

**TEXAS DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS**

ANNUAL FINANCIAL REPORT
for the year ended August 31, 2017

(Unaudited)



Issued November 20, 2017

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AND COMMUNITY AFFAIRS**

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Greg Abbott
GOVERNOR

BOARD MEMBERS

J.B. Goodwin, *Chair*
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Sharon Thomason, Member
Leo Vasquez, Member

November 20, 2017

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Email: tim.irvine@tdhca.state.tx.us

The Honorable Greg Abbott, Governor
The Honorable Glenn Hegar, Texas Comptroller
Ms. Ursula Parks, Director, Legislative Budget Board
Lisa Collier, First Assistant State Auditor

RE: ANNUAL FINANCIAL REPORT

Dear Governor Abbott, Comptroller Hegar, Ms. Parks, and Ms. Collier:

We are pleased to submit the Annual Financial Report of the Texas Department of Housing and Community Affairs for the fiscal year ended August 31, 2017, in compliance with TEX. GOV'T CODE §2101.011 and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas *Comprehensive Annual Financial Report* ("CAFR"); therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact David Cervantes, Chief Financial Officer, at (512) 475-3875. Joe Guevara may be contacted at (512) 475-3352 for questions related to the Schedule of Expenditures of Federal Awards.

Respectfully,

A handwritten signature in black ink, appearing to read "Timothy K. Irvine".

Timothy K. Irvine
Executive Director

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-UNAUDITED-

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Annual Financial Report
for the year ended August 31, 2017

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**Basic
Financial Statements**

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT I

COMBINED BALANCE SHEET/STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS

August 31, 2017

	General Funds (Ex A-1)	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Net Position
ASSETS				
Current Assets:				
Cash and Cash Equivalents (Note 3):				
Petty Cash on Hand	\$ 200.00	\$ -	\$ -	\$ 200.00
Travel Cash in Bank	20,000.00	-	-	20,000.00
Restricted:				
Cash and Cash Equivalents (Note 3):				
Cash in State Treasury	36,396,586.80	-	-	36,396,586.80
Federal Receivable	2,707,522.41	-	-	2,707,522.41
Legislative Appropriations	5,668,218.03	-	-	5,668,218.03
Receivables From:				
Other Intergovernmental	37,750.68	-	-	37,750.68
Interest and Dividends Receivable	48,017.58	-	-	48,017.58
Interfund Receivable (Note 12)	81,777.17	-	-	81,777.17
Due From Other Funds (Note 12)	81.94	-	-	81.94
Due From Other Agencies (Note 12)	2,768.24	-	-	2,768.24
Consumable Inventories	12,420.52	-	-	12,420.52
Restricted - Loans & Contracts	16,626,882.99	-	-	16,626,882.99
Total Current Assets	<u>61,602,226.36</u>	<u>-</u>	<u>-</u>	<u>61,602,226.36</u>
Noncurrent Assets:				
Capital Assets (Note 2):				
Depreciable or Amortizable, Net	-	145,319.14	-	145,319.14
Restricted - Loans & Contracts	446,747,763.96	-	-	446,747,763.96
Total Noncurrent Assets	<u>446,747,763.96</u>	<u>145,319.14</u>	<u>-</u>	<u>446,893,083.10</u>
Total Assets	<u>\$ 508,349,990.32</u>	<u>\$ 145,319.14</u>	<u>\$ -</u>	<u>\$ 508,495,309.46</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pension (Note 28)	-	-	7,347,994.21	7,347,994.21
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,347,994.21</u>	<u>\$ 7,347,994.21</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current Liabilities:				
Payables:				
Accounts Payable	\$ 7,354,030.60	\$ -	\$ -	\$ 7,354,030.60
Payroll Payable	1,405,014.00	-	-	1,405,014.00
Interfund Payable (Note 12)	7,961.62	-	-	7,961.62
Unearned Revenues	9,169,442.36	-	-	9,169,442.36
Employees' Compensable Leave (Note 5)	-	-	632,299.75	632,299.75
Total Current Liabilities	<u>17,936,448.58</u>	<u>-</u>	<u>632,299.75</u>	<u>18,568,748.33</u>
Noncurrent Liabilities:				
Employees' Compensable Leave (Note 5)	-	-	373,641.14	373,641.14
Net Pension Liability (Note 9)	-	-	26,302,767.72	26,302,767.72
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>26,676,408.86</u>	<u>26,676,408.86</u>
Total Liabilities	<u>\$ 17,936,448.58</u>	<u>\$ -</u>	<u>\$ 27,308,708.61</u>	<u>\$ 45,245,157.19</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pension (Note 28)	-	-	3,348,748.12	3,348,748.12
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,348,748.12</u>	<u>\$ 3,348,748.12</u>

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT I (Continued)

COMBINED BALANCE SHEET/STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS

August 31, 2017

	<u>General Funds (Ex A-1)</u>	<u>Capital Assets Adjustments</u>	<u>Long-Term Liabilities Adjustments</u>	<u>Statement of Net Position</u>
FUND FINANCIAL STATEMENT				
Fund Balances (Deficits):				
Nonspendable	\$ 12,420.52	\$ -	\$ -	\$ 12,420.52
Restricted	488,155,240.67	-	-	488,155,240.67
Committed	222.28	-	-	222.28
Assigned	215,985.19	-	-	215,985.19
Unassigned	<u>2,029,673.08</u>	-	-	2,029,673.08
Total Fund Balances	<u>490,413,541.74</u>			
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 508,349,990.32</u>			
GOVERNMENT-WIDE STATEMENT OF NET POSITION				
Net Position				
Restricted For:				
Capital Projects	-	145,319.14	-	145,319.14
Unrestricted	-	-	<u>(23,309,462.52)</u>	<u>(23,309,462.52)</u>
Total Net Position	<u>\$ 490,413,541.74</u>	<u>\$ 145,319.14</u>	<u>\$ (23,309,462.52)</u>	<u>\$ 467,249,398.36</u>

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT II

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES/
STATEMENT OF ACTIVITIES-GOVERNMENTAL FUNDS**

For the fiscal year ended August 31, 2017

	General Funds (Ex A-2)	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Activities
REVENUES				
Legislative Appropriations:				
Original Appropriations (GR)	\$ 11,045,055.00	\$ -	\$ -	\$ 11,045,055.00
Additional Appropriations (GR)	2,584,826.55	-	-	2,584,826.55
Federal Revenue (PR-OP G/C)	194,074,603.92	-	-	194,074,603.92
Federal Grant Pass-Through Revenue (PR-OP G/C)	41,694.16	-	-	41,694.16
State Grant Pass-Through Revenue (PR-OP G/C)	67,577.46	-	-	67,577.46
Licenses, Fees & Permits (PR-C/S)	5,879,261.82	-	-	5,879,261.82
Interest and Other Investment Income (GR)	330,949.71	-	-	330,949.71
Sales of Goods and Services (PR-C/S)	706,990.89	-	-	706,990.89
Other (GR)	150,654.18	-	-	150,654.18
Total Revenues	<u>214,881,613.69</u>	<u>-</u>	<u>-</u>	<u>214,881,613.69</u>
EXPENDITURES/EXPENSES				
Salaries and Wages	9,555,178.33	-	225,794.88	9,780,973.21
Payroll Related Costs	3,120,282.17	-	1,179,145.55	4,299,427.72
Professional Fees and Services	298,880.43	-	-	298,880.43
Travel	483,082.88	-	-	483,082.88
Materials and Supplies	224,250.37	-	-	224,250.37
Communication and Utilities	139,912.88	-	-	139,912.88
Repairs and Maintenance	260,506.65	-	-	260,506.65
Rentals & Leases	191,956.48	-	-	191,956.48
Printing and Reproduction	17,374.25	-	-	17,374.25
Claims and Judgments	23,812.40	-	-	23,812.40
Intergovernmental Payments	61,397,498.92	-	-	61,397,498.92
Public Assistance Payments	133,649,113.21	-	-	133,649,113.21
Other Expenditures	251,731.74	-	-	251,731.74
Capital Outlay	30,271.53	(30,271.53)	-	-
Depreciation Expense	-	58,744.43	-	58,744.43
Total Expenditures/Expenses	<u>209,643,852.24</u>	<u>28,472.90</u>	<u>1,404,940.43</u>	<u>211,077,265.57</u>
Excess (Deficiency) of Revenues Over Expenditures/Expenses	<u>5,237,761.45</u>	<u>(28,472.90)</u>	<u>(1,404,940.43)</u>	<u>3,804,348.12</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out (Note 12)	(6,333,819.49)	-	-	(6,333,819.49)
Total Other Financing Sources and Uses	<u>(6,333,819.49)</u>	<u>-</u>	<u>-</u>	<u>(6,333,819.49)</u>
Net Change in Fund Balances / Net Assets	(1,096,058.04)	(28,472.90)	(1,404,940.43)	(2,529,471.37)

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT II (Continued)

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES/
STATEMENT OF ACTIVITIES-GOVERNMENTAL FUNDS**

Fund Balances-August 31, 2017

	General Funds (Ex A-2)	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Activities
FUND FINANCIAL STATEMENT-FUND BALANCES				
Fund Balances--September 1, 2016	491,577,360.97			
Appropriations Lapsed	(67,761.19)			(67,761.19)
Fund Balances--August 31, 2017	<u>\$ 490,413,541.74</u>			
GOVERNMENT-WIDE STATEMENT OF NET POSITION				
Net Position, September 1, 2016	<u>491,577,360.97</u>	<u>173,792.04</u>	<u>(21,904,522.09)</u>	<u>469,846,630.92</u>
Net Position, August 31, 2017	<u>\$ 490,413,541.74</u>	<u>\$ 145,319.14</u>	<u>\$ (23,309,462.52)</u>	<u>\$ 467,249,398.36</u>

-UNAUDITED-

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

**EXHIBIT III
COMBINED STATEMENT OF NET POSITION - PROPRIETARY FUND
August 31, 2017**

	<u>Total Proprietary Fund (Exhibit F-1)</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents (Note 3)	
Cash on Hand	\$ 200.00
Cash in Bank	262,305.62
Cash in State Treasury	1,270,002.04
Cash Equivalents	33,669,049.86
Restricted Assets:	
Cash and Cash Equivalents (Note 3)	
Cash in Bank	15,654,899.76
Cash Equivalents	88,205,343.11
Short-term Investments (Note 3)	12,524.82
Loans and Contracts	90,657,733.52
Interest Receivable	8,576,185.56
Receivable:	
Interest Receivable	121,992.57
Accounts Receivable	380,664.00
Consumable Inventories	12,420.52
Loans and Contracts	2,886,873.16
Other Current Assets	59,328.91
Total Current Assets	<u>241,769,523.45</u>
Non-Current Assets :	
Investments (Note 3)	1,033,181.31
Loans and Contracts	50,424,708.83
Capital Assets (Note 2):	
Depreciable or Amortizable, Net	149,780.69
Restricted Assets:	
Investments (Note 3)	642,098,675.04
Loans and Contracts	957,416,307.11
Other Non-current Assets	
Real Estate Owned, net	42,959.50
Total Non-Current Assets	<u>1,651,165,612.48</u>
Total Assets	<u>\$ 1,892,935,135.93</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources (Note 28)	17,871,856.23
Total Deferred Outflows Of Resources	<u>\$ 17,871,856.23</u>

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT III (Continued)

COMBINED STATEMENT OF NET POSITION - PROPRIETARY FUND

August 31, 2017

	Total Proprietary Fund (Exhibit F-1)
LIABILITIES	
Current Liabilities	
Payables:	
Accounts Payable	\$ 1,620,355.42
Payroll Payable	105,732.65
Accrued Bond Interest Payable	11,749,117.60
Interfund Payable (Note 12)	73,815.55
Due to Other Funds (Note 12)	81.94
Due to Other Agencies (Note 12)	1,851.20
Unearned Revenue	6,243,344.19
Employees' Compensable Leave (Note 5)	656,581.07
Notes and Loans Payable (Note 5)	224,147.45
Revenue Bonds Payable (Notes 5 & 6)	12,455,884.23
Short-Term Debt (Note 4)	81,182,741.21
Other Current Liabilities	403,615.88
Total Current Liabilities	<u>114,717,268.39</u>
Non-Current Liabilities	
Employees' Compensable Leave (Note 5)	405,020.00
Notes and Loans Payable (Note 5)	83,901,050.71
Net Pension Liability (Note 9)	27,843,670.28
Revenue Bonds Payable (Notes 5 & 6)	1,313,340,069.97
Derivative Hedging Instruments (Note 7)	9,902,173.02
Other Non-Current Liabilities (Note 5)	87,556,033.37
Total Non-Current Liabilities	<u>1,522,948,017.35</u>
Total Liabilities	\$ 1,637,665,285.74
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources (Note 28)	3,201,108.89
Total Deferred Inflows of Resources	\$ 3,201,108.89
NET POSITION	
Invested in Capital Assets	149,780.69
Restricted for Bonds	214,212,917.35
Unrestricted	55,577,899.49
Total Net Position	\$ 269,940,597.53

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT IV

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUND
For the fiscal year ended August 31, 2017

	Total Proprietary Fund (Exhibit F-2)
OPERATING REVENUES	
Interest and Investment Income	\$ 67,748,337.30
Net Decrease in Fair Value	(10,550,363.56)
Other Operating Revenues	34,022,989.65
Total Operating Revenues	<u>91,220,963.39</u>
OPERATING EXPENSES	
Salaries and Wages	10,205,958.07
Payroll Related Costs	4,967,287.44
Professional Fees and Services	2,065,367.08
Travel	252,086.77
Materials and Supplies	239,408.90
Communications and Utilities	164,546.50
Repairs and Maintenance	450,681.41
Rentals and Leases	84,110.65
Printing and Reproduction	36,711.77
Depreciation	49,701.80
Interest	56,866,219.52
Bad Debt Expense	174,117.78
Down Payment Assistance	2,776,603.37
Other Operating Expenses	19,776,553.65
Total Operating Expenses	<u>98,109,354.71</u>
Operating (Loss)	<u>(6,888,391.32)</u>
OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS	
Transfers In (Note 12)	2,628,756.27
Total Other Revenues, Expenses, Gains, Losses and Transfers	<u>2,628,756.27</u>
CHANGE IN NET POSTION	(4,259,635.05)
Net Position, September 1, 2016	<u>274,200,232.58</u>
NET POSITION, AUGUST 31, 2017	<u>\$ 269,940,597.53</u>

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT V

COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUND

For the fiscal year ended August 31, 2017

	Totals 2017 (Exh F-3)
CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds from Loan Programs	\$ 112,224,012.56
Proceeds from Other Revenues	42,345,729.31
Payments to Suppliers for Goods/Services	(78,609,203.91)
Payments to Employees	(13,820,921.64)
Payments for Loans Provided	<u>(25,631,863.63)</u>
Net Cash Provided by Operating Activities	<u>36,507,752.69</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from Debt Issuance	135,916,938.12
Proceeds from Note Payable	38,635,017.28
Proceeds from Transfers from Other Funds	2,628,756.27
Payments of Principal on Debt Issuance	(244,778,152.27)
Payments of Interest	(58,417,372.78)
Payments for Other Cost of Debt	<u>(1,684,221.73)</u>
Net Cash (Used For) Noncapital Financing Activities	<u>(127,699,035.11)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for Additions to Capital Assets	<u>(42,400.47)</u>
Net Cash (Used for) Capital Activities	<u>(42,400.47)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales of Investments	148,186,910.19
Proceeds from Interest/Investment Income	28,467,981.17
Payments to Acquire Investments	<u>(158,220,938.52)</u>
Net Cash Provided by Investing Activities	<u>18,433,952.84</u>
Net Decrease in Cash and Cash Equivalents	(72,799,730.05)
Cash and Cash Equivalents, September 1, 2016	<u>211,861,530.44</u>
Cash and Cash Equivalents, August 31, 2017	<u>\$ 139,061,800.39</u>

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT V (Continued)

COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUND

For the fiscal year ended August 31, 2017

	Totals 2017 (Exh F-3)
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Loss	\$ (6,888,391.32)
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation	49,701.80
Pension Expense	2,342,798.21
Provision for Uncollectibles	174,117.78
Operating Loss and Cash Flow Categories Classification Differences	(26,512,639.95)
Changes in Assets and Liabilities:	
Decrease in Receivables	427,604.24
Decrease in Accrued Interest Receivable	3,103,415.59
(Increase) in Loans / Contracts	(12,754,995.15)
Decrease in Property Owned	159,122.53
Decrease in Other Assets	768,855.08
Increase in Payables	406,155.35
Increase in Unearned Revenues	142,093.81
(Decrease) in Accrued Interest Payable	(5,844,001.53)
Increase in Other Liabilities	80,933,916.25
Total Adjustments	43,396,144.01
Net Cash Provided By Operating Activities	<u>\$ 36,507,752.69</u>
NON CASH TRANSACTIONS	
Net Change in Fair Value of Investments	\$ (10,550,363.56)

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VI
COMBINED STATEMENT OF FIDUCIARY NET POSITION
August 31, 2017

	Totals 2017 (Exh J-1)
AGENCY FUNDS	
ASSETS	
Cash in State Treasury (Note 3)	\$ 547,295.06
Total Assets	\$ 547,295.06
LIABILITIES	
Funds Held for Others	\$ 547,295.06
Total Liabilities	\$ 547,295.06

**Notes to the
Financial Statements**

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2017

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

Governmental Funds & Government-wide Adjustment Funds

General Fund

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

Capital Assets Adjustment Fund and Long-Term Liabilities Adjustment Fund

These funds are used to convert governmental funds from modified accrual to full accrual. Capital Assets and Long-Term Liabilities of the government are reported in the Government-wide Financial Statements.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2017

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.

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.

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

BUDGET AND BUDGETARY ACCOUNTING

The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act). The state monitors its statewide budget by establishing the legal level of control at the agency level to ensure that expenditures are not made in excess of budgetary authority. Within the Department, procedures are used to ensure that expenditures do not exceed their total budget at the division level, but the State Comptroller ultimately ensures that each total authorized agency budget is not exceeded. Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2017

ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS 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*. 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, 2017 with exception of some short-term money market investments and nonparticipating interest-earning investment 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 Combined Statement of Revenues, Expenses, and Changes in Fund Net Position-Proprietary Fund as "Net Increase (Decrease) in the Fair Value of Investments."

Consumable Inventories

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

Capital Assets

Assets with an initial, individual cost meeting the thresholds established by the Comptroller's Office and an estimated useful life in excess of one year are capitalized. These assets are capitalized at cost or, if donated, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all "exhaustible" assets. Assets are depreciated over the estimated useful life of the asset (5 years for both Furniture & Equipment and Other Capital Assets) using the straight-line method. All capital assets acquired by proprietary funds are reported at cost or estimated historical cost, if actual historical cost is not available. Donated assets are reported at fair value on the donation date. Depreciation is charged to operations over the estimated useful life of each asset using the straight-line method.

Loans and Contracts

Loans and contracts consist of loans in the General Fund made from federal funds for the purpose of Single Family loans and Multifamily development loans from 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. 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.

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2017

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.

Deferred Outflows of Resources

Deferred Outflows of Resources

The Department identified its derivative instruments and measured their effectiveness in accordance with GASB 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 deferred outflows of resources.

The Department has also implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The Department will be reporting its allocated contributions as of the measurement date of August 31, 2016, contributions after the measurement date for fiscal year 2017, and the effect of changes in actuarial assumptions as deferred outflows of resources.

Liabilities

Accounts Payable

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

Short-Term Debt

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

Other Current Liabilities

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

Unearned Revenues

Unearned Revenues in the proprietary fund represent fees such as compliance fees that are received in advance of work performed and are recognized over a period of time. Unearned Revenues in the governmental fund represent

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2017

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.

Net Pension Liability

The Department has implemented GASB No. 68, *Accounting and Financial Reporting for Pensions*. The Department has relied on reports issued by the Employees Retirement System of Texas who is the administrator of the plan. The Department has reported its proportionate share of the pension liability according to their report.

Bonds Payable – Revenue Bonds

Revenue bonds are accounted for in the proprietary fund. 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.

Notes Payable

The Department issues notes to provide funding to nonprofit and for-profit developers of multifamily properties to construct or rehabilitate rental housing payable solely from the payments received from the assets and guarantors, which secure the notes. The Department also has a note with Woodforest Bank to provide funding for down payment assistance in connection with its My First Texas Home Program.

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 Instruments

Per GASB Statement No. 72, the Department is to recognize its interest rate swaps at fair value taking into account non-performance risk on the Statement of Net Position. As of August 31, 2017, the fair value of the Department's four 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.

Deferred Inflows of Resources

The Department has implemented GASB No. 68. It will be reporting the difference between expected and actual experience and the difference between projected and actual investment return as deferred inflows of resources.

Fund Balance/Net Position

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

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2017

Restricted Net Position

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

Fund Balance Components

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

Interfund Transactions and Balances

Interfund Receivables and Payables

Interfund transactions are reported as interfund receivables and payables at year end. If repayment is due during the current year or soon thereafter, the balance is classified as "current." Balances for repayment due in two (or more) years are classified as "noncurrent."

Due From and Due To Other Funds / Agencies

Represents amounts that must be repaid by other funds / agencies or advances from other funds / agencies.

Transfers

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

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2017

NOTE 2: CAPITAL ASSETS - A summary of changes in Capital Assets for year ended August 31, 2017 is below:

	PRIMARY GOVERNMENT				Balance 08/31/17
	Balance 09/01/16	Adjustments	Additions	Deletions	
GOVERNMENTAL ACTIVITIES					
Depreciable Assets					
Furniture and Equipment	\$ 661,347.92	\$ -	\$ 30,271.53	\$ (3,525.82)	\$ 688,093.63
Other Capital Assets	130,964.13				130,964.13
Total Depreciable Assets	\$ 792,312.05	\$ -	\$ 30,271.53	\$ (3,525.82)	\$ 819,057.76
Less Accumulated Depreciation for:					
Furniture and Equipment	\$ (487,555.88)	\$ -	\$ (58,744.43)	\$ 3,525.82	\$ (542,774.49)
Other Capital Assets	(130,964.13)				(130,964.13)
Total Accumulated Depreciation	(618,520.01)	-	(58,744.43)	3,525.82	(673,738.62)
Depreciable Assets, Net	\$ 173,792.04	\$ -	\$ (28,472.90)	\$ -	\$ 145,319.14
Amortizable Assets - Intangible					
Computer Software	\$ 1,307,012.36	\$ -	\$ -	\$ -	\$ 1,307,012.36
Total Amortizable Assets - Intangible	\$ 1,307,012.36	\$ -	\$ -	\$ -	\$ 1,307,012.36
Less Accumulated Amortization for:					
Computer Software	\$ (1,307,012.36)	\$ -	\$ -	\$ -	\$ (1,307,012.36)
Total Accumulated Amortization	(1,307,012.36)	-	-	-	(1,307,012.36)
Amortizable Assets - Intangible, Net	\$ -	\$ -	\$ -	\$ -	\$ -
Governmental Activities Capital Assets, Net	\$ 173,792.04	\$ -	\$ (28,472.90)	\$ -	\$ 145,319.14

	PRIMARY GOVERNMENT				Balance 08/31/17
	Balance 09/01/16	Adjustments	Additions	Deletions	
BUSINESS-TYPE ACTIVITIES					
Depreciable Assets					
Furniture and Equipment	\$ 597,488.86		\$ 42,400.47	\$ (2,553.18)	\$ 637,336.15
Other Capital Assets	132,278.87				132,278.87
Total Depreciable Assets	\$ 729,767.73	\$ -	\$ 42,400.47	\$ (2,553.18)	\$ 769,615.02
Less Accumulated Depreciation for:					
Furniture and Equipment	\$ (440,406.84)	\$ -	\$ (49,701.80)	\$ 2,553.18	\$ (487,555.46)
Other Capital Assets	(132,278.87)				(132,278.87)
Total Accumulated Depreciation	(572,685.71)	-	(49,701.80)	2,553.18	(619,834.33)
Depreciable Assets, Net	\$ 157,082.02	\$ -	\$ (7,301.33)	\$ -	\$ 149,780.69
Amortizable Assets - Intangible					
Computer Software	\$ 679,784.59	\$ -	\$ -	\$ -	\$ 679,784.59
Total Amortizable Assets - Intangible	\$ 679,784.59	\$ -	\$ -	\$ -	\$ 679,784.59
Less Accumulated Amortization for:					
Computer Software	\$ (679,784.59)	\$ -	\$ -	\$ -	\$ (679,784.59)
Total Accumulated Amortization	(679,784.59)	-	-	-	(679,784.59)
Amortizable Assets - Intangible, Net	\$ -	\$ -	\$ -	\$ -	\$ -
Business-Type Activities Capital Assets, Net	\$ 157,082.02	\$ -	\$ (7,301.33)	\$ -	\$ 149,780.69

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2017

NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS

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

Deposits of Cash in Bank

Governmental and Business-Type Activities	
CASH IN BANK - CARRYING VALUE	\$ 15,937,205.38
Less: Certificates of Deposit included in carrying value and reported as Cash Equivalents	
Less: Uninvested Securities Lending Cash Collateral included in carrying amount and reported as Securities Lending Collateral	
Less: Securities Lending CD Collateral included in carrying amount and reported as Securities Lending Collateral	
Total Cash in Bank per AFR	\$ 15,937,205.38

Governmental Funds Current Assets Cash in Bank	\$ 20,000.00
Governmental Funds Current Assets Restricted Cash in Bank	
Governmental Funds Non-Current Assets Restricted Cash in Bank	
Proprietary Funds Current Assets Cash in Bank	
Texas Treasury Safekeeping Trust	262,305.62
Demand Deposits	
Proprietary Funds Current Assets Restricted Cash in Bank	
Texas Treasury Safekeeping Trust	204,592.62
Demand Deposits	15,450,307.14
Proprietary Funds Non-Current Restricted Cash in Bank	
Cash in Bank per AFR	\$ 15,937,205.38

As of August 31, 2017, the carrying amount of deposits was \$15,937,205.38.

At August 31, 2017, the Department’s cash and deposits in the State Treasury amounted to \$38,213,883.90 which included \$547,295.06 in Fiduciary Funds. The total amount was fully collateralized by securities held with a trustee in the State’s name, as reported to the Department by the Comptroller of Public Accounts of the State of Texas.

