Texas Department of Housing & Community Affairs

Basic Financial Statements

For the Year Ended August 31, 2013

(With Independent Auditor's Report Thereon)

Bootstrap Loan Program, Mission

Neighborhood Stabilization Program, San Benito

HOME Program, Lometa

Amy Young Barrier Removal Program, Austin

THE STATE OF TEXAS

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS

Building Homes. Strengthening Communities.

EQUAL HOUSING OPPORTUNITY

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

December 20, 2013

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

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

RE: AUDITED ANNUAL FINANCIAL REPORT

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

We are pleased to submit the Annual Financial Report of the Texas Department of Housing and Community Affairs for the year ended August 31, 2013, in compliance with TEX. GOV'T CODE ANN. §2101.011, and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

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

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

Respectfully,

Timothy K. Irvine
Executive Director

TKI/tt

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Basic Financial Statements
for the year ended August 31, 2013

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John Keel, CPA
State Auditor

Independent Auditor's Report

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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Agency Financial Statements

As discussed in Note 1, the financial statements of the Department of Housing and Community Affairs of the State of Texas are intended to present the financial position of the governmental activities, the business-type activities, the governmental fund, the proprietary fund, and the aggregate remaining fund information of the State that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the State of Texas as of August 31, 2013, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 20, 2013, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

John Keel, CPA
State Auditor

December 20, 2013

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

This section of the Texas Department of Housing and Community Affairs' (Department) annual financial report presents management's discussion and analysis of the Department's financial performance during the fiscal year that ended on August 31, 2013. 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 position decreased $36.2 million and governmental activities net position increased $39.4 million.

- The Department's proprietary fund experienced a decrease in operating income in the amount of $56.1 million to an operating loss of $39.9 million. This impact on operating income resulted primarily from a decrease in the change in the fair value of investments in the amount of $50.2 million, a decrease of $10.7 million in interest expense, and an increase of $863 thousand in expenses related to professional fees and services.

- The Department administered several significant programs under the Housing and Economic Recovery Act of 2008 (HERA) and the American Recovery and Reinvestment Act of 2009 (ARRA). There was significant revenue reduction in fiscal year 2013 due to the phasing out of ARRA grants that expired in 2012.

- Net position in the Department's Governmental Activities increased from $437.8 million to $477.3 million. The change is mainly due to an increase of $38.2 million in Net Revenue.

- The Bond Program's debt outstanding of $1.9 billion as of August 31, 2013, decreased $444.4 million. Debt issuances and debt retirements totaled $42.5 million and $485.1 million, respectively.

- Loan originations in the Department's proprietary and governmental funds for the year totaled $18.3 million and $51.6 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, 2013, the Department's five interest rate swaps had a total notional amount of $260.2 million and a negative $25.1 million fair value which was recorded in the deferred outflow of resources account and as a derivative swap liability.

Overview of the Financial Statements

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

- The first set of statements is government-wide financial statements that provide information about the Department's overall financial position and results. These statements, which are presented on an accrual basis, consist of the Statement of Net Position 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 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 the "Supplementary Bond Schedules" that present detailed 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 Position 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, 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 Position – Governmental Activities

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

Texas Department of Housing and Community Affairs
Governmental Activities - Condensed Statement of Net Position
As of August 31, 2013

	Governmental Activities		Increase / (Decrease)	
Assets	**2013**	**2012**	**Amount**	**%**
Cash in State Treasury	$ 10,941,765	$ 5,781,623	$ 5,160,142	89.3
Federal Receivables	6,519,356	4,928,543	1,590,813	32.3
Internal Balances	(103,431)	(260,244)	156,813	(60.3)
Current Loans and Contracts	18,423,923	15,847,186	2,576,737	16.3
Other Current Assets	3,621,769	3,588,984	32,785	0.9
Non-Current Loans and Contracts	447,150,261	420,642,791	26,507,470	6.3
Capital Assets	219,848	180,194	39,654	22.0
Total Assets	486,773,491	450,709,077	36,064,414	8.0
Liabilities				
Accounts Payable	6,930,334	7,091,029	(160,695)	(2.3)
Deferred Revenues	448,908	3,651,052	(3,202,144)	(87.7)
Other Current Liabilities	1,697,638	1,721,306	(23,668)	(1.4)
Other Non-current Liabilities	420,030	402,657	17,373	4.3
Total Liabilities	9,496,910	12,866,044	(3,369,134)	(26.2)
Net Position				
Invested in Capital Assets	219,848	180,194	39,654	22.0
Restricted	475,514,793	436,489,977	39,024,816	8.9
Unrestricted	1,541,940	1,172,862	369,078	31.5
Total Net Position	$ 477,276,581	$ 437,843,033	$ 39,433,548	9.0

Net position of the Department's governmental activities increased by $39.4 million. The change was a result of an increase in Restricted Net position, which primarily consists of loans associated with HOME (HOME Investment Partnerships Program), TCAP (Tax Credit Assistance Program) and NSP (Neighborhood Stabilization Program).

Cash in State Treasury increased by $5.2 million. The increase primarily represents unspent program income collected from TCAP.

The Department experienced an increase in Federal Receivables of $1.6 million. This change occurred primarily because of the substantial increase in activities related to HOME. There were also increased activities for LIHEAP (Low-Income Home Energy Assistance Program) and decreased activities for CSBG (Community Services Block Grant).

Loans and Contracts increased by $29.1 million. The variance represents the receipt, disbursement and adjustment of the portfolio for the year. HOME and NSP loans increased $20.4 million and $13.7 million, respectively. TCAP loans decreased by approximately $5.0 million due to loan repayments.

Deferred Revenues decreased by $3.2 million due to recognition of loan repayments.

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

Business Type Activities

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

	Business-Type Activities		Increase / (Decrease)	
Assets	**2013**	**2012**	**Amount**	**%**
Current Assets:				
Cash & Investments	$ 130,534,180	$ 216,889,370	$ (86,355,190)	(39.8)
Loans and Contracts	14,850,513	22,965,121	(8,114,608)	(35.3)
Interest Receivable	11,576,276	13,466,690	(1,890,414)	(14.0)
Other Current Assets	1,025,769	1,316,626	(290,857)	(22.1)
Non-current Assets:				
Investments	1,005,554,656	1,351,615,865	(346,061,209)	(25.6)
Loans and Contracts	1,103,161,607	1,148,368,454	(45,206,847)	(3.9)
Capital Assets	154,799	126,508	28,291	22.4
Other Non-Current Assets	5,992,621	9,298,283	(3,305,662)	(35.6)
Total Assets	2,272,850,421	2,764,046,917	(491,196,496)	(17.8)
DEFERRED OUTFLOW OF RESOURCES	25,144,123	46,906,789	(21,762,666)	(46.4)
Liabilites				
Current				
Interest Payable	21,848,815	27,799,612	(5,950,797)	(21.4)
Bonds Payable	24,849,568	117,013,054	(92,163,486)	(78.8)
Other Liabilities	18,581,141	19,066,514	(485,373)	(2.5)
Non-current				
Bonds Payable	1,891,171,055	2,243,400,303	(352,229,248)	(15.7)
Derivative Hedging Instrument	25,144,123	46,906,789	(21,762,666)	(46.4)
Other Non-current Liabilities	67,821,752	72,008,984	(4,187,232)	(5.8)
Total Liabilities	2,049,416,454	2,526,195,256	(476,778,802)	(18.9)
DEFERRED INFLOW OF RESOURCES	-	-	-	-
Net Position				
Invested in Capital Assets	154,799	126,508	28,291	22.4
Restricted	169,151,068	201,984,440	(32,833,372)	(16.3)
Unrestricted	79,272,221	82,647,502	(3,375,281)	(4.1)
Total Net Position	$ 248,578,088	$ 284,758,450	$ (36,180,362)	(12.7)

Business Type Activities Cont'd

Net position of the Department's Business-Type Activities decreased $36.2 million, or 12.7%, to $248.6 million. Restricted net position of the Department's proprietary fund decreased $32.8 million or 16.3%. These restrictions are related to bond covenants and do not significantly affect the availability of resources for future use. The unrestricted net position decreased $3.4 million or 4.1%.

Cash and investments decreased $432.4 million, or 0.28%, to $1.1 billion, which is reflective of the change in fair value of investments, interest earnings, fees and funds received related to the Housing Trust Fund. Program loans receivable (current and non-current) decreased $53.3 million, or .05%, to $1.1 billion, primarily as a result of loan payoffs related to the Department's Multifamily Bond Program and repayment of loans in the Housing Trust Fund Program.

The Department has $1.9 billion in bonds outstanding related to its revenue bonds. It has issued $42.5 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 $444.4 million, or 18.8%, due to the Department's monthly retirement of existing debt being greater than bond issuance. The $6.0 million decrease in total interest payable to $21.8 million is reflective of the decrease of the Department's debt. For more information on the Department's debt, refer to Note 5.

Statement of Activities

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

A condensed Statement of Activities for the fiscal years ended August 31, 2012 and 2013 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
	2013	2012	2013	2012	2013	2012	
Program Revenues:							
Charge for Services	$ 5,878	$ 5,777	$ 124,629	$ 133,138	$ 130,507	$ 138,915	(6.1)
Operating Grants and Contributions	283,802	436,515	-	-	283,802	436,515	(35.0)
Total Revenue	289,680	442,292	124,629	133,138	414,309	575,430	(28.0)
Total Expenses:	251,464	386,398	121,149	123,623	372,613	510,021	(26.9)
Net Revenue	38,216	55,894	3,480	9,515	41,696	65,409	(36.3)
General Revenues	8,190	7,492	(43,343)	6,761	(35,153)	14,253	(346.6)
Transfers	(6,972)	(122,144)	3,683	2,566	(3,289)	(119,578)	(97.2)
Change in Net Position	39,434	(58,758)	(36,180)	18,842	3,254	(39,916)	(108.2)
Beginning Net Position	437,843	496,601	284,758	265,916	722,601	762,517	(5.2)
Ending Net Position	$ 477,277	$ 437,843	$ 248,578	$ 284,758	$ 725,855	$ 722,601	0.5

Governmental Activities

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

Total program revenues decreased $152.6 million. This change consisted primarily of decreases in Operating Grants and Contributions as a result of expired federal programs associated with the American Recovery and Reinvestment Act (ARRA).

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

Transfers include Manufactured Housing’s surplus of revenues transferred to the Comptroller's Office and the transfer of Housing Trust Fund from General Revenue to the Texas Treasury Safekeeping Trust Company. There were also transfers of Earned Federal Funds to the Comptroller’s Office for the amount collected in excess of spending authority.

Net Position is primarily composed of Restricted Net Position of non-operational grants. 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 $124.6 million and a decrease in fair value of investments of $43.6 million. Charges for Services consist primarily of earned interest income on loans for the three housing lending programs. It also includes program investment income which is earned within the Department’s bond programs, the investments and the income which are restricted to those programs by a pledge to the respective bond indentures. Total charges for services decreased $8.5 million which is primarily a decrease in interest income on investments and a decrease in interest income on mortgage loans.

Expenses of the Department’s Business-Type Activities consist primarily of interest expense of $88.9 million which decreased $10.7 million; professional fees and services of $3.5 million which decreased $863 thousand; and salaries and wages/payroll related expense of $9.3 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 and overhead expenses, allocations involving production or monitoring activities of the Department, as well as internal and external costs.

Business-Type Activities Cont'd

The Department's Business-Type Activities Charges for Services of $124.6 million exceeded expenses of $121.1 million by $3.5 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 $279.9 thousand of unrestricted investment income, which was used primarily to pay administrative costs.

Fund Financial Statements

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

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

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

Governmental Fund

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

			Increase / (Decrease)	
OPERATING REVENUES	**2013**	**2012**	**Amount**	**%**
Federal Revenues	$ 283,715,905	$ 435,777,996	$ (152,062,091)	(34.9)
Federal Grant Pass-Through	82,183	730,723	(648,540)	(88.8)
Other Revenue	14,079,291	14,040,748	38,543	0.3
Total Operating Revenues	297,877,379	450,549,467	(152,672,088)	(33.9)
OPERATING EXPENDITURES				
Salaries and Wages	10,207,465	11,114,988	(907,523)	(8.2)
Professional Fees and Services	396,050	1,626,084	(1,230,034)	(75.6)
Intergovernmental Payments	55,969,480	104,431,453	(48,461,973)	(46.4)
Public Assistance Payments	180,001,509	264,507,473	(84,505,964)	(31.9)
Other Operating Expenditures	4,912,230	5,354,030	(441,800)	(8.3)
Total Operating Expenditures	251,486,734	387,034,028	(135,547,294)	(35.0)
Excess of Revenues over Expenditures	46,390,645	63,515,439	(17,124,794)	(27.0)
Other Financing Sources (Uses)	(6,972,250)	(122,144,066)	115,171,816	(94.3)
CHANGE IN FUND BALANCE	39,418,395	(58,628,627)	98,047,022	(167.2)
Beginning Fund Balance	438,628,334	498,021,742	(59,393,408)	(11.9)
Appropriations (Lapsed)	(7,731)	(764,781)	757,050	(99.0)
Ending Fund Balance	$ 478,038,998	$ 438,628,334	$ 39,410,664	9.0

Revenues of the Department's governmental fund totaled $297.9 million. These revenues were generated primarily from federal grants related to LIHEAP, HOME and CSBG programs. Expenditures of $251.5 million consisted primarily of Intergovernmental and Public Assistance Payments.

Total revenues of the governmental fund decreased by $152.7 million in 2013. There was a significant reduction in federal revenues related to ARRA grants. Three ARRA grants, HPRP, TCAP and Exchange, were closed during fiscal year 2012. The ARRA grant awarded by the Department of Energy is phasing out in 2013 and the activities were at lower levels. In addition there was a decrease of LIHEAP 2013 activities, approximately $28.0 million, as the result of funding returning to pre ARRA levels. HOME revenues increased by $11.8 million in fiscal year 2013 offsetting the reduction.

The Department experienced similar changes in expenditures. Decreases in Salaries and Wages and Payroll Related Costs were primarily due to workforce reduction as a result of expired ARRA grants.

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

Governmental Fund Cont'd

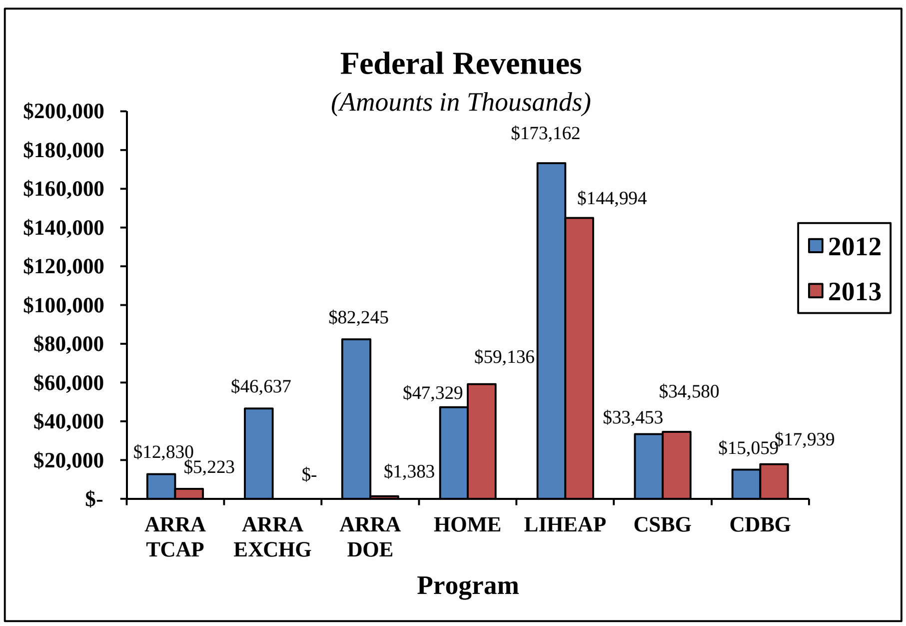
Due to the phasing out of ARRA grants, the Intergovernmental Payments and Public Assistance Payments decreased by $48.5 and $84.5 million respectively.

The variance in Other Financing Sources (Uses) consisted primarily of the transfer of CDBG loans to the General Land Office of approximately $115.3 million in fiscal year 2012. TDHCA is no longer responsible for the administration of the Community Development Disaster Recovery funding related to Hurricanes Rita, Katrina, Ike and Dolly.

The following graphs illustrate a comparison between fiscal year 2012 and 2013 for Federal Revenues, Intergovernmental and Public Assistance Payments related to the major grants of the Department. The acronyms used in the graphs are defined as follows:

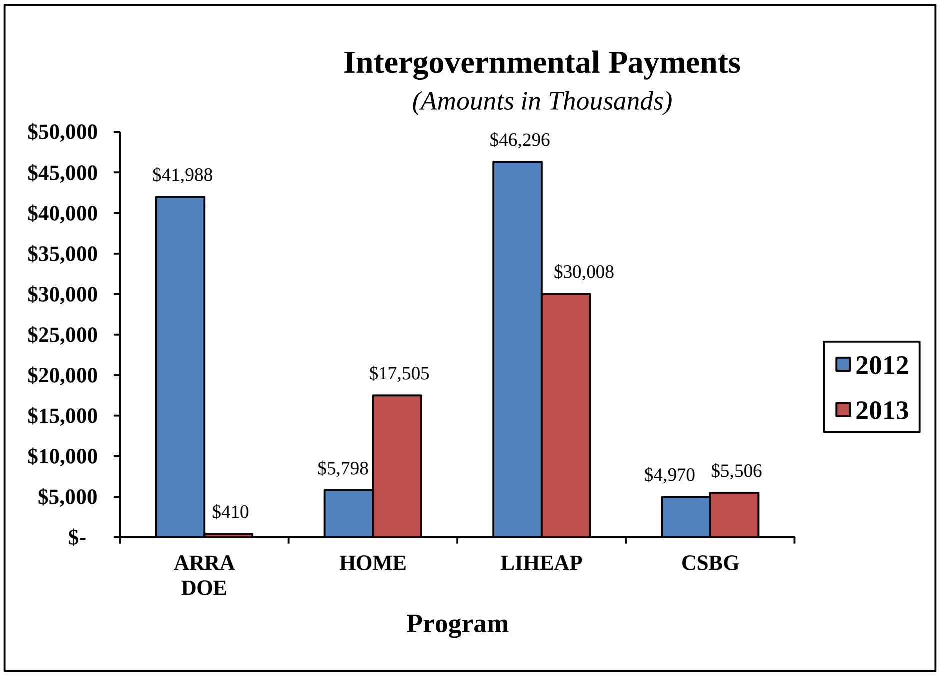
ARRA TCAP	Tax Credit Assistance Program – Recovery Act
ARRA EXCHG	Housing Tax Credit Exchange – Recovery Act
ARRA DOE	Department of Energy, Weatherization Assistance for Low-Income Persons – Recovery Act
HOME	HOME Investment Partnerships Program
LIHEAP	Low-Income Home Energy Assistance Program
CSBG	Community Services Block Grant
CDBG/NSP	Community Development Block Grant/Neighborhood Stabilization Program

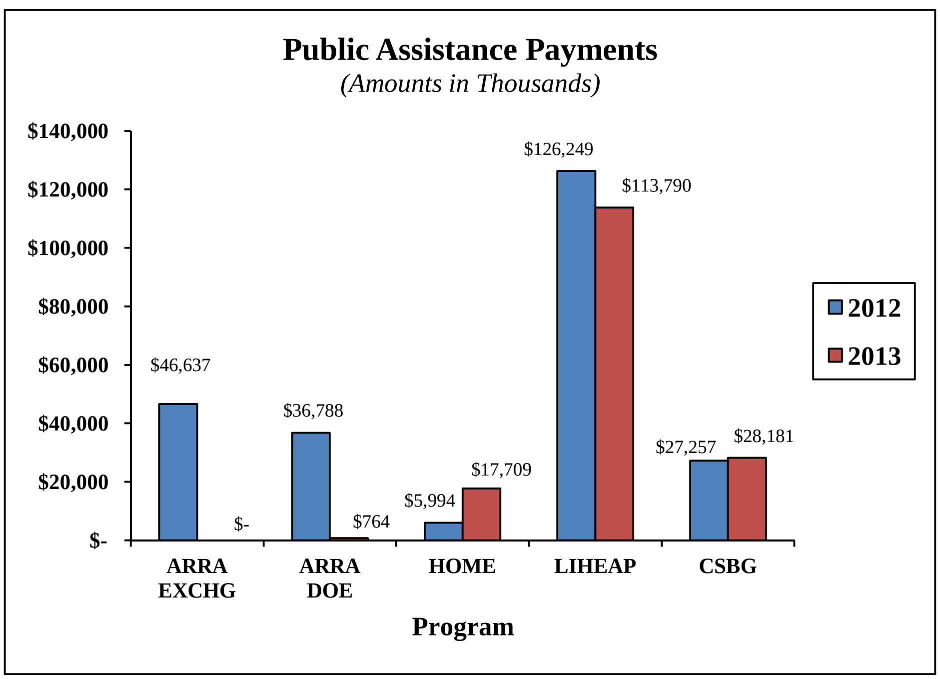
Federal Revenues: Receipts from the State's participation in programs financed with federal funds.



