MOODY'S
RATINGS

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

23 Jun 2026

New York, June 23, 2026 -- Moody's Ratings (Moody's) has assigned a rating of Aa1 to the proposed Texas Department of Housing and Community Affairs' (TDHCA) $300 million Residential Mortgage Revenue Bonds, Series 2026C. 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 reflecting the program asset-to-debt ratio (PADR), which was 1.14x (1.04x excluding all second lien loans) as of August 31, 2025, and solid though variable margins (13% in fiscal year 2025). The first lien loan portfolio consists of essentially all Government National Mortgage Association (Ginnie Mae) 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.

Given the RMRB loan portfolio's significant reliance on federal guarantees, the program's credit quality is closely tied to the credit quality of the US government (Aa1 stable). However, RMRB's solid financial position and the stable outlook on the US government rating mitigate near-term risks related to counterparty credit quality. Although continued active issuance will likely dilute the PADR and pressure margins over time, both metrics are currently strong and income from full-spread MBS previously added to the portfolio will continue to boost income going forward.

RATING OUTLOOK

The stable outlook reflects RMRB's solid over-collateralization buffer and margins, which will continue.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- A risk-adjusted PADR consistently above 1.06x, together with margins sustained at current or stronger levels.

- Substantial improvement in Ginnie Mae credit quality over the longer term, combined with stable or improving PADR

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- A decline in risk-adjusted PADR below 1.00x and/or a sustained decline in margins.

- Substantial deterioration in Ginnie Mae credit quality over the longer term, combined with stable or deteriorating PADR

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

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