Investments

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

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2017

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

At August 31, 2017, 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 Agency Obligations	\$ 579,250,909.07	\$ 618,508,145.73
Repurchase Agreements (TTSTC)	78,836,758.91	78,836,758.91
Fixed Income Money Markets	43,037,634.06	43,037,634.06
Misc (Investment Agreements/GICs)	24,636,235.44	24,636,235.44
Total	\$ 725,761,537.48	\$ 765,018,774.14

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, 2017, the Department's credit quality distribution for securities with credit risk exposure was as follows.

Standard & Poor's

Fund Type	GAAP Fund	Investment Type	Not Rated	AAA	AA+
05	3054	U.S. Government Agency Obligations			\$92,615,937.50
05	3054	Repurchase Agreements (TTSTC)	\$78,836,758.91		
05	3054	Misc (Investment Agreements/GICs)	\$24,636,235.44		
			Not Rated	AAA-M	AA-M
05	3054	Fixed Income Money Market		\$43,037,634.06	

Repurchase Agreements, while not rated, are required to be over collateralized such that they meet the requirements set-forth in the various indentures.

A total of \$525,892,208.23 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.

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2017

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

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2017, the Department's concentration of credit risk is as follows.

Fund Type	GAAP Fund	Issuer	Carrying Value	% of Total Portfolio
05	3054	Greenwich	\$78,836,758.91	10.31%

Interest Rate Risk

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

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

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

Remaining Maturity (in months)

Business Type Activities	Fair Value	12 months or less	13 to 24 months	25 to 60 months	More than 60 months
U.S. Government Agency Obligations	\$ 618,508,145.73	\$ 12,524.82	\$ 179,034.75	\$ 282,770.60	\$ 618,033,815.56
Repurchase Agreements (TTSTC)	78,836,758.91	78,836,758.91			
Fixed Income Money Markets	43,037,634.06	43,037,634.06			
Misc (Investment Agreements/GICs)	24,636,235.44				24,636,235.44
Total	\$ 765,018,774.14	\$ 121,886,917.79	\$ 179,034.75	\$ 282,770.60	\$ 642,670,051.00

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, My First Texas Home Program. Any other fluctuation in fair value generates an unrealized gain or loss. As of August 31, 2017, the Department holds \$618,508,145.73 in mortgage backed securities.

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2017

NOTE 4: SHORT-TERM DEBT

Business-Type Activities	Balance 09/01/16	Additions	Reductions	Balance 08/31/17
Short -Term Debt	\$ -	1,057,575,074.97	976,392,333.76	\$ 81,182,741.21
Total Business-Type Activities	\$ -	1,057,575,074.97	976,392,333.76	\$ 81,182,741.21

Short-Term Debt

Short-term debt in the Enterprise Fund is comprised of funds due to the Federal Home Loan Bank of Dallas (“FHLB”) in the amount of \$81,182,741.21.

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

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

As of August 31, 2017, the maximum aggregate principal amount available for advances under the Advances Agreement was \$125 million.

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2017

NOTE 5: SUMMARY OF LONG TERM LIABILITIES

Changes in Long-Term Liabilities

During the year ended August 31, 2017, the following changes occurred in liabilities.

Governmental Activities	Balance 09/01/16	Additions	Reductions	Balance 08/31/17	Amounts Due Within One Year
Compensable Leave	\$ 780,146.01	780,070.73	554,275.85	\$ 1,005,940.89	\$ 632,299.75
Total Governmental Activities	\$ 780,146.01	780,070.73	554,275.85	\$ 1,005,940.89	\$ 632,299.75

Business-Type Activities	Balance 09/01/16	Additions	Reductions	Balance 08/31/17	Amounts Due Within One Year
Revenue Bonds Payable	\$ 1,434,882,360.40	153,063,990.67	262,150,396.87	\$ 1,325,795,954.20	\$ 12,455,884.23
Notes Payable	45,705,060.60	38,635,017.28	214,879.72	84,125,198.16	224,147.45
Compensable Leave	1,302,560.40	867,307.69	1,108,267.02	1,061,601.07	656,581.07
Total Business-Type Activities	\$ 1,481,889,981.40	192,566,315.64	263,473,543.61	\$ 1,410,982,753.43	\$ 13,336,612.75

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 6 for more information.) The \$153,063,990.67 in additions is inclusive of \$613,038.87 in bond premium related to the issuance of the 2017 Single Family Series A bonds. The \$262,150,396.87 in reductions is inclusive of \$404,388.37 in amortization of bond premium/discount.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2017

NOTE 5: SUMMARY OF LONG TERM LIABILITIES Cont'd

Notes Payable

The Department primarily issues notes to provide funding to nonprofit and for-profit developers of multifamily properties to construct or rehabilitate rental housing. These notes are limited obligations of the Department and are payable solely from the payments received from the assets and guarantors, which secure the notes. The Department also has a note with Woodforest Bank to provide funding for down payment assistance in connection with its My First Texas Home Program.

Texas Department of Housing and Community Affairs			
Notes Payable Debt Service Requirements			
Business-Type Activities			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 224,147.45	\$ 3,465,624.58	\$ 3,689,772.03
2019	233,814.89	3,456,254.37	3,690,069.26
2020	243,899.27	3,449,284.51	3,693,183.78
2021	254,418.61	3,436,283.62	3,690,702.23
2022	265,391.62	3,425,647.81	3,691,039.43
2023-27	10,643,868.18	17,825,046.52	28,468,914.70
2028-32	1,863,537.38	16,613,761.71	18,477,299.09
2033-37	70,396,120.76	8,928,321.55	79,324,442.31
Totals	\$ 84,125,198.16	\$ 60,600,224.67	\$ 144,725,422.83

Employees' Compensable Leave

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal or separation from State employment, provided the employee has had continuous employment with the State for six months. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the Statement of Net 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.

Other Non-current Liabilities

Other non-current liabilities in the Enterprise Fund are compromised primarily of funds due to developers as a result of Multifamily bond proceeds which have corresponding investment balances not adjusted to market value in the amount of \$87,556,033.37. These proceeds are conduit debt issued on behalf of the Developer for the purpose of Multifamily developments and are held by the trustee. Due to the various variables related to the balance, the current portion cannot be reasonably estimated.

-UNAUDITED-

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2017

NOTE 6: BONDED INDEBTEDNESS

The Department has 88 bond issues outstanding at August 31, 2017. All series are revenue bonds backed by the pledged revenue sources and restricted funds specified in the bond resolutions. Each series is designed to be self-supporting with no repayment nor obligation from the State's General Revenue. The Department issues bonds to assist in financing the purchase of homes by or the construction of rental housing for families with very low to moderate incomes. Loan payments provide the revenues for debt service payments. (Detailed supplemental bond information is disclosed in Schedules 2-A, 2-B, 2-C, 2-D, 2-E and 2-F.)

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.

Changes in Bonds Payable

Description	Bonds Outstanding		Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding	Amounts Due Within One Year
	09/01/16	Bonds Issued				
Single Family	\$ 337,150,000.00	\$ 133,700,952.00	\$ 365,000.00	\$ 95,685,938.00	\$ 374,800,014.00	\$ 30,264.64
RMRB	182,610,000.00		4,345,000.00	29,875,000.00	148,390,000.00	4,512,595.76
CHMRB	1,700,000.00			700,000.00	1,000,000.00	1,339.68
Multifamily	912,264,985.36	18,750,000.00	22,192,762.63	108,582,307.87	800,239,914.86	7,911,684.15
Total Principal	\$ 1,433,724,985.36	\$ 152,450,952.00	\$ 26,902,762.63	\$ 234,843,245.87	\$ 1,324,429,928.86	\$ 12,455,884.23
Unamortized Premium	1,157,375.04				1,366,025.34	
Total	\$ 1,434,882,360.40				\$ 1,325,795,954.20	

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2017

NOTE 6: BONDED INDEBTEDNESS Cont'd

Demand Bonds

The Department currently holds five single family bond series in the amount \$106,710,000 in variable rate demand bonds. The proceeds of these bonds were used to refund outstanding bonds or provide funds for the primary purpose of purchasing mortgaged-backed securities backed by pools of first time homebuyer loans. These bond series have the following terms.

Demand Bonds - Standby Purchase Agreements					
Single Family Bond Series	Remarketing Agent	Liquidity Provider	Commitment Fee Rate	Outstanding Variable Rate Demand Bonds as of 08/31/17	Liquidity Facility Expiration Date
2007A	JP Morgan	Comptroller of Public Accounts	0.12%	\$ 30,385,000.00	08/31/19
2005A	JP Morgan	Comptroller of Public Accounts	0.12%	25,675,000.00	08/31/19
2004D	Piper Jaffray	Comptroller of Public Accounts	0.12%	18,920,000.00	08/31/19
2004B	JP Morgan	Comptroller of Public Accounts	0.12%	27,875,000.00	08/31/19
2004A Jr. Lien	JP Morgan	Comptroller of Public Accounts	0.12%	3,855,000.00	08/31/19
Total Demand Bonds				\$ 106,710,000.00	

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 on an ongoing basis. The Department shall use its best effort to cause the bonds to be purchased from the liquidity facility as soon as possible. The purchased bonds are not subject to term out provisions. For fiscal year 2017, the Trustee did not draw from the liquidity provider, Comptroller of Public Accounts, related to the Department's demand bonds.

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 2-D.

Description of Issue	Pledged and Other Sources and Related Expenditures for FY 2017			
	Net Available for Debt Service		Debt Service	
	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
Total Single Family Bonds	\$ 110,735,294.12	\$ 2,171,379.45	\$ 365,000.00	\$ 10,957,557.50
Total Residential Mtg Revenue Bonds	36,602,860.34	228,183.98	4,345,000.00	6,059,715.79
Total 1992 CHMRB	902,845.49	17,008.19		99,487.60
Total Multifamily Bonds	145,020,834.25		22,192,762.63	36,499,126.71
Total	\$ 293,261,834.20	\$ 2,416,571.62	\$ 26,902,762.63	\$ 53,615,887.60

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2017

NOTE 6: BONDED INDEBTEDNESS Cont'd

Current Refunding Bonds

On June 22, 2017, the Department issued the 2017 Single Family Mortgage Revenue Bonds (Series ABC) in the amount of \$133,700,952. The proceeds for Series B (\$29,610,000) issued at a rate of 2.75% were used to refund outstanding bonds. The proceeds refunded the 2007B Single Family Mortgage Revenue Bonds (\$29,610,000) with an average rate of 5.15%. \$4,610,000 of the 2007B bonds outstanding were redeemed on June 23, 2017 and the remaining 2017B bond proceeds were deposited with an escrow agent to provide for all future debt service on the 2007B bonds on September 1, 2017. As a result, the 2007B bonds are considered to be defeased and the liability for those bonds has been removed from the Department's financial statements.

The Department refunded the 2007B Single Family Mortgage Revenue Bond to reduce its total debt service payments over the next 30 years by \$10,739,991.87 and to obtain an economic gain of \$10,414,144.29.

NOTE 7: DERIVATIVE INSTRUMENTS

Variable to Fixed Interest Rate Swap

Objective

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

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

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2017

NOTE 7: DERIVATIVE INSTRUMENTS Cont'd

Summary

The fair value balances and notional amounts of derivative instruments outstanding as of August 31, 2017, classified by type, and the changes in fair value of such derivative instruments for the year ended as reported in the 2017 financial statements are as follows.

Business Type Activities		Changes in Fair Value		Fair Value at August 31, 2017		Notional
Cash Flow Hedges	Bond Issue	Classification	Amount	Classification	Amount	
Pay-fixed, receive-variable interest rate swap	2004B	Deferred outflow of resources	\$ 1,047,106.99	Debt	\$ (1,827,759.01)	\$ 27,020,000.00
Pay-fixed, receive-variable interest rate swap	2004D	Deferred outflow of resources	713,213.22	Debt	(932,196.78)	18,920,000.00
Pay-fixed, receive-variable interest rate swap	2005A	Deferred outflow of resources	1,531,727.41	Debt	(3,744,436.59)	25,675,000.00
Pay-fixed, receive-variable interest rate swap	2007A	Deferred outflow of resources	1,901,750.36	Debt	(3,397,780.64)	30,385,000.00
Total			\$ 5,193,797.98		\$ (9,902,173.02)	\$ 102,000,000.00

Terms and Fair Value

The terms, including the fair value of the outstanding swaps as of August 31, 2017 are as follows. The notional amounts of the swaps match the principal amount of the associated debt except for the 2004B bond issue which has \$27,875,000 bonds outstanding, \$855,000 more than the notional amount of the swap.

Counterparty	Notional Amount	Fair Value	Effective Date	Fixed Rate	Variable Rate	Swap Termination Date
Bank of New York Mellon	\$ 27,020,000.00	\$ (1,827,759.01)	03/01/14	3.67%	65.5% of LIBOR + .20%	09/01/34 (a)
Goldman Sachs Bank USA	18,920,000.00	(932,196.78)	01/01/05	3.08%	Less of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR	03/01/35 (b)
JP Morgan Chase Bank	25,675,000.00	(3,744,436.59)	08/01/05	4.01%	Less of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR	09/01/36 (c)
JP Morgan Chase Bank	30,385,000.00	(3,397,780.64)	06/05/07	4.01%	Less of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR	09/01/38 (c)
Total	\$ 102,000,000.00	\$ (9,902,173.02)				

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2017

NOTE 7: DERIVATIVE INSTRUMENTS Cont'd

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

Derivative Instruments	Total	Input Level 1	Input Level 2	Input Level 3
Pay-fixed, receive-variable interest rate swap	\$ (9,902,173.02)		\$ (9,902,173.02)	
Total	\$ (9,902,173.02)		\$ (9,902,173.02)	

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

Credit Risk

As of August 31, 2017, the Department is not exposed to credit risk on any of its outstanding swaps because the swaps currently have a negative fair value indicating an obligation for the Department to pay the counterparty as opposed to receive payments should the Department exercise it's optional right to terminate. If interest rates change and the fair value of the swaps become positive, the department would be exposed to credit risk on those swaps. The swap agreements contain varying collateral provisions. The schedule payments under the 2004 Series B Swap Agreement are insured by Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.). The credit ratings for the counterparties are as follows.

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

* Guaranteed by Goldman Sachs Group, Inc.

Basis Risk

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

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2017

NOTE 7: DERIVATIVE INSTRUMENTS Cont'd

Rollover Risk

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

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

Swap Payments and Associated Debt

Using rates as of August 31, 2017, 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		Interest Rate Swaps, Net	Total
	Principal	Interest		
2018	\$ -	\$ 872,906.27	\$ 2,709,544.24	\$ 3,582,450.51
2019	-	863,016.53	2,709,544.24	3,572,560.77
2020	-	864,993.37	2,709,544.24	3,574,537.61
2021	-	861,039.73	2,709,544.24	3,570,583.97
2022	-	863,016.53	2,709,544.24	3,572,560.77
2023-2027	6,155,000.00	4,288,057.70	13,183,444.13	23,626,501.83
2028-2032	27,080,000.00	3,621,349.33	10,803,867.71	41,505,217.04
2033-2037	63,705,000.00	1,668,993.77	5,037,133.29	70,411,127.06
2038-2042	5,915,000.00	38,791.25	130,661.50	6,084,452.75
	\$ 102,855,000.00	\$ 13,942,164.48	\$ 42,702,827.83	\$ 159,499,992.31

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, 2017, the Department has an aggregate liability related to the interest rate swaps in the amount of \$1,403,213.36 payable on September 1, 2017.

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2017

NOTE 8: LEASES

Operating Leases

Included in the expenditures reported in the financial statements are the following amounts of rent paid or due under operating lease obligations: \$150,467.58 for Governmental activities (01, 0001 & 0127) and \$49,742.39 for Enterprise Fund (05, 0896).

The Department's operating lease for office space located at 1106 Clayton Lane, Austin, Texas expires on September 30, 2020. The Department's operating leases for Toshiba copiers expires on August 31, 2018 and August 31, 2021. Future minimum lease rental payments under non-cancelable operating leases having an initial term in excess of one year are:

Year Ended August 31	Governmental Activities (01, 0001 & 0127)	Enterprise Fund (05, 0896)	Total
2018 (Future Year 1)	\$ 131,030.31	\$ 55,843.65	\$ 186,873.96
2019 (Future Year 2)	130,447.54	54,502.22	184,949.76
2020 (Future Year 3)	127,287.25	47,227.79	174,515.04
2021 (Future Year 4)	17,443.32	19,671.05	37,114.37
2022 (Future Year 5)	-	-	-
Total Minimum Future Lease Rental Payments	\$ 406,208.42	\$ 177,244.71	\$ 583,453.13

NOTE 9: PENSION PLANS – DEPARTMENT'S NOTE DISCLOSURE – ERS PLAN

The state of Texas has three retirement systems in its financial reporting entity – Employees Retirement System (“ERS”), Teacher Retirement System (“TRS”), and Texas Emergency Services Retirement System (“TESRS”). These three retirement systems administer the following six defined benefit pension plans:

- ERS – the Employees Retirement System of Texas Plan (“ERS Plan”), the Law Enforcement and Custodial Officer Supplemental Retirement Plan (“LECOS”), the Judicial Retirement System of Texas Plan One (“JRS 1”) and Judicial Retirement System of Texas Plan Two (“JRS2”).
- TRS – the Teacher Retirement System of Texas Plan (“TRS Plan”).
- TESRS – the Texas Emergency Services Retirement System Plan (“TESRS Plan”).

ERS, LECOS, JRS2, TRS, and TESRS plans are administered through trust; JRS1 plan is on a pay-as-you-go basis.

ERS Plan

The Board of Trustees of ERS is the administrator of four pension plans that provide a standard monthly benefit in a life annuity at retirement and death and disability benefits for members. In addition to the state of Texas, the employers of the ERS Plan include various component units of the state. ERS and the Texas Treasury Safekeeping Trust company, which are blended component units, and the State Bar of Texas, which is a discrete component unit, are also employers of the ERS Plan. The ERS Plan is considered a single employer defined benefit plan under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2017

NOTE 9: PENSION PLANS – DEPARTMENT’S NOTE DISCLOSURE – ERS PLAN Cont’d

The ERS plan covers members in employee and elected classes. Employee class includes employees and appointed officers of the agencies of the State of Texas except those who are included in the coverage of TRS, JRS 1 and JRS2. Elected class includes elected state officials not included in the coverage of JRS1 and JRS2, and members of the Legislature and district and criminal district attorneys.

The benefit and contribution provisions of the ERS Plan are authorized by state law and may be amended by the Legislature. The monthly benefit may vary by membership class.

The monthly standard annuity of the employee class is determined by a statutory percentage of 2.3 percent of a member’s average monthly compensation multiplied by number of years of service credit. The average monthly compensation of the employee class may vary depending on the hire date. For members hired on or before August 31, 2009, the average monthly compensation is the average of the highest 36 months of compensation. For members hired on or after Sept. 1, 2009 and before Sept. 1, 2013, the average monthly compensation is the average of the highest 48 months of compensation. For members hired on or after Sept. 1, 2013, the average monthly compensation is the average of highest 60 months of compensation.

The monthly standard annuity of the elected class equals the statutory percentage of 2.3 percent of the current state salary of a district judge multiplied by the number of years of service credit. Retirement benefits are automatically adjusted as state judicial salaries change.

The ERS plan’s membership as of the measurement date of Aug. 31, 2016 is presented in the table below:

Employees Retirement	
Retirees and Beneficiaries Currently Receiving Benefits	103,758
Terminated Employees Entitled to Benefits But Not Yet Receiving Them	108,873
Vested and Non-Vested	146,390
Total Members	359,021

The contribution rates for the state and the members for the ERS plan for the measurement period of fiscal 2016 are presented in the table below:

Required Contribution Rates						
	Employer			Members		
		Elected	Elected	Elected	Elected	
Plan	Employee Class	Class – Legislators	Class – Other	Employee Class	Class – Legislators	Class – Other
ERS	10.00%	10.00%	10.00%	9.50%	9.50%	9.50%

The amount of Department’s contributions recognized in the ERS plan during the fiscal 2016 measurement period was \$1,882,372.31. It is the proportionate share of the collective amounts in the ERS Plan.

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an annual actuarial valuation performed as of August 31, 2016.

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2017

NOTE 9: PENSION PLANS – DEPARTMENT’S NOTE DISCLOSURE – ERS PLAN Cont’d

The table below presents the actuarial methods and assumptions used to measure the total pension liability as of the August 31, 2016:

Actuarial Methods and Assumptions	
Actuarial Valuation Date	August 31, 2016
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll, Open
Actuarial Assumptions:	
Discount Rate	5.73%
Investment Rate of Return	8.00%
Inflation	3.50%
Salary Increase	0% to 11.5%
Mortality	1994 Group Annuity Mortality Table with no setback for males and set forward two years for females. Generational mortality improvements in accordance with Scale AA are projected from the year 2000.
Cost-of-living Adjustments	None - Employee 3.5% - Elected

A single blended discount rate of 5.73% was applied to measure the total pension liability. The 5.73% discount rate incorporated an 8% long-term expected rate of return on pension plan investments and 2.84% 20-year municipal bond rate based on Federal Reserve Statistical Release H.15. The long-term expected investment rate of return was applied to projected benefit payments through fiscal 2050 and the municipal bond rate was applied to all benefit payments thereafter.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payroll. The projected cash flows from the employers are based on contributions for the most recent five year period as of the measurement date, adjusted on consideration of subsequent events. There have been indicators of Legislature’s commitment to increase funding for the pension fund. The Legislature passed House Bill No. 9 in the 84th legislative session during fiscal 2015 to increase the member contribution rates for fiscal 2016 and 2017. The state contribution rates also increased as the result of this legislative session. The Legislature also maintained some changes made by Senate Bill 1459 in the 83rd legislative session. Considering these above events, the projected employer contributions are based on fiscal 2016 funding level.

The long-term expected rate of return on plan investments was developed using a building-block method with assumptions including asset class of investment portfolio, target allocation, real rate of return on investments, and inflation factor. Under this method, best estimate ranges of expected future real rates of return (net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2017

NOTE 9: PENSION PLANS – DEPARTMENT’S NOTE DISCLOSURE – ERS PLAN Cont’d

The target allocation and best estimates of arithmetic real rates of return for each major asset class for the plan’s investment portfolio are presented below:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Global Equity	55%	4.02%
Global Credit	10%	0.19%
Intermediate Treasuries	15%	0.18%
Real Estate	10%	0.43%
Infrastructure	4%	0.25%
Hedge Funds	5%	0.35%
Cash	1%	0.00%
Total	100%	

Sensitivity analysis was performed on the impact of changes in the discount rate on the proportionate share of the Department’s net pension liability. The result of the analysis is presented in the table below:

Sensitivity of Department’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate		
1% Decrease	Current Discount Rate	1% Increase
5.07%	6.07%	7.07%
\$69,736,088.77	\$54,146,438.40	\$41,142,068.09

Note: Some amounts in this schedule are for the Department’s proportionate share (.27406237%) of the collective amounts for ERS. The proportionate amount is split between Proprietary 53% and Governmental 47%.

The pension plan’s fiduciary net position is determined using economic resources measurement focus and the accrual basis of accounting, which is the same basis used by Employees Retirement System. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments of the pension trust fund are reported at fair value in accordance with GASB Statement Nos. 67 and 31. The fair value of investments is based on published market prices and quotations from major investment brokers at available current exchange rates. However, corporate bonds in general are valued based on currently available yields of comparable securities by issuers with similar credit ratings. Employees Retirement System issues stand-alone audited Comprehensive Annual Financial Report (“CAFR”). More detailed information on the plan’s investment valuation, investment policy, assets, and fiduciary net position may be obtained from ERS’ fiscal 2016 CAFR:

Employees Retirement System of Texas
P. O. Box 13207
Austin, Texas 78711-3207

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2017

NOTE 9: PENSION PLANS – DEPARTMENT’S NOTE DISCLOSURE – ERS PLAN Cont’d

The Department’s total pension liability is based on an actuarial valuation performed as of August 31, 2016. For fiscal 2017 reporting, the measurement date of the net pension liability is August 31, 2016. The schedule of changes in the Department’s net pension liability for the fiscal year ending August 31, 2017 is presented below:

Schedule of Changes in Department's Net Pension Liability For Fiscal Year Ending August 31, 2017		Department's Pension Liability
Total Pension Liability-For Department		
Service Cost	\$	3,142,923.13
Interest on the Total Pension Liability		6,913,566.81
Benefit Changes		-
Difference between Expected and Actual Experience of the Total Pension Liability		366,029.69
Assumption Changes		14,530,691.58
Benefit Payments and Refunds		(5,884,960.53)
Net Change in Total Pension Liability		<u>19,068,250.68</u>
Total Pension Liability - Beginning		<u>102,129,136.45</u>
Total Pension Liability - Ending	\$	<u><u>121,197,387.13</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	\$	1,882,160.34
Contributions - Member		1,849,038.20
Pension Plan Net Investment Income		3,489,947.00
Benefit Payments and Refunds		(5,884,960.53)
Pension Plan Administrative Expense		(56,042.11)
Net Change in Plan Fiduciary Net Position		<u>1,280,142.90</u>
Plan Fiduciary Net Position - Beginning		<u>65,770,806.23</u>
Plan Fiduciary Net Position - Ending	\$	<u><u>67,050,949.13</u></u>
Net Pension Liability - Beginning	\$	36,358,330.22
Net Pension Liability - Ending	\$	54,146,438.00

Notes to schedule:

1. The change in the total pension liability due to the change in the single discount rate is included as an assumption change.

2. The amounts in this schedule are for the Department’s proportionate share (.27406237 %) of the collective amounts for ERS. The proportionate amount is split between Proprietary 53% and Governmental 47%.

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2017

NOTE 9: PENSION PLANS – DEPARTMENT’S NOTE DISCLOSURE – ERS PLAN Cont’d

The change of discount rate and a slight change in the assumption of the withdraw rate of member contributions at termination are the assumption changes during the current measurement period. There have been no changes to the benefit terms of the plan since the prior measurement date. Agency’s proportion of the entire ERS plan was .27406237% in fiscal 2017 as compared with the .29237245% in the prior measurement period.

For the fiscal year ending August 31, 2017, the Department recognized pension expense of \$4,441,894.31. At August 31, 2017, the Department reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 252,707.81	\$ 349,006.40
Changes of assumptions	10,284,809.49	6,200,850.61
Net difference between projected and actual investment return	2,868,606.47	
Contributions subsequent to the measurement date	1,911,553.65	
Total	\$ 15,317,677.42	\$ 6,549,857.01

The \$1,911,553.65 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending August 31, 2017.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense in the following years:

Year ended August 31:	
2018	\$ 753,308.07
2019	3,511,328.61
2020	2,254,965.02
2021	\$ 336,665.06
2022	-
Thereafter	-

Note: The amounts in this schedule are for the Department’s proportionate share (.27406237%) of the collective amounts for ERS. The proportionate amount is split between Proprietary 53% and Governmental 47%.