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 position of the Department's proprietary fund for the fiscal years ended August 31, 2013 and August 31, 2012.

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

			Increase / (Decrease)	
OPERATING REVENUES	**2013**	**2012**	**Amount**	**%**
Interest and Investment Income	$ 98,929,820	$ 111,751,451	$ (12,821,631)	(11.47)
Net Increase (Decrease) in Fair Value	(43,623,321)	6,556,694	(50,180,015)	(765.32)
Other Operating Revenues	25,979,101	21,590,954	4,388,147	20.32
Total Operating Revenues	81,285,600	139,899,099	(58,613,499)	(41.90)
OPERATING EXPENSES				
Professional Fees and Services	3,549,763	2,686,508	863,255	32.13
Depreciation Expense	2,222,631	662,320	1,560,311	235.58
Interest	88,877,460	99,621,702	(10,744,242)	(10.79)
Bad Debt Expense	1,355,446	2,412,304	(1,056,858)	(43.81)
Other Operating Expenses	25,143,422	18,239,918	6,903,504	37.85
Total Operating Expenses	121,148,722	123,622,752	(2,474,030)	(2.00)
Operating Income (Loss)	(39,863,122)	16,276,347	(56,139,469)	(344.91)
TRANSFERS	3,682,759	2,565,638	1,117,121	43.54
CHANGE IN NET POSITION	(36,180,363)	18,841,985	(55,022,348)	(292.02)
Beginning Net Position	284,758,450	265,916,465	18,841,985	7.09
Ending Net Position	$ 248,578,087	$ 284,758,450	$ (36,180,363)	(12.71)

Net position of the Department's proprietary fund decreased by $36.2 million, or 12.7 %, to $248.6 million.

Earnings within the Department's proprietary fund were $81.3 million of which $56.3 million is classified as restricted and $25.0 million is unrestricted.

Restricted earnings are composed of $98.5 million in interest and investment income, $43.6 million net decrease in fair value of investments, and $4.3 million in other revenue. Interest and investment income are restricted per bond covenants for debt service. The net decrease in fair value of investments is a combination of unrealized and realized gains and

Proprietary Fund Cont'd

losses. Other revenue is predominately an accounting recognition of fees received in previous years that are deferred and are being amortized over a period of time.

Interest earned on program loans decreased by $10.7 million, or 10.8%, primarily due to a decrease in the Department's Multifamily Bond Program, resulting from lower interest rates related to variable rate debt and the corresponding mortgage loans.

Investment income decreased $8.5 million or 13.9% due to lower investment yields. The primary changes in investment income were in the Single Family Revenue Bond Program funds that decreased $5.6 million, or 14.5%. The Residential Mortgage Revenue Bond Program decreased $3.4 million or 18.2%.

The net change in fair value of investments decreased by $50.2 million primarily due to the decreasing fair value of the Department's mortgage backed securities and the sale of such securities during the fiscal year.

Other Operating Revenues increased $4.4 million primarily due to an increase in collected fees related to the Department's various Housing Programs.

Interest expense decreased $10.7 million related to the Department's debt. One of the factors in this decrease is the Department's decision to pay down its bonds on a monthly basis as opposed to every six months. Another factor is a decrease in interest rates related to variable rate debt.

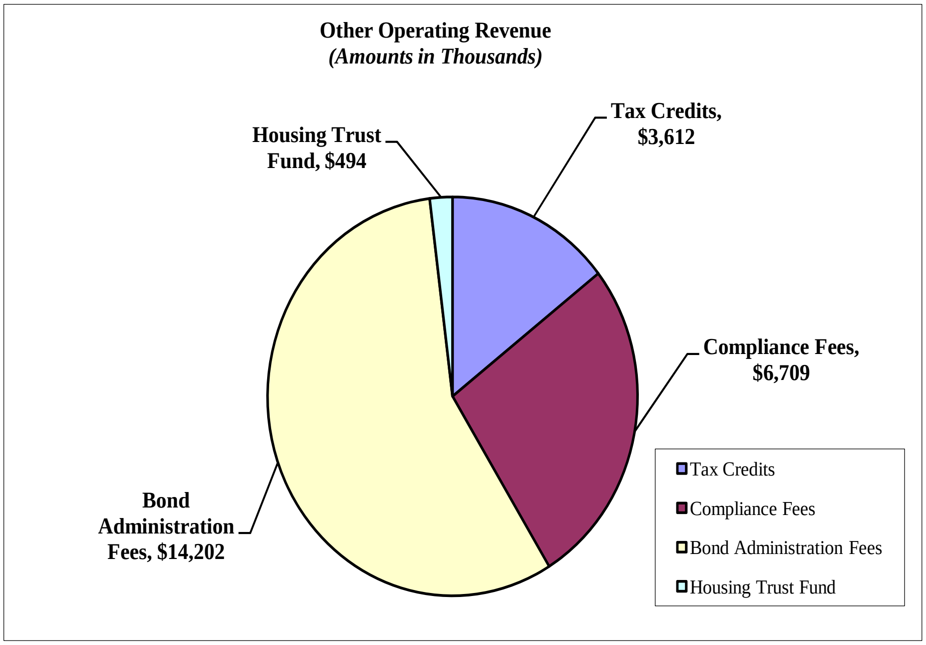
Unrestricted earnings are composed of $709.9 thousand in interest and investment income, $79.4 thousand related to the decrease in fair value of investments and $25.0 million in other operating revenue.

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

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

Proprietary Fund Cont'd

The graph below illustrates the primary composition of the $25.0 million in other operating revenue, classified as unrestricted earnings, according to the different housing programs.



The following table illustrates the changes in net position by program of the Department's Proprietary Fund for fiscal years 2013 and 2012.

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

Program	2013	2012	Increase / (Decrease) Amount	Increase / (Decrease) %
Single Family	$ 87,761	$ 120,785	$ (33,024)	(27.3)
RMRB	74,490	78,151	(3,661)	(4.7)
CHMRB	1,800	2,019	(219)	(10.8)
Multifamily	(2,001)	(1,086)	(915)	84.3
General Funds	8,476	13,204	(4,728)	(35.8)
TMP	10,347	-	10,347	-
Housing Trust Fund	58,850	63,404	(4,554)	(7.2)
Administration Fund	(627)	(194)	(433)	223.2
Housing Initiatives & Compliance	9,482	8,475	1,007	11.9
Total	$ 248,578	$ 284,758	$ (36,180)	(12.7)

Proprietary Fund Cont'd

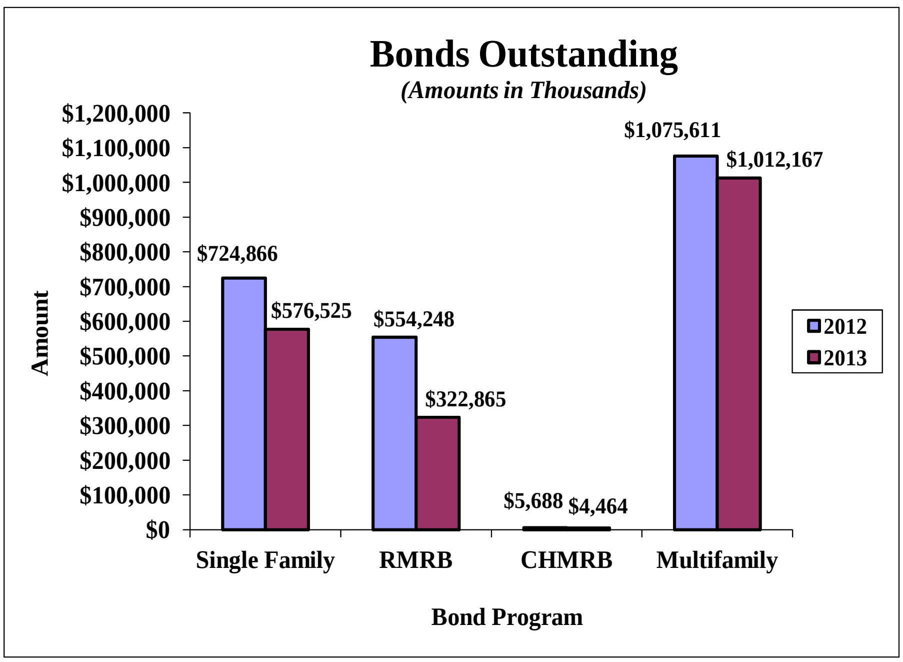
The net position of the Single Family Bond Program decreased by $33.0 million or 27.3%, and the RMRB Bond Program decreased $3.7 million or 4.7%, primarily due to a decrease in fair value in investments and interest income on investments.

The net position of the Housing Trust Fund decreased $4.6 million or 7.2% which is reflective of $7.0 million in grants funded during the year offset by transfers and interest income.

Department Debt

The Department's new debt issuances during fiscal year 2013 totaled $42.5 million related to the Single Family Bond Program. The Department also had $485.1 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 $444.4 million to $1.9 billion of which $24.9 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 2012 and 2013 per bond program.



Request for Information

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

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT I
STATEMENT OF NET POSITION - GOVERNMENT WIDE
As of August 31, 2013

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
ASSETS			
Current Assets:			
Cash and Cash Equivalents (Note 3):			
Cash on Hand	$ 200	$ 200	$ 400
Cash in Bank	20,000	98,461	118,461
Cash in State Treasury	-	1,310,502	1,310,502
Cash Equivalents	-	28,603,030	28,603,030
Restricted:			
Cash and Cash Equivalents (Note 3):			
Cash in Bank	-	152,279	152,279
Cash in State Treasury	10,941,765	-	10,941,765
Cash Equivalents	-	100,369,708	100,369,708
Loans and Contracts	18,423,923	12,184,554	30,608,477
Interest Receivable	-	11,476,671	11,476,671
Federal Receivable	6,519,356	-	6,519,356
Legislative Appropriations	3,324,021	-	3,324,021
Receivables From:			
Interest Receivable	50,875	99,605	150,480
Accounts Receivable	21,869	550,770	572,639
Other Intergovernmental	193,730	-	193,730
Internal Balances (Note 8)	(103,431)	103,431	-
Due From Other Agencies (Note 8)	379	-	379
Consumable Inventories	10,695	10,695	21,390
Loans and Contracts	-	2,665,959	2,665,959
Other Current Assets	-	360,873	360,873
Total Current Assets	39,403,382	157,986,738	197,390,120
Non-Current Assets:			
Investments (Note 3)	-	6,311,061	6,311,061
Loans and Contracts	-	49,008,714	49,008,714
Capital Assets (Note 2):			
Non-Depreciable:			
Other Capital Assets	44,954	26,345	71,299
Depreciable or Amortizable, Net	174,894	128,454	303,348
Restricted Assets:			
Investments (Note 3)	-	999,243,595	999,243,595
Loans and Contracts	447,150,261	1,054,152,893	1,501,303,154
Other Non-Current Assets:			
Deferred Issuance Cost, net (Note 5)	-	5,604,382	5,604,382
Real Estate Owned, net	-	388,236	388,236
Total Non-Current Assets	447,370,109	2,114,863,680	2,562,233,789
Total Assets	$ 486,773,491	$ 2,272,850,418	$ 2,759,623,909
Deferred Outflow of Resources			
Accumulated decrease in fair value of hedging derivatives (Note 6)	$ -	$ 25,144,123	$ 25,144,123
Total Deferred Outflow of Resources	$ -	$ 25,144,123	$ 25,144,123

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 POSITION - GOVERNMENT WIDE
As of August 31, 2013

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
LIABILITIES			
Current Liabilities:			
Payables:			
Accounts Payable	$ 6,930,334	$ 1,607,765	$ 8,538,099
Accrued Bond Interest Payable	-	21,848,815	21,848,815
Payroll Payable	1,135,403	-	1,135,403
Deferred Revenues	448,908	16,147,006	16,595,914
Employees' Compensable Leave (Note 4)	562,235	547,710	1,109,945
Revenue Bonds Payable (Notes 4 & 5)	-	24,849,568	24,849,568
Other Current Liabilities	-	278,660	278,660
Total Current Liabilities	9,076,880	65,279,524	74,356,404
Non-Current Liabilities:			
Employees' Compensable Leave (Note 4)	420,030	445,838	865,868
Revenue Bonds Payable (Notes 4 & 5)	-	1,891,171,055	1,891,171,055
Derivative Hedging Instrument (Note 6)	-	25,144,123	25,144,123
Other Non-Current Liabilities (Note 4)	-	67,375,914	67,375,914
Total Non-Current Liabilities	420,030	1,984,136,930	1,984,556,960
Total Liabilities	9,496,910	2,049,416,454	2,058,913,364
Deferred Inflow of Resources			
	$ -	$ -	$ -
Total Deferred Inflow of Resources	$ -	$ -	$ -
NET POSITION			
Invested in Capital Assets	219,848	154,799	374,647
Restricted	475,514,793	169,151,068	644,665,861
Unrestricted	1,541,940	79,272,220	80,814,160
Total Net Position	$ 477,276,581	$ 248,578,087	$ 725,854,668

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT II

STATEMENT OF ACTIVITIES - GOVERNMENT WIDE

For the Year Ended August 31, 2013

		Program Revenues		Net (Expenses) Revenue and Changes in Net Position		
				Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	2013 Total
Primary Government						
Governmental Activities:						
Manufactured Housing	$ 5,116,771	$ 5,733,268	-	$ 616,497	$ -	$ 616,497
HOME Investment in Affordable Housing	37,671,605		59,136,335	21,464,730	-	21,464,730
Energy Assistance	146,582,548		146,585,613	3,065	-	3,065
Community Services	44,673,254		44,676,677	3,423	-	3,423
Community Development	62,107		86,508	24,401	-	24,401
Hurricane Ike	23,062	24,029	-	967	-	967
Section 8	6,466,543		6,449,569	(16,974)	-	(16,974)
National Foreclosure Mitigation Counseling	356,198		356,198	-	-	-
Neighborhood Stabilization Program	4,214,661		17,939,271	13,724,610	-	13,724,610
Real Choice Systems Change Grant	(164,632)		-	164,632	-	164,632
Community Services Block Grant - ARRA	(2,092)		(2,092)	-	-	-
Homeless Prevention & Rapid Re-Housing-ARRA	(956)		(956)	-	-	-
DOE Weatherization Assistance - ARRA	1,344,149		1,382,770	38,621	-	38,621
Tax Credit Assistance Program - ARRA	906,249		5,222,600	4,316,351	-	4,316,351
Money Follows the Person	114,801	95,777	-	(19,024)	-	(19,024)
Homeless Housing & Services Program	449,024		-	(449,024)	-	(449,024)
Housing Trust Fund	669,616		-	(669,616)	-	(669,616)
Administration	2,980,943	24,850	1,969,921	(986,172)	-	(986,172)
Total Governmental Activities	251,463,851	5,877,924	283,802,414	38,216,487	-	38,216,487
Business-type Activities:						
Single Family Bonds	49,716,725	63,488,054	-	-	13,771,329	13,771,329
Multifamily Bonds	45,427,462	45,171,855	-	-	(255,607)	(255,607)
Housing Trust Fund Program	8,983,789	747,568	-	-	(8,236,221)	(8,236,221)
Administration	17,020,745	15,221,533	-	-	(1,799,212)	(1,799,212)
Total Business-type Activities	121,148,721	124,629,010	-	-	3,480,289	3,480,289
Total Primary Government	$ 372,612,572	$ 130,506,934	$ 283,802,414	38,216,487	3,480,289	41,696,776

General Revenues:	Governmental Activities	Business-type Activities	2013 Total
Original Appropriations	6,608,025	-	6,608,025
Additional Appropriations	1,379,340	-	1,379,340
Interest & Other Investment Income	48,532	279,910	328,442
Appropriations Lapsed	(7,731)	-	(7,731)
Other Revenues	161,145	-	161,145
Net (Decrease) in Fair Value of Investments	-	(43,623,321)	(43,623,321)
Transfers In (Out) (Note 8)	(6,972,250)	3,682,759	(3,289,491)
Total General Revenues and Transfers	1,217,061	(39,660,652)	(38,443,591)
Change in Net Position	39,433,548	(36,180,363)	3,253,185
Net Position, September 1, 2012	437,843,033	284,758,450	722,601,483
Net Position - August 31, 2013	$ 477,276,581	$ 248,578,087	$ 725,854,668

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT III
BALANCE SHEET - GOVERNMENTAL FUND
As of August 31, 2013

	Total
ASSETS	
Current Assets:	
Cash and Cash Equivalents (Note 3):	
Cash on Hand	$ 200
Cash in Bank	20,000
Restricted:	
Cash and Cash Equivalents (Note 3):	
Cash in State Treasury	10,941,765
Federal Receivable	6,519,356
Legislative Appropriations	3,324,021
Accounts Receivable	21,869
Receivables From:	
Other Intergovernmental	193,730
Interest	50,875
Due From Other Agencies (Note 8)	379
Consumable Inventories	10,695
Restricted - Loans and Contracts	18,423,923
Total Current Assets	39,506,813
Non-Current Assets:	
Restricted - Loans and Contracts	447,150,261
Total Non-Current Assets	447,150,261
Total Assets	486,657,074
LIABILITIES	
Current Liabilities:	
Payables:	
Accounts Payable	6,930,334
Payroll Payable	1,135,403
Interfund Payable (Note 8)	103,431
Deferred Revenues	448,908
Total Liabilities	8,618,076
FUND FINANCIAL STATEMENT-FUND BALANCES	
Fund Balances:	
Nonspendable for Inventory	10,695
Restricted	474,785,904
Committed	379
Assigned	738,720
Unassigned	2,503,300
Total Fund Balances as of August 31	478,038,998
NOTE: Amounts reported for governmental activities in the statement of net position 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.	219,848
Long term liabilities relating to employees' compensable leave are not due and payable in the current year therefore are not reported in the funds.	(982,265)
NET POSITION AS OF AUGUST 31	$ 477,276,581

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, 2013

		Total
REVENUES		
Legislative Appropriations:		
Original Appropriations (GR)	$	6,608,025
Additional Appropriations (GR)		1,379,340
Federal Revenue (PR-OP G/C)		283,715,905
Federal Revenue Grant Pass-Thru Revenue (PR-OP G/C)		82,183
State Grant Pass-Through Revenue (PR-OP G/C)		4,325
Licenses, Fees & Permits (PR-C/S)		5,291,267
Interest and Other Investment Income (GR)		48,532
Sales of Goods and Services (PR-C/S)		586,657
Other (GR)		161,145
Total Revenues		297,877,379
EXPENDITURES		
Salaries and Wages		10,207,465
Payroll Related Costs		3,092,837
Professional Fees and Services		396,050
Travel		522,364
Materials and Supplies		155,985
Communication and Utilities		175,543
Repairs and Maintenance		215,784
Rentals & Leases		219,112
Printing and Reproduction		15,675
Claims and Judgments		160,664
Intergovernmental Payments		55,969,480
Public Assistance Payments		180,001,509
Other Expenditures		268,728
Capital Outlay		85,538
Total Expenditures		251,486,734
Excess of Revenues Over Expenditures		46,390,645
OTHER FINANCING SOURCES (USES)		
Transfers Out (Note 8)		(6,972,250)
Total Other Financing (Uses)		(6,972,250)
Net Change in Fund Balances		39,418,395
FUND FINANCIAL STATEMENT-FUND BALANCES		
Fund Balances--Beginning		438,628,334
Appropriations (Lapsed)		(7,731)
Fund Balances - August 31	$	478,038,998

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT IV (Continued)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
Year Ended August 31, 2013

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)	$	39,418,395
Appropriations (Lapsed)		(7,731)
Changes in Fund Balances		39,410,664
Amounts reported for governmental activities in the Statement of Activities (Exhibit II) are different because of the adjustments to:		
- capital outlay expense		85,538
- depreciation expense		(45,885)
- payroll expense due to Compensable Leave		(16,769)
Change in Net Position, August 31 (Exhibit II)	$	39,433,548

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT V
STATEMENT OF NET POSITION - PROPRIETARY FUND
August 31, 2013

	Total
ASSETS	
Current Assets:	
Cash and Cash Equivalents (Note 3)	
Cash on Hand	$ 200
Cash in Bank	98,461
Cash in State Treasury	1,310,502
Cash Equivalents	28,603,030
Restricted Assets:	
Cash and Cash Equivalents (Note 3)	
Cash in Bank	152,279
Cash Equivalents	100,369,708
Loans and Contracts	12,184,554
Interest Receivable	11,476,671
Receivable:	
Interest Receivable	99,605
Accounts Receivable	550,770
Interfund Receivable (Note 8)	103,431
Consumable Inventories	10,695
Loans and Contracts	2,665,959
Other Current Assets	360,873
Total Current Assets	157,986,738
Non-Current Assets:	
Investments (Note 3)	6,311,061
Loans and Contracts	49,008,714
Capital Assets: (Note 2)	
Non-Depreciable	
Other Capital Assets	26,345
Depreciable or Amortizable, Net	128,454
Restricted Assets:	
Investments (Note 3)	999,243,595
Loans and Contracts	1,054,152,893
Deferred Issuance Cost, net (Note 5)	5,604,382
Real Estate Owned, net	388,236
Total Non-Current Assets	2,114,863,680
Total Assets	$ 2,272,850,418
DEFERRED OUTFLOWS OF RESOURCES	
Accumulated decrease in fair value of hedging derivatives (Note 6)	25,144,123
Total Deferred Outflows	$ 25,144,123

