TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BASIC FINANCIAL STATEMENTS
for the year ended August 31, 2011

(With Independent Auditors' Report Thereon)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

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December 20, 2011

The Honorable Rick Perry, Governor
The Honorable Susan Combs, Texas Comptroller
Mr. John O'Brien, Director, Legislative Budget Board
Mr. John Keel, CPA, State Auditor

Dear Governor Perry, Comptroller Combs, Mr. O'Brien and Mr. Keel:

We are pleased to submit the Annual Financial Report of the Texas Department of Housing and Community Affairs for the year ended August 31, 2011, in compliance with TEX. GOV'T CODE ANN §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

The accompanying annual financial report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) reporting requirements. The financial report has been audited by an independent auditor as required by statute.

If you have any questions, please contact David Cervantes, Director of Financial Administration at (512) 475-3875. Esther Ku may be contacted at (512) 475-3871 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

Timothy K. Irvine
Executive Director

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Basic Financial Statements
for the year ended August 31, 2011

TABLE OF CONTENTS

State Auditor's Office
John Keel, CPA
State Auditor

Independent Auditor's Report

Department of Housing and Community Affairs Board of Directors
Mr. J. Paul Oxer, P.E., Chair
Mr. Tom H. Gann, Vice Chair
Mr. C. Kent Conine
Ms. Leslie Bingham Escareño
Mr. Lowell A. Keig
Dr. Juan Sanchez Muñoz

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the governmental fund, the proprietary fund, and the aggregate remaining fund information of the Department of Housing and Community Affairs (Department), as of and for the year ended August 31, 2011, which collectively comprise the Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the governmental fund, the proprietary fund, and the aggregate remaining fund information of the Department, as of August 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the Department adopted the provisions of Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* in fiscal year 2011.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

SAO Report No. 12-314

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The Supplementary Bond Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Bond Schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards,* we have also issued our report dated December 20, 2011, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

John Keel, CPA
State Auditor

December 20, 2011

MANAGEMENT'S

DISCUSSION AND ANALYSIS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the Texas Department of Housing and Community Affairs' (Department) annual financial report presents management's discussion and analysis of the Department's financial performance during the fiscal year that ended on August 31, 2011. Please read it in conjunction with the Department's financial statements, which follow this section.

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.

The Manufactured Housing Division is administratively attached to the Department and is responsible for establishing standards and requirements for the construction and installation of manufactured housing that are reasonably necessary to protect the health, safety and welfare of the occupants of such housing and the general public. 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.

Financial Highlights

- The Department's business-type activities net assets increased $51.1 million and governmental activities net assets increased $195 million.

- The Department's proprietary fund experienced a decrease in operating income in the amount of $229 thousand to an operating income of $38.5 million. This impact on operating income resulted primarily from a decrease in the change in the fair value of investments in the amount of $2.4 million, a decrease of $10 million in interest and investment income, an increase of $1.7 million in other operating revenue and a decrease of $13 million in interest expense.

- The Department administers several significant programs under the Housing and Economic Recovery Act of 2008 (HERA) and the American Recovery and Reinvestment Act of 2009 (ARRA): Homelessness Prevention and Rapid Re-Housing Program (HPRP), Weatherization (ARRA DOE), Community Services Block Grant (ARRA CSBG), Tax Credit Assistance Program (TCAP), Housing Tax Credit Exchange (Exchange), and Neighborhood Stabilization Program (NSP). The Department also administers the Community Development Block Grant (CDBG) awarded from the U.S. Department of Housing and Urban Development (HUD) for housing recovery efforts related to Hurricanes Rita, Katrina, Ike and Dolly. Activities related to TCAP, Exchange and ARRA DOE increased significantly during fiscal year 2011.

- The Department anticipates a significant reduction in revenues in fiscal year 2012 related to ARRA grants. HERA activities will also decline. Additionally, TDHCA is no longer responsible for the administration of the Community Development disaster recovery funding as of July 1, 2011. Therefore, we anticipate lower levels of revenues next fiscal year.

- Net Assets in the Department's Governmental Activities increased from $301.6 million to $496.6 million. The majority of the change represents an increase in long-term revolving loans and contracts related to HOME, CDBG and TCAP.

- The Bond Program's debt outstanding of $2.4 billion as of August 31, 2011, decreased $274 million. Debt issuances and debt retirements totaled $60 million and $333 million, respectively.

- Loan originations in the Department's proprietary and governmental funds for the year totaled $16.6 million and $212.5 million, respectively.

- In accordance with Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the Department identified its derivative instruments, measured their effectiveness, and reported the derivative instruments at fair value. The Department's interest rate swaps, which were primarily used to hedge changes in interest rates, are considered to be derivative instruments under GASB 53. GASB 53 requires the fair value of a derivative to be reported at the end of the fiscal year in the balance sheet. As of August 31, 2011, the Department's five interest rate swaps had a total notional amount of $299.1 million and a negative $38.7 million fair value which was recorded in the deferred outflow of resources account and as a derivative swap liability.

- Starting in fiscal year 2011, the Department adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* The statement has two major areas of discussions: fund balance classifications and fund type definitions. The statement significantly changes the focus of fund balance reporting to the perspective of the underlying resources within the fund balance. The new components of the fund balance pinpoints constraints on how resources are utilized.

Overview of the Financial Statements

The financial statements consist of three parts – management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two types of statements that present different views of the Department.

- The first set of statements is government-wide financial statements that provide information about the Department's overall financial position and results. These statements, which are presented on an accrual basis, consist of the Statement of Net Assets and the Statement of Activities.

- The remaining statements are fund financial statements of the Department's governmental, fiduciary and proprietary funds. The governmental fund's activities are funded primarily from federal funds that include General Revenue appropriations for which the Department follows a modified accrual basis of accounting. The Department's proprietary fund operates similar to business activities and follows an accrual basis of accounting.

- The basic financial statements also include a "Notes to Financial Statements" section which explains some of the information presented in the Government-wide and fund financial statements and provides additional detailed data.

- The Notes to the Financial Statements are followed by a "Supplementary Information" section, which presents supplementary bond information.

The remainder of this overview section of the management's discussion and analysis explains the structure and contents of each of these statements.

Government-Wide Financial Statements

The Statement of Net Assets shows Governmental Activities and Business-Type Activities presented on a full accrual basis. The Statement of Activities presents a government-wide format of expenses, charges for services, operating grants and contributions and net expenses by both Governmental activities and Business-type activities. Both activities are further broken down by function and programs. The second section of the Statement of Activities shows general revenues not associated with a particular program but provides resources for the Department's programs and operations. The fiduciary activity is not included in the government wide statements.

Statement of Net Assets – Governmental Activities

The following tables show a summary of changes from prior year amounts for governmental activities.

Texas Department of Housing and Community Affairs
Governmental Activities - Condensed Statements of Net Assets
As of August 31, 2011

	Governmental Activities		Increase / (Decrease)	
Assets	**2011**	**2010**	**Amount**	**%**
Legislative Appropriations	$ 4,140,727	$ 6,964,299	$ (2,823,572)	(40.5)
Federal Receivables	39,098,470	68,074,966	(28,976,496)	(42.6)
Interfund Receivable	1,330,865	561,946	768,919	136.8
Loans and Contracts	494,902,454	299,731,889	195,170,565	65.1
Due From Other Agencies	891,715	3,226,496	(2,334,781)	(72.4)
Capital Assets	146,994	85,172	61,822	72.6
Other Assets	5,035,621	7,620,411	(2,584,790)	(33.9)
Total Assets	545,546,846	386,265,179	159,281,667	41.2
Liabilities				
Accounts Payable	40,617,042	72,983,506	(32,366,464)	(44.3)
Interfund Payable	1,426,096	610,709	815,387	133.5
Other Current Liabilities	6,499,879	10,604,353	(4,104,474)	(38.7)
Other Non-current Liabilities	403,273	442,176	(38,903)	(8.8)
Total Liabilities	48,946,290	84,640,744	(35,694,454)	(42.2)
Net Assets				
Invested in Capital Assets	146,994	85,172	61,822	72.6
Restricted	495,064,096	299,778,231	195,285,865	65.1
Unrestricted	1,389,466	1,761,032	(371,566)	(21.1)
Total Net Assets	$ 496,600,556	$ 301,624,435	$ 194,976,121	64.6

Net Assets of the Department's governmental activities increased by $195 million. The increase was a result of an increase in Restricted Net Assets, which primarily consists of loans associated with HOME, CDBG and TCAP. The Net Assets component for fiscal year 2010 has been modified to be consistent with the current year.

Legislative Appropriations decreased by $3 million. This decrease (primarily) represents appropriated funds transferred to the Texas Veterans Commission for the purpose of administering the Housing Trust Funds for veterans (82nd Leg, HB1, Article VII, Rider 19). Other Legislative Appropriation adjustments include a 5% biennial budget reduction and a fiscal year 2011 2.5% reduction.

The Department experienced a decrease in Federal Receivables of $29 million due to the transfer of the CDBG Disaster Recovery grant. This grant was transferred to the General Land Office (GLO) in fiscal year 2011. The Department also experienced a similar decrease in Accounts Payable of $32 million.

The Department experienced an increase in Loans and Contracts of $195 million related to TCAP ($105 million), CDBG ($27 million), HOME ($27 million) and NSP ($36 million) programs.

Statement of Net Assets – Governmental Activities Cont'd

Due from Other Agencies represents a pass-through award due from the Texas Higher Education Coordinating Board. State Fiscal Stabilization Fund was awarded from the U.S. Department of Education under the direction of the Office of the Governor. The funding was provided to the Department to supplement homeless prevention.

Interfund Receivable and Interfund Payable represent expenditure transfers from ARRA federal fund to General Revenue after year end.

Included in Other Liabilities is the current and non-current portion of Employees' Compensable Leave. It represents unpaid balances of employees' accumulated annual leave. A significant number of CDBG disaster recovery employees were transferred to GLO. Consequently, leave hours and unpaid balances of employee's accumulated annual leave decreased.

Business Type Activities

Texas Department of Housing and Community Affairs
Business-Type Activities
Condensed Statement of Net Assets as of August 31, 2011

	Business-Type Activities		Increase / (Decrease)	
Assets	**2011**	**2010**	**Amount**	**%**
Cash & Investments	$ 1,572,320,404	$ 1,736,323,357	$ (164,002,953)	(9.4)
Loans and Contracts	1,184,888,637	1,275,677,613	(90,788,976)	(7.1)
Interest Receivable	13,799,643	14,628,301	(828,658)	(5.7)
Capital Assets	104,237	73,033	31,204	42.7
Deferred Outflow of Resources	38,672,925	36,966,154	1,706,771	4.6
Other Assets	11,817,070	12,514,879	(697,809)	(5.6)
Total Assets	2,821,602,916	3,076,183,337	(254,580,421)	(8.3)
Liabilities				
Current				
Interest Payable	29,103,084	32,465,592	(3,362,508)	(10.4)
Other Liabilities	23,453,970	26,652,583	(3,198,613)	(12.0)
Non-current				
Bonds Payable	2,397,034,987	2,671,049,369	(274,014,382)	(10.3)
Derivative Hedging Instrument	38,672,925	36,966,154	1,706,771	4.6
Other Non-current Liabilities	67,421,485	94,255,523	(26,834,038)	(28.5)
Total Liabilities	2,555,686,451	2,861,389,221	(305,702,770)	(10.7)
Net Assets				
Invested in Capital Assets	104,237	73,033	31,204	42.7
Restricted	179,534,185	139,489,798	40,044,387	28.7
Unrestricted	86,278,043	75,231,285	11,046,758	14.7
Total Net Assets	$ 265,916,465	$ 214,794,116	$ 51,122,349	23.8

Net assets of the Department's Business-Type Activities increased $51.1 million, or 23.8%, to $266 million. The majority of this increase is attributed to an increase of the fair value of the Department's investments, an increase in interest income on investments, and a decrease in bond interest expense.

Restricted net assets of the Department's proprietary fund increased $40 million or 28.7%. Unrestricted net assets increased $11 million or 14.7%. These restrictions are related to bond covenants and do not significantly affect the availability of resources for future use.

Cash and investments decreased $164 million, or 9.4%, to $1.6 billion, related to the decrease in fair value of investments and funds received related to the Housing Trust Fund. Program loans receivable (current and non-current) decreased $90.8 million, or 7.1%, to $1.2 billion, primarily as a result of loan payoffs related to the Department's Multifamily Bond Program.

Business Type Activities Cont'd

The Department has $2.4 million in bonds outstanding related to its revenue bonds. It has issued $60 million in revenue bonds. The Department's bonds have been rated AA+ by Standard & Poor's. Total bonds payable (current and non-current) decreased by $274 million, or 10.3%, due to the Department's monthly retirement of existing debt being greater than bond issuance. The $3.4 million decrease in total interest payable to $29.1 million is reflective of the decrease of the Department's debt. For more information on the Department's debt, refer to Note 5.

Statement of Activities

The Statement of Activities reflects the sources of the Department's changes in net assets as they arise through its various programs and functions. Single Family, Multifamily and Housing Trust Fund are shown as business-type activities, and ten major programs are shown as governmental activities. Federal and state assistance activities allocate various subsidy funds to local governments, nonprofit organizations or individuals.

A condensed Statement of Activities for the fiscal year's ended August 31, 2010 and 2011 is shown in the table below.

Texas Department of Housing and Community Affairs
Condensed Statement of Activities
(In Thousands)

	Governmental Activities		Business-Type Activities		Total		% Change
	2011	2010	2011	2010	2011	2010	
Program Revenues:							
Charge for Services	$ 5,646	$ 5,477	$ 130,146	$ 138,792	$ 135,792	$ 144,269	(5.9)
Operating Grants and Contributions	1,207,918	760,782	-	-	1,207,918	760,782	58.8
Total Revenue	1,213,564	766,259	130,146	138,792	1,343,710	905,051	48.5
Total Expenses:	1,031,318	670,025	125,594	136,169	1,156,912	806,194	43.5
Net Revenue	182,246	96,234	4,552	2,623	186,798	98,857	89.0
General Revenues	22,007	23,504	39,850	40,986	61,857	64,490	(4.1)
Transfers	(9,276)	(10,844)	6,720	8,683	(2,556)	(2,161)	18.3
Change in Net Assets	194,977	108,894	51,122	52,292	246,099	161,186	52.7
Beginning Net Assets	301,624	192,730	214,794	162,502	516,418	355,232	45.4
Ending Net Assets	$ 496,601	$ 301,624	$ 265,916	$ 214,794	$ 762,517	$ 516,418	47.7

Governmental Activities

Revenues of the Department's Governmental Activities were received primarily from Operating Grants and Contributions. The majority of the revenues were from the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Health and Human Services (HHS). General Revenues are revenues appropriated to the Department in accordance with legislative acts and regulations.

Total program and general revenues increased $446 million. This change consisted primarily of increases in Operating Grants and Contributions. It is a result of federal programs associated with the American Recovery and Reinvestment Act (ARRA). There is also an increase in LIHEAP and CDBG Programs.

Governmental Activities Cont'd

Expenses of the Department's Governmental Activities consisted primarily of Intergovernmental Payments and Public Assistance Payments. The Department distributes program funds to local providers, including local governments, nonprofit and for-profit organizations, community based organizations and real estate developers. The net impact to expenses is primarily due to increased activities in the ARRA, LIHEAP and CDBG programs.

Transfers composed primarily of the transferring out of the Housing Trust Fund (HTF) from Governmental Activities to Business-Type Activities (TDHCA, Rider 10, GAA 2010-2011). It also included transfers of Earned Federal Funds collected in accordance with S.B. 1, Article IX.

Net Assets are primarily composed of Restricted Net Assets which represent balances in federal funds and ARRA funds. These restrictions, commitments or limitations will not significantly affect the availability of fund resources for future use.

Business-Type Activities

Revenues of the Department's Business-Type Activities were primarily from Charges for Services of $130.1 million and an increase in fair value of investments of $33.2 million. Charges for Services consist primarily of earned interest income on loans for the three housing lending programs. It also includes program investment income which is earned within the Department's bond programs, the investments and the income of which are restricted to those programs by a pledge to the respective bond indentures. Total charges for services decreased $8.6 million which is accounted by a $7.1 million decrease in interest and investment income related to Single Family Mortgage Revenue bonds due to lower investment yields and a $2.9 million decrease related to Multifamily bonds due to lower mortgage loan balances.

Expenses of the Department's Business-Type Activities consist primarily of interest expense of $103.5 million, which decreased $13 million, professional fees and services of $4.3 million, which increased $1.7 million, and salaries and wages/payroll related expense of $11.6 million which increased $1.3 million. The decrease in interest expense is a result of an increase of the frequency in the retirement of the Department's bonds and lower interest rates related to the Department's variable rate debt. The direct expenses also include Administrative Funds, allocations of expenses of Department programs that directly involve the production or monitoring activities associated with the housing programs, as well as certain costs incurred, both internally and externally. Administrative expenses, which were incurred within the Department's Administrative Fund, including all other administrative and supportive functions and overhead expenses remained constant.

The Department's Business-Type Activities Charges for Services of $130.1 million exceeded expenses of $125.6 million by $4.5 million. Charges for Services, primarily interest income on loans and investment income, are intended to cover bond principal and interest expense as required by the bond indenture covenants. The Charges for Services also cover other direct expenses.

The Department's Business-Type Activities also generated $683.6 thousand of unrestricted investment income, which was used primarily to pay administrative costs.

Fund Financial Statements

The fund financial statements provide more detailed information about the Department's most significant funds and the Department as a whole. The Department has three types of funds:

- Governmental fund – The General Revenue Fund is the Department's only Governmental Fund. It is the principal operating fund used to account for the Department's general activities. The financing for this fund is authorized through state legislative appropriations either as committed or collected revenues. Federal and state programs are also reported within this fund. The Condensed Balance Sheet – Governmental Fund would be substantially the same as the Condensed Statement of Net Assets – Governmental-Activities; therefore, it is not included.

- Proprietary fund – The Department's activities in its proprietary fund are accounted for in a manner similar to businesses operating in the private sector. Funding has primarily arisen through the issuance of taxable and tax-exempt bonds whose proceeds are used primarily to fund various types of loans to finance low and moderate-income housing. This fund also receives fee income from the Multifamily Tax Credit Program and Compliance fees collected for the purpose of covering the operating costs of the Department. The net assets of these funds represent accumulated earnings since their inception and are generally restricted for program purposes or debt service. The Condensed Balance Sheet – Proprietary Fund would be substantially the same as the Condensed Statement of Net Assets – Business-Type Activities; therefore, it is not included.

- Fiduciary Fund – The Fiduciary Fund is used to account for the assets held for distribution by the state as an agent for another entity for which the government has custodial responsibility and accounts for the flow of assets. It includes a Suspense Fund Account, the Employees' Savings Bonds Account and the Child Support Addenda Deducts Account.

Governmental Fund

Texas Department of Housing and Community Affairs
Governmental Fund
Condensed Statements of Revenues, Expenditures and Changes in Fund Balances

			Increase / (Decrease)	
OPERATING REVENUES	**2011**	**2010**	**Amount**	**%**
Federal Revenues	$ 1,111,544,941	$ 734,061,870	$ 377,483,071	51.4
Federal Grant Pass-Through	95,741,310	25,245,729	70,495,581	279.2
Other Revenue	28,375,738	30,731,636	(2,355,898)	(7.7)
Total Operating Revenues	1,235,661,989	790,039,235	445,622,754	56.4
OPERATING EXPENDITURES				
Federal Grant Pass-Through	7,648,717	16,162,836	(8,514,119)	(52.7)
Intergovermental Payments	217,547,175	117,582,454	99,964,721	85.0
Public Assistance Payments	782,024,554	513,439,279	268,585,275	52.3
Other Operating Expenditures	24,292,616	22,338,811	1,953,805	8.7
Capital Outlay	104,528	3,944	100,584	2550.3
Total Operating Expenditures	1,031,617,590	669,527,324	362,090,266	54.1
Excess of Revenues over Expenditures	204,044,399	120,511,911	83,532,488	69.3
Other Financing Sources (Uses)	(9,275,683)	(10,844,139)	1,568,456	(14.5)
CHANGE IN FUND BALANCE	194,768,716	109,667,772	85,100,944	77.6
Beginning Fund Balance	303,345,722	193,953,430	109,392,292	56.4
Appropriations (Lapsed)	(92,696)	(275,480)	182,784	(66.4)
Ending Fund Balance	$ 498,021,742	$ 303,345,722	$ 194,676,020	64.2

Revenues of the Department’s governmental fund totaled $1.2 billion. These revenues were generated by federal grants primarily from LIHEAP, CSBG, CDBG, HOME and six ARRA programs. Expenditures of $1 billion consisted primarily of Intergovernmental and Public Assistance Payments.

Total revenues of the governmental fund increased by $446 million in 2011. It consisted of increases in Federal Revenues and Federal Grant Pass-Through Revenues.

