, properties and personnel relevant to the performance of engagements or investigations, and are free to review and evaluate all policies, plans, procedures and records. However, internal auditors shall have no direct responsibility for, or authority over, any of the activities reviewed, and the auditing, review and evaluation of an area shall in no way relieve management of its assigned responsibilities.

Department management shall respond to all information requests by the internal auditor or internal audit staff pursuant to this authority within two business days of such requests, including requests of information considered confidential by its nature or due to pending or actual litigation. The internal audit staff shall use discretion in its review of records and assure the confidentiality of all matters that come to its attention.

The director of internal audit or a designated representative will be included in all entrance and exit conferences conducted by any external, federal or state auditors or monitors and shall receive copies of the audit or monitoring reports, as well as copies of management's written response. The internal audit division shall be available to assist management in providing additional information, preparing responses to reports and examinations, and subsequently reviewing the progress made to correct the deficiencies reported.

I N D E P E N D E N C E

Internal auditors shall not develop or install procedures, prepare records, perform internal control functions, or engage in any other activity which they would normally review and evaluate and which could reasonably be construed to compromise the independence of the internal audit division. However, the independence of the internal audit division shall not be adversely affected by determining and recommending standards of control to be applied to the development of the systems and procedures reviewed. The internal audit division shall be responsive to requests for assistance from management, provided that the subject of the request is related to auditing or internal controls. The internal audit division staff shall not assume operating responsibilities or direct the activities of any employee not employed by the internal audit department or assigned to assist the internal auditors.

The internal audit division shall be available to perform consulting and advisory services at the specific request of the board, or of management with the board's approval. The nature and scope of these services are subject to agreement with management and the board. Consulting and advisory services are intended to add value and improve the Department's governance, risk management and control processes. These consulting and advisory services will only be performed if the director of internal audit deems that the engagement can be performed while still maintaining the auditors' objectivity and independence, and if the assignment does not result in the internal audit division or any member of the internal audit staff assuming any management responsibility.

A C C O U N T A B I L I T Y

The director of internal audit shall report directly to the audit committee of the governing board of the Department and administratively to the executive director of the Department. The director of internal audit shall furnish copies of all audit reports to the audit committee and to the governing board in accordance with the criteria established by the audit committee. The director of internal audit shall periodically appear before the audit committee and/or the governing board at its meetings to report on audit findings and the operations of the internal audit division.

The audit committee and the governing board shall periodically assess whether resources allocated to the internal audit division are adequate to implement an effective program of internal auditing. To facilitate this process, the director of internal audit will emphasize significant risks to the Department that are not addressed in the annual audit plan as proposed to the audit committee and/or the governing board for approval, and will periodically report to the audit committee and/or the governing board on internal audit staffing levels.

R E S P O N S I B I L I T I E S

The internal audit division shall:

- comply with the Texas Internal Auditing Act;

- execute a comprehensive audit program to insure all activities of the Department are reviewed at appropriate intervals as determined by the director of internal audit and as approved by the audit committee and/or the governing board;

- review and evaluate systems of control and the quality of ongoing operations, recommend actions to correct any deficiencies and follow-up on management's response to assure that corrective action is taken on a timely basis;

- perform an objective assessment of evidence to provide an independent opinion or conclusions regarding the Department, its operations, functions, processes and systems;

- evaluate the quality of management performance in terms of compliance with policies, plans, procedures, laws and regulations;

- evaluate the effectiveness and contribute to the improvement of risk management processes, including evaluating the potential for the occurrence of fraud and how the Department manages fraud risk;

- assess and make appropriate recommendations for improving the governance process in promoting ethics and values within the Department, ensuring effective organizational performance, communicating risk and control information to appropriate areas of the Department, and coordinating and communicating information among the governing board, external auditors and management;

- review the controls of significant new systems and subsequent revisions before they are implemented. In addition, the environmental, operational and security controls of the Department's automated processes shall be assessed and reviewed as needed;

- verify the existence of Department assets and assure that proper safeguards are maintained to protect them from losses of all kinds;

- audit the reliability and operation of the accounting and reporting system as needed;

- consider the scope of work of external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the Department;

- conduct or participate in internal investigations of suspected fraud, theft or mismanagement, and provide advice relating to internal fraud and security;

- identify operational opportunities for performance improvement by evaluating the functional effectiveness against Department and industry standards. From time to time other divisions and individuals may also be engaged in this or similar functions;

- coordinate its audit efforts with those of the Department's external, state, and federal auditors; and

- evaluate the adequacy of management's corrective actions and perform necessary follow-up procedures to ensure that the corrective actions have been implemented.

The Director of Internal Audit shall:

- ensure that written reports are prepared for every internal audit and that such reports are furnished to the director responsible for the audited activity. Copies of each audit report and management's responses shall be provided to the audit committee and the governing board in accordance with the criteria established by the audit committee. Management is responsible for providing the internal audit division with a detailed written response to reported deficiencies. Such response, stating corrective action taken or planned, including a target date for completion, should be received by the director of internal audit within ten (10) business days after management has received the report draft disclosing the deficiencies. Additional response time may be granted by the director of internal audit if circumstances warrant additional time;

- present a summary of audit activities to the audit committee or to the governing board at least three times annually. Each presentation will include comments about major audit findings and if necessary, an opinion of the adequacy of management's response to the audit reports. In addition, the director of internal audit will meet, as needed, with the executive director and/or the audit committee to discuss the purpose, authority, responsibility and performance of the internal audit division, the status of the audit plan, the status of management's resolution of audit recommendations, and other significant issues involving the internal audit function;

- prepare an annual summary report of audit activities, including opinions on the overall condition of the Department's controls and operations;

- confirm to the audit committee and/or the governing board on an annual basis the independence of the internal audit division and its audit staff;

- periodically review the internal audit charter and present it to management, the audit committee and/or the governing board for approval; and

- promote and encourage the advancement of audit and control knowledge through the dissemination of related information and the active participation in professional groups and organizations.

STANDARDS OF AUDIT PRACTICE

As a means of assuring the quality and performance of the internal audit division, the audit committee requires the internal audit division to meet or exceed the *International Standards for the Professional Practice of Internal Auditing* and to comply with the *Code of Ethics* prescribed by the Institute of Internal Auditors and with generally accepted governmental auditing standards, as may be periodically amended. It is also expected that the internal audit division will obtain an external peer review of the internal audit division to evaluate the quality of its operations at least once every three years.

AUDIT COMMITTEE - BOARD RESOLUTIONS

Resolution # 12-018

(As approved by the Board on February16, 2012)

WHEREAS the original audit committee (Committee) members were appointed by the chairman of the governing board (Board) in April, 1992, pursuant to the Texas Government Code, Chapter 2306, *Texas Department of Housing and Community Affairs* (Department), section 2306.056, *Committees*, and whereas the Committee's authority and composition had not been specified, and whereas the Committee members' duties and responsibilities had not been previously enumerated, the Board hereby resolves the following:

RESOLVED, that the Committee shall have the authority to investigate any organizational activity as it deems necessary and appropriate, and shall have unrestricted access to all information, including documents and personnel, and shall have adequate resources in order to fulfill the oversight responsibilities it conducts on behalf of the Board, including full cooperation of Department employees. The Committee has the authority to pre-approve the annual audit plan, and to approve any non-audit services or requests for audits or investigations outside of the annual audit plan.

RESOLVED, that the Committee shall be composed of three board members appointed by the Board's chairperson who shall serve for two year terms each or until their respective successor shall be duly appointed and qualified. Audit committee members shall be free of any relationships that would interfere with their ability to exercise independent judgment as a member of the Committee.

RESOLVED, that a chairperson of the Committee shall be appointed by the Board's chairperson.

RESOLVED, that the Committee shall meet a minimum of three times each year, either in a separate meeting or as part of a larger Board meeting, or at such additional or special meetings as may be called as needed by the Board chairperson, the Committee chairperson, or the executive director; and that the Committee shall report on its proceedings and actions to the Board with such recommendations as the Committee deems appropriate.

RESOLVED, that the Committee's primary function is to assist the Board in carrying out its oversight responsibilities as they relate to financial and other reporting practices, internal control, and compliance with Board and ethics policies, and to ensure the independence of the internal audit function.

RESOLVED, that in fulfilling its function, the Committee's responsibility for (i) financial and other reporting practices is to provide assurance to the Board that financial and other reporting information reported by management reasonably portrays the circumstances or plans reported; (ii) internal control is to monitor the effectiveness of control systems and processes through the results of internal and external audits and reviews; (iii) compliance with Board and ethics policies is to periodically inquire of management, the internal audit director, and the independent accountant about significant risks or exposures and assess the steps management has taken to minimize such risk; (iv) the internal audit function is to support the internal audit division so that internal auditors can gain the cooperation of auditees and perform their work independently and free from interference and to provide reasonable assurance that the internal auditors perform their responsibilities.

PASSED AND APPROVED this 16th day of February, 2012.

Chair of the Governing Board ______________________________________

Executive Director ______________________________________

Board Secretary ______________________________________

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INTERNAL AUDIT

BOARD REPORT ITEM

FEBRUARY 16, 2012

Presentation and Discussion of the Status of the Fiscal Year 2012 Internal Audit Work Plan.

REPORT ITEM

The Internal Audit Work Plan for Fiscal Year 2012 was approved by the audit committee and by the board on September 15, 2011. This presentation outlines the current status of the plan.

BACKGROUND

There are 8 audits on the plan this year. We have completed:

- a Quality Assurance and Self-Assessment Review,
- the annual review of the Internal Audit Charter and Board Resolutions,
- an Audit of Contracting for Services, and
- a Follow-up Audit of the Neighborhood Stabilization Program (NSP).

There are 4 audits or projects currently underway:

- an audit of HOME Multifamily,
- an audit of Website Management,
- an audit of Section 8, and
- a revision of the Internal Audit Division’s policies and procedures.

Department of Housing and Community Affairs Internal Audit Division Status of the Fiscal Year 2012 Internal Audit Plan February 16, 2012			
Program Area/Division	**Audit**	**Hours**	**Comments**
NSP	Neighborhood Stabilization Program (Follow-Up)	1000	**COMPLETED**
Community Affairs	Homeless Housing and Services Program	1300	Pending
HOME	HOME Multifamily	1000	**IN PROCESS**
Multiple Divisions	Loan Process	1000	Pending
Staff Services	Contracting for Services	120	**COMPLETED**
Human Resources	Human Resources	120	Pending
Information Systems	TDHCA Website Management	120	**IN PROCESS**
Community Affairs	Section 8	400	**IN PROCESS**
Program Area/Division	**Management Assistance/ Special Projects**		**Comments**
Internal Audit	Conduct Annual Risk Assessment and Prepare Fiscal Year 2013 Audit Plan	200	Required by the Texas Internal Auditing Act and by Audit Standards
Internal Audit	Annual Review and Revision of Internal Audit Charter	40	**COMPLETED**
Internal Audit	Quality Assurance Self-Assessment Review	80	**COMPLETED**
Internal Audit	Review and Revise Internal Audit Policies and Procedures to Comply with New Auditing Standards	60	**IN PROCESS**
Internal Audit	Preparation for 2012 Peer Review	160	Required by the Texas Internal Auditing Act and by Audit Standards
Internal Audit	Preparation and Submission of the Fiscal Year 2012 Annual Internal Audit Report	40	Required by the Texas Internal Auditing Act
Internal Audit	Coordinate with External Auditors	60	Ongoing Requirement
All Divisions	Follow-up on the Status of Prior Audit Issues	200	Ongoing - Required by Audit Standards
All Divisions	Tracking the Status of Prior Audit Issues	200	Ongoing - Required by Audit Standards
All Divisions	Tracking, Follow-up and Disposal of Fraud Complaints	200	Ongoing - Internal Audit is Responsible for the Fraud Hotline and Fraud Complaints

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INTERNAL AUDIT

BOARD REPORT ITEM

FEBRUARY 16, 2012

Presentation and Discussion of Recent Internal Audit Reports.

