



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

06 Apr 2026

New York, April 06, 2026 -- 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 Bonds, Series 2026B. 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 (1.04x 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. 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, which will continue.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Material improvement in risk-adjusted PADR.
- Upgrade of the US government rating (Aa1 stable).

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Material decline in risk-adjusted PADR and/or a significant and sustained decline in three-year average margins.
- Downgrade of the US government rating.

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.moody.com/rmc-documents/430701>. Alternatively, please see the Rating Methodologies page on <https://ratings.moody.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.moodys.com/rating-definitions>.

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