Federal Revenues increased by $377 million. Three ARRA grants, TCAP, Exchange and DOE, significantly increased Federal Revenues. The increase in Federal Revenues was also attributed to the increase in LIHEAP Programs due to additional funding in program year 2011.

The change in Federal Grant Pass-Through Revenues represents increased CDBG disaster recovery activities resulting from hurricanes Ike and Dolly. This HUD award was passed through from the Texas Department of Rural Affairs (TDRA).

Governmental Fund Cont'd

The Department experienced similar changes in expenditures. The majority of the increase was attributed to the Intergovernmental and Public Assistance Payments for the ARRA grants and CDBG and LIHEAP Programs. Federal Pass-Through expenditures represent payments to TDRA for the CDBG disaster recovery program. The decrease was due to the phase out of the second round of CDBG funding for disaster relief assistance in the areas impacted by Hurricane Rita.

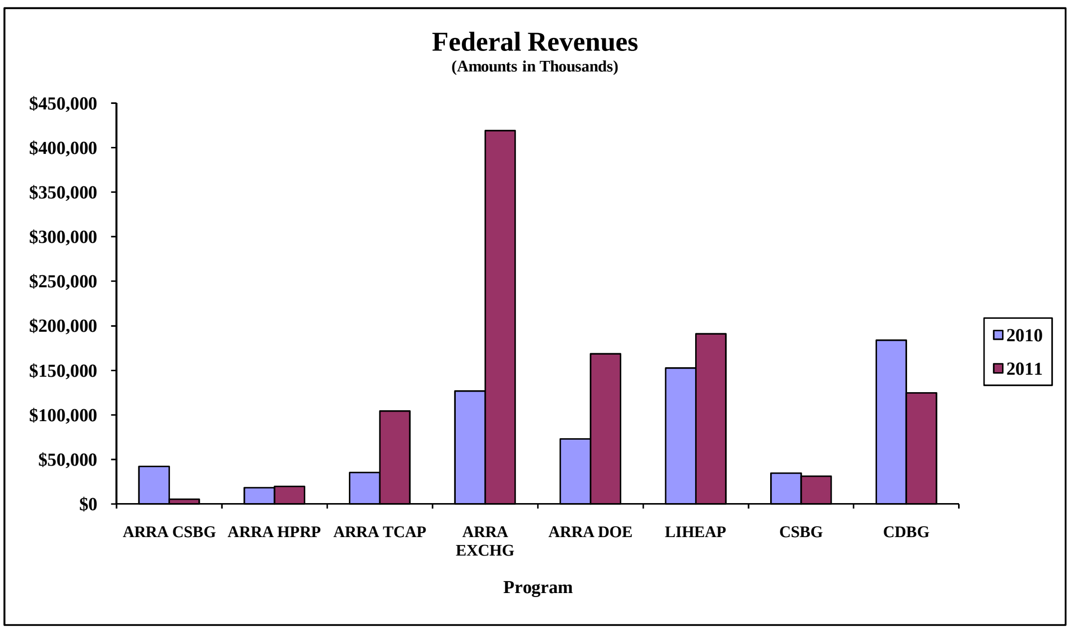
The fiscal year 2011 Other Financing Sources (Uses) consisted primarily of the transfer of HTF from General Revenue to Texas Treasury Safekeeping Trust Company. It also included transfers of interest earnings and loan repayments received during the year. There were also transfers of Earned Federal Funds to the Comptroller's Office for the amount collected in excess of spending authority. In addition, there was a decrease attributed to the transfer of Housing Trust Fund appropriation to the Veterans Commission of approximately $2 million in fiscal year 2011.

Governmental Fund Cont'd

The following graphs illustrate a comparison between fiscal year 2010 and 2011 for Federal Revenues, Intergovernmental and Public Assistance Payments. The acronyms used in the graphs are defined as follows:

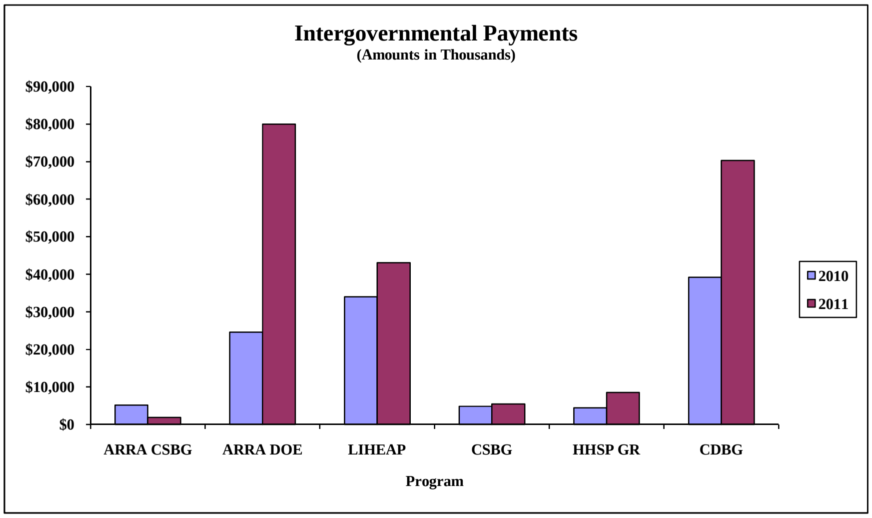
ARRA CSBG	Community Services Block Grant – Recovery Act
ARRA HPRP	Homeless Prevention and Rapid Re-Housing Program – Recovery Act
ARRA TCAP	Tax Credit Assistance Program – Recovery Act
ARRA Exchg	Housing Tax Credit Exchange – Recovery Act
ARRA DOE	Department of Energy, Weatherization Assistance for Low-Income Persons – Recovery Act
HOME	HOME Investment Partnerships Program
LIHEAP	Low-Income Home Energy Assistance Program
CSBG	Community Services Block Grant
HHSP GR	Homeless Housing & Services Program-General Revenue
CDBG	Community Development Block Grant

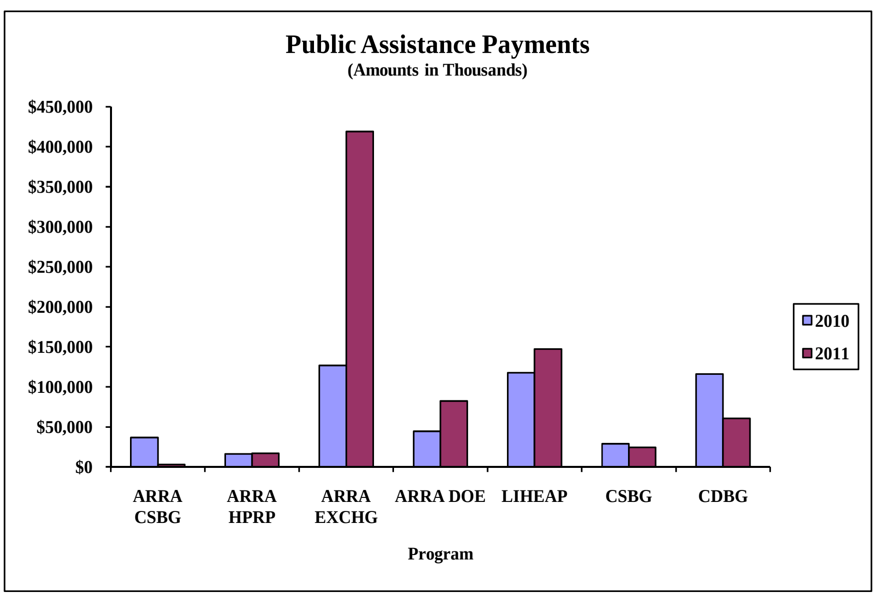
Federal Revenues: Receipts from the State's participation in programs financed with federal funds.



Governmental Fund Cont'd

Intergovernmental and Public Assistance Payments: Payment of grants to cities, counties, councils of government, community action groups and organizations for community service programs.





Proprietary Fund

The following table summarizes the Statement of Revenues, Expenses and Changes in Net Assets of the Department's proprietary fund for the fiscal years ended August 31, 2011 and August 31, 2010.

Texas Department of Housing and Community Affairs
Proprietary Fund
Condensed Statement of Revenues, Expenses and Changes in Net Assets

			Increase / (Decrease)	
OPERATING REVENUES	**2011**	**2010**	**Amount**	**%**
Interest and Investment Income	$ 111,581,189	$ 121,591,960	$ (10,010,771)	(8.23)
Net Increase in Fair Value	33,223,121	35,670,235	(2,447,114)	(6.86)
Other Operating Revenues	19,247,915	17,593,827	1,654,088	9.40
Total Operating Revenues	164,052,225	174,856,022	(10,803,797)	(6.18)
OPERATING EXPENSES				
Professional Fees and Services	4,327,131	2,644,144	1,682,987	63.65
Depreciation Expense	685,204	787,983	(102,779)	(13.04)
Interest	103,484,220	116,471,499	(12,987,279)	(11.15)
Bad Debt Expense	950,488	274,645	675,843	246.08
Other Operating Expenses	16,147,320	15,990,893	156,427	0.98
Total Operating Expenses	125,594,363	136,169,164	(10,574,801)	(7.77)
Operating Income	38,457,862	38,686,858	(228,996)	(0.59)
NONOPERATING REVENUES	12,664,487	13,605,722	(941,235)	(6.92)
CHANGE IN NET ASSETS	51,122,349	52,292,580	(1,170,231)	(2.24)
Beginning Net Assets	214,794,116	162,501,536	52,292,580	32.18
Ending Net Assets	$ 265,916,465	$ 214,794,116	$ 51,122,349	23.80

Net assets of the Department's proprietary fund increased by $51.1 million, or 23.8%, to $265.9 million.

Earnings within the Department's proprietary fund were $164.1 million of which $145.8 million is classified as restricted and $18.3 million is unrestricted.

Proprietary Fund Cont'd

Restricted earnings are composed of $110.9 million in interest and investment income, $33.2 million in fair value of investments, and $1.7 million in other revenue. Interest and investment income are restricted per bond covenants for debt service. Fair value of investments is an unrealized gain due to the fact that the Department holds investments until maturity. Other revenue is predominately an accounting recognition of fees received in previous years that are deferred when received and are being amortized over a period of time.

Interest earned on program loans decreased by $3.2 million, or 5.6%, due primarily to a decrease within the Department's Multifamily Bond Program, due to lower interest rates related to variable rate debt and the corresponding mortgage loans.

Investment income decreased $7.1 million or 10.9% and reflected lower investment yields. The primary changes in investment income were within the Single Family Revenue Bond Program funds, which decreased $6.9 million, or 13.9%. The remaining decrease is accounted for in the Housing Trust Fund Program and Housing Initiatives & Compliance.

The Net Increase in Fair Value of investments decreased by $2.4 million primarily due to a lower increase in the fair value of the Department's mortgage backed securities during the fiscal year.

Other Operating Revenues increased $1.7 million primarily due to an increase in collected fees related to the Department's various Housing Programs.

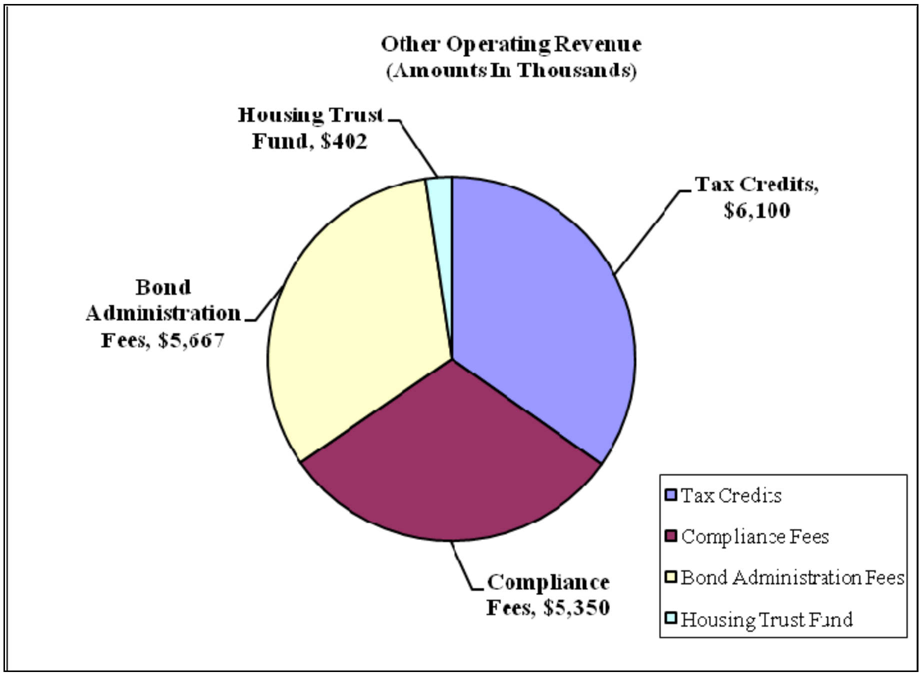
Interest expense decreased $13 million related to the Department's debt. One of the factors in this decrease is the Department's decision to pay down its bonds on a monthly basis as opposed to every six months and a decrease in interest rates related to variable rate debt.

Unrestricted earnings are composed of $683.6 thousand in interest and investment income and $17.5 million in other operating revenue.

Interest and investment income earned from unrestricted investments are used to support various housing initiatives such as the Housing Trust Fund and Bootstrap Programs. Sources for other operating revenues are fees from the Tax Credit Program, compliance fees, bond administrative fees, and miscellaneous interest earned from funds held by the Comptroller.

Fees earned under the Tax Credit Program are application fees, commitment fees and inspection fees. Yearly compliance fees are generated from the Department's portfolio of multifamily properties. The Department performs on-site visits and desk reviews to ensure the properties are in compliance with the various housing regulations. Bond administrative fees are generated yearly from the various bond issuances to support the Department's administrative expenses.

The graph below illustrates the composition of the $17.5 million in other operating revenue, classified as unrestricted earnings, according to the different housing programs.



The following table illustrates the changes in net assets by program of the Department's Proprietary Fund for fiscal years 2011and 2010.

Texas Department of Housing and Community Affairs
Proprietary Fund
Changes in Net Assets by Program
(amounts in thousands)

Program	2011	2010	Increase / (Decrease) Amount	Increase / (Decrease) %
Single Family	$ 123,147	$ 101,370	$ 21,777	21.5
RMRB	53,418	31,291	22,127	70.7
CHMRB	1,968	1,829	139	7.6
Multifamily	(563)	(402)	(161)	40.0
General Funds	14,459	13,326	1,133	8.5
Housing Trust Fund	66,462	61,747	4,715	7.6
Administration Fund	(1,081)	(529)	(552)	104.3
Housing Initiatives & Compliance	8,105	6,162	1,943	31.5
Total	$ 265,915	$ 214,794	$ 51,121	23.8

Proprietary Fund Cont'd

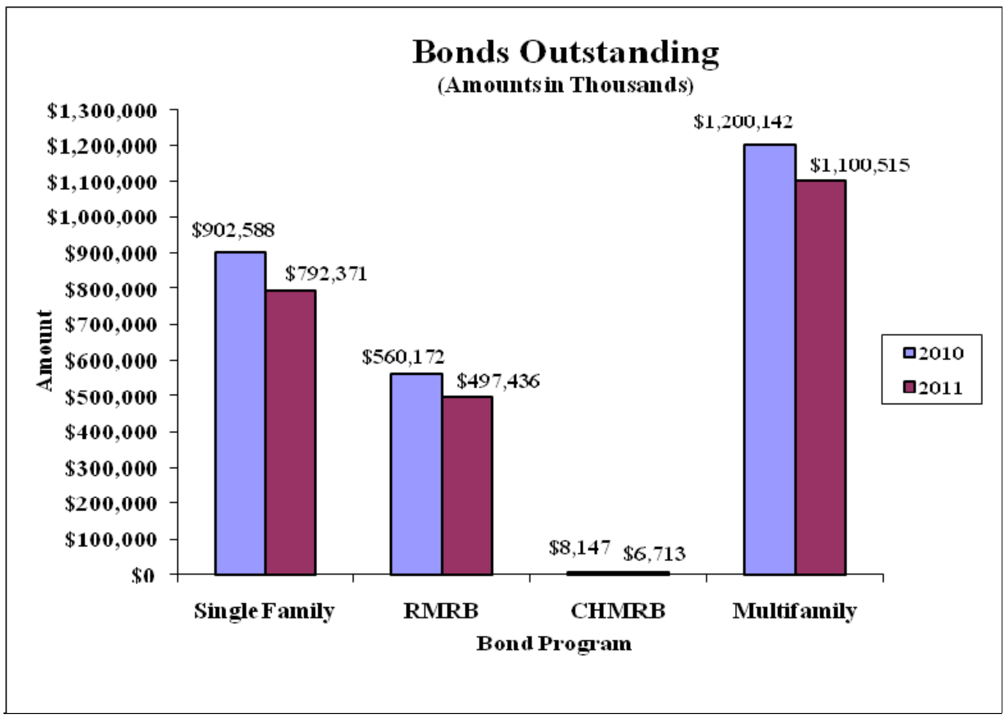
The net assets of the Single Family Bond Program increased by $21.8 million or 21.5%, and the RMRB Bond Program increased $22.1 million or 70.7%, primarily due to an increase in fair value in investments.

The net assets of the Housing Trust Fund increased $4.7 million or 7.6% primarily due to the yearly transfer of funds from general revenue appropriations.

Department Debt

The Department's new debt issuances during fiscal year 2011 totaled $60 million. The Residential Mortgage Revenue Bond Program issued $60 million in bonds. The Department also had $333 million in debt retirement during the year primarily due to consumer refinancing and prepayments of original loans. The net result was a decrease in bonds payable of $274 million to $2.4 billion of which $237 million is due within one year. For additional information, see Note 5, Bond Indebtedness, and supplementary bond information schedules.

The following graph illustrates a comparison of bonds outstanding between fiscal year 2010 and 2011 per bond program.



Request for Information

This financial report is designed to provide a general overview of the Texas Department of Housing and Community Affairs' (TDHCA) operations for all parties interested in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Texas Department of Housing and Community Affairs, Director of Financial Administration, P.O. Box 13941, Austin, Texas, 78711-3941.