REPORT ITEM

Of the projects on our fiscal year 2012 audit work plan, we have completed the following audits or reviews:

- a Quality Assurance and Self-Assessment Review,
- an Audit of Contracting for Services, and
- a Follow-up Audit of the Neighborhood Stabilization Program (NSP).

BACKGROUND

Report on the Internal Audit Division's Quality Assurance and Improvement Program –
The Internal Audit Division is required by statute to comply with the standards set by the Institute of Internal Auditors. These standards require internal audit departments to perform a self-assessment of their audit working papers and to report to their governing board at least once a year on the status of their quality assurance program. The self-assessment process requires us to perform a detailed review of our charter, our audit working papers for the preceding year, and our policies and procedures. As a result of the self-assessment review, we believe that we are in full compliance with the definition of internal auditing, the required auditing standards and the code of ethics. This belief is further supported by the results of our most recent peer review.

An Audit of Contracting for Services –
The contracting for services process is a function of the Financial Administration Division (Division.) We found that the contracting for services process generally has good controls in place to ensure that all contracts are awarded correctly. However, we identified some issues over the scoring and award recommendation processes that need improvement. None of these issues affected the outcome of the awards for the contracts we reviewed. Improving controls over the scoring process and the process for recommending a contract award will allow for a more consistent contracting process and will help continue to ensure that contracts are awarded to the best qualified bidder.

A Follow-up Audit of the Neighborhood Stabilization Program (NSP) –
This audit was a follow-up of our April 2011 audit of the Neighborhood Stabilization Program (An Internal Audit of the Neighborhood Stabilization Program, Report # 10-1040). The NSP has strengthened its internal controls by implementing nine of the nineteen audit recommendations (47.4%) in the nine months since the release of the original audit report. However, NSP has not

yet implemented or has only partially implemented the balance of the recommendations from the prior audit report. We also completed some additional work and found that NSP funds were used to acquire property for rehabilitation, redevelopment and land banking as required, but documentation indicating the subrecipient had clear title to the property was not always available. The NSP could be further improved by implementing the rest of the original audit recommendations, as well as the new recommendations included in the report.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

September 19, 2011

Writer's direct phone # 512-475-3813
Email: sandy.donoho@tdhca.state.tx.us

To: The Governing Board and Audit Committee Members of the Texas Department of Housing and Community Affairs

RE: Report on the Internal Audit Division's Quality Assurance and Improvement Program

The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* (Standards) requires that the director of internal audit develop and maintain a quality assurance and improvement program that includes both internal and external assessments of the internal audit activity. The objective of the internal and external assessments is to evaluate the internal audit activity's conformance with the Institute of Internal Auditors' definition of internal auditing, the Standards and the code of ethics.

Internal assessments must include ongoing monitoring of the performance of the internal audit activity as well as periodic reviews performed through self-assessment. The Standards require that the results of these periodic assessments be communicated to the governing board at least annually.

The Internal Audit Division (Division) of the Texas Department of Housing and Community Affairs maintains an ongoing quality assurance program and performs ongoing monitoring as required. In addition, the Division recently completed a self-assessment. The scope of this self-assessment included the audit projects with reports released in fiscal year 2011. The methodology consisted of performing a comprehensive review of the audit working papers for these audit reports, as well as discussions with internal audit staff. The internal self-assessment was conducted by two project managers. Each audit was reviewed by a project manager that did not participate in performing the audits they reviewed.

To further support the goals of quality audits and ongoing commitment to improving the internal audit activity, the Division actively solicits feedback from its auditees by conducting an annual customer satisfaction survey. Survey participants are able to respond anonymously because the survey is conducted using an online survey tool.

For fiscal year 2011, the Division received three of thirteen potential responses, an overall response rate of 23%. The customer satisfaction survey solicits information regarding the auditees' opinion of the usefulness of the audit and the audit recommendations, clarity of the audit objectives and the audit report, objectivity, professionalism and communication of the auditors, duration of the audit and timeliness of the draft report. Overall, the responses received were positive, with all respondents indicating either an excellent or good rating for each question. However, the low survey response rate limited the usefulness of the survey results. We will continue to encourage participation in the annual auditee survey and to look for ways to increase the survey response rate.

To satisfy the Standards, the quality assurance and improvement program must also include external assessments. The Texas Internal Auditing Act requires that an external peer review be performed once every three years. The last external peer review of the Division was completed in December 2009. The overall opinion of the external peer reviewers was that the Division "fully complies" with the Standards, which is the highest of the three possible ratings.

The self-assessment conducted by the Division also determined that the Division fully complies with the definition of internal auditing, the Standards, and the code of ethics. This opinion means that policies, procedures, and practices are in place to implement the Standards and that the requirements necessary for ensuring the independence, objectivity, and proficiency of the internal audit function were met.

If you have any questions regarding our quality assurance process or the recently completed self-assessment, please let me know.

Sincerely,

Sandra Q. Donoho, MPA, CISA, CIA, CFE, CICA
Director of Internal Audit

CME

cc: Tim Irvine, Acting Executive Director

Rick Perry
GOVERNOR

January 20, 2012

RE: AN INTERNAL AUDIT OF CONTRACTING FOR SERVICES (REPORT # 12-1046)

To: The Governing Board of the Texas Department of Housing and Community Affairs

The Internal Audit Division has completed its audit of the Texas Department of Housing and Community Affairs' (Department's) contracting for services process, which is a function of the Financial Administration Division (Division.) We found that the contracting for services process generally has good controls in place to ensure that all contracts are awarded correctly. However, we identified some issues over the scoring and award recommendation processes that need improvement. None of these issues affected the outcome of the awards for the contracts we reviewed.

We identified a total of eleven contracts for services which exceeded $100,000 each. These contracts totaled $5,960,906 and were awarded between September 1, 2009 and December 15, 2012. We selected a judgmental sample of five of these contracts which totaled $5,261,254 (88.3% of the total contract award amounts) and tested them to determine if they were awarded in accordance with state rules, regulations, and applicable laws.

We found that the controls over the following processes were operating as intended:

- preparation of the solicitation including submission of procurement documents to the State Comptroller Contract Advisory Team for Review and Delegation and obtaining the delegation,
- advertisement of the solicitation including notification of vendors on the State Comptroller Central Master Bidders List and posting of the solicitation to the Electronic Business Daily and the Departments' website,
- administrative review of bids in response to the solicitation including reviewing bids to ensure they are reflective of the solicitation requirements and are qualified for the scoring and award recommendation process and obtaining signed non-disclosure forms from staff as required,
- negotiation of the final award including preparation of documents and obtaining signatures from both parties, and
- completion of the purchase order for the final contract.

However, we found that controls over the review team scoring and award recommendation process can be improved. Although these did not affect the outcome of the contract award, control weaknesses resulted in the following issues:

- There was one (20.0%) contract tested where the score sheets were incorrectly calculated.

- There was one (20.0%) contract where there were three evaluators; one of the evaluators recused himself from scoring two of the proposals because he trained the bidders' staff. As a result, each of these two proposals received an average score based on only two scores instead of three.
- For one (20.0%) contract, one of the evaluators did not score one of the bids and there was no documentation explaining why this occurred.
- There was one (20.0%) contract where there were five evaluators for the first round of scoring but only four for the second round of scoring. Scores for one of the evaluators were not used in determining the total award and there was no documentation explaining why this occurred.
- There were two (40.0%) contracts where the scoring packet was not in complete agreement with the evaluation criteria defined in the Request for Proposal (RFP). There was no documentation in the file for this deviation from the RFP.

Improving controls over the scoring process and the process for recommending a contract award will allow for a more consistent contracting process and will help continue to ensure that contracts are awarded to the best qualified bidder.

Recommendation

The Division should implement policies and procedures for the scoring and award processes. At a minimum, the policies and procedures should address the following:

- selection of the contract review team,
- conflicts of interest between the evaluators and the respondents to the solicitation for bid,
- documentation of any deviations from the review and scoring processes, and
- a final review process for all materials used in the review and scoring processes.

Management's Response

Historically Purchasing has customarily distanced itself from the Review Team. As part of the procurement process Purchasing has been dedicated to making sure that every aspect from the specification and information gathering to the receipt of bids and proposals has been precisely followed in accordance with procurement rules and regulations. The distance from the review of submissions was to not create a conflict of interest in the process of the review.

Management acknowledges the recommendations and will prepare a checklist for Review Team leaders to have prior to the review and a checklist for turning in all scoring sheets and recommendations for award to Purchasing. We will also have a generic matrix boilerplate that can be changed to accommodate any and all types of procurements. Review Team checklists and a boilerplate matrix will be implemented by March 1, 2012 and is the responsibility of the Manager for Purchasing and Staff Services.

The objective of this audit was to determine if contracts for services are awarded in accordance with state rules, regulations, and applicable laws. This audit was conducted as part of our fiscal year 2012 internal audit plan. We conducted our audit fieldwork in January 2012. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit was also conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

We would like to extend our sincere thanks to the management and staff of the Financial Administration Division for their cooperation and assistance during the course of this audit.

Sincerely,

Sandra Q. Donoho, MPA, CISA, CIA, CFE, CICA
Director of Internal Audit

cc:
Tim Irvine, Executive Director
Bill Dally, Chief of Agency Administration
David Cervantes, Director Financial Administration

Executive Summary

This audit was a follow-up of our April 2011 audit of the Neighborhood Stabilization Program (*An Internal Audit of the Neighborhood Stabilization Program, Report # 10-1040).* The Department of Housing and Community Affairs' (Department's) Neighborhood Stabilization Program (NSP) has strengthened its internal controls by implementing nine of the nineteen audit recommendations (47.4%) in the nine months since the release of the original audit report. However, NSP has not yet implemented or has only partially implemented the balance of the recommendations from the prior audit report. We also completed some additional work on this audit and found that NSP funds were used to acquire property for rehabilitation, redevelopment and land banking, but documentation indicating the subrecipient had clear title to the property was not always available. The NSP could be further improved by implementing the remaining original audit recommendations, as well as the new recommendations included in this report.