NOTE 10: DEFERRED COMPENSATION - Not Applicable

NOTE 11: POST EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS - Not Applicable

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2017

NOTE 12: INTERFUND ACTIVITY AND TRANSACTIONS

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

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

The Department experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer. Repayment of interfund balances will occur within one year from the date of the financial statements. Individual balances and activity at August 31, 2017, follows:

Fund	Current Interfund Receivable	Current Interfund Payable
General Fund (01)		
General Revenue (0001, 0066, 0077)	\$ 47,997.39	\$ 7,961.62
Consolidated Federal (0127)	33,779.78	
Enterprise Fund (05, 0896)		73,815.55
Total Interfund Receivable/Payable (Exhibit I & Exhibit III)	\$ 81,777.17	\$ 81,777.17

General (01)	Due From Other Funds	Due To Other Funds	Source
Appd Fund 0001, D23 Fund 0001 (Agency 332, D23 Fund 0199)	\$ 81.94		Transfers
Appd Fund 3054, D23 Fund 0199 (Agency 332, D23 Fund 0001)		\$ 81.94	Transfers
Total Due From Other Funds/Due To Other Funds (Exhibit I and Exhibit III)	\$ 81.94	\$ 81.94	

General (01)	Due From Other Agencies	Due To Other Agencies	Source
Appd Fund 0896, D23 Fund 0896 (Agency 320, D23 Fund 0165)		\$ 1,851.20	Transfers
Appd Fund 0001, D23 Fund 0077 (Agency 551, D23 Fund 0001)	\$ 2,545.96		Federal P-T
Appd Fund 0802, D23 Fund 0802 (Agency 608, D23 Fund 0802)	222.28		Transfers
Total Due From Other Agencies/Due To Other Agencies (Exhibit I and Exhibit III)	\$ 2,768.24	\$ 1,851.20	

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2017

NOTE 12: INTERFUND ACTIVITY AND TRANSACTIONS Con't

Fund	Transfers In	Transfers Out	Purpose
General Fund (01)			
Appd Fund 0001, D23 Fund 0001		\$ 2,628,756.27	Article VII-6, Rider 9
Appd Fund 0001, D23 Fund 0001		1,700,694.42	Article IX, Sect. 13.11
Appd Fund 0001, D23 Fund 0066		1,718,477.60	Gov't Code, Sect. 403.021
Appd Fund 0001, D23 Fund 0077		33,299.27	Gov't Code, Sect. 403.021
Appd Fund 0127, D23 Fund 0369		252,591.93	Article IX, Sect. 13.11
Total Transfers for Fund 0001 (Exhibit II)		\$ 6,333,819.49	
Enterprise Fund (05)			
Appd Fund 3054, D23 Fund 0999	\$ 2,628,756.27		Article VII-6, Rider 9
Total Transfers for Fund 3054 (Exhibit IV)	\$ 2,628,756.27		
Total Transfers*	\$ 2,628,756.27	\$ 6,333,819.49	

*The difference between total transfers in and out represents transfers to the Comptroller's Office of \$3,705,063.22.

NOTE 13: 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 14: ADJUSTMENTS TO FUND BALANCE AND NET POSITION – Not Applicable

NOTE 15: CONTINGENCIES AND COMMITMENTS

Architettura, Inc. v. Mission Village of Pecos, LLC et al., Case No. 3:16-cv-02793-M, USDC for the Northern District of Texas, Dallas Division, filed 9/30/2016: Plaintiff pleads copyright infringement and quantum meruit regarding Plaintiff's architectural drawings submitted to TDHCA as part of an application for tax credits. TDHCA has refused to sign a waiver of service of process and is waiting to be served. It is unknown at this time whether the damages requested would exceed \$1,000,000, as no specific amount was requested. Plaintiff's filed a third amended complaint in July 2017 and TDHCA filed an amended answer.

Rick Sims, pro se, v. Texas Department of Housing and Community Affairs, Paul Oxer, Chairman and Tim Irvine, Executive Director, in their official capacities, Civil Action No. A16CV0906 LY, USDC for the Western District of Texas, filed July 26, 2016: Plaintiff alleges violations of the Fair Housing Act, the Americans with Disabilities Act, and Section 504 of the Rehabilitation Act of 1973. The case is currently pending before the District Court Judge on recommendation of a magistrate judge to dismiss the suit. Plaintiff has not requested monetary damages at this time.

Derivative Instruments

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

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2017

NOTE 15: CONTINGENCIES AND COMMITMENTS Cont'd

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

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

As of August 31, 2017, the credit rating related to the Single Family Trust Indenture was AA+ issued by Standard & Poor's and Aa1 by Moody's, therefore no collateral was posted. The Department's aggregate fair value of all hedging derivative instruments with these collateral provisions is a negative (\$9,902,173.02). If the collateral posting requirements had been triggered at August 31, 2017, the Department would have been required to post eligible collateral equal to the aggregate fair value of the derivative instruments.

Taxable Mortgage Program

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

The Department has entered into a Warehouse Agreement with Hilltop Securities, as Warehouse Provider, and The Bank of New York Mellon Trust Company, as trustee under the bond indentures and as Custodian. The purpose is to warehouse MBS relating to various series of bonds issued or to be issued and delivered under the Department's Trust Indentures, including MBS retained by the Department under its TMP Program. The Department has deposited \$750,000 into a Warehouse Escrow Account for the benefit of the Warehouse Provider. As of August 31, 2017, there were no MBS held under the Warehouse Agreement.

The Department has established the TDHCA LiquidYield Account with Federal Home Loan Bank to secure the Department's obligations under the Advances and Security Agreement. The amount on deposit as of August 31, 2017, is \$15,000,000.

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2017

NOTE 16: SUBSEQUENT EVENTS

Bond Issuance	Series	Amount	Date of Issuance	Purpose
Revenue Bonds	Multifamily Revenue Bonds MF Series 2017 Casa Brendan Apartments	\$5,000,000.00	10/17/17	The multifamily bonds are issued for the primary purpose to finance the acquisition, construction, and equipping of multifamily rental housing developments. The Casa Brendan Apartments is located in Stephenville, Texas.
Revenue Bonds	Multifamily Revenue Bonds MF Series 2017 Nuestro Hogar Apartments	\$5,700,000.00	10/17/17	The multifamily bonds are issued for the primary purpose to finance the acquisition, construction, and equipping of multifamily rental housing developments. The Nuestro Hogar Apartments is located in Arlington, Texas.
Revenue Bonds	Multifamily Revenue Bonds MF Series 2017 Casa Inc. Apartments	\$24,000,000.00	10/17/17	The multifamily bonds are issued for the primary purpose to finance the acquisition, construction, and equipping of multifamily rental housing developments. The Casa Inc. Apartments is located in Fort Worth, Texas.

NOTE 17: RISK MANAGEMENT

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. It is the Department's policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed. The Department assumes substantially all risks associated with the performance of its duties. The Department carries Public Official Liability Insurance coverage in the amount of \$10,000,000, Automobile Liability Insurance in the amount of \$500,000; Errors and Omissions Insurance in the amount of \$500,000 related to loan servicing for others; Crime Insurance in the amount of \$350,000; and Commercial Property, Equipment Breakdown and Terrorism Insurance in the amount of \$6,147,006 for the Alpine Retirement Center, the Insurance Annex Building, the Twin Towers Office Center and leased field office located in Lubbock, Texas.

The Department's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are 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. Changes in the balances of the Department's claims liabilities during fiscal year 2017 and 2016 were:

	Beginning Balance	Increases	Decreases	Ending Balance
2017	\$ -	\$23,812.40	(\$23,812.40)	\$ -
2016	\$ -	\$241,424.34	(\$241,424.34)	\$ -

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2017

NOTE 18: MANAGEMENT DISCUSSION AND ANALYSIS (MATERIAL CHANGES TO AFR)

The Department will issue audited financial statements on or before December 20, 2017 under GASB guidance and will include a management discussion and analysis as part of the required supplementary information. The audited report will be submitted to all required parties.

NOTE 19: THE FINANCIAL REPORTING ENTITY- Not Applicable

NOTE 20: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Department's Enterprise Fund 0896 reported a negative change in Net Position of \$(1,509,566.32) primarily from the recognition of its proportionate share of the Net Pension Liability and Pension Expense resulting in a negative Net Position balance of (\$24,221,244.79) at August 31, 2017. (See Exhibit F-2)

NOTE 21: - Not Applicable

NOTE 22: DONOR RESTRICTED ENDOWMENTS - Not Applicable

NOTE 23: EXTRAORDINARY AND SPECIAL ITEMS - Not Applicable

NOTE 24: DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES - Not Applicable

NOTE 25: TERMINATION BENEFITS - Not Applicable

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2017

NOTE 26: SEGMENT INFORMATION FOR ENTERPRISE FUND

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

CONDENSED STATEMENT OF NET POSITION

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds
Restricted Assets:			
Current Assets	\$ 28,500,774.57	\$ 17,324,610.12	\$ 15,166.05
Non-Current Assets	<u>446,545,478.05</u>	<u>240,063,448.06</u>	<u>2,778,056.90</u>
Total Assets	<u>475,046,252.62</u>	<u>257,388,058.18</u>	<u>2,793,222.95</u>
Deferred Outflows of Resources:	<u>9,902,173.02</u>	<u>-</u>	<u>-</u>
Liabilities:			
Current Liabilities	4,693,190.24	5,468,109.70	7,598.38
Non-Current Liabilities	<u>385,279,861.49</u>	<u>153,704,546.19</u>	<u>1,007,817.69</u>
Total Liabilities	<u>389,973,051.73</u>	<u>159,172,655.89</u>	<u>1,015,416.07</u>
Deferred Inflows of Resources:	<u>-</u>	<u>-</u>	<u>-</u>
Net Position:			
Restricted Net Position	\$ 94,975,373.91	\$ 98,215,402.29	\$ 1,777,806.88
Net Position	<u>\$ 94,975,373.91</u>	<u>\$ 98,215,402.29</u>	<u>\$ 1,777,806.88</u>

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2017

NOTE 26: SEGMENT INFORMATION FOR ENTERPRISE FUND Cont'd

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

	<u>Single Family Program Funds</u>	<u>Residential Mortgage Revenue Bond Funds</u>	<u>Collateralized Home Mortgage Revenue Funds</u>
Operating Revenues (Expenses):			
Interest and Investment Income	\$ 17,587,930.26	\$ 8,533,101.10	\$ 202,845.49
Net Decrease in Fair Value	(2,926,207.68)	(7,352,794.13)	(91,168.33)
Other Operating Revenues	176,961.06	6,310,509.59	-
Operating Expenses	<u>(18,415,223.47)</u>	<u>(16,933,518.15)</u>	<u>(107,817.96)</u>
Operating Income (Loss)	(3,576,539.83)	(9,442,701.59)	3,859.20
Nonoperating Revenues (Expenses):			
Transfers In (Out)	<u>(1,118,320.26)</u>	<u>(2,549,183.51)</u>	<u>-</u>
Changes in Net Position	<u>(4,694,860.09)</u>	<u>(11,991,885.10)</u>	<u>3,859.20</u>
Net Position, September 1, 2016	99,670,234.00	110,207,287.39	1,773,947.68
Net Position, August 31, 2017	<u>\$ 94,975,373.91</u>	<u>\$ 98,215,402.29</u>	<u>\$ 1,777,806.88</u>

CONDENSED STATEMENT OF CASH FLOWS

	<u>Single Family Program Funds</u>	<u>Residential Mortgage Revenue Bond Funds</u>	<u>Collateralized Home Mortgage Revenue Funds</u>
Net Cash Provided (Used) By:			
Operating Activities	\$ (9,017,917.76)	\$ (19,049,619.20)	\$ (14,989.03)
Noncapital Financing Activities	22,426,543.40	(33,899,773.33)	(797,578.38)
Investing Activities	<u>(27,228,613.32)</u>	<u>44,512,860.41</u>	<u>750,748.07</u>
Net (Decrease)	(13,819,987.68)	(8,436,532.12)	(61,819.34)
Beginning Cash and Cash Equivalents	<u>40,376,941.64</u>	<u>25,007,673.88</u>	<u>62,453.64</u>
Ending Cash and Cash Equivalents	<u>\$ 26,556,953.96</u>	<u>\$ 16,571,141.76</u>	<u>\$ 634.30</u>

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2017

NOTE 27: Service Concession Arrangements - Not Applicable

NOTE 28: Deferred Outflows of Resources and Deferred Inflows of Resources

Business-Type Activities	Deferred Outflows of Resources	Deferred Inflows of Resources
Derivatives (Note 7)	\$ 9,902,173.02	\$
Pension Plans (Note 9):		
To record the effect of changes of assumptions on total pension liability less the amortization related to the current period	5,302,263.21	3,016,135.50
To record contribution to the plan in fiscal year 2017 after the measurement date of August 31, 2016	1,013,123.43	
To record effect on total pension liability between expected and actual experience less the amortization related to the current period.	133,935.14	184,973.39
To record difference between projected and actual investment return less the amortization related to the current period.	1,520,361.43	
Total:	\$ 17,871,856.23	\$ 3,201,108.89

Governmental Type Activities	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Plans (Note 9):		
To record the effect of changes of assumptions on total pension liability less the amortization related to the current period	\$ 4,982,546.28	\$ 3,184,715.11
To record contribution to the plan in fiscal year 2017 after the measurement date of August 31, 2016	898,430.22	
To record effect on total pension liability between expected and actual experience less the amortization related to the current period.	118,772.67	164,033.01
To record difference between projected and actual investment return less the amortization related to the current period.	1,348,245.04	
Total:	\$ 7,347,994.21	\$ 3,348,748.12
Grand Total:	\$ 25,219,850.44	\$ 6,549,857.01

Deferred outflows of resources in the amount of \$9,902,173.02 reported in Business-Type Activities is due to the implementation of GASB 63, requiring to recognize interest rate swaps hedging interest rate risk on variable rate debt which is in a liability position. Details on the Department's derivative instruments are disclosed in Note 7.

Due to the implementation of GASB 68 by the State of Texas and recognition of its pension liability, TDHCA recorded total deferred outflows of resources of \$15,317,677.42 and total deferred inflows of resources of \$6,549,857.01. Business-Type activities reported \$7,969,683.21 in deferred outflows of resources and Governmental-Type activities reported \$7,347,994.21. Business-Type activities reported \$3,201,108.89 in deferred inflows of resources and Governmental-Type activities reported \$3,348,748.12.

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2017

NOTE 28: Deferred Outflows of Resources and Deferred Inflows of Resources Cont'd

These accounts reflect the unamortized balances of changes in net pension liability related to the changes of assumptions, difference between expected and actual experience, and difference between projected and actual investment return based on the 8/31/16 actuarial valuation performed for the ERS plan, and contributions made after the measurement date of 8/31/16. Details of the deferred outflows and deferred inflows of resources related to the agency employees' pension are disclosed in Note 9.

NOTE 29: Troubled Debt Restructuring - Not Applicable

NOTE 30: Non-Exchange Financial Guarantees - Not Applicable

NOTE 31: Tax Abatements - Not Applicable

NOTE 32: Fund Balances -

The Department has the following restrictions / covenants causing fund balances to be assigned and restricted:

GAAP Fund	Fund	AFR 54 Class	Citations	Comments
0001	0127	Assigned	Federal CFDA 14.000	Federal funds, restrictions are externally imposed by federal government agencies
0001	0127	Restricted	Federal CFDA 14.228 and 14.239	Federal funds, restrictions are externally imposed by federal government agencies
0001	0369	Restricted	Federal CFDA 14.258	Federal funds, restrictions are externally imposed by federal government agencies

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**Combining Financial
Statements**

-UNAUDITED-

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT A-1

COMBINING BALANCE SHEET - ALL GENERAL AND CONSOLIDATED FUNDS

August 31, 2017

	<u>General Revenue</u>	<u>Consolidated</u>	<u>Federal American</u>	<u>General</u>	
	<u>Fund 0001</u>	<u>Accounts</u>	<u>Recovery and</u>	<u>Revenue</u>	
	<u>U/F (0001)</u>	<u>Fund 0127</u>	<u>Reinvestment</u>	<u>Account</u>	
	<u>(0066), (0077)</u>	<u>U/F (0127),</u>	<u>Fund 0127</u>	<u>Fund 0802</u>	<u>Total</u>
		<u>(9000), (9001)</u>	<u>U/F (0369)</u>	<u>U/F (0802)</u>	<u>(Ex 1)</u>
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Petty Cash on Hand	\$ 200.00	\$ -	\$ -	\$ -	\$ 200.00
Travel Cash in Bank	-	20,000.00	-	-	20,000.00
Restricted:					
Cash and Cash Equivalents:					
Cash in State Treasury	-	10,512,320.03	25,884,266.77	-	36,396,586.80
Federal Receivable	-	2,707,522.41	-	-	2,707,522.41
Legislative Appropriations	5,668,218.03	-	-	-	5,668,218.03
Receivables From:					
Other Intergovernmental	-	37,750.68	-	-	37,750.68
Interest and Dividends Receivable	-	38,282.10	9,735.48	-	48,017.58
Interfund Receivable	47,997.39	33,779.78	-	-	81,777.17
Due From Other Funds	81.94	-	-	-	81.94
Due From Other Agencies	2,545.96	-	-	222.28	2,768.24
Consumable Inventories	-	12,420.52	-	-	12,420.52
Restricted - Loans & Contracts	-	12,468,120.23	4,158,762.76	-	16,626,882.99
Total Current Assets	<u>5,719,043.32</u>	<u>25,830,195.75</u>	<u>30,052,765.01</u>	<u>222.28</u>	<u>61,602,226.36</u>
Noncurrent Assets:					
Restricted - Loans & Contracts	-	326,999,178.94	119,748,585.02	-	446,747,763.96
Total Noncurrent Assets	-	<u>326,999,178.94</u>	<u>119,748,585.02</u>	-	<u>446,747,763.96</u>
Total Assets	<u>\$ 5,719,043.32</u>	<u>\$ 352,829,374.69</u>	<u>\$ 149,801,350.03</u>	<u>\$ 222.28</u>	<u>\$ 508,349,990.32</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Current Liabilities:					
Payables From:					
Accounts Payable	\$ 2,733,221.19	\$ 4,620,809.41	\$ -	\$ -	\$ 7,354,030.60
Payroll Payable	928,725.01	476,288.99	-	-	1,405,014.00
Interfund Payable	7,961.62	-	-	-	7,961.62
Unearned Revenues	19,462.42	9,149,979.94	-	-	9,169,442.36
Total Current Liabilities	<u>3,689,370.24</u>	<u>14,247,078.34</u>	<u>-</u>	<u>-</u>	<u>17,936,448.58</u>
Total Liabilities	<u>3,689,370.24</u>	<u>14,247,078.34</u>	<u>-</u>	<u>-</u>	<u>17,936,448.58</u>

-UNAUDITED-

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT A-1 (Continued)

COMBINING BALANCE SHEET - ALL GENERAL AND CONSOLIDATED FUNDS

August 31, 2017

	<u>General Revenue</u>	<u>Consolidated</u>	<u>Federal American</u>	<u>General</u>	
	<u>Fund 0001</u>	<u>Accounts</u>	<u>Recovery and</u>	<u>Revenue</u>	
	<u>U/F (0001)</u>	<u>Fund 0127</u>	<u>Reinvestment</u>	<u>Account</u>	<u>Total</u>
	<u>(0066), (0077)</u>	<u>U/F (0127),</u>	<u>Fund 0127</u>	<u>Fund 0802</u>	<u>(Ex I)</u>
		<u>(9000), (9001)</u>	<u>U/F (0369)</u>	<u>U/F (0802)</u>	
Fund Balances (Deficits):					
Reserved for:					
Nonspendable	\$ -	\$ 12,420.52	\$ -	\$ -	\$ 12,420.52
Restricted	-	338,353,890.64	149,801,350.03	-	488,155,240.67
Committed	-	-	-	222.28	222.28
Assigned	-	215,985.19	-	-	215,985.19
Unassigned	2,029,673.08	-	-	-	2,029,673.08
Total Fund Balances	<u>2,029,673.08</u>	<u>338,582,296.35</u>	<u>149,801,350.03</u>	<u>222.28</u>	<u>490,413,541.74</u>
Total Liabilities and Fund Balances	<u>\$ 5,719,043.32</u>	<u>\$ 352,829,374.69</u>	<u>\$ 149,801,350.03</u>	<u>\$ 222.28</u>	<u>\$ 508,349,990.32</u>

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-UNAUDITED-

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT A-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
- ALL GENERAL AND CONSOLIDATED FUNDS**

For the fiscal year ended August 31, 2017

	<u>General Revenue</u> Fund 0001 U/F (0001), (0066), (0077)	<u>Consolidated Accounts</u> Fund 0127 U/F (0127), (9000), (9001)	<u>Federal American Recovery and Reinvestment</u> Fund 0127 U/F (0369)	<u>General Revenue Account</u> Fund 0802 U/F (0802)	<u>Total</u> (Ex II)
REVENUES					
Legislative Appropriations:					
Original Appropriations (GR)	\$ 11,045,055.00	\$ -	\$ -	\$ -	\$ 11,045,055.00
Additional Appropriations (GR)	2,584,826.55	-	-	-	2,584,826.55
Federal Revenue (PR-OP G/C)	1,638,670.09	188,424,520.82	4,011,413.01	-	194,074,603.92
Federal Grant Pass-Through Revenue (PR-OP G/C)	41,694.16	-	-	-	41,694.16
State Grant Pass-Through Revenue (PR-OP G/C)	67,577.46	-	-	-	67,577.46
Licenses, Fees & Permits (PR-C/S)	5,855,852.59	-	-	23,409.23	5,879,261.82
Interest and Other Investment Income (GR)	5,733.75	72,587.65	252,591.93	36.38	330,949.71
Sales of Goods and Services (PR-C/S)	208,418.89	498,572.00	-	-	706,990.89
Other (GR)	109,648.47	41,005.71	-	-	150,654.18
Total Revenues	<u>21,557,476.96</u>	<u>189,036,686.18</u>	<u>4,264,004.94</u>	<u>23,445.61</u>	<u>214,881,613.69</u>
EXPENDITURES					
Salaries and Wages	5,622,025.94	3,933,152.39	-	-	9,555,178.33
Payroll Related Costs	1,708,196.31	1,412,085.86	-	-	3,120,282.17
Professional Fees and Services	224,852.84	74,027.59	-	-	298,880.43
Travel	212,060.23	271,022.65	-	-	483,082.88
Materials and Supplies	111,104.58	113,145.79	-	-	224,250.37
Communication and Utilities	68,482.38	71,430.50	-	-	139,912.88
Repairs and Maintenance	224,408.49	36,098.16	-	-	260,506.65
Rentals & Leases	181,519.32	10,437.16	-	-	191,956.48
Printing and Reproduction	15,909.53	1,464.72	-	-	17,374.25
Claims and Judgments	23,812.40	-	-	-	23,812.40
Intergovernmental Payments	4,428,884.24	56,968,614.68	-	-	61,397,498.92
Public Assistance Payments	2,787,523.27	130,062,561.85	775,738.02	23,290.07	133,649,113.21
Other Expenditures	173,742.04	77,989.70	-	-	251,731.74
Capital Outlay	14,534.40	15,737.13	-	-	30,271.53
Total Expenditures/Expenses	<u>15,797,055.97</u>	<u>193,047,768.18</u>	<u>775,738.02</u>	<u>23,290.07</u>	<u>209,643,852.24</u>
Excess Revenues					
Over (Under) Expenditures	<u>5,760,420.99</u>	<u>(4,011,082.00)</u>	<u>3,488,266.92</u>	<u>155.54</u>	<u>5,237,761.45</u>
OTHER FINANCING SOURCES (USES)					
Transfers Out	(6,081,227.56)	-	(252,591.93)	-	(6,333,819.49)
Total Other Financing Sources and Uses	<u>(6,081,227.56)</u>	<u>-</u>	<u>(252,591.93)</u>	<u>-</u>	<u>(6,333,819.49)</u>
Net Change in Fund Balances / Net Assets	(320,806.57)	(4,011,082.00)	3,235,674.99	155.54	(1,096,058.04)
FUND FINANCIAL STATEMENT-FUND BALANCES					
Fund Balances--September 1, 2016	2,418,240.84	342,593,378.35	146,565,675.04	66.74	491,577,360.97
Appropriations Lapsed	(67,761.19)	-	-	-	(67,761.19)
Fund Balances-August 31, 2017	<u>\$ 2,029,673.08</u>	<u>\$ 338,582,296.35</u>	<u>\$ 149,801,350.03</u>	<u>\$ 222.28</u>	<u>\$ 490,413,541.74</u>

-UNAUDITED-

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

**EXHIBIT F-1
COMBINING STATEMENT OF NET POSITION - ENTERPRISE FUNDS
August 31, 2017**

	Enterprise Fund 0896 U/F (0037),(0896),(8896)	Enterprise Fund 3054 U/F (0199),(0999)	Totals (Exh III) 2017
ASSETS			
Current Assets:			
Cash and Cash Equivalents			
Cash on Hand	\$ 200.00	\$ 262,305.62	\$ 262,305.62
Cash in Bank		1,270,002.04	1,270,002.04
Cash in State Treasury	1,270,002.04		1,270,002.04
Cash Equivalents		33,669,049.86	33,669,049.86
Restricted Assets:			
Cash and Cash Equivalents			
Cash in Bank		15,654,899.76	15,654,899.76
Cash Equivalents		88,205,343.11	88,205,343.11
Short-term Investments		12,524.82	12,524.82
Loans and Contracts		90,657,733.52	90,657,733.52
Interest Receivable		8,576,185.56	8,576,185.56
Receivable:			
Interest Receivable		121,992.57	121,992.57
Accounts Receivable		380,664.00	380,664.00
Consumable Inventories	12,420.52		12,420.52
Loans and Contracts		2,886,873.16	2,886,873.16
Other Current Assets		59,328.91	59,328.91
Total Current Assets	<u>1,282,622.56</u>	<u>240,486,900.89</u>	<u>241,769,523.45</u>
Non-Current Assets			
Investments		1,033,181.31	1,033,181.31
Loans and Contracts		50,424,708.83	50,424,708.83
Capital Assets:			
Depreciable or Amortizable, Net	149,780.69		149,780.69
Restricted Assets:			
Investments		642,098,675.04	642,098,675.04
Loans and Contracts		957,416,307.11	957,416,307.11
Other Non-current Assets			
Real Estate Owned, net		42,959.50	42,959.50
Total Non-Current Assets	<u>149,780.69</u>	<u>1,651,015,831.79</u>	<u>1,651,165,612.48</u>
Total Assets	<u>\$ 1,432,403.25</u>	<u>\$ 1,891,502,732.68</u>	<u>\$ 1,892,935,135.93</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources	7,969,683.21	9,902,173.02	17,871,856.23
Total Deferred Outflows of Resources	<u>\$ 7,969,683.21</u>	<u>\$ 9,902,173.02</u>	<u>\$ 17,871,856.23</u>