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BASIC

FINANCIAL STATEMENTS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT I

STATEMENT OF NET ASSETS - GOVERNMENT WIDE

As of August 31, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents (Note 3):			
Cash on Hand	$ 200	$ 200	$ 400
Cash in Bank	30,000	95,722	125,722
Cash in State Treasury	-	1,434,843	1,434,843
Cash Equivalents	-	47,326,859	47,326,859
Restricted:			
Cash and Cash Equivalents (Note 3):			
Cash in Bank	-	2,401,389	2,401,389
Cash in State Treasury	6,070,889	-	6,070,889
Cash Equivalents	-	288,002,448	288,002,448
Short-term Investments (Note 3)	-	688,089	688,089
Loans and Contracts	-	12,089,151	12,089,151
Interest Receivable	-	13,704,994	13,704,994
Federal Receivable	39,098,470	-	39,098,470
Legislative Appropriations	4,140,727	-	4,140,727
Receivables From:			
Interest Receivable	169,931	94,649	264,580
Accounts Receivable	47,476	1,432,823	1,480,299
Other Intergovernmental	30,000	-	30,000
Interfund Receivable (Note 8)	-	95,231	95,231
Due From Other Funds (Note 8)	-	127,958	127,958
Due From Other Agencies (Note 8)	891,715	-	891,715
Consumable Inventories	17,990	17,989	35,979
Loans and Contracts	30,294,863	2,849,165	33,144,028
Other Current Assets	-	1,230,128	1,230,128
Total Current Assets	80,792,261	371,591,638	452,383,899
Non-Current Assets:			
Loans and Contracts	-	41,774,822	41,774,822
Capital Assets (Note 2):			
Depreciable or Amortizable, Net	146,994	104,237	251,231
Restricted Assets:			
Investments (Note 3)	-	1,232,370,854	1,232,370,854
Loans and Contracts	464,607,591	1,128,175,499	1,592,783,090
Deferred Outflow of Resources	-	38,672,925	38,672,925
Other Non-Current Assets:			
Deferred Issuance Cost, net (Note 5)	-	8,507,291	8,507,291
Real Estate Owned, net	-	405,650	405,650
Total Non-Current Assets	464,754,585	2,450,011,278	2,914,765,863
Total Assets	$ 545,546,846	$ 2,821,602,916	$ 3,367,149,762

The notes to the financial statements are an integral part of this statement.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT I (Continued)
STATEMENT OF NET ASSETS - GOVERNMENT WIDE
As of August 31, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities:			
Payables:			
Accounts Payable	$ 40,617,042	$ 1,929,928	$ 42,546,970
Accrued Bond Interest Payable	-	29,103,084	29,103,084
Payroll Payable	1,576,252	-	1,576,252
Due To Other Funds (Note 8)	127,958	-	127,958
Interfund Payable (Note 8)	95,231	-	95,231
Deferred Revenues	4,961,627	18,933,471	23,895,098
Employees' Compensable Leave (Note 4)	1,164,907	822,678	1,987,585
Revenue Bonds Payable (Notes 4 & 5)	-	237,154,879	237,154,879
Other Current Liabilities	-	1,767,893	1,767,893
Total Current Liabilities	48,543,017	289,711,933	338,254,950
Non-Current Liabilities:			
Employees' Compensable Leave (Note 4)	403,273	317,022	720,295
Revenue Bonds Payable (Notes 4 & 5)	-	2,159,880,108	2,159,880,108
Derivative Hedging Instrument (Note 6)	-	38,672,925	38,672,925
Other Non-Current Liabilities (Note 4)	-	67,104,463	67,104,463
Total Non-Current Liabilities	403,273	2,265,974,518	2,266,377,791
Total Liabilities	48,946,290	2,555,686,451	2,604,632,741
NET ASSETS			
Invested in Capital Assets	146,994	104,237	251,231
Restricted	495,064,096	179,534,185	674,598,281
Unrestricted	1,389,466	86,278,043	87,667,509
Total Net Assets	$ 496,600,556	$ 265,916,465	$ 762,517,021

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT II
STATEMENT OF ACTIVITIES - GOVERNMENT WIDE
For the Year Ended August 31, 2011

		Program Revenues		Net (Expenses) Revenue and Changes in Net Assets		
				Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	2011 Total
Primary Government						
Governmental Activities:						
Manufactured Housing	$ 5,271,991	$ 5,615,889	$ -	$ 343,898	$ -	$ 343,898
HOME Investment in Affordable Housing	16,293,841	-	43,852,560	27,558,719	-	27,558,719
Energy Assistance	193,858,245	-	193,967,836	109,591	-	109,591
Community Services	36,642,277	-	36,823,078	180,801	-	180,801
Community Development	140,738,905	-	167,884,831	27,145,926	-	27,145,926
Federal Emergency Management	1,539,445	-	1,537,205	(2,240)	-	(2,240)
Section 8	6,085,148	-	6,080,299	(4,849)	-	(4,849)
National Foreclosure Mitigation Counseling	231,541	-	231,541	-	-	-
Neighborhood Stabilization Program	1,427,919		37,448,826	36,020,907	-	36,020,907
Community Services Block Grant - ARRA	5,360,841	-	5,360,841	-	-	-
Homeless Prevention & Rapid Re-Housing-ARRA	19,643,486	-	19,680,419	36,933	-	36,933
DOE Weatherization Assistance - ARRA	168,103,655	-	168,506,679	403,024	-	403,024
Tax Credit Assistance Program - ARRA	-	-	104,349,032	104,349,032	-	104,349,032
Housing Tax Credit Exchange -ARRA	419,208,071	-	419,208,071	-	-	-
Homeless Housing & Services Program	11,625,843	-	891,627	(10,734,216)	-	(10,734,216)
Housing Trust Fund	2,606,756	761	184,473	(2,421,522)	-	(2,421,522)
Administration	2,680,221	29,336	1,910,104	(740,781)	-	(740,781)
Total Governmental Activities	1,031,318,185	5,645,986	1,207,917,422	182,245,223	-	182,245,223
Business-type Activities:						
Single Family Bonds	54,094,274	60,000,929	-	-	5,906,655	5,906,655
Multifamily Bonds	52,763,604	52,603,606	-	-	(159,998)	(159,998)
Housing Trust Fund Program	2,719,550	402,220	-	-	(2,317,330)	(2,317,330)
Administration	16,016,936	17,138,761	-	-	1,121,825	1,121,825
	125,594,364	130,145,516	-	-	4,551,152	4,551,152
Total Primary Government	$ 1,156,912,549	$ 135,791,502	$ 1,207,917,422	182,245,223	4,551,152	186,796,375
		General Revenues:				
		Original Appropriations		$ 19,634,858	-	19,634,858
		Additional Appropriations		1,837,903	-	1,837,903
		Interest & Other Investment Income		178,710	683,589	862,299
		Appropriations Lapsed		(92,696)	-	(92,696)
		Other Revenues		447,805	-	447,805
		Net Increase in Fair Value of Investments		-	33,223,121	33,223,121
		Transfers In (Out) (Note 8)		(9,275,683)	6,720,386	(2,555,297)
		Gain on sale of Investments		-	5,944,101	5,944,101
		Total General Revenues and Transfers		12,730,897	46,571,197	59,302,094
		Change in Net Assets		194,976,120	51,122,349	246,098,469
		Net Assets, September 1, 2010		301,624,436	214,794,116	516,418,552
		Net Assets - August 31, 2011		$ 496,600,556	$ 265,916,465	$ 762,517,021

The notes to the financial statements are an integral part of this statement.

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EXHIBIT III
BALANCE SHEET - GOVERNMENTAL FUND
As of August 31, 2011

	Total
ASSETS	
Current Assets:	
Cash and Cash Equivalents (Note 3):	
Cash on Hand	$ 200
Cash in Bank	30,000
Restricted:	
Cash and Cash Equivalents (Note 3):	
Cash in State Treasury	6,070,889
Federal Receivable	39,098,470
Legislative Appropriations	4,140,727
Accounts Receivable	47,476
Receivables From:	
Other Intergovernmental	30,000
Interest	169,931
Interfund Receivable (Note 8)	1,330,865
Due From Other Agencies (Note 8)	891,715
Consumable Inventories	17,990
Restricted - Loans and Contracts	30,294,863
Total Current Assets	82,123,126
Non-Current Assets:	
Restricted - Loans and Contracts	464,607,591
Total Non-Current Assets	464,607,591
Total Assets	546,730,717
LIABILITIES	
Current Liabilities:	
Payables:	
Accounts Payable	40,617,042
Payroll Payable	1,576,252
Interfund Payable (Note 8)	1,426,096
Due To Other Funds (Note 8)	127,958
Deferred Revenues	4,961,627
Total Liabilities	48,708,975
FUND FINANCIAL STATEMENT-FUND BALANCES	
Fund Balances:	
Nonspendable for Inventory	17,990
Restricted	492,969,806
Assigned	933,672
Unassigned	4,100,274
Total Fund Balances as of August 31	498,021,742
NOTE: Amounts reported for governmental activities in the statement of net assets are different because:	
Capital net assets net of accumulated depreciation used in governmental activities are not financial resources and therefore not reported in the funds.	146,994
Long term liabilities relating to employees' compensable leave are not due and payable in the current year therefore are not reported in the funds.	(1,568,180)
NET ASSETS AS OF AUGUST 31	$ 496,600,556

The notes to the financial statements are an integral part of this statement.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT IV
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
Year Ended August 31, 2011

		Total
REVENUES		
Legislative Appropriations:		
Original Appropriations (GR)	$	19,634,858
Additional Appropriations (GR)		1,837,903
Federal Revenue (PR-OP G/C)		1,111,544,941
Federal Revenue Grant Pass-Thru Revenue (PR-OP G/C)		95,741,310
State Grant Pass-Through Revenue (PR-OP G/C)		2,295
Licenses, Fees & Permits (PR-C/S)		5,050,358
Interest and Other Investment Income (PR-OP G/C)		293,748
Interest and Other Investment Income (GR)		178,710
Sales of Goods and Services (PR-C/S)		595,629
Other (PR-OP G/C)		335,127
Other (GR)		447,110
Total Revenues		1,235,661,989
EXPENDITURES		
Salaries and Wages		13,517,465
Payroll Related Costs		3,635,642
Professional Fees and Services		3,897,984
Travel		952,586
Materials and Supplies		423,071
Communication and Utilities		394,117
Repairs and Maintenance		384,249
Rentals & Leases		333,444
Printing and Reproduction		223,784
Claims and Judgments		(62,455)
Federal Pass-Through Expenditures		7,648,717
Intergovernmental Payments		217,547,175
Public Assistance Payments		782,024,554
Other Expenditures		592,729
Capital Outlay		104,528
Total Expenditures		1,031,617,590
Excess of Revenues Over Expenditures		204,044,399
OTHER FINANCING SOURCES (USES)		
Transfers Out (Note 8)		(9,275,683)
Total Other Financing (Uses)		(9,275,683)
Net Change in Fund Balances		194,768,716
FUND FINANCIAL STATEMENT-FUND BALANCES		
Fund Balances--Beginning		303,345,722
Appropriations (Lapsed)		(92,696)
Fund Balances - August 31	$	498,021,742

The notes to the financial statements are an integral part of this statement.

EXHIBIT IV (Continued)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
Year Ended August 31, 2011

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the statement of activities.

		Total
Net Change in Fund Balances (Exhibit IV)	$	194,768,716
Appropriations (Lapsed)		(92,696)
Changes in Fund Balances		194,676,020
Amounts reported for governmental activities in the Statement of Activities (Exhibit II) are different because of the adjustments to:		
- capital outlay expense		105,222
- depreciation expense		(43,400)
- payroll expense due to Compensable Leave		238,278
Changes in Net Assets, August 31 (Exhibit II)	$	194,976,120

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT V
STATEMENT OF NET ASSETS - PROPRIETARY FUND
August 31, 2011

	Total
ASSETS AND DEFERRED OUTFLOWS	
Current Assets:	
Cash and Cash Equivalents (Note 3)	
Cash on Hand	$ 200
Cash in Bank	95,722
Cash in State Treasury	1,434,843
Cash Equivalents	47,326,859
Restricted Assets:	
Cash and Cash Equivalents (Note 3)	
Cash in Bank	2,401,389
Cash Equivalents	288,002,448
Short-term Investments (Note 3)	688,089
Loans and Contracts	12,089,151
Interest Receivable	13,704,994
Receivable:	
Interest Receivable	94,649
Accounts Receivable	1,432,823
Interfund Receivable (Note 8)	95,231
Due From Other Funds (Note 8)	127,958
Consumable Inventories	17,989
Loans and Contracts	2,849,165
Other Current Assets	1,230,128
Total Current Assets	371,591,638
Non-Current Assets and Deferred Outflows:	
Loans and Contracts	41,774,822
Capital Assets: (Note 2)	
Depreciable or Amortizable, Net	104,237
Restricted Assets:	
Investments (Note 3)	1,232,370,854
Loans and Contracts	1,128,175,499
Deferred Outflow of Resources	38,672,925
Deferred Issuance Cost, net (Note 5)	8,507,291
Real Estate Owned, net	405,650
Total Non-Current Assets and Deferred Outflows	2,450,011,278
Total Assets and Deferred Outflows	$ 2,821,602,916

The notes to the financial statements are an integral part of this statement.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT V (Continued)
STATEMENT OF NET ASSETS - PROPRIETARY FUND
August 31, 2011

	Total
LIABILITIES AND DEFERRED INFLOWS	
Current Liabilities	
Payables:	
Accounts Payable	$ 1,929,928
Accrued Bond Interest Payable	29,103,084
Deferred Revenues	18,933,471
Employees' Compensable Leave (Note 4)	822,678
Revenue Bonds Payable (Notes 4 & 5)	237,154,879
Other Current Liabilities	1,767,893
Total Current Liabilities	289,711,933
Non-Current Liabilities and Deferred Inflows	
Employees' Compensable Leave (Note 4)	317,022
Revenue Bonds Payable (Note 4 & 5)	2,159,880,108
Derivative Hedging Instrument (Note 6)	38,672,925
Other Non-Current Liabilities (Note 4)	67,104,463
Total Non-Current Liabilities and Deferred Inflows	2,265,974,518
Total Liabilities and Deferred Inflows	2,555,686,451
NET ASSETS	
Invested in Capital Assets	104,237
Restricted	179,534,185
Unrestricted	86,278,043
Total Net Assets	$ 265,916,465

The notes to the financial statements are
an integral part of this statement.

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - PROPRIETARY FUND
For the fiscal year ended August 31, 2011

	Total
OPERATING REVENUES	
Interest and Investment Income	$ 111,581,189
Net Increase in Fair Value of Investments	33,223,121
Other Operating Revenues	19,247,915
Total Operating Revenues	164,052,225
OPERATING EXPENSES	
Salaries and Wages	9,376,410
Payroll Related Costs	2,175,875
Professional Fees and Services	4,327,131
Travel	277,983
Materials and Supplies	134,663
Communications and Utilities	132,421
Repairs and Maintenance	221,952
Rentals and Leases	96,867
Printing and Reproduction	88,554
Depreciation and Amortization	685,204
Interest	103,484,220
Bad Debt Expense	950,488
Down Payment Assistance	2,383,939
Other Operating Expenses	1,258,656
Total Operating Expenses	125,594,363
Operating Income	38,457,862
NONOPERATING REVENUES	
Gain on Sale of Investments	5,944,101
Total Non-Operating Revenues	5,944,101
Income before Other Revenues, Expenses, Gains, Losses and Transfers	44,401,963
OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS	
Transfers In (Note 8)	6,720,386
Total Other Revenues, Expenses, Gains, Losses and Transfers	6,720,386
CHANGE IN NET ASSETS	51,122,349
Net Assets, September 1, 2010	214,794,116
NET ASSETS, AUGUST 31, 2011	$ 265,916,465

The notes to the financial statements are an integral part of this statement.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VII
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the fiscal year ended August 31, 2011

	Total
CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds from Loan Programs	$ 129,579,222
Proceeds from Other Revenues	14,795,637
Payments to Suppliers for Goods/Services	(9,114,152)
Payments to Employees	(11,406,246)
Payments for Loans Provided	(16,641,794)
Net Cash Provided By Operating Activities	107,212,667
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from Debt Issuance	60,964,050
Proceeds from Transfers from Other Funds	6,720,386
Proceeds from Other Funds	48,763
Payments of Principal on Debt Issuance	(319,025,807)
Payments of Interest	(106,653,607)
Payments for Other Cost of Debt	(1,607,226)
Net Cash (Used for) Noncapital Financing Activities	(359,553,441)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for Additions to Capital Assets	(63,330)
Net Cash (Used for) Capital Activities	(63,330)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales of Investments	314,558,775
Proceeds from Interest/Invest. Income	65,209,387
Payments to Acquire Investments	(284,938,667)
Net Cash Provided by Investing Activities	94,829,495
Net Decrease in Cash and Cash Equivalents	(157,574,609)
Cash and Cash Equivalents, September 1, 2010	496,836,070
Cash and Cash Equivalents, August 31, 2011	$ 339,261,461

The notes to the financial statements are
an integral part of this statement.

EXHIBIT VII (Continued)
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the fiscal year ended August 31, 2011

		Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	$	38,457,862
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Amortization and Depreciation		685,204
Provision for Uncollectibles		950,488
Operating Income and Cash Flow Categories Classification Differences		8,164,641
Changes in Assets and Liabilities:		
Decrease in Receivables		315,177
Decrease in Accrued Interest Receivable		828,658
Decrease in Loans / Contracts		90,681,875
Decrease in Property Owned		115,269
Decrease in Acquisition Costs		1,270,809
(Increase) in Other Assets		(862,158)
Increase in Payables		1,279,322
(Decrease) in Deferred Revenues		(580,592)
(Decrease) in Accrued Interest Payable		(3,362,508)
(Decrease) in Other Liabilities		(30,731,380)
Total Adjustments		68,754,805
Net Cash Provided By Operating Activities	$	107,212,667

NON CASH TRANSACTIONS
Increase in Fair Value of Investments for 2011 was $33,223,121.
Partial forgiveness of debt for Multifamily issue 2001 Cobb Park was $3,031,470.
Cancellation of debt for Multifamily issue 2003 Spinx at Murdeaux in exchange of mortgage-backed securities was $14,222,840.
Cancellation of debt for Multifamily issue 2004 Spinx at Delafied in exchange of mortgage-backed securities was $10,898,663.
Cancellation of debt for Multifamily issue 2007 Summit Point in exchange of mortgage-backed securities was $9,445,242.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VIII
STATEMENT OF FIDUCIARY NET ASSETS
As of August 31, 2011

AGENCY FUND		Total
ASSETS		
Current Assets:		
Restricted:		
Cash in State Treasury	$	76,699
Total Current Assets		76,699
Total Assets	$	76,699
LIABILITIES		
Current Liabilities:		
Funds Held for Others	$	76,699
Total Current Liabilities		76,699
Total Liabilities	$	76,699

The notes to the financial statements are
an integral part of this statement.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT IX

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUND

August 31, 2011

	Beginning Balance September 1, 2010	Additions	Deductions	Ending Balance August 31, 2011
Suspense Fund (0900) U/F (0903)				
ASSETS				
Cash in State Treasury	$ 48,239	$ 216,033	$ 190,613	$ 73,659
Total Assets	$ 48,239	$ 216,033	$ 190,613	$ 73,659
LIABILITIES				
Funds Held for Others	$ 48,239	$ 216,033	$ 190,613	$ 73,659
Total Liabilities	$ 48,239	$ 216,033	$ 190,613	$ 73,659
Employees' Savings Bonds Account (0901) U/F (0901)				
ASSETS				
Cash in State Treasury	$ 300	$ 800	$ 1,100	$ -
Total Assets	$ 300	$ 800	$ 1,100	$ -
LIABILITIES				
Funds Held for Others	$ 300	$ 800	$ 1,100	$ -
Total Liabilities	$ 300	$ 800	$ 1,100	$ -
Child Support Addenda Deducts (0807) U/F (8070)				
ASSETS				
Cash in State Treasury	$ 4,189	$ 49,274	$ 50,423	$ 3,040
Total Assets	$ 4,189	$ 49,274	$ 50,423	$ 3,040
LIABILITIES				
Funds Held for Others	$ 4,189	$ 49,274	$ 50,423	$ 3,040
Total Liabilities	$ 4,189	$ 49,274	$ 50,423	$ 3,040
Totals - All Agency Funds				
ASSETS				
Cash in State Treasury	$ 52,728	$ 266,107	$ 242,136	$ 76,699
Total Assets	$ 52,728	$ 266,107	$ 242,136	$ 76,699
LIABILITIES				
Funds Held for Others	$ 52,728	$ 266,107	$ 242,136	$ 76,699
Total Liabilities	$ 52,728	$ 266,107	$ 242,136	$ 76,699

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NOTES TO THE

FINANCIAL STATEMENTS

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 with 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 government-wide financial statements are presented on the accrual basis of accounting and consist of the Statement of Net Assets and the Statement of Activities. Program revenues include charges to customers who purchase, use or directly benefit from services or privileges provided by the Department and grants/contributions that are restricted to meeting the operational requirements of a particular program. The fiduciary activity is not included in the government-wide statements.

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

Governmental Fund

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.

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. The fiduciary activity is not included in the government-wide financial statements.

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.

Agency funds are custodial in nature and do not involve measurement of operations and provide the most appropriate mechanism for accounting for assets and liabilities.

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.

ASSETS, LIABILITIES AND FUND BALANCES/NET ASSETS

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,* (GASB Statement 31). 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 (GNMA, FNMA, 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, 2011 with exception of some short-term money market investments, mortgage-backed securities related to multifamily, and nonparticipating interest-earning investments 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 Statement of Revenues, Expenses, and Changes in Net Assets-Proprietary Fund as "Net Increase in the Fair Value of Investments." These investments are held and pledged per bond covenants and are intended to be held until maturity. The sale of these assets is considered to be incidental to the Department's course of business and any gain/loss on the sale is reported as non-operating revenue.

Restricted Assets
Restricted assets include 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.

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 costs of these items are 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 the HOME, Community Development Block Grant (CDBG), 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. Deferred commitment fees relating to the Single Family, Residential Mortgage Revenue Bonds (RMRB) Series 1987A and certain Multifamily programs are included as a reduction of loans receivable. 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. Deferred commitment fees are recognized using the interest method over the estimated lives of the loans.

Deferred Outflow of Resources

The Department identified its derivative instruments and measured their effectiveness in accordance with Government Accountant Standards Board (GASB) Statement 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 a deferred outflow of resources.

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 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.

Commitment Fees
Commitment fees received in connection with the origination of loans are deferred and recognized using the interest method over the estimated lives of the related loans and mortgage-backed securities, or if the commitment expires unexercised it is credited to income upon expiration of the commitment.

Deferred Issuance Costs
Deferred issuance costs on bonds are amortized using the interest method over the contractual life 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 related deferred issuance costs.

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.

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

Deferred Revenues
Deferred Revenues in the proprietary fund represent fees such as commitment fees and compliance fees that are deferred upon receipt and amortized over a period of time. Deferred Revenues in the governmental fund represent 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 assets.

Bonds Payable – Revenue Bonds
Revenue bonds are accounted for in the proprietary funds. 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 assets.

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 Instrument
Per GASB Statement No. 53, the Department is to recognize its interest rate swaps at fair value on the Statement of Net Assets. For the year ended August 31, 2011, the fair value of the Department's five 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.

Fund Balance/Net Assets

Fund Balance/Net Assets – "Net assets" is the difference between fund assets and liabilities on the government-wide, proprietary and fiduciary fund statements. "Fund balance" is the difference between fund assets and liabilities on the governmental fund statements.

Fund Balance Components

The fund balance amounts for governmental funds were reclassified in accordance with Governmental Accounting Standards Board Statement 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.