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 POSITION - PROPRIETARY FUND
August 31, 2013

	Total
LIABILITIES	
Current Liabilities	
Payables:	
Accounts Payable	$ 1,607,765
Accrued Bond Interest Payable	21,848,815
Deferred Revenues	16,147,006
Employees' Compensable Leave (Note 4)	547,710
Revenue Bonds Payable (Notes 4 & 5)	24,849,568
Other Current Liabilities	278,660
Total Current Liabilities	65,279,524
Non-Current Liabilities	
Employees' Compensable Leave (Note 4)	445,838
Revenue Bonds Payable (Note 4 & 5)	1,891,171,055
Derivative Hedging Instrument (Note 6)	25,144,123
Other Non-Current Liabilities (Note 4)	67,375,914
Total Non-Current Liabilities	1,984,136,930
Total Liabilities	2,049,416,454
DEFERRED INFLOWS OF RESOURCES	
	-
Total Deferred Inflows of Resources	-
NET POSITION	
Invested in Capital Assets	154,799
Restricted	169,151,068
Unrestricted	79,272,220
Total Net Position	$ 248,578,087

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VI

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

For the fiscal year ended August 31, 2013

	Total
OPERATING REVENUES	
Interest and Investment Income	$ 98,929,820
Net Increase (Decrease) in Fair Value of Investments	(43,623,321)
Other Operating Revenues	25,979,101
Total Operating Revenues	81,285,600
OPERATING EXPENSES	
Salaries and Wages	9,312,157
Payroll Related Costs	2,522,500
Professional Fees and Services	3,549,763
Travel	212,387
Materials and Supplies	184,491
Communications and Utilities	148,938
Repairs and Maintenance	337,113
Rentals and Leases	58,640
Printing and Reproduction	29,802
Depreciation and Amortization	2,222,631
Interest	88,877,460
Bad Debt Expense	1,355,446
Down Payment Assistance	8,821,685
Other Operating Expenses	3,515,709
Total Operating Expenses	121,148,722
Operating (Loss)	(39,863,122)
OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS	
Transfers In (Note 8)	3,682,759
Total Other Revenues, Expenses, Gains, Losses and Transfers	3,682,759
CHANGE IN NET POSITION	(36,180,363)
Net Position, September 1, 2012	284,758,450
NET POSITION, AUGUST 31, 2013	$ 248,578,087

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, 2013

	Total
CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds from Loan Programs	$ 104,772,501
Proceeds from Other Revenues	32,164,579
Payments to Suppliers for Goods/Services	(27,693,377)
Payments to Employees	(11,491,767)
Payments for Loans Provided	(18,309,942)
Net Cash Provided by Operating Activities	79,441,994
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from Debt Issuance	122,640,000
Proceeds from Transfers from Other Funds	4,223,620
Payments of Principal on Debt Issuance	(559,593,335)
Payments of Interest	(87,947,568)
Payments for Other Cost of Debt	(2,079,176)
Net Cash (Used for) Noncapital Financing Activities	(522,756,459)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for Additions to Capital Assets	(61,832)
Net Cash (Used for) Capital Activities	(61,832)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales of Investments	569,718,382
Proceeds from Interest/Invest. Income	54,693,783
Payments to Acquire Investments	(267,391,058)
Net Cash (Used for) Investing Activities	357,021,107
Net (Decrease) in Cash and Cash Equivalents	(86,355,190)
Cash and Cash Equivalents, September 1, 2012	216,889,370
Cash and Cash Equivalents, August 31, 2013	$ 130,534,180

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VII (Continued)
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the fiscal year ended August 31, 2013

	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income (Loss)	$ (39,863,122)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Amortization and Depreciation	2,222,631
Provision for Uncollectibles	1,355,446
Operating Income and Cash Flow Categories Classification Differences	67,546,063
Changes in Assets and Liabilities:	
Decrease in Receivables	459,761
Decrease in Accrued Interest Receivable	1,890,414
Decrease in Loans / Contracts	53,321,454
(Increase) in Property Owned	(47,704)
Decrease in Acquisition Costs	3,353,368
(Increase) in Other Assets	(173,021)
Increase in Payables	330,488
(Decrease) in Deferred Revenues	(1,008,836)
(Decrease) in Accrued Interest Payable	(5,950,797)
(Decrease) in Other Liabilities	(3,994,150)
Total Adjustments	119,305,117
Net Cash Provided by Operating Activities	$ 79,441,995

NON CASH TRANSACTIONS
Decrease in Fair Value of Investments for 2013 was $67,856,942

EXHIBIT VIII
STATEMENT OF FIDUCIARY NET POSITION
As of August 31, 2013

AGENCY FUND		Total
ASSETS		
Current Assets:		
Restricted:		
Cash in State Treasury	$	240,417
Total Current Assets		240,417
Total Assets	$	240,417
LIABILITIES		
Current Liabilities:		
Funds Held for Others	$	240,417
Total Current Liabilities		240,417
Total Liabilities	$	240,417

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

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

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

Governmental Fund

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

Proprietary Fund Types

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

Fiduciary Fund Types

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

Basis of Accounting

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

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

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

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

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

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

For 2013, the Department implemented Governmental Accounting Standard Board (GASB) Statement No. 63, *“Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.”* GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Department’s 2013 financial statements; however, there was no effect on beginning net position/fund balance.

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 POSITION

Assets

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

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

The Department has reported all investment securities at fair value as of August 31, 2013 with exception of some short-term money market investments, and nonparticipating interest-earning investments contracts which are reported at amortized cost provided that the fair value of these investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Liabilities

Accounts Payable
Accounts payable represents the liability for the value of assets or services received at the Statement of Net Position 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 position.

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 position.

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 Position. For the year ended August 31, 2013, 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 Position

Fund Balance/Net Position – "Net position" is the difference between (a) fund assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources on the government-wide and proprietary fund statements. "Fund balance" is the difference between fund assets and liabilities on the governmental fund statements.

Fund Balance Components

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

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

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

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

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

Net Position 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 Position
Includes amounts restricted through bond covenants.

Unrestricted Net Position
Includes amounts that do not fall under the Invested in Capital Assets or Restricted Net Position categories. When both restricted and unrestricted resources are available for use, restricted resources are used first, then unrestricted resources are used as they are needed.

Interfund Transactions and Balances

Interfund Receivables and Payables/Internal Balances
Interfund receivables and payables are eliminated from the Statement of Net Position. The amounts due between governmental and business-type activities are netted to the Internal Balances line item on the Statement of Net Position – Government Wide.

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).

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 $33,542 and $45,885 for Governmental Activities. A summary of changes in Capital Assets for the year ended August 31, 2013, is presented below:

	PRIMARY GOVERNMENT				
	Balance 09/01/12	Adjustments	Additions	Deletions	Balance 08/31/13
GOVERNMENTAL ACTIVITIES					
Non-depreciable on Non-amortizable Assets					
Construction in Progress	$ -	$ -	$ 44,954	$ -	$ 44,954
Total Non-depreciable or Non-amortizable Assets	$ -	$ -	$ 44,954	$ -	$ 44,954
Depreciable Assets					
Furniture and Equipment	$ 623,077	$ -	$ 40,584	$ -	$ 663,661
Other Capital Assets	130,964	-	-	-	130,964
Total Depreciable Assets	$ 754,041	$ -	$ 40,584	$ -	$ 794,625
Less Accumulated Depreciation for:					
Furniture and Equipment	$ (443,218)	$ -	$ (45,550)	$ -	$ (488,768)
Other Capital Assets	(130,963)	-	-	-	(130,963)
Total Accumulated Depreciation	(574,181)	-	(45,550)	-	(619,731)
Depreciable Assets, Net	$ 179,860	$ -	$ (4,966)	$ -	$ 174,894
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	$ (1,306,677)	$ -	$ (335)	$ -	$ (1,307,012)
Total Accumulated Amortization	(1,306,677)	-	(335)	-	(1,307,012)
Amortizable Assets - Intangible, Net	$ 335	$ -	$ (335)	$ -	$ -
Governmental Activities Capital Assets, Net	$ 180,195	$ -	$ 39,653	$ -	$ 219,848
BUSINESS-TYPE ACTIVITIES					
Non-depreciable or Non-amortizable Assets					
Construction in Progress	$ -	$ -	$ 26,345	$ -	$ 26,345
Total Non-depreciable or Non-amortizable Assets	$ -	$ -	$ 26,345	$ -	$ 26,345
Depreciable Assets					
Furniture and Equipment	$ 489,397	$ -	$ 35,488	$ -	$ 524,885
Other Capital Assets	132,279	-	-	-	132,279
Total Depreciable Assets	$ 621,676	$ -	$ 35,488	$ -	$ 657,164
Less Accumulated Depreciation for:					
Furniture and Equipment	$ (363,248)	$ -	$ (33,183)	$ -	$ (396,431)
Other Capital Assets	(132,279)	-	-	-	(132,279)
Total Accumulated Depreciation	(495,527)	-	(33,183)	-	(528,710)
Depreciable Assets, Net	$ 126,149	$ -	$ 2,305	$ -	$ 128,454
Amortizable Assets - Intangible					
Computer Software	$ 679,785	$ -	$ -	$ -	$ 679,785
Total Amortizable Assets - Intangible	$ 679,785	$ -	$ -	$ -	$ 679,785
Less Accumulated Amortization for:					
Computer Software	$ (679,426)	$ -	$ (359)	$ -	$ (679,785)
Total Accumulated Amortization	(679,426)	-	(359)	-	(679,785)
Amortizable Assets - Intangible, Net	$ 359	$ -	$ (359)	$ -	$ -
Business-Type Activities Capital Assets, Net	$ 126,508	$ -	$ 28,291	$ -	$ 154,799

NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS

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

Deposits of Cash in Bank

As of August 31, 2013, the carrying amount of deposits was $270,740.

Governmental and Business-Type Activities	
CASH IN BANK - CARRYING VALUE	$ 270,740

Governmental Funds Current Assets Cash in Bank	$ 20,000
Governmental Funds - Cash in State Treasury	
Proprietary Funds - Cash in State Treasury	
Texas Treasury Safekeeping Trust	98,461
Texas Treasury Safekeeping Trust - Restricted	122,058
Demand Deposits	30,221
Cash in Bank	$ 270,740

In accordance with bond trust indentures and depository agreements, all cash is to be fully collateralized, with the collateral held by a third party in the name of the Department. At August 31, 2013 the Department's cash and deposits in the State Treasury amounted to $12,252,267. Of that amount, $12,252,267 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. 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 $102,527,375 in overnight repurchase agreements maturing on the following business day, September 3, 2013, at a rate of .02%.

At August 31, 2013, 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	$ 907,531,971	$ 969,222,871
Repurchase Agreements (TTSTC)	102,527,375	102,527,375
Fixed Income Money Markets	26,445,363	26,445,363
Misc (Investment Agreements/GICs)	36,331,785	36,331,785
Total	$ 1,072,836,494	$ 1,134,527,394

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, 2013, 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			$111,703,693	
Repurchase Agreements (TTSTC)	$102,527,375			
Misc (Investment Agreements/GICs)	$36,331,785			

	Not Rated	AAA-M	AA-M	A-M
Fixed Income Money Market		$26,445,363		

A total of $857,519,178 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, 2013, the Department's concentration of credit risk is as follows.

Issuer	Carrying Value	% of Total Portfolio
Warburg	$102,527,375	9.04%

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of any investment. The longer the maturity of an investment will result in greater sensitivity of its fair value to changes in the market interest rates. The 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	969,222,871	$ -	$ 617,556	$ 699,995	$967,905,320
Repurchase Agreements (TTSTC)	102,527,375	102,527,375			
Fixed Income Money Markets	26,445,363	26,445,363			
Misc (Investment Agreements/GICs)	36,331,785	-			36,331,785
Total	$ 1,134,527,394	$ 128,972,738	$ 617,556	$ 699,995	$1,004,237,105

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, 2013, the Department holds $969,222,871 in mortgage backed securities.

NOTE 4: SUMMARY OF LONG TERM LIABILITIES

Changes in Long-Term Liabilities

During the year ended August 31, 2013, the following changes occurred in liabilities.

Governmental Activities	Balance 09/01/2012	Additions	Reductions	Balance 08/31/2013	Amounts Due Within One Year
Compensable Leave	$ 965,495	$ 716,616	$ 699,846	$ 982,265	$ 562,235
Total Governmental Activities	$ 965,495	$ 716,616	$ 699,846	$ 982,265	$ 562,235

Business-Type Activities	Balance 09/01/2012	Additions	Reductions	Balance 08/31/2013	Amounts Due Within One Year
Revenue Bonds Payable	$ 2,360,413,357	$ 42,272,563	$ 486,665,297	$ 1,916,020,623	$ 24,849,568
Compensable Leave	920,647	653,164	580,263	993,548	547,710
Total Business-Type Activities	$ 2,361,334,004	$ 42,925,727	$ 487,245,559	$ 1,917,014,171	$ 25,397,278

Employees' Compensable Leave

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

Revenue Bonds Payable

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

Other Non-current Liabilities

Other non-current liabilities in the Proprietary Fund totaling $67,375,914 primarily account for funds due to Developers as a result of Multifamily unexpended bond proceeds and Developer deposits which have corresponding investment balances adjusted to market value. These proceeds are conduit debt issued on behalf of the Developers for the purpose of Multifamily developments and are held by the trustees. Due to the various variables related to the balance, the current portion cannot be reasonably estimated.

NOTE 5: BOND INDEBTEDNESS

The Department has 121 bond series outstanding at August 31, 2013. 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, 2013, are as follows (in thousands):

Description	2014	2015	2016	2017	2018	2019 to 2023
Single-family	$ 7,920	$ 9,435	$ 10,860	$ 11,630	$ 16,855	$ 63,375
RMRB	6,445	6,620	6,760	7,040	7,445	41,115
CHMRB						
Multifamily	10,250	9,718	10,350	11,121	11,822	80,210
Total	$ 24,615	$ 25,773	$ 27,970	$ 29,791	$ 36,122	$ 184,700

Description	2024 to 2028	2029 to 2033	2034 to 2038	2039 to 2043	2044 to 2048	Total
Single-family	$ 114,990	$142,460	$ 185,605	$ 10,970	$	$ 574,100
RMRB	49,865	61,045	77,825	56,320		320,480
CHMRB	4,400					4,400
Multifamily	144,848	137,790	217,219	283,458	95,567	1,012,353
Total	$ 314,103	$341,295	$ 480,649	$ 350,748	$ 95,567	$ 1,911,333

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, 2013, are as follows (in thousands):

Description	2014	2015	2016	2017	2018	2019 to 2023
Single-family	$ 14,263	$ 14,130	$ 13,786	$ 13,432	$ 13,062	$ 59,628
RMRB	11,488	11,352	11,187	10,995	10,770	49,375
CHMRB	320	291	320	291	320	1,514
Multifamily	44,359	43,537	42,958	42,336	41,673	196,695
Total	$ 70,430	$ 69,310	$ 68,251	$ 67,054	$ 65,825	$ 307,212

Description	2024 to 2028	2029 to 2033	2034 to 2038	2039 to 2043	2044 to 2048	Total
Single-family	$ 48,633	$ 34,993	$ 15,834	$ 567	$	$ 228,328
RMRB	39,352	27,178	15,280	2,715		189,692
CHMRB	260					3,316
Multifamily	166,120	126,084	87,565	41,823	8,254	841,404
Total	$254,365	$188,255	$118,679	$ 45,105	$ 8,254	$ 1,262,740

Interest requirements on variable rate debt are calculated using the interest rate in effect at August 31, 2013. Interest rates on variable rate debt reset on a weekly basis by the remarketing agent.

Deferred issuance costs at August 31, 2013, consist of the following:

	Amount
Deferred Issuance Costs at August 31, 2013	$ 46,502,362
Less Accumulated Amortization	(40,897,980)
Deferred Issuance Costs, net	$ 5,604,382

NOTE 5: BOND INDEBTEDNESS Cont'd

CHANGES IN BONDS PAYABLE

Description	Bonds Outstanding 09/01/12	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/13	Amounts Due Within One Year
Single Family	$ 720,900,000	$ 42,500,000	$ 11,445,000	$ 177,855,000	$ 574,100,000	$ 8,026,173
RMRB	551,605,000	-	7,110,000	224,015,000	320,480,000	6,576,696
CHMRB	5,600,000	-	-	1,200,000	4,400,000	5,876
Multifamily	1,075,805,305	-	8,885,946	54,566,619	1,012,352,740	10,240,824
Total Principal	$ 2,353,910,305	$ 42,500,000	$ 27,440,946	$ 457,636,619	$ 1,911,332,740	$ 24,849,568
Unamortized Premium	8,494,019				6,005,956	
Unamortized (Discount)	(194,651)				(185,307)	
Unamortized Refunding (Loss)	(1,796,316)				(1,132,766)	
Total	$ 2,360,413,357				$ 1,916,020,623	

Demand Bonds

The Department currently holds seven single family bond series in the amount $267,880,000 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.

Single Family Bond Series	Remarketing Agent	Liquidity Provider	Commitment Fee Rate	Outstanding Variable Rate Demand Bonds as of 8/31/14	Liquidity Facility Expiration Date
2004A Jr. Lien	JP Morgan	Comptroller of Public Accounts	0.12%	$ 3,855,000	8/31/2014
2004B	JP Morgan	Comptroller of Public Accounts	0.12%	53,000,000	8/31/2014
2004D	Piper Jaffray	Comptroller of Public Accounts	0.12%	35,000,000	8/31/2014
2005A	JP Morgan	Comptroller of Public Accounts	0.12%	57,500,000	8/31/2014
2005C	JP Morgan	Comptroller of Public Accounts	0.12%	3,825,000	8/31/2014
2006H	JP Morgan	Comptroller of Public Accounts	0.12%	36,000,000	8/31/2014
2007A	JP Morgan	Comptroller of Public Accounts	0.12%	78,700,000	8/31/2014
Total Demand Bonds				**$ 267,880,000**	

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 2013, the bondholders did not draw from the liquidity provider, Comptroller of Public Accounts, related to the Department's demand bonds.

NOTE 5: BOND INDEBTEDNESS Cont'd

Federal Arbitrage Regulations

In accordance with Federal law, the Department is required to rebate to the Internal Revenue Service (IRS) the excess of the amount derived from investing the bond proceeds over the amount that would have been earned if those investments had a rate equal to the yield on the bond issue. As of August 31, 2013, the Bond Program had liabilities to the IRS totaling $102,673 reported in the Statement of Net Position 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 2013							
	Net Available for Debt Service		Debt Service					
Description of Issue	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay	Principal	Interest	Pledged Revenue for Future Debt Service	Terms of Commitment Year Ending August 31,	Percentage of Revenue Pledged
Total Single Family Bonds	$ 211,417,334	$ 1,951,371	$ 11,445,000	$ 27,955,869	$ 802,427,988	2040	100%
Total Residential Mtg Revenue Bonds	$ 239,288,989	$ 1,911,675	$ 7,110,000	$ 13,750,924	$ 510,171,221	2041	100%
Total 1992 CHMRB	$ 1,663,390	$ 193	$ -	$ 355,740	$ 7,716,153	2024	100%
Total Multifamily Bonds	$ 99,738,475	$ 6,126	$ 8,885,946	$ 45,202,646	$ 1,853,758,460	2047	100%
Total	**$ 552,108,188**	**$ 3,869,365**	**$ 27,440,946**	**$ 87,265,179**	**$ 3,174,073,822**		

Current Refunding

On May 28, 2013, the Department issued the 2013 Single Family Mortgage Revenue Bonds (Series A) in the amount of $42,500,000. The purpose of the bond proceeds were to provide funds to refund the 2002 Series A Single Family Mortgage Revenue Bonds ($26,615,000) with average rates of 5.479%, 2002 Series B Single Family Revenue Refunding Bonds ($12,310,000) with average rates of 5.353%, and 2002 Series C Single Family Revenue Refunding Bonds ($4,990,000) with average rates of 4.34%.

This refunding transaction resulted in a deferred loss of $56,018, which will be amortized for recognition purposes over the life of the new debt. During the current year, $2,413 of the deferral amount has been recognized as bond interest expense. This transaction also gave rise to a $14,695,773 economic gain and a reduction in future debt service requirements of $9,925,914.

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 2013, classified by type, and the changes in fair value of such derivative instruments for the year ended as reported in the 2013 financial statements are as follows.