The Neighborhood Stabilization Program

NSP is a HUD funded program authorized by the Housing and Economic Recovery Act of 2008 (HERA). NSP provides funds to purchase foreclosed or abandoned homes and to rehabilitate, resell or redevelop these homes in order to stabilize neighborhoods and stem the decline of values for neighboring homes. Texas was awarded $101,996,848 in NSP1 funds.

As of December 29, 2011 the Department has disbursed $45,896,020 for NSP activities, which is 45.0% of the total NSP1 funding awarded amount of $101,996,848.

The Department will receive $7,284,978 in NSP3 funds and anticipates receiving over $10 million in program income.

Source: HUD's Disaster Recovery Grant Reporting System and grant award documents.

NSP management's responses to the prior audit report indicated a commitment to addressing the concerns presented in the report and stated that all of the recommendations would be implemented by August 31, 2011. In August of 2011, NSP management stated that fifteen of the nineteen recommendations were implemented and four were in the process of implementation. The recommendations that NSP indicated were not yet implemented include: monitoring key program elements, reconciling the Housing Contract System with HUD's Disaster Recovery Grant Reporting System, maintaining supporting documentation to verify that obligations were made by HUD's deadline of September 3, 2010, and ensuring that loan files provided to the Legal Division are complete and accurate.

We evaluated NSP management's reported status based on the available evidence and concluded that nine of the nineteen prior audit issues are cleared, six are partially cleared and four cannot be cleared because they have not yet been reported as implemented. In four of the six partially cleared issues, not enough time has passed from the implementation of the recommendations for a sufficient number of transactions to be available for testing. The remaining two partially cleared issues were not cleared because the actions taken were not sufficient to satisfy the recommendations.

In addition to our follow-up work on the prior audit issues, we evaluated whether NSP funds were used for acquisition as required by program rules and regulations. NSP funds are used to acquire property for rehabilitation, redevelopment and land banking as required. However, documentation related to the acquisition is not always available. We tested 161 property files and found that in twenty-one cases (13.0%) NSP did not obtain documentation that the property deed was properly recorded. In nine cases (5.6%), NSP did not obtain documentation of a title insurance policy indicating that all liens against the property were satisfied at closing. Without this documentation, NSP does not have assurance that the subrecipient has clear title to the property. In addition, the terms included in the subrecipients' loan documentation were not always consistent with the NSP agreement between the Department and the subrecipient. As a result, the subrecipient may appear delinquent in the Department's loan servicing system. NSP should obtain and maintain documentation indicating the subrecipient has clear title to properties acquired with NSP funds.

Finally, NSP is not providing required performance information to HUD timely and is not verifying the Section 3 data provided by subrecipients. NSP is required to report quarterly performance data to HUD no later than thirty days after the completion of the quarter. The most recent quarter submitted to HUD was the fourth quarter of 2010. NSP collects Section 3 data from subrecipients and then reports the data to HUD annually as required. However, the Section 3 data provided by the subrecipients is not verified by NSP. For information to be useful to stakeholders, it should be accurate, complete and timely. NSP should report required information to HUD timely and verify the accuracy of the Section 3 data reported by subrecipients.

Summary of Management Responses

Management is in general agreement with the results of the audit and is making changes as described in the detailed responses to each chapter.

Table of Contents

Detailed Results

Chapter 1

NSP Should Increase Its Efforts to Implement the Outstanding Prior Audit Recommendations

NSP has strengthened the internal controls over its program by implementing some of the recommendations made in the original NSP audit report. Since April 2011, NSP has implemented nine (47.4%) of the nineteen prior audit recommendations. For example, NSP has improved communication with key stakeholders. Conflicting duties in the Housing Contract System were separated to provide greater control over draw processing. In addition, the timeliness of draw processing has improved. Although the program has strengthened some internal controls, it has not yet implemented all of the recommendations from the prior audit. The program could be further improved by continuing to implement the prior audit recommendations.

NSP management's response to the prior audit indicated a commitment to addressing the concerns presented in the report. The target implementation dates provided by management indicated that all of the recommendations would be implemented by August 31, 2011. In August of 2011, NSP management provided an updated status of the recommendations and stated that fifteen of the nineteen recommendations were implemented and four were in the process of implementation. We evaluated NSP management's reported status to determine if the issues could be cleared. We collected and evaluated evidence for the fifteen recommendations that were reported as implemented. This evidence included interviews of responsible individuals, observations of processes, testing of transactions, reviewing documentation and data analysis. *(See Appendix A for the audit methodology.)*

Based on the available evidence, nine of the prior audit issues are cleared, six are partially cleared and four cannot be cleared because they have not yet been implemented. Four of the six partially cleared recommendations were reported as implemented by NSP but could not be cleared because sufficient time or sufficient transactions have not occurred to allow us to determine if the recommendation is implemented and the controls are operating as intended. Therefore, these recommendations are only partially cleared. The remaining two partially cleared issues were not cleared because the actions taken were not sufficient to satisfy the recommendations. The table below includes each of the prior audit recommendations, NSP management's reported status, our assessment of the current status of the prior audit issue and additional auditor comments as necessary.

April 2011 Report Chapter	Recommendation	Management's Reported Status at of 8/17/2011	Auditor Assessment	Auditor Comments
1A	Duties in the Housing Contract System should be separated	Implemented	Cleared	

April 2011 Report Chapter	Recommendation	Management's Reported Status at of 8/17/2011	Auditor Assessment	Auditor Comments
1B	Key program elements should be monitored	In Process of Implementation	Not Cleared	Because the status is reported as "in process of implementation" it cannot be cleared. In their original response to the prior audit, management indicated that this recommendation would be implemented by May 31, 2011.
1C	Policies and procedures need to be finalized	Implemented	Partially Cleared	Policies and procedures have been finalized and communicated. However, they are not being monitored because sufficient time has not passed from implementation of this recommendation for the quarterly management oversight to start.
1D	Communication with key stakeholders should be improved	Implemented	Cleared	
2A	Budget amounts in HUD's reporting system (Disaster Recovery Grant Reporting System or DRGR) and the Housing Contract System should be reconciled	In Process of Implementation	Not Cleared	Because the status is reported as "in process of implementation" it cannot be cleared. In their original response to the prior audit, management indicated that this recommendation would be implemented by May 30, 2011. During the course of our fieldwork NSP management did not provide Internal Audit with evidence of any reconciliations. As of December 20, 2011, we determined that $608,502 more was recorded in the Housing Contract System than in HUD's Disaster Recovery Grant Reporting System (DRGR).

April 2011 Report Chapter	Recommendation	Management's Reported Status at of 8/17/2011	Auditor Assessment	Auditor Comments
2B	Data in the Housing Contract System should accurately reflect the status of the contracts	Implemented	Partially Cleared	We tested ten contracts to determine if the contract status was properly recorded in the Housing Contract System. No exceptions were noted. However, the draw and setup standard operating procedures do not clearly identify procedures related to the contract status designation. While the management oversight procedures provided indicate that the contract status designations will be tested for open contracts, they do not address oversight of closed, terminated, or suspended contracts. Failing to properly record the contract status as closed, terminated or suspended increases the risk that draws are paid to subrecipients with contracts that should be inactive.
2C	Supporting documentation needs to be available in the Housing Contract System	Implemented	Partially Cleared	We tested the availability of supporting documentation in the Housing Contract System for 101 draws and seven amendments. Supporting documentation for draws was generally available in the Housing Contract System. However, NSP does not always maintain documentation supporting amendments in the Housing Contract System. NSP's standard operating procedure addressing amendments does not indicate where to maintain amendment documentation. In the prior audit we identified a lack of supporting documentation for contract setups. No contract setups have occurred since NSP reported the recommendation as implemented. As a result, we were unable to verify that documentation supporting the setups is included in the Housing Contract System.

April 2011 Report Chapter	Recommendation	Management's Reported Status at of 8/17/2011	Auditor Assessment	Auditor Comments
2D	NSP needs to ensure that supporting documentation is available to verify that HUD obligation requirements were satisfied	In Process of Implementation	Not Cleared	Because the status is reported as "in process of implementation" it cannot be cleared. In their original response to the prior audit, management indicated that this recommendation would be implemented by April 30, 2011. NSP is still unable to provide a reliable listing of properties used to satisfy the September 3, 2010 obligation date.
2E	Generic data in the Housing Contract System should be replaced	Implemented	Cleared	
3A	The Department should review the Texas Department of Rural Affairs (TDRA) draws prior to payment	Implemented	Cleared	
3B	Timeliness of the draw process should be improved	Implemented	Cleared	
3C	Draw documentation in the Housing Contract System should be complete	Implemented	Cleared	
3D	Draw checklists need to be used effectively	Implemented	Partially Cleared	NSP utilizes a specific draw checklist to process the different types of draw requests. However, NSP does not have a checklist for processing demolition draws. They use the demolition setup checklist for processing demolition draws but the checklist does not include demolition draw requirements such as obtaining "after" pictures or proof of payment. This issue cannot be cleared due to lack of guidance provided by the demolition setup checklist.

April 2011 Report Chapter	Recommendation	Management's Reported Status at of 8/17/2011	Auditor Assessment	Auditor Comments
4A	The Department needs increased resources to meet the deadline for loan closings	Implemented	Partially Cleared	NSP has reallocated staff in order to have dedicated homebuyer loan closers. NSP has also redistributed responsibilities to ensure that the homebuyer loan closers can focus primarily on that task. In addition, the Department obtained the services of outside legal counsel to assist in the homebuyer loan closing process and reduce the demand on the Legal Division. However, sufficient transactions have not occurred that would allow us to assess whether there are an adequate number of loan closers to complete the anticipated influx of closings.
4B	NSP should require subgrantees to communicate with the Department prior to setting move-in dates with homebuyers and take full ownership of organizing files to its preferred order for legal processing.	Implemented	Cleared	
4C	NSP Loan files provided to legal should be complete and accurate	In Process of Implementation	Not Cleared	Because the status is reported as "in process of implementation" it cannot be cleared. In their original response to the prior audit, management did not provide an implementation date for this recommendation.
5A	The Annual Section 3 Summary Report should be submitted to HUD	Implemented	Cleared	
5B	The Department should have followed the $525,000 minimum award amount	Implemented	Partially Cleared	NSP has not awarded any new contracts under the Notice of Funding Availability for NSP funds since the prior report; therefore, we were unable to verify that this recommendation was implemented.

April 2011 Report Chapter	Recommendation	Management's Reported Status at of 8/17/2011	Auditor Assessment	Auditor Comments
5C	NSP should confirm contract terminations in writing	Implemented	Cleared	

Recommendation

NSP should completely implement all of the recommendations reported in the original NSP audit report dated April 2011.

Management's Response

Management agrees that it would be beneficial for NSP staff to implement fully the recommendations detailed in the NSP Audit report.

Currently, 9 of the 19 recommendations contained in the original audit report have been implemented and cleared by the internal audit staff. Management will proceed with the remaining corrective measures and understands that they will need to be tested by Internal Audit (or the program will have to have been completed) before they can be cleared.