Net Assets Components

Invested in Capital Assets
Includes amounts for capital assets net of accumulated depreciation. There is no debt associated with these capital assets.

Restricted Net Assets
Includes amounts restricted through bond covenants.

Unrestricted Net Assets
Includes amounts that do not fall under the Invested in Capital Assets or Restricted Net Assets categories.

Interfund Transactions and Balances

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

Legislative Sources/Uses
Budget transfers between agencies within the General Revenue Fund (0001).

Quasi-External Transactions
Charges or collections for services rendered by one fund to another that are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

Interfund Receivables and Payables
Interfund receivables and payables are eliminated from the statement of net assets except for amounts due between governmental and business-type activities.

NOTE 2: CAPITAL ASSETS

Capital Assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Depreciation and amortization was reported in the Statement of Activities in the Administration Function for Business-Type Activities in the amount of $32,126 and $43,400 for Governmental Activities. A summary of changes in Capital Assets for the year ended August 31, 2011, is presented below:

	PRIMARY GOVERNMENT				
	Balance 09/01/10	Adjustments	Additions	Deletions	Balance 08/31/11
GOVERNMENTAL ACTIVITIES					
Depreciable Assets					
Furniture and Equipment	$ 453,429	$ 13,170	$ 104,527	$ (2,748)	$ 568,378
Other Capital Assets	130,964	-	-	-	130,964
Total Depreciable Assets	$ 584,393	$ 13,170	$ 104,527	$ (2,748)	$ 699,342
Less Accumulated Depreciation for:					
Furniture and Equipment	$ (385,151)	$ (12,475)	$ (28,181)	$ 2,748	$ (423,059)
Other Capital Assets	(126,063)	-	(4,900)	-	(130,963)
Total Accumulated Depreciation	(511,214)	(12,475)	(33,081)	2,748	(554,022)
Depreciable Assets, Net	$ 73,179	$ 695	$ 71,446	$ -	$ 145,320
Amortizable Assets - Intangible					
Computer Software	$ 1,307,012	$ -	$ -	$ -	$ 1,307,012
Total Amortizable Assets - Intangible	$ 1,307,012	$ -	$ -	$ -	$ 1,307,012
Less Accumulated Amortization for:					
Computer Software	$ (1,295,019)	$ -	$ (10,319)	$ -	$ (1,305,338)
Total Accumulated Amortization	(1,295,019)	-	(10,319)	-	(1,305,338)
Amortizable Assets - Intangible, Net	$ 11,993	$ -	$ (10,319)	$ -	$ 1,674
Governmental Activities Capital Assets, Net	$ 85,172	$ 695	$ 61,127	$ -	$ 146,994
BUSINESS-TYPE ACTIVITIES					
Depreciable Assets					
Furniture and Equipment	$ 384,120	$ -	$ 63,330	$ (3,819)	$ 443,631
Other Capital Assets	132,279	-	-	-	132,279
Total Depreciable Assets	$ 516,399	$ -	$ 63,330	$ (3,819)	$ 575,910
Less Accumulated Depreciation for:					
Furniture and Equipment	$ (319,263)	$ -	$ (25,743)	$ 3,819	$ (341,187)
Other Capital Assets	(127,330)	-	(4,949)	-	(132,279)
Total Accumulated Depreciation	(446,593)	-	(30,692)	3,819	(473,466)
Depreciable Assets, Net	$ 69,806	$ -	$ 32,638	$ -	$ 102,444
Amortizable Assets - Intangible					
Computer Software	$ 679,785	$ -	$ -	$ -	$ 679,785
Total Amortizable Assets - Intangible	$ 679,785	$ -	$ -	$ -	$ 679,785
Less Accumulated Amortization for:					
Computer Software	$ (676,558)	$ -	$ (1,434)	$ -	$ (677,992)
Total Accumulated Amortization	(676,558)	-	(1,434)	-	(677,992)
Amortizable Assets - Intangible, Net	$ 3,227	$ -	$ (1,434)	$ -	$ 1,793
Business-Type Activities Capital Assets, Net	$ 73,033	$ -	$ 31,204	$ -	$ 104,237

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

As of August 31, 2011, the carrying amount of deposits was $2,527,111.

Governmental and Business-Type Activities CASH IN BANK - CARRYING VALUE	$	2,527,111

Governmental Funds Current Assets Cash in Bank	$	30,000
Texas Treasury Safekeeping Trust		95,722
Proprietary Funds Current Assets Restricted Cash in Bank		
Texas Treasury Safekeeping Trust		1,655,084
Demand Deposits		746,305
Cash in Bank per AFR	$	2,527,111

At August 31, 2011 the Department's cash and deposits in the State Treasury amounted to $7,505,732. Of that amount, $7,505,732 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. The Department holds $96,752,959 in overnight repurchase agreements maturing on the following business day, September 1, 2011, at a rate of .01%.

At August 31, 2011, 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				
U.S. Government Agency Obligations	$	1,093,593,165	$	1,216,987,217
Repurchase Agreements (TTSTC)		96,753,959		96,753,959
Fixed Income Money Markets		238,575,347		238,575,347
Misc (Investment Agreements/GICs)		16,071,727		16,071,727
Total	$	1,444,994,198	$	1,568,388,250

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

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, 2011, the Department's credit quality distribution for securities with credit risk exposure was as follows.

Standard & Poor's

Investment Type	Not Rated	AAA	AA+	A
U.S. Government Agency Obligations			$181,393,508	
Repurchase Agreements (TTSTC)	$96,753,959			
Misc (Investment Agreements/GICs)	$16,071,727			

	Not Rated	AAA-M	AA-M	A-M
Fixed Income Money Market		$238,575,347		

A total of $1,035,593,709 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.

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2011, the Department's concentration of credit risk is as follows.

Issuer	Carrying Value	% of Total Portfolio
Warburg	$96,753,959	6.17%

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.

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

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)

Government and 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	$ 1,216,987,217	$ -	$ -	$ 3,156,552	$1,213,830,665
Repurchase Agreements (TTSTC)	96,753,959	96,753,959			
Fixed Income Money Markets	238,575,347	238,575,347			
Misc (Investment Agreements/GICs)	16,071,727	688,089			15,383,638
Total	$ 1,568,388,250	$ 336,017,395	$ -	$ 3,156,552	$ 1,229,214,303

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, First-Time Homebuyer Program. Any other fluctuation in fair value generates an unrealized gain or loss.. As of August 31, 2011, the Department holds $1,216,987,217 in mortgage backed securities.

NOTE 4: SUMMARY OF LONG TERM LIABILITIES

Changes in Long-Term Liabilities

During the year ended August 31, 2011, the following changes occurred in liabilities.

Governmental Activities	Balance 09/01/2010	Additions	Reductions	Balance 08/31/2011	Amounts Due Within One Year
Compensable Leave	$ 1,806,459	$ 1,805,628	$ 2,043,907	$ 1,568,180	$ 1,164,907
Total Governmental Activities	$ 1,806,459	$ 1,805,628	$ 2,043,907	$ 1,568,180	$ 1,164,907

Business-Type Activities	Balance 09/01/2010	Additions	Reductions	Balance 08/31/2011	Amounts Due Within One Year
Revenue Bonds Payable	$ 2,671,049,369	$ 60,768,567	$ 334,782,949	$ 2,397,034,987	$ 237,154,879
Compensable Leave	993,661	1,052,074	906,035	1,139,700	822,678
Total Business-Type Activities	$ 2,672,043,030	$ 61,820,641	$ 335,688,984	$ 2,398,174,687	$ 237,977,557

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 Assets. 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.

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 5 for more information.)

Other Non-current Liabilities
Other non-current liabilities in the Enterprise Fund totaling $67,104,463 primarily account for funds due to Developers as a result of Multifamily unexpended bond proceeds and Developer deposits which have corresponding investment balances not adjusted to market value. 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.

NOTE 5: BOND INDEBTEDNESS

The Department has 114 bond issues outstanding at August 31, 2011. 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 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 1-A, 1-B, 1-C, 1-D and 1-E.)

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.

Bond contractual maturities (principal only) at August 31, 2011, are as follows (in thousands):

Description	2012	2013	2014	2015	2016	2017 to 2021	2022 to 2026
Single-family	$ 11,745	$ 12,895	$ 13,310	$ 14,245	$ 15,575	$ 98,875	$ 159,525
RMRB	215,645	4,850	5,145	5,360	5,525	31,415	43,160
CHMRB							6,600
Multifamily	9,534	9,216	9,593	10,211	10,889	67,695	127,912
Total	$ 236,924	$ 26,961	$ 28,048	$ 29,816	$ 31,989	$ 197,985	$ 337,197

Description	2027 to 2031	2032 to 2036	2037 to 2041	2042 to 2046	2047 to 2051	Total
Single-family	$ 175,865	$ 214,430	$ 70,845	$	$	$ 787,310
RMRB	64,330	64,050	56,735			496,215
CHMRB						6,600
Multifamily	148,445	165,823	343,418	162,727	35,256	1,100,719
Total	$ 388,640	$ 444,303	$ 470,998	$ 162,727	$ 35,256	$ 2,390,844

NOTE 5: BOND INDEBTEDNESS Cont'd

Actual maturities will differ from contractual maturities since the Department has the right to call or prepay obligations with or without call or prepayment penalties as the related loans and mortgage backed securities mature or prepay.

The interest payment requirements at August 31, 2011, are as follows (in thousands):

Description	2012	2013	2014	2015	2016	2017 to 2021	2022 to 2026
Single-family	$ 24,524	$ 23,991	$ 23,423	$ 22,827	$ 22,249	$ 102,263	$ 84,357
RMRB	12,555	12,400	12,266	12,094	11,897	55,818	47,474
CHMRB	480	437	480	437	480	2,271	1,306
Multifamily	51,299	48,937	48,390	47,813	47,198	225,197	199,459
Total	$ 88,858	$ 85,765	$ 84,559	$ 83,171	$ 81,824	$ 385,549	$ 332,596

Description	2027 to 2031	2032 to 2036	2037 to 2041	2042 to 2046	2047 to 2051	Total
Single-family	$ 60,075	$ 31,446	$ 4,128	$	$	$ 399,283
RMRB	34,019	18,524	5,886			222,933
CHMRB						5,891
Multifamily	158,287	118,402	69,557	25,742	1,191	1,041,472
Total	$252,381	$168,372	$ 79,571	$ 25,742	$ 1,191	$ 1,669,579

Interest requirements on variable rate debt are calculated using the interest rate in effect at August 31, 2011. Interest rates on variable rate debt reset on a weekly basis by the remarketing agent.

Deferred issuance costs at August 31, 2011, consist of the following:

	Amount
Deferred Issuance Costs at August 31, 2011	$ 44,742,536
Less Accumulated Amortization	(36,235,245)
Deferred Issuance Costs, net	$ 8,507,291

NOTE 5: BOND INDEBTEDNESS Cont'd

CHANGES IN BONDS PAYABLE

Description	Bonds Outstanding 09/01/10	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/11	Amounts Due Within One Year
Single Family	$ 896,080,000	$ -	$ 12,270,000	$ 96,500,000	$ 787,310,000	$ 11,921,745
RMRB	559,365,000	60,000,000	3,545,000	119,605,000	496,215,000	215,699,756
CHMRB	8,000,000	-	-	1,400,000	6,600,000	8,814
Multifamily	1,200,354,631	-	8,116,352	91,519,586	1,100,718,693	9,524,564
Total Principal	$ 2,663,799,631	$ 60,000,000	$ 23,931,352	$ 309,024,586	$ 2,390,843,693	$ 237,154,879
Unamortized Premium	9,656,808				8,054,330	
Unamortized Refunding (Loss)	(2,407,071)				(1,863,036)	
Total	$ 2,671,049,368				$ 2,397,034,987	

Demand Bonds

The Department currently holds seven single family bond series in the amount $307,865,000 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 which are 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 8/31/11**	**Liquidity Facility Expiration Date**
2004A Jr. Lien		Comptroller of Public Accounts	0.12%	3,855,000	8/31/2012
2004B	JP Morgan	Comptroller of Public Accounts	0.12%	53,000,000	8/31/2012
2004D	Piper Jaffray	Comptroller of Public Accounts	0.12%	35,000,000	8/31/2012
2005A	JP Morgan	Comptroller of Public Accounts	0.12%	70,820,000	8/31/2012
2005C	JP Morgan	Comptroller of Public Accounts	0.12%	4,900,000	8/31/2012
2006H	JP Morgan	Comptroller of Public Accounts	0.12%	36,000,000	8/31/2012
2007A	JP Morgan	Comptroller of Public Accounts	0.12%	104,290,000	8/31/2012
Total Demand Bonds				**307,865,000**	

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 yearly 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 take out provisions. For fiscal year 2011, the bondholders did not draw from the liquidity provider, Comptroller of Public Accounts, related to the Department's demand bonds.

NOTE 5: BOND INDEBTEDNESS Cont'd

Federal Arbitrage Regulations
In accordance with Federal law, the Agency is required to rebate to the Internal Revenue Service (IRS) the excess of the amount derived from investing the bond proceeds over the amount that would have been earned if those investments had a rate equal to the yield on the bond issue. As of August 31, 2011, the Bond Program had liabilities to the IRS totaling \$1.5 million reported in the Statement of Net Assets as Other Current Liabilities. Any increase in this liability account has been recorded as a decrease to interest income.

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 1-D.

	Pledged and Other Sources and Related Expenditures for FY 2011			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
Total Single Family Bonds	$ 138,670,267	$ 1,797,498	$ 12,270,000	$ 37,414,880
Total Residential Mtg Revenue Bonds	134,486,417	804,644	3,545,000	12,761,413
Total 1992 CHMRB	2,025,290	5,249	-	522,560
Total Multifamily Bonds	144,122,663	9,249	8,116,352	52,582,908
Total	**$ 419,304,637**	**$ 2,616,640**	**$ 23,931,352**	**$ 103,281,761**

NOTE 6: 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 five 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 a 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 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. Each swap agreement includes 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.

NOTE 6: DERIVATIVE INSTRUMENTS Cont'd

SUMMARY

The fair value balances and notional amounts of derivative instruments outstanding as of August 31 2011, classified by type, and the changes in fair value of such derivative instruments for the year ended as reported in the 2011 financial statements are as follows.

Business Type Activities		Changes in Fair Value		Fair Value at August 31, 2011		
Cash Flow Hedges	Bond Issue	Classification	Amount	Classification	Amount	Notional
Pay-fixed, receive-variable interest rate swap	2004B	Deferred outflow of resources	$ 771,097	Debt	$ (6,748,336)	$ 53,000,000
Pay-fixed, receive-variable interest rate swap	2004D	Deferred outflow of resources	$ 307,228	Debt	$ (4,127,198)	$ 35,000,000
Pay-fixed, receive-variable interest rate swap	2005A	Deferred outflow of resources	$ (1,408,738)	Debt	$ (9,614,320)	$ 70,820,000
Pay-fixed, receive-variable interest rate swap	2006H	Deferred outflow of resources	$ 257,831	Debt	$ (4,351,665)	$ 36,000,000
Pay-fixed, receive-variable interest rate swap	2007A	Deferred outflow of resources	$ (1,634,188)	Debt	$ (13,831,406)	$ 104,290,000
			$ (1,706,770)		$ (38,672,925)	$ 299,110,000

TERMS AND FAIR VALUE

The terms, including the fair value of the outstanding swaps as of August 31, 2011 are as follows. The notional amounts of the swaps match the principal amount of the associated debt.

Counterparty	Notional Amount	Fair Value	Effective Date	Fixed Rate	Variable Rate	Swap Termination Date
UBS AG	$ 53,000,000	$ (6,748,336)	9/1/2004	3.84%	63% of LIBOR + .30%	9/1/34 (a)
Goldman Sachs Capital Markets, LP	$ 35,000,000	$ (4,127,198)	1/1/2005	3.64%	Lesser of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR	3/1/35 (b)
JP Morgan Chase & Co.	$ 70,820,000	$ (9,614,320)	8/1/2005	4.01%	Less of (the greater of 65% of LIBOR and 56% of LIBOR + .45%) and LIBOR	9/1/36 (c)
UBS AG	$ 36,000,000	$ (4,351,665)	11/15/2006	3.86%	63% of LIBOR +.30%	9/1/25 (d)
JP Morgan Chase & Co.	$ 104,290,000	$ (13,831,406)	6/5/2007	4.01%	Less of (the greater of (a) 65% of LIBOR and (b) 56% of LIBOR + .45%) and LIBOR	9/1/38 (c)
Total	$ 299,110,000	$ (38,672,925)				

a. Swap Agreement has an optional early termination date of March 1, 2014 and every March and September thereafter. The maximum notional amount subject to early termination is equal to 60% of the current notional amount.
b. Swap Agreement has an optional early termination date of September 1, 2014 and every March and September thereafter.
c. Swap Agreement is subject to an early termination date at any time from mortgage loan prepayments with a 10 business day notice.
d. Swap Agreement has an optional early termination date of March 1, 2016 and every March and September thereafter. The maximum notional amount subject to early termination is current notional amount per the amortization schedule.

NOTE 6: DERIVATIVE INSTRUMENTS Cont'd

CREDIT RISK

As of August 31, 2011, 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. 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 agreements and insurance policies with the counterparties. The credit ratings for the counterparties are as follows.

Counterparty	Standard & Poor's	Moody's
UBS AG	A+	Aa3
Goldman Sachs Bank	Not Rated	Aa3
JP Morgan Chase & Co.	AA-	Aa1

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 LIBOR as the rate for payments received on these swaps. The Department will be exposed to basis risk should LIBOR and SIFMA converge. The swap agreements provide an option to terminate as stated in the Terms and Fair Value table on previous page.

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 optional termination rights which are listed below. The 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	60% may terminate as early as March 2014
2004D Single Family	March 2035	60% may terminate as early as September 2014, 100% may terminate after March 2023
2005A Single Family	September 2036	May terminate at anytime from mortgage loan prepayments giving 10 day notice
2006H Single Family	September 2037	100% may terminate as early as March 2016
2007A Single Family	September 2038	May terminate at anytime from mortgage loan prepayments giving 10 day notice

NOTE 6: DERIVATIVE INSTRUMENTS Cont'd

SWAP PAYMENTS AND ASSOCIATED DEBT

Using rates as of August 31, 2011, 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 Principal	Variable-Rate Bonds Interest	Interest Rate Swaps, Net	Total
2012	$ -	$ 583,220	$ 10,708,871	$ 11,287,391
2013	-	577,196	10,708,871	11,286,067
2014	-	578,520	10,708,871	11,287,391
2015	2,020,000	577,915	10,699,385	13,297,300
2016	3,435,000	574,427	10,614,466	14,623,893
2017-2021	32,705,000	2,740,777	50,795,972	86,241,749
2022-2026	71,400,000	2,228,225	41,147,011	114,775,236
2027-2031	83,810,000	1,471,927	26,849,587	112,131,514
2032-2036	86,375,000	638,137	11,193,340	98,206,477
2037-2041	19,365,000	40,430	882,521	20,287,951
	$ 299,110,000	**$ 10,010,774**	**$ 184,308,895**	**$ 493,424,969**

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, 2011, the Department has an aggregate liability related to the interest rate swaps in the amount of $5,441,699 payable September 1, 2011.

NOTE 7: LEASES

OPERATING LEASES

The Department's five-year operating lease at office space located at 1106 Clayton Lane, Austin, Texas expires on September 30, 2015.

Year Ended August 31	Governmental Activities	Business-Type Activities	Total
2012 (Future Year 1)	$ 132,994	$ 12,776	$ 145,770
2013 (Future Year 2)	132,994	12,776	145,770
2014 (Future Year 3)	132,994	12,776	145,770
2015 (Future Year 4)	132,994	12,776	145,770
2016 (Future Year 5)	11,083	1,065	12,148
Total Minimum Future Lease Rental Payments	$ 543,059	$ 52,169	$ 595,228

NOTE 8: 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, 2011, follows:

Fund	Current Interfund Receivable	Current Interfund Payable
General Fund (01)		
General Revenue (0001)	$ 1,330,865	$ 32,581
Consolidated Federal (0127, 0369)		1,393,515
Enterprise Fund (05, 0896)	95,231	
Total Interfund Receivable/Payable (Exhibit I, III, & V)	**$ 1,426,096**	**$ 1,426,096**

Fund	Current Due From Other Funds	Current Due To Other Funds
General Fund (01)		
General Revenue (0001)		$ 127,958
Enterprise Fund (05, 3054)	$ 127,958	
Total Due From Other Funds/Due to Other Funds (Exhibit I, III, & V)	**$ 127,958**	**$ 127,958**

General (01)	Due From Other Agencies	Due To Other Agencies	Source
Appd Fund 0369, D23 Fund 0369			
(Agency 781, D23 Fund 0369)	$ 891,627		Federal P-T
Appd Fund 5140, D23 Fund 5140			
(Agency 608, D23 Fund 5140)	88		Transfers
Total Due From Other Agencies/Due To Other Agencies (Exhibit I & III)	**$ 891,715**	-	

NOTE 8: INTERFUND ACTIVITY AND TRANSACTIONS Cont'd

Fund	Transfers In	Transfers Out	Purpose
General Fund (01)			
Appd Fund 0001, D23 Fund 0001		$ 6,720,386	Article VII-6, Rider 10
Appd Fund 0001, D23 Fund 0001		2,007,584	Article IX, Sect. 6.22
Appd Fund 0001, D23 Fund 0066		445,072	Gov't Code, Sect. 403.021
Appd Fund 0001, D23 Fund 0077		36,006	Gov't Code, Sect. 403.021
Appd Fund 0369, D23 Fund 0369		66,635	Article IX, Sect. 6.22
Total Transfers for Fund 0001 (Exhibit II & IV)		**$ 9,275,683**	
Enterprise Fund (05)			
Appd Fund 3054, D23 Fund 0999	$ 6,720,386		Article VII-6, Rider 10
Total Transfers for Fund 3054 (Exhibit VI)	**$ 6,720,386**		
Total Transfers*	**$ 6,720,386**	**$ 9,275,683**	

* The $2,555,297 difference between total transfers in/out represents transfers to the Texas Comptroller of Public Accounts.