-UNAUDITED-

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT F-1 (Continued)

COMBINING STATEMENT OF NET POSITION - ENTERPRISE FUNDS

August 31, 2017

	Enterprise Fund 0896 U/F (0037),(0896),(8896)	Enterprise Fund 3054 U/F (0199),(0999)	Totals (Exh III) 2017
LIABILITIES			
Current Liabilities			
Payables:			
Accounts Payable	\$ 1,335,551.61	\$ 284,803.81	\$ 1,620,355.42
Payroll Payable	105,732.65		105,732.65
Accrued Bond Interest Payable		11,749,117.60	11,749,117.60
Interfund Payable	73,815.55		73,815.55
Due to Other Funds		81.94	81.94
Due to Other Agencies	1,851.20		1,851.20
Unearned Revenue		6,243,344.19	6,243,344.19
Employees' Compensable Leave	656,581.07		656,581.07
Notes and Loans Payable		224,147.45	224,147.45
Revenue Bonds Payable		12,455,884.23	12,455,884.23
Short-Term Debt		81,182,741.21	81,182,741.21
Other Current Liabilities		403,615.88	403,615.88
Total Current Liabilities	<u>2,173,532.08</u>	<u>112,543,736.31</u>	<u>114,717,268.39</u>
Non-Current Liabilities			
Employees' Compensable Leave	405,020.00		405,020.00
Notes and Loans Payable		83,901,050.71	83,901,050.71
Net Pension Liability	27,843,670.28		27,843,670.28
Revenue Bonds Payable		1,313,340,069.97	1,313,340,069.97
Derivative Hedging Instruments		9,902,173.02	9,902,173.02
Other Non-Current Liabilities		87,556,033.37	87,556,033.37
Total Non-Current Liabilities	<u>28,248,690.28</u>	<u>1,494,699,327.07</u>	<u>1,522,948,017.35</u>
Total Liabilities	<u>\$ 30,422,222.36</u>	<u>\$ 1,607,243,063.38</u>	<u>\$ 1,637,665,285.74</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources	3,201,108.89		3,201,108.89
Total Deferred Inflows of Resources	<u>\$ 3,201,108.89</u>	<u>\$ -</u>	<u>\$ 3,201,108.89</u>
NET POSITION			
Invested in Capital Assets	149,780.69		149,780.69
Restricted for Bonds		214,212,917.35	214,212,917.35
Unrestricted	(24,371,025.48)	79,948,924.97	55,577,899.49
Total Net Position	<u>\$ (24,221,244.79)</u>	<u>\$ 294,161,842.32</u>	<u>\$ 269,940,597.53</u>

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT F-2

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - ENTERPRISE FUNDS

For the fiscal year ended August 31, 2017

	Enterprise Fund 0896 U/F (0037),(0896),(8896)	Enterprise Fund 3054 U/F (0199),(0999)	Totals (Exh IV) 2017
OPERATING REVENUES			
Interest and Investment Income	\$ 32,530.72	\$ 67,715,806.58	\$ 67,748,337.30
Net Decrease in Fair Value		(10,550,363.56)	(10,550,363.56)
Other Operating Revenues	160.01	34,022,829.64	34,022,989.65
Total Operating Revenues	<u>32,690.73</u>	<u>91,188,272.66</u>	<u>91,220,963.39</u>
OPERATING EXPENSES			
Salaries and Wages	10,205,958.07		10,205,958.07
Payroll Related Costs	4,967,287.44		4,967,287.44
Professional Fees and Services	592,680.62	1,472,686.46	2,065,367.08
Travel	252,086.77		252,086.77
Materials and Supplies	239,408.90		239,408.90
Communications and Utilities	164,546.50		164,546.50
Repairs and Maintenance	450,681.41		450,681.41
Rentals and Leases	84,110.65		84,110.65
Printing and Reproduction	18,411.49	18,300.28	36,711.77
Depreciation	49,701.80		49,701.80
Interest		56,866,219.52	56,866,219.52
Bad Debt Expense		174,117.78	174,117.78
Down Payment Assistance		2,776,603.37	2,776,603.37
Other Operating Expenses	355,476.23	19,421,077.42	19,776,553.65
Total Operating Expenses	<u>17,380,349.88</u>	<u>80,729,004.83</u>	<u>98,109,354.71</u>
Operating Income (Loss)	<u>(17,347,659.15)</u>	<u>10,459,267.83</u>	<u>(6,888,391.32)</u>
OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS			
Transfers In (Out)	15,838,092.83	(13,209,336.56)	2,628,756.27
Total Other Revenues, Expenses, Gains, Losses and Transfers	<u>15,838,092.83</u>	<u>(13,209,336.56)</u>	<u>2,628,756.27</u>
CHANGE IN NET POSITION	<u>(1,509,566.32)</u>	<u>(2,750,068.73)</u>	<u>(4,259,635.05)</u>
Net Position, September 1, 2016	<u>(22,711,678.47)</u>	<u>296,911,911.05</u>	<u>274,200,232.58</u>
NET POSITION AUGUST 31, 2017	<u>\$ (24,221,244.79)</u>	<u>\$ 294,161,842.32</u>	<u>\$ 269,940,597.53</u>

-UNAUDITED-

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT F-3

COMBINING STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS

For the fiscal year ended August 31, 2017

	Enterprise Fund 0896 U/F (0037),(0896),(8896)	Enterprise Fund 3054 U/F (0199),(0999)	Totals (Exh V) 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from Loan Programs	\$	\$ 112,224,012.56	\$ 112,224,012.56
Proceeds from Other Revenues		42,345,729.31	42,345,729.31
Payments to Suppliers for Goods/Services	(2,131,957.15)	(76,477,246.76)	(78,609,203.91)
Payments to Employees	(13,820,921.64)		(13,820,921.64)
Payments for Loans Provided		(25,631,863.63)	(25,631,863.63)
Net Cash Provided by (Used For) Operating Activities	(15,952,878.79)	52,460,631.48	36,507,752.69
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Proceeds from Debt Issuance		135,916,938.12	135,916,938.12
Proceeds from Note Payable		38,635,017.28	38,635,017.28
Proceeds (Payments) from Transfers (to)/from Other Funds	15,838,092.83	(13,209,336.56)	2,628,756.27
Payments of Principal on Debt Issuance		(244,778,152.27)	(244,778,152.27)
Payments of Interest		(58,417,372.78)	(58,417,372.78)
Payments for Other Cost of Debt		(1,684,221.73)	(1,684,221.73)
Net Cash Provided by (Used For) Noncapital Financing Activities	15,838,092.83	(143,537,127.94)	(127,699,035.11)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payments for Additions to Capital Assets	(42,400.47)		(42,400.47)
Net Cash (Used For) Capital Activities	(42,400.47)		(42,400.47)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sales of Investments		148,186,910.19	148,186,910.19
Proceeds from Interest/Investment Income	32,530.72	28,435,450.45	28,467,981.17
Payments to Acquire Investments		(158,220,938.52)	(158,220,938.52)
Net Cash Provided by Investing Activities	32,530.72	18,401,422.12	18,433,952.84
Net Decrease in Cash and Cash Equivalents	(124,655.71)	(72,675,074.34)	(72,799,730.05)
Cash and Cash Equivalents, September 1, 2016	1,394,857.75	210,466,672.69	211,861,530.44
Cash and Cash Equivalents, August 31, 2017	\$ 1,270,202.04	\$ 137,791,598.35	\$ 139,061,800.39

-UNAUDITED-

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT F-3 (Continued)

COMBINING STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS

For the fiscal year ended August 31, 2017

	Enterprise Fund 0896	Enterprise Fund 3054	Totals (Exh V)
	U/F (0037),(0896),(8896)	U/F (0199),(0999)	2017

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ (17,347,659.15)	\$ 10,459,267.83	\$ (6,888,391.32)
Adjustments to Reconcile Operating (Loss) to Net Cash			
Provided by Operating Activities:			
Depreciation	49,701.80		49,701.80
Pension Expense	2,342,798.21		2,342,798.21
Provision for Uncollectibles		174,117.78	174,117.78
Operating Income (Loss) and Cash Flow Categories Classification Differences	(1,298,163.87)	(25,214,476.08)	(26,512,639.95)
Changes in Assets and Liabilities:			
Decrease in Receivables		427,604.24	427,604.24
Decrease in Accrued Interest Receivable		3,103,415.59	3,103,415.59
(Increase) in Loans / Contracts		(12,754,995.15)	(12,754,995.15)
Decrease in Property Owned		159,122.53	159,122.53
Decrease in Other Assets		768,855.08	768,855.08
Increase in Payables	300,444.22	105,711.13	406,155.35
Increase in Unearned Revenues		142,093.81	142,093.81
(Decrease) in Accrued Interest Payable		(5,844,001.53)	(5,844,001.53)
Increase in Other Liabilities		80,933,916.25	80,933,916.25
Total Adjustments	<u>1,394,780.36</u>	<u>42,001,363.65</u>	<u>43,396,144.01</u>
Net Cash Provided by (Used For) Operating Activities	<u>\$ (15,952,878.79)</u>	<u>\$ 52,460,631.48</u>	<u>\$ 36,507,752.69</u>
NON CASH TRANSACTIONS			
Net Change in Fair Value of Investments		\$ (10,550,363.56)	\$ (10,550,363.56)

-UNAUDITED-

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT J-1

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

August 31, 2017

	Beginning Balance September 1, 2016	Additions	Deductions	Ending Balance August 31, 2017
<u>Suspense Fund (0900) U/F (0903)</u>				
ASSETS				
Cash in State Treasury	\$ 355,043.65	1,484,844.80	1,294,414.73	\$ 545,473.72
Total Assets	<u>\$ 355,043.65</u>	<u>1,484,844.80</u>	<u>1,294,414.73</u>	<u>\$ 545,473.72</u>
LIABILITIES				
Funds Held for Others	\$ 355,043.65	1,484,844.80	1,294,414.73	\$ 545,473.72
Total Liabilities	<u>\$ 355,043.65</u>	<u>1,484,844.80</u>	<u>1,294,414.73</u>	<u>\$ 545,473.72</u>
<u>Child Support Addenda Deducts (0807) U/F (8070)</u>				
ASSETS				
Cash in State Treasury	\$ 1,982.34	29,230.83	29,391.83	\$ 1,821.34
Total Assets	<u>\$ 1,982.34</u>	<u>29,230.83</u>	<u>29,391.83</u>	<u>\$ 1,821.34</u>
LIABILITIES				
Funds Held for Others	\$ 1,982.34	29,230.83	29,391.83	\$ 1,821.34
Total Liabilities	<u>\$ 1,982.34</u>	<u>29,230.83</u>	<u>29,391.83</u>	<u>\$ 1,821.34</u>
<u>Totals - All Agency Funds</u>				
ASSETS				
Cash in State Treasury	\$ 357,025.99	1,514,075.63	1,323,806.56	\$ 547,295.06
Total Assets	<u>\$ 357,025.99</u>	<u>1,514,075.63</u>	<u>1,323,806.56</u>	<u>\$ 547,295.06</u>
LIABILITIES				
Funds Held for Others	\$ 357,025.99	1,514,075.63	1,323,806.56	\$ 547,295.06
Total Liabilities	<u>\$ 357,025.99</u>	<u>1,514,075.63</u>	<u>1,323,806.56</u>	<u>\$ 547,295.06</u>

Schedules

-UNAUDITED-

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

**SCHEDULE 1-A
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the fiscal year ended August 31, 2017

FEDERAL GRANTOR / PASS THROUGH GRANTOR / PROGRAM TITLE	CFDA No.	Identifying No.	Agency No.	Pass-Through From		
				Agency Amount	Non-State Entities Amount	
U.S. Department of Housing and Urban Development						
<u>Direct Programs:</u>						
Manufactured Housing	14.000	002		\$ -	\$ -	
Community Development Block Grants/State's Programs	14.228		551	31,694.16	-	
Emergency Solutions Grant Program	14.231			-	-	
HOME Investment Partnerships Program	14.239			-	-	
ARRA - Tax Credit Assistance Program	14.258			-	-	
Project Rental Assistance Demonstration (PRA Demo) Program						
- Section 811 Supportive Housing for Persons with Disabilities	14.326			-	-	
				<hr/>	<hr/>	
Total - U.S. Department of Housing and Urban Development				31,694.16	-	
				<hr/>	<hr/>	
U.S. Department of Energy						
Weatherization Assistance Program for Low-Income Persons	81.042			-	-	
				<hr/>	<hr/>	
Total - U.S. Department of Energy				-	-	
				<hr/>	<hr/>	
U.S. Department of Health and Human Services						
Low-Income Home Energy Assistance	93.568			-	-	
Community Services Block Grant	93.569			-	-	
				<hr/>	<hr/>	
<u>Pass-Through From:</u>						
Temporary Assistance for Needy Families	93.558					
Texas Workforce Commission			320	10,000.00	-	
				<hr/>	<hr/>	
Total - U.S. Department of Health and Human Services				10,000.00	-	
				<hr/>	<hr/>	
Housing Voucher Cluster						
U.S. Department of Housing and Urban Development						
<u>Direct Programs:</u>						
Section 8 Housing Choice Vouchers	14.871			-	-	
				<hr/>	<hr/>	
Total - U.S. Department of Housing and Urban Development				-	-	
				<hr/>	<hr/>	
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 41,694.16	\$ -	
				<hr/>	<hr/>	

-UNAUDITED-

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

SCHEDULE 1-A (Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the fiscal year ended August 31, 2017

Direct Program Amount	Total PT From & Direct Program	Pass-Through To			Expenditures Amount	Total PT To & Expenditures
		Agency No.	Agency Amount	Non-State Entities Amount		
\$ 98,313.00	\$ 98,313.00		\$ -	\$ -	\$ 98,313.00	\$ 98,313.00
(1,527,770.30)	(1,496,076.14)		-	(1,527,214.37)	31,138.23	(1,496,076.14)
9,125,342.16	9,125,342.16		-	8,821,657.82	303,684.34	9,125,342.16
20,313,763.46	20,313,763.46		-	18,060,655.37	2,253,108.09	20,313,763.46
4,011,413.01	4,011,413.01		-	4,011,413.01	-	4,011,413.01
57,006.48	57,006.48		-	40,456.00	16,550.48	57,006.48
32,078,067.81	32,109,761.97		-	29,406,967.83	2,702,794.14	32,109,761.97
4,931,168.03	4,931,168.03		-	4,642,206.73	288,961.30	4,931,168.03
4,931,168.03	4,931,168.03		-	4,642,206.73	288,961.30	4,931,168.03
116,627,659.88	116,627,659.88		-	115,306,289.46	1,321,370.42	116,627,659.88
33,204,630.02	33,204,630.02		-	31,660,848.66	1,543,781.36	33,204,630.02
-	10,000.00		-	10,000.00	-	10,000.00
149,832,289.90	149,842,289.90		-	146,977,138.12	2,865,151.78	149,842,289.90
7,233,078.18	7,233,078.18		-	-	7,233,078.18	7,233,078.18
7,233,078.18	7,233,078.18		-	-	7,233,078.18	7,233,078.18
\$ 194,074,603.92	\$ 194,116,298.08		\$ -	\$ 181,026,312.68	\$ 13,089,985.40	\$ 194,116,298.08

-UNAUDITED-

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

**NOTES TO SCHEDULE 1-A
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended August 31, 2017**

NOTE 1: GENERAL

The Schedule of Expenditures of Federal Awards presents expenditures for all federal assistance awards that were in effect for the year ended August 31, 2017 for the Texas Department of Housing and Community Affairs.

NOTE 2: RECONCILIATION

Expenditures are reported on the modified accrual basis of accounting in accordance with generally accepted accounting principles as further described in the notes to the basic financial statements. Total expenditures as reported in the Schedule of Expenditures of Federal Awards reconciles with expenditures reported in the basic financial statements (Exhibit II) as described below.

Expenditures	Amount
Federal Revenues (Exh. II) All funds	\$ 194,074,603.92
Federal Grant Pass-Through Revenues (Exh. II)	41,694.16
Total Federal Revenues	<u>\$ 194,116,298.08</u>
Total Pass-Through and Expenditures per Federal Schedule	<u>\$ 194,116,298.08</u>

NOTE 3: SECTION 8 EXPENDITURES

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards for Section 8 Housing Choice Vouchers, \$6,721,448.02 represents direct program expenditures. The remaining \$511,630.16 are administrative expenditures incurred for the Section 8 Housing Choice Voucher Program.

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

**NOTES TO SCHEDULE 1-A (Continued)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended August 31, 2017**

NOTE 4: REVOLVING LOAN PROGRAMS

Loans from the revolving loan fund (RLF) are carried at the unpaid principal balance, net of allowance for loan loss. A summary of activity in the RLF programs for the following grants for the fiscal year ended August 31, 2017 follows:

	HOME	NSP	TCAP	TOTAL
Loans Serviced	\$290,052,781.35	\$52,163,413.02	\$124,375,153.28	\$466,591,347.65
Allowance for Estimated Loan Losses	(2,651,542.06)	(97,353.14)	(467,805.50)	(3,216,700.70)
Balance at August 31, 2017	\$287,401,239.29	\$52,066,059.88	\$123,907,347.78	\$463,374,646.95

NOTE 5: FEDERAL UNEARNED REVENUES

Program	CFDA No.	Federal Unearned Revenue 09/01/16	Amount of Increase/(Decrease)	Federal Unearned Revenue 08/31/17
CDBG/NSP	14.228	\$ 1,568,445.76	\$ 1,572,281.75	\$ 3,140,727.51
HOME	14.239	-	5,451,654.42	5,451,654.42
Section 8	14.871	259,370.86	100,897.20	360,268.06
DOE	81.042	-	11,457.17	11,457.17
CSBG	93.569	4,930.13	200,405.07	205,335.20
Total		\$ 1,832,746.75	\$ 7,336,695.61	\$ 9,169,442.36

Federal unearned revenue represents federal revenues that have not been earned but is available at fiscal year-end in the amount that revenues exceed expenditures.

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

SCHEDULE 1-B

SCHEDULE OF STATE GRANT PASS-THROUGHS FROM/TO STATE AGENCIES

For the fiscal year ended August 31, 2017

Pass-Through From:

Texas Department of Agriculture (Agency 551)	
Community Development Block Grants/State's Program	
Interagency Contract for Office of Colonia Initiatives	<u>\$ 67,577.46</u>
Total Pass-Through From Other Agencies (Exhibit II)	<u><u>\$ 67,577.46</u></u>

-UNAUDITED-

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Supplementary Bond Schedules

SCHEDULE 2-A

MISCELLANEOUS BOND INFORMATION

For the fiscal year ended August 31, 2017

Description of Issue	Bonds Issued To Date	Range Of Interest Rates	Scheduled Mat.		First Call Date	
			First Year	Final Maturity Date		
2004 Single Family Series B	53,000,000.00	VAR - Weekly	2015	09/01/2034	03/01/2015	(e)
2004 Single Family Series A (Jr. Lien)	4,140,000.00	VAR - Weekly	2036	09/01/2036	09/01/2036	(e)
2004 Single Family Series D	35,000,000.00	VAR - Weekly	2035	03/01/2035	(f)	
2005 Single Family Series A	100,000,000.00	VAR - Weekly	2007	09/01/2036	03/01/2006	
2005 Single Family Series B	25,495,000.00	4.38% 4.38%	2006	09/01/2026	03/01/2006	
2005 Single Family Series C	8,970,000.00	VAR - Weekly	2017	09/01/2017	03/01/2006	
2005 Single Family Series D	3,730,000.00	5.00% 5.00%	2025	09/01/2035	03/01/2006	
2007 Single Family Series A	143,005,000.00	VAR - Weekly	2008	09/01/2038	03/01/2008	(e)
2007 Single Family Series B	157,060,000.00	3.90% 5.63%	2008	09/01/2039	03/01/2008	
2013 Single Family Series A	42,500,000.00	2.80% 2.80%	2013	03/01/2036	09/01/2020	
2015 Single Family Series A	33,825,000.00	3.20% 3.20%	2039	09/01/2039	09/01/2024	
2015 Single Family Series B	19,870,000.00	3.13% 3.13%	2046	03/01/2046	09/01/2024	
2016 Single Family Series A	31,510,000.00	3.00% 3.00%	2046	03/01/2046	03/01/2025	
2016 Single Family Series B	59,735,000.00	3.18% 3.18%	2039	03/01/2039	03/01/2025	
2017 Single Family Series A	61,303,867.00	2.84% 2.84%	2017	9/1/2047	(n)	
2017 Single Family Series B	29,610,000.00	2.75% 2.75%	2017	9/1/2038	(n)	
2017 Single Family Series C	42,787,085.00	3.10% 3.10%	2017	9/1/2047	(n)	
2009 RMRB Series A	80,000,000.00	5.13% 5.13%	2011	07/01/2039	01/01/2019	
2009 RMRB Series B	22,605,000.00	4.72% 4.72%	2010	07/01/2022	01/01/2019	
2009 RMRB Series C-1	89,030,000.00	0.70% 3.57%	2029	07/01/2041	04/01/2011	
2009 RMRB Series C-2	60,080,000.00	0.60% 2.48%	2034	07/01/2041	11/01/2011	
2011 RMRB Series A	60,000,000.00	0.70% 5.05%	2012	07/01/2029	01/01/2021	
2011 RMRB Series B	87,955,000.00	0.30% 4.45%	2012	01/01/2034	01/01/2021	
1992 Coll Home Mtg Rev Bonds, Series C	72,700,000.00	3.48% 10.27%	2024	07/01/2024	05/04/1995	
TOTAL SINGLE FAMILY & RMRB BONDS	1,323,910,952.00					
1996 MF Series A/B (Brighton's Mark Development)	10,174,000.00	6.13% 6.13%	2026	04/01/2026	01/01/2003	
1998 MF Series A-C (Residence at the Oaks Projects)	8,200,000.00	5.98% 7.18%	2001	11/01/2030	05/01/2001	
2000 MF Series A (Timber Point Apartments)	8,100,000.00	VAR - Weekly	2003	09/01/2032	07/01/2000	(a)
2000 MF Series A/B (Oaks at Hampton Apartments)	10,060,000.00	7.20% 9.00%	2002	03/01/2040	03/01/2017	(a)
2000 MF Series A (Deerwood Apartments)	6,435,000.00	5.25% 6.40%	2003	12/01/2032	06/01/2010	
2000 MF Series A (Creek Point Apartments)	7,200,000.00	VAR - Weekly	2004	10/01/2032	07/01/2000	(a)
2000 MF Series A/B (Parks at Westmoreland Apartments)	9,990,000.00	7.20% 9.00%	2002	07/01/2040	07/01/2017	(a)
2000 MF Series A-C (Highland Meadow Village Apartments)	13,500,000.00	6.75% 8.00%	2004	11/01/2033	05/01/2019	
2000 MF Series A-C (Collingham Park Apartments)	13,500,000.00	6.72% 7.72%	2004	11/01/2033	05/01/2019	
2001 MF Series A (Bluffview Apartments)	10,700,000.00	7.65% 7.65%	2003	05/01/2041	05/01/2018	
2001 MF Series A (Knollwood Apartments)	13,750,000.00	7.65% 7.65%	2003	05/01/2041	05/01/2018	
2001 MF Series A (Skyway Villas Apartments)	13,250,000.00	6.00% 6.50%	2005	12/01/2034	12/01/2011	
2001 MF Series A/B (Meridian Apartments)	14,310,000.00	5.45% 6.85%	2004	12/01/2034	12/01/2011	
2001 MF Series A/B (Wildwood Apartments)	14,365,000.00	5.45% 6.75%	2004	12/01/2034	12/01/2011	
2001 MF Series A (Oak Hollow Apartments)	8,625,000.00	7.00% 7.90%	2003	12/01/2041	11/01/2018	
2001 MF Series A/B (Hillside Apartments)	12,900,000.00	7.00% 9.25%	2003	12/01/2041	11/01/2018	
2002 MF Series A (Park Meadows Apartments)	4,600,000.00	6.53% 6.53%	2004	06/01/2034	05/01/2012	
2002 MF Series A (Clarkridge Villas Apartments)	14,600,000.00	7.00% 7.00%	2004	09/01/2042	08/01/2019	
2002 MF Series A (Hickory Trace Apartments)	11,920,000.00	7.00% 7.00%	2004	11/01/2042	12/01/2019	
2002 MF Series A (Green Crest Apartments)	12,500,000.00	7.00% 7.00%	2004	11/01/2042	11/01/2019	
2002 MF Series A/B (Ironwood Crossing)	16,970,000.00	5.50% 8.75%	2005	11/01/2042	10/01/2027	
2003 MF Series A/B (Reading Road)	12,200,000.00	VAR-Weekly	2007	07/01/2036	01/01/2004	(a)
2003 MF Series A/B (North Vista Apartments)	14,000,000.00	4.10% 5.41%	2006	06/01/2036	06/01/2013	
2003 MF Series A/B (West Virginia Apartments)	9,450,000.00	4.15% 5.41%	2006	06/01/2036	06/01/2013	
2003 MF Series A/B (Primrose Houston School)	16,900,000.00	5.50% 8.00%	2006	07/01/2036	07/01/2003	(a)
2003 MF Series A/B (Timber Oaks Apartments)	13,200,000.00	6.75% 8.75%	2005	11/01/2038	06/01/2020	
2003 MF Series A/B (Ash Creek Apartments)	16,375,000.00	5.60% 15.00%	2006	04/01/2036	10/01/2003	(a)
2003 MF Series A/B (Peninsula Apartments)	12,400,000.00	4.25% 5.30%	2007	10/01/2024	10/01/2013	
2003 MF Series A/B (Arlington Villas)	17,100,000.00	6.75% 8.00%	2007	12/01/2036	01/01/2007	(a)
2003 MF Series A/B (Parkview Townhomes)	16,600,000.00	6.60% 8.50%	2006	04/01/2041	12/01/2020	
2003 MF Series A (NHP Foundation-Asmara Proj Refunding)	31,500,000.00	VAR - Weekly	2007	07/01/2033	07/01/2007	(a)
2004 MF Series A/B (Timber Ridge II Apartments)	7,500,000.00	5.75% 8.00%	2007	08/01/2036	03/01/2007	(a)