Chapter 2

NSP Should Ensure Acquisition Documentation is Available

NSP funds have been used to acquire properties for rehabilitation, land banking and redevelopment as required. However, documentation related to acquisition was not always available. Specifically, NSP did not always obtain documentation that the property deed was properly recorded and did not always obtain documentation of a title insurance policy indicating that the all liens against the property were satisfied at closing. Without this documentation, NSP does not have assurance that the subrecipient has clear title to the property. The Department enters into agreements with NSP subrecipients in which the subrecipient agrees to expend NSP funds for eligible uses. The five eligible uses are financing, rehabilitation, establishing land banks, demolition and redevelopment. Property acquisition is required for rehabilitation and establishing land banks. Property acquisition may occur when properties are redeveloped depending on the subrecipient's agreement with the Department.

We tested documentation related to 161 properties to determine if the properties were acquired according to program rules and regulations. Of the property transactions that closed and required acquisition, the properties were all acquired for eligible uses under the program. However, twenty-one (13.0%) of the 161 property files tested did not include documentation that the deed was recorded. Nine (5.6%) of the 161 property files tested did not include documentation of a title insurance policy. One of the property files tested had no documentation that the deed was recorded and also had no documentation of a title insurance policy. In addition to reviewing the acquisition documentation, we visited 155 of the 161 properties to verify their existence. We were able to locate all of these properties. Without documentation of a title insurance policy, NSP does not have assurance that the subrecipients obtained clear title to the property.

Chapter 2-A

NSP Should Obtain Documentation that Deeds are Properly Recorded

NSP did not always obtain documentation that the deed to a property was properly recorded. We tested files related to 161 NSP properties. Documentation demonstrating the property deed was recorded was not available for twenty-one (13.0%) of 161 properties reviewed. Failing to record the deed increases the risk that someone else may have a higher priority claim to the property.

A deed should be recorded in the appropriate county to indicate that ownership has been transferred from the grantor to the grantee. Although the Texas Property Code does not require that a property deed be recorded, recording a property deed publicly indicates who owns the property. The first person who records the deed, (as evidenced by the stamp on the deed and filing at the county's property records office), and does not have notice of any other deeds relating to the property, holds legal title to the property.

Recommendation

NSP should obtain and maintain documentation indicating that the deed to each property has been properly recorded and that the subrecipient is listed on the recorded deed as the grantee.

Management's Response

Management agrees with the recommendation and will strive to obtain and properly maintain the documentation in each grant file. Currently, the MITAS loan servicing and tracking database is *configured to track receipt of documents that secure the TDHCA lien to the property, the Deed of Trust and corresponding Title Policy for each closing. Management notes that some processes involving documentation are out of the control of Department staff; however, Department staff will follow up on delinquent or missing records that should be available to Department staff.*

Chapter 2-B

NSP Should Obtain Documentation that Liens Against an Acquired Property were Satisfied

NSP loan files do not always include title insurance policies, which indicate that the subrecipient has clear title to the property. Of 161 properties reviewed, documentation of a title insurance policy was not available in the electronic or hard copy file for nine (5.6%) of the properties. Because NSP does not have documentation of the title insurance policy for these properties, the Department does not have assurance that the title to the property was clear when acquired by the subrecipient.

The title is the collective ownership records of a piece of property. A clear line of title makes the property owner less vulnerable to ownership claims from other parties and to any outstanding debts of the previous property owners. Title insurance policies protect the property buyer against losses arising from problems with the property title that are unknown when the property is purchased. The title insurance policy will indicate whether all liens against the property have been satisfied.

Recommendation

NSP should obtain and maintain a copy of the property's title insurance policy and ensure the policy indicates that any outstanding debts against the property have been satisfied.

Management's Response

Management agrees that receipt of the Title Policy after loan closing should be assured. NSP staff will contact the Title Companies responsible for providing the missing documents, to assure that they are received.

Chapter 2-C

Terms in the Subrecipients' Loan Documentation Should Match the NSP Agreement Between the Department and the Subrecipient

The loan repayment date listed in the general agreement between the Department and the subrecipient does not always agree with the loan documentation for a specific property or group of properties. For example, a promissory note stated that the subrecipient's loan repayment date was August 31, 2011, while the amended NSP agreement indicated that the subrecipient's loan repayment date was July 1, 2012 - almost one year later. As a result, the subrecipient appears to be delinquent in the Department's Loan Servicing System, although their NSP agreement was extended. If the subrecipient appears delinquent in their repayment to the Department it could impact their other funding opportunities with the Department.

NSP subrecipients sign agreements with the Department in order to participate in the program. The agreements include provisions for the disbursement of funds according to the eligible uses. With the exception of administrative disbursements, each disbursement relates to a specific property or group of properties. When a subrecipient acquires a NSP property or seeks reimbursement for an acquired property, they sign loan documents with the Department. One of the loan documents is a promissory note which contains the amount of funds the subrecipient is borrowing and the terms of the note, including the maturity date.

Recommendation

NSP should ensure that the property loan documents are consistent with the NSP agreement between the Department and the subrecipient.

Management's Response

Management agrees with the recommendation.

Chapter 3

NSP Should Provide Timely Information to HUD and Verify Section 3 Data

NSP is not providing required information to HUD timely and is not verifying Section 3 data provided by subrecipients. NSP is required to report quarterly performance to HUD no later than thirty days after the completion of the quarter. The most recent quarter submitted to HUD was the fourth quarter of 2010. NSP collects Section 3 data from subrecipients and then reports the data to HUD annually as required. However, the Section 3 data provided by the subrecipients is not verified by NSP. For information to be useful to stakeholders it should be accurate, complete and timely. NSP should report required information to HUD timely and verify the accuracy of the Section 3 data reported by subrecipients.

Chapter 3-A

NSP Should Provide Timely Information to HUD

NSP is not providing timely information to HUD as required. HUD requires NSP to report program performance to HUD on a quarterly basis using HUD's DRGR system. The reports contain both current and historical information and are due to HUD no later than thirty days after the completion of the quarter. The most recent report submitted to HUD was for the fourth quarter of 2010. Accurate performance information is critical to stakeholders who use it for decision-making purposes. HUD requires regular reporting to ensure it receives sufficient management information to follow up promptly if a grantee lags in implementation and is at risk of recapture of grant funds. HUD also uses these reports to determine compliance with federal regulations and to identify and prevent fraud, waste and abuse.

Recommendation

NSP should provide HUD with required information on a timely basis and continue to submit past due reports.

Management's Response

Management agrees with the recommendation, and has added an NSP Information Specialist to the staff, in order to bring the DRGR Quarterly Reports up-to-date and maintain them. The Quarterly Performance Reports must be submitted in sequential order, HUD reviews and approves each report before the next can be submitted. NSP staff has completed reports through the 3rd Quarter of 2011, in anticipation of HUD approval of reports submitted. The 4th Quarter 2011 report will be ready for timely submission on January, 31, 2012, but it is unlikely that the HUD review process will be complete in order for the report to be submitted. The 1st Quarter 2012 QPR will be timely submitted on or before the April, 30, 2012 due date.

Chapter 3-B

NSP Should Verify Section 3 Data Reported by the Subrecipients

Section 3 of the Housing and Urban Development Act of 1968 requires the Department and its subgrantees to give priority consideration in awarding jobs, training and contracting opportunities to low- and very-low income persons who live in the community in which the funds are spent. HUD requires that grant recipients report cumulative Section 3 activities within their jurisdiction on an annual basis. The Department collects Section 3 data from the subrecipients using the Subrecipient Activity Reports and then reports the Section 3 data to HUD annually as required. However, NSP does not verify the accuracy of the data reported by its subrecipients.

Recommendation

NSP should verify the Section 3 data reported by the subrecipients.

Management's Response

Management agrees with the recommendation. The TDHCA Compliance and Monitoring Division is drafting a monitoring plan and tool for review and verification of Section 3 data submitted by all subgrantees. It is anticipated that data provided for the 2011 Program Year Section 3 report will be subject to monitoring in accordance with Compliance and Asset Monitoring's established protocols.

Appendix A

Objectives

The objectives of the audit were to determine:

- the current status of the audit issues identified in the April 2011 Internal Audit Report on the Neighborhood Stabilization Program, and
- if NSP funds are being used to acquire property for rehabilitation, redevelopment, and land banking according to program rules and regulations.

Scope

The scope of this audit was January 15, 2009 through December 31, 2011.

Methodology

To obtain a preliminary understanding of the Neighborhood Stabilization Program (NSP) we performed the following audit work:

- We interviewed pertinent personnel including NSP management, NSP staff, Program Services Division staff and Legal Division staff,
- We reviewed background information, including information available on the Department's and HUD's websites, program goals and objectives, organizational charts, policies and procedures, applicable laws, rules, regulations, NSP contracts and agreements signed with HUD and with subrecipients, and
- We identified processes, critical points, and activities directly related to NSP and identified risks and controls associated with those processes.

To determine the status of the prior audit issues we performed the following:

- We obtained, reviewed and evaluated NSP's self-reported status for each of the nineteen prior audit issues, as well as the supporting documentation provided by NSP management in order to determine whether the issues could be cleared.
- We observed processes, interviewed NSP management and staff, reviewed documentation and performed analyses to determine the status of the prior audit issues identified in the previous internal audit report. We collected and evaluated relevant evidence.

More specifically, we performed the following work:

- To determine if the duties in the Housing Contract System (HCS) had been separated we reviewed documentation provided by Information Systems Division which listed the currently assigned roles in the Housing Contract System and determined whether conflicting roles were sufficiently separated. We also reviewed standard operating procedures (SOPs) to determine if the conflicting roles had been properly separated.
- To determine if policies and procedures were finalized, communicated and monitored we obtained and reviewed the finalized policies. We interviewed staff and management to determine how the SOPs were communicated and whether they were monitored.

- To determine if communication with key stakeholders was improved we interviewed staff within NSP and interviewed employees from other divisions that interact with NSP.
- To determine that the contract status in the Housing Contract System accurately reflects the status of contracts we selected a sample of ten contracts and tested them to determine if documents in the hard copy files supported the status reported in the Housing Contract System.
- To determine if supporting documentation was available in the Housing Contract System for amendments, we identified the population of amendments and selected a sample of seven from the amendment routing log. We then reviewed the Housing Contract System and the hard copy files for supporting documentation.
- To determine if documentation supporting the draws was available in the Housing Contract System we identified the population of draws and selected a sample of 88 non-administrative draws (closing, activity delivery, construction, and demolition) and thirteen administrative draws. We tested draws against the respective draw checklist for each of the types of draw transactions to determine if supporting documentation was present. Additionally, we compared the amount of the draw to the supporting documentation to determine if they agreed. We also determined whether the total draw was in line with the itemized budget, and determined if the draw was for allowable expenses.
- To determine if draws were processed timely, we reviewed draws to determine if, according to the information in the Housing Contract System, they were processed within ten business days.
- To determine if draw checklists were used effectively, we reviewed the draws to determine if it was approved on the original draw submission. In addition, we reviewed the draw checklists to determine if they were completed and signed by the responsible individual.
- To determine if documentation supporting contract setups was available, we identified the population of transactions that have occurred since the implementation date reported by management. We found that no contract setups have occurred since the recommendation was reported as implemented, therefore no testing could be performed related to contract setups.
- To determine if generic data in the Housing Contract System was replaced with the correct data, we reviewed the work order requesting software enhancements to the Housing Contract System. We also identified generic data in the Housing Contract System, and compared the amount of generic data now to the amount of generic data identified in the prior audit.
- To determine if the Department has reevaluated and reallocated resources to complete the anticipated influx of closings, we interviewed relevant individuals and reviewed relevant documentation including the loan closing workbook and the agreement with outside legal counsel.
- To determine if the annual Section 3 summary report was submitted, we obtained and reviewed copies of the most recently submitted Section 3 reports to HUD and also reviewed related documentation such as emails and transmission letters.
- To determine whether the Department followed the minimum award amount, we looked for new contracts signed since the prior audit report. We found there were none and therefore we could not verify that the recommendation was implemented.
- To determine if NSP contracts were terminated in writing, we identified the population of terminated contracts and selected a sample of ten terminated contracts. For the sample selected, we reviewed the HCS to determine whether the supporting documentation was present.