NOTE 9: CONTINUANCE SUBJECT TO REVIEW

Under the Texas Sunset Act, the Department will be abolished effective September 1, 2013 unless continued in existence as provided by the Act. If abolished, the Department may continue until September 1, 2014 to close out its operations.

NOTE 10: CONTINGENCIES AND COMMITMENTS

The Department receives federal grants that are subject to review and audit by the grantor agencies. Such audits could result in request(s) for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The Department's management is currently communicating with the U.S. Department of Housing & Urban Development (HUD) to resolve ongoing HOME compliance matters. HUD has advised that if the State ultimately determines that it wishes to pursue resolution by requesting a reduction of grants, any such request would have to be made by the State's chief elected official. If a grant reduction is ultimately requested and approved, this would result in a decline in future services. Management believes it cannot reasonably estimate the amount of these reductions at this time.

The Department is a defendant in legal actions arising from transactions and activities conducted in the ordinary course of business. Management, after consultation with legal counsel, believes that it is reasonably possible it will incur additional losses associated with the conduct of this litigation. Management believes it cannot reasonably estimate the amount of these additional losses using information currently available.

NOTE 10: CONTINGENCIES AND COMMITMENTS Cont'd

DERIVATIVE INSTRUMENTS

All of the Department's derivative instruments include provisions that require posting collateral in the event its 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.

Series	Collateral Posting Exposure at Current Credit Rating	Credit Rating Downgrade Threshold	MTM Threshold
2004B [1]	None	A3/A- or below for FSA and TDHCA	After downgrade of FSA and TDHCA, 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
2006H	None	Baa1/BBB+ or below	After downgrade, 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) FSA Swap Insurance still in effect. Collateral posting only required if FSA is downgraded to A3/A- or below and TDHCA is downgraded to A3/A- or below.

As of August 31, 2011 the Department's credit rating related to the Single Family 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 $38,672,924.96. If the collateral posting requirements had been triggered at August 31, 2011, the Department would have been required to post eligible collateral equal to the aggregate fair value of the derivative instruments.

WAREHOUSING AGREEMENT

The Department revised its Warehousing Agreement on January 1, 2011 between PlainsCapital Bank and First Southwest Company. The agreement allows for the temporary warehousing of mortgage backed securities by the provider until the Department purchases them with expected issued bond proceeds. The maximum dollar volume of mortgage backed securities to be held by the providers should not exceed $200,000,000 ($100,000,000 per provider) at any time with a cumulative purchased maximum of $500,000,000 ($250,000,000 per provider). The Department has agreed to purchase the warehoused mortgage backed securities from the providers before December 31, 2011 at a price equal to the current par value of the securities. As of August 31, 2011, Plains Capital Bank and First Southwest Company have warehoused $49,316,018 in mortgage backed securities.

NOTE 11: SUBSEQUENT EVENTS

Bond Issuance	Series	Amount	Date of Issuance	Purpose
Revenue Bonds	Residential Mortgage Revenue Bond Series 2009 C-2 (NIBP Program Bonds)	$ 60,080,000	9/29/2011	Bonds are being issued for the primary purpose of providing funds for the purchase of mortgage-backed securities guaranteed as timely payments of principal and interest by Government National Mortgage Association ("Ginnie Mae").
Revenue Bonds	Residential Mortgage Revenue Bond Series 2011B	$ 87,955,000	9/29/2011	Bonds are being issued for the primary purpose of providing funds for the purchase of mortgage-backed securities guaranteed as timely payments of principal and interest by Government National Mortgage Association ("Ginnie Mae").

NOTE 12: 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. Currently there is no purchase of commercial insurance, nor is the Department involved in any risk pools with other government entities. The Department carries Public Official Liabilities Insurance coverage in the amount of $10,000,000; automobile liability insurance in the amount of $1,000,000, errors and omissions insurance of $300,000 related to loan servicing for others and a $350,000 Public Employee Fidelity Bond.

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. The Department incurred a claim of $100,000 in fiscal year 2010 and reported no claims in fiscal year 2011.

NOTE 13: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Department's Enterprise Fund 0896 reported a negative change in Net Assets of $551,828 resulting in a negative Net Assets balance of $1,080,831 at August 31, 2011. Balances are due to the accrual of expenditures with transfer of funds made in Fiscal Year 2012, therefore, offsetting the negative balance.

NOTE 14: 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. Each indenture imposes the requirement of separate accounting of the revenues, expenses, gains, losses, assets, and liabilities.

CONDENSED STATEMENT OF NET ASSETS

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds
Restricted Assets:			
Current Assets	$ 46,580,228	$ 222,941,333	$ 190,052
Non-Current Assets	936,917,262	332,964,258	8,751,867
Total Assets	983,497,490	555,905,591	8,941,919
Liabilities:			
Current Liabilities	41,227,600	220,750,787	269,529
Non-Current Liabilies	819,122,467	281,736,378	6,704,054
Total Liabilities	860,350,067	502,487,165	6,973,583
Net Assets:			
Restricted Net Assets	$ 123,147,423	$ 53,418,426	$ 1,968,336
Total Restricted Net Assets	$ 123,147,423	$ 53,418,426	$ 1,968,336

NOTE 14: SEGMENT INFORMATION FOR ENTERPRISE FUND Cont'd

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

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds
Operating Revenues:			
Interest and Investment Income	$ 43,788,088	$ 13,928,231	$ 588,500
Net Increase in Fair Value of Investments	18,687,633	14,521,706	13,782
Other Operating Revenues	723,486	935,834	36,790
Operating Expenses	(38,588,448)	(14,363,617)	(498,381)
Depreciation and Amortization	(443,328)	(196,960)	(3,541)
Operating Income	24,167,431	14,825,194	137,150
Nonoperating Revenues (Expenses):			
Other Nonoperating Revenues (Expenses):	-	5,944,101	-
Special and Extraordinary Items	-	-	-
Transfers In (Out)	(2,389,476)	1,357,968	2,019
Changes in Net Assets	21,777,955	22,127,263	139,169
Net Assets, September 1, 2010	101,369,468	31,291,163	1,829,167
Net Assets, August 31, 2011	$ 123,147,423	$ 53,418,426	$ 1,968,336

CONDENSED STATEMENT OF CASH FLOWS

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds
Net Cash Provided (Used) By:			
Operating Activities	$ 1,917,492	$ (9,662,720)	$ (1,221)
Noncapital Financing Activities	(151,150,092)	(75,171,638)	(1,907,114)
Investing Activities	125,220,724	(52,013,503)	1,851,516
Net Increase (Decrease)	(24,011,876)	(136,847,861)	(56,819)
Beginning Cash and Cash Equivalents	64,213,348	357,471,896	197,195
Ending Cash and Cash Equivalents	$ 40,201,472	$ 220,624,035	$ 140,376

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SUPPLEMENTARY BOND

SCHEDULES

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
SCHEDULE 1-A
Supplementary Bond Schedules
MISCELLANEOUS BOND INFORMATION
For the fiscal year ended August 31, 2011

Description of Issue	Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat. First Year	Scheduled Mat. Last Year	First Call Date	
2002 Single Family Series A	$ 38,750,000	5.45%	5.55%	2023	2034	03/01/2012	
2002 Single Family Series B	52,695,000	5.35%	5.55%	2033	2033	03/01/2012	
2002 Single Family Series C	12,950,000	2.80%	5.20%	2004	2017	03/01/2012	
2002 Single Family Series D	13,605,000	2.00%	4.50%	2003	2012	03/01/2012	
2004 Single Family Series A	123,610,000	2.00%	4.70%	2006	2035	03/01/2013	
2004 Single Family Series B	53,000,000	VAR - Weekly		2015	2034	03/01/2015	(f)
2004 Single Family Series A (Jr. Lien)	4,140,000	VAR - Weekly		2036	2036	09/01/2036	(f)
2004 Single Family Series C	41,245,000	4.30%	4.80%	2019	2036	09/01/2014	
2004 Single Family Series D	35,000,000	VAR - Weekly		2035	2035	(g)	
2004 Single Family Series E	10,825,000	2.45%	4.30%	2006	2013	09/01/2014	
2005 Single Family Series A	100,000,000	VAR - Weekly		2007	2036	03/01/2006	
2005 Single Family Series B	25,495,000	4.38%	4.38%	2006	2026	03/01/2006	
2005 Single Family Series C	8,970,000	VAR - Weekly		2017	2017	03/01/2006	
2005 Single Family Series D	3,730,000	5.00%	5.00%	2025	2035	03/01/2006	
2006 Single Family Series A	59,555,000	5.00%	5.00%	2008	2037	09/01/2006	
2006 Single Family Series B	70,485,000	5.00%	5.00%	2008	2034	09/02/2006	
2006 Single Family Series C	105,410,000	5.13%	5.13%	2008	2037	09/03/2006	
2006 Single Family Series D	29,685,000	4.50%	4.50%	2018	2028	09/04/2006	
2006 Single Family Series E	17,295,000	4.06%	4.06%	2007	2017	09/05/2006	
2006 Single Family Series F	81,195,000	4.65%	5.75%	2008	2038	03/01/2016	
2006 Single Family Series G	15,000,000	3.75%	4.60%	2012	2019	03/01/2016	
2006 Single Family Series H	36,000,000	VAR - Weekly		2016	2037	03/01/2016	
2007 Single Family Series A	143,005,000	VAR - Weekly		2008	2038	03/01/2008	(f)
2007 Single Family Series B	157,060,000	3.90%	5.63%	2008	2039	03/01/2008	
1998 RMRB Series A	102,055,000	4.05%	5.35%	2002	2031	01/01/2009	
1998 RMRB Series B	14,300,000	5.30%	5.30%	2022	2022	01/01/2009	
1999 RMRB Series A	25,615,000	4.80%	5.50%	2018	2021	01/01/2009	
2000 RMRB Series B	82,975,000	5.70%	5.70%	2005	2033	07/01/2010	
2000 RMRB Series C	13,675,000	5.82%	5.85%	2011	2025	07/01/2010	
2001 RMRB Series A	52,715,000	3.15%	5.70%	2004	2033	07/01/2011	
2001 RMRB Series B	15,585,000	5.00%	5.25%	2011	2022	07/01/2011	
2001 RMRB Series C	32,225,000	2.55%	4.63%	2003	2015	07/01/2011	
2002 RMRB Series A	42,310,000	2.25%	5.35%	2004	2034	07/01/2012	
2003 RMRB Series A	73,630,000	1.70%	5.00%	2005	2034	01/01/2013	
2009 RMRB Series A	80,000,000	5.13%	5.13%	2011	2039	01/01/2019	
2009 RMRB Series B	22,605,000	4.72%	4.72%	2010	2022	01/01/2019	
2009 RMRB Series C	300,000,000	VAR - Weekly		2010	2041	12/31/2011	
2009 RMRB Series C-1	89,030,000	0.70%	3.57%	2029	2041	04/01/2011	
2011 RMRB Series A	60,000,000	0.70%	5.05%	2012	2029	01/01/2021	
1992 Coll Home Mtg Rev Bonds, Series C	72,700,000	3.48%	10.27%	2024	2024	05/04/1995	
TOTAL SINGLE FAMILY & RMRB BONDS	$ 2,318,125,000						
1996 MF Series A/B (Brighton's Mark)	$ 10,174,000	6.13%	6.13%	2026	2026	01/01/2003	
1996 MF Series A/B (Braxton's Mark)	14,867,000	5.81%	5.81%	2026	2026	01/01/2003	
1998 MF Series A (Pebble Brook)	10,900,000	4.95%	5.60%	2001	2030	06/01/2001	
1998 MF Series A-C (Residence Oaks)	8,200,000	5.98%	7.18%	2001	2030	05/01/2001	
1998 MF Series A/B (Greens of Hickory Trial)	13,500,000	5.20%	6.03%	2001	2030	09/01/2008	
1999 MF Series A-C (Mayfield)	11,445,000	5.70%	7.25%	2001	2031	05/01/2002	
2000 MF Series A (Timber Point Apts)	8,100,000	VAR - Weekly		2003	2032	07/01/2000	(a)
2000 MF Series A/B (Oaks at Hampton)	10,060,000	7.20%	9.00%	2002	2040	03/01/2017	(a)
2000 MF Series A (Deerwood Apts)	6,435,000	5.25%	6.40%	2003	2032	06/01/2010	
2000 MF Series A (Creek Point Apts)	7,200,000	VAR - Weekly		2004	2032	07/01/2000	(a)
2000 MF Series A/B (Parks @ Westmoreland)	9,990,000	7.20%	9.00%	2002	2040	07/01/2017	(a)
2000 MF Series A-C (Highland Meadow Apts)	13,500,000	6.75%	8.00%	2004	2033	05/01/2019	

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
SCHEDULE 1-A
Supplementary Bond Schedules
MISCELLANEOUS BOND INFORMATION (Continued)
For the fiscal year ended August 31, 2011

Description of Issue	Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat. First Year	Scheduled Mat. Last Year	First Call Date	
2000 MF Series A/B (Greenbridge)	$ 20,085,000	7.40%	10.00%	2003	2040	03/01/2014	
2000 MF Series A-C (Collingham Park)	13,500,000	6.72%	7.72%	2004	2033	05/01/2019	
2000 MF Series A/B (Williams Run)	12,850,000	7.65%	9.25%	2002	2040	01/01/2011	
2001 MF Series A (Bluffview Senior Apts)	10,700,000	7.65%	7.65%	2003	2041	05/01/2018	
2001 MF Series A (Knollwood Villas Apts)	13,750,000	7.65%	7.65%	2003	2041	05/01/2018	
2001 MF Series A (Skyway Villas)	13,250,000	6.00%	6.50%	2005	2034	12/01/2011	
2001 MF Series A/B (Cobb Park)	7,785,000	6.77%	6.77%	2003	2041	07/01/2018	
2001 MF Series A (Greens Road Apts.)	8,375,000	5.30%	5.40%	2004	2034	12/01/2011	
2001 MF Series A/B (Meridian Apts.)	14,310,000	5.45%	6.85%	2004	2034	12/01/2011	
2001 MF Series A/B (Wildwood Apts.)	14,365,000	5.45%	6.75%	2004	2034	12/01/2011	
2001 MF Series A-C (Fallbrook Apts.)	14,700,000	6.06%	6.78%	2005	2034	01/01/2012	
2001 MF Series A (Oak Hollow Apts.)	8,625,000	7.00%	7.90%	2003	2041	11/01/2018	
2001 MF Series A/B (Hillside Apts.)	12,900,000	7.00%	9.25%	2003	2041	11/01/2018	
2002 MF Series A (Millstone Apts.)	12,700,000	5.35%	5.86%	2005	2035	06/01/2012	
2002 MF Series A (West Oaks Apts.)	10,150,000	7.15%	7.50%	2004	2042	12/01/2018	
2002 MF Series A (Park Meadows Apts)	4,600,000	6.53%	6.53%	2004	2034	05/01/2012	
2002 MF Series A (Clarkridge Villas Apts)	14,600,000	7.00%	7.00%	2004	2042	08/01/2019	
2002 MF Series A (Hickory Trace Apts)	11,920,000	7.00%	7.00%	2004	2042	12/01/2019	
2002 MF Series A (Green Crest Apts)	12,500,000	7.00%	7.00%	2004	2042	11/01/2019	
2002 MF Series A/B (Ironwood Crossing)	16,970,000	5.50%	8.75%	2005	2042	10/01/2027	
2002 MF Series A (Woodway Village Apts)	9,100,000	4.95%	5.20%	2006	2023	01/01/2013	
2003 MF Series A/B (Reading Road)	12,200,000	VAR-Weekly		2007	2036	01/01/2004	(a)
2003 MF Series A/B (North Vista Apts)	14,000,000	4.10%	5.41%	2006	2036	06/01/2013	
2003 MF Series A/B (West Virginia Apts)	9,450,000	4.15%	5.41%	2006	2036	06/01/2013	
2003 MF Series A/B (Sphinx @ Murdeaux)	15,085,000	3.55%	5.00%	2005	2042	06/20/2013	
2003 MF Series A/B (Primrose Houston School)	16,900,000	5.50%	8.00%	2006	2036	07/01/2003	(a)
2003 MF Series A/B (Timber Oaks Apts)	13,200,000	6.75%	8.75%	2005	2043	06/01/2020	
2003 MF Series A/B (Ash Creek Apts)	16,375,000	5.60%	15.00%	2006	2036	10/01/2003	(a)
2003 MF Series A/B (Peninsula Apts)	12,400,000	4.25%	5.30%	2007	2024	10/01/2013	
2003 MF Series A (Evergreen @ Mesquite)	11,000,000	6.60%	8.00%	2006	2043	09/01/2020	
2003 MF Series A/B (Arlington Villas)	17,100,000	6.75%	8.00%	2007	2036	01/01/2007	(a)
2003 MF Series A/B (Parkview Twnhms)	16,600,000	6.60%	8.50%	2006	2043	12/01/2020	
2003 MF Series A (NHP-Asmara) Refunding	31,500,000	VAR - Weekly		2007	2033	07/01/2007	(a)
2004 MF Series A/B (Timber Ridge)	7,500,000	5.75%	8.00%	2007	2037	03/01/2007	(a)
2004 MF Series A/B (Century Park)	13,000,000	5.75%	5.75%	2007	2037	05/01/2007	(a)
2004 MF Series A/B (Veterans Memorial)	16,300,000	6.60%	8.50%	.2006	2044	03/01/2006	(a)
2004 MF Series A (Rush Creek)	10,000,000	5.38%	6.70%	2006	2044	03/01/2021	
2004 MF Series A (Humble Park)	11,700,000	6.60%	6.60%	2007	2041	07/01/2021	
2004 MF Series A (Chisholm Trail)	12,000,000	VAR - Weekly (b)		2006	2037	10/15/2006	(a)
2004 MF Series A (Evergreen @ Plano)	14,750,000	5.25%	6.55%	2007	2044	06/01/2021	
2004 MF Series A (Montgomery Pines)	12,300,000	VAR - Weekly		2006	2037	12/15/2006	(a)
2004 MF Series A (Bristol)	12,625,000	VAR - Weekly		2007	2037	06/15/2007	(a)
2004 MF Series A (Pinnacle)	14,500,000	VAR - Weekly (c)		2007	2044	09/01/2007	(a)
2004 MF Series A (Tranquility Bay)	14,350,000	6.50%	6.50%	2007	2044	06/01/2021	(e)
2004 MF Series A (Sphinx @ Delafield)	11,380,000	5.05%	5.35%	2006	2044	07/20/2014	
2004 MF Series A (Churchill @ Pinnacle)	10,750,000	5.25%	6.55%	2007	2044	09/01/2021	(e)
2004 MF Series A/B (Post Oak East)	13,600,000	VAR - Weekly		(d)	2037	(d)	
2004 MF Series A (Village Fair)	14,100,000	5.00%	6.50%	2007	2044	12/01/2021	
2005 MF Series A (Pecan Grove)	14,030,000	5.00%	6.50%	2007	2045	01/01/2022	
2005 MF Series A (Prairie Oaks)	11,050,000	4.75%	6.50%	2007	2045	01/01/2022	
2005 MF Series A (Port Royal)	12,200,000	5.00%	6.50%	2007	2045	02/01/2022	
2005 MF Series A (Del Rio)	11,490,000	5.00%	6.50%	2007	2045	02/01/2022	
2005 MF Series A (Atascocita Pines)	11,900,000	VAR - Weekly (c)		2007	2037	(f)	
2005 MF Series A (Tower Ridge)	15,000,000	VAR - Weekly (b)		2009	2038	(f)	
2005 MF Series A (Prairie Ranch)	12,200,000	4.85%	4.85%	2007	2045	12/20/2015	
2005 MF Series A (St Augustine)	7,650,000	VAR - Weekly		2009	2038	n/a	
2005 MF Series A (Park Manor)	10,400,000	5.00%	6.40%	2008	2045	09/01/2022	