Business Type Activities		Changes in Fair Value		Fair Value at August 31, 2013		
Cash Flow Hedges	Bond Issue	Classification	Amount	Classification	Amount	Notional
Pay-fixed, receive-variable interest rate swap	2004B	Deferred outflow of resources	$ 3,336,742	Debt	$ (3,926,583)	$ 53,000,000
Pay-fixed, receive-variable interest rate swap	2004D	Deferred outflow of resources	$ 1,853,049	Debt	$ (2,587,322)	$ 35,000,000
Pay-fixed, receive-variable interest rate swap	2005A	Deferred outflow of resources	$ 6,487,845	Debt	$ (6,987,302)	$ 57,500,000
Pay-fixed, receive-variable interest rate swap	2006H	Deferred outflow of resources	$ 1,298,550	Debt	$ (2,718,168)	$ 36,000,000
Pay-fixed, receive-variable interest rate swap	2007A	Deferred outflow of resources	$ 8,786,481	Debt	$ (8,924,748)	$ 78,700,000
			$ 21,762,667		$ (25,144,123)	$ 260,200,000

TERMS AND FAIR VALUE

The terms, including the fair value of the outstanding swaps as of August 31, 2013 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	$ (3,926,583)	9/1/2004	3.84%	63% of LIBOR + .30%	9/1/34 (a)
Goldman Sachs Bank USA	35,000,000	(2,587,322)	1/1/2005	3.64%	Lesser of (the greater of 65% of LIBOR and 53% of LIBOR + .45%) and LIBOR	3/1/35 (b)
JP Morgan Chase Bank	57,500,000	(6,987,302)	8/1/2005	4.01%	Less of (the greater of 65% of LIBOR and 53% of LIBOR + .45%) and LIBOR	9/1/36 (c)
UBS AG	36,000,000	(2,718,168)	11/15/2006	3.86%	63% of LIBOR +.30%	9/1/25 (d)
JP Morgan Chase Bank	78,700,000	(8,924,748)	6/5/2007	4.01%	Less of (the greater of (a) 65% of LIBOR and (b) 53% of LIBOR + .45%) and LIBOR	9/1/38 (c)
Total	$ 260,200,000	$ (25,144,123)				

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, 2013, the Department is not exposed to credit risk on any of its outstanding swaps because the swaps currently have a negative fair value indicating an obligation for the Department to pay the counterparty as opposed to receive payments should the Department exercise it's optional right to terminate. If interest rates change and the fair value of the swaps become positive, the Department would be exposed to credit risk on those swaps. The swap agreements contain varying collateral agreements and insurance policies with the counterparties. The credit ratings for the counterparties are as follows.

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

BASIS RISK

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

ROLLOVER RISK

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

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

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

NOTE 6: DERIVATIVE INSTRUMENTS Cont'd

SWAP PAYMENTS AND ASSOCIATED DEBT

Using rates as of August 31, 2013, 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
2014	$ -	$ 273,442	$ 9,262,627	$ 9,536,069
2015	2,020,000	209,187	9,253,038	11,482,225
2016	3,435,000	207,921	9,167,368	12,810,289
2017	4,010,000	204,404	9,040,802	13,255,206
2018	4,205,000	202,033	8,901,242	13,308,275
2019-2023	24,290,000	962,497	42,163,406	67,415,903
2024-2028	65,580,000	817,817	35,381,767	101,779,584
2029-2033	86,070,000	489,704	20,729,938	107,289,642
2034-2038	69,990,000	139,097	5,665,454	75,794,551
2039-2043	600,000	272	11,479	611,751
	$ 260,200,000	**$ 3,506,374**	**$ 149,577,121**	**$ 413,283,495**

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, 2013, the Department has an aggregate liability related to the interest rate swaps in the amount of $4,756,308 payable September 1, 2013.

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
2014 (Future Year 1)	$ 134,543	$ 13,716	$ 148,259
2015 (Future Year 2)	134,543	13,716	148,259
2016 (Future Year 3)	11,212	1,143	12,355
Total Minimum Future Lease Rental Payments	$ 280,298	$ 28,575	$ 308,873

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 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, 2013, follows:

Fund	Current Interfund Receivable	Current Interfund Payable	Purpose
Governmental Fund (01)			
General Revenue (0001)		$ 177,333	Expenditure Transfer
Consolidated Federal (0127, 0369)	$ 73,902	0	Expenditure Transfer
Subtotal Governmental Fund (01)	***$ 73,902***	***$ 177,333***	
Governmental Fund (01) (Exhibit III)		103,431	*Net Receivable/Payable above*
Enterprise Fund (05, 0896) (Exhibit V)	103,431		Expenditure Transfer
Total Internal Balances (Exhibit I)	**$ 103,431**	**$ 103,431**	

Governmental Fund (01)	Due From Other Agencies	Due To Other Agencies	Source
Appd Fund 5140, D23 Fund 5140			
(Agency 608, D23 Fund 5140)	$ 379		Transfers
Total Due From Other Agencies/Due To Other Agencies (Exhibit I)	**$ 379**		

NOTE 8: INTERFUND ACTIVITY AND TRANSACTIONS Cont'd

Governmental Fund	Transfers In	Transfers Out	Purpose
Governmental Fund (01)			
Appd Fund 0001, D23 Fund 0001		$ 3,682,759	Article VII-6, Rider 9
Appd Fund 0001, D23 Fund 0001		1,996,248	Article IX, Sect. 6.22
Appd Fund 0001, D23 Fund 0066		1,271,039	Gov't Code, Sect. 403.021
Appd Fund 0369, D23 Fund 0369		22,204	Article IX, Sect. 6.22
Total Transfers for Fund 0001 (Exhibit II & IV)		**$ 6,972,250**	
Enterprise Fund (05)			
Appd Fund 3054, D23 Fund 0999	$ 3,682,759		Article VII-6, Rider 9
Total Transfers for Fund 3054 (Exhibit II & VI)	**$ 3,682,759**		
Total Transfers*	**$ 3,682,759**	**$ 6,972,250**	

* The difference between total transfers in and out represents transfers to the Comptroller's Office of $3,289,491.

NOTE 9: CONTINUANCE SUBJECT TO REVIEW

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

NOTE 10: CONTINGENCIES AND COMMITMENTS

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

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

NOTE 10: CONTINGENCIES AND COMMITMENTS Cont'd

DERIVATIVE INSTRUMENTS

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

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

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

As of August 31, 2013 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 $25,144,123. If the collateral posting requirements had been triggered at August 31, 2013, 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 $200,000,000.00 ($100,000,000.00 per provider) at any time with a cumulative purchased maximum of $500,000,000.00 ($250,000,000.00 per provider). The Department completed its purchase of the warehoused mortgage backed securities during fiscal year 2013.

TAXABLE MORTGAGE PROGRAM

On July 26, 2012, the Department approved the Taxable Mortgage Program (TMP). The TMP market facilitates the forward trading of Mortgage Backed Securities (MBSs) issued by Ginnie Mae. In a TMP trade, the seller and buyer agree to the type of security, coupon, face value, price and settlement date at the time of trade but do not specify the actual pools to be traded. The securities are "to be announced" two business days prior to the trade settlement date. The TMP program was created to provide loans to low to moderate income homebuyers as a tool to fund the First Time Homebuyer Program in order to take advantage of this opportunity. The program will be paid for from revenues generated by the packaging and sale of the TMP MBSs. An escrow will be negotiated and established to limit the recourse to the servicer, who will deliver the MBSs to the purchaser who will acquire the MBSs backed by the mortgage loans. The amount of the escrow will be up to $4 million, which is funded from the Department's general funds. The TMP program commenced on October 1, 2012.

NOTE 11: SUBSEQUENT EVENTS

Bond Issuance	Series	Amount	Date of Issuance	Purpose
Revenue Bonds	Multifamily Revenue Bonds MF Series 2013 The Waters at Willow Run	$ 14,500,000	9/24/2013	The multifamily bonds are issued for the primary purpose to finance the acquisition, construction, and equipping of multifamily rental housing developments. The Waters at Willow Run will be located in Austin, Texas.

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 and Commercial Property, Equipment Breakdown Insurance for the Alpine Retirement Center in the amount of $224,515

The Department's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience and economic factors. There have been no significant reductions in insurance coverage in the past year and losses did not exceed funding arrangements during the past three years. The Department did not incur any claims in fiscal year 2012, but incurred a claim of $22,950 related to the Alpine Retirement Center in fiscal year 2013.

NOTE 13: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Department's Enterprise Fund 0896 reported a negative change in Net Position of $432,484 resulting in a negative Net Position balance of ($626,792) at August 31, 2013. Balances are due to the accrual of expenditures with transfer of funds made in Fiscal Year 2014, therefore, offsetting the negative balance.

NOTE 14: SEGMENT INFORMATION FOR ENTERPRISE FUND

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

NOTE 14: SEGMENT INFORMATION FOR ENTERPRISE FUND Cont'd

CONDENSED STATEMENT OF NET POSITION

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds
Restricted Assets:			
Current Assets	$ 54,035,466	$ 24,519,493	$ 67,388
Non-Current Assets	631,283,707	376,387,817	6,374,730
Total Assets	685,319,173	400,907,310	6,442,118
Deferred Outflows of Resources:	25,144,123	-	-
Liabilities:			
Current Liabilities	29,057,904	10,129,687	184,458
Non-Current Liabilities	593,644,855	316,288,073	4,457,807
Total Liabilities	622,702,759	326,417,760	4,642,265
Deferred Inflows of Resources:	-	-	-
Net Position:			
Restricted Net Position	$ 87,760,537	$ 74,489,550	$ 1,799,853
Total Restricted Net Position	$ 87,760,537	$ 74,489,550	$ 1,799,853

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

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds
Operating Revenues:			
Interest and Investment Income	$ 35,048,767	$ 17,572,354	$ 433,482
Net Increase in Fair Value of Investments	(38,658,963)	(9,243,226)	(345,580)
Other Operating Revenues	696,180	228,812	29,908
Operating Expenses	(29,166,938)	(17,530,151)	(334,985)
Depreciation and Amortization	(954,414)	(1,226,152)	(2,398)
Operating Income	(33,035,368)	(10,198,363)	(219,573)
Transfers In (Out)	10,975	6,537,373	466
Changes in Net Position	(33,024,393)	(3,660,990)	(219,107)
Net Position, September 1, 2012	120,784,930	78,510,340	2,018,960
Net Position, August 31, 2013	$ 87,760,537	$ 74,849,350	$ 1,799,853

NOTE 14: SEGMENT INFORMATION FOR ENTERPRISE FUND Cont'd

CONDENSED STATEMENT OF CASH FLOWS

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds
Net Cash Provided (Used) By:			
Operating Activities	$ 2,465,770	$ (12,397,958)	$ 2,450
Noncapital Financing Activities	(179,809,413)	(239,638,373)	(1,546,893)
Investing Activities	179,385,207	176,656,712	1,539,601
Net Increase (Decrease)	2,041,564	(75,379,619)	(4,842)
Beginning Cash and Cash Equivalents	47,927,822	98,439,451	40,154
Ending Cash and Cash Equivalents	$ 49,969,386	$ 23,059,832	$ 35,312

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-A
MISCELLANEOUS BOND INFORMATION
For the fiscal year ended August 31, 2013

Description of Issue	Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat. First Year	Final Maturity Date	First Call Date	
2002 Single Family Series A	$ 38,750,000	5.45%	5.55%	2023	03/01/2034	03/01/2012	
2002 Single Family Series B	52,695,000	5.35%	5.55%	2033	09/01/2033	03/01/2012	
2002 Single Family Series C	12,950,000	2.80%	5.20%	2004	09/01/2017	03/01/2012	
2002 Single Family Series D	13,605,000	2.00%	4.50%	2003	09/01/2012	03/01/2012	
2004 Single Family Series A	123,610,000	2.00%	4.70%	2006	09/01/2035	03/01/2013	
2004 Single Family Series B	53,000,000	VAR - Weekly		2015	09/01/2034	03/01/2015	(e)
2004 Single Family Series A (Jr. Lien)	4,140,000	VAR - Weekly		2036	09/01/2036	09/01/2036	(e)
2004 Single Family Series C	41,245,000	4.30%	4.80%	2019	03/01/2036	09/01/2014	
2004 Single Family Series D	35,000,000	VAR - Weekly		2035	03/01/2035	(f)	
2004 Single Family Series E	10,825,000	2.45%	4.30%	2006	03/01/2019	09/01/2014	
2005 Single Family Series A	100,000,000	VAR - Weekly		2007	09/01/2036	03/01/2006	
2005 Single Family Series B	25,495,000	4.38%	4.38%	2006	09/01/2026	03/01/2006	
2005 Single Family Series C	8,970,000	VAR - Weekly		2017	09/01/2017	03/01/2006	
2005 Single Family Series D	3,730,000	5.00%	5.00%	2025	09/01/2035	03/01/2006	
2006 Single Family Series A	59,555,000	5.00%	5.00%	2008	09/01/2037	09/01/2006	
2006 Single Family Series B	70,485,000	5.00%	5.00%	2008	09/01/2034	09/02/2006	
2006 Single Family Series C	105,410,000	5.13%	5.13%	2008	09/01/2037	09/03/2006	
2006 Single Family Series D	29,685,000	4.50%	4.50%	2018	09/01/2028	09/04/2006	
2006 Single Family Series E	17,295,000	4.06%	4.06%	2007	09/01/2017	09/05/2006	
2006 Single Family Series F	81,195,000	4.65%	5.75%	2008	03/01/2038	03/01/2016	
2006 Single Family Series G	15,000,000	3.75%	4.60%	2012	09/01/2019	03/01/2016	
2006 Single Family Series H	36,000,000	VAR - Weekly		2016	09/01/2037	03/01/2016	
2007 Single Family Series A	143,005,000	VAR - Weekly		2008	09/01/2038	03/01/2008	(e)
2007 Single Family Series B	157,060,000	3.90%	5.63%	2008	09/01/2039	03/01/2008	
2013 Single Family Series A	42,500,000	2.80%	2.80%	2013	03/01/2036	09/01/2020	
2003 RMRB Series A	73,630,000	1.70%	5.00%	2005	07/01/2034	01/01/2013	
2009 RMRB Series A	80,000,000	5.13%	5.13%	2011	07/01/2039	01/01/2019	
2009 RMRB Series B	22,605,000	4.72%	4.72%	2010	07/01/2022	01/01/2019	
2009 RMRB Series C	300,000,000	VAR - Weekly		2010	07/01/2041	12/31/2011	
2009 RMRB Series C-1	89,030,000	0.70%	3.57%	2029	07/01/2041	04/01/2011	
2009 RMRB Series C-2	60,080,000	0.60%	2.48%	2034	07/01/2041	11/01/2011	
2009 RMRB Series C-3	72,820,000	0.60%	2.49%	2013	07/01/2041	02/01/2012	
2009 RMRB Series C-4	78,070,000	0.69%	2.63%	2013	07/01/2041	01/01/2013	
2011 RMRB Series A	60,000,000	0.70%	5.05%	2012	07/01/2029	01/01/2021	
2011 RMRB Series B	87,955,000	0.30%	4.45%	2012	01/01/2034	01/01/2021	
1992 Coll Home Mtg Rev Bonds, Series C	72,700,000	3.48%	10.27%	2024	07/01/2024	05/04/1995	
TOTAL SINGLE FAMILY & RMRB BONDS	$ 2,278,095,000						
1996 MF Series A/B (Brighton's Mark Development)	10,174,000	6.13%	6.13%	2026	04/01/2026	01/01/2003	
1998 MF Series A (Pebble Brook Aparments Project)	10,900,000	4.95%	5.60%	2001	12/01/2030	06/01/2001	
1998 MF Series A-C (Residence at the Oaks Projects)	8,200,000	5.98%	7.18%	2001	11/01/2030	05/01/2001	
1998 MF Series A/B (Greens of Hickory Trial Apartments)	13,500,000	5.20%	6.03%	2001	09/01/2030	09/01/2008	
1999 MF Series A-C (Mayfield Apartments)	11,445,000	5.70%	7.25%	2001	05/01/2031	05/01/2002	
2000 MF Series A (Timber Point Apartments)	8,100,000	VAR - Weekly		2003	09/01/2032	07/01/2000	(a)
2000 MF Series A/B (Oaks at Hampton Apartments)	10,060,000	7.20%	9.00%	2002	03/01/2040	03/01/2017	(a)
2000 MF Series A (Deerwood Apartments)	6,435,000	5.25%	6.40%	2003	12/01/2032	06/01/2010	
2000 MF Series A (Creek Point Apartments)	7,200,000	VAR - Weekly		2004	10/01/2032	07/01/2000	(a)
2000 MF Series A/B (Parks at Westmoreland Apartments)	9,990,000	7.20%	9.00%	2002	07/01/2040	07/01/2017	(a)
2000 MF Series A-C (Highland Meadow Village Apartments)	13,500,000	6.75%	8.00%	2004	11/01/2033	05/01/2019	
2000 MF Series A/B (Greenbridge at Buckingham Apartments)	20,085,000	7.40%	10.00%	2003	10/01/2040	03/01/2014	
2000 MF Series A-C (Collingham Park Apartments)	13,500,000	6.72%	7.72%	2004	11/01/2033	05/01/2019	
2000 MF Series A/B (Williams Run Apartments)	12,850,000	7.65%	9.25%	2002	11/01/2040	01/01/2011	
2001 MF Series A (Bluffview Apartments)	10,700,000	7.65%	7.65%	2003	05/01/2041	05/01/2018	
2001 MF Series A (Knollwood Apartments)	13,750,000	7.65%	7.65%	2003	05/01/2041	05/01/2018	
2001 MF Series A (Skyway Villas Apartments)	13,250,000	6.00%	6.50%	2005	12/01/2034	12/01/2011	
2001 MF Series A (Greens Road Apartments)	8,375,000	5.30%	5.40%	2004	06/01/2034	12/01/2011	
2001 MF Series A/B (Meridian Apartments)	14,310,000	5.45%	6.85%	2004	12/01/2034	12/01/2011	
2001 MF Series A/B (Wildwood Apartments)	14,365,000	5.45%	6.75%	2004	12/01/2034	12/01/2011	
2001 MF Series A-C (Fallbrook Apartments)	14,700,000	6.06%	6.78%	2005	12/01/2034	01/01/2012	

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-A (Continued)
MISCELLANEOUS BOND INFORMATION
For the fiscal year ended August 31, 2013