-UNAUDITED-

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules

SCHEDULE 2-A (Continued)

MISCELLANEOUS BOND INFORMATION

For the fiscal year ended August 31, 2017

Description of Issue	Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat			
				First Year	Final Maturity Date	First Call Date	
2004 MF Series A/B (Century Park Townhomes)	13,000,000.00	5.75%	5.75%	2007	06/01/2037	05/01/2007	(a)
2004 MF Series A/B (Providence at Veterans Memorial)	16,300,000.00	6.60%	8.50%	2006	01/01/2041	03/01/2006	(a)
2004 MF Series A (Providence at Rush Creek II)	10,000,000.00	5.38%	6.70%	2006	01/01/2044	03/01/2021	
2004 MF Series A (Humble Parkway Townhomes)	11,700,000.00	6.60%	6.60%	2007	01/01/2041	07/01/2021	
2004 MF Series A (Chisholm Trail Apartments)	12,000,000.00	VAR - Weekly	(b)	2006	04/15/2037	10/15/2006	(a)
2004 MF Series A (Evergreen at Plano Parkway)	14,750,000.00	5.25%	6.55%	2007	05/01/2044	06/01/2021	
2004 MF Series A (Montgomery Pines Apartments)	12,300,000.00	VAR - Weekly		2006	06/15/2037	12/15/2006	(a)
2004 MF Series A (Bristol Apartments)	12,625,000.00	VAR - Weekly		2007	06/15/2037	06/15/2007	(a)
2004 MF Series A (Pinnacle Apartments)	14,500,000.00	VAR - Weekly	(c)	2007	06/15/2037	09/01/2007	(a)
2004 MF Series A (Churchill at Pinnacle Park)	10,750,000.00	5.25%	6.55%	2007	07/01/2044	09/01/2021	(d)
2004 MF Series A (Providence at Village Fair)	14,100,000.00	5.00%	6.50%	2007	12/01/2044	12/01/2021	
2005 MF Series A (Homes at Pecan Grove)	14,030,000.00	5.00%	6.50%	2007	01/01/2045	01/01/2022	
2005 MF Series A (Providence at Prairie Oaks)	11,050,000.00	4.75%	6.50%	2007	01/01/2045	01/01/2022	
2005 MF Series A (Port Royal Homes)	12,200,000.00	5.00%	6.50%	2007	02/01/2045	02/01/2022	
2005 MF Series A (Mission Del Rio Homes)	11,490,000.00	5.00%	6.50%	2007	02/01/2045	02/01/2022	
2005 MF Series A (Atascocita Pines Apartments)	11,900,000.00	VAR - Weekly	(c)	2007	04/15/2038		(e)
2005 MF Series A (Tower Ridge Apartments)	15,000,000.00	VAR - Weekly	(b)	2009	04/01/2038		(e)
2005 MF Series A (St Augustine Estate Apartments)	7,650,000.00	VAR - Weekly		2009	09/15/2038		n/a
2005 MF Series A (Providence at Mockingbird Apartments)	14,360,000.00	6.40%	6.40%	2007	08/01/2040	08/01/2022	
2005 MF Series A (Plaza at Chase Oaks Apartments)	14,250,000.00	5.05%	5.05%	2007	08/01/2035		(g)
2005 MF Series A (Coral Hills Apartments)	5,320,000.00	5.05%	5.05%	2009	08/01/2026	08/01/2015	
2006 MF Series A (Bella Vista Apartments)	6,800,000.00	6.15%	6.15%	2008	04/01/2046	04/01/2016	
2006 MF Series A (Village Park Apartments)	13,660,000.00	4.75%	5.13%	2009	12/01/2026	06/01/2021	
2006 MF Series A (Oakmoor Apartments)	14,635,000.00	5.50%	6.00%	2008	03/01/2046	03/01/2023	
2006 MF Series A (The Residences at Sunset Pointe)	15,000,000.00	VAR - Weekly		2039	07/15/2039		(h)
2006 MF Series A (Hillcrest Apartments)	12,435,000.00	5.25%	5.25%	2009	04/01/2027	04/01/2021	
2006 MF Series A (Red Hills Villas)	5,015,000.00	VAR - Weekly		2036	09/15/2036		(i)
2006 MF Series A (Champion Crossing Apartments)	5,125,000.00	VAR - Weekly		2036	09/15/2036		(i)
2006 MF Series A (Meadowlands Apartments)	13,500,000.00	6.00%	6.00%	2009	09/01/2046	09/01/2023	
2006 MF Series A (East Tex Pines)	13,500,000.00	4.95%	4.95%	2010	10/01/2046		(j)
2006 MF Series A (Villas at Henderson)	7,200,000.00	VAR - Weekly		2010	11/01/2023		(k)
2006 MF Series A (Aspen Park)	9,800,000.00	5.00%	5.00%	2010	07/01/2027	07/01/2021	
2006 MF Series A (Idlewild)	14,250,000.00	VAR - Weekly		2010	06/15/2040		(i)
2007 MF Series A (Lancaster)	14,250,000.00	VAR - Weekly		2010	07/15/2040		(i)
2007 MF Series A (Park Place at Loyola)	15,000,000.00	5.80%	5.80%	2010	02/01/2047	03/01/2024	
2007 MF Series A (Terrace at Cibolo)	8,000,000.00	VAR - Weekly		2010	05/01/2040		(k)
2007 MF Series A (Santora Villas)	13,072,000.00	5.80%	5.80%	2010	05/01/2047	06/01/2024	
2007 MF Series A (Villas at Mesquite Creek)	16,860,000.00	5.00%	5.81%	2010	01/20/2047	01/20/2017	
2007 MF Series A (Costa Rialto)	12,385,000.00	5.35%	5.35%	2010	07/01/2047	08/01/2025	
2007 MF Series A (Windshire)	14,000,000.00	VAR - Weekly		2010	01/15/2041		(i)
2007 MF Series A (Residences at Onion Creek)	15,000,000.00	VAR - Weekly		2011	12/15/2040		(i)
2008 MF Series A (West Oaks Apartments)	13,125,000.00	VAR - Weekly		2011	07/01/2041		(l)
2008 MF Series A (Costa Ibiza Apartments)	13,900,000.00	VAR - Weekly		2011	08/01/2041		(e)
2008 MF Series A (Addison Park Apartments)	14,000,000.00	VAR - Weekly		2008	01/01/2044		(l)
2008 MF Series A (Alta Cullen Apartments Refunding)	14,000,000.00	VAR - Weekly		2011	03/01/2045		(l)
2009 MF Series A (Costa Mariposa Apartments)	13,690,000.00	VAR - Weekly		2012	05/01/2042		(l)
2009 MF Series A (Woodmont Apartments)	15,000,000.00	VAR - Weekly		2012	06/01/2042		(l)
2013 MF Series A (Waters at Willow Run Apartments)	14,500,000.00	0.35%	0.35%	2014	10/01/2016	10/01/2014	
2014 MF Series A (Decatur-Angle Apartments)	23,000,000.00	5.75%	5.75%	2016	01/01/2054	09/01/2016	
2015 MF Series A (Good Samaritan Towers)	5,620,000.00	0.95%	0.95%	2017	09/01/2017	03/01/2017	
2015 MF Series A (Williamsburg Apartments)	23,150,000.00	3.45%	3.45%	2016	01/01/2032	01/26/2016	(m)
2016 MF Series A (Chisolm Trace/Cheyenne Village)	13,500,000.00	0.80%	0.80%	2017	06/01/2018	06/01/2017	
2016 MF Series A (Fifty Oaks & Edinburg Village)	7,400,000.00	0.65%	0.65%	2017	08/01/2018	08/01/2017	
2016 MF Series A (Skyline Place Apartments)	18,750,000.00	2.60%	2.60%	2016	10/01/2032	10/26/2016	(m)
TOTAL MULTIFAMILY BONDS	1,091,271,000.00						
TOTAL BONDS ISSUED	2,415,181,952.00						

-UNAUDITED-

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 2-A (Continued)
MISCELLANEOUS BOND INFORMATION
For the fiscal year ended August 31, 2017

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 Indenture, as follows: During a daily interest rate period or weekly interest rate period for the Series bonds, the bonds shall be subject to optional redemption by the Department, in whole or in part on any business day, at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest, if any, to the redemption date.
- (g) The bonds are subject to redemption at the option of the Issuer, at the direction of the Borrower, in whole or in part on the first day of any month, in the event and to the extent the trustee receives funds from the Borrower representing an optional prepayment of the principal of the note, at a redemption price equal to the principal thereof, plus accrued interest to the redemption date plus any premium remitted therewith as required by the note.
- (h) Bonds are subject to redemption if and to the extent the Borrower is entitled to make, or is required to make, a prepayment pursuant to the loan agreement.
- (i) The Bonds are subject to optional redemption in whole or in part upon optional prepayment of the Loan by the Borrower.
- (j) The Bonds shall be subject to redemption prior to maturity in whole but not in part on any Bond Payment Date on or after fifteen years from Conversion Date, from the proceeds of an optional prepayment of the Loan by the Borrower at a redemption price equal to the principal amount plus accrued and unpaid interest to the date fixed for redemption.
- (k) The Bonds may be redeemed by the Trustee at the option of the Issuer, but only upon the written request of the Borrower pursuant of the Loan Agreement, and with the prior written consent of the Bank, in whole or in part, at a redemption price equal to the principal amount, without premium, plus accrued interest to the date of redemptions.
- (l) With the prior Written consent of the Credit Facility Provider, the Bonds are subject to optional redemption, in whole or in part, upon optional prepayments on the Bond Mortgage Loan in accordance with the prepayment restrictions set forth in the Bond Mortgage Note and Financing Agreement.
- (m) The bonds are subject to redemption prior to maturity, after giving notice as provided in the Trust Indenture, as follows: that the Pass-Through Certificate will be prepaid, the Trustee, in accordance with the provisions of this Indenture, shall use its best efforts to give not less than 20 nor more than 30 days' notice, in the name of the Issuer, of the redemption of the Bonds, which notice shall specify the following: (i) the maturity and principal amounts of the Bonds to be redeemed; (ii) the CUSIP number, if any, of the Bonds to be redeemed; (iii) the date of such notice; (iv) the issuance date for such Bonds; (v) the interest rate on the Bonds to be redeemed; (vi) the redemption date; (vii) any conditions to the occurrence of the redemption; (viii) the place or places where amounts due upon such redemption will be payable; (ix) the Redemption Price; (x) the Trustee's name and address with a contact person and a phone number; and (xi) that on the redemption date, the Redemption Price shall be paid. Neither the giving of such notice by the Trustee nor the receipt of such notice by the Bondholders shall be a condition precedent to the effectiveness of any such redemption.
- (n) The Series 2017 bonds are subject to redemption prior to maturity, in whole or in part, at any time and from time to time on and after September 1, 2026, at the option of the Department, after giving notice as provided in the Trust Indenture, at a Redemption Price equal to 100% of the principal amount of the Series 2017 Bonds or portions thereof to be redeemed, plus accrued interest, to but not including, the redemption date.

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-UNAUDITED-

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules

SCHEDULE 2-B

CHANGES IN BOND INDEBTEDNESS

For the fiscal year ended August 31, 2017

Description of Issue	Bonds Outstanding 09/01/16	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/17	Amounts Due Within One Year
2004 Single Family Series B	\$ 39,380,000.00	\$		\$ 11,505,000.00	\$ 27,875,000.00	\$
2004 Single Family Series A (Jr. Lien)	3,855,000.00				3,855,000.00	
2004 Single Family Series D	25,700,000.00			6,780,000.00	18,920,000.00	
2005 Single Family Series A	31,130,000.00			5,455,000.00	25,675,000.00	
2005 Single Family Series B	795,000.00		60,000.00	660,000.00	75,000.00	10,000.00
2005 Single Family Series C	3,090,000.00			3,090,000.00	-	
2005 Single Family Series D	430,000.00			380,000.00	50,000.00	
2007 Single Family Series A	38,405,000.00			8,020,000.00	30,385,000.00	
2007 Single Family Series B	35,480,000.00		305,000.00	35,175,000.00	-	
2013 Single Family Series A	23,385,000.00			3,720,000.00	19,665,000.00	
2015 Single Family Series A	29,680,000.00			4,180,000.00	25,500,000.00	
2015 Single Family Series B	18,920,000.00			1,820,000.00	17,100,000.00	
2016 Single Family Series A	30,970,000.00			3,430,000.00	27,540,000.00	
2016 Single Family Series B	55,930,000.00			10,780,000.00	45,150,000.00	
2017 Single Family Series A	-	61,303,867.00		121,551.00	61,182,316.00	20,264.64
2017 Single Family Series B	-	29,610,000.00		454,972.00	29,155,028.00	
2017 Single Family Series C	-	42,787,085.00		114,415.00	42,672,670.00	
2009 RMRB Series A	25,225,000.00		295,000.00	4,045,000.00	20,885,000.00	282,480.88
2009 RMRB Series B	6,600,000.00		765,000.00	515,000.00	5,320,000.00	1,030,000.00
2009 RMRB Series C-1	45,585,000.00			7,935,000.00	37,650,000.00	
2009 RMRB Series C-2	36,110,000.00			5,920,000.00	30,190,000.00	
2011 RMRB Series A	24,240,000.00		1,410,000.00	4,140,000.00	18,690,000.00	1,396,576.80
2011 RMRB Series B	44,850,000.00		1,875,000.00	7,320,000.00	35,655,000.00	1,803,538.08
1992 Coll Home Mtg Rev Bonds, Series C	1,700,000.00			700,000.00	1,000,000.00	1,339.68
Total Single Family Bonds	\$ 521,460,000.00	\$ 133,700,952.00	\$ 4,710,000.00	\$ 126,260,938.00	\$ 524,190,014.00	\$ 4,544,200.08
1996 MF Series A/B (Brighton's Mark Development)	\$ 8,075,000.00	\$	\$	\$	\$ 8,075,000.00	\$
1998 MF Series A-C (Residence at the Oaks Projects)	5,471,000.00		312,000.00		5,159,000.00	321,000.00
2000 MF Series A (Timber Point Apartments)	6,270,000.00			200,000.00	6,070,000.00	
2000 MF Series A/B (Oaks at Hampton Apartments)	8,811,132.00		148,265.00		8,662,867.00	159,298.00
2000 MF Series A (Deerwood Apartments)	4,985,000.00		170,000.00		4,815,000.00	180,000.00
2000 MF Series A (Creek Point Apartments)	5,360,000.00			200,000.00	5,160,000.00	
2000 MF Series A/B (Parks at Westmoreland Apartments)	8,787,081.18		143,996.17		8,643,085.01	154,715.00
2000 MF Series A-C (Highland Meadow Village Apts)	7,114,000.00		221,000.00		6,893,000.00	237,000.00
2000 MF Series A-C (Collingham Park Apartments)	10,620,000.00		348,000.00		10,272,000.00	370,000.00
2001 MF Series A (Bluffview Apartments)	9,751,955.01		117,350.25		9,634,604.76	126,586.18
2001 MF Series A (Knollwood Apartments)	12,531,717.92		150,800.55		12,380,917.37	162,669.17
2001 MF Series A (Skyway Villas Apartments)	6,250,000.00		195,000.00		6,055,000.00	205,000.00
2001 MF Series A/B (Meridian Apartments)	7,875,000.00		108,000.00		7,767,000.00	119,000.00
2001 MF Series A/B (Wildwood Apartments)	6,076,000.00		89,000.00		5,987,000.00	96,000.00
2001 MF Series A (Oak Hollow Apartments)	5,898,070.64		74,815.25		5,823,255.39	80,223.65
2001 MF Series A/B (Hillside Apartments)	12,057,903.82		84,253.33		11,973,650.49	90,343.98
2002 MF Series A (Park Meadows Apartments)	3,605,000.00		105,000.00		3,500,000.00	120,000.00
2002 MF Series A (Clarkridge Villas Apartments)	12,810,789.24		151,813.70		12,658,975.54	162,788.34
2002 MF Series A (Hickory Trace Apartments)	10,596,240.05		124,723.45		10,471,516.60	133,739.72
2002 MF Series A (Green Crest Apartments)	10,606,653.03		91,862.51		10,514,790.52	97,044.26
2002 MF Series A/B (Ironwood Crossing)	15,891,396.03		160,780.12		15,730,615.91	173,261.94
2003 MF Series A/B (Reading Road)	10,210,000.00		40,000.00	300,000.00	9,870,000.00	40,000.00
2003 MF Series A/B (North Vista Apartments)	10,745,000.00		310,000.00		10,435,000.00	325,000.00
2003 MF Series A/B (West Virginia Apartments)	7,765,000.00		215,000.00		7,550,000.00	235,000.00
2003 MF Series A/B (Primrose Houston School)	15,549,165.00		163,327.00		15,385,838.00	177,095.00
2003 MF Series A/B (Timber Oaks Apartments)	12,369,508.65		109,709.88		12,259,798.77	115,036.05
2003 MF Series A/B (Ash Creek Apartments)	15,267,016.00		164,649.00		15,102,367.00	178,399.00
2003 MF Series A/B (Peninsula Apartments)	10,280,000.00		260,000.00	10,000.00	10,010,000.00	275,000.00
2003 MF Series A/B (Arlington Villas)	16,112,219.00		152,933.00		15,959,286.00	165,710.00
2003 MF Series A/B (Parkview Townhomes)	13,066,364.51		121,603.35		12,944,761.16	127,506.97
2003 MF Series A (NHP Foundation-Asmara Proj Refunding)	17,140,000.00			610,000.00	16,530,000.00	(9,343.20)
2004 MF Series A/B (Timber Ridge II Apartments)	6,255,190.00		63,909.00		6,191,281.00	68,509.00
2004 MF Series A/B (Century Park Townhomes)	10,770,000.00			10,770,000.00	-	
2004 MF Series A/B (Providence at Veterans Memorial)	6,636,883.37		62,704.07		6,574,179.30	65,748.23
2004 MF Series A (Providence at Rush Creek II)	8,236,597.42		89,196.39		8,147,401.03	95,359.53
2004 MF Series A (Humble Parkway Townhomes)	10,440,000.00		180,000.00		10,260,000.00	190,000.00
2004 MF Series A (Chisholm Trail Apartments)	10,300,000.00			200,000.00	10,100,000.00	
2004 MF Series A (Evergreen at Plano Parkway)	13,793,093.20		143,375.54		13,649,717.66	153,053.88
2004 MF Series A (Montgomery Pines Apartments)	10,800,000.00			300,000.00	10,500,000.00	

-UNAUDITED-

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules

SCHEDULE 2-B (Continued)

CHANGES IN BOND INDEBTEDNESS (Continued)

For the fiscal year ended August 31, 2017

Description of Issue	Bonds Outstanding 09/01/16	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/17	Amounts Due Within One Year
2004 MF Series A (Bristol Apartments)	\$ 11,300,000.00	\$	\$	\$ 100,000.00	\$ 11,200,000.00	\$ -
2004 MF Series A (Pinnacle Apartments)	13,265,000.00			300,000.00	12,965,000.00	
2004 MF Series A (Churchill at Pinnacle Park)	9,298,793.17		120,851.43		9,177,941.74	129,009.03
2004 MF Series A (Providence at Village Fair)	13,106,803.58		106,269.81	13,000,533.77	-	
2005 MF Series A (Homes at Pecan Grove)	12,955,755.50		73,594.32	12,882,161.18	-	
2005 MF Series A (Providence at Prairie Oaks)	10,247,808.16		73,195.24	10,174,612.92	-	
2005 MF Series A (Port Royal Homes)	11,360,472.98		122,278.33		11,238,194.65	130,468.00
2005 MF Series A (Mission Del Rio Homes)	8,822,959.73		60,470.88		8,762,488.85	64,520.74
2005 MF Series A (Atascocita Pines Apartments)	10,790,000.00			200,000.00	10,590,000.00	
2005 MF Series A (Tower Ridge Apartments)	15,000,000.00				15,000,000.00	
2005 MF Series A (St Augustine Estate Apartments)	5,880,000.00			200,000.00	5,680,000.00	
2005 MF Series A (Providence at Mockingbird Apts)	10,660,555.98		98,045.39		10,562,510.59	103,472.87
2005 MF Series A (Plaza at Chase Oaks Apartments)	11,957,878.68		326,820.26		11,631,058.42	343,712.10
2005 MF Series A (Coral Hills Apartments)	4,385,000.00		105,000.00	5,000.00	4,275,000.00	110,000.00
2006 MF Series A (Bella Vista Apartments)	6,365,000.00		70,000.00		6,295,000.00	70,000.00
2006 MF Series A (Village Park Apartments)	9,385,000.00		205,000.00		9,180,000.00	220,000.00
2006 MF Series A (Oakmoor Apartments)	13,624,318.33		143,485.70		13,480,832.63	152,335.62
2006 MF Series A (The Residences at Sunset Pointe)	15,000,000.00				15,000,000.00	
2006 MF Series A (Hillcrest Apartments)	9,980,000.00		200,000.00		9,780,000.00	210,000.00
2006 MF Series A (Red Hills Villas)	4,515,000.00			4,515,000.00	-	
2006 MF Series A (Champion Crossing Apartments)	4,375,000.00			4,375,000.00	-	
2006 MF Series A (Meadowlands Apartments)	11,751,987.88		117,453.97		11,634,533.91	124,698.26
2006 MF Series A (East Tex Pines)	12,875,000.00		125,000.00		12,750,000.00	135,000.00
2006 MF Series A (Villas at Henderson)	6,515,000.00			6,515,000.00	-	
2006 MF Series A (Aspen Park)	8,990,000.00		135,000.00		8,855,000.00	140,000.00
2006 MF Series A (Idlewild)	13,190,000.00			200,000.00	12,990,000.00	
2007 MF Series A (Lancaster)	13,180,000.00			200,000.00	12,980,000.00	
2007 MF Series A (Park Place at Loyola)	13,755,318.62		115,940.69		13,639,377.93	122,846.90
2007 MF Series A (Terrace at Cibolo)	4,800,000.00			100,000.00	4,700,000.00	
2007 MF Series A (Santora Villas)	11,669,974.73		102,804.21		11,567,170.52	108,927.93
2007 MF Series A (Villas at Mesquite Creek)	15,565,000.00		110,000.00	15,455,000.00	-	
2007 MF Series A (Costa Rialto)	10,202,381.95		99,482.74		10,102,899.21	104,937.52
2007 MF Series A (Windshire)	13,200,000.00			200,000.00	13,000,000.00	
2007 MF Series A (Residences at Onion Creek)	15,000,000.00				15,000,000.00	
2008 MF Series A (West Oaks Apartments)	12,075,000.00			200,000.00	11,875,000.00	
2008 MF Series A (Costa Ibiza Apartments)	12,920,000.00			100,000.00	12,820,000.00	
2008 MF Series A (Addison Park Apartments)	12,595,000.00			200,000.00	12,395,000.00	
2008 MF Series A (Alta Cullen Apartments Refunding)	11,900,000.00			200,000.00	11,700,000.00	
2009 MF Series A (Costa Mariposa Apartments)	13,165,000.00			240,000.00	12,925,000.00	
2009 MF Series A (Woodmont Apartments)	14,290,000.00			110,000.00	14,180,000.00	
2013 MF Series A (Waters @ Willow Run)	14,500,000.00		14,500,000.00		-	
2014 MF Series A (Decatur Angle Apartments)	23,000,000.00		152,310.73		22,847,689.27	161,463.73
2015 MF Series A (Good Samaritan Towers)	5,620,000.00			5,620,000.00	-	
2015 MF Series A (Williamsburg Apts)	23,150,000.00		156,691.37		22,993,308.63	289,546.75
2016 MF Series A (Chisholm Trace/Cheyenne Village)	13,500,000.00			13,500,000.00	-	
2016 MF Series A (Fifty Oaks & Edinburg Village)	7,400,000.00			7,400,000.00	-	
2016 MF Series A (Skyline Place Apartments)	-	18,750,000.00			18,750,000.00	
Total Multifamily Bonds	\$ 912,264,985.36	\$ 18,750,000.00	\$ 22,192,762.63	\$ 108,582,307.87	\$ 800,239,914.86	\$ 7,911,684.15
	\$ 1,433,724,985.36	\$ 152,450,952.00	\$ 26,902,762.63	\$ 234,843,245.87	\$ 1,324,429,928.86	\$ 12,455,884.23

FOOTNOTES:

(a) Bonds Outstanding balance at 08/31/17 does not include unamortized premium or discounts.