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
SCHEDULE 1-A
Supplementary Bond Schedules
MISCELLANEOUS BOND INFORMATION (Continued)
For the fiscal year ended August 31, 2011

Description of Issue	Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat. First Year	Scheduled Mat. Last Year	First Call Date
2005 MF Series A (Mockingbird)	$ 14,360,000	6.40%	6.40%	2007	2045	08/01/2022
2005 MF Series A (Chase Oaks)	14,250,000	5.05%	5.05%	2007	2035	(h)
2005 MF Series A/B (Canal Place)	16,100,000	3.45%	8.00%	2019	2039	(i)
2005 MF Series A (Coral Hills)	5,320,000	5.05%	5.05%	2038	2038	08/01/2015
2006 MF Series A (Harris Branch)	15,000,000	VAR - Weekly		2009	2039	(j)
2006 MF Series A (Bella Vista)	6,800,000	6.15%	6.15%	2008	2046	04/01/2016
2006 MF Series A (Village Park)	13,660,000	4.75%	5.13%	2009	2026	06/01/2021
2006 MF Series A (Oakmoor)	14,635,000	5.50%	6.00%	2008	2046	03/01/2023
2006 MF Series A (Sunset Pointe)	15,000,000	VAR - Weekly		2039	2039	(i)
2006 MF Series A (Hillcrest)	12,435,000	5.25%	5.25%	2009	2039	04/01/2021
2006 MF Series A (Pleasant Village)	6,000,000	6.00%	6.00%	2008	2023	(k)
2006 MF Series A (Grove Village)	6,180,000	6.00%	6.00%	2008	2023	(k)
2006 MF Series A (Red Hills Villas)	5,015,000	VAR - Weekly		2036	2036	(j)
2006 MF Series A (Champion Crossing)	5,125,000	VAR - Weekly		2036	2036	(j)
2006 MF Series A (Stonehaven)	11,300,000	5.80%	5.80%	2008	2026	(h)
2006 MF Series A (Center Ridge)	8,325,000	5.00%	5.00%	2009	2039	05/01/2021
2006 MF Series A (Meadowlands)	13,500,000	6.00%	6.00%	2009	2046	09/01/2023
2006 MF Series A (East Tex Pines)	13,500,000	4.95%	4.95%	2010	2046	(l)
2006 MF Series A (Villas at Henderson)	7,200,000	VAR - Weekly		2010	2039	(m)
2006 MF Series A (Aspen Park Apts)	9,800,000	5.00%	5.00%	2010	2039	07/01/2021
2006 MF Series A (Idlewilde Apts)	14,250,000	VAR - Weekly		2010	2040	(j)
2007 MF Series A (Lancaster Apts)	14,250,000	VAR - Weekly		2010	2040	(j)
2007 MF Series A (Park Place)	15,000,000	5.80%	5.80%	2010	2047	03/01/2024
2007 MF Series A (Terrace at Cibolo)	8,000,000	VAR - Weekly		2010	2040	(m)
2007 MF Series A (Santora Villas)	13,072,000	5.80%	5.80%	2010	2047	06/01/2024
2007 MF Series A (Villas @ Mesquite Creek)	16,860,000	5.00%	5.81%	2010	2047	01/20/2017
2007 MF Series A (Summit Point)	11,700,000	4.80%	5.25%	2009	2047	06/20/2017
2007 MF Series A (Costa Rialto)	12,385,000	5.35%	5.35%	2010	2047	08/01/2025
2007 MF Series A (Windshire)	14,000,000	VAR - Weekly		2010	2041	(j)
2007 MF Series A (Residences @ Onion Creek)	15,000,000	VAR - Weekly		2011	2040	(j)
2008 MF Series A (West Oaks)	13,125,000	VAR - Weekly		2011	2041	(n)
2008 MF Series A (Costa Ibiza)	13,900,000	VAR - Weekly		2011	2041	(f)
2008 MF Series A (Addison Park)	14,000,000	VAR - Weekly		2008	2044	(n)
2008 MF Series A (Alta Cullen Apartments)	14,000,000	VAR - Weekly		2011	2045	(n)
2009 MF Series A (Costa Mariposa Apartments)	13,690,000	VAR - Weekly		2012	2042	(n)
2009 MF Series A (Woodmont Apartments)	15,000,000	VAR - Weekly		2012	2042	(n)
TOTAL MULTIFAMILY BONDS	$ 1,294,428,000					
TOTAL BONDS ISSUED	$ 3,612,553,000					

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) No set amortization, per trustee, amortization will occur in $100,000 denominations when the amount in the principal reserve fund exceeds 20% of the issue.

(e) 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.

(f) 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.

(g) The Series bonds are subject to redemption prior to maturity, after giving notice as provided in the Trust Indendure, 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.

(h) 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.

(i) 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.

(j) The Bonds are subject to optional redemption in whole or in part upon optional prepayment of the Loan by the Borrower.

(k) The Bonds are subject to optional redemption at the direction of the Borrower on any interest payment date, in whole or in part, at the redemption price (as calculated by the sole bondholder) calculated in accordance with the Exhibit H plus accrued and unpaid interest, if any, to the redemption date. Optional redemptions may be made only in denominations of $100,000 plus integral multiples of $5,000 or for the entire amount of the bonds outstanding.

(l) 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.

(m) 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.

(n) 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.

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-B
CHANGES IN BOND INDEBTEDNESS
For the fiscal year ended August 31, 2011

Description of Issue	Bonds Outstanding 09/01/10	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/11	Amounts Due Within One Year
2002 Single Family Series A	$ 31,505,000	$	$	$ 1,325,000	$ 30,180,000	$
2002 Single Family Series B	21,705,000			3,935,000	17,770,000	2,843
2002 Single Family Series C	8,080,000		500,000	325,000	7,255,000	497,618
2002 Single Family Series D	2,640,000		835,000	40,000	1,765,000	862,323
2004 Single Family Series A	66,185,000		2,110,000	8,340,000	55,735,000	1,935,000
2004 Single Family Series B	53,000,000				53,000,000	-
2004 Single Family Series A (Jr. Lien)	3,855,000				3,855,000	-
2004 Single Family Series C	19,575,000			2,740,000	16,835,000	-
2004 Single Family Series D	35,000,000				35,000,000	-
2004 Single Family Series E	4,875,000		960,000	585,000	3,330,000	888,868
2005 Single Family Series A	77,290,000			6,470,000	70,820,000	-
2005 Single Family Series B	12,400,000		560,000	1,720,000	10,120,000	482,300
2005 Single Family Series C	5,800,000			900,000	4,900,000	-
2005 Single Family Series D	3,040,000				3,040,000	-
2006 Single Family Series A	43,370,000		420,000	4,925,000	38,025,000	459,082
2006 Single Family Series B	49,505,000		1,175,000	5,590,000	42,740,000	1,176,835
2006 Single Family Series C	75,350,000		1,255,000	8,515,000	65,580,000	1,355,941
2006 Single Family Series D	17,135,000			4,440,000	12,695,000	(33,984)
2006 Single Family Series E	12,680,000		1,370,000		11,310,000	1,348,874
2006 Single Family Series F	54,750,000		385,000	12,365,000	42,000,000	403,601
2006 Single Family Series G	8,185,000		810,000	1,590,000	5,785,000	750,000
2006 Single Family Series H	36,000,000				36,000,000	-
2007 Single Family Series A	120,775,000			16,485,000	104,290,000	(21,805)
2007 Single Family Series B	133,380,000		1,890,000	16,210,000	115,280,000	1,814,249
1998 RMRB Series A	27,720,000			27,720,000	-	-
1998 RMRB Series B	5,175,000			5,175,000	-	-
1999 RMRB Series A	3,655,000			3,655,000	-	-
2000 RMRB Series B	12,000,000			12,000,000	-	-
2000 RMRB Series C	3,675,000			3,675,000	-	-
2001 RMRB Series A	21,995,000			21,995,000	-	-
2001 RMRB Series B	10,600,000		650,000	9,950,000	-	-
2001 RMRB Series C	4,770,000		930,000	3,840,000	-	-
2002 RMRB Series A	22,700,000		330,000	1,670,000	20,700,000	293,087
2003 RMRB Series A	47,535,000		620,000	3,215,000	43,700,000	583,834
2009 RMRB Series A	79,990,000		250,000	24,440,000	55,300,000	533,287
2009 RMRB Series B	19,550,000		765,000	1,545,000	17,240,000	1,025,542
2009 RMRB Series C	300,000,000	(89,030,000)			210,970,000	210,970,000
2009 RMRB Series C-1		89,030,000		435,000	88,595,000	-
2011 RMRB Series A		60,000,000		290,000	59,710,000	2,294,006
1992 Coll Home Mtg Rev Bonds, Series C	8,000,000	-	-	1,400,000	6,600,000	8,814
Total Single Family Bonds	$ 1,463,445,000	$ 60,000,000	$ 15,815,000	$ 217,505,000	$ 1,290,125,000	$ 227,630,315
1996 MF Series A/B (Brighton's Mark)	$ 8,075,000	$	$		$ 8,075,000	$
1996 MF Series A/B (Braxton's Mark)	14,273,700			14,273,700	-	-
1998 MF Series A (Pebble Brook)	9,250,000		225,000		9,025,000	245,000
1998 MF Series A-C (Residence Oaks)	6,929,000		180,000		6,749,000	189,000
1998 MF Series A/B (Greens of Hickory Trial)	11,565,000		290,000		11,275,000	310,000
1999 MF Series A-C (Mayfield)	9,741,000		248,000		9,493,000	263,000
2000 MF Series A (Timber Point Apts)	7,370,000			200,000	7,170,000	-
2000 MF Series A/B (Oaks at Hampton)	9,508,287		96,379		9,411,908	103,550
2000 MF Series A (Deerwood Apts)	5,780,000		115,000		5,665,000	120,000
2000 MF Series A (Creek Point Apts)	6,260,000			200,000	6,060,000	-
2000 MF Series A/B (Parks @ Westmoreland)	9,464,168		93,604		9,370,564	100,571
2000 MF Series A-C (Highland Meadow Apts)	8,175,000		149,000		8,026,000	159,000

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-B
CHANGES IN BOND INDEBTEDNESS (Continued)
For the fiscal year ended August 31, 2011

Description of Issue	Bonds Outstanding 09/01/10	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2011	Amounts Due Within One Year
2000 MF Series A/B (Greenbridge)	$ 19,474,075	$	$	$	$ 19,474,075	$ 498,074
2000 MF Series A-C (Collingham Park)	12,323,000		244,000		12,079,000	259,000
2000 MF Series A/B (Williams Run)	12,417,289				12,417,289	525,227
2001 MF Series A (Bluffview Senior Apts)	10,296,591		74,486		10,222,105	80,348
2001 MF Series A (Knollwood Villas Apts)	13,231,600		95,717		13,135,883	103,250
2001 MF Series A (Skyway Villas)	7,190,000		135,000		7,055,000	145,000
2001 MF Series A/B (Cobb Park)	7,584,303		9,059	7,575,244	-	-
2001 MF Series A (Greens Road Apts.)	7,675,000		145,000		7,530,000	155,000
2001 MF Series A/B (Meridian Apts.)	8,413,000		75,000		8,338,000	84,000
2001 MF Series A/B (Wildwood Apts.)	6,512,000		60,000		6,452,000	67,000
2001 MF Series A-C (Fallbrook Apts.)	13,580,000		251,000		13,329,000	268,000
2001 MF Series A (Oak Hollow Apts.)	6,252,173		49,217		6,202,956	52,775
2001 MF Series A/B (Hillside Apts.)	12,456,677		55,426		12,401,251	59,433
2002 MF Series A (Millstone Apts.)	10,050,000		195,000		9,855,000	215,000
2002 MF Series A (West Oaks Apts.)	9,387,762		52,802	9,334,960	-	-
2002 MF Series A (Park Meadows Apts)	4,140,000		80,000		4,060,000	80,000
2002 MF Series A (Clarkridge Villas Apts)	13,529,328		99,871		13,429,457	107,090
2002 MF Series A (Hickory Trace Apts)	11,186,559		82,049		11,104,510	87,981
2002 MF Series A (Green Crest Apts)	11,137,858		81,692		11,056,166	87,598
2002 MF Series A/B (Ironwood Crossing)	16,612,853		94,615		16,518,238	103,235
2002 MF Series A (Woodway Village Apts)	7,300,000		130,000	45,000	7,125,000	135,000
2003 MF Series A/B (Reading Road)	11,610,000		30,000	200,000	11,380,000	30,000
2003 MF Series A/B (North Vista Apts)	12,290,000		230,000		12,060,000	240,000
2003 MF Series A/B (West Virginia Apts)	8,865,000		165,000		8,700,000	165,000
2003 MF Series A/B (Sphinx @ Murdeaux)	14,200,000		90,000	14,110,000	-	-
2003 MF Series A/B (Primrose Houston School)	16,294,476		100,503		16,193,973	108,975
2003 MF Series A/B (Timber Oaks Apts)	12,913,340		72,942		12,840,398	79,586
2003 MF Series A/B (Ash Creek Apts)	16,018,853		101,439		15,917,414	109,967
2003 MF Series A/B (Peninsula Apts)	11,605,000		180,000	15,000	11,410,000	185,000
2003 MF Series A (Evergreen @ Mesquite)	10,504,584		98,902	10,405,682	-	-
2003 MF Series A/B (Arlington Villas)	16,811,691		94,502		16,717,189	102,396
2003 MF Series A/B (Parkview Twnhms)	16,221,678		102,420		16,119,258	111,473
2003 MF Series A (NHP-Asmara) Refunding	20,035,000		430,000		19,605,000	440,657
2004 MF Series A/B (Timber Ridge)	6,557,974		42,119		6,515,855	45,150
2004 MF Series A/B (Century Park)	12,100,000		190,000		11,910,000	200,000
2004 MF Series A/B (Veterans Memorial)	15,934,152		102,036		15,832,116	111,055
2004 MF Series A (Rush Creek)	8,662,944		59,737		8,603,207	63,865
2004 MF Series A (Humble Park)	11,290,000		120,000		11,170,000	130,000
2004 MF Series A (Chisholm Trail)	11,500,000			100,000	11,400,000	-
2004 MF Series A (Evergreen @ Plano)	14,481,800		96,886		14,384,914	103,426
2004 MF Series A (Montgomery Pines)	12,100,000			200,000	11,900,000	-
2004 MF Series A (Bristol)	12,100,000			100,000	12,000,000	-
2004 MF Series A (Pinnacle)	14,065,000			200,000	13,865,000	-
2004 MF Series A (Tranquility Bay)	13,982,022		102,339		13,879,683	109,192
2004 MF Series A (Sphinx @ Delafield)	10,915,000			10,915,000	-	-
2004 MF Series A (Churchill @ Pinnacle)	9,879,304		81,665		9,797,639	87,178
2004 MF Series A/B (Post Oak East)	13,600,000			13,600,000	-	-
2004 MF Series A (Village Fair)	13,794,149		96,824		13,697,325	103,309
2005 MF Series A (Pecan Grove)	13,733,417		95,824		13,637,593	102,242
2005 MF Series A (Prairie Oaks)	10,816,414		75,470		10,740,944	80,525
2005 MF Series A (Port Royal)	11,948,806		82,876		11,865,930	88,429
2005 MF Series A (Del Rio)	11,253,424		25,455		11,227,969	135,879
2005 MF Series A (Atascocita Pines)	11,600,000			100,000	11,500,000	-
2005 MF Series A (Tower Ridge)	15,000,000				15,000,000	-
2005 MF Series A (Prairie Ranch)	11,810,000		125,000		11,685,000	135,000
2005 MF Series A (St Augustine)	6,380,000				6,380,000	-

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-B
CHANGES IN BOND INDEBTEDNESS (Continued)
For the fiscal year ended August 31, 2011

Description of Issue	Bonds Outstanding 09/01/10	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2011	Amounts Due Within One Year
2005 MF Series A (Park Manor)	$ 10,400,000				$ 10,400,000	$
2005 MF Series A (Mockingbird)	14,104,203		96,744		14,007,459	103,121
2005 MF Series A (Chase Oaks)	13,670,193		238,319		13,431,874	250,636
2005 MF Series A/B (Canal Place)	16,043,577		81,743	290,000	15,671,834	88,884
2005 MF Series A (Coral Hills)	4,900,000		20,000	50,000	4,830,000	55,000
2006 MF Series A (Harris Branch)	14,700,000			210,000	14,490,000	-
2006 MF Series A (Bella Vista)	6,695,000		45,000		6,650,000	50,000
2006 MF Series A (Village Park)	10,415,000		150,000		10,265,000	155,000
2006 MF Series A (Oakmoor)	14,326,180		100,196		14,225,984	106,376
2006 MF Series A (Sunset Pointe)	15,000,000				15,000,000	-
2006 MF Series A (Hillcrest)	10,990,000		150,000		10,840,000	150,000
2006 MF Series A (Pleasant Village)	5,817,917		83,923		5,733,994	88,201
2006 MF Series A (Grove Village)	5,992,455		86,442		5,906,013	90,847
2006 MF Series A (Red Hills Villas)	4,915,000				4,915,000	-
2006 MF Series A (Champion Crossing)	4,925,000				4,925,000	-
2006 MF Series A (Stonehaven)	11,161,340		82,069		11,079,271	86,957
2006 MF Series A (Center Ridge)	8,325,000				8,325,000	-
2006 MF Series A (Meadowlands)	12,326,515		82,018		12,244,497	87,077
2006 MF Series A (East Tex Pines)	13,500,000		80,000		13,420,000	95,000
2006 MF Series A (Villas at Henderson)	7,200,000			175,000	7,025,000	-
2006 MF Series A (Aspen Park Apts)	9,695,000		95,000		9,600,000	100,000
2006 MF Series A (Idlewilde Apts)	14,040,000			105,000	13,935,000	-
2007 MF Series A (Lancaster Apts)	14,040,000			105,000	13,935,000	-
2007 MF Series A (Park Place)	15,000,000			850,000	14,150,000	-
2007 MF Series A (Terrace at Cibolo)	8,000,000			3,000,000	5,000,000	-
2007 MF Series A (Santora Villas)	13,072,000			1,000,000	12,072,000	-
2007 MF Series A (Villas @ Mesquite Creek)	16,650,000		155,000		16,495,000	165,000
2007 MF Series A (Summit Point)	11,535,000		80,000	2,100,000	9,355,000	85,000
2007 MF Series A (Costa Rialto)	12,385,000		91,042		12,293,958	96,029
2007 MF Series A (Windshire)	14,000,000			200,000	13,800,000	-
2007 MF Series A (Residences @ Onion Creek)	15,000,000				15,000,000	-
2008 MF Series A (West Oaks)	13,125,000				13,125,000	-
2008 MF Series A (Costa Ibiza)	13,900,000			350,000	13,550,000	-
2008 MF Series A (Addison Park)	13,800,000			210,000	13,590,000	-
2008 MF Series A (Alta Cullen Apartments)	14,000,000			1,300,000	12,700,000	-
2009 MF Series A (Costa Mariposa Apartments)	13,690,000				13,690,000	-
2009 MF Series A (Woodmont Apartments)	15,000,000	-	-	-	15,000,000	-
Total Multifamily Bonds	$ 1,200,354,631	$	$ 8,116,352	$ 91,519,586	$ 1,100,718,693	$ 9,524,564
	$ 2,663,799,631	$ 60,000,000	$ 23,931,352	$ 309,024,586	$ 2,390,843,693	$ 237,154,879

FOOTNOTES:

(a) Bonds Outstanding balance at 8/31/11 does not include unamortized premium or discounts.