				Scheduled Mat.			
Description of Issue	Bonds Issued To Date	Range Of Interest Rates		First Year	Final Maturity Date	First Call Date	
2001 MF Series A (Oak Hollow Apartments)	$ 8,625,000	7.00%	7.90%	2003	12/01/2041	11/01/2018	
2001 MF Series A/B (Hillside Apartments)	12,900,000	7.00%	9.25%	2003	12/01/2041	11/01/2018	
2002 MF Series A (Millstone Apartments)	12,700,000	5.35%	5.86%	2005	06/01/2035	06/01/2012	
2002 MF Series A (Park Meadows Apartments)	4,600,000	6.53%	6.53%	2004	06/01/2034	05/01/2012	
2002 MF Series A (Clarkridge Villas Apartments)	14,600,000	7.00%	7.00%	2004	09/01/2042	08/01/2019	
2002 MF Series A (Hickory Trace Apartments)	11,920,000	7.00%	7.00%	2004	11/01/2042	12/01/2019	
2002 MF Series A (Green Crest Apartments)	12,500,000	7.00%	7.00%	2004	11/01/2042	11/01/2019	
2002 MF Series A/B (Ironwood Crossing)	16,970,000	5.50%	8.75%	2005	11/01/2042	10/01/2027	
2002 MF Series A (Woodway Village)	9,100,000	4.95%	5.20%	2006	07/01/2023	01/01/2013	
2003 MF Series A/B (Reading Road)	12,200,000	VAR-Weekly		2007	07/01/2036	01/01/2004	(a)
2003 MF Series A/B (North Vista Apartments)	14,000,000	4.10%	5.41%	2006	06/01/2036	06/01/2013	
2003 MF Series A/B (West Virginia Apartments)	9,450,000	4.15%	5.41%	2006	06/01/2036	06/01/2013	
2003 MF Series A/B (Primrose Houston School)	16,900,000	5.50%	8.00%	2006	07/01/2036	07/01/2003	(a)
2003 MF Series A/B (Timber Oaks Apartments)	13,200,000	6.75%	8.75%	2005	11/01/2038	06/01/2020	
2003 MF Series A/B (Ash Creek Apartments)	16,375,000	5.60%	15.00%	2006	04/01/2036	10/01/2003	(a)
2003 MF Series A/B (Peninsula Apartments)	12,400,000	4.25%	5.30%	2007	10/01/2024	10/01/2013	
2003 MF Series A/B (Arlington Villas)	17,100,000	6.75%	8.00%	2007	12/01/2036	01/01/2007	(a)
2003 MF Series A/B (Parkview Townhomes)	16,600,000	6.60%	8.50%	2006	04/01/2041	12/01/2020	
2003 MF Series A (NHP Foundation-Asmara Proj Refunding)	31,500,000	VAR - Weekly		2007	07/01/2033	07/01/2007	(a)
2004 MF Series A/B (Timber Ridge II Apartments)	7,500,000	5.75%	8.00%	2007	08/01/2036	03/01/2007	(a)
2004 MF Series A/B (Century Park Townhomes)	13,000,000	5.75%	5.75%	2007	06/01/2037	05/01/2007	(a)
2004 MF Series A/B (Providence at Veterans Memorial)	16,300,000	6.60%	8.50%	2006	01/01/2041	03/01/2006	(a)
2004 MF Series A (Providence at Rush Creek II)	10,000,000	5.38%	6.70%	2006	01/01/2044	03/01/2021	
2004 MF Series A (Humble Parkway Townhomes)	11,700,000	6.60%	6.60%	2007	01/01/2041	07/01/2021	
2004 MF Series A (Chisholm Trail Apartments)	12,000,000	VAR - Weekly (b)		2006	04/15/2037	10/15/2006	(a)
2004 MF Series A (Evergreen at Plano Parkway)	14,750,000	5.25%	6.55%	2007	05/01/2044	06/01/2021	
2004 MF Series A (Montgomery Pines Apartments)	12,300,000	VAR - Weekly		2006	06/15/2037	12/15/2006	(a)
2004 MF Series A (Bristol Apartments)	12,625,000	VAR - Weekly		2007	06/15/2037	06/15/2007	(a)
2004 MF Series A (Pinnacle Apartments)	14,500,000	VAR - Weekly (c)		2007	06/15/2037	09/01/2007	(a)
2004 MF Series A (Tranquility Bay Apartments)	14,350,000	6.50%	6.50%	2007	06/01/2044	06/01/2021	(d)
2004 MF Series A (Churchill at Pinnacle Park)	10,750,000	5.25%	6.55%	2007	07/01/2044	09/01/2021	(d)
2004 MF Series A (Providence at Village Fair)	14,100,000	5.00%	6.50%	2007	12/01/2044	12/01/2021	
2005 MF Series A (Homes at Pecan Grove)	14,030,000	5.00%	6.50%	2007	01/01/2045	01/01/2022	
2005 MF Series A (Providence at Prairie Oaks)	11,050,000	4.75%	6.50%	2007	01/01/2045	01/01/2022	
2005 MF Series A (Port Royal Homes)	12,200,000	5.00%	6.50%	2007	02/01/2045	02/01/2022	
2005 MF Series A (Mission Del Rio Homes)	11,490,000	5.00%	6.50%	2007	02/01/2045	02/01/2022	
2005 MF Series A (Atascocita Pines Apartments)	11,900,000	VAR - Weekly (c)		2007	04/15/2038	(e)	
2005 MF Series A (Tower Ridge Apartments)	15,000,000	VAR - Weekly (b)		2009	04/01/2038	(e)	
2005 MF Series A (Prairie Ranch Apartments)	12,200,000	4.85%	4.85%	2007	06/20/2045	12/20/2015	
2005 MF Series A (St Augustine Estate Apartments)	7,650,000	VAR - Weekly		2009	09/15/2038	n/a	
2005 MF Series A (Park Manor Senior Community)	10,400,000	5.00%	6.40%	2008	07/01/2045	09/01/2022	
2005 MF Series A (Providence at Mockingbird Apartments)	14,360,000	6.40%	6.40%	2007	08/01/2040	08/01/2022	
2005 MF Series A (Plaza at Chase Oaks Apartments)	14,250,000	5.05%	5.05%	2007	08/01/2035	(g)	
2005 MF Series A/B (Canal Place Apartments)	16,100,000	3.45%	8.00%	2019	05/01/2039	(h)	
2005 MF Series A (Coral Hills Apartments)	5,320,000	5.05%	5.05%	2009	08/01/2026	08/01/2015	
2006 MF Series A (Harris Branch Apartments)	15,000,000	VAR - Weekly		2009	03/15/2039	(i)	
2006 MF Series A (Bella Vista Apartments)	6,800,000	6.15%	6.15%	2008	04/01/2046	04/01/2016	
2006 MF Series A (Village Park Apartments)	13,660,000	4.75%	5.13%	2009	12/1/2026	06/01/2021	
2006 MF Series A (Oakmoor Apartments)	14,635,000	5.50%	6.00%	2008	03/01/2046	03/01/2023	
2006 MF Series A (The Residences at Sunset Pointe)	15,000,000	VAR - Weekly		2039	07/15/2039	(h)	
2006 MF Series A (Hillcrest Apartments)	12,435,000	5.25%	5.25%	2009	04/01/2027	04/01/2021	
2006 MF Series A (Pleasant Village)	6,000,000	6.00%	6.00%	2008	03/01/2023	(j)	
2006 MF Series A (Grove Village)	6,180,000	6.00%	6.00%	2008	02/28/2023	(j)	
2006 MF Series A (Red Hills Villas)	5,015,000	VAR - Weekly		2036	09/15/2036	(i)	
2006 MF Series A (Champion Crossing Apartments)	5,125,000	VAR - Weekly		2036	09/15/2036	(i)	
2006 MF Series A (Stonehaven Apartments)	11,300,000	5.80%	5.80%	2008	10/01/2026	(g)	
2006 MF Series A (Center Ridge Apartments)	8,325,000	5.00%	5.00%	2009	05/01/2039	05/01/2021	
2006 MF Series A (Meadowlands Apartments)	13,500,000	6.00%	6.00%	2009	09/01/2046	09/01/2023	

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-A (Continued)
MISCELLANEOUS BOND INFORMATION
For the fiscal year ended August 31, 2013

				Scheduled Mat.		
Description of Issue	Bonds Issued To Date	Range Of Interest Rates		First Year	Final Maturity Date	First Call Date
2006 MF Series A (East Tex Pines)	$ 13,500,000	4.95%	4.95%	2010	10/01/2046	(k)
2006 MF Series A (Villas at Henderson)	7,200,000	VAR - Weekly		2010	11/01/2023	(l)
2006 MF Series A (Aspen Park)	9,800,000	5.00%	5.00%	2010	07/01/2027	07/01/2021
2006 MF Series A (Idlewilde)	14,250,000	VAR - Weekly		2010	06/15/2040	(i)
2007 MF Series A (Lancaster)	14,250,000	VAR - Weekly		2010	07/15/2040	(i)
2007 MF Series A (Park Place at Loyola)	15,000,000	5.80%	5.80%	2010	02/01/2047	03/01/2024
2007 MF Series A (Terrace at Cibolo)	8,000,000	VAR - Weekly		2010	05/01/2040	(l)
2007 MF Series A (Santora Villas)	13,072,000	5.80%	5.80%	2010	05/01/2047	06/01/2024
2007 MF Series A (Villas at Mesquite Creek)	16,860,000	5.00%	5.81%	2010	01/20/2047	01/20/2017
2007 MF Series A (Summit Point)	11,700,000	4.80%	5.25%	2009	06/20/2047	06/20/2017
2007 MF Series A (Costa Rialto)	12,385,000	5.35%	5.35%	2010	07/01/2047	08/01/2025
2007 MF Series A (Windshire)	14,000,000	VAR - Weekly		2010	01/15/2041	(i)
2007 MF Series A (Residences at Onion Creek)	15,000,000	VAR - Weekly		2011	12/15/2040	(i)
2008 MF Series A (West Oaks Apartments)	13,125,000	VAR - Weekly		2011	07/01/2041	(m)
2008 MF Series A (Costa Ibiza Apartments)	13,900,000	VAR - Weekly		2011	08/01/2041	(e)
2008 MF Series A (Addison Park Apartments)	14,000,000	VAR - Weekly		2008	01/01/2044	(m)
2008 MF Series A (Alta Cullen Apartments Refunding)	14,000,000	VAR - Weekly		2011	03/01/2045	(m)
2009 MF Series A (Costa Mariposa Apartments)	13,690,000	VAR - Weekly		2012	05/01/2042	(m)
2009 MF Series A (Woodmont Apartments)	15,000,000	VAR - Weekly		2012	06/01/2042	(m)
TOTAL MULTIFAMILY BONDS	$ 1,210,561,000					
TOTAL BONDS ISSUED	**$ 3,488,656,000**					

FOOTNOTES:

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

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

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

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

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

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

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

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

FOOTNOTES Continued:

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

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

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

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

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
Schedule 1-B
CHANGES IN BOND INDEBTEDNESS
For the fiscal year ended August 31, 2013

Description of Issue	Bonds Outstanding 09/01/12	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/13	Amounts Due Within One Year
2002 Single Family Series A	$ 29,670,000	$	$	$ 29,670,000	$	$ -
2002 Single Family Series B	14,530,000		15,000	14,515,000	-	-
2002 Single Family Series C	6,635,000		1,035,000	5,600,000	-	-
2002 Single Family Series D	890,000		890,000	-	-	-
2004 Single Family Series A	46,410,000		1,815,000	15,010,000	29,585,000	1,705,000
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	13,005,000			7,905,000	5,100,000	-
2004 Single Family Series D	35,000,000			-	35,000,000	-
2004 Single Family Series E	1,870,000		645,000	780,000	445,000	269,163
2005 Single Family Series A	67,475,000		-	9,975,000	57,500,000	-
2005 Single Family Series B	8,220,000		450,000	1,345,000	6,425,000	376,195
2005 Single Family Series C	4,290,000		-	465,000	3,825,000	-
2005 Single Family Series D	3,040,000		-	205,000	2,835,000	-
2006 Single Family Series A	34,935,000		430,000	7,985,000	26,520,000	386,763
2006 Single Family Series B	38,645,000		1,055,000	8,725,000	28,865,000	904,803
2006 Single Family Series C	59,820,000		1,115,000	13,605,000	45,100,000	1,050,460
2006 Single Family Series D	11,405,000		-	1,895,000	9,510,000	(25,259)
2006 Single Family Series E	9,890,000		1,480,000	-	8,410,000	1,494,717
2006 Single Family Series F	35,775,000		210,000	15,580,000	19,985,000	141,270
2006 Single Family Series G	5,035,000		705,000	1,705,000	2,625,000	520,000
2006 Single Family Series H	36,000,000		-	-	36,000,000	-
2007 Single Family Series A	94,820,000		-	16,120,000	78,700,000	(7,893)
2007 Single Family Series B	106,685,000		1,600,000	25,935,000	79,150,000	1,213,366
2013 Single Family Series A	-	42,500,000	-	835,000	41,665,000	(2,413)
2002 RMRB Series A	-		-	-	-	-
2003 RMRB Series A	39,840,000		530,000	39,310,000	-	-
2009 RMRB Series A	53,670,000		390,000	12,480,000	40,800,000	401,272
2009 RMRB Series B	15,310,000		1,015,000	1,445,000	12,850,000	1,036,080
2009 RMRB Series C	78,070,000	(78,070,000)	-	-	-	-
2009 RMRB Series C-1	88,280,000		-	8,910,000	79,370,000	(7,236)
2009 RMRB Series C-2	59,760,000		-	2,310,000	57,450,000	(4,760)
2009 RMRB Series C-3	72,660,000		-	72,660,000	-	-
2009 RMRB Series C-4	-	78,070,000	150,000	77,920,000	-	-
2011 RMRB Series A	57,195,000		2,235,000	5,675,000	49,285,000	2,256,274
2011 RMRB Series B	86,820,000		2,790,000	3,305,000	80,725,000	2,895,066
1992 Coll Home Mtg Rev Bonds, Series C	5,600,000			1,200,000	4,400,000	5,876
Total Single Family Bonds	$ 1,278,105,000	$ 42,500,000	$ 18,555,000	$ 403,070,000	$ 898,980,000	$ 14,608,744
1996 MF Series A/B (Brighton's Mark)	$ 8,075,000	$	$	$	$ 8,075,000	$ -
1998 MF Series A (Pebble Brook)	8,780,000		255,000		8,525,000	275,000
1998 MF Series A-C (Residence Oaks)	6,560,000		202,000		6,358,000	-
1998 MF Series A/B (Greens of Hickory Trail)	10,965,000		335,000		10,630,000	355,000
1999 MF Series A-C (Mayfield)	9,230,000		279,000		8,951,000	294,000
2000 MF Series A (Timber Point Apts)	6,970,000		-	100,000	6,870,000	-
2000 MF Series A/B (Oaks at Hampton)	9,308,358		111,258		9,197,100	119,538
2000 MF Series A (Deerwood Apts)	5,545,000		125,000		5,420,000	135,000
2000 MF Series A (Creek Point Apts)	5,960,000		-	100,000	5,860,000	-
2000 MF Series A/B (Parks @ Westmoreland)	9,269,993		108,055		9,161,938	116,097
2000 MF Series A-C (Highland Meadow Apts)	7,867,000		170,000		7,697,000	182,000
2000 MF Series A/B (Greenbridge)	19,474,075		-		19,474,075	853,490
2000 MF Series A-C (Collingham Park)	11,820,000		274,000		11,546,000	291,000
2000 MF Series A/B (Williams Run)	12,341,443		219,419		12,122,024	487,039
2001 MF Series A (Bluffview Senior Apts)	10,141,758		86,671		10,055,087	93,493
2001 MF Series A (Knollwood Villas Apts)	13,032,633		111,377		12,921,256	120,142
2001 MF Series A (Skyway Villas)	6,910,000		150,000		6,760,000	160,000
2001 MF Series A (Greens Road Apts.)	7,375,000		80,000	7,295,000	-	-
2001 MF Series A/B (Meridian Apts.)	8,254,000		84,000		8,170,000	94,000
2001 MF Series A/B (Wildwood Apts.)	6,385,000		72,000		6,313,000	72,000
2001 MF Series A-C (Fallbrook Apts.)	13,061,000		283,000		12,778,000	302,000
2001 MF Series A (Oak Hollow Apts.)	6,150,181		56,590		6,093,591	60,681
2001 MF Series A/B (Hillside Apts.)	12,341,818		63,729		12,278,089	68,336
2002 MF Series A (Millstone Apts.)	9,640,000		105,000	9,535,000	-	-
2002 MF Series A (Park Meadows Apts)	3,980,000		85,000		3,895,000	90,000
2002 MF Series A (Clarkridge Villas Apts)	13,322,367		114,832		13,207,535	123,133
2002 MF Series A (Hickory Trace Apts)	11,016,530		94,341		10,922,189	101,161
2002 MF Series A (Green Crest Apts)	10,968,568		93,930		10,874,638	100,720

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS -
Supplementary Bond Schedules
Schedule 1-B (Continued)
Supplementary Bond Schedules
CHANGES IN BOND INDEBTEDNESS
For the fiscal year ended August 31, 2013

Description of Issue	Bonds Outstanding 09/01/12	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2013	Amounts Due Within One Year
2002 MF Series A/B (Ironwood Crossing)	$ 16,415,003	$	$ 112,639.00	$	$ 16,302,364	$ 122,900
2002 MF Series A (Woodway Village Apts)	6,970,000		140,000	6,830,000	-	-
2003 MF Series A/B (Reading Road)	11,150,000		30,000	200,000	10,920,000	30,000
2003 MF Series A/B (North Vista Apts)	11,820,000		250,000		11,570,000	260,000
2003 MF Series A/B (West Virginia Apts)	8,535,000		180,000		8,355,000	190,000
2003 MF Series A/B (Primrose Houston School)	16,084,998		118,161		15,966,837	128,120
2003 MF Series A/B (Timber Oaks Apts)	12,759,850		90,760		12,669,090	95,166
2003 MF Series A/B (Ash Creek Apts)	15,807,447		119,212		15,688,235	129,237
2003 MF Series A/B (Peninsula Apts)	11,220,000		200,000	20,000	11,000,000	205,000
2003 MF Series A/B (Arlington Villas)	16,614,793		110,951		16,503,842	120,219
2003 MF Series A/B (Parkview Twnhms)	13,499,022		100,599		13,398,423	105,483
2003 MF Series A (NHP-Asmara) Refunding	19,155,000		480,000		18,675,000	500,657
2004 MF Series A/B (Timber Ridge)	6,470,705		48,399		6,422,306	51,881
2004 MF Series A/B (Century Park)	11,710,000		210,000		11,500,000	230,000
2004 MF Series A/B (Veterans Memorial)	6,859,981		51,873		6,808,108	54,391
2004 MF Series A (Rush Creek)	8,539,342		68,278		8,471,064	72,996
2004 MF Series A (Humble Park)	11,040,000		135,000		10,905,000	145,000
2004 MF Series A (Chisholm Trail)	11,200,000		-	200,000	11,000,000	-
2004 MF Series A (Evergreen @ Plano)	14,281,487		110,408		14,171,079	117,861
2004 MF Series A (Montgomery Pines)	11,700,000		-	200,000	11,500,000	-
2004 MF Series A (Bristol)	11,900,000		-	200,000	11,700,000	-
2004 MF Series A (Pinnacle)	13,765,000		-	100,000	13,665,000	-
2004 MF Series A (Tranquility Bay)	13,770,491		116,505		13,653,986	124,307
2004 MF Series A (Churchill @ Pinnacle)	9,710,461		93,063		9,617,398	99,345
2004 MF Series A (Village Fair)	13,594,016		110,227		13,483,789	117,609
2005 MF Series A (Pecan Grove)	13,535,351		89,966		13,445,385	135,518
2005 MF Series A (Prairie Oaks)	10,660,419		85,918		10,574,501	91,672
2005 MF Series A (Port Royal)	11,777,503		94,349		11,683,154	100,668
2005 MF Series A (Del Rio)	11,092,105		58,591		11,033,514	125,093
2005 MF Series A (Atascocita Pines)	11,400,000		-	210,000	11,190,000	-
2005 MF Series A (Tower Ridge)	15,000,000		-		15,000,000	-
2005 MF Series A (Prairie Ranch)	11,550,000		140,000		11,410,000	150,000
2005 MF Series A (St Augustine)	6,280,000		-	100,000	6,180,000	-
2005 MF Series A (Park Manor)	10,400,000		-		10,400,000	-
2005 MF Series A (Mockingbird)	13,904,337		83,994	2,895,443	10,924,900	83,412
2005 MF Series A (Chase Oaks)	13,112,244		267,156		12,845,088	280,964
2005 MF Series A/B (Canal Place)	15,582,950		31,274	15,551,676	-	-
2005 MF Series A (Coral Hills)	4,750,000		35,000	50,000	4,665,000	65,000
2006 MF Series A (Harris Branch)	14,290,000		-	300,000	13,990,000	-
2006 MF Series A (Bella Vista)	6,600,000		55,000		6,545,000	55,000
2006 MF Series A (Village Park)	10,110,000		170,000		9,940,000	175,000
2006 MF Series A (Oakmoor)	14,119,607		112,937		14,006,670	119,903
2006 MF Series A (Sunset Pointe)	15,000,000		-		15,000,000	-
2006 MF Series A (Hillcrest)	10,690,000		160,000		10,530,000	170,000
2006 MF Series A (Pleasant Village)	5,645,793		62,784		5,583,009	132,523
2006 MF Series A (Grove Village)	5,815,167		64,667		5,750,500	136,498
2006 MF Series A (Red Hills Villas)	4,815,000		-	100,000	4,715,000	-
2006 MF Series A (Champion Crossing)	4,780,000		-	105,000	4,675,000	-
2006 MF Series A (Stonehaven)	10,992,314		110,144	924,500	9,957,670	153,772
2006 MF Series A (Center Ridge)	8,325,000		-	8,325,000	-	-
2006 MF Series A (Meadowlands)	12,157,419		92,448		12,064,971	98,150
2006 MF Series A (East Tex Pines)	13,325,000		105,000		13,220,000	110,000
2006 MF Series A (Villas at Henderson)	6,925,000		-	100,000	6,825,000	-
2006 MF Series A (Aspen Park Apts)	9,455,000		110,000		9,345,000	110,000
2006 MF Series A (Idlewilde Apts)	13,830,000		-	105,000	13,725,000	-
2007 MF Series A (Lancaster Apts)	13,830,000		-	120,000	13,710,000	-
2007 MF Series A (Park Place)	14,150,000		84,522		14,065,478	97,465
2007 MF Series A (Terrace at Cibolo)	5,000,000		-		5,000,000	-
2007 MF Series A (Santora Villas)	12,026,556		81,564		11,944,992	86,422
2007 MF Series A (Villas @ Mesquite Creek)	16,330,000		175,000		16,155,000	185,000
2007 MF Series A (Summit Point)	9,270,000		100,000		9,170,000	100,000
2007 MF Series A (Costa Rialto)	10,551,219		80,355		10,470,864	84,761
2007 MF Series A (Windshire)	13,700,000		-	100,000	13,600,000	-
2007 MF Series A (Residences @ Onion Creek)	15,000,000		-		15,000,000	-
2008 MF Series A (West Oaks)	12,635,000		-	110,000	12,525,000	-
2008 MF Series A (Costa Ibiza)	13,450,000		-	130,000	13,320,000	-

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS -
Supplementary Bond Schedules
Schedule 1-B (Continued)
Supplementary Bond Schedules
CHANGES IN BOND INDEBTEDNESS
For the fiscal year ended August 31, 2013

Description of Issue	Bonds Outstanding 09/01/12	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2013	Amounts Due Within One Year
2008 MF Series A (Addison Park)	$ 13,435,000	$	$	$ 230,000	$ 13,205,000	$ -
2008 MF Series A (Alta Cullen Apartments)	12,500,000		-	100,000	12,400,000	-
2009 MF Series A (Costa Mariposa Apartments)	13,690,000		-	110,000	13,580,000	-
2009 MF Series A (Woodmont Apartments)	15,000,000			120,000	14,880,000	-
Total Multifamily Bonds	$ 1,075,805,305	$	$ 8,885,946	$ 54,566,619	$ 1,012,352,740	$ 10,240,824
	$ 2,353,910,305	**$ 42,500,000**	**$ 27,440,946**	**$ 457,636,619**	**$ 1,911,332,740**	**$ 24,849,568**

FOOTNOTES:

(a) Bonds Outstanding balance at 8/31/13 does not include unamortized premium or discounts.