Bonds Outstanding per schedule	\$ 1,324,429,928.86
Unamortized (Discount)/Premium:	
Single Family	607,939.11
RMRB	692,124.67
CHMRB	9,157.37
Multi-Family	56,804.19
Bonds Outstanding per Exhibit III	\$ 1,325,795,954.20

-UNAUDITED-

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 2-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2017

DESCRIPTION		2018	2019	2020	2021	2022
2004 Single Family, Series A (Junior Lien)	Principal	-	-	-	-	-
2004 Single Family, Series A (Junior Lien)	Interest	41,788.17	43,946.96	44,047.63	43,846.34	43,946.96
2004 Single Family, Series B	Principal	-	-	-	-	-
2004 Single Family, Series B	Interest	234,783.78	231,362.47	231,892.44	230,832.53	231,362.47
2004 Single Family, Series D	Principal	-	-	-	-	-
2004 Single Family, Series D	Interest	156,590.15	155,144.02	155,499.40	154,788.68	155,144.02
2005 Single Family, Series A	Principal	-	-	-	-	-
2005 Single Family, Series A	Interest	220,537.62	218,237.43	218,737.35	217,737.57	218,237.43
2005 Single Family, Series B	Principal	10,000.00	10,000.00	5,000.00	5,000.00	10,000.00
2005 Single Family, Series B	Interest	3,530.16	3,050.40	2,570.40	2,450.40	2,082.84
2005 Single Family, Series D	Principal	-	-	-	-	-
2005 Single Family, Series D	Interest	2,499.81	2,499.60	2,499.60	2,499.60	2,499.60
2007 Single Family, Series A	Principal	-	-	-	-	-
2007 Single Family, Series A	Interest	260,994.72	258,272.61	258,864.18	257,680.95	258,272.61
2013 Single Family, Series A	Principal	-	-	-	-	-
2013 Single Family, Series A	Interest	550,620.00	550,620.00	550,620.00	550,620.00	550,620.00
2015 Single Family, Series A	Principal	-	-	-	-	-
2015 Single Family, Series A	Interest	816,000.00	816,000.00	816,000.00	816,000.00	816,000.00
2015 Single Family, Series B	Principal	-	-	-	-	-
2015 Single Family, Series B	Interest	534,375.00	534,375.00	534,375.00	534,375.00	534,375.00
2016 Single Family, Series A	Principal	-	-	-	-	-
2016 Single Family, Series A	Interest	826,200.00	826,200.00	826,200.00	826,200.00	826,200.00
2016 Single Family, Series B	Principal	-	-	-	-	-
2016 Single Family, Series B	Interest	1,435,770.00	1,435,770.00	1,435,770.00	1,435,770.00	1,435,770.00
2017 Single Family, Series A	Principal	-	-	-	-	-
2017 Single Family, Series A	Interest	1,734,518.64	1,734,518.64	1,734,518.64	1,734,518.64	1,734,518.64
2017 Single Family, Series B	Principal	-	-	-	-	-
2017 Single Family, Series B	Interest	801,763.32	801,763.32	801,763.32	801,763.32	801,763.32
2017 Single Family, Series C	Principal	-	-	-	-	-
2017 Single Family, Series C	Interest	1,322,852.76	1,322,852.76	1,322,852.76	1,322,852.76	1,322,852.76
TOTAL SINGLE FAMILY BONDS		8,952,824.13	8,944,613.21	8,941,210.72	8,936,935.79	8,943,645.65
2009 Residential Mtg Revenue Bonds, Series A	Principal	280,000.00	275,000.00	-	-	-
2009 Residential Mtg Revenue Bonds, Series A	Interest	1,092,175.32	1,081,185.30	1,072,985.28	1,072,985.28	1,072,985.28
2009 Residential Mtg Revenue Bonds, Series B	Principal	1,030,000.00	715,000.00	1,195,000.00	1,190,000.00	1,190,000.00
2009 Residential Mtg Revenue Bonds, Series B	Interest	258,967.26	213,367.20	171,937.20	109,331.04	46,856.16
2009 Residential Mtg Revenue Bonds, Series C-1	Principal	-	-	-	-	-
2009 Residential Mtg Revenue Bonds, Series C-1	Interest	1,082,437.48	1,082,437.56	1,082,437.56	1,082,437.56	1,082,437.56
2009 Residential Mtg Revenue Bonds, Series C-2	Principal	-	-	-	-	-
2009 Residential Mtg Revenue Bonds, Series C-2	Interest	748,712.14	748,712.16	748,712.16	748,712.16	748,712.16
2011 Residential Mtg Revenue Bonds, Series A	Principal	1,380,000.00	1,420,000.00	1,450,000.00	1,505,000.00	1,570,000.00
2011 Residential Mtg Revenue Bonds, Series A	Interest	861,511.14	810,654.90	754,106.82	692,744.34	625,566.24
2011 Residential Mtg Revenue Bonds, Series B	Principal	1,770,000.00	1,815,000.00	1,870,000.00	1,930,000.00	2,020,000.00
2011 Residential Mtg Revenue Bonds, Series B	Interest	1,393,234.12	1,346,115.36	1,292,340.36	1,233,027.90	1,167,595.38
TOTAL RESIDENTIAL MTG REVENUE BONDS		9,897,037.46	9,507,472.48	9,637,519.38	9,564,238.28	9,524,152.78
1992 Coll Home Mtg Rev Bonds, Series C	Principal	-	-	-	-	-
1992 Coll Home Mtg Rev Bonds, Series C	Interest	72,777.35	66,161.24	66,161.28	72,777.38	66,161.23
TOTAL COLL HOME MTG REV BONDS		72,777.35	66,161.24	66,161.28	72,777.38	66,161.23

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DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2017

2023-27	2028-32	2033-37	2038-42	2043-47	2048-52	2053-57	REQUIRED
-	-	3,855,000.00	-	-	-	-	3,855,000.00
219,734.85	219,835.52	197,881.47	-	-	-	-	855,027.90
3,130,000.00	15,680,000.00	9,065,000.00	-	-	-	-	27,875,000.00
1,148,268.94	745,039.24	114,337.93	-	-	-	-	3,167,879.80
3,025,000.00	9,100,000.00	6,795,000.00	-	-	-	-	18,920,000.00
757,238.59	492,668.43	99,766.53	-	-	-	-	2,126,839.82
-	2,300,000.00	23,375,000.00	-	-	-	-	25,675,000.00
1,091,187.21	1,091,687.13	509,710.06	-	-	-	-	3,786,071.80
35,000.00	-	-	-	-	-	-	75,000.00
3,430.56	-	-	-	-	-	-	17,114.76
20,000.00	30,000.00	-	-	-	-	-	50,000.00
11,748.12	2,624.58	-	-	-	-	-	26,870.91
-	-	24,470,000.00	5,915,000.00	-	-	-	30,385,000.00
1,291,362.96	1,291,954.53	945,179.25	38,791.25	-	-	-	4,861,373.06
-	-	19,665,000.00	-	-	-	-	19,665,000.00
2,753,100.00	2,753,100.00	2,202,480.00	-	-	-	-	10,461,780.00
-	-	-	25,500,000.00	-	-	-	25,500,000.00
4,080,000.00	4,080,000.00	4,080,000.00	2,040,000.00	-	-	-	18,360,000.00
-	-	-	-	17,100,000.00	-	-	17,100,000.00
2,671,875.00	2,671,875.00	2,671,875.00	2,671,875.00	2,137,500.00	-	-	15,496,875.00
-	-	-	-	27,540,000.00	-	-	27,540,000.00
4,131,000.00	4,131,000.00	4,131,000.00	4,131,000.00	3,304,800.00	-	-	23,959,800.00
-	-	-	45,150,000.00	-	-	-	45,150,000.00
7,178,850.00	7,178,850.00	7,178,850.00	2,871,540.00	-	-	-	31,586,940.00
-	-	-	-	-	61,182,316.00	-	61,182,316.00
8,672,593.20	8,672,593.20	8,672,593.20	8,672,593.20	8,672,593.20	144,543.22	-	52,180,102.42
-	-	-	29,155,028.00	-	-	-	29,155,028.00
4,008,816.60	4,008,816.60	4,008,816.60	868,576.93	-	-	-	16,903,843.33
-	-	-	-	-	42,672,670.00	-	42,672,670.00
6,614,263.80	6,614,263.80	6,614,263.80	6,614,263.80	6,614,263.80	110,237.73	-	39,795,820.53
50,843,469.83	71,064,308.03	128,651,753.84	133,628,668.18	65,369,157.00	104,109,766.95	-	598,386,353.33
4,845,000.00	5,165,000.00	5,025,000.00	5,295,000.00	-	-	-	20,885,000.00
4,848,152.40	3,523,745.64	2,214,847.80	492,423.96	-	-	-	16,471,486.26
-	-	-	-	-	-	-	5,320,000.00
-	-	-	-	-	-	-	800,458.86
-	8,245,000.00	15,295,000.00	14,110,000.00	-	-	-	37,650,000.00
5,412,187.80	5,091,265.98	3,282,459.60	885,787.68	-	-	-	20,083,888.78
-	-	12,330,000.00	17,860,000.00	-	-	-	30,190,000.00
3,743,560.80	3,743,560.80	3,288,604.56	1,096,780.08	-	-	-	15,616,067.02
8,795,000.00	2,570,000.00	-	-	-	-	-	18,690,000.00
1,814,963.34	148,750.02	-	-	-	-	-	5,708,296.80
11,775,000.00	11,340,000.00	3,135,000.00	-	-	-	-	35,655,000.00
4,533,760.74	1,912,527.66	133,556.28	-	-	-	-	13,012,157.80
45,767,625.08	41,739,850.10	44,704,468.24	39,739,991.72	-	-	-	220,082,355.52
1,000,000.00	-	-	-	-	-	-	1,000,000.00
131,755.38	-	-	-	-	-	-	475,793.86
1,131,755.38	-	-	-	-	-	-	1,475,793.86

-UNAUDITED-

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 2-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2017

DESCRIPTION		2018	2019	2020	2021	2022
1996 MF Series A/B (Brighton's Mark Development)	Principal	-	-	-	-	-
1996 MF Series A/B (Brighton's Mark Development)	Interest	501,872.43	501,872.43	503,247.42	501,872.43	501,872.43
1998 MF Series A-C (Residence at the Oaks Projects)	Principal	321,000.00	329,000.00	339,000.00	347,000.00	357,000.00
1998 MF Series A-C (Residence at the Oaks Projects)	Interest	140,165.88	131,261.82	122,110.80	112,698.90	103,053.60
2000 MF Series A (Creek Point Apartments)	Principal	-	-	-	-	-
2000 MF Series A (Creek Point Apartments)	Interest	46,000.34	45,923.99	45,976.60	45,871.40	45,923.99
2000 MF Series A (Deerwood Apartments)	Principal	180,000.00	190,000.00	205,000.00	220,000.00	240,000.00
2000 MF Series A (Deerwood Apartments)	Interest	304,750.08	293,252.58	280,967.58	267,840.06	253,440.00
2000 MF Series A/B (Oaks at Hampton Apartments)	Principal	159,298.00	171,152.00	183,892.00	197,578.00	212,283.00
2000 MF Series A/B (Oaks at Hampton Apartments)	Interest	618,536.09	606,680.55	593,942.83	580,257.15	565,552.75
2000 MF Series A (Timber Point Apartments)	Principal	-	-	-	-	-
2000 MF Series A (Timber Point Apartments)	Interest	54,112.78	54,022.98	54,084.86	53,961.11	54,022.98
2000 MF Series A/B (Parks at Westmoreland Apts)	Principal	154,715.00	166,227.00	178,599.00	191,891.00	206,171.00
2000 MF Series A/B (Parks at Westmoreland Apts)	Interest	617,262.43	605,747.94	593,376.63	580,084.49	565,803.15
2000 MF Series A-C (Collingham Park Apartments)	Principal	370,000.00	392,000.00	417,000.00	444,000.00	471,000.00
2000 MF Series A-C (Collingham Park Apartments)	Interest	684,163.20	658,929.60	632,184.00	603,691.20	573,417.60
2000 MF Series A-C (Highland Meadow Village Apts)	Principal	237,000.00	253,000.00	271,000.00	290,000.00	311,000.00
2000 MF Series A-C (Highland Meadow Village Apts)	Interest	461,329.74	445,062.18	427,680.90	409,084.56	389,171.94
2001 MF Series A (Bluffview Apartments)	Principal	126,586.18	136,549.04	147,295.99	158,888.78	171,393.97
2001 MF Series A (Bluffview Apartments)	Interest	727,881.54	717,918.73	707,171.67	695,578.70	683,073.61
2001 MF Series A (Knollwood Apartments)	Principal	162,669.17	175,471.90	189,282.21	204,179.50	220,249.23
2001 MF Series A (Knollwood Apartments)	Interest	935,360.63	922,557.85	908,747.41	893,850.17	877,780.37
2001 MF Series A (Oak Hollow Apartments)	Principal	80,223.65	86,023.02	92,241.63	98,909.80	106,059.98
2001 MF Series A (Oak Hollow Apartments)	Interest	405,086.43	399,287.08	393,068.44	386,400.33	379,250.20
2001 MF Series A (Skyway Villas Apartments)	Principal	205,000.00	215,000.00	225,000.00	245,000.00	255,000.00
2001 MF Series A (Skyway Villas Apartments)	Interest	337,289.52	325,776.90	313,719.24	300,941.94	287,198.04
2001 MF Series A/B (Hillside Apartments)	Principal	90,343.98	96,874.95	103,878.06	111,387.41	119,439.62
2001 MF Series A/B (Hillside Apartments)	Interest	835,294.36	828,763.42	821,760.30	814,250.99	806,198.79
2001 MF Series A/B (Meridian Apartments)	Principal	119,000.00	123,000.00	132,000.00	147,000.00	160,000.00
2001 MF Series A/B (Meridian Apartments)	Interest	462,775.00	455,565.00	447,870.00	439,695.00	430,440.00
2001 MF Series A/B (Wildwood Apartments)	Principal	96,000.00	100,000.00	108,000.00	114,000.00	120,000.00
2001 MF Series A/B (Wildwood Apartments)	Interest	356,580.00	350,790.00	344,490.00	337,935.00	330,840.00
2002 MF Series A (Clarkridge Villas Apartments)	Principal	162,788.34	174,556.31	187,175.01	200,705.88	215,214.94
2002 MF Series A (Clarkridge Villas Apartments)	Interest	880,971.57	869,203.51	856,584.74	843,053.80	828,544.80
2002 MF Series A (Green Crest Apartments)	Principal	97,044.26	102,518.33	108,301.16	114,410.19	120,863.83
2002 MF Series A (Green Crest Apartments)	Interest	575,890.93	570,416.86	564,634.04	558,525.03	552,071.44
2002 MF Series A (Hickory Trace Apartments)	Principal	133,739.72	143,407.78	153,774.73	164,891.11	176,811.09
2002 MF Series A (Hickory Trace Apartments)	Interest	728,768.19	719,100.23	708,733.28	697,616.92	685,697.08
2002 MF Series A (Park Meadows Apartments)	Principal	120,000.00	125,000.00	135,000.00	140,000.00	150,000.00
2002 MF Series A (Park Meadows Apartments)	Interest	226,591.20	218,591.94	210,429.42	201,613.86	192,145.26
2002 MF Series A/B (Ironwood Crossing)	Principal	173,261.94	186,712.71	201,207.69	225,178.51	229,059.05
2002 MF Series A/B (Ironwood Crossing)	Interest	693,920.52	680,469.55	665,974.50	650,345.49	638,123.28
2003 MF Series A/B (Ash Creek Apartments)	Principal	178,399.00	191,406.00	204,713.00	218,945.00	234,166.00
2003 MF Series A/B (Ash Creek Apartments)	Interest	991,916.08	979,261.64	966,231.26	952,295.08	937,389.93
2003 MF Series A/B (North Vista Apartments)	Principal	325,000.00	340,000.00	360,000.00	380,000.00	405,000.00
2003 MF Series A/B (North Vista Apartments)	Interest	526,226.76	509,439.78	491,902.80	473,355.54	453,777.60
2003 MF Series A/B (Peninsula Apartments)	Principal	275,000.00	295,000.00	315,000.00	335,000.00	345,000.00
2003 MF Series A/B (Peninsula Apartments)	Interest	526,952.58	512,112.60	496,212.60	479,252.58	461,365.14
2003 MF Series A/B (Primrose Houston School)	Principal	177,095.00	192,023.00	207,856.00	222,182.00	237,391.00
2003 MF Series A/B (Primrose Houston School)	Interest	999,468.59	984,761.70	969,992.23	956,036.36	941,146.71

-UNAUDITED-

DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2017

2023-27	2028-32	2033-37	2038-42	2043-47	2048-52	2053-57	REQUIRED
8,075,000.00	-	-	-	-	-	-	8,075,000.00
1,841,115.57	-	-	-	-	-	-	4,351,852.71
1,938,000.00	1,528,000.00	-	-	-	-	-	5,159,000.00
360,880.32	85,638.42	-	-	-	-	-	1,055,809.74
-	-	5,160,000.00	-	-	-	-	5,160,000.00
229,619.97	229,672.58	7,654.00	-	-	-	-	696,642.87
1,455,000.00	2,075,000.00	250,000.00	-	-	-	-	4,815,000.00
1,013,599.74	463,839.60	7,999.98	-	-	-	-	2,885,689.62
1,323,268.00	1,894,635.00	2,712,715.00	1,808,046.00	-	-	-	8,662,867.00
2,565,909.93	1,994,541.64	1,176,461.20	176,603.78	-	-	-	8,878,485.92
-	-	6,070,000.00	-	-	-	-	6,070,000.00
270,114.91	270,176.79	4,575.72	-	-	-	-	815,072.13
1,285,176.00	1,840,100.00	2,633,634.00	1,986,572.01	-	-	-	8,643,085.01
2,574,698.43	2,019,774.33	1,225,385.51	217,082.18	-	-	-	8,999,215.09
2,852,000.00	3,908,000.00	1,418,000.00	-	-	-	-	10,272,000.00
2,341,147.20	1,232,548.80	95,793.60	-	-	-	-	6,821,875.20
1,900,000.00	2,648,000.00	983,000.00	-	-	-	-	6,893,000.00
1,595,804.10	847,700.10	67,095.18	-	-	-	-	4,642,928.70
1,081,837.47	1,580,059.75	2,307,730.06	3,924,263.52	-	-	-	9,634,604.76
3,190,502.17	2,692,278.60	1,964,605.97	799,556.83	-	-	-	12,178,567.82
1,390,211.66	2,030,450.70	2,965,541.00	5,042,862.00	-	-	-	12,380,917.37
4,099,937.41	3,459,698.98	2,524,610.70	1,027,468.17	-	-	-	15,650,011.69
657,009.89	931,393.85	1,320,367.41	2,451,026.16	-	-	-	5,823,255.39
1,769,542.02	1,495,157.79	1,106,185.02	520,099.51	-	-	-	6,854,076.82
1,540,000.00	2,075,000.00	1,295,000.00	-	-	-	-	6,055,000.00
1,198,377.78	700,489.44	111,411.78	-	-	-	-	3,575,204.64
739,892.71	1,048,890.62	1,486,933.86	8,176,009.28	-	-	-	11,973,650.49
3,888,297.89	3,579,298.43	3,141,253.37	2,228,497.94	-	-	-	16,943,615.49
952,000.00	6,124,000.00	10,000.00	-	-	-	-	7,767,000.00
1,992,025.00	990,230.00	1,375.00	-	-	-	-	5,219,975.00
726,000.00	4,718,000.00	5,000.00	-	-	-	-	5,987,000.00
1,533,145.00	503,785.00	700.00	-	-	-	-	3,758,265.00
1,333,192.18	1,889,966.89	2,679,264.80	3,798,193.47	2,017,917.72	-	-	12,658,975.54
3,885,606.15	3,328,830.77	2,539,532.10	1,420,603.95	11,771.19	-	-	15,464,702.58
714,608.42	940,213.02	8,316,831.31	-	-	-	-	10,514,790.52
2,650,068.70	2,424,464.32	1,830,802.21	-	-	-	-	9,726,873.53
1,095,765.34	1,552,713.39	2,201,165.76	3,120,428.11	1,728,819.57	-	-	10,471,516.60
3,217,096.12	2,759,664.54	2,111,212.10	1,191,950.67	29,170.95	-	-	12,849,010.08
925,000.00	1,270,000.00	635,000.00	-	-	-	-	3,500,000.00
795,843.66	446,162.76	52,403.46	-	-	-	-	2,343,781.56
1,305,092.12	1,617,512.18	2,004,721.21	9,787,870.50	-	-	-	15,730,615.91
3,030,820.26	2,718,401.46	2,331,192.50	511,884.87	-	-	-	11,921,132.43
1,438,870.00	2,013,581.00	10,622,287.00	-	-	-	-	15,102,367.00
4,424,473.74	3,861,701.42	2,347,237.36	-	-	-	-	15,460,506.51
2,360,000.00	3,095,000.00	3,170,000.00	-	-	-	-	10,435,000.00
1,935,369.36	1,255,066.68	374,131.80	-	-	-	-	6,019,270.32
8,445,000.00	-	-	-	-	-	-	10,010,000.00
1,071,395.16	-	-	-	-	-	-	3,547,290.66
1,454,148.00	2,024,873.00	10,870,270.00	-	-	-	-	15,385,838.00
4,444,171.02	3,885,482.93	2,514,072.47	-	-	-	-	15,695,132.01

-UNAUDITED-

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 2-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2017

DESCRIPTION		2018	2019	2020	2021	2022
2003 MF Series A/B (Reading Road)	Principal	40,000.00	50,000.00	50,000.00	50,000.00	60,000.00
2003 MF Series A/B (Reading Road)	Interest	182,146.43	179,232.44	175,941.41	172,398.10	168,938.36
2003 MF Series A/B (Timber Oaks Apartments)	Principal	115,036.05	120,620.82	126,476.71	132,616.89	139,055.15
2003 MF Series A/B (Timber Oaks Apartments)	Interest	850,158.25	839,870.48	829,083.44	817,772.69	805,912.57
2003 MF Series A/B (West Virginia Apartments)	Principal	235,000.00	245,000.00	255,000.00	275,000.00	290,000.00
2003 MF Series A/B (West Virginia Apartments)	Interest	380,660.76	368,580.72	356,000.70	342,920.64	328,684.92
2004 MF Series A (Bristol Apartments)	Principal	-	-	-	-	-
2004 MF Series A (Bristol Apartments)	Interest	99,686.09	99,679.95	99,783.76	99,576.29	99,679.95
2004 MF Series A (Chisholm Trail Apartments)	Principal	-	-	-	-	-
2004 MF Series A (Chisholm Trail Apartments)	Interest	89,895.59	89,890.06	89,983.60	89,796.54	89,890.06
2004 MF Series A (Churchill at Pinnacle Park)	Principal	129,009.03	137,717.49	147,013.77	156,937.57	167,531.26
2004 MF Series A (Churchill at Pinnacle Park)	Interest	597,327.44	588,619.16	579,322.85	569,398.67	558,804.93
2004 MF Series A (Evergreen at Plano Parkway)	Principal	153,053.88	163,385.42	174,414.36	186,187.76	198,755.91
2004 MF Series A (Evergreen at Plano Parkway)	Interest	889,516.49	879,185.01	868,156.16	856,382.54	843,814.52
2004 MF Series A (Humble Parkway Townhomes)	Principal	190,000.00	205,000.00	215,000.00	235,000.00	245,000.00
2004 MF Series A (Humble Parkway Townhomes)	Interest	674,025.00	661,320.00	647,625.00	633,105.00	617,430.00
2004 MF Series A (Montgomery Pines Apartments)	Principal	-	-	-	-	-
2004 MF Series A (Montgomery Pines Apartments)	Interest	93,455.74	93,449.99	93,547.23	93,352.75	93,449.99
2004 MF Series A (Pinnacle Apartments)	Principal	-	-	-	-	-
2004 MF Series A (Pinnacle Apartments)	Interest	115,395.62	115,388.52	115,508.62	115,268.48	115,388.52
2004 MF Series A (Providence at Rush Creek II)	Principal	95,359.53	101,948.53	108,992.78	116,523.77	124,575.14
2004 MF Series A (Providence at Rush Creek II)	Interest	542,982.66	536,393.74	529,349.61	521,818.62	513,767.27
2004 MF Series A/B (Timber Ridge II Apartments)	Principal	68,509.00	73,439.00	78,722.00	84,391.00	90,464.00
2004 MF Series A/B (Timber Ridge II Apartments)	Interest	415,820.56	411,045.46	405,926.88	400,439.84	394,557.80
2004 MF Series A/B (Providence at Veterans Memorial)	Principal	65,748.23	68,940.15	72,287.06	75,796.44	79,476.18
2004 MF Series A/B (Providence at Veterans Memorial)	Interest	431,924.20	427,489.18	422,838.89	417,962.71	412,849.77
2003 MF Series A/B (Parkview Townhomes)	Principal	127,506.97	133,697.15	140,187.84	146,993.67	154,129.92
2003 MF Series A/B (Parkview Townhomes)	Interest	850,529.71	841,928.58	832,909.87	823,453.39	813,537.75
2003 MF Series A/B (Arlington Villas)	Principal	165,710.00	179,553.00	194,552.00	210,803.00	228,427.00
2003 MF Series A/B (Arlington Villas)	Interest	1,083,255.41	1,069,498.16	1,054,591.95	1,038,440.81	1,020,940.32
2003 MF Series A (NHP Fndtn-Asmara Proj Refunding)	Principal	-	-	-	-	-
2003 MF Series A (NHP Fndtn-Asmara Proj Refunding)	Interest	123,956.87	123,974.99	124,116.98	123,833.00	123,974.99
2005 MF Series A (Port Royal Homes)	Principal	130,468.00	139,206.00	148,527.00	158,475.00	169,088.00
2005 MF Series A (Port Royal Homes)	Interest	726,641.90	717,904.05	708,581.19	698,634.13	688,020.64
2005 MF Series A (Mission Del Rio Homes)	Principal	64,520.74	68,841.82	73,452.26	78,371.50	83,620.19
2005 MF Series A (Mission Del Rio Homes)	Interest	567,661.95	563,340.86	558,730.42	553,811.18	548,562.59
2005 MF Series A (Atascocita Pines Apartments)	Principal	-	-	-	-	-
2005 MF Series A (Atascocita Pines Apartments)	Interest	94,256.83	94,251.02	94,349.08	94,152.95	94,251.02
2005 MF Series A (Tower Ridge Apartments)	Principal	-	-	-	-	-
2005 MF Series A (Tower Ridge Apartments)	Interest	140,905.46	140,999.98	141,146.67	140,853.26	140,999.98
2005 MF Series A (St Augustine Estate Apartments)	Principal	-	-	-	-	-
2005 MF Series A (St Augustine Estate Apartments)	Interest	50,555.13	50,552.02	50,604.56	50,499.38	50,552.02
2005 MF Series A (Providence at Mockingbird Apts)	Principal	103,472.87	109,200.78	115,245.79	121,625.43	128,358.19
2005 MF Series A (Providence at Mockingbird Apts)	Interest	567,840.73	562,112.72	556,067.66	549,688.06	542,955.30
2005 MF Series A (Plaza at Chase Oaks Apartments)	Principal	343,712.10	361,477.00	380,160.10	399,808.85	420,473.12
2005 MF Series A (Plaza at Chase Oaks Apartments)	Interest	579,485.03	561,720.09	543,037.00	523,388.32	502,724.07
2005 MF Series A (Coral Hills Apartments)	Principal	110,000.00	120,000.00	125,000.00	135,000.00	145,000.00
2005 MF Series A (Coral Hills Apartments)	Interest	211,468.56	211,847.28	202,757.28	196,318.56	189,374.88
2006 MF Series A (Bella Vista Apartments)	Principal	70,000.00	80,000.00	80,000.00	85,000.00	95,000.00
2006 MF Series A (Bella Vista Apartments)	Interest	387,142.44	382,837.44	377,917.44	372,997.44	367,770.00

