



Rating Action: Moody's Ratings assigns Aa1 to TDHCA's Residential Mortgage Revenue and Refunding Bonds, Series 2026A; outlook stable

04 Dec 2025

New York, December 04, 2025 -- Moody's Ratings (Moody's) has assigned a rating of Aa1 to the proposed Texas Department of Housing and Community Affairs' (TDHCA) \$250 million Residential Mortgage Revenue and Refunding Bonds, Series 2026A (Non-AMT). We maintain Aa1 ratings on all outstanding parity debt issued under the Residential Mortgage Revenue Bonds (RMRB) Indenture. The outlook is stable.

RATINGS RATIONALE

The Aa1 rating reflects that the RMRB indenture will continue to maintain its strong credit quality due to the buffer provided by the program asset-to-debt ratio (PADR), which was 1.14x (1.03x excluding all second lien loans) as of August 31, 2024, and solid though variable margins (8% in fiscal year 2024). The first lien loan portfolio consists of mortgage-backed securities (MBS), which compliments the program's sound legal structure, cash flow projections that demonstrate sufficiency under all our stress case scenarios, and the oversight of a solid management team. The program's asset-to-debt ratio has declined in recent years due to strong issuance. Continued active issuance will likely result in future PADR dilution and pressure on margins, however, the full-spread MBS previously added to the portfolio will boost income.

RATING OUTLOOK

The stable outlook reflects RMRB's solid over-collateralization buffer and margins.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Upgrade of the US government rating (Aa1 stable)
- Material improvement in PADR and/or margins

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Downgrade of the US government rating
- Material decline in PADR and/or a significant and sustained decline in margins
- Increased risk in the program in the form of variable rate debt or counterparty risk

PROFILE

The RMRB program was established in 1987. The proceeds of bonds issued under this indenture are used to finance mortgage loans to low and moderate income persons in the State of Texas. All RMRB program bonds are secured equally by all of the mortgage loans and other assets under the indenture.

METHODOLOGY

The principal methodology used in this rating was US Housing Finance Agency Single-Family Housing published in October 2024 and available at <https://ratings.moodys.com/rmc-documents/430701>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moody.com/rating-definitions>.

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