To determine if NSP funds were used to acquire property for rehabilitation, redevelopment and land banking according to rules and regulations we performed the following:

- We identified, obtained and reviewed relevant rules and regulations.

- We interviewed NSP staff, Legal Division staff and Loan Servicing staff.
- We identified the population of subrecipients. We judgmentally selected a sample of 161 properties related to ten subrecipients. For the selected sample, we verified ownership of properties acquired with NSP funds for rehabilitation, redevelopment, and land banking by reviewing documentation available in the Department's Housing Contract System, electronic records and hardcopy loan files.
- We confirmed the existence of 155 judgmentally selected NSP properties by physical inspection of the selected properties.

Criteria

- Federal Register, Vol. 73, No. 194 dated Monday, October 6, 2008
- Federal Register, Vol. 75, No. 201 dated Tuesday, October 19, 2010
- Housing and Economic Recovery Act of 2008 (Public Law 110-289, July 30, 2008)
- Wall Street Reform and Consumer Protection Act of 2010 (Public Law 111-203, July 21, 2010)
- Funding Approval and Grant Agreement for NSP
- Funding Approval and Grant Agreement for Neighborhood Stabilization Program 3 (NSP3)
- Notice of Funding Availability (NOFA) for Texas NSP, NSP Reallocation (NSP-R), NSP 1 Program Income (NSP-PI), and NSP3
- The Department's Neighborhood Stabilization Program Standard Operating Procedures
- Texas Administrative Code, Title 10: Community Development, Part I: Texas Department of Housing and Community Affairs, Chapter 9: Texas Neighborhood Stabilization Program, Rule §9.3 General Provisions
- Contractual agreement between the Department and the NSP subgrantees
- Texas Property Code, Title 3, Public Records, Chapter 13, Effects of Recording
- The Department's Loan Closing Instructions Letter to the title companies

Type of Audit

This audit was a follow-up audit to a performance audit of the Neighborhood Stabilization Program. We also performed additional performance auditing procedures based on the results of our risk assessment.

Report Distribution

As required by the Texas Internal Auditing Act (Texas Government Code, Chapter 2102), this report is distributed to the:

- Texas Department of Housing and Community Affairs' Governing Board
- Governor's Office of Budget and Planning
- Legislative Budget Board
- State Auditor's Office
- Sunset Advisory Commission

Project Information

We conducted audit fieldwork from November 2011 through December 2011. This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit was also conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

<u>The following staff performed this audit:</u>
Betsy Schwing, CPA, CFE, Project Manager
Nicole Elizondo, CFE, CICA
Matt Embry, CFE
Derrick Miller

Appreciation to Staff

We would like to extend our sincere appreciation to the management and staff of the Neighborhood Stabilization Program and the Legal Division for their cooperation and assistance during the course of this audit.

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INTERNAL AUDIT

BOARD REPORT ITEM

FEBRUARY 16, 2012

Presentation and Discussion of the Status of External Audits.

REPORT ITEM

There have been five external audits or monitoring visits so far this fiscal year. Three are complete and two are still underway.

BACKGROUND

The five external audits or monitoring visits in fiscal year 2012 to date include:

- the annual statewide audit performed by KPMG,
- the annual financial reporting audits performed by the SAO (see agenda item #2),
- a DOE monitoring review of the Weatherization Assistance Program,
- a HUD-OIG audit of the Neighborhood Stabilization Program, and
- a remote compliance monitoring review of the National Foreclosure Mitigation Counseling Program.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
INTERNAL AUDIT DIVISION – STATUS OF FY 2012 EXTERNAL AUDITS
February 16, 2012

External Audits/Activities	Scope/Description	Stage	Comments
KPMG	The scope of the financial portion of the Statewide Single Audit includes an audit of the state's basic financial statements for fiscal year 2011 and a review of significant controls over financial reporting and compliance with applicable requirements.	Completed	The report draft was completed and management responses were provided. A final report is expected in March 2012.
SAO	Annual opinion audits: • Basic Financial Statements for the FYE August 31, 2010. • Revenue Bond Program Audit for the FYE August 31, 2010. • FY 2010 Unencumbered Fund Balances.	Completed	Final reports were released on December 20, 2011.
HUD-OIG	An audit of the Neighborhood Stabilization Program (NSP1). Scope includes subrecipient monitoring and status of program requirements (obligation, procurement, expenditure and program income) for January 15, 2009 to July 15, 2011.	Fieldwork	Carried over from FY 2011. A draft report is expected in March 2012.
DOE	On-site monitoring of the financial and programmatic aspects of the Weatherization Assistance Program (WAP.) Monitoring was completed in October 2011. Scope included on-site visits to subrecipients in Waco and College Station.	Completed	Report was released on November 14, 2011.
NeighborWorks America	Compliance monitoring for grantees that received assistance under the National Foreclosure Mitigation Counseling Program. This grant is administered under the Texas State Affordable Housing Corporation.	Fieldwork	

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INTERNAL AUDIT

BOARD REPORT ITEM

FEBRUARY 16, 2012

Presentation and Discussion of Recent External Audit Reports.

REPORT ITEM

Reports were received on two of the five external audits or monitoring visits that have occurred in fiscal year 2012.

BACKGROUND

- The State Auditor's Office work on the Department's statutorily required audits was covered under agenda item #2.

- The Department of Energy (DOE) performed a monitoring visit in October 2011. This monitoring visit was a review of the financial and programmatic aspects of the Weatherization Assistance Program. This included a review of the Department's Davis-Bacon procedures and certified payrolls for several subrecipients. DOE monitors also visited two subrecipients (Waco and College Station).

  DOE identified one finding and four concerns. The finding related to a failure to remove an unventilated space heater in one of the units reviewed. In addition, DOE was able to clear nine findings from previous monitoring visits.

Department of Energy
Golden Field Office
1617 Cole Boulevard
Golden, Colorado 80401-3393

November 14, 2011

Mr. Tim Irvine
Executive Director,
Texas Department of Housing and Community Affairs
221 East 11th Street
P.O. Box 13941
Austin, Texas 78711-3941

Subject: DOE On-site Monitoring Report of Texas Weatherization Assistance Program

Dear Mr. Irvine,

On October 24 –October 28, 2011, Paul Jiacoletti, Project Officer with the United States Department of Energy Golden Field Office, conducted an on-site monitoring assessment of the State of Texas Weatherization Assistance Program. Attached is a report on the results of the visit.

The monitoring assessment included a review of financial and programmatic aspects of the Texas WAP, as well as a visit to two sub grantee agencies. Please find enclosed the DOE Monitoring Report, which summarizes findings, concerns and recommendations made during the monitoring visit. There is one finding and four concerns listed in the body of the report. Please submit a response within the next 30 days indicating what follow-up actions will be taken on the findings, concerns and recommendations contained in the report.

Please contact Mr. Jiacoletti or myself if you have any questions or concerns about this report. We may be reached at paul.jiacoletti@go.doe.gov (720-356-1632) and rob.desoto@go.doe.gov (720-356-1601) respectively.

We look forward to continued interaction with you and your staff in the effective implementation and operation of the Weatherization Assistance Program.

Thank you for the cooperation and assistance your staff provided during the visit.

Sincerely,

Robert L. DeSoto
Branch Chief

cc: Michael DeYoung, TDHCA
Kellyn Cassell, NETL
Paul Jiacoletti, DOE

U.S. Department of Energy 2009 American Recovery and Reinvestment Act (ARRA)

Office of Energy Efficiency and Renewable Energy
Weatherization and Intergovernmental Program

To: Tim Irvine, Executive Director
Texas Department of Housing and Community Affairs
Austin, Texas

From: Paul Jiacoletti, Project Officer
U.S. Department of Energy
Golden Field Office

On-site Monitoring Report for State of Texas
Grant Award DE-EE0000094 and DE-EE0000190
Dates of Visit: October 24, 2011 through October 28, 2011

November 4, 2011

1 Participants

Paul Jiacoletti	Project Officer	Dept. of Energy, Golden, CO
Sandy Donoho	Internal Audit Director	State of Texas
Michael DeYoung	Community Affairs Director	TDHCA
Esther Ku	Manager, Accounting	State of Texas
Tim Irvine	Executive Director, Housing and Community Affairs	TDHCA
Bill Dally	Chief of Agency Administration	State of Texas
Stephen Jung	Project Manager – Monitoring	TDHCA
David Johnson	Project Manager – ARRA office	TDHCA
Alfredo Mycue	Quality Management Analyst	TDHCA
Cathy Collingsworth	Project Manager – Fiscal & Planning	TDHCA
Marco Cruz	Project Manager – Training	TDHCA
David Cervantes	Director, Financial Administration	State of Texas

2 Executive Summary

The visit was designed to monitor the assistance awards provided under the DOE Weatherization Assistance Program (WAP) and administered by the Texas Department of Housing and Community Affairs. The ARRA grant (#EE-0000094) and the Annual DOE grant (EE-0000190) were reviewed during this visit.

Tuesday, October 24th was spent at the grantee office where I interviewed Financial staff, Davis-Bacon staff, Monitoring staff and Training staff. The interviews were designed to provide answers for the monitoring checklist, confirm that existing processes including checks and balances were in place and identify any significant changes in processes or procedures that the Grantee implemented in the administration of their WAP program. I requested and was provided with copies of financial invoices and payments, monitoring schedules, monitoring risk assessment sheets and monitoring reports, training schedule information and a power point presentation developed by the Training unit. The Power Point presentation addressed requirements for quality installation of weatherization measures, proper documentation required for client files and checklists for both.

On Wednesday October 25th, I drove to Waco, Texas to monitor the grantee and review client files, interview the director of the Economic Opportunities Advancement Corporation (Planning Region XI) and review housing stock which had been weatherized in the agency service area. TDHCA staff accompanied the Project Officer during this visit.

On Thursday, I drove to College Station, Texas. I met with TDHCA staff at the sub-grantee office performed a review of client files, interviewed the director of the Brazos Valley Community Action Agency and reviewed housing stock which had been weatherized in the service territory of this agency.

I returned to Denver, Colorado on Friday, October 28th.

An exit briefing was conducted by telephone on November 2nd.