-UNAUDITED-

DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2017

2023-27	2028-32	2033-37	2038-42	2043-47	2048-52	2053-57	REQUIRED
350,000.00	490,000.00	8,780,000.00	-	-	-	-	9,870,000.00
779,891.25	641,598.96	370,844.11	-	-	-	-	2,670,991.06
725,993.15	-	-	10,900,000.00	-	-	-	12,259,798.77
3,831,691.03	3,678,750.00	3,678,750.00	919,687.50	-	-	-	16,251,675.96
1,710,000.00	2,250,000.00	2,290,000.00	-	-	-	-	7,550,000.00
1,402,019.10	909,220.92	270,772.50	-	-	-	-	4,358,860.26
-	-	11,200,000.00	-	-	-	-	11,200,000.00
498,399.90	498,503.71	481,637.40	-	-	-	-	1,976,947.05
-	-	10,100,000.00	-	-	-	-	10,100,000.00
449,450.32	449,543.86	419,311.36	-	-	-	-	1,767,761.39
1,023,349.75	1,418,628.77	1,966,588.32	2,726,202.59	1,304,963.19	-	-	9,177,941.74
2,608,332.82	2,213,054.93	1,665,094.93	905,482.13	87,180.82	-	-	10,372,618.68
1,214,082.70	1,683,034.25	2,333,122.98	3,234,314.94	4,309,365.46	-	-	13,649,717.66
3,998,768.96	3,529,817.23	2,879,728.96	1,978,536.61	418,762.84	-	-	17,142,669.32
1,525,000.00	2,085,000.00	2,890,000.00	2,670,000.00	-	-	-	10,260,000.00
2,813,250.00	2,231,625.00	1,430,880.00	364,980.00	-	-	-	10,074,240.00
-	-	10,500,000.00	-	-	-	-	10,500,000.00
467,249.95	467,347.19	451,535.04	-	-	-	-	1,853,387.88
-	-	12,965,000.00	-	-	-	-	12,965,000.00
576,942.66	577,062.76	557,538.51	-	-	-	-	2,288,493.69
764,519.56	1,067,758.45	1,491,271.08	2,082,766.63	2,193,685.56	-	-	8,147,401.03
2,427,192.23	2,123,952.54	1,700,439.57	1,108,945.54	176,239.97	-	-	10,181,081.75
559,872.00	792,510.00	4,443,374.00	-	-	-	-	6,191,281.00
1,868,629.91	1,643,335.57	1,090,742.72	-	-	-	-	6,630,498.74
459,142.40	581,954.12	737,615.58	4,433,219.14	-	-	-	6,574,179.30
1,978,432.42	1,807,788.70	1,591,499.82	899,023.24	-	-	-	8,389,808.93
890,424.80	1,128,596.23	1,430,473.81	8,792,750.77	-	-	-	12,944,761.16
3,901,264.58	3,570,332.42	3,150,882.77	1,914,703.33	-	-	-	16,699,542.40
1,419,048.00	2,001,694.00	11,559,499.00	-	-	-	-	15,959,286.00
4,834,060.32	4,264,071.18	3,055,850.72	-	-	-	-	17,420,708.87
-	-	16,530,000.00	-	-	-	-	16,530,000.00
619,874.95	620,016.94	113,303.62	-	-	-	-	1,973,052.34
1,031,254.00	1,426,040.00	1,971,951.00	2,726,847.00	3,336,338.65	-	-	11,238,194.65
3,254,289.63	2,859,506.33	2,313,593.04	1,558,695.66	409,845.04	-	-	13,935,711.61
509,992.02	705,225.79	975,198.51	6,203,266.02	-	-	-	8,762,488.85
2,650,920.34	2,455,686.79	2,185,715.37	200,044.54	-	-	-	10,284,474.04
-	-	-	10,590,000.00	-	-	-	10,590,000.00
471,255.09	471,353.15	471,157.02	62,747.94	-	-	-	1,947,774.10
-	-	-	15,000,000.00	-	-	-	15,000,000.00
704,999.87	705,146.56	704,853.15	88,463.00	-	-	-	2,908,367.93
-	-	-	5,680,000.00	-	-	-	5,680,000.00
252,760.00	252,812.54	252,707.36	54,845.48	-	-	-	1,065,888.49
756,574.15	990,485.06	1,296,714.61	6,940,833.71	-	-	-	10,562,510.59
2,599,992.56	2,366,079.41	2,059,849.06	1,050,656.47	-	-	-	10,855,241.97
2,451,704.41	3,154,259.14	4,119,463.70	-	-	-	-	11,631,058.42
2,164,281.61	1,461,728.61	458,288.20	-	-	-	-	6,794,652.93
3,640,000.00	-	-	-	-	-	-	4,275,000.00
679,477.50	-	-	-	-	-	-	1,691,244.06
560,000.00	760,000.00	1,030,000.00	1,400,000.00	2,135,000.00	-	-	6,295,000.00
1,744,754.52	1,550,414.28	1,285,042.08	925,267.20	395,444.88	-	-	7,789,587.72

-UNAUDITED-

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 2-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2017

DESCRIPTION		2018	2019	2020	2021	2022
2006 MF Series A (Village Park Apartments)	Principal	220,000.00	235,000.00	245,000.00	265,000.00	270,000.00
2006 MF Series A (Village Park Apartments)	Interest	464,243.88	453,675.06	442,393.80	430,637.58	417,687.54
2006 MF Series A (Oakmoor Apartments)	Principal	152,335.62	161,731.33	171,706.54	182,297.04	193,540.72
2006 MF Series A (Oakmoor Apartments)	Interest	804,706.05	795,310.44	785,335.18	774,744.73	763,501.00
2006 MF Series A (The Residences at Sunset Pointe)	Principal	-	-	-	-	-
2006 MF Series A (The Residences at Sunset Pointe)	Interest	140,905.46	140,999.98	141,146.67	140,853.26	140,999.98
2006 MF Series A (Hillcrest Apartments)	Principal	210,000.00	220,000.00	230,000.00	240,000.00	250,000.00
2006 MF Series A (Hillcrest Apartments)	Interest	510,693.84	499,537.50	487,856.28	475,650.12	462,918.84
2006 MF Series A (Meadowlands Apartments)	Principal	124,698.26	132,389.41	140,554.86	149,223.99	158,427.80
2006 MF Series A (Meadowlands Apartments)	Interest	694,680.52	686,989.51	678,823.86	670,154.79	660,950.91
2006 MF Series A (East Tex Pines)	Principal	135,000.00	145,000.00	155,000.00	160,000.00	170,000.00
2006 MF Series A (East Tex Pines)	Interest	735,585.00	727,465.02	718,765.02	709,630.02	700,060.02
2006 MF Series A (Aspen Park)	Principal	140,000.00	150,000.00	160,000.00	165,000.00	180,000.00
2006 MF Series A (Aspen Park)	Interest	440,999.82	433,874.76	426,249.78	418,249.86	409,749.84
2006 MF Series A (Idlewild)	Principal	-	-	-	-	-
2006 MF Series A (Idlewild)	Interest	115,618.05	115,610.93	115,731.28	115,490.66	115,610.93
2007 MF Series A (Lancaster)	Principal	-	-	-	-	-
2007 MF Series A (Lancaster)	Interest	115,529.13	115,522.02	115,642.19	115,401.80	115,522.02
2007 MF Series A (Park Place at Loyola)	Principal	122,846.90	130,164.52	137,918.01	146,133.40	154,838.11
2007 MF Series A (Park Place at Loyola)	Interest	787,853.41	780,535.91	772,782.38	764,566.80	755,862.18
2007 MF Series A (Terrace at Cibolo)	Principal	-	-	-	-	-
2007 MF Series A (Terrace at Cibolo)	Interest	41,388.34	41,360.01	41,407.37	41,312.63	41,360.01
2007 MF Series A (Santora Villas)	Principal	108,927.93	115,416.44	122,291.46	129,575.97	137,294.42
2007 MF Series A (Santora Villas)	Interest	668,031.46	661,543.10	654,668.15	647,383.52	639,665.06
2007 MF Series A (Costa Rialto)	Principal	104,937.52	110,691.43	116,760.81	123,162.98	129,916.19
2007 MF Series A (Costa Rialto)	Interest	537,958.80	532,204.82	526,135.18	519,732.80	512,979.47
2007 MF Series A (Windshire)	Principal	-	-	-	-	-
2007 MF Series A (Windshire)	Interest	115,707.16	115,700.04	115,820.35	115,579.61	115,700.04
2007 MF Series A (Residences at Onion Creek)	Principal	-	-	-	-	-
2007 MF Series A (Residences at Onion Creek)	Interest	140,905.46	140,999.98	141,146.67	140,853.26	140,999.98
2008 MF Series A (Addison Park Apartments)	Principal	-	-	-	-	-
2008 MF Series A (Addison Park Apartments)	Interest	116,445.03	116,512.96	116,646.44	116,379.55	116,512.96
2008 MF Series A (Costa Ibiza Apartments)	Principal	-	-	-	-	-
2008 MF Series A (Costa Ibiza Apartments)	Interest	107,691.51	107,687.98	107,811.32	107,564.65	107,687.98
2008 MF Series A (West Oaks Apartments)	Principal	-	-	-	-	-
2008 MF Series A (West Oaks Apartments)	Interest	105,746.05	105,687.49	105,808.53	105,566.44	105,687.49
2009 MF Series A (Costa Mariposa Apartments)	Principal	-	-	-	-	-
2009 MF Series A (Costa Mariposa Apartments)	Interest	107,281.05	107,277.51	107,400.39	107,154.66	107,277.51
2009 MF Series A (Woodmont Apartments)	Principal	-	-	-	-	-
2009 MF Series A (Woodmont Apartments)	Interest	120,533.88	120,529.99	120,668.06	120,391.97	120,529.99
2008 MF Series A (Alta Cullen Apartments Refunding)	Principal	-	-	-	-	-
2008 MF Series A (Alta Cullen Apartments Refunding)	Interest	105,309.61	105,300.00	105,420.59	105,179.40	105,300.00
2014 MF Series A (Decatur Angle Apartments)	Principal	161,463.73	171,166.80	181,452.93	192,357.19	203,916.79
2014 MF Series A (Decatur Angle Apartments)	Interest	1,309,531.62	1,299,994.57	1,289,884.37	1,279,166.38	1,267,804.39
2015 MF Series A (Williamsburg Apts)	Principal	273,696.28	286,332.43	296,737.80	313,251.86	327,714.20
2015 MF Series A (Williamsburg Apts)	Interest	799,949.68	790,174.96	782,125.99	769,351.70	758,164.53
2016 MF Series A (Skyline Place Apartments)	Principal	-	-	-	-	-
2016 MF Series A (Skyline Place Apartments)	Interest	494,270.86	494,270.86	495,625.02	494,270.86	494,270.86
TOTAL MULTIFAMILY BONDS		41,872,604.27	41,887,489.72	41,881,937.23	41,903,318.98	41,898,641.44
Total		60,795,243.21	60,405,736.65	60,526,828.61	60,477,270.43	60,432,601.10
Less Interest		48,420,066.33	47,769,895.09	47,099,158.05	46,361,589.94	45,584,896.10
Total Principal		12,375,176.88	12,635,841.56	13,427,670.56	14,115,680.49	14,847,705.00

-UNAUDITED-

DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2017

2023-27	2028-32	2033-37	2038-42	2043-47	2048-52	2053-57	REQUIRED
7,945,000.00	-	-	-	-	-	-	9,180,000.00
1,688,559.36	-	-	-	-	-	-	3,897,197.22
1,162,184.58	1,567,612.84	2,114,474.71	2,852,109.64	4,922,839.61	-	-	13,480,832.63
3,623,022.72	3,217,592.84	2,670,730.99	1,933,097.00	791,560.05	-	-	16,159,601.00
-	-	-	15,000,000.00	-	-	-	15,000,000.00
704,999.87	705,146.56	704,853.15	270,024.62	-	-	-	3,089,929.55
8,630,000.00	-	-	-	-	-	-	9,780,000.00
2,105,249.76	-	-	-	-	-	-	4,541,906.34
951,336.38	1,283,210.22	1,730,858.27	2,334,668.46	4,629,166.26	-	-	11,634,533.91
3,145,557.24	2,813,684.59	2,366,036.58	1,762,225.70	846,707.73	-	-	14,325,811.43
1,010,000.00	1,340,000.00	1,775,000.00	2,350,000.00	5,510,000.00	-	-	12,750,000.00
3,335,869.98	2,997,730.08	2,548,954.98	1,954,310.22	1,096,489.98	-	-	15,524,860.32
8,060,000.00	-	-	-	-	-	-	8,855,000.00
1,901,249.46	-	-	-	-	-	-	4,030,373.52
-	-	-	12,990,000.00	-	-	-	12,990,000.00
578,054.73	578,175.08	577,934.46	327,684.64	-	-	-	2,639,910.76
-	-	-	12,980,000.00	-	-	-	12,980,000.00
577,610.05	577,730.22	577,489.83	336,901.58	-	-	-	2,647,348.84
924,029.68	1,234,036.33	1,648,048.30	2,200,959.03	6,940,403.65	-	-	13,639,377.93
3,629,471.27	3,319,462.42	2,905,449.07	2,352,535.80	1,492,430.19	-	-	17,560,949.43
-	-	-	4,700,000.00	-	-	-	4,700,000.00
206,800.03	206,847.39	206,752.65	113,730.89	-	-	-	940,959.32
819,334.00	1,094,215.84	1,461,318.88	1,951,582.92	5,627,212.66	-	-	11,567,170.52
3,065,464.01	2,790,580.52	2,423,475.42	1,933,210.10	1,233,219.36	-	-	14,717,240.70
764,573.89	998,470.02	1,303,918.91	1,702,809.84	4,747,657.62	-	-	10,102,899.21
2,449,902.85	2,216,005.84	1,910,555.08	1,511,662.38	979,302.89	-	-	11,696,440.11
-	-	-	13,000,000.00	-	-	-	13,000,000.00
578,500.08	578,620.39	578,379.65	395,598.92	-	-	-	2,709,606.24
-	-	-	15,000,000.00	-	-	-	15,000,000.00
704,999.87	705,146.56	704,853.15	470,146.61	-	-	-	3,290,051.54
-	-	-	-	12,395,000.00	-	-	12,395,000.00
582,564.87	582,698.35	582,431.46	582,564.87	165,352.64	-	-	3,078,109.13
-	-	-	12,820,000.00	-	-	-	12,820,000.00
538,439.91	538,563.25	538,316.58	430,751.93	-	-	-	2,584,515.11
-	-	-	11,875,000.00	-	-	-	11,875,000.00
528,437.44	528,558.48	528,316.39	413,773.75	-	-	-	2,527,582.06
-	-	-	12,925,000.00	-	-	-	12,925,000.00
536,387.58	536,510.46	536,264.73	509,347.77	-	-	-	2,654,901.66
-	-	-	14,180,000.00	-	-	-	14,180,000.00
602,650.00	602,788.07	602,511.98	582,506.63	-	-	-	2,993,110.57
-	-	-	-	11,700,000.00	-	-	11,700,000.00
526,499.99	526,620.58	526,379.39	526,499.99	271,760.54	-	-	2,904,270.09
1,218,805.63	1,631,762.50	2,184,637.91	2,924,838.94	3,915,835.69	5,242,602.83	4,818,848.33	22,847,689.27
6,143,204.56	5,737,307.95	5,193,884.62	4,466,335.46	3,492,278.55	2,188,192.29	324,759.41	33,992,344.17
1,876,952.47	19,618,623.59	-	-	-	-	-	22,993,308.63
3,606,424.34	2,884,472.61	-	-	-	-	-	10,390,663.81
-	-	18,750,000.00	-	-	-	-	18,750,000.00
2,472,708.46	2,474,062.62	82,604.17	-	-	-	-	7,502,083.71
245,270,616.92	213,820,166.37	293,637,873.65	306,261,176.08	89,311,723.26	7,430,795.12	5,143,607.74	1,370,319,950.78
343,013,467.21	326,624,324.50	466,994,095.73	479,629,835.98	154,680,880.26	111,540,562.07	5,143,607.74	2,190,264,453.49
212,448,221.85	176,085,817.95	135,288,104.75	71,382,367.30	32,626,674.62	2,442,973.24	324,759.41	865,834,524.63
130,565,245.36	150,538,506.55	331,705,990.98	408,247,468.68	122,054,205.64	109,097,588.83	4,818,848.33	1,324,429,928.86

-UNAUDITED-

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules

SCHEDULE 2-D

ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE

For the Fiscal Year Ended August 31, 2017

Description of Issue	Pledged and Other Sources and Related Expenditures for FY 2017			
	Net Available for Debt Service		Debt Service	
	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2004 Single Family Series A (Jr. Lien)	\$ 634.52	\$ 725.61	\$	\$ 35,060.32
2004 Single Family Series B	13,032,730.20	99,807.86		1,123,151.11
2004 Single Family Series D	7,756,262.21	89,438.83		603,883.88
2005 Single Family Series A	6,717,872.93	75,880.60		1,080,225.74
2005 Single Family Series B	825,943.28	7,306.36	60,000.00	18,113.36
2005 Single Family Series C	3,090,000.00			12,333.13
2005 Single Family Series D	490,628.85	4,870.90		10,791.61
2007 Single Family Series A	9,754,093.39	96,925.01		1,272,621.02
2007 Single Family Series B	36,590,288.35	8,339.44	305,000.00	1,554,589.40
2013 Single Family Series A	4,753,473.07	7,061.78		606,981.67
2015 Single Family Series A	5,396,318.07	9,906.45		866,719.97
2015 Single Family Series B	2,630,878.72	6,604.30		557,539.07
2016 Single Family Series A	4,804,428.90	10,605.31		879,937.49
2016 Single Family Series B	13,022,489.26	17,303.40		1,593,829.25
2017 Single Family Series A	663,575.61	798,837.66		332,822.72
2017 Single Family Series B	714,201.16	382,052.79		155,026.74
2017 Single Family Series C	491,475.60	555,713.15		253,931.02
Total Single Family Bonds	\$ 110,735,294.12	\$ 2,171,379.45	\$ 365,000.00	\$ 10,957,557.50
2009 RMRB Series A	\$ 5,319,414.70	\$ 150,118.99	\$ 295,000.00	\$ 1,209,042.57
2009 RMRB Series B	833,603.68	37,529.75	765,000.00	303,029.56
2009 RMRB Series C-1	9,685,482.66	13,408.76		1,186,213.05
2011 RMRB Series A	5,002,178.02	6,604.32	1,410,000.00	987,472.10
2009 RMRB Series C-2	7,080,203.39	9,440.19		815,051.66
2011 RMRB Series B	8,681,977.89	11,081.97	1,875,000.00	1,558,906.85
Total Residential Mtg Revenue Bonds	\$ 36,602,860.34	\$ 228,183.98	\$ 4,345,000.00	\$ 6,059,715.79
1992 CHMRB Series C	\$ 902,845.49	\$ 17,008.19	\$	\$ 99,487.60
Total 1992 CHMRB	\$ 902,845.49	\$ 17,008.19	\$	\$ 99,487.60
1996 MF Series A/B (Brighton's Mark Development)	\$ 501,875.43		\$	\$ 501,872.43
1998 MF Series A-C (Residence at the Oaks Projects)	145,977.78		312,000.00	145,977.67
2000 MF Series A (Creek Point Apartments)	242,074.03			42,074.02
2000 MF Series A (Deerwood Apartments)	312,940.04		170,000.00	312,940.04
2000 MF Series A (Timber Point Apartments)	249,750.72			49,750.71
2000 MF Series A/B (Oaks at Hampton Apartments)	628,682.59		148,265.00	628,682.59
2000 MF Series A/B (Parks at Westmoreland Apartments)	627,115.54		143,996.17	627,115.54
2000 MF Series A-C (Collingham Park Apartments)	700,123.20		348,000.00	700,123.20
2000 MF Series A-C (Highland Meadow Village Apartments)	471,543.73		221,000.00	471,543.73
2001 MF Series A (Bluffview Apartments)	736,373.55		117,350.25	736,373.55
2001 MF Series A (Knollwood Apartments)	946,272.39		150,800.55	946,272.39
2001 MF Series A (Oak Hollow Apartments)	410,058.43		74,815.25	410,058.43
2001 MF Series A (Skyway Villas Apartments)	345,350.73		195,000.00	345,350.73
2001 MF Series A/B (Hillside Apartments)	840,892.71		84,253.33	840,892.71
2001 MF Series A/B (Meridian Apartments)	468,990.00		108,000.00	468,990.00
2001 MF Series A/B (Wildwood Apartments)	361,755.00		89,000.00	361,755.00
2002 MF Series A (Clarkridge Villas Apartments)	891,060.36		151,813.70	891,060.36
2002 MF Series A (Park Meadows Apartments)	231,896.64		105,000.00	231,896.64
2002 MF Series A (Green Crest Apartments)	580,652.10		91,862.51	580,652.10
2002 MF Series A (Hickory Trace Apartments)	737,058.07		124,723.45	737,058.07
2002 MF Series A/B (Ironwood Crossing)	705,397.64		160,780.12	705,397.64
2003 MF Series A (NHP Foundation-Asmara Proj Refunding)	733,380.00			123,380.09
2003 MF Series A/B (Reading Road)	474,571.41		40,000.00	174,571.82
2003 MF Series A/B (Arlington Villas)	1,094,931.67		152,933.00	1,094,931.67
2003 MF Series A/B (Ash Creek Apartments)	1,004,314.49		164,649.00	1,004,314.49
2003 MF Series A/B (North Vista Apartments)	537,901.02		310,000.00	537,901.02
2003 MF Series A/B (Parkview Townhomes)	858,063.75		121,603.35	858,063.75
2003 MF Series A/B (Peninsula Apartments)	545,299.95		260,000.00	535,299.95
2003 MF Series A/B (Primrose Houston School)	1,011,943.17		163,327.00	1,011,943.17

-UNAUDITED-

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 2-D (Continued)
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE
For the Fiscal Year Ended August 31, 2017

Description of Issue	Pledged and Other Sources and Related Expenditures for FY 2017			
	Net Available for Debt Service		Debt Service	
	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2003 MF Series A/B (Timber Oaks Apartments)	\$ 859,169.59		\$ 109,709.88	\$ 859,169.59
2003 MF Series A/B (West Virginia Apartments)	388,925.63		215,000.00	388,925.63
2004 MF Series A (Bristol Apartments)	182,691.02			82,691.02
2004 MF Series A (Chisholm Trail Apartments)	274,904.86			74,904.85
2004 MF Series A (Churchill at Pinnacle Park)	604,825.38		120,851.43	604,825.38
2004 MF Series A (Evergreen at Plano Parkway)	898,411.52		143,375.54	898,411.52
2004 MF Series A (Humble Parkway Townhomes)	684,090.00		180,000.00	684,090.00
2004 MF Series A (Montgomery Pines Apartments)	378,475.95			78,475.95
2004 MF Series A (Pinnacle Apartments)	396,445.72			96,445.74
2004 MF Series A (Providence at Rush Creek II)	548,647.99		89,196.39	548,647.99
2004 MF Series A (Providence at Village Fair)	13,620,201.73		106,269.81	619,669.96
2004 MF Series A/B (Century Park Townhomes)	10,770,000.00			51,602.54
2004 MF Series A/B (Timber Ridge II Apartments)	419,913.45		63,909.00	419,913.45
2004 MF Series A/B (Providence at Veterans Memorial)	435,809.04		62,704.07	435,809.04
2005 MF Series A (Atascocita Pines Apartments)	278,458.41			78,458.41
2005 MF Series A (Mission Del Rio Homes)	571,384.40		60,470.88	571,384.40
2005 MF Series A (Homes at Pecan Grove)	13,572,450.65		73,594.32	690,289.70
2005 MF Series A (Plaza at Chase Oaks Apartments)	595,001.80		326,820.26	595,001.80
2005 MF Series A (Port Royal Homes)	734,168.17		122,278.33	734,168.17
2005 MF Series A (Providence at Prairie Oaks)	10,611,400.46		73,195.24	436,787.86
2005 MF Series A (Providence at Mockingbird Apartments)	572,825.80		98,045.39	572,825.80
2005 MF Series A (St Augustine Estate Apartments)	242,605.15			42,605.16
2005 MF Series A (Tower Ridge Apartments)	133,521.95			133,521.19
2006 MF Series A (Aspen Park)	446,750.00		135,000.00	446,750.00
2006 MF Series A (Bella Vista Apartments)	389,653.75		70,000.00	389,653.75
2006 MF Series A (Champion Crossing Apartments)	4,408,949.52			33,949.60
2005 MF Series A (Coral Hills Apartments)	224,590.79		105,000.00	219,590.81
2006 MF Series A (East Tex Pines)	740,104.15		125,000.00	740,104.15
2006 MF Series A (Hillcrest Apartments)	516,950.00		200,000.00	516,950.00
2006 MF Series A (Idlewilde)	296,249.63			96,249.62
2006 MF Series A (Meadowlands Apartments)	701,336.90		117,453.97	701,336.90
2006 MF Series A (Oakmoor Apartments)	812,838.43		143,485.70	812,838.43
2006 MF Series A (Red Hills Villas)	4,550,448.32			35,447.19
2006 MF Series A (The Residences at Sunset Pointe)	133,521.87			133,521.82
2006 MF Series A (Village Park Apartments)	471,840.62		205,000.00	471,840.62
2006 MF Series A (Villas at Henderson)	6,553,133.31			38,132.60
2007 MF Series A (Villas at Mesquite Creek)	15,783,138.82		110,000.00	328,139.26
2007 MF Series A (Costa Rialto)	542,968.03		99,482.74	542,968.03
2007 MF Series A (Lancaster)	296,176.01			96,176.01
2007 MF Series A (Park Place at Loyola)	794,198.67		115,940.69	794,198.67
2007 MF Series A (Santora Villas)	673,657.32		102,804.21	673,657.32
2007 MF Series A (Terrace at Cibolo)	137,736.22			37,736.22
2007 MF Series A (Windshire)	296,337.62			96,337.63
2007 MF Series A (Residences at Onion Creek)	133,521.84			133,521.83
2008 MF Series A (West Oaks Apartments)	290,448.03			90,448.04
2008 MF Series A (Costa Ibiza Apartments)	199,286.15			99,286.16
2008 MF Series A (Addison Park Apartments)	311,262.98			111,262.95
2008 MF Series A (Alta Cullen Apartments Refunding)	295,280.66			95,280.63
2009 MF Series A (Costa Mariposa Apartments)	340,508.03			100,508.01
2009 MF Series A (Woodmont Apartments)	219,363.76			109,363.79
2013 MF Series A (Waters at Willow Run)	7,250.00		14,500,000.00	7,250.00
2014 MF Series A (Decatur Angle Apartments)	1,317,798.45		152,310.73	1,317,798.47
2015 MF Series A (Good Samaritan Towers)	5,646,695.00		156,691.37	26,694.98
2015 MF Series A (Williamsburg Apartments)	807,902.04			807,902.04
2016 MF Series A (Chisolm Trace/Cheyenne Village)	13,572,000.00			81,000.00
2016 MF Series A (Fifty Oak & Edinburg Village)	7,444,091.66			44,091.66
2016 MF Series A (Skyline Place Apartments)	494,270.86			494,270.86
Total Multifamily Bonds	\$ 145,020,834.25	\$ -	\$ 22,192,762.63	\$ 36,499,126.71
Total	\$ 293,261,834.20	\$ 2,416,571.62	\$ 26,902,762.63	\$ 53,615,887.60