Bonds Outstanding per schedule	$ 2,390,843,693
Unamortized (Discount)/Premium:	
Single Family	6,396,242
RMRB	1,749,214
CHMRB	112,868
Multifamily	(203,994)
Unamortized Deferred Gain/(Loss) on Refunding:	
Single Family	(1,334,955)
RMRB	(528,081)
Bonds Outstanding	$ 2,397,034,987

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)
August 31, 2011

DESCRIPTION		2012	2013	2014	2015	2016
2002 Single Family, Series A	Principal	-	-	-	-	-
2002 Single Family, Series A	Interest	1,660,927	1,660,927	1,660,927	1,660,927	1,660,927
2002 Single Family, Series B	Principal	-	-	-	-	-
2002 Single Family, Series B	Interest	978,616	978,615	978,615	978,615	978,615
2002 Single Family, Series C	Principal	510,000	1,080,000	1,150,000	1,225,000	1,285,000
2002 Single Family, Series C	Interest	360,605	335,900	279,890	218,920	154,440
2002 Single Family, Series D	Principal	865,000	900,000	-	-	-
2002 Single Family, Series D	Interest	59,530	20,250	-	-	-
2004 Single Family, Series A	Principal	1,935,000	2,120,000	3,010,000	1,815,000	1,465,000
2004 Single Family, Series A	Interest	2,485,293	2,411,381	2,328,140	2,220,809	2,151,215
2004 Single Family, Series A (Junior Lien)	Principal	-	-	-	-	-
2004 Single Family, Series A (Junior Lien)	Interest	9,178	8,846	8,867	8,867	8,887
2004 Single Family, Series B	Principal	-	-	-	895,000	1,840,000
2004 Single Family, Series B	Interest	95,447	89,894	90,100	90,100	88,011
2004 Single Family, Series C	Principal	-	-	-	485,000	480,000
2004 Single Family, Series C	Interest	780,760	780,760	780,760	775,600	754,745
2004 Single Family, Series D	Principal	-	-	-	1,125,000	1,185,000
2004 Single Family, Series D	Interest	76,524	76,824	77,000	76,395	74,055
2004 Single Family, Series E	Principal	905,000	935,000	970,000	100,000	100,000
2004 Single Family, Series E	Interest	127,828	91,765	53,045	21,285	16,985
2005 Single Family, Series A	Principal	-	-	-	-	-
2005 Single Family, Series A	Interest	140,102	141,316	141,640	141,640	141,964
2005 Single Family, Series B	Principal	535,000	555,000	555,000	585,000	635,000
2005 Single Family, Series B	Interest	461,266	438,819	415,178	390,861	364,419
2005 Single Family, Series C	Principal	-	-	-	-	-
2005 Single Family, Series C	Interest	16,348	15,155	15,190	15,190	15,225
2005 Single Family, Series D	Principal	-	-	-	-	-
2005 Single Family, Series D	Interest	152,000	152,000	152,000	152,000	152,000
2006 Single Family, Series A	Principal	435,000	460,000	470,000	490,000	510,000
2006 Single Family, Series A	Interest	1,895,875	1,873,875	1,850,625	1,826,875	1,802,250
2006 Single Family, Series B	Principal	1,140,000	1,180,000	1,220,000	1,280,000	1,335,000
2006 Single Family, Series B	Interest	2,122,875	2,065,375	2,005,875	1,944,125	1,879,500
2006 Single Family, Series C	Principal	1,195,000	1,265,000	1,335,000	1,400,000	1,470,000
2006 Single Family, Series C	Interest	3,345,856	3,283,716	3,217,988	3,148,800	3,076,153
2006 Single Family, Series D	Principal	-	-	-	-	-
2006 Single Family, Series D	Interest	587,000	587,000	587,000	587,000	587,000
2006 Single Family, Series E	Principal	1,420,000	1,480,000	1,545,000	1,605,000	1,675,000
2006 Single Family, Series E	Interest	443,597	385,952	325,066	260,476	191,579
2006 Single Family, Series F	Principal	335,000	345,000	355,000	380,000	415,000
2006 Single Family, Series F	Interest	2,203,901	2,184,495	2,164,514	2,143,814	2,121,389
2006 Single Family, Series G	Principal	750,000	795,000	840,000	900,000	725,000
2006 Single Family, Series G	Interest	244,359	213,134	179,165	142,610	102,742
2006 Single Family, Series H	Principal	-	-	-	-	410,000
2006 Single Family, Series H	Interest	64,832	61,060	61,200	61,200	61,340
2007 Single Family, Series A	Principal	-	-	-	-	-
2007 Single Family, Series A	Interest	206,315	208,102	208,580	208,580	209,057
2007 Single Family, Series B	Principal	1,720,000	1,780,000	1,860,000	1,960,000	2,045,000
2007 Single Family, Series B	Interest	6,004,896	5,925,412	5,841,472	5,752,302	5,656,249
TOTAL SINGLE FAMILY BONDS		36,268,930	36,885,573	36,732,837	37,071,991	37,823,747

2017-21	2022-26	2027-31	2032-36	2037-41	2042-46	2047-51	TOTAL REQUIRED
-	17,095,000	-	13,085,000	-	-	-	30,180,000
8,304,637	6,653,036	3,631,087	1,983,850	-	-	-	28,877,245
-	-	8,005,000	9,765,000	-	-	-	17,770,000
4,893,076	4,893,076	3,946,523	964,891	-	-	-	19,590,642
2,005,000	-	-	-	-	-	-	7,255,000
105,300	-	-	-	-	-	-	1,455,055
-	-	-	-	-	-	-	1,765,000
-	-	-	-	-	-	-	79,780
8,130,000	9,620,000	11,920,000	15,720,000	-	-	-	55,735,000
9,764,242	7,758,313	5,269,641	2,163,058	-	-	-	36,552,092
-	-	-	-	3,855,000	-	-	3,855,000
44,312	44,333	44,333	44,353	4,456	-	-	226,432
10,300,000	12,435,000	15,080,000	12,450,000	-	-	-	53,000,000
389,071	293,844	178,441	43,212	-	-	-	1,358,120
2,950,000	3,900,000	3,985,000	5,035,000	-	-	-	16,835,000
3,442,067	2,647,125	1,748,225	663,121	-	-	-	12,373,163
6,945,000	8,320,000	8,600,000	8,825,000	-	-	-	35,000,000
326,749	241,264	151,328	45,130	-	-	-	1,145,269
320,000	-	-	-	-	-	-	3,330,000
24,510	-	-	-	-	-	-	335,418
5,000,000	17,060,000	20,730,000	25,225,000	2,805,000	-	-	70,820,000
701,961	584,275	397,747	171,003	2,821	-	-	2,564,469
3,450,000	3,710,000	95,000	-	-	-	-	10,120,000
1,358,166	471,048	2,019	-	-	-	-	3,901,776
4,900,000	-	-	-	-	-	-	4,900,000
22,813	-	-	-	-	-	-	99,921
-	460,000	1,815,000	765,000	-	-	-	3,040,000
759,999	757,749	345,499	98,498	-	-	-	2,721,745
3,160,000	4,310,000	5,655,000	14,645,000	7,890,000	-	-	38,025,000
8,583,874	7,665,375	6,449,999	4,509,249	397,499	-	-	36,855,496
7,535,000	9,420,000	11,855,000	7,775,000	-	-	-	42,740,000
8,326,626	6,250,125	3,622,625	670,376	-	-	-	28,887,502
8,560,000	11,120,000	14,280,000	18,445,000	6,510,000	-	-	65,580,000
14,157,686	11,679,620	8,483,670	4,363,170	336,071	-	-	55,092,730
3,180,000	5,415,000	4,100,000	-	-	-	-	12,695,000
2,722,551	1,677,708	342,748	-	-	-	-	7,678,007
3,585,000	-	-	-	-	-	-	11,310,000
158,514	-	-	-	-	-	-	1,765,184
3,760,000	7,370,000	9,870,000	13,205,000	5,965,000	-	-	42,000,000
10,171,622	8,697,507	6,490,311	3,523,516	367,706	-	-	40,068,775
1,775,000	-	-	-	-	-	-	5,785,000
149,699	-	-	-	-	-	-	1,031,709
4,845,000	6,490,000	8,685,000	11,610,000	3,960,000	-	-	36,000,000
284,853	237,831	174,749	90,379	6,601	-	-	1,104,045
5,615,000	27,095,000	30,715,000	28,265,000	12,600,000	-	-	104,290,000
1,038,143	871,011	569,662	288,413	31,008	-	-	3,838,871
12,860,000	15,705,000	20,475,000	29,615,000	27,260,000	-	-	115,280,000
26,532,250	22,933,872	18,226,373	11,823,749	2,982,473	-	-	111,679,048
201,137,721	243,882,112	235,939,980	245,875,968	74,973,635	-	-	1,186,592,494

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2011

DESCRIPTION		2012	2013	2014	2015	2016
2002 Residential Mtg Revenue Bonds, Series A	Principal	290,000	355,000	360,000	370,000	370,000
2002 Residential Mtg Revenue Bonds, Series A	Interest	1,097,770	1,083,132	1,064,389	1,045,383	1,025,983
2003 Residential Mtg Revenue Bonds, Series A	Principal	600,000	600,000	750,000	765,000	780,000
2003 Residential Mtg Revenue Bonds, Series A	Interest	2,147,875	2,124,175	2,103,202	2,066,585	2,029,361
2009 Residential Mtg Revenue Bonds, Series A	Principal	495,000	490,000	485,000	490,000	485,000
2009 Residential Mtg Revenue Bonds, Series A	Interest	2,843,739	2,834,139	2,822,257	2,808,432	2,792,966
2009 Residential Mtg Revenue Bonds, Series B	Principal	1,045,000	1,110,000	1,190,000	1,295,000	1,355,000
2009 Residential Mtg Revenue Bonds, Series B	Interest	826,615	782,679	734,192	678,967	615,847
2009 Residential Mtg Revenue Bonds, Series C	Principal	210,970,000	-	-	-	-
2009 Residential Mtg Revenue Bonds, Series C	Interest	42,006	-	-	-	-
2009 Residential Mtg Revenue Bonds, Series C-1	Principal	-	-	-	-	-
2009 Residential Mtg Revenue Bonds, Series C-1	Interest	3,162,842	3,162,842	3,162,842	3,162,842	3,162,842
2011 Residential Mtg Revenue Bonds, Series A	Principal	2,245,000	2,295,000	2,360,000	2,440,000	2,535,000
2011 Residential Mtg Revenue Bonds, Series A	Interest	2,434,366	2,413,169	2,379,344	2,331,986	2,270,064
TOTAL RESIDENTIAL MTG REVENUE BONDS		228,200,213	17,250,136	17,411,226	17,454,195	17,422,063
1992 Coll Home Mtg Rev Bonds, Series C	Princpal	-	-	-	-	-
1992 Coll Home Mtg Rev Bonds, Series C	Interest	480,331	436,664	480,331	436,664	480,331
TOTAL COLL HOME MTG REV BONDS		480,331	436,664	480,331	436,664	480,331

2017-21	2022-26	2027-31	2032-36	2037-41	2042-46	2047-51	TOTAL REQUIRED
1,885,000	3,780,000	8,250,000	5,040,000	-	-	-	20,700,000
4,836,158	4,251,701	2,606,252	412,753	-	-	-	17,423,521
4,325,000	8,560,000	15,815,000	11,505,000	-	-	-	43,700,000
9,541,162	8,247,710	5,134,874	1,027,001	-	-	-	34,421,945
1,500,000	9,005,000	13,680,000	13,165,000	15,505,000	-	-	55,300,000
13,715,201	12,851,439	9,741,563	6,231,183	1,883,231	-	-	58,524,150
9,025,000	2,220,000	-	-	-	-	-	17,240,000
1,957,940	87,413	-	-	-	-	-	5,683,653
-	-	-	-	-	-	-	210,970,000
-	-	-	-	-	-	-	42,006
-	-	13,025,000	34,340,000	41,230,000	-	-	88,595,000
15,814,210	15,814,210	15,406,338	10,853,069	4,001,881	-	-	77,703,918
14,680,000	19,595,000	13,560,000	-	-	-	-	59,710,000
9,953,109	6,221,900	1,129,749	-	-	-	-	29,133,687
87,232,780	90,634,373	98,348,776	82,574,006	62,620,112	-	-	719,147,880
-	6,600,000	-	-	-	-	-	6,600,000
2,270,654	1,306,249	-	-	-	-	-	5,891,224
2,270,654	7,906,249	-	-	-	-	-	12,491,224

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2011

DESCRIPTION		2012	2013	2014	2015	2016
1996 MF Series A/B (Brighton's Mark)	Principal	-	-	-	-	-
1996 MF Series A/B (Brighton's Mark)	Interest	494,998	494,998	494,998	494,998	494,998
1998 MF Series A (Pebble Brook)	Principal	245,000	255,000	275,000	295,000	315,000
1998 MF Series A (Pebble Brook)	Interest	498,478	484,865	470,565	455,165	438,665
1998 MF Series A/B (Greens of Hickory Trial)	Principal	310,000	335,000	355,000	370,000	395,000
1998 MF Series A/B (Greens of Hickory Trial)	Interest	589,770	570,776	552,541	533,821	514,191
1998 MF Series A-C (Residence Oaks)	Principal	189,000	202,000	-	-	-
1998 MF Series A-C (Residence Oaks)	Interest	400,744	389,163	381,108	381,108	381,108
1999 MF Series A-C (Mayfield)	Principal	263,000	279,000	294,000	312,000	329,000
1999 MF Series A-C (Mayfield)	Interest	537,396	522,206	506,075	489,060	471,048
2000 MF Series A (Creek Point Apts)	Principal	-	-	-	-	-
2000 MF Series A (Creek Point Apts)	Interest	11,655	11,501	11,514	11,514	11,527
2000 MF Series A (Deerwood Apts)	Principal	120,000	-	-	-	-
2000 MF Series A (Deerwood Apts)	Interest	358,825	353,575	353,575	353,575	353,575
2000 MF Series A/B (Oaks at Hampton)	Principal	103,550	111,258	119,538	128,436	137,994
2000 MF Series A/B (Oaks at Hampton)	Interest	674,282	666,576	658,296	649,399	639,841
2000 MF Series A (Timber Point Apts)	Principal	-	-	-	-	-
2000 MF Series A (Timber Point Apts)	Interest	13,790	13,607	13,623	13,623	13,639
2000 MF Series A/B (Greenbridge)	Principal	498,074	171,156	184,261	198,368	213,555
2000 MF Series A/B (Greenbridge)	Interest	1,576,638	1,398,496	1,385,392	1,371,284	1,356,097
2000 MF Series A/B (Parks @ Westmoreland)	Principal	100,571	108,055	116,097	124,738	134,023
2000 MF Series A/B (Parks @ Westmoreland)	Interest	671,404	663,920	655,878	647,237	637,954
2000 MF Series A/B (Williams Run)	Principal	525,227	123,640	133,437	144,011	155,422
2000 MF Series A/B (Williams Run)	Interest	1,043,418	905,467	895,670	885,096	873,685
2000 MF Series A-C (Collingham Park)	Principal	259,000	274,000	291,000	308,000	327,000
2000 MF Series A-C (Collingham Park)	Interest	807,408	789,768	771,053	751,229	730,229
2000 MF Series A-C (Highland Meadow Apts)	Principal	159,000	170,000	182,000	194,000	207,000
2000 MF Series A-C (Highland Meadow Apts)	Interest	539,090	528,189	516,511	504,024	490,726
2001 MF Series A (Bluffview Senior Apts)	Principal	80,348	86,671	93,493	100,851	108,788
2001 MF Series A (Bluffview Senior Apts)	Interest	774,120	767,796	760,975	753,617	745,680
2001 MF Series A (Greens Road Apts.)	Principal	155,000	165,000	175,000	185,000	195,000
2001 MF Series A (Greens Road Apts.)	Interest	401,832	393,485	384,607	375,200	365,262
2001 MF Series A (Knollwood Villas Apts)	Principal	103,250	111,377	120,142	129,598	139,798
2001 MF Series A (Knollwood Villas Apts)	Interest	994,779	986,653	977,887	968,432	958,232
2001 MF Series A (Oak Hollow Apts.)	Principal	52,775	56,590	60,681	65,068	69,771
2001 MF Series A (Oak Hollow Apts.)	Interest	432,535	428,720	424,629	420,243	415,539
2001 MF Series A (Skyway Villas)	Principal	145,000	150,000	160,000	170,000	180,000
2001 MF Series A (Skyway Villas)	Interest	393,589	385,397	376,933	367,924	358,369
2001 MF Series A/B (Hillside Apts.)	Principal	59,433	63,729	68,336	73,276	78,573
2001 MF Series A/B (Hillside Apts.)	Interest	866,206	861,909	857,302	852,362	847,065
2001 MF Series A/B (Meridian Apts.)	Principal	84,000	84,000	94,000	96,000	105,000
2001 MF Series A/B (Meridian Apts.)	Interest	497,970	492,930	487,665	481,920	475,980
2001 MF Series A/B (Wildwood Apts.)	Principal	67,000	72,000	72,000	81,000	84,000
2001 MF Series A/B (Wildwood Apts.)	Interest	385,365	381,120	376,800	372,300	367,290
2001 MF Series A-C (Fallbrook Apts.)	Principal	268,000	283,000	302,000	320,000	339,000
2001 MF Series A-C (Fallbrook Apts.)	Interest	803,738	787,285	769,832	751,289	731,594
2002 MF Series A (Clarkridge Villas Apts)	Principal	107,090	114,832	123,133	132,034	141,579
2002 MF Series A (Clarkridge Villas Apts)	Interest	936,670	928,928	920,627	911,726	902,181

2017-21	2022-26	2027-31	2032-36	2037-41	2042-46	2047-51	TOTAL REQUIRED
-	8,075,000	-	-	-	-	-	8,075,000
2,474,988	2,474,985	-	-	-	-	-	7,424,963
1,890,000	2,590,000	3,160,000	-	-	-	-	9,025,000
1,907,518	1,300,931	459,899	-	-	-	-	6,016,086
2,405,000	3,240,000	3,865,000	-	-	-	-	11,275,000
2,227,125	1,502,946	526,574	-	-	-	-	7,017,744
-	-	6,358,000	-	-	-	-	6,749,000
1,905,542	1,905,542	1,619,711	-	-	-	-	7,364,026
1,960,000	2,602,000	3,454,000	-	-	-	-	9,493,000
2,044,191	1,409,468	564,327	-	-	-	-	6,543,771
-	-	-	6,060,000	-	-	-	6,060,000
57,557	57,570	57,570	13,446	-	-	-	243,854
1,305,000	-	-	4,240,000	-	-	-	5,665,000
1,685,660	1,356,800	1,356,800	407,039	-	-	-	6,579,424
860,185	1,231,607	1,763,397	2,524,810	2,431,133	-	-	9,411,908
3,028,987	2,657,571	2,125,780	1,364,368	331,350	-	-	12,796,450
-	-	-	7,170,000	-	-	-	7,170,000
68,099	68,115	68,115	14,793	-	-	-	287,404
1,339,549	1,937,110	2,801,237	4,050,842	8,079,923	-	-	19,474,075
6,508,712	5,911,151	5,047,025	3,797,421	1,814,597	-	-	30,166,813
835,427	1,196,152	1,712,639	2,451,137	2,591,725	-	-	9,370,564
3,024,451	2,663,722	2,147,236	1,407,812	383,973	-	-	12,903,587
982,561	1,438,634	2,106,398	3,084,117	3,723,842	-	-	12,417,289
4,162,976	3,706,904	3,039,138	2,061,418	649,854	-	-	18,223,626
1,971,000	2,679,000	3,669,000	2,301,000	-	-	-	12,079,000
3,286,886	2,524,032	1,483,070	235,805	-	-	-	11,379,480
1,272,000	1,778,000	2,479,000	1,585,000	-	-	-	8,026,000
2,219,675	1,717,844	1,017,834	164,092	-	-	-	7,697,985
686,670	1,002,905	1,464,776	2,139,354	4,458,249	-	-	10,222,105
3,585,668	3,269,434	2,807,563	2,132,982	1,120,037	-	-	16,717,872
1,180,000	1,605,000	2,190,000	1,680,000	-	-	-	7,530,000
1,654,062	1,292,702	794,070	162,811	-	-	-	5,824,031
882,403	1,288,780	1,882,306	2,749,170	5,729,059	-	-	13,135,883
4,607,745	4,201,369	3,607,844	2,740,981	1,439,302	-	-	21,483,224
432,213	612,717	868,602	1,231,353	1,745,597	1,007,589	-	6,202,956
1,994,337	1,813,835	1,557,949	1,195,199	680,955	22,297	-	9,386,238
1,085,000	1,450,000	1,955,000	1,760,000	-	-	-	7,055,000
1,625,985	1,281,046	812,328	204,103	-	-	-	5,805,674
486,738	690,012	978,178	1,386,690	1,965,807	6,550,479	-	12,401,251
4,141,454	3,938,179	3,650,011	3,241,497	2,662,382	151,478	-	22,069,845
629,000	900,000	6,336,000	10,000	-	-	-	8,338,000
2,275,435	2,047,455	1,364,640	1,975	-	-	-	8,125,970
507,000	683,000	4,881,000	5,000	-	-	-	6,452,000
1,751,995	1,575,220	792,250	1,000	-	-	-	6,003,340
2,038,000	2,746,000	3,702,000	3,331,000	-	-	-	13,329,000
3,317,911	2,609,133	1,653,865	415,745	-	-	-	11,840,392
877,039	1,243,313	1,762,552	2,498,638	3,542,132	2,887,115	-	13,429,457
4,341,760	3,975,486	3,456,246	2,720,159	1,676,665	186,332	-	20,956,780