I wish to express my thanks to the staff at the Texas Department of Housing and Community Affairs for their cooperation during this monitoring visit. The staff provided requested materials, reports and additional documentation for this report and assistance for travel arrangements to Waco, Texas and directions for the return to Austin from College Station.

This report on the monitoring visit contains one finding and identifies several areas of concern. Recommendations for program improvements are also provided.

A corrective action plan with an action item response must be provided for the finding identified in this report. The response must include a description of specific action to be performed and the dates the item will be completed. This CAP must be submitted no later than 30 days after receipt of this report.

3 Financial Review

I reviewed Davis-Bacon certified payrolls for several sub-grantee agencies, Davis-Bacon records to ascertain submittal of the DOL 1413 reports, discussed the latest procedure for Davis-Bacon reviews and verified that the electronic systems designed to provide checks and balances for certified payrolls are in place and used by staff.

The following are observations in the financial area:

- The grantee's financial management system is capable of tracking and reporting Recovery Act funds separately from other funds. There are separate accounts established to track Recovery Act, the Annual DOE WAP Grant and LIHEAP transactions.
- State policies and procedures for accounting, personnel, payroll, procurement and reporting and records retention appear to be adequate to provide sufficient checks and balances to detect any financial problems.
- Certified Davis-Bacon payrolls are collected weekly from sub-grantees and the submitted payrolls are reviewed for compliance and accuracy based on a newly updated procedure. This procedure was written to address oversight based on diminishing staffing levels in this unit. All payrolls are reviewed; however emphasis is placed on reviewing those payrolls which have a history of more errors. The implementation of a risk factor for analysis and review of these payrolls is predicated on the same risk assessment process Texas implemented for their monitoring function.
- The Grantee continues to use an electronic database for review and compilation of certified payrolls. The electronic data base provides adequate "checks and balances" to identify payroll deficiencies and in concert with the Outlook software a "tickler file" is in use to ensure that deficiencies are corrected in a timely manner to ensure payment of the correct wages to contract workers. The hard copy payrolls are retained; however the electronic database provides an easily accessible record and backup for required corrective actions.
- The Davis-Bacon records provide documentation of required deductions, including garnishments and loan payments.
- I requested a sample of the required Davis-Bacon 1413 forms for the sub-grantee agencies and their contractors. Copies of these forms were reviewed and appear to be compliant

with the Davis-Bacon requirements of the program. They appear to be current and certified with the signature and title of the individual submitting the report.

- People Soft and Access are the two financial systems presently in use by the State of Texas to track financial transactions in the weatherization program. These systems in combination appear to provide adequate checks and balances for fraud, waste and abuse of grant funds.
- The use of leveraged funds in the program (e.g. LIHEAP, CEAP and utility funds) appear to be accounted for separately on the Building Weatherization Records I reviewed.
- The Procurement Policy in use by state personnel and the sub-grantees appears to be followed and is listed in the Texas Administrative Code, Sections 5.10 and 5.11. The travel requirements are found in the Texas Administrative Code Section 5.9 and appear to be followed.
- The reasonableness of payments to sub-grantees for invoices submitted for payment is determined by a two part review process which appears to provide the necessary checks and balances to prevent fraud, waste and abuse of Weatherization grant funds.
- Quarterly reports for the Annual DOE grant and quarterly and monthly financial reports for the ARRA grant are submitted to the Department of Energy in a timely manner and are compliant with the Office of Management and Budget (OMB) guidance. It appears the formula for job calculation in the 1512 reports is followed as required.
- The Grantee has submitted requested financial documents and reports to NETL prior to the due date of September 30th of this year. These documents will be reviewed by the Contract officer as part of their desk monitoring effort and a report issued to Texas in the first quarter of 2012.

A more thorough review of the Grantee's financial management procedures falls under the purview of the National Energy Technology Laboratory (NETL), the contracting office for DOE's WAP. The Contracting Officer is responsible for monitoring the DOE Weatherization Grantees for financial compliance against Federal regulations and Grantee's policies and procedures. This report will be shared with the appropriate NETL personnel and a follow-up financial review may be conducted by NETL Procurement personnel.

There were no financial findings identified for the Grantee during this monitoring visit.

4 Administrative Review – Award File and Personnel Review

A copy of the latest organization chart was provided at the request of the Project Officer. The chart indicates that the only significant change in staffing is at the Executive Director level for the Texas Department of Housing and Community Affairs. Tim Irvine has been appointed to this position permanently. The position was previously held by Michael Gerber. A review of the functions of staff on the organizational chart was done. All personnel in the state plan are performing the functions outlined by the chart and the state WAP plan.

The Grantee is planning for potential reduction in force which is driven by the end of the ARRA grant period. Any potential future allocations for the Weatherization Assistance Program are likely to be less than the level of funding which the American Recovery and Reinvestment awards provided. As such, the staffing levels required by the WAP grant under ARRA cannot be maintained and will require a reduction in force for the Texas Department of Housing and Community Affairs. This has been partially addressed by the increasing attrition rate of temporary staff hired for support during the ARRA grant period of performance. The drawback is that these positions cannot be filled with permanent staff, and as a result existing staff is "doing more with less".

As a result of the need to reduce staff, some consolidation of duties has been discussed. The monitoring function for the Weatherization grants may be moved to the State Compliance Section to facilitate monitoring of all assistance programs including the Weatherization program. This raises several concerns for DOE, as this system has not been entirely successful in other states. The first concern is how the monitoring function will provide effective oversight of the Weatherization program and whether the number of visits will decline due to a greater emphasis on overseeing all assistance programs in the State of Texas. The second concern is the transfer of funds from the grant to the arm of the compliance section to pay only for weatherization monitoring. These funds cannot be co-mingled with other program funding to provide the overall approach the state is seeking. The last concern is the potential for a reduction in force in the compliance section at some future date. If budget restrictions require downsizing, will there be a sufficient number of monitoring personnel to oversee the Weatherization program statewide? If the number of visits is reduced due to reduction in staff or reduction in travel budgets, will "at risk" sub-grantee agencies receive the same attention they did under the ARRA program? Who will be charged with the responsibility for responding to program deficiencies, including potential fraud, waste and abuse? The lack of a direct link to the Grantee's chain of command raises questions regarding the potential efficacy of this effort. In addition, how will the link between identified deficiencies and the Training and Technical Assistance area be maintained?

The Department of Energy understands the Grantee's desire to incorporate functions with similar areas of responsibility under one area as a cost-saving measure. DOE would request that if this is done, a procedure is established to determine direct lines of communication to establish protocols which can be used to continue to provide the same level of oversight for the Weatherization Assistance Program which existed previously. This will present some challenges when the state plans are submitted for review by the department in future years.

A review of Davis-Bacon procedures for certified payrolls was performed during the monitoring visit. I discussed the procedure for review of the Davis-Bacon payrolls with the supervisor, Brenda Hull and Julie Hartley of her staff. The Program Services unit has established a new procedure for reviewing Davis-Bacon payrolls which is designed to meet the conditions for required oversight by the Department of Labor and at the same time address the reduction in staffing levels required by the end of the ARRA program. The process utilizes a risk assessment tool which prioritizes each payroll based on potential risk factors and based on those risk levels, identifies the scope of review required. Payrolls which are consistently submitted with errors or deficiencies and require greater oversight are reviewed more frequently. Those agencies who submit payrolls for their contractors and who have achieved a record of compliance are still checked. They are not checked as frequently because the level of risk associated with those submittals is less. The risk assessment allows the unit to concentrate its efforts on the exceptions which are identified and make the most use of reduced staff.

I would like to extend my thanks to both Ms. Hull and Ms. Hartley for their time and consideration during this portion of the monitoring visit. Ms. Hartley provided copies of Davis-Bacon records, answered questions regarding Davis Bacon procedures from the monitoring checklist and demonstrated the use of the ACCESS electronic system and the use of Outlook as a tracking mechanism when requested. She also pulled copies of certified payrolls and the DOL 1413 reports for my review. Ms. Hull provided a copy of the revised procedures for certified payroll review and answered questions regarding the procedures identified as a result of the risk assessment.

A review of the monitoring schedule, and discussion outlining the use of the risk assessment tool for monitoring was done during this visit. Mr. Jung provided copies of the latest risk assessment outlining the level of risk for each sub-grantee agency in their present network and a schedule of monitoring visits based on the identified risk level for each sub-grantee agency. The monitoring schedule tracks the number of visits made to date and provides the number of visits needed to meet the state plan requirement for monitoring 10% of weatherized units in the State each year. This schedule tracks the unit visits, the full visits which include monitoring of financial/administrative records and the site visits and the desk monitoring which is done for each sub-grantee agency. Agencies considered "at risk" are scheduled to be visited more frequently and may be provided additional training and technical assistance. The need for increased T&TA is identified in the monitoring reports of the Program Officers who monitor sub-grantees agencies providing WAP services for TDHCA in Texas. The training is designed to address deficiencies in performance by sub-grantee staff in all phases of the weatherization effort. Training or technical assistance is provided to improve work practices in the field or address financial and administrative procedures which need correction or improvement. This effort extends to the requirements for Historic Preservation, Davis-Bacon payroll and client file documentation.

The format and requirements for unit monitoring, full monitoring or desk monitoring are outlined in the Monitoring Manual. This manual contains examples of contact letters to schedule a site visit, the expectations for monitors, and a template for monitoring reports and checklists for each type of monitoring being performed by TDHCA Program Officers or contractors. The monitoring manual appears to be comprehensive and clearly identifies and lists all procedures necessary to monitor the sub-grantee.

When asked, Mr. Jung also provided copies of the monitoring reports for several sub-grantee agencies. The reports provided supporting documentation for the monitoring trips and addressed "findings" identified in previous monitoring visits for both DOE monitoring and the state oversight of their sub-grantee agencies. I would like to extend my thanks to Mr. Jung for answering questions during this interview, providing supporting documentation and addressing the resolution of findings identified during previous monitoring visits to this grantee.

I met with staff from the Training unit on Tuesday, October 25th. The review included a discussion of approved multi-family projects and the requirements for a requested approval of a multi-family project which was submitted to DOE prior to the monitoring visit. During this discussion the necessity to provide more information regarding the audit submittal for approval of the TREAT multi-family audit was raised. The Training staff responded by providing a packet of additional documentation for submittal to SMS for review and potential approval of this audit to me.

I requested and the training staff responded, with the results for all training courses to date through the training academy which included a spreadsheet listing of courses presented, attendees, certificates of completion and scheduled presentations in the future. The spreadsheet presentation demonstrated how the Training classes and Technical Assistance provided by the training academy addressed deficiencies identified in monitoring reports. The spreadsheet also provides a listing of, requested training classes by the sub-grantee staff and contractors and identified coursework required for compliance with program regulations.

The training unit personnel also presented a power point training presentation they developed which was designed to address the required file documentation for client files. This is the result of DOE and Grantee monitoring reports which identified lack of required documentation in client files which resulted in "findings". This presentation also addressed the requirements for quality installation and the need for multiple inspections during the weatherization process. The emphasis is on a methodology which allowed sub-grantee inspectors to track the progress of units during the weatherization process with the ultimate goal of a quality installation at the end of the job with no returns required to repair work of sub-standard quality.