Bonds Outstanding per schedule	$ 1,911,332,740
Unamortized (Discount)/Premium:	
Single Family	3,212,866
RMRB	2,729,407
CHMRB	63,683
Multi-Family	(185,307)
Unamortized Deferred Gain/(Loss) on Refunding:	
Single Family	(788,127)
RMRB	(344,639)
Bonds Outstanding	**$ 1,916,020,623**

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
Schedule 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2013

DESCRIPTION		2014	2015	2016	2017	2018
2004 Single Family, Series A	Principal	1,705,000	1,025,000	865,000	865,000	865,000
2004 Single Family, Series A	Interest	1,332,790	1,272,552	1,232,602	1,195,734	1,159,077
2004 Single Family, Series A (Junior Lien)	Principal	-	-	-	-	-
2004 Single Family, Series A (Junior Lien)	Interest	6,168	5,397	5,409	5,385	5,397
2004 Single Family, Series B	Principal	-	895,000	1,840,000	1,905,000	1,980,000
2004 Single Family, Series B	Interest	48,571	37,100	36,240	34,778	33,512
2004 Single Family, Series C	Principal	-	150,000	150,000	145,000	145,000
2004 Single Family, Series C	Interest	236,517	234,905	228,455	222,005	215,878
2004 Single Family, Series D	Principal	-	1,125,000	1,185,000	1,245,000	1,315,000
2004 Single Family, Series D	Interest	33,178	24,307	23,563	22,618	21,786
2004 Single Family, Series E	Principal	270,000	30,000	30,000	35,000	40,000
2004 Single Family, Series E	Interest	15,985	7,203	5,913	4,623	3,010
2005 Single Family, Series A	Principal	-	-	-	-	-
2005 Single Family, Series A	Interest	66,999	51,750	51,868	51,631	51,750
2005 Single Family, Series B	Principal	400,000	400,000	435,000	485,000	490,000
2005 Single Family, Series B	Interest	303,502	286,003	268,066	246,230	222,950
2005 Single Family, Series C	Principal	-	-	-	-	3,825,000
2005 Single Family, Series C	Interest	6,294	5,355	5,367	5,343	2,700
2005 Single Family, Series D	Principal	-	-	-	-	-
2005 Single Family, Series D	Interest	141,750	141,750	141,750	141,750	141,750
2006 Single Family, Series A	Principal	370,000	365,000	375,000	400,000	405,000
2006 Single Family, Series A	Interest	1,321,375	1,302,875	1,284,625	1,265,500	1,245,500
2006 Single Family, Series B	Principal	880,000	910,000	940,000	985,000	1,045,000
2006 Single Family, Series B	Interest	1,432,250	1,388,000	1,342,000	1,294,750	1,244,625
2006 Single Family, Series C	Principal	940,000	995,000	1,050,000	1,105,000	1,165,000
2006 Single Family, Series C	Interest	2,299,459	2,250,644	2,198,881	2,144,428	2,087,156
2006 Single Family, Series D	Principal	-	-	-	-	315,000
2006 Single Family, Series D	Interest	446,860	446,860	446,860	446,860	446,860
2006 Single Family, Series E	Principal	1,545,000	1,605,000	1,675,000	1,755,000	1,830,000
2006 Single Family, Series E	Interest	325,066	260,476	191,579	118,253	40,260
2006 Single Family, Series F	Principal	120,000	135,000	140,000	140,000	145,000
2006 Single Family, Series F	Interest	1,020,263	1,013,219	1,005,312	997,262	989,212
2006 Single Family, Series G	Principal	520,000	555,000	455,000	340,000	360,000
2006 Single Family, Series G	Interest	111,002	88,382	63,654	46,530	30,590
2006 Single Family, Series H	Principal	-	-	410,000	860,000	910,000
2006 Single Family, Series H	Interest	32,992	25,200	25,258	24,709	24,155
2007 Single Family, Series A	Principal	-	-	-	-	-
2007 Single Family, Series A	Interest	91,702	70,830	70,992	70,668	70,830
2007 Single Family, Series B	Principal	1,170,000	1,245,000	1,310,000	1,365,000	2,020,000
2007 Single Family, Series B	Interest	4,105,874	4,050,817	3,990,678	3,926,446	3,858,661
2013 Single Family, Series A	Principal	-	-	-	-	-
2013 Single Family, Series A	Interest	884,687	1,166,620	1,166,620	1,166,620	1,166,620
TOTAL SINGLE FAMILY BONDS		22,183,284	23,565,245	24,645,692	25,062,123	29,917,279
2009 Residential Mtg Revenue Bonds, Series A	Principal	375,000	380,000	380,000	380,000	390,000
2009 Residential Mtg Revenue Bonds, Series A	Interest	2,117,514	2,106,824	2,094,830	2,081,459	2,066,826
2009 Residential Mtg Revenue Bonds, Series B	Principal	1,050,000	1,115,000	1,130,000	1,225,000	1,435,000
2009 Residential Mtg Revenue Bonds, Series B	Interest	625,173	576,413	522,413	469,120	408,195
2009 Residential Mtg Revenue Bonds, Series C-1	Principal	-	-	-	-	-
2009 Residential Mtg Revenue Bonds, Series C-1	Interest	2,281,888	2,281,888	2,281,888	2,281,888	2,281,888
2009 Residential Mtg Revenue Bonds, Series C-2	Principal	-	-	-	-	-
2009 Residential Mtg Revenue Bonds, Series C-2	Interest	1,424,760	1,424,760	1,424,760	1,424,760	1,424,760
2011 Residential Mtg Revenue Bonds, Series A	Principal	2,210,000	2,260,000	2,330,000	2,435,000	2,555,000
2011 Residential Mtg Revenue Bonds, Series A	Interest	2,113,652	2,069,393	2,012,196	1,943,274	1,863,186
2011 Residential Mtg Revenue Bonds, Series B	Principal	2,810,000	2,865,000	2,920,000	3,000,000	3,065,000
2011 Residential Mtg Revenue Bonds, Series B	Interest	2,924,640	2,892,868	2,851,115	2,794,118	2,724,745
TOTAL RESIDENTIAL MTG REVENUE BONDS		17,932,627	17,972,146	17,947,202	18,034,619	18,214,600

2019-23	2024-28	2029-33	2034-38	2039-43	2044-48	TOTAL REQUIRED
5,065,000	6,180,000	7,210,000	5,805,000	-	-	29,585,000
5,148,036	3,898,968	2,307,702	488,331	-	-	18,035,792
-	-	-	3,855,000	-	-	3,855,000
26,985	26,997	26,973	18,917	-	-	127,628
11,110,000	13,420,000	16,305,000	5,545,000	-	-	53,000,000
145,448	103,118	51,702	3,912	-	-	494,381
1,085,000	1,175,000	1,350,000	900,000	-	-	5,100,000
955,538	690,839	405,167	73,321	-	-	3,262,625
7,730,000	8,130,000	9,615,000	4,655,000	-	-	35,000,000
93,892	65,245	35,564	4,137	-	-	324,290
40,000	-	-	-	-	-	445,000
1,289	-	-	-	-	-	38,023
-	16,550,000	22,420,000	18,530,000	-	-	57,500,000
258,749	230,432	140,472	34,053	-	-	937,704
2,740,000	1,475,000	-	-	-	-	6,425,000
746,148	106,698	-	-	-	-	2,179,597
-	-	-	-	-	-	3,825,000
-	-	-	-	-	-	25,059
-	1,660,000	775,000	400,000	-	-	2,835,000
708,750	600,125	208,125	29,993	-	-	2,255,743
2,600,000	3,365,000	4,535,000	14,105,000	-	-	26,520,000
5,872,750	5,142,500	4,180,875	1,963,375	-	-	23,579,375
5,845,000	7,435,000	9,150,000	1,675,000	-	-	28,865,000
5,397,500	3,766,125	1,708,000	71,125	-	-	17,644,375
6,820,000	8,835,000	11,280,000	12,910,000	-	-	45,100,000
9,463,183	7,488,393	4,960,102	1,709,703	-	-	34,601,949
3,435,000	4,155,000	1,605,000	-	-	-	9,510,000
1,818,862	939,209	39,727	-	-	-	5,032,098
-	-	-	-	-	-	8,410,000
-	-	-	-	-	-	935,634
2,570,000	4,045,000	5,355,000	7,335,000	-	-	19,985,000
4,677,330	3,825,275	2,654,819	1,074,276	-	-	17,256,968
395,000	-	-	-	-	-	2,625,000
15,065	-	-	-	-	-	355,223
5,450,000	7,290,000	9,750,000	11,330,000	-	-	36,000,000
110,258	88,472	59,217	20,300	-	-	410,561
-	20,190,000	27,980,000	29,930,000	600,000	-	78,700,000
354,150	330,550	202,749	76,695	272	-	1,339,438
8,490,000	11,085,000	15,130,000	26,965,000	10,370,000	-	79,150,000
18,000,906	15,496,979	12,178,352	6,766,256	566,230	-	72,941,199
-	-	-	41,665,000	-	-	41,665,000
5,833,100	5,833,100	5,833,100	3,499,859	-	-	26,550,326
123,002,939	163,623,025	177,452,646	201,439,253	11,536,502	-	802,427,988
1,990,000	9,170,000	9,935,000	10,855,000	6,945,000	-	40,800,000
10,188,873	8,802,426	6,222,897	3,576,076	345,495	-	39,603,220
6,895,000	-	-	-	-	-	12,850,000
860,809	-	-	-	-	-	3,462,123
-	-	23,145,000	33,900,000	22,325,000	-	79,370,000
11,409,440	11,409,440	10,198,417	5,984,673	1,068,271	-	51,479,681
-	-	-	30,400,000	27,050,000	-	57,450,000
7,123,800	7,123,800	7,123,800	5,662,584	1,301,628	-	35,459,412
15,080,000	19,270,000	3,145,000	-	-	-	49,285,000
7,629,349	3,492,141	103,998	-	-	-	21,227,189
17,150,000	21,425,000	24,820,000	2,670,000	-	-	80,725,000
12,162,695	8,523,841	3,528,835	56,739	-	-	38,459,596
90,489,966	89,216,648	88,222,947	93,105,072	59,035,394	-	510,171,221

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
Schedule 1-C (Continued)
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2013

DESCRIPTION		2014	2015	2016	2017	2018
1992 Coll Home Mtg Rev Bonds, Series C	Princpal	-	-	-	-	-
1992 Coll Home Mtg Rev Bonds, Series C	Interest	320,220	291,109	320,220	291,109	320,220
TOTAL COLL HOME MTG REV BONDS		320,220	291,109	320,220	291,109	320,220
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	275,000	295,000	315,000	335,000	350,000
1998 MF Series A (Pebble Brook)	Interest	470,565	455,165	438,665	421,065	402,365
1998 MF Series A/B (Greens of Hickory Trial)	Principal	355,000	370,000	395,000	425,000	455,000
1998 MF Series A/B (Greens of Hickory Trial)	Interest	552,540	533,820	514,190	493,260	470,900
1998 MF Series A-C (Residence Oaks)	Principal	-	-	-	-	-
1998 MF Series A-C (Residence Oaks)	Interest	381,108	381,108	381,108	381,108	381,108
1999 MF Series A-C (Mayfield)	Principal	294,000	312,000	329,000	349,000	369,000
1999 MF Series A-C (Mayfield)	Interest	506,075	489,060	471,048	452,010	429,866
2000 MF Series A (Creek Point Apts)	Principal	-	-	-	-	-
2000 MF Series A (Creek Point Apts)	Interest	6,326	6,446	6,453	6,439	6,446
2000 MF Series A (Deerwood Apts)	Principal	135,000.00	145,000.00	155,000.00	170,000.00	180,000.00
2000 MF Series A (Deerwood Apts)	Interest	314,687	334,833	325,540	315,618	304,750
2000 MF Series A/B (Oaks at Hampton)	Principal	119,538	128,436	137,994	148,265	159,298
2000 MF Series A/B (Oaks at Hampton)	Interest	658,296	649,399	639,841	629,570	618,536
2000 MF Series A (Timber Point Apts)	Principal	-	-	-	-	-
2000 MF Series A (Timber Point Apts)	Interest	6,117	6,183	6,190	6,176	6,183
2000 MF Series A/B (Greenbridge)	Principal	853,490	198,368	213,555	229,906	247,508
2000 MF Series A/B (Greenbridge)	Interest	1,449,925	1,371,284	1,356,097	1,339,747	1,322,145
2000 MF Series A/B (Parks @ Westmoreland)	Principal	116,097	124,738	134,023	143,995	154,715
2000 MF Series A/B (Parks @ Westmoreland)	Interest	655,878	647,237	637,954	627,979	617,262
2000 MF Series A/B (Williams Run)	Principal	487,039	144,011	155,422	167,738	181,029
2000 MF Series A/B (Williams Run)	Interest	895,670	885,096	873,685	861,369	848,078
2000 MF Series A-C (Collingham Park)	Principal	291,000	308,000	327,000	348,000	370,000
2000 MF Series A-C (Collingham Park)	Interest	771,053	751,229	730,229	707,918	684,163
2000 MF Series A-C (Highland Meadow Apts)	Principal	182,000	194,000	207,000	221,000	237,000
2000 MF Series A-C (Highland Meadow Apts)	Interest	516,511	504,024	490,726	476,517	461,330
2001 MF Series A (Bluffview Senior Apts)	Principal	93,493	100,851	108,788	117,350	126,586
2001 MF Series A (Bluffview Senior Apts)	Interest	760,975	753,617	745,680	737,117	727,882
2001 MF Series A (Knollwood Villas Apts)	Principal	120,142	129,598	139,798	150,801	162,669
2001 MF Series A (Knollwood Villas Apts)	Interest	977,887	968,432	958,232	947,229	935,361
2001 MF Series A (Oak Hollow Apts.)	Principal	60,681	65,068	69,771	74,815	80,224
2001 MF Series A (Oak Hollow Apts.)	Interest	424,629	420,243	415,539	410,495	405,086
2001 MF Series A (Skyway Villas)	Principal	160,000	170,000	180,000	195,000	205,000
2001 MF Series A (Skyway Villas)	Interest	376,933	367,924	358,369	348,257	337,290
2001 MF Series A/B (Hillside Apts.)	Principal	68,336	73,276	78,573	84,253	90,344
2001 MF Series A/B (Hillside Apts.)	Interest	857,302	852,362	847,065	841,385	835,294
2001 MF Series A/B (Meridian Apts.)	Principal	94,000	96,000	105,000	108,000	119,000
2001 MF Series A/B (Meridian Apts.)	Interest	487,665	481,920	475,980	469,530	462,775
2001 MF Series A/B (Wildwood Apts.)	Principal	72,000	81,000	84,000	89,000	96,000
2001 MF Series A/B (Wildwood Apts.)	Interest	376,800	372,300	367,290	362,200	356,580
2001 MF Series A-C (Fallbrook Apts.)	Principal	302,000	320,000	339,000	360,000	383,000
2001 MF Series A-C (Fallbrook Apts.)	Interest	769,832	751,289	731,594	710,717	688,568
2002 MF Series A (Clarkridge Villas Apts)	Principal	123,133	132,034	141,579	151,814	162,788
2002 MF Series A (Clarkridge Villas Apts)	Interest	920,627	911,726	902,181	891,946	880,972
2002 MF Series A (Green Crest Apts)	Principal	100,720	108,001	115,809	124,180	133,157
2002 MF Series A (Green Crest Apts)	Interest	758,033	750,752	742,945	734,573	725,596
2002 MF Series A (Hickory Trace Apts)	Principal	101,161	108,473	116,315	124,723	133,740
2002 MF Series A (Hickory Trace Apts)	Interest	761,347	754,034	746,193	737,784	728,768
2002 MF Series A (Park Meadows Apts)	Principal	90,000	95,000	105,000	105,000	120,000
2002 MF Series A (Park Meadows Apts)	Interest	252,874	246,997	240,631	233,611	226,591
2002 MF Series A/B (Ironwood Crossing)	Principal	122,900	134,096	146,311	159,639	174,182
2002 MF Series A/B (Ironwood Crossing)	Interest	1,159,106	1,147,910	1,135,695	1,122,366	1,107,824
2003 MF Series A/B (Ash Creek Apts)	Principal	129,237	140,101	151,881	164,649	178,399
2003 MF Series A/B (Ash Creek Apts)	Interest	1,040,389	1,029,693	1,018,024	1,005,412	991,916

2019-23	2024-28	2029-33	2034-38	2039-43	2044-48	TOTAL REQUIRED
-	4,400,000	-	-	-	-	4,400,000
1,513,767	259,508	-	-	-	-	3,316,153
1,513,767	4,659,508	-	-	-	-	7,716,153
-	8,075,000	-	-	-	-	8,075,000
2,474,990	1,484,987	-	-	-	-	6,434,967
2,145,000	2,950,000	1,860,000	-	-	-	8,525,000
1,688,212	997,528	159,179	-	-	-	5,032,744
2,710,000	3,650,000	2,270,000	-	-	-	10,630,000
1,963,574	1,146,863	182,046	-	-	-	5,857,193
-	-	6,358,000	-	-	-	6,358,000
1,905,540	1,905,540	857,499	-	-	-	6,574,119
2,196,000	2,914,000	2,188,000	-	-	-	8,951,000
1,812,858	1,099,846	223,406	-	-	-	5,484,169
-	-	5,860,000	-	-	-	5,860,000
32,230	32,237	26,859	-	-	-	123,436
1,105,000	1,565,000	1,965,000	-	-	-	5,420,000
1,333,421	918,720	328,798	-	-	-	4,176,367
992,987	1,421,750	2,035,643	2,914,605	1,138,584	-	9,197,100
2,896,188	2,467,428	1,853,536	974,570	68,228	-	11,455,592
-	-	6,870,000	-	-	-	6,870,000
30,915	30,922	25,256	-	-	-	117,942
1,552,518	2,245,084	3,246,594	4,694,870	5,992,182	-	19,474,075
6,295,743	5,603,179	4,601,668	3,153,393	763,031	-	27,256,212
964,404	1,380,825	1,977,049	2,829,710	1,336,382	-	9,161,938
2,895,471	2,479,050	1,882,827	1,029,378	95,227	-	11,568,263
1,144,447	1,675,662	2,453,447	3,592,253	2,120,976	-	12,122,024
4,001,089	3,469,875	2,692,088	1,553,282	194,509	-	16,274,741
2,226,000	3,037,000	4,161,000	478,000	-	-	11,546,000
3,009,485	2,146,435	965,732	16,060	-	-	9,782,304
1,456,000	2,030,000	2,831,000	339,000	-	-	7,697,000
2,038,842	1,465,394	665,922	11,441	-	-	6,630,707
799,011	1,166,982	1,704,417	2,489,358	3,348,251	-	10,055,087
3,473,328	3,105,357	2,567,921	1,782,977	521,102	-	15,175,956
1,026,767	1,499,627	2,190,255	3,198,941	4,302,658	-	12,921,256
4,463,381	3,990,522	3,299,896	2,291,210	669,642	-	19,501,792
496,962	704,504	998,724	1,415,818	2,127,024	-	6,093,591
1,929,588	1,722,046	1,427,828	1,010,735	358,793	-	8,524,982
1,210,000	1,640,000	2,200,000	800,000	-	-	6,760,000
1,500,409	1,110,413	581,739	45,354	-	-	5,026,688
559,654	793,380	1,124,715	1,594,425	7,811,133	-	12,278,089
4,068,537	3,834,810	3,503,473	3,033,763	1,667,740	-	20,341,731
776,000	993,000	5,879,000	-	-	-	8,170,000
2,185,799	1,923,731	623,596	227	-	-	7,111,223
571,000	770,000	4,545,000	5,000	-	-	6,313,000
1,687,515	1,488,395	225,375	400	-	-	5,236,855
2,296,000	3,095,000	4,170,000	1,513,000	-	-	12,778,000
3,059,512	2,260,835	1,184,427	92,595	-	-	10,249,369
1,008,425	1,429,568	2,026,592	2,872,950	5,158,652	-	13,207,535
4,210,375	3,789,229	3,192,204	2,345,849	1,046,073	-	19,091,182
824,869	1,169,357	1,657,710	2,350,012	4,290,823	-	10,874,638
3,468,900	3,124,414	2,636,060	1,943,758	895,013	-	15,780,044
828,951	1,174,471	1,664,958	2,360,288	4,309,109	-	10,922,189
3,484,041	3,137,907	2,647,418	1,952,090	898,787	-	15,848,369
715,000	980,000	1,360,000	325,000	-	-	3,895,000
1,004,967	734,462	361,763	15,999	-	-	3,317,895
1,128,828	1,619,533	2,295,891	3,254,711	7,266,273	-	16,302,364
5,281,198	4,790,495	4,114,139	3,155,317	1,633,338	-	24,647,388
1,099,675	1,538,902	2,153,568	10,131,823	-	-	15,688,235
4,756,626	4,326,520	3,724,623	1,660,821	-	-	19,554,024

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
Schedule 1-C (Continued)
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2013

