

RatingsDirect®

Summary:

Texas Department Of Housing & Community Affairs; Multifamily Multiple MBS; Single Family Multiple MBS

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Table Of Contents

Credit Highlights

Outlook

Related Research

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Credit Profile

US\$230.0 mil residential mtg rev bnds (non-amt) ser 2023A due 07/01/2053

<i>Long Term Rating</i>	AA+/Stable	New
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Texas Dept of Hsg & Comnty Affairs Texas Dept of Hsg & Comnty Affairs resid mtg rev bnds ser 88A

<i>Long Term Rating</i>	AA+/Stable	Affirmed
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Credit Highlights

- S&P Global Ratings assigned its 'AA+' rating to Texas Department of Housing & Community Affairs' (TDHCA) roughly \$230 million series 2023A residential mortgage revenue bonds.
- In addition, S&P Global Ratings affirmed its 'AA+' rating on TDHCA's existing parity debt under the residential-mortgage-revenue-bond (RMRB) resolution.
- The outlook is stable.

Security

Bonds issued within the RMRB indenture are limited obligations of TDHCA, payable solely from revenue, assets, and money pledged under the master indenture on a parity basis with all class 1 obligations outstanding under the master indenture.

According to preliminary transaction documents, TDHCA will use series 2023A bond proceeds for a program under which it purchases fully modified pass-through mortgage-backed securities (MBS), as well as funding loans for downpayment and closing-cost assistance and paying lender compensation related to mortgage loans. The MBS will be guaranteed as to timely principal-and-interest payments by Ginnie Mae.

The bonds are subject to redemption as described in transaction documents.

Credit overview

The rating reflects our view of the program's:

- Legal framework that links duties of key transaction parties with the program's proper execution, in alignment with our criteria, coupled with no bankruptcy or other legal risks identified;
- Program management and operational-risk assessment, which we consider neutral;
- Overcollateralization and cash flow capable of withstanding our projected loss assumptions based on the asset pool's credit quality in all provided cash-flow stress scenarios, with a minimum projected asset-to-liability parity ratio of 103.49%, including subordinate-lien loans;

- Sufficient liquidity to cover short-term disruptions in asset cash flows; and
- Market position characteristics in-line with the national housing market.

Environmental, social, and governance

We have analyzed the program's environmental, social, and governance (ESG) risks and opportunities relative to the legal framework, program management and operational risk, asset pool's credit quality, cash-flow analysis, liquidity, and market position. We view ESG risks for the program as neutral in our credit analysis.

Outlook

The stable outlook reflects S&P Global Ratings' opinion of the credit quality of the underlying MBS assets, supported by Ginnie Mae and Fannie Mae, and S&P Global Ratings' assessment of program management and operational risk. In addition, we expect our market-position-modifier assessment to remain neutral.

Downside scenario

We could lower the rating or revise the outlook to negative if our assessment of program management and operational risk were to change due to negative assessments or if the credit quality of the underlying assets were to decrease.

Upside scenario

We could raise the rating or revise the outlook to positive if TDHCA's RMRB credit quality and our cash-flow analysis were to meet our stress scenarios for ratings above the sovereign.

(For more information on TDHCA and the RMRB program, please see our analysis, published Oct. 19, 2022, on RatingsDirect.)

Related Research

- Housing Overvaluation May Be Peaking: How It Affects U.S. RMBS, Oct. 17, 2022
- Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

Ratings Detail (As Of February 13, 2023)

Texas Dept of Hsg & Comnty Affairs residential mtg rev bnds		
Long Term Rating	AA+/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs residential mtg rev bnds		
Long Term Rating	AA+/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs residential mtg rev bnds ser 2021A due 01/01/2052		
Long Term Rating	AA+/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs residential mtg rev bnds ser 2021B due 07/01/2042		
Long Term Rating	AA+/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs residential mtg rev bnds (Non-AMT) (Social Bonds) ser 2022B due 07/01/2034		
Long Term Rating	AA+/Stable	Affirmed

Ratings Detail (As Of February 13, 2023) (cont.)		
Texas Dept of Hsg & Comnty Affairs resid mtg rev bnds ser 1998A dtd 11/01/1998 due 01/01 & 07/01/2003-2010 07/01/2002 2018 2029 2030 & 01/01/2030 2031		
Long Term Rating	AA+/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs resid mtg rev bnds ser 2001AB&C dtd 10/01/2001 due 01/01/2003-2012 2033 & 07/01/2015-2016 2022 2033		
Long Term Rating	AA+/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs resid mtg rev rfdg bnds ser 2003A dtd 07/01/2003 due 07/01/2013		
Long Term Rating	AA+/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs single fam bnds ser 2009A dtd 08/18/2009 due 01/01/2012-2019 2039 07/01/2011-2019 2024 2029 2034 2039		
Long Term Rating	AA+/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs single fam bnds ser 2009C-3 due 07/01/2041		
Long Term Rating	AA+/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs single fam mtg rev bnds ser 2020A due 09/01/2050		
Long Term Rating	AA+/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs single fam mtg rev rfdg bnds		
Long Term Rating	AA+/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs single fam mtg rev rfdg bnds ser 2020B due 09/01/2050		
Long Term Rating	AA+/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs SFMULTMBS		
Long Term Rating	AA+/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs (Resid Mtg Rev Bnd Trust Indenture)		
Long Term Rating	AA+/Stable	Affirmed

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