The Training unit responded to past requests from DOE to align training and technical assistance with findings for deficiencies which were identified during monitoring visits by the TDHCA Program Officers and the DOE Project Officer. This response included significant on-site technical assistance and review coupled with training coursework for sub-grantee agencies who demonstrate repeated deficiencies in their weatherization effort. It was also suggested that the Training unit provide sub-grantee contract and office staff with the tools to perform assessments properly, comprehensive inspections, accurate file documentation, accurate income eligibility determinations and improvement by the agency which results in higher production with attention to quality and expenditures which result in a whole house weatherization effort that addresses health and safety issues and provides the benefit to the client the program was designed for.

This review of completed courses listed in the spreadsheet of training records maintained by the grantee appears to address deficiencies identified in previous monitoring visits by myself and the TDHCA Program Officers.

Concern #1: The Grantee does not appear to be weatherizing units under the Annual DOE award (EE-0000199). A review of PAGE reports for the last quarter, indicate that the only expenditures are for Administrative and Training and Technical Assistance costs. There are no Program Operations costs and no production is listed for this award.

Action Item #1: The Department of Energy is requesting that the Grantee submit a plan of action addressing their strategy to produce weatherized units under this grant and expend sufficient funding to significantly reduce the carryover funding. The carryover funding for Program Year 2011 was almost as much as the annual award.

There were no administrative findings identified for the Grantee during this monitoring visit.

5 Programmatic Review

On October 26th and 27th, I traveled to Waco, Texas and College Station, Texas to meet with state staff and sub-grantee agency personnel to perform over-the-shoulder monitoring of the weatherization of housing stock in their service territory. During these visits, I reviewed client files and interviewed the Directors of both agencies who provided answers to questions provided by the sub-grantee monitoring tool.

The sub-grantee directors appear to understand and follow procurement procedures, understand the requirements for submitting certified payrolls for Davis-Bacon, Historic Preservation and the Section 106 requirements, invoicing procedures for payment by the Grantee, reporting requirements, and callbacks for inspected units with deficiencies identified during state monitoring.

When asked, the sub-grantee directors provided supporting documentation including updated inventories.

I discussed the status of the sub-grantee network based on the responses provided by the Grantee to the on-site checklist. The Grantee has identified several agencies which are presently considered "at risk" based on the Meliora accounting reports and monitoring visits to these agencies. The sub-grantee agencies and the reasons for listing them in an "at-risk" category are listed below:

Sub-Grantee Agency	Deficiency	Grantee actions based on deficiencies
City of Brownsville	Lack of organizational controls	Contract suspended, disallowed costs, Intensive Training and Technical Assistance
Community Council of Reeves County	Lack of organizational controls	De-obligated funds
Community Services Agency of South Texas	Lack of organizational controls	Meliora, cost reimbursement, disallowed costs, de-obligated funds
Tri-County Community Action Agency	Lack of organizational controls	Meliora, cost reimbursement, de-obligated funds (*Note: T&TA has been provided to address deficiencies by grantee)
Webb County Community Action Agency	Lack of organizational controls	Contract suspended, Intensive Training and Technical Assistance was provided, de-obligated funds

A listing of the units visited is provided below:

Table 1: Properties Visited During DOE On-Site Monitoring

Job No.	Dwelling Type	City/State	Weatherization Status
Job #11MC060	Multi-family	Waco, Texas	Complete
Job #11MC021	Single Family	Waco, Texas	Complete
Job #11MC117	Single Family	Waco, Texas	Complete
Job #11MC090	Mobile Home	Waco, Texas	Complete
Job #11MC122	Single Family	Waco, Texas	Complete
Job #10BR01284	Single Family	Bryan, Texas	Complete
Job #10BR01149	Mobile Home	Bryan, Texas	Complete

Job #11BR01123	Multi-family	College Station, Texas	Complete
Job #11BR01120	Multi-Family	College Station, Texas	Complete
Job #10BR01182	Single Family	Bryan, Texas	Complete

The following is a listing of observations based on the monitoring of the grantee in the units identified above.

- The sub-grantee in Waco appears to leverage funding very well – various funding streams were utilized to provide additional measures in homes for weatherization and other replacements which would have been unallowable in the WAP program.
- The use of infrared scanners was prevalent to determine the existence of insulation in walls and the efficacy of that insulation in preventing air infiltration.
- I did not see any window or door replacements being done in Waco, instead the sub-grantee contractors have emphasized replacement of glass and sealing around windows. The same is true of doors – there appeared to be no wholesale replacement of doors.
- Photographs for Lead Safe Weatherization were in the client files in addition to signed Certified Renovator documentation for testing, containment, training, etc.
- Client files contained Compact Discs of before and after photographs of the weatherization effort.
- One unit in Waco did not have the plumbing penetrations sealed and two of the eight ducts which should have been sealed were not. The sub-grantee agency was notified by the state monitor that this will require a return for correction.
- On Work Order #11MCO90 a 3 1/2 ton unit was installed as a replacement for the Heating-A/C two ton unit which existed prior to weatherization. The unit ranked on the audit, however the Manual J calculations indicated that indicate that a two ton unit should have fulfilled all the requirements for heating/cooling in this unit. The difference in cost is $186.00 between the two units.
- A review of client files at Brazos Valley CAA indicated that the NEAT audit was not ranking air sealing as a measure. This was discussed with State Staff in attendance and is being investigated to determine if the problem exists in the way the audits were run or the costs in the audit libraries are inaccurate.
- Work Order #10BRO1284 in Bryan, Texas had ducts which were poorly sealed or not done at all. This requires a return by the contractor. The attic insulation which was done had voids and the access hatch was not insulated.
- Work Order #10BRO1182 in Bryan, Texas had an unvented space heater which was disconnected and the gas piping capped. The heater itself was NOT removed at the request of the client.

6 Corrective Action

Finding #1: Work Order #10BR01182 in Bryan, Texas - The failure by the sub-grantee's contractor to remove an unvented space heater in the bathroom is a finding. This is a violation of WPN 08-4, WPN 11-6, and the Texas Mechanical Systems Field Guides, Section 3.5.

Action Item for Finding #1: Texas must submit to DOE a corrective action plan outlining their actions to correct this finding. The Grantee should instruct the sub-grantee agency to have the contractor return, remove the unvented space heater from the home and dispose of it properly. The Grantee should list the procedures undertaken to ensure that this will not occur again. The costs for remediation of this Health and Safety finding should NOT be charged to the Weatherization Assistance Program based on the requirements of WPN 11-3. This corrective action plan must be submitted to DOE 30 days after receipt of this monitoring report.

Concern #2: The replacement of a 2 ton unit with a 3 ½ ton unit on Work Order #11MCO90 in Waco, Texas even though the measure ranked on the NEAT audit, is of concern to me and the Grantee Program Officer. The difference in cost is $186.00, however the Manual J calculations indicated a two ton unit would have fulfilled the requirements for heating/cooling for this unit. The savings realized could have been used to weatherize other units. The methodology for sizing equipment is found in the Texas Mechanical Systems Field Guide, Section 1.3 and should be consulted if a larger unit than the existing unit is proposed as a replacement.

Action item for Concern #2: DOE requests that monitoring staff present during this visit, return to the sub-grantee agency and review the costs, sizing criteria and installation of this unit at this location. This has been identified at other agencies (Austin Energy in Austin, Texas e.g.) and requires follow-up by the grantee to determine if this is an isolated incident or a practice which needs to be discontinued.

Concern #3: On work order #10BRO1284, the attic insulation appeared to have "voids" in areas, the blocking was suspect and the attic hatch was not insulated. The WAP program was not charged for the work which would have been associated with insulating and securing the attic hatch, however this is a requirement of the Texas Weatherization Field Guide (Page 53).

Action item for Concern #3: The lack of insulation on this attic hatch represents at least a missed opportunity and at worst a failure to effectively inspect the work prior to reporting it as completed. DOE would like this corrected. TDHCA Training Personnel should present to this sub-grantee agency their recently developed course on quality with particular emphasis on inspections. The hatch should have been insulated according to the Texas Field Guides (Page 53). The missed measure should have been caught by the unit inspector. In addition, during the review of units at both agencies, attic insulation was performed in units and paid for with ONCOR (utility) funding. The lack of blocking, insulation certificates, and hatch insulation appears to be a practice which should be discontinued. The contractor installing the insulation in these attics is the same contractor installing the insulation in attics which are paid for by the Weatherization Program. In order to assure consistency and a quality installation (especially in those attics paid for with WAP grant funding) it seems particularly relevant to train this contractor to perform this measure correctly with attention paid to blocking, knob and tube if it exists and proper coverage with documentation provided by leaving an insulation tag in the attic for future reference. It is a disservice to any client who is served by the Weatherization Assistance Program to accept a poorly installed measure even though it was not charged to the program. It compromises the whole house effort we are seeking and could be misconstrued as a poorly installed weatherization measure by our program in future years.

7 Technical Assistance

Technical Assistance was provided in Waco when asked about how to validate that combustion heaters possess an oxygen depletion sensor. Technical Assistance was provided in College Station when asked to comment on proper blocking in attics which had received insulation.

8 Promising Practices

The Training Department has prepared a presentation to address quality. This presentation is designed to demonstrate the requirements for file documentation, high quality workmanship for weatherization installation of measures and oversight by establishing a protocol for inspection throughout the weatherization effort in the client home. The presentation provides guideposts for the sub-grantee staff and contractors to understand;

- why client notification is important for lead safe work practices and the necessity to document the delivery of the "Renovate Right" pamphlet.
- why mold forms should be included in the client file.
- how to perform quality assessments including the proper use of the blower door.
- why it is important to perform combustion testing and the necessity to document results including appliance replacement paid for by a funding mechanism other than weatherization funding.
- why income verification is done and how to correctly document that effort in the client file.
- why the audit results must be contained in the file and demonstrate which measures rank, their costs and how they contribute to the "whole house assessment" process.
- the necessity to follow exactly the protocols for LSW/RRP lead safe weatherization including testing, containment, posting of warning signs, documentation by the certified renovator and the use of photographs – all of which must reside in the client file to properly document that these procedures were followed and the client's health and safety has not been compromised during the weatherization effort.
- the proper assessment and installation of insulation in attics and walls of homes, including the blocking of heat sources in attics and posting of insulation certificates, and the use of infrared scanners to ascertain that there are no "voids" in walls which have been insulated or during the assessment to determine if insulation exists or is required.
- the use of inspections during the installation process to identify deficiencies and correct them while on site, rather than generating return trips afterward to "correct" poor installation of measures or installation of measures called for on the BWR but not performed. (This is the grantee's response to the requirements of Weatherization Program Notice 11-3).
- The requirement to have a final inspection form signed by the client and the inspector and dated with the date of the final inspection.
- The need to have all dates consistent with the weatherization effort. The signed final inspection should not be dated earlier than the final blower door results (for example).
- The necessity to provide ALL of the above information in each client file every time.