- UNAUDITED -

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Supplementary Bond Schedules
SCHEDULE 2-E
DEFEASED BONDS OUTSTANDING
For the fiscal year ended August 31, 2017

Description of Issue	Year Refunded	Par Value Outstanding
Business-Type Activities		
2007 Single Family Series B	2017	<u>\$ 25,000,000.00</u>
Total Business-Type Activities		<u><u>\$ 25,000,000.00</u></u>

-UNAUDITED-

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Supplementary Bond Schedules

SCHEDULE 2-F

EARLY EXTINGUISHMENT AND REFUNDING

For the fiscal year ended August 31, 2017

Description of Issue	Category	Amount Extinguished or Refunded	For Refunding Only		
			Refunding Issue Par Value	Cash Flow Increase (Decrease)	Economic Gain/ (Loss)
Business-Type Activities					
2004 Single Family Series B	Early Extinguishment	\$ 11,505,000.00			
2004 Single Family Series D	Early Extinguishment	6,780,000.00			
2005 Single Family Series A	Early Extinguishment	5,455,000.00			
2005 Single Family Series B	Early Extinguishment	660,000.00			
2005 Single Family Series C	Early Extinguishment	3,090,000.00			
2005 Single Family Series D	Early Extinguishment	380,000.00			
2007 Single Family Series A	Early Extinguishment	8,020,000.00			
2007 Single Family Series B	Early Extinguishment	5,565,000.00			
2007 Single Family Series B	Current Refunding	29,610,000.00	29,610,000.00	10,739,991.87	10,414,144.29
2013 Single Family Series A	Early Extinguishment	3,720,000.00			
2015 Single Family Series A	Early Extinguishment	4,180,000.00			
2015 Single Family Series B	Early Extinguishment	1,820,000.00			
2016 Single Family Series A	Early Extinguishment	3,430,000.00			
2016 Single Family Series B	Early Extinguishment	10,780,000.00			
2017 Single Family Series A	Early Extinguishment	121,551.00			
2017 Single Family Series B	Early Extinguishment	454,972.00			
2017 Single Family Series C	Early Extinguishment	114,415.00			
2009 RMRB Series A	Early Extinguishment	4,045,000.00			
2009 RMRB Series B	Early Extinguishment	515,000.00			
2009 RMRB Series C-1	Early Extinguishment	7,935,000.00			
2009 RMRB Series C-2	Early Extinguishment	5,920,000.00			
2011 RMRB Series A	Early Extinguishment	4,140,000.00			
2011 RMRB Series B	Early Extinguishment	7,320,000.00			
1992 Coll Home Mtg Rev Bonds, Series C	Early Extinguishment	700,000.00			
2000 MF Series A (Timber Point Apartments)	Early Extinguishment	200,000.00			
2000 MF Series A (Creek Point Apartments)	Early Extinguishment	200,000.00			
2003 MF Series A/B (Reading Road)	Early Extinguishment	300,000.00			
2003 MF Series A/B (Peninsula Apartments)	Early Extinguishment	10,000.00			
2003 MF Series A (NHP Foundation-Asmara Proj Refunding)	Early Extinguishment	610,000.00			
2004 MF Series A/B (Century Park Townhomes)	Early Extinguishment	10,770,000.00			
2004 MF Series A (Chisholm Trail Apartments)	Early Extinguishment	200,000.00			
2004 MF Series A (Montgomery Pines Apartments)	Early Extinguishment	300,000.00			
2004 MF Series A (Bristol Apartments)	Early Extinguishment	100,000.00			
2004 MF Series A (Pinnacle Apartments)	Early Extinguishment	300,000.00			
2004 MF Series A (Providence at Village Fair)	Early Extinguishment	13,000,533.77			
2005 MF Series A (Homes at Pecan Grove)	Early Extinguishment	12,882,161.18			
2005 MF Series A (Providence at Prairie Oaks)	Early Extinguishment	10,174,612.92			
2005 MF Series A (Atascocita Pines Apartments)	Early Extinguishment	200,000.00			
2005 MF Series A (St Augustine Estate Apartments)	Early Extinguishment	200,000.00			
2005 MF Series A (Coral Hills Apartments)	Early Extinguishment	5,000.00			
2006 MF Series A (Red Hills Villas)	Early Extinguishment	4,515,000.00			
2006 MF Series A (Champion Crossing Apartments)	Early Extinguishment	4,375,000.00			
2006 MF Series A (Villas at Henderson)	Early Extinguishment	6,515,000.00			
2006 MF Series A (Idlewilde)	Early Extinguishment	200,000.00			
2007 MF Series A (Lancaster)	Early Extinguishment	200,000.00			
2007 MF Series A (Terrace at Cibolo)	Early Extinguishment	100,000.00			
2007 MF Series A (Villas at Mesquite Creek)	Early Extinguishment	15,455,000.00			
2007 MF Series A (Windshire)	Early Extinguishment	200,000.00			
2008 MF Series A (West Oaks Apartments)	Early Extinguishment	200,000.00			
2008 MF Series A (Costa Ibiza Apartments)	Early Extinguishment	100,000.00			
2008 MF Series A (Addison Park Apartments)	Early Extinguishment	200,000.00			
2008 MF Series A (Alta Cullen Apartments Refunding)	Early Extinguishment	200,000.00			
2009 MF Series A (Costa Mariposa Apartments)	Early Extinguishment	240,000.00			
2009 MF Series A (Woodmont Apartments)	Early Extinguishment	110,000.00			
2015 MF Series A (Good Samaritan Towers)	Early Extinguishment	5,620,000.00			
2016 MF Series A (Chisholm Trace/Cheyenne Village)	Early Extinguishment	13,500,000.00			
2016 MF Series A (Fifty Oaks & Edinburg Village)	Early Extinguishment	7,400,000.00			
Total Business-Type Activities		\$ 234,843,245.87	\$ 29,610,000.00	\$ 10,739,991.87	\$ 10,414,144.29

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ADDENDUM

TDHCA MISSION

The mission of the Texas Department of Housing and Community Affairs (“TDHCA” or “the Department”) is to administer its assigned programs efficiently, transparently, and lawfully and to invest its resources strategically and develop high quality affordable housing which allows Texas communities to thrive.

The Department accomplishes this mission chiefly by acting as a conduit for federal grant funds for housing and community services. However, because several major housing programs require the participation of private investors, private lenders, and private property owners TDHCA also operates as a housing finance agency and a housing authority.

Ensuring program compliance with the many state and federal laws that govern housing programs is another important part of the Department's mission. This ensures the health and safety of TDHCA's housing portfolio and guarantees state and federal resources are expended in an efficient and effective manner.

TDHCA also serves as a financial and administrative resource that helps provide essential services and affordable housing opportunities to Texans who qualify for this assistance based on their income level. Additionally, the Department is a resource for educational materials and technical assistance for housing, housing related, and community services matters.

TDHCA PHILOSOPHY

The Department's philosophy is one of openness to input, consideration of new methods that brings about improvement, and balanced adherence to laws, rules, and policy provided from state leadership as articulated by its Governing Board. This philosophy embraces:

- A trained and committed staff that is empowered to improve processes and efficiencies, collaborate with other agencies, and adhere to the utmost integrity.
- Operations that are continually assessed and improved based on maximizing impact on the lives of those we assist, principles of enterprise wide risk management, adherence to documented operating procedures, transparency, equal access to housing and prudent use of the taxpayer resources.

TDHCA PHILOSOPHY Cont'd

- Respect for customers and stakeholders built on a continuous understanding of their needs and which have at their core a constant and open dialogue to develop effective responses to those needs.

The Department's key words are:

- Compliance
- Adaptability
- Equality
- Impartiality
- Collaboration
- Respect
- Simplicity
- Assistance
- Accountability
- Transparency

State resources entrusted to the Department are limited and cannot accommodate every need or demand. Therefore, the Department's ultimate objective is to provide unassailable QUALITY in all we do such that our programs and services command universal respect.

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
FISCAL YEAR 2017 BOARD MEMBERS**

The Texas Department of Housing and Community Affairs' enabling legislation, *Texas Government Code, Chapter 2306*, provides guidelines for the creation of the Department's Board. Subchapter B of that statute requires that the seven member policy making body be appointed by the Governor with the advice and consent of the Texas Senate. The following are the current Board Members.

J.B. Goodwin, Chairperson and Member
JB Goodwin Realtors
Austin, Texas
(Term expires 1/31/2021)

Leslie Bingham-Escareño, Vice Chair and Member
Valley Baptist Medical Center
Brownsville, Texas
(Term expires 1/31/2019)

Paul A. Braden, Member
Norton Rose Fulbright
Brownsville, Texas
(Term expires 1/31/2023)

Leo Vasquez, III, Member
Cadeco Industries
Beaumont, Texas
(Term expires 1/31/2023)

Sharon Thomason, Member
Lubbock Land Company
Austin, Texas
(Term expires 1/31/2021)

Asusena Reséndiz, Member
Brooks City Base
Lufkin, Texas
(Term expires 1/31/2019)

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MANUFACTURED HOUSING DIVISION
FISCAL YEAR 2017 BOARD MEMBERS**

Manufactured Housing Division of the Texas Department of Housing and Community Affairs' enabling legislation, *Texas Government Code, Chapter 2306*, provides guidelines for the creation of the Department's Board. Subchapter AA of that statute requires that the five member policy making body be appointed by the Governor with the advice and consent of the Texas Senate. The following are the current Board Members.

Michael H. Bray, Chairperson and Member
EXIT West Realty
El Paso, Texas
(Term Expires: 1/31/2017)

Sheila M. Valles-Pankratz, Member
Hollis Rutledge & Associates, Inc.
Mission, Texas
(Term Expires: 1/31/2021)

Donnie W. Wisenbaker, Member
Wisenbaker, Inc.
Sulphur Springs, Texas
(Term Expires: 1/31/2019)

Ronnie Richards, Member
Butler's Courtyard
Clear Lake Shores, Texas
(Term Expires: 1/31/2017)

Kiran Shah, Member
National Hotel Franchises
Houston, Texas
(Term Expires: 1/31/2019)

Department Overview

Historical Perspective

In 1991, the 72nd Texas Legislature created the Texas Department of Housing and Community Affairs (“TDHCA” or “the Department”) by combining the following:

- Texas Housing Agency;
- Community Development Block Grant (“CDBG”) Program from the Texas Department of Commerce; and
- Texas Department of Community Affairs.

On September 1, 1992, two additional programs were transferred to TDHCA from the Texas Department of Human Services:

- The Low Income Home Energy Assistance Program (“LIHEAP”); and
- The Emergency Nutrition and Temporary Emergency Relief Program (“ENTERP”).

Finally, effective September 1, 1995, the regulation of the state’s manufactured housing industry was transferred to the Department from the Texas Department of Licensing and Regulation.

In accordance with House Bill 7 passed by the 77th Texas Legislature, the Community Development Block Grant and Local Government Services programs were transferred to the newly created Office of Rural Community Affairs (“ORCA”), effective September 1, 2001.

Effective September 1, 2002, in accordance with Senate Bill 322 passed by the 77th Texas Legislature, the Manufactured Housing Division became a division within TDHCA with its own Board of Directors appointed by the Governor. The Executive Director is hired by the Board.

Main Functions

The Department serves as a “one-stop shop” agency with programs that address a wide spectrum of needs ranging from homelessness to homeownership. Its mission is to administer its assigned programs efficiently, transparently, and lawfully; to invest its resources strategically; and to develop high quality affordable housing which allows Texas communities to thrive.

To achieve this goal, TDHCA programs focus on the following:

- Alleviation of homelessness;
- Emergency relief for individuals or families in crisis poverty;
- Expansion and preservation of safe, decent affordable housing for low income households; and
- Expansion of homeownership opportunities for low and moderate income families.

TDHCA is also responsible for the regulation and enforcement within the Manufactured Housing industry. This regulatory role is fulfilled through the Manufactured Housing Division – an independent entity within the Department which is administratively attached, but has its own Executive Director and Board.

The Department distributes program funds to local providers, including qualifying units of local government, nonprofit and for profit organizations, community based organizations, private sector organizations, real estate developers, and local lenders. These organizations are selected based on local need and administrative capacity through fair and non-discriminatory processes. TDHCA distributes most funds through competitive regional awards. In the administration of its programs the Department defines policy direction, ensures equity, promotes the leveraging of federal, state, and local resources, prevents discrimination or exploitation, and ensures the stability and continuity of services.

Below is an overview of the primary programs the Department has developed to achieve TDHCA's goals and objectives.

Alleviation of Homelessness

The *Emergency Solutions Grants Program* (“ESG”), previously known as the Emergency Shelter Grants Program (“ESGP”), receives funding from the U.S. Department of Housing and Urban Development (“HUD”) and awards grants to units of local government and private nonprofit entities that provide homeless persons, as well as those at risk of homelessness, the services necessary to quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness. ESG funds may also be used for renovation and rehabilitation of existing shelters.

The *Homeless Housing and Services Program* (“HHSP”) assists the state's eight largest urban areas in providing services to homeless individuals and families, including case management and housing placement and retention. Eligible cities include Arlington, Austin, Corpus Christi, Dallas, El Paso, Fort Worth, Houston and San Antonio. TDHCA administers these funds by subcontracting with either the cities themselves or a nonprofit organization. In either case, the entity serves their community by focusing assistance on homeless individuals and families with appropriate services targeted towards eliminating or preventing the condition of homelessness.

The *Section 8 Housing Assistance Program* provides rental subsidy vouchers to very low income families, including the elderly and persons with disabilities. The statewide program is specifically designed for families in small cities and rural communities not served by a local or regional housing authority.

Through the *HOME Investment Partnerships* (“HOME”) Program, TDHCA makes *Tenant-Based Rental Assistance* (“TBRA”) funds available to local units of government, public housing authorities and nonprofits to provide similar assistance. TBRA funds

provide rental subsidies to qualified extremely low, very low, and low income individuals and families for a period of two years, during which the consumer follows a formal self-sufficiency plan. Like all HOME funds, TBRA primarily serves rural communities. TDHCA distributes HOME TBRA funds through a reservation system whereby pre-approved local contractors draw down funds once a household's eligibility for assistance has been determined. Without the rental subsidy provided by Section 8 and HOME TBRA, most of the individuals and families served would fall into homelessness.

Additionally, the Department's *HOME* and *Housing Tax Credit Program ("HTC")* can and have been used to support Single Room Occupancy ("SRO") developments. SROs provide permanent supportive housing to individuals facing homelessness. They provide supportive services to individuals with special needs and disabilities, and an alternative to transitional or short-term housing solutions.

Emergency Relief for Individuals or Families in Crisis Poverty

The *Community Services Block Grant Program ("CSBG")* makes funds available to community action agencies throughout the state to serve persons at or below federal poverty guidelines. This funding assists these agencies in providing essential services such as: access to childcare and health and human services for children, families, and the elderly. It also helps with nutrition, transportation, housing, substance abuse prevention, migrant assistance, job training and employment services.

Comprehensive Energy Assistance Program ("CEAP") provides case management, consumer education, and financial assistance to help extremely low and very low income consumers reduce their utility bills to an affordable level. Priority is given to the elderly, persons with disabilities, and to households with children under age six. Further priority is given to households with the highest energy costs and the lowest incomes.

The *Weatherization Assistance Program ("WAP")* helps extremely low and very low income consumers control their energy costs through the installation of weatherization measures, the repair or replacement of inefficient appliances, and energy conservation education. Again, priority is given to the elderly, persons with disabilities, and to households with children under age six. Like CSBG, CEAP and WAP are available statewide through local subcontractors.

Creating and Preserving Affordable Housing

Multifamily Housing

The *Housing Tax Credit Program* is one of the primary means of directing private capital toward the development and preservation of affordable rental housing for low-income households. Tax credits are awarded to eligible participants to offset a portion of their federal tax liability in exchange for the production or preservation of affordable rental housing. There are two types of Tax Credits: Competitive (9%) and Non-Competitive

(4%). The 9% Housing Tax Credit Program is highly competitive and awarded based on a Regional Allocation Formula (“RAF”) with additional set asides for developments at risk of losing affordability and subsidy, developments financed through U.S. Department of Agriculture-Rural Development (“USDA-RD”), and those with nonprofit owners. Applications are scored and ranked within their region or set-aside and in accordance with rules and laws outlined in the Qualified Allocation Plan (“QAP”). The Non-Competitive (4%) Housing Tax Credit Program is coupled with the Multifamily Bond Program when the bonds finance at least 50% of the cost of the land and buildings in the Development. There are a variety of bond issuers in the State from which to select, with some limitations on the location of the development.

The Department is a conduit issuer for the State of Texas with authority to issue tax-exempt and taxable Multifamily Mortgage Revenue Bonds statewide. The bonds are used to fund loans to for-profit and nonprofit developers for the acquisition and rehabilitation or new construction of affordable rental developments. The Multifamily Bond Program is coupled with the Non-competitive (4%) HTC Program when the bonds finance at least 50% of the cost of the land and buildings in the Development. Bond pre-applications are accepted on a monthly basis for those seeking to have the Department serve as the bond issuer.

The *Multifamily Direct Loan Program* provides funding to nonprofit and for-profit entities for the new construction or rehabilitation of affordable multifamily rental developments. Funding is typically provided in the form of low interest rate, repayable construction-to-permanent loans. Multifamily developments funded through the Department’s Multifamily Direct Loan Program must comply with long-term rent and income restrictions and may be layered with additional funding sources (such as Housing Tax Credits).

HOME Program Rental Housing Development funds are available to nonprofit entities, Community Housing Development Organizations (“CHDOs”), for profit entities and eligible units of local government for the acquisition, rehabilitation, reconstruction, or new construction of affordable rental housing units. Owners are required to make the units available to low, very low, and extremely low income families and must meet long-term rent restrictions. As with other HOME funds, the program serves primarily rural areas. Most HOME rental development awards are provided in conjunction with HTC awards.

Single Family Housing

HOME Program Home Rehabilitation Assistance (“HOME HRA”) funds serve extremely low, very low, and low income owners in repairing or rebuilding their existing owner-occupied single family homes. The *Amy Young Barrier Removal Program (“AYBR”)* offers low income persons with disabilities barrier removal assistance. AYBR is funded through the state’s Housing Trust Fund. TDHCA distributes both HOME HRA and the AYBR through a reservation system.

The *Neighborhood Stabilization Program* (“NSP”) provides funds to units of local government or eligible nonprofits for the acquisition, clearance, rehabilitation, and redevelopment of foreclosed or abandoned homes for affordable housing. Funding may also be used to create finance mechanisms for homebuyer assistance for extremely low and very low income Texans, as well as eligible land bank activities.

Homeownership Opportunities

My First Texas Home Program (“MFTH”) provides competitive rate loans to qualified, very low to moderate income individuals who have not owned a home in three years. Funds are made available through participating lenders statewide. The program provides “assisted” financing that provide the buyer with down-payment and closing cost assistance. The *Mortgage Credit Certificate Program* (“MCC”) provides federal tax credits to low to moderate income households who have not owned a home in three years. The tax credits reduce the amount of federal income tax a homebuyer must pay by up to \$2,000 per year. As a result, participating families have more disposable income and can better qualify for a home loan. Families participating in the MCC program can use this in conjunction with a MFTH loan.

HOME HRA funds are available to qualifying units of local government, public housing authorities, CHDOs, and nonprofit organizations. These organizations in turn offer assistance to eligible first-time homebuyers for down payment and closing cost assistance ranging from \$5,000 to \$10,000 per home buyer based on an area’s median family income. Recapture provisions ensure the long term use of funds to assist future first-time homebuyers. Additionally, the HOME program offers funding for the acquisition, rehabilitation or new construction of affordable homeownership units through the HOME Single Family Development program. TDHCA distributes these funds through a reservation system.

The *Texas Bootstrap Loan Program* is a self-help construction program. The program was created to provide very low-income families an opportunity to help themselves through the form of sweat equity. Participants under this program are required to provide at least 65 percent of the labor necessary to build or rehabilitate the home. Nonprofit organizations can combine these funds with other sources; however, all combined loans cannot exceed \$90,000 per unit. The program is administered through TDHCA’s Colonia Self-help Centers (“SHCs”) and State Certified Owner-Builder Housing Programs across the state. TDHCA distributes these funds through a reservation system.

The *Contract for Deed Conversion Initiative* provides a means for colonia residents to convert their contracts for deed into conventional mortgages. It is currently funded through HOME and Housing Trust Fund, therefore home repair or reconstruction is provided concurrently with the conversion to ensure that federal and state standards are met. TDHCA distributes these funds through a reservation system.

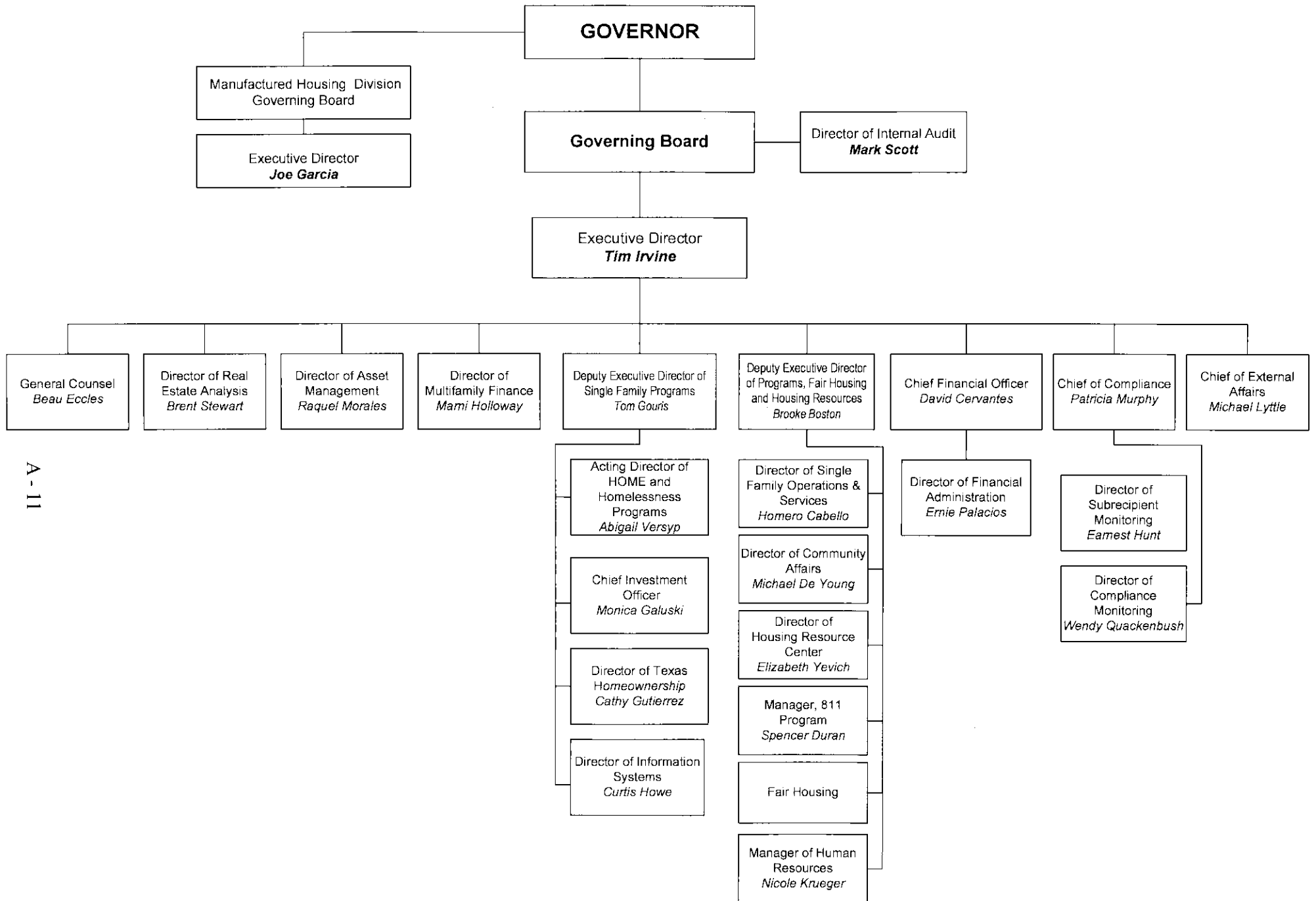
The Department's Office of Colonia Initiatives ("OCI") oversees single family homeownership activities that are focused along the Texas/Mexico border. This includes administration of SHCs and the previously mentioned Texas Bootstrap Loan Program. SHC's provide on-site technical assistance to low and very low-income individuals / families on housing, and community development activities, infrastructure improvements, and outreach and education. Operation is carried out through a local nonprofit organization, local community action agency, or local housing authority that has demonstrated the ability to carry out the functions of a SHC.

To ensure that consumers understand the process of buying a home, *the Texas Statewide Homebuyer Education Program ("TSHEP")* offers training to homebuyer education providers interested in providing homebuyer education classes at the local level. TDHCA partners with the Texas State Affordable Housing Corporation to provide this service.

Regulation of the Manufactured Housing Industry

The Manufactured Housing Division administers the Texas Manufactured Housing Standards Act which ensures that manufactured homes are well-constructed and safe, are installed correctly, that consumers are provided fair and effective remedies, and that measures are taken to provide economic stability for the Texas manufactured housing industry. Services include: issuing Statements of Ownership and Location (SOLs), industry licensing, installation inspection, consumer protection, issuances and cancellations of titles; title research; training and license issuances to individuals for manufactured housing manufacturing, retailing, rebuilding and installations, broker, or sales; records and releases on tax and mortgage liens; consumer complaints; and federal oversight under a cooperative agreement with HUD.

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS





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