DESCRIPTION		2014	2015	2016	2017	2018
2003 MF Series A/B (North Vista Apts)	Principal	260,000	275,000	290,000	310,000	325,000
2003 MF Series A/B (North Vista Apts)	Interest	584,197	571,340	557,104	542,108	526,227
2003 MF Series A/B (Peninsula Apts)	Principal	205,000	210,000	235,000	250,000	265,000
2003 MF Series A/B (Peninsula Apts)	Interest	578,190	568,126	557,699	545,237	531,855
2003 MF Series A/B (Primrose Houston School)	Principal	128,120	138,921	150,631	163,327	177,095
2003 MF Series A/B (Primrose Houston School)	Interest	1,047,718	1,037,078	1,025,541	1,013,032	999,469
2003 MF Series A/B (Reading Road)	Principal	30,000	40,000	40,000	40,000	40,000
2003 MF Series A/B (Reading Road)	Interest	125,410	123,181	120,489	117,774	115,081
2003 MF Series A/B (Timber Oaks Apts)	Principal	95,166	99,786	104,630	109,710	115,036
2003 MF Series A/B (Timber Oaks Apts)	Interest	886,762	878,251	869,327	859,970	850,158
2003 MF Series A/B (West Virginia Apts)	Principal	190,000	195,000	205,000	215,000	235,000
2003 MF Series A/B (West Virginia Apts)	Interest	421,884	412,413	402,374	391,835	380,661
2004 MF Series A (Bristol)	Principal	-	-	-	-	-
2004 MF Series A (Bristol)	Interest	8,235	8,190	8,199	8,181	8,190
2004 MF Series A (Chisholm Trail)	Principal	-	-	-	-	-
2004 MF Series A (Chisholm Trail)	Interest	7,742	7,700	7,708	7,692	7,700
2004 MF Series A (Churchill @ Pinnacle)	Principal	99,345	106,051	113,209	120,851	129,009
2004 MF Series A (Churchill @ Pinnacle)	Interest	626,992	620,286	613,127	605,485	597,327
2004 MF Series A (Evergreen @ Plano)	Principal	117,861	125,816	134,309	143,376	153,054
2004 MF Series A (Evergreen @ Plano)	Interest	924,710	916,754	908,261	899,195	889,516
2004 MF Series A (Humble Park)	Principal	145,000	155,000	165,000	180,000	190,000
2004 MF Series A (Humble Park)	Interest	717,420	707,685	697,290	686,070	674,025
2004 MF Series A (Montgomery Pines)	Principal	-	-	-	-	-
2004 MF Series A (Montgomery Pines)	Interest	8,094	8,050	8,058	8,042	8,050
2004 MF Series A (Pinnacle)	Principal	-	-	-	-	-
2004 MF Series A (Pinnacle)	Interest	8,251	8,199	8,208	8,190	8,199
2004 MF Series A (Rush Creek)	Principal	72,996	78,039	83,432	89,196	95,360
2004 MF Series A (Rush Creek)	Interest	565,346	560,303	554,911	549,146	542,983
2004 MF Series A (Tranquility Bay)	Principal	124,307	132,633	141,515	150,993	161,105
2004 MF Series A (Tranquility Bay)	Interest	883,849	875,524	866,642	857,164	847,052
2004 MF Series A/B (Century Park)	Principal	230,000	245,000	255,000	275,000	290,000
2004 MF Series A/B (Century Park)	Interest	616,913	604,244	590,902	576,885	561,775
2004 MF Series A/B (Timber Ridge)	Principal	51,881	55,616	59,619	63,909	68,509
2004 MF Series A/B (Timber Ridge)	Interest	431,923	428,307	424,430	420,275	415,821
2004 MF Series A/B (Veterans Memorial)	Principal	54,391	57,032	59,801	62,704	65,748
2004 MF Series A/B (Veterans Memorial)	Interest	447,704	444,035	440,188	436,154	431,924
2003 MF Series A/B (Parkview Twnhms)	Principal	105,483	110,604	115,973	121,603	127,507
2003 MF Series A/B (Parkview Twnhms)	Interest	881,132	874,017	866,556	858,733	850,530
2003 MF Series A/B (Arlington Villas)	Principal	120,219	130,262	141,142	152,933	165,710
2003 MF Series A/B (Arlington Villas)	Interest	1,128,464	1,118,483	1,107,669	1,095,952	1,083,255
2003 MF Series A (NHP-Asmara) Refunding	Principal	510,000	540,000	570,000	610,000	640,000
2003 MF Series A (NHP-Asmara) Refunding	Interest	11,113	10,871	10,558	10,190	9,834
2004 MF Series A (Village Fair)	Principal	117,609	125,486	133,890	142,857	152,424
2004 MF Series A (Village Fair)	Interest	872,984	865,108	856,704	847,737	838,169
2005 MF Series A (Pecan Grove)	Principal	135,518	124,190	132,508	141,382	150,850
2005 MF Series A (Pecan Grove)	Interest	869,281	861,486	853,168	844,294	834,825
2005 MF Series A (Prairie Oaks)	Principal	91,672	97,812	104,364	111,353	118,810
2005 MF Series A (Prairie Oaks)	Interest	684,644	678,505	671,954	664,965	657,507
2005 MF Series A (Port Royal)	Principal	100,668	107,408	114,604	122,279	130,468
2005 MF Series A (Port Royal)	Interest	756,441	749,700	742,506	734,831	726,642
2005 MF Series A (Del Rio)	Principal	125,093	101,159	107,933	115,161	122,874
2005 MF Series A (Del Rio)	Interest	735,537	706,068	699,293	692,065	684,352
2005 MF Series A (Atascocita Pines)	Principal	-	-	-	-	-
2005 MF Series A (Atascocita Pines)	Interest	7,876	7,833	7,841	7,825	7,833
2005 MF Series A (Tower Ridge)	Principal	-	-	-	-	-
2005 MF Series A (Tower Ridge)	Interest	16,500	16,500	16,517	16,483	16,500

2019-23	2024-28	2029-33	2034-38	2039-43	2044-48	TOTAL REQUIRED
1,900,000	2,500,000	3,265,000	2,445,000	-	-	11,570,000
2,361,552	1,813,681	1,095,620	222,190	-	-	8,274,019
1,665,000	8,170,000	-	-	-	-	11,000,000
2,417,198	633,879	-	-	-	-	5,832,184
1,113,094	1,553,698	2,163,492	10,378,459	-	-	15,966,837
4,777,175	4,346,722	3,749,786	1,821,981	-	-	19,818,502
270,000	375,000	525,000	9,560,000	-	-	10,920,000
526,298	420,837	272,656	68,294	-	-	1,890,020
664,576	580,187	-	-	10,900,000	-	12,669,091
4,086,116	3,773,964	3,678,750	3,678,750	183,937	-	19,745,985
1,370,000	1,805,000	2,375,000	1,765,000	-	-	8,355,000
1,709,877	1,313,979	793,356	160,987	-	-	5,987,366
-	-	-	11,700,000	-	-	11,700,000
40,950	40,959	40,941	31,391	-	-	195,236
-	-	-	11,000,000	-	-	11,000,000
38,500	38,508	38,492	28,226	-	-	182,268
788,040	1,092,428	1,514,391	2,099,339	2,910,228	644,507	9,617,398
2,843,642	2,539,254	2,117,294	1,532,345	721,457	21,300	12,838,509
934,915	1,296,037	1,796,643	2,490,616	3,452,639	3,525,814	14,171,080
4,277,937	3,916,816	3,416,208	2,722,237	1,760,212	159,743	20,791,589
1,165,000	1,625,000	2,225,000	3,085,000	1,970,000	-	10,905,000
3,160,410	2,710,950	2,091,705	1,237,005	200,145	-	12,882,705
-	-	-	11,500,000	-	-	11,500,000
40,250	40,258	40,242	30,855	-	-	191,899
-	-	-	13,665,000	-	-	13,665,000
40,995	41,004	40,986	31,426	-	-	195,458
585,224	817,345	1,141,536	1,594,312	2,226,678	1,686,946	8,471,064
2,606,490	2,374,367	2,050,175	1,597,399	965,036	44,631	12,410,787
982,566	1,358,708	1,878,845	2,598,100	3,592,697	2,532,517	13,653,986
4,058,218	3,682,073	3,161,938	2,442,685	1,448,086	119,789	19,243,020
1,715,000	2,290,000	3,050,000	3,150,000	-	-	11,500,000
2,552,630	2,024,519	1,319,753	394,483	-	-	9,242,104
423,989	600,169	849,544	4,249,070	-	-	6,422,306
2,000,223	1,829,608	1,588,098	796,748	-	-	8,335,433
379,834	481,433	610,208	773,425	4,263,532	-	6,808,108
2,088,639	1,947,461	1,768,533	1,541,743	611,518	-	10,157,899
736,622	933,654	1,183,387	1,499,920	8,463,671	-	13,398,424
4,114,971	3,841,199	3,494,202	3,054,388	1,344,251	-	20,179,979
1,059,491	1,520,119	2,144,267	11,069,699	-	-	16,503,842
5,187,117	4,735,186	4,124,600	2,290,550	-	-	21,871,276
3,850,000	5,155,000	6,800,000	-	-	-	18,675,000
42,863	29,783	12,239	-	-	-	137,451
929,621	1,285,496	1,777,607	2,458,107	3,399,112	2,961,580	13,483,789
4,023,346	3,667,473	3,175,361	2,494,861	1,553,854	212,328	19,407,925
920,023	1,272,225	1,759,253	2,432,725	3,364,014	3,012,697	13,445,385
4,008,356	3,656,155	3,169,126	2,495,651	1,564,362	227,590	19,384,294
724,610	1,002,000	1,385,584	1,916,008	2,649,489	2,372,799	10,574,501
3,156,973	2,879,577	2,495,993	1,965,568	1,232,087	179,251	15,267,024
795,708	1,100,319	1,521,544	2,104,017	2,909,469	2,676,670	11,683,154
3,489,836	3,185,224	2,764,000	2,181,528	1,376,073	212,409	16,919,190
749,406	1,036,285	1,432,997	1,981,569	2,740,148	2,520,889	11,033,514
3,286,734	2,999,849	2,603,143	2,054,568	1,295,990	200,043	15,957,642
-	-	-	11,190,000	-	-	11,190,000
39,165	39,173	39,157	36,545	-	-	193,248
-	-	-	15,000,000	-	-	15,000,000
82,500	82,517	82,483	76,353	-	-	406,353

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
Schedule 1-C (Continued)
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2013

DESCRIPTION		2014	2015	2016	2017	2018
2005 MF Series A (Prairie Ranch)	Principal	150,000	160,000	165,000	175,000	180,000
2005 MF Series A (Prairie Ranch)	Interest	551,566	544,170	536,289	528,165	519,677
2005 MF Series A (St Augustine)	Principal	-	-	-	-	-
2005 MF Series A (St Augustine)	Interest	4,350	4,326	4,331	4,321	4,326
2005 MF Series A (Park Manor)	Principal	-	-	-	-	-
2005 MF Series A (Park Manor)	Interest	665,600	665,600	665,600	665,600	665,600
2005 MF Series A (Mockingbird)	Principal	83,412	88,030	92,903	98,045	103,473
2005 MF Series A (Mockingbird)	Interest	587,902	583,284	578,411	573,268	567,841
2005 MF Series A (Chase Oaks)	Principal	280,964	295,486	310,759	326,820	343,712
2005 MF Series A (Chase Oaks)	Interest	642,233	627,711	612,439	596,377	579,485
2005 MF Series A (Coral Hills)	Principal	65,000	90,000	100,000	100,000	100,000
2005 MF Series A (Coral Hills)	Interest	235,078	231,164	226,493	221,442	216,392
2006 MF Series A (Harris Branch)	Principal	-	-	-	-	-
2006 MF Series A (Harris Branch)	Interest	9,847	9,793	9,803	9,783	9,793
2006 MF Series A (Bella Vista)	Principal	55,000	60,000	65,000	70,000	70,000
2006 MF Series A (Bella Vista)	Interest	402,517	399,135	395,445	391,447	387,142
2006 MF Series A (Village Park)	Principal	175,000	185,000	195,000	205,000	220,000
2006 MF Series A (Village Park)	Interest	500,938	492,506	483,600	474,219	464,244
2006 MF Series A (Oakmoor)	Principal	119,903	127,299	135,150	143,486	152,336
2006 MF Series A (Oakmoor)	Interest	837,139	829,744	821,892	813,556	804,706
2006 MF Series A (Sunset Pointe)	Principal	-	-	-	-	-
2006 MF Series A (Sunset Pointe)	Interest	16,500	16,500	16,517	16,483	16,500
2006 MF Series A (Hillcrest)	Principal	170,000	185,000	195,000	210,000	225,000
2006 MF Series A (Hillcrest)	Interest	550,594	541,538	531,694	521,194	510,038
2006 MF Series A (Pleasant Village)	Principal	132,523	106,910	112,693	120,648	128,195
2006 MF Series A (Pleasant Village)	Interest	438,074	328,631	322,847	314,893	307,346
2006 MF Series A (Grove Village)	Principal	136,498	110,117	116,074	124,267	132,041
2006 MF Series A (Grove Village)	Interest	461,519	338,491	332,533	324,341	316,567
2006 MF Series A (Red Hills Villas)	Principal	-	-	-	-	-
2006 MF Series A (Red Hills Villas)	Interest	6,129	6,129	6,136	6,123	6,129
2006 MF Series A (Champion Crossing)	Principal	-	-	-	100,000	100,000
2006 MF Series A (Champion Crossing)	Interest	6,078	6,078	6,084	5,952	5,829
2006 MF Series A (Stonehaven)	Principal	153,772	162,932	172,638	182,921	193,817
2006 MF Series A (Stonehaven)	Interest	573,500	564,340	554,635	544,351	533,455
2006 MF Series A (Meadowlands)	Principal	98,150	104,203	110,631	117,454	124,698
2006 MF Series A (Meadowlands)	Interest	721,229	715,176	708,748	701,925	694,681
2006 MF Series A (East Tex Pines)	Principal	110,000	110,000	125,000	125,000	135,000
2006 MF Series A (East Tex Pines)	Interest	763,570	757,190	750,375	743,125	735,585
2006 MF Series A (Villas at Henderson)	Principal	-	-	-	-	-
2006 MF Series A (Villas at Henderson)	Interest	4,802	4,778	4,783	4,773	4,778
2006 MF Series A (Aspen Park Apts)	Principal	110,000	120,000	125,000	135,000	140,000
2006 MF Series A (Aspen Park Apts)	Interest	465,875	460,250	454,250	447,875	441,000
2006 MF Series A (Idlewilde Apts)	Principal	-	-	-	-	-
2006 MF Series A (Idlewilde Apts)	Interest	9,660	9,608	9,618	9,598	9,608
2007 MF Series A (Lancaster Apts)	Principal	-	-	-	-	-
2007 MF Series A (Lancaster Apts)	Interest	9,650	9,597	9,607	9,587	9,597
2007 MF Series A (Park Place)	Principal	97,465.00	103,271.00	109,423.00	115,941.00	122,847.00
2007 MF Series A (Park Place)	Interest	813,235	807,429	801,278	794,760	787,853
2007 MF Series A (Terrace at Cibolo)	Principal	-	-	-	-	-
2007 MF Series A (Terrace at Cibolo)	Interest	3,519	3,500	3,504	3,496	3,500
2007 MF Series A (Santora Villas)	Principal	86,422.00	91,570.00	97,025.00	102,804.00	108,928.00
2007 MF Series A (Santora Villas)	Interest	690,537	685,389	679,935	674,155	668,031
2007 MF Series A (Villas @ Mesquite Creek)	Principal	185,000	195,000	210,000	220,000	235,000
2007 MF Series A (Villas @ Mesquite Creek)	Interest	814,491	803,597	791,977	779,631	766,704
2007 MF Series A (Summit Point)	Principal	100,000	110,000	110,000	110,000	115,000
2007 MF Series A (Summit Point)	Interest	472,538	467,618	462,338	457,058	451,778

2019-23	2024-28	2029-33	2034-38	2039-43	2044-48	TOTAL REQUIRED
1,070,000	1,400,000	1,760,000	2,220,000	2,810,000	1,320,000	11,410,000
2,454,463	2,159,462	1,781,769	1,307,924	708,221	80,873	11,172,579
-	-	-	-	6,180,000	-	6,180,000
21,630	21,635	21,625	21,630	367	-	108,541
-	-	-	-	-	10,400,000	10,400,000
3,328,000	3,328,000	3,328,000	3,328,000	3,328,000	1,275,735	21,243,735
609,894	798,456	1,045,314	1,368,497	6,636,876	-	10,924,900
2,746,674	2,558,111	2,311,250	1,988,066	683,300	-	13,178,107
2,004,124	2,578,422	3,317,289	3,387,512	-	-	12,845,088
2,611,861	2,037,564	1,298,701	267,042	-	-	9,273,413
625,000	3,585,000	-	-	-	-	4,665,000
996,238	513,837	-	-	-	-	2,640,644
-	-	-	-	13,990,000	-	13,990,000
48,965	48,975	48,955	48,965	5,687	-	250,566
440,000	590,000	810,000	1,095,000	1,495,000	1,795,000	6,545,000
1,863,448	1,710,314	1,503,674	1,221,696	839,166	264,149	9,378,133
1,310,000	7,650,000	-	-	-	-	9,940,000
2,147,861	1,285,092	-	-	-	-	5,848,460
914,754	1,233,864	1,664,299	2,244,891	3,028,022	4,242,666	14,006,670
3,870,455	3,551,341	3,120,906	2,540,314	1,757,185	514,694	19,461,932
-	-	-	-	15,000,000	-	15,000,000
82,500	82,517	82,483	82,500	15,099	-	427,599
1,325,000	8,220,000	-	-	-	-	10,530,000
2,358,826	1,601,642	-	-	-	-	6,615,526
4,982,040	-	-	-	-	-	5,583,009
1,298,392	-	-	-	-	-	3,010,183
5,131,503	-	-	-	-	-	5,750,500
1,336,607	-	-	-	-	-	3,110,058
100,000	700,000	1,000,000	2,915,000	-	-	4,715,000
30,527	27,740	21,653	9,356	-	-	119,922
500,000	700,000	1,000,000	2,275,000	-	-	4,675,000
27,193	23,579	17,493	6,786	-	-	105,072
1,156,645	7,934,945	-	-	-	-	9,957,670
2,479,716	1,377,193	-	-	-	-	6,627,190
748,795	1,010,012	1,362,356	1,837,615	2,478,665	4,072,392	12,064,971
3,348,099	3,086,880	2,734,539	2,259,280	1,618,228	584,105	17,172,890
810,000	1,065,000	1,420,000	1,875,000	2,490,000	4,955,000	13,220,000
3,545,830	3,275,695	2,917,690	2,443,105	1,813,950	793,006	18,539,121
-	6,825,000	-	-	-	-	6,825,000
23,890	1,016	-	-	-	-	48,820
845,000	7,870,000	-	-	-	-	9,345,000
2,088,750	1,500,623	-	-	-	-	5,858,623
-	-	-	-	13,725,000	-	13,725,000
48,040	48,050	48,030	48,040	17,612	-	257,864
-	-	-	-	13,710,000	-	13,710,000
47,985	47,995	47,975	47,985	18,389	-	258,367
733,115	979,071	1,307,544	1,746,218	2,332,064	6,418,519	14,065,478
3,820,386	3,574,430	3,245,955	2,807,279	2,221,432	1,103,614	20,777,651
-	-	-	-	5,000,000	-	5,000,000
17,500	17,504	17,496	17,500	6,124	-	93,643
650,050	868,140	1,159,395	1,548,365	2,067,832	5,164,461	11,944,992
3,234,747	3,016,659	2,725,402	2,336,428	1,816,960	919,014	17,447,257
1,370,000	1,755,000	2,245,000	2,880,000	3,680,000	3,180,000	16,155,000
3,631,321	3,246,375	2,755,500	2,125,875	1,319,500	326,000	17,360,971
710,000	910,000	1,200,000	1,585,000	2,090,000	2,130,000	9,170,000
2,161,265	1,962,815	1,698,520	1,345,231	872,683	259,088	10,610,932

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
Schedule 1-C (Continued)
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2013