9 Conclusion

This monitoring report represents the next to last monitoring visit required by the ARRA grant. This report is intended to outline the improvements in process and current administration of the ARRA grant by the Texas Department of Housing and Community Affairs. The development and use of management systems which provide risk assessment, trend reporting data and provide up-to-date information to develop strategies for increased production, expenditures and increased oversight has contributed to an improvement in expenditures and production and will contribute to quality improvements in installation in the future. The increased monitoring of sub-grantees with particular emphasis on "at-risk" agencies demonstrates the Grantee's commitment to constant improvement in their administration of the federal funding for this weatherization grant.

The Project Officer identified findings in previous reports. This portion of the report details the corrections implemented by the Grantee to address the deficiencies identified in past reports.

Finding #1: Lack of documentation for LSW/RRP including failure to distribute the "Renovate Right" pamphlet to clients.

This has been resolved with the provision of training and notification by the grantee to sub-grantee agencies that distribution to the client before weatherization begins is a requirement and must also be documented in client files. The Program Manager of Monitoring provided monitoring reports which indicate that review of this requirement was done during visits and this is no longer occurring at the agency in question. Additionally, based on monitoring visits by DOE, this has not been observed at other agencies. This finding appears to be resolved.

Finding #2: Self-Certification statements for income eligibility determination by GETCAP (Greater East Texas Community Action Program – a sub-grantee agency in Nacogdoches, Texas) were not present in the client files and were not notarized. Copies of the notarized self-certification statements were shown to me in Austin, Texas during the monitoring visit and the Training staff has provided additional training to sub-grantee staff charged with the responsibility to determine income eligibility. This finding appears to be resolved.

Finding #3: Client Files at GETCAP indicate combustion appliances were replaced in spite of combustion data which indicated replacement thresholds for Health and Safety (outlined in the Field Guides) were not achieved. This finding appears to be resolved. The costs for the stove replacements have been paid for from LIHEAP funds.

Finding #4: File documentation was incomplete in client files reviewed at the City of Beaumont. This finding appears to be resolved. Copies of the monitoring reports for this sub-grantee agency provided by TDHCA indicate that the documentation problem has been resolved. In addition, the Program Officer for this agency and the Training staff have provided Training to ensure that agency staff understand what documents are required in client files and how to properly complete the file document checklist to ensure that required documentation is provided.

Finding #5: A gas stove/oven replacement was done and charged to the program under the Health and Safety category. This finding appears to be resolved. The costs of the replacement were charged to LIHEAP and the DOE program has been reimbursed for those costs.

Finding #7: Assessments are poorly done and do not reflect accurate evaluation of required measures. This finding is a result of a monitoring trip which included a visit to Dallas County Health and Human Services a sub-grantee agency in Dallas, Texas. The Texas Department of Housing and Community Affairs developed a "quality blitz" to address the quality and assessment issues identified by this finding. A copy of this program was provided during the monitoring visit. Unit reports and monitoring reports reviewed during this visit indicate that this finding appears to be resolved.

Finding #8: Deficiencies were noted in units visited by the Project Officers. These installations are not consistent with the field guide requirements provided by the Grantee. (e.g. poor air-sealing, lack of pipe wrap on domestic water heaters, lack of documentation for historic preservation reviews, replacement of sheet rock on two walls and ceilings charged to Health and Safety in Fort Worth) Copies of the unit inspections from the period of the monitoring visit to the present were provided for my review and provide documentation that the City of Fort Worth and Dallas County Health and Human Services have responded with significant improvement in their installation of measures in client homes. Photographs taken on-site provide evidence that this is the case.

Finding #9: NEAT audit not run properly and measures which did not rank were installed. This finding is resolved. The program has been reimbursed for the disallowed costs and the Grantee has provided Training and Technical Assistance to the sub-grantee staff to ensure that the audits are run properly. This finding appears to be resolved, but could be identified again based on future visits.

10 Certification

I have conducted this monitoring visit in accordance with DOE standard procedures using the appropriate monitoring checklists for the purpose of forming an opinion on the general administration of the grant. .

Report Prepared by:

Paul Jiacoletti	11/18/11 Date

Paul Jiacoletti

Weatherization Assistance Program

U.S. Department of Energy

Golden Field Office, 1617 Cole Boulevard, Golden, CO 80401

Report Reviewed by:

11/21/11

Date

Robert L. DeSoto

Weatherization Assistance Program

Golden Field Office

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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December 9, 2011

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Mr. Robert DeSoto
Branch Chief
Weatherization Assistance Program
Golden Field Office
1617 Cole Boulevard
Golden, CO 80401

RE: Monitoring Report of October 24-28, 2011 Onsite Monitoring Review

Dear Mr. DeSoto:

The Texas Department of Housing and Community Affairs (the "Department" or "TDHCA") is in receipt of your monitoring report dated November 14, 2011 of the Monitoring Review visit conducted by Project Officer Paul Jiacoletti on October 24-28, 2011. The Department provides the following response to finding contained in that report.

Programmatic Review

Finding #1: The Subgrantee's contractor failed to remove an unvented space heater in the bathroom, in violation of WPN 08-4, WPN 11-6, and the Texas Mechanical Field Guide.

Action Item for Finding #1: Texas must submit to DOE a corrective action plan outlining their actions to correct this finding. The Grantee should instruct the Subgrantee agency to have the contractor return, remove the unvented space heater form the home and dispose of it properly.

TDHCA Response: In a November 21, 2011 monitoring report sent to Brazos Valley Community Action Agency, TDHCA required BVCAA to "Remove the old disconnected space heaters from home and seal subsequent hole in wall. This is to prevent the client from possibly re-connecting the UVSH and ensures compliance with WPN 08-4." The response to the report is due from BVCAA on or before December 21, 2011. TDHCA will provide follow-up to DOE once the Subrecipient's response is received. TDHCA has already provided technical assistance to the Subgrantee to assist them in handling this type of situation in the future.

The State of Texas appreciates the continued support and guidance provided by DOE, and particularly by Project Officer Paul Jiacoletti. The Department has learned much from his professional guidance. We will continue to provide the Training and Technical Assistance required to ensure that our program operates as efficiently and transparently as possible, and we thank you for your contributions to our process.

Sincerely,

Timothy K. Irvine
Executive Director

TKI/sdg

cc: Paul Jiacoletti
Michael De Young

8

INTERNAL AUDIT

BOARD REPORT ITEM

FEBRUARY 16, 2012

Presentation and Discussion of the Status of Prior Audit Issues.

REPORT ITEM

Internal Audit tracks prior audit issues from both internal and external auditing or monitoring reports. These issues are followed up and cleared as time allows.

BACKGROUND

Of the 41 prior audit issues:

- 19 issues previously reported as "implemented" were verified and closed by internal audit. (These issues are not on the attached list.)
- 3 issues were reported by management as "implemented" and are reflected on the attached list. These will be verified and closed by internal audit once we have reviewed the supporting documentation.
- 19 issues are for the Neighborhood Stabilization Program and are included in the follow up audit discussed under item #5. (These issues are not on the attached list.)

Texas Department of Housing and Community Affairs
Detailed Audit Findings

Report Name: An Internal Audit of the Tax Credit Exchange Program

Division: Tax Credit Exchange Program

Report Date: *08/04/2011*

Status: Implemented – Not Verified

Finding: The Exchange program uses a draw process for payment. Developers submit documents to the Department that support expenditures for costs related to their Exchange developments. The contracts between the Department and the developers limit reimbursement to incurred costs. We reviewed a systemic and judgmental sample of 38 Exchange draws and found two (5.3%) that included a total of $111,521 in estimated interest and anticipated costs.

Recommendation: The Department should:

- ensure that all draws are paid only for costs that have already been incurred, and
- identify and implement restrictions on expense types for future programs to ensure that all program funds are spent on activities that clearly support the mission of the program.

Management Response: Management acknowledges the two items identified as unincurred. Management has required the developer to pre-pay the estimated interest expense of $105,104 and provide proof of such payment. Management determined that the invoice for management services of $6,376 was a justifiable expense given that the fees were for a defined service and scope of work. Given the nature of the specific development, Management would agree with the billing of services in advance as it is a common practice for assistance with troubled deals, difficult transactions or in transactions with new or inexperienced developers.

Implementation Date: 8/31/2011

Items such as late fees, small token gifts, food and party supplies (for Ground Breaking and Grand Opening Events) are not prohibited by the Exchange program or the Tax Credit program; management looks for the reasonableness of the expense to ensure the items are justifiable development related expenses.

Clarification and additional guidance has been provided to staff and implemented. Such guidance is communicated to the developers as needed to ensure all items within a draw request are for items that have been incurred or expended.

Additional clarification and guidance on acceptable expense items will be provided to the development community via the Exchange website by August 31, 2011.

Texas Department of Housing and Community Affairs
Detailed Audit Findings

Report Name: An Internal Audit of the Tax Credit Exchange Program

Division: Tax Credit Exchange Program

Report Date: *08/04/2011*

Status: Implemented – Not Verified

Finding: The Treasury requires the Department to maintain program, financial, and accounting records sufficient to demonstrate that Exchange funds are used in accordance with program requirements. We tested a sample of 38 approved draws totaling $43,115,053 and identified 12 draws (31.6% of the 38 draws tested) that included inadequate support for all or a portion of the drawn expenses. Inadequately supported amounts within each of these draws totaled $4,240,288 (9.8% of the total amount tested).

The Department has not outlined the requirements for the documentation submitted to support draw requests. As a result, Exchange properties are submitting, and the Department is approving, draw requests lacking key information. Supporting draw documentation maintained by the Department may not provide sufficient assurance that grant funds were disbursed in accordance with the program requirements.

Recommendation: The Department should:

- ensure that all draws are adequately supported,
- clarify the documents required to support draw requests, and provide this information to Exchange developers and to Department staff responsible for reviewing and approving draws.

Management Response: Management acknowledges that there were some instances of inadequate documentation or documentation that could have been clearer.

Implementation Date: 8/31/2011

Clarification and additional guidance has been provided to staff and implemented. Such guidance has been communicated to the developers as needed to ensure all back up documentation is consistent and clear to anyone reviewing the draws.

Additional guidance will be provided to the development community as a whole via the Exchange website by August 31, 2011.

Texas Department of Housing and Community Affairs
Detailed Audit Findings

Report Name: HUD Onsite Monitoring Report for HPRP 7/18/11 – 7/22/11

Division: Community Services

Report Date: *08/16/2011*

Status: Implemented – Not Verified

Finding: Of the 9 recipients that were monitored, only five monitored letters had been completed and mailed to the subrecipients. The first three monitoring visits exceeded the 45 day deadline by an average of 71 days. Subsequent monitoring letters took approximately 2 additional weeks to be finalized.

Note: This issue was listed as a concern in the HUD monitoring report. However, Community Services - CSBG had a prior audit finding (PAI #44) from 6/11/2008 that also identified monitoring reports being submitted late. Due to the new concern from the HUD report we have closed PAI #44 and elevated HUD's concern to a finding which will be tracked and followed up on by Internal Audit.

Recommendation: Management should review its standard and if necessary make adjustments to the monitoring review time.

Management Response:

Implementation Date: 10/31/2011