DESCRIPTION		2014	2015	2016	2017	2018
2007 MF Series A (Costa Rialto)	Principal	84,761	89,409	94,312	99,483	104,938
2007 MF Series A (Costa Rialto)	Interest	558,135	553,487	548,585	543,414	537,959
2007 MF Series A (Windshire)	Principal	-	-	-	-	-
2007 MF Series A (Windshire)	Interest	9,572	9,520	9,530	9,510	9,520
2007 MF Series A (Residences @ Onion Creek)	Principal	-	-	-	-	-
2007 MF Series A (Residences @ Onion Creek)	Interest	16,500	16,500	16,517	16,483	16,500
2008 MF Series A (Addison Park)	Principal	-	-	-	-	-
2008 MF Series A (Addison Park)	Interest	14,475	14,525	14,542	14,509	14,525
2008 MF Series A (Costa Ibiza)	Principal	-	-	-	-	-
2008 MF Series A (Costa Ibiza)	Interest	7,941	7,992	8,001	7,983	7,992
2008 MF Series A (West Oaks)	Principal	-	-	-	-	-
2008 MF Series A (West Oaks)	Interest	7,563	7,515	7,524	7,506	7,515
2009 MF Series A (Costa Mariposa Apartments)	Principal	-	-	-	-	-
2009 MF Series A (Costa Mariposa Apartments)	Interest	8,096	8,148	8,157	8,139	8,148
2009 MF Series A (Woodmont Apartments)	Principal	-	-	-	-	-
2009 MF Series A (Woodmont Apartments)	Interest	8,871	8,928	8,938	8,918	8,928
2008 MF Series A (Alta Cullen Apartments)	Principal	-	-	-	-	-
2008 MF Series A (Alta Cullen Apartments)	Interest	9,872	9,920	9,931	9,909	9,920
TOTAL MULTI-FAMILY BONDS		54,609,321	53,255,218	53,308,240	53,456,406	53,495,468
Total		95,045,452	95,083,718	96,221,354	96,844,257	101,947,567
Less Interest		70,430,286	69,310,625	68,251,367	67,053,626	65,825,384
Total Principal		24,615,166	25,773,093	27,969,987	29,790,631	36,122,183

2019-23	2024-28	2029-33	2034-38	2039-43	2044-48	TOTAL REQUIRED
617,571	806,497	1,053,218	1,375,415	1,796,178	4,349,082	10,470,864
2,596,908	2,407,980	2,161,259	1,839,059	1,418,295	734,979	13,900,060
-	-	-	-	13,600,000	-	13,600,000
47,600	47,610	47,590	47,600	23,031	-	261,083
-	-	-	-	15,000,000	-	15,000,000
82,500	82,517	82,483	82,500	38,518	-	451,018
-	-	-	-	-	13,205,000	13,205,000
72,626	72,643	72,610	72,626	72,626	6,096	441,803
-	-	-	-	13,320,000	-	13,320,000
39,960	39,969	39,951	39,960	23,976	-	223,725
-	-	-	-	12,525,000	-	12,525,000
37,575	37,584	37,566	37,575	21,907	-	209,830
-	-	-	-	13,580,000	-	13,580,000
40,740	40,749	40,731	40,740	30,538	-	234,186
-	-	-	-	14,880,000	-	14,880,000
44,640	44,650	44,630	44,640	34,220	-	257,363
-	-	-	-	-	12,400,000	12,400,000
49,600	49,611	49,589	49,600	49,600	15,682	313,234
276,904,721	310,968,627	263,874,416	304,783,921	325,281,466	103,820,656	1,853,758,460
491,911,393	568,467,808	529,550,009	599,328,246	395,853,362	103,820,656	3,174,073,822
307,211,685	254,364,653	188,254,733	118,679,603	45,105,001	8,254,119	1,262,741,082
184,699,708	314,103,155	341,295,276	480,648,643	350,748,361	95,566,537	1,911,332,740

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, 2013

	Pledged and Other Sources and Related Expenditures for FY 2013			
	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	$ 30,822,440	$ 40,609	$ -	$ 1,159,046
2002 Single Family Series B	15,048,154	18,787	15,000	547,173
2002 Single Family Series C	5,816,190	7,618	1,035,000	219,180
2002 Single Family Series D	-	-	890,000	-
2004 Single Family Series A	16,586,607	82,216	1,815,000	1,677,235
2004 Single Family Series A (Jr. Lien)	97	2,752	-	7,871
2004 Single Family Series B	2,824,410	147,286	-	1,880,006
2004 Single Family Series C	8,177,580	19,699	-	425,124
2004 Single Family Series D	1,870,647	135,188	-	1,258,775
2004 Single Family Series E	803,784	1,719	645,000	40,609
2005 Single Family Series A	12,816,091	187,776	-	2,426,399
2005 Single Family Series B	1,664,394	27,623	450,000	340,071
2005 Single Family Series C	655,145	16,445	-	8,636
2005 Single Family Series D	345,931	12,189	-	147,708
2006 Single Family Series A	9,740,195	23,668	430,000	1,526,500
2006 Single Family Series B	10,635,396	25,761	1,055,000	1,668,667
2006 Single Family Series C	16,589,890	40,250	1,115,000	2,665,554
2006 Single Family Series D	2,524,408	8,487	-	479,640
2006 Single Family Series E	556,606	7,506	1,480,000	356,352
2006 Single Family Series F	16,897,176	45,071	210,000	1,368,181
2006 Single Family Series G	1,878,009	5,920	705,000	158,301
2006 Single Family Series H	2,372,695	81,189	-	1,282,844
2007 Single Family Series A	20,388,610	255,112	-	3,347,329
2007 Single Family Series B	30,924,049	74,171	1,600,000	4,659,200
2013 Single Family Series A	1,478,830	684,329	-	305,468
Total Single Family Bonds	211,417,334	1,951,371	11,445,000	27,955,869
2003 RMRB Series A	39,895,956	7,737	530,000	640,099
2009 RMRB Series A	14,814,728	281,457	390,000	2,264,181
2009 RMRB Series B	2,180,325	88,645	1,015,000	689,627
2009 RMRB Series C	(31,931)	-	-	3,235
2009 RMRB Series C-1	12,361,464	697,431	-	2,878,124
2011 RMRB Series A	7,818,195	433,071	2,235,000	2,281,777
2009 RMRB Series C-2	4,407,474	59,642	-	1,457,269
2011 RMRB Series B	6,252,234	83,805	2,790,000	3,016,780
2009 RMRB Series C-3	72,867,351	251,819	-	150,583
2009 RMRB Series C-4	78,723,193	8,068	150,000	369,249
Total Residential Mtg Revenue Bonds	239,288,989	1,911,675	7,110,000	13,750,924
1992 CHMRB Series C	1,663,390	193	-	355,740
Total 1992 CHMRB	1,663,390	193	-	355,740
1996 MF Series A/B (Brighton's Mark Development)	508,437	6,126.00	-	501,873
1998 MF Series A (Pebble Brook Apartments Project)	481,359	-	255,000	481,359
1998 MF Series A-C (Residence at the Oaks Projects)	386,211	-	202,000	386,211
1998 MF Series A/B (Greens of Hickory Trail Apartments)	561,380	-	335,000	561,380
1999 MF Series A-C (Mayfield Apartments)	516,905	-	279,000	516,905
2000 MF Series A (Creek Point Apartments)	109,028	-	-	9,029
2000 MF Series A (Deerwood Apartments)	349,580	-	125,000	349,580
2000 MF Series A (Timber Point Apartments)	110,562	-	-	10,564
2000 MF Series A/B (Greenbridge at Buckingham Apartments)	1,441,082	-	-	1,441,082
2000 MF Series A/B (Oaks at Hampton Apartments)	665,910	-	111,258	665,910
2000 MF Series A/B (Parks at Westmoreland Apartments)	663,272	-	108,055	663,272
2000 MF Series A/B (Williams Run Apartments)	1,007,532	-	219,419	1,007,532
2000 MF Series A-C (Collingham Park Apartments)	783,630	-	274,000	783,630
2000 MF Series A-C (Highland Meadow Village Apartments)	524,363	-	170,000	524,363
2001 MF Series A (Bluffview Apartments)	767,247	-	86,671	767,247
2001 MF Series A (Knollwood Apartments)	985,948	-	111,377	985,948
2001 MF Series A (Oak Hollow Apartments)	428,390	-	56,590	428,390
2001 MF Series A (Greens Road Apartments)	7,392,803	-	80,000	98,901
2001 MF Series A (Skyway Villas Apartments)	383,166	-	150,000	383,166
2001 MF Series A/B (Hillside Apartments)	861,537	-	63,729	861,537
2001 MF Series A/B (Meridian Apartments)	492,510	-	84,000	492,510

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
Schedule 1-D (Continued)
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE
For the Fiscal Year Ended August 31, 2013

	Pledged and Other Sources and Related Expenditures for FY 2013			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2001 MF Series A/B (Wildwood Apartments)	380,760	-	72,000	380,760
2001 MF Series A-C (Fallbrook Apartments)	782,997	-	283,000	782,997
2002 MF Series A (Clarkridge Villas Apartments)	928,258	-	114,832	928,258
2002 MF Series A (Park Meadows Apartments)	257,200	-	85,000	257,200
2002 MF Series A (Green Crest Apartments)	764,276	-	93,930	764,276
2002 MF Series A (Hickory Trace Apartments)	767,618	-	94,341	767,618
2002 MF Series A (Millstone Apartments)	9,725,992	-	105,000	190,992
2002 MF Series A (Woodway Village)	7,082,923	-	140,000	298,480
2002 MF Series A/B (Ironwood Crossing)	1,168,545	-	112,639	1,168,545
2003 MF Series A (NHP Foundation-Asmara Project) Refunding	34,531	-	480,000	25,189
2003 MF Series A/B (Reading Road)	334,518	-	30,000	134,524
2003 MF Series A/B (Arlington Villas)	1,136,934	-	110,951	1,136,934
2003 MF Series A/B (Ash Creek Apartments)	1,049,494	-	119,212	1,049,494
2003 MF Series A/B (North Vista Apartments)	592,253	-	250,000	592,253
2003 MF Series A/B (Parkview Townhomes)	638,634	-	100,599	638,634
2003 MF Series A/B (Peninsula Apartments)	604,410	-	200,000	584,410
2003 MF Series A/B (Primrose Houston School)	1,056,743	-	118,161	1,056,743
2003 MF Series A/B (Timber Oaks Apartments)	603,775	-	90,760	603,775
2003 MF Series A/B (West Virginia Apartments)	427,793	-	180,000	427,793
2004 MF Series A (Bristol Apartments)	217,618	-	-	17,618
2004 MF Series A (Chisholm Trail Apartments)	216,568	-	-	16,571
2004 MF Series A (Churchill at Pinnacle Park)	632,766	-	93,063	632,766
2004 MF Series A (Evergreen at Plano Parkway)	931,559	-	110,408	931,559
2004 MF Series A (Humble Parkway Townhomes)	725,010	-	135,000	725,010
2004 MF Series A (Montgomery Pines Apartments)	217,333	-	-	17,336
2004 MF Series A (Pinnacle Apartments)	119,093	-	-	19,096
2004 MF Series A (Providence at Rush Creek II)	569,683	-	68,278	569,683
2004 MF Series A (Tranquility Bay Apartments)	891,021	-	116,505	891,021
2004 MF Series A (Providence at Village Fair)	879,769	-	110,227	879,769
2004 MF Series A/B (Century Park Townhomes)	625,336	-	210,000	625,336
2004 MF Series A/B (Timber Ridge II Apartments)	435,022	-	48,399	435,022
2004 MF Series A/B (Providence at Veterans Memorial)	324,524	-	51,873	324,524
2005 MF Series A (Atascocita Pines Apartments)	226,849	-	-	16,849
2005 MF Series A/B (Canal Place Apartments)	15,851,930	-	31,274	300,254
2005 MF Series A (Mission Del Rio Homes)	718,297	-	58,591	718,297
2005 MF Series A (Park Manor Senior Community)	665,600	-	-	665,600
2005 MF Series A (Homes at Pecan Grove)	875,995	-	89,966	875,995
2005 MF Series A (Plaza at Chase Oaks Apartments)	654,917	-	267,156	654,917
2005 MF Series A (Port Royal Homes)	762,249	-	94,349	762,249
2005 MF Series A (Providence at Prairie Oaks)	689,932	-	85,918	689,932
2005 MF Series A (Prairie Ranch Apartments)	557,138	-	140,000	557,138
2005 MF Series A (Providence at Mockingbird Apartments)	3,525,924	-	83,994	630,482
2005 MF Series A (St Augustine Estate Apartments)	109,296	-	-	9,298
2005 MF Series A (Tower Ridge Apartments)	26,563	-	-	26,563
2006 MF Series A (Aspen Park)	470,458	-	110,000	470,458
2006 MF Series A (Bella Vista Apartments)	404,491	-	55,000	404,491
2006 MF Series A (Center Ridge Apartments)	8,351,439	-	-	26,439
2006 MF Series A (Champion Crossing Apartments)	114,317	-	-	9,318
2005 MF Series A (Coral Hills Apartments)	288,381	-	35,000	238,381
2006 MF Series A (East Tex Pines)	767,268	-	105,000	767,268
2006 MF Series A (Grove Village)	348,122	-	64,667	348,122
2006 MF Series A (Harris Branch Apartments)	319,622	-	-	19,622
2006 MF Series A (Hillcrest Apartments)	555,625	-	160,000	555,625
2006 MF Series A (Idlewilde)	125,556	-	-	20,556
2006 MF Series A (Meadowlands Apartments)	726,468	-	92,448	726,468
2006 MF Series A (Oakmoor Apartments)	843,540	-	112,937	843,540
2006 MF Series A (Pleasant Village)	337,982	-	62,784	337,982
2006 MF Series A (Red Hills Villas)	109,471	-	-	9,472

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
Schedule 1-D (Continued)
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE
For the Fiscal Year Ended August 31, 2013

	Pledged and Other Sources and Related Expenditures for FY 2013			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2006 MF Series A (Stonehaven Apartments)	1,539,239	-	110,144	614,739
2006 MF Series A (The Residences at Sunset Pointe)	26,563	-	-	26,563
2006 MF Series A (Village Park Apartments)	507,022	-	170,000	507,022
2006 MF Series A (Villas at Henderson)	110,327	-	-	10,328
2007 MF Series A (Villas at Mesquite Creek)	823,646	-	175,000	823,646
2007 MF Series A (Costa Rialto)	562,181	-	80,355	562,181
2007 MF Series A (Lancaster)	141,226	-	-	21,226
2007 MF Series A (Park Place at Loyola)	818,268	-	84,522	818,268
2007 MF Series A (Santora Villas)	695,000	-	81,564	695,000
2007 MF Series A (Summit Point)	476,391	-	100,000	476,391
2007 MF Series A (Terrace at Cibolo)	7,499	-	-	7,499
2007 MF Series A (Windshire)	120,410	-	-	20,410
2007 MF Series A (Residences at Onion Creek)	26,563	-	-	26,563
2008 MF Series A (West Oaks Apartments)	127,527	-	-	17,527
2008 MF Series A (Costa Ibiza Apartments)	147,084	-	-	17,087
2008 MF Series A (Addison Park Apartments)	253,630	-	-	23,630
2008 MF Series A (Alta Cullen Apartments Refunding)	118,317	-	-	18,325
2009 MF Series A (Costa Mariposa Apartments)	127,352	-	-	17,355
2009 MF Series A (Woodmont Apartments)	138,992	-	-	18,995
Total Multifamily Bonds	$ 99,738,475	$ 6,126	$ 8,885,946	$ 45,202,646
Total	$ 552,108,188	$ 3,869,365	$ 27,440,946	$ 87,265,179

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, 2013

			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	$ 3,055,000	$	$	$
2002 Single Family Series A	Refunding	26,615,000	26,615,000	6,014,729	8,905,083
2002 Single Family Series B	Early Extinguishment	2,205,000			
2002 Single Family Series B	Refunding	12,310,000	12,310,000	2,782,848	4,120,135
2002 Single Family Series C	Early Extinguishment	610,000			
2002 Single Family Series C	Refunding	4,990,000	4,990,000	1,128,337	1,670,555
2004 Single Family Series A	Early Extinguishment	15,010,000			
2004 Single Family Series C	Early Extinguishment	7,905,000			
2004 Single Family Series E	Early Extinguishment	780,000			
2005 Single Family Series A	Early Extinguishment	9,975,000			
2005 Single Family Series B	Early Extinguishment	1,345,000			
2005 Single Family Series C	Early Extinguishment	465,000			
2005 Single Family Series D	Early Extinguishment	205,000			
2006 Single Family Series A	Early Extinguishment	7,985,000			
2006 Single Family Series B	Early Extinguishment	8,725,000			
2006 Single Family Series C	Early Extinguishment	13,605,000			
2006 Single Family Series D	Early Extinguishment	1,895,000			
2006 Single Family Series F	Early Extinguishment	15,580,000			
2006 Single Family Series G	Early Extinguishment	1,705,000			
2007 Single Family Series A	Early Extinguishment	16,120,000			
2007 Single Family Series B	Early Extinguishment	25,935,000			
2013 Single Family Series A	Early Extinguishment	835,000			
2003 RMRB Series A	Early Extinguishment	39,310,000			
2009 RMRB Series A	Early Extinguishment	12,480,000			
2009 RMRB Series B	Early Extinguishment	1,445,000			
2009 RMRB Series C-1	Early Extinguishment	8,910,000			
2009 RMRB Series C-2	Early Extinguishment	2,310,000			
2009 RMRB Series C-3	Early Extinguishment	72,660,000			
2009 RMRB Series C-4	Early Extinguishment	77,920,000			
2011 RMRB Series A	Early Extinguishment	5,675,000			
2011 RMRB Series B	Early Extinguishment	3,305,000			
1992 Coll Home Mtg Rev Bonds, Series C	Early Extinguishment	1,200,000			
2000 MF Series A (Timber Point Apartments)	Early Extinguishment	100,000			
2000 MF Series A (Creek Point Apartments)	Early Extinguishment	100,000			
2001 MF Series A (Greens Road Apartments)	Early Extinguishment	7,295,000			
2002 MF Series A (Millstone Apartments)	Early Extinguishment	9,535,000			
2002 MF Series A (Woodway Village)	Early Extinguishment	6,830,000			
2003 MF Series A/B (Reading Road)	Early Extinguishment	200,000			
2003 MF Series A/B (Peninsula Apartments)	Early Extinguishment	20,000			
2004 MF Series A (Chisholm Trail Apartments)	Early Extinguishment	200,000			
2004 MF Series A (Montgomery Pines Apartments)	Early Extinguishment	200,000			
2004 MF Series A (Bristol Apartments)	Early Extinguishment	200,000			
2004 MF Series A (Pinnacle Apartments)	Early Extinguishment	100,000			
2005 MF Series A (Atascocita Pines Apartments)	Early Extinguishment	210,000			
2005 MF Series A (St Augustine Estate Apartments)	Early Extinguishment	100,000			
2005 MF Series A (Providence at Mockingbird Apartments)	Early Extinguishment	2,895,443			
2005 MF Series A/B (Canal Place Apartments)	Early Extinguishment	15,551,676			
2005 MF Series A (Coral Hills Apartments)	Early Extinguishment	50,000			
2006 MF Series A (Harris Branch Apartments)	Early Extinguishment	300,000			
2006 MF Series A (Red Hills Villas)	Early Extinguishment	100,000			
2006 MF Series A (Champion Crossing Apartments)	Early Extinguishment	105,000			
2006 MF Series A (Stonehaven Apartments)	Early Extinguishment	924,500			
2006 MF Series A (Center Ridge Apartments)	Early Extinguishment	8,325,000			
2006 MF Series A (Villas at Henderson)	Early Extinguishment	100,000			
2006 MF Series A (Idlewilde)	Early Extinguishment	105,000			
2007 MF Series A (Lancaster)	Early Extinguishment	120,000			
2007 MF Series A (Windshire)	Early Extinguishment	100,000			
2008 MF Series A (West Oaks Apartments)	Early Extinguishment	110,000			
2008 MF Series A (Costa Ibiza Apartments)	Early Extinguishment	130,000			
2008 MF Series A (Addison Park Apts)	Early Extinguishment	230,000			
2008 MF Series A (Alta Cullen Apartments Refunding)	Early Extinguishment	100,000			
2009 MF Series A (Costa Mariposa Apartments)	Early Extinguishment	110,000			
2009 MF Series A (Woodmont Apartments)	Early Extinguishment	120,000			
Total Business-Type Activities		**$ 457,636,619**	**$ 43,915,000**	**$ 9,925,914**	**$ 14,695,773**

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*

Independent Auditor's Report

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

We have audited, in accordance with the 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, the 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, 2013, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements and have issued our report thereon dated December 20, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and responses that we consider to be a significant deficiency.

Summary of Findings and Responses
Finding Number
2013-1

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the Public Funds Investment Act (Texas Government Code, Section 2256), 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*.

The Department's Response to Finding

The Department's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Department's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

John Keel, CPA
State Auditor

December 20, 2013

Schedule of Findings and Responses

Section 1

The Department Should Strengthen Information Technology Controls Over Upgrades to Its Servers

Reference No. 2013-1

Type of finding: Significant Deficiency

The Department of Housing and Community Affairs (Department) has an application on a server that uses an operating system that the vendor no longer supports. As a result, the Department can no longer update the operating system with software patches necessary to fix known vulnerabilities. Servers using unsupported operating systems do not receive any official patches from the vendor. Vulnerabilities from the lack of patches may leave the Department's server susceptible to internal or external attacks, which could lead to unauthorized access and compromise the Department's sensitive data.

Auditors communicated this weakness in the security over the Department's server to Department management in writing in fiscal years 2011 and 2012. However, as of December 2013, the Department had not corrected or mitigated the weakness.

Recommendation

The Department should update its server's operating system and install software patches to help ensure that its data is secure.

Management's Response

The Department agrees with the recommendation and is currently in the final testing phase of upgrading to new servers with a supported operating system version. Completion of the upgrade is anticipated no later than January 31, 2014.

Person Responsible:

Director of Information Systems