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2011

DESCRIPTION		2012	2013	2014	2015	2016
2002 MF Series A (Green Crest Apts)	Principal	87,598	93,930	100,720	108,001	115,809
2002 MF Series A (Green Crest Apts)	Interest	771,156	764,823	758,033	750,752	742,945
2002 MF Series A (Hickory Trace Apts)	Principal	87,981	94,341	101,161	108,473	116,315
2002 MF Series A (Hickory Trace Apts)	Interest	774,527	768,167	761,347	754,034	746,193
2002 MF Series A (Millstone Apts.)	Principal	215,000	215,000	230,000	240,000	260,000
2002 MF Series A (Millstone Apts.)	Interest	539,812	528,080	516,093	503,571	489,941
2002 MF Series A (Park Meadows Apts)	Principal	80,000	85,000	90,000	95,000	105,000
2002 MF Series A (Park Meadows Apts)	Interest	263,812	258,588	252,874	246,997	240,631
2002 MF Series A (Woodway Village Apts)	Principal	135,000	145,000	155,000	160,000	170,000
2002 MF Series A (Woodway Village Apts)	Interest	366,418	359,612	352,310	344,638	336,594
2002 MF Series A/B (Ironwood Crossing)	Principal	103,235	112,639	122,900	134,096	146,311
2002 MF Series A/B (Ironwood Crossing)	Interest	1,178,771	1,169,367	1,159,106	1,147,910	1,135,695
2003 MF Series A/B (Ash Creek Apts)	Principal	109,967	119,212	129,237	140,101	151,881
2003 MF Series A/B (Ash Creek Apts)	Interest	1,059,419	1,050,288	1,040,389	1,029,693	1,018,024
2003 MF Series A/B (North Vista Apts)	Principal	240,000	250,000	260,000	275,000	290,000
2003 MF Series A/B (North Vista Apts)	Interest	605,802	595,205	584,197	571,340	557,104
2003 MF Series A/B (Peninsula Apts)	Principal	185,000	205,000	215,000	225,000	245,000
2003 MF Series A/B (Peninsula Apts)	Interest	598,272	589,057	578,994	568,324	557,290
2003 MF Series A/B (Primrose Houston School)	Principal	108,975	118,161	128,120	138,921	150,631
2003 MF Series A/B (Primrose Houston School)	Interest	1,066,581	1,057,531	1,047,718	1,037,078	1,025,541
2003 MF Series A/B (Reading Road)	Principal	30,000	30,000	30,000	40,000	40,000
2003 MF Series A/B (Reading Road)	Interest	145,778	143,889	141,890	139,696	137,022
2003 MF Series A/B (Timber Oaks Apts)	Principal	79,586	86,836	94,746	103,377	112,795
2003 MF Series A/B (Timber Oaks Apts)	Interest	902,393	895,143	887,233	878,601	869,184
2003 MF Series A/B (West Virginia Apts)	Principal	165,000	180,000	190,000	195,000	205,000
2003 MF Series A/B (West Virginia Apts)	Interest	437,259	429,930	421,884	412,413	402,374
2004 MF Series A (Bristol)	Principal	-	-	-	-	-
2004 MF Series A (Bristol)	Interest	19,628	19,180	19,200	19,200	19,220
2004 MF Series A (Chisholm Trail)	Principal	-	-	-	-	-
2004 MF Series A (Chisholm Trail)	Interest	18,646	18,221	18,240	18,240	18,259
2004 MF Series A (Churchill @ Pinnacle)	Principal	87,178	93,063	99,345	106,051	113,209
2004 MF Series A (Churchill @ Pinnacle)	Interest	639,159	633,274	626,992	620,286	613,127
2004 MF Series A (Evergreen @ Plano)	Principal	103,426	110,408	117,861	125,816	134,309
2004 MF Series A (Evergreen @ Plano)	Interest	939,144	932,163	924,710	916,754	908,261
2004 MF Series A (Humble Park)	Principal	130,000	135,000	145,000	155,000	165,000
2004 MF Series A (Humble Park)	Interest	735,075	726,495	717,420	707,685	697,290
2004 MF Series A (Montgomery Pines)	Principal	-	-	-	-	-
2004 MF Series A (Montgomery Pines)	Interest	19,464	19,020	19,040	19,040	19,060
2004 MF Series A (Pinnacle)	Principal	-	-	-	-	-
2004 MF Series A (Pinnacle)	Interest	21,290	20,776	20,797	20,797	20,819
2004 MF Series A (Rush Creek)	Principal	63,865	68,278	72,996	78,039	83,432
2004 MF Series A (Rush Creek)	Interest	574,477	570,064	565,346	560,303	554,911
2004 MF Series A (Tranquility Bay)	Principal	109,192	116,505	124,307	132,633	141,515
2004 MF Series A (Tranquility Bay)	Interest	898,965	891,652	883,849	875,524	866,642
2004 MF Series A/B (Century Park)	Principal	200,000	210,000	230,000	245,000	255,000
2004 MF Series A/B (Century Park)	Interest	639,268	628,355	616,913	604,244	590,902
2004 MF Series A/B (Timber Ridge)	Principal	45,150	48,399	51,881	55,616	59,619
2004 MF Series A/B (Timber Ridge)	Interest	438,443	435,296	431,923	428,307	424,430

2017-21	2022-26	2027-31	2032-36	2037-41	2042-46	2047-51	TOTAL REQUIRED
717,400	1,017,004	1,441,730	2,043,833	2,897,390	2,432,751	-	11,056,166
3,576,369	3,276,766	2,852,040	2,249,936	1,396,381	176,822	-	17,316,023
720,537	1,021,925	1,448,035	2,052,771	2,910,060	2,442,911	-	11,104,510
3,592,003	3,290,970	2,864,343	2,259,607	1,402,319	177,554	-	17,391,064
1,505,000	1,965,000	2,585,000	2,640,000	-	-	-	9,855,000
2,222,576	1,756,987	1,140,254	339,377	-	-	-	8,036,691
625,000	865,000	1,195,000	920,000	-	-	-	4,060,000
1,090,837	853,308	525,339	107,910	-	-	-	3,840,296
1,020,000	5,340,000	-	-	-	-	-	7,125,000
1,541,209	536,769	-	-	-	-	-	3,837,550
957,398	1,408,526	1,996,763	2,830,661	4,012,817	4,692,892	-	16,518,238
5,452,629	5,001,500	4,413,265	3,579,366	2,397,210	360,707	-	26,995,526
958,112	1,345,341	1,882,694	11,080,869	-	-	-	15,917,414
4,895,116	4,516,061	3,989,870	3,064,871	-	-	-	21,663,731
1,715,000	2,240,000	2,935,000	3,855,000	-	-	-	12,060,000
2,543,033	2,050,694	1,406,256	561,395	-	-	-	9,475,026
1,475,000	8,860,000	-	-	-	-	-	11,410,000
2,572,620	1,545,744	-	-	-	-	-	7,010,301
962,483	1,360,979	1,895,133	11,330,570	-	-	-	16,193,973
4,923,291	4,535,377	4,012,486	3,237,010	-	-	-	21,942,613
230,000	330,000	460,000	10,190,000	-	-	-	11,380,000
641,923	549,979	420,546	237,394	-	-	-	2,558,117
738,147	1,135,154	1,623,701	2,273,368	3,182,977	3,409,711	-	12,840,398
4,171,750	3,774,740	3,286,197	2,636,531	1,726,922	348,358	-	20,377,052
1,225,000	1,620,000	2,130,000	2,790,000	-	-	-	8,700,000
1,839,998	1,485,487	1,018,994	406,217	-	-	-	6,854,556
-	-	-	-	12,000,000	-	-	12,000,000
95,980	96,000	96,000	96,020	15,972	-	-	496,400
-	-	-	-	11,400,000	-	-	11,400,000
91,181	91,200	91,200	91,219	12,124	-	-	468,530
691,529	958,639	1,328,923	1,842,233	2,553,814	1,923,655	-	9,797,639
2,940,153	2,673,043	2,302,761	1,789,450	1,077,871	194,825	-	14,110,941
820,417	1,137,311	1,576,609	2,185,590	3,029,796	5,043,371	-	14,384,914
4,392,435	4,075,541	3,636,242	3,027,262	2,183,056	727,328	-	22,662,896
1,025,000	1,425,000	1,955,000	2,710,000	3,325,000	-	-	11,170,000
3,302,145	2,908,950	2,362,800	1,612,545	573,870	-	-	14,344,275
-	-	-	-	11,900,000	-	-	11,900,000
95,180	95,200	95,200	95,220	15,838	-	-	492,262
-	-	-	-	13,865,000	-	-	13,865,000
103,966	103,987	103,987	104,009	17,301	-	-	537,729
512,021	715,108	998,749	1,394,889	1,948,156	2,667,674	-	8,603,207
2,679,690	2,476,604	2,192,962	1,796,821	1,243,556	340,594	-	13,555,328
863,089	1,193,494	1,650,384	2,282,180	3,155,838	4,110,546	-	13,879,683
4,177,694	3,847,287	3,390,397	2,758,603	1,884,945	558,078	-	21,033,636
1,540,000	2,035,000	2,720,000	3,620,000	855,000	-	-	11,910,000
2,725,442	2,254,279	1,625,900	789,666	34,758	-	-	10,509,727
368,970	522,283	739,302	4,624,635	-	-	-	6,515,855
2,053,508	1,905,033	1,694,864	1,397,367	-	-	-	9,209,171

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2011

DESCRIPTION		2012	2013	2014	2015	2016
2004 MF Series A/B (Veterans Memorial)	Principal	111,055	120,871	131,555	143,183	155,839
2004 MF Series A/B (Veterans Memorial)	Interest	1,056,470	1,046,654	1,035,970	1,024,342	1,011,686
2003 MF Series A/B (Parkview Twnhms)	Principal	111,473	121,326	132,050	143,722	156,426
2003 MF Series A/B (Parkview Twnhms)	Interest	1,080,861	1,071,008	1,060,283	1,048,611	1,035,908
2003 MF Series A/B (Arlington Villas)	Principal	102,396	110,951	120,219	130,262	141,142
2003 MF Series A/B (Arlington Villas)	Interest	1,146,176	1,137,675	1,128,464	1,118,483	1,107,669
2003 MF Series A (NHP-Asmara) Refunding	Principal	450,000	480,000	510,000	540,000	570,000
2003 MF Series A (NHP-Asmara) Refunding	Interest	29,218	28,638	27,948	27,179	26,395
2004 MF Series A (Village Fair)	Principal	103,309	110,227	117,607	125,486	133,890
2004 MF Series A (Village Fair)	Interest	887,285	880,366	872,984	865,108	856,704
2005 MF Series A (Pecan Grove)	Principal	102,242	109,089	116,395	124,190	132,508
2005 MF Series A (Pecan Grove)	Interest	883,434	876,587	869,281	861,486	853,168
2005 MF Series A (Prairie Oaks)	Principal	80,525	85,920	91,672	97,812	104,364
2005 MF Series A (Prairie Oaks)	Interest	695,791	690,398	684,644	678,505	671,954
2005 MF Series A (Port Royal)	Principal	88,429	94,349	100,668	107,408	114,604
2005 MF Series A (Port Royal)	Interest	768,682	762,760	756,441	749,700	742,506
2005 MF Series A (Del Rio)	Principal	135,879	88,860	94,810	101,159	107,933
2005 MF Series A (Del Rio)	Interest	1,209,503	718,369	712,418	706,068	699,293
2005 MF Series A (Atascocita Pines)	Principal	-	-	-	-	-
2005 MF Series A (Atascocita Pines)	Interest	26,427	26,422	26,450	26,450	26,478
2005 MF Series A (Tower Ridge)	Principal	-	-	-	-	-
2005 MF Series A (Tower Ridge)	Interest	38,999	38,959	39,000	39,000	39,041
2005 MF Series A (Prairie Ranch)	Principal	135,000	140,000	150,000	160,000	165,000
2005 MF Series A (Prairie Ranch)	Interest	565,025	558,477	551,566	544,170	536,289
2005 MF Series A (St Augustine)	Principal	-	-	-	-	-
2005 MF Series A (St Augustine)	Interest	11,074	10,835	10,846	10,846	10,857
2005 MF Series A (Park Manor)	Principal	-	-	-	-	-
2005 MF Series A (Park Manor)	Interest	1,719,466	665,600	665,600	665,600	665,600
2005 MF Series A (Mockingbird)	Principal	103,121	109,918	117,163	124,885	133,116
2005 MF Series A (Mockingbird)	Interest	893,489	886,692	879,447	871,725	863,494
2005 MF Series A (Chase Oaks)	Principal	250,636	263,590	277,214	291,542	306,611
2005 MF Series A (Chase Oaks)	Interest	672,561	659,607	645,983	631,655	616,587
2005 MF Series A/B (Canal Place)	Principal	88,884	96,430	104,622	113,508	123,150
2005 MF Series A/B (Canal Place)	Interest	988,036	980,653	972,643	963,952	954,523
2005 MF Series A (Coral Hills)	Principal	55,000	85,000	90,000	90,000	100,000
2005 MF Series A (Coral Hills)	Interest	243,537	240,002	235,709	231,164	226,493
2006 MF Series A (Harris Branch)	Principal	-	-	-	-	-
2006 MF Series A (Harris Branch)	Interest	25,048	24,607	24,633	24,633	24,659
2006 MF Series A (Bella Vista)	Principal	50,000	55,000	55,000	60,000	65,000
2006 MF Series A (Bella Vista)	Interest	408,975	405,900	402,517	399,135	395,445
2006 MF Series A (Village Park)	Principal	155,000	170,000	175,000	185,000	195,000
2006 MF Series A (Village Park)	Interest	516,613	509,013	500,938	492,506	483,600
2006 MF Series A (Oakmoor)	Principal	106,376	112,937	119,903	127,299	135,150
2006 MF Series A (Oakmoor)	Interest	850,666	844,105	837,139	829,744	821,892
2006 MF Series A (Sunset Pointe)	Principal	-	-	-	-	-
2006 MF Series A (Sunset Pointe)	Interest	38,999	38,959	39,000	39,000	39,041
2006 MF Series A (Hillcrest)	Principal	150,000	160,000	170,000	185,000	195,000
2006 MF Series A (Hillcrest)	Interest	567,131	559,125	550,594	541,538	531,694

2017-21	2022-26	2027-31	2032-36	2037-41	2042-46	2047-51	TOTAL REQUIRED
979,734	1,363,941	1,895,484	2,634,174	3,660,741	4,635,539	-	15,832,116
4,857,890	4,473,682	3,942,138	3,203,447	2,176,880	570,817	-	24,399,976
1,002,584	1,408,409	1,957,282	2,720,056	3,780,092	4,585,838	-	16,119,258
4,959,084	4,553,258	4,004,386	3,241,611	2,181,576	544,478	-	24,781,064
903,551	1,323,334	1,868,604	2,635,853	9,380,877	-	-	16,717,189
5,341,738	4,927,644	4,394,269	3,643,704	209,305	-	-	24,155,127
3,425,000	4,585,000	6,150,000	2,895,000	-	-	-	19,605,000
117,766	88,683	49,694	6,129	-	-	-	401,650
816,583	1,129,185	1,561,456	2,159,209	2,985,792	4,454,581	-	13,697,325
4,136,385	3,823,785	3,391,512	2,793,758	1,967,174	700,516	-	21,175,577
808,151	1,117,526	1,545,334	2,136,915	2,954,963	4,490,280	-	13,637,593
4,120,227	3,810,853	3,383,044	2,791,462	1,973,414	721,359	-	21,144,315
636,502	880,159	1,217,102	1,683,030	2,327,320	3,536,538	-	10,740,944
3,245,084	3,001,419	2,664,475	2,198,547	1,554,255	568,142	-	16,653,214
698,955	966,524	1,336,528	1,848,176	2,555,690	3,954,599	-	11,865,930
3,586,592	3,319,020	2,949,016	2,437,369	1,729,855	648,691	-	18,450,632
658,279	910,277	1,258,749	1,740,617	2,406,957	3,724,449	-	11,227,969
3,377,858	3,125,858	2,777,389	2,295,519	1,629,182	610,937	-	17,862,394
-	-	-	-	11,500,000	-	-	11,500,000
132,222	132,250	132,250	132,278	44,032	-	-	705,259
-	-	-	-	15,000,000	-	-	15,000,000
194,959	195,000	195,000	195,041	63,429	-	-	1,038,428
965,000	1,260,000	1,610,000	2,020,000	2,555,000	2,525,000	-	11,685,000
2,551,584	2,287,017	1,942,910	1,511,139	965,150	282,755	-	12,296,082
-	-	-	-	6,380,000	-	-	6,380,000
54,219	54,230	54,230	54,241	22,602	-	-	293,980
-	-	-	-	-	10,400,000	-	10,400,000
3,328,000	3,328,000	3,328,000	3,328,000	3,328,000	2,606,934	-	23,628,800
809,342	1,113,621	1,532,294	2,108,371	2,901,029	4,954,599	-	14,007,459
4,173,707	3,869,427	3,450,753	2,874,676	2,082,017	898,103	-	21,743,530
1,787,792	2,300,098	2,959,208	3,807,192	1,187,991	-	-	13,431,874
2,828,195	2,315,890	1,656,779	808,794	42,942	-	-	10,878,993
478,428	1,087,802	1,496,774	2,059,494	10,022,742	-	-	15,671,834
4,675,691	4,425,269	4,025,884	3,476,351	1,605,765	-	-	23,068,767
550,000	3,860,000	-	-	-	-	-	4,830,000
1,054,439	893,470	-	-	-	-	-	3,124,814
-	-	-	-	14,490,000	-	-	14,490,000
123,140	123,165	123,165	123,191	63,547	-	-	679,788
385,000	530,000	710,000	970,000	1,320,000	2,450,000	-	6,650,000
1,912,342	1,777,350	1,594,079	1,344,697	1,006,447	546,120	-	10,193,007
1,170,000	1,560,000	6,655,000	-	-	-	-	10,265,000
2,265,169	1,935,713	170,534	-	-	-	-	6,874,086
811,556	1,094,668	1,476,543	1,991,635	2,686,417	5,563,500	-	14,225,984
3,973,653	3,690,540	3,308,663	2,793,571	2,098,789	1,107,941	-	21,156,703
-	-	-	-	15,000,000	-	-	15,000,000
194,959	195,000	195,000	195,041	113,648	-	-	1,088,647
1,175,000	1,615,000	7,190,000	-	-	-	-	10,840,000
2,487,844	2,131,369	372,488	-	-	-	-	7,741,783

DESCRIPTION		2012	2013	2014	2015	2016
2006 MF Series A (Pleasant Village)	Principal	88,201	94,691	100,615	106,910	112,693
2006 MF Series A (Pleasant Village)	Interest	347,340	340,849	334,925	328,631	322,847
2006 MF Series A (Grove Village)	Principal	90,847	97,532	103,634	110,117	116,074
2006 MF Series A (Grove Village)	Interest	357,761	351,076	344,974	338,491	332,533
2006 MF Series A (Red Hills Villas)	Principal	-	-	-	-	-
2006 MF Series A (Red Hills Villas)	Interest	11,468	11,292	11,304	11,304	11,316
2006 MF Series A (Champion Crossing)	Principal	-	-	-	-	-
2006 MF Series A (Champion Crossing)	Interest	11,492	11,315	11,327	11,327	11,339
2006 MF Series A (Stonehaven)	Principal	86,957	92,138	97,626	103,443	109,604
2006 MF Series A (Stonehaven)	Interest	640,310	635,130	629,642	623,826	617,665
2006 MF Series A (Center Ridge)	Principal	-	-	-	-	-
2006 MF Series A (Center Ridge)	Interest	416,250	416,250	416,250	416,250	416,250
2006 MF Series A (Meadowlands)	Principal	87,077	92,448	98,150	104,203	110,631
2006 MF Series A (Meadowlands)	Interest	732,302	726,931	721,229	715,176	708,748
2006 MF Series A (East Tex Pines)	Principal	95,000	105,000	110,000	110,000	125,000
2006 MF Series A (East Tex Pines)	Interest	775,605	769,805	763,570	757,190	750,375
2006 MF Series A (Villas at Henderson)	Principal	-	-	-	-	-
2006 MF Series A (Villas at Henderson)	Interest	11,469	11,228	11,240	11,240	11,252
2006 MF Series A (Aspen Park Apts)	Principal	100,000	110,000	110,000	120,000	125,000
2006 MF Series A (Aspen Park Apts)	Interest	478,750	473,625	468,125	462,500	456,500
2006 MF Series A (Idlewilde Apts)	Principal	-	-	-	-	-
2006 MF Series A (Idlewilde Apts)	Interest	32,023	32,017	32,050	32,050	32,084
2007 MF Series A (Lancaster Apts)	Principal	-	-	-	-	-
2007 MF Series A (Lancaster Apts)	Interest	32,023	32,017	32,050	32,050	32,084
2007 MF Series A (Park Place)	Principal	-	-	-	-	-
2007 MF Series A (Park Place)	Interest	820,700	820,700	820,700	820,700	820,700
2007 MF Series A (Terrace at Cibolo)	Principal	-	-	-	-	-
2007 MF Series A (Terrace at Cibolo)	Interest	8,216	7,991	8,000	8,000	8,009
2007 MF Series A (Santora Villas)	Principal	-	-	-	-	-
2007 MF Series A (Santora Villas)	Interest	700,176	700,176	700,176	700,176	700,176
2007 MF Series A (Villas @ Mesquite Creek)	Principal	165,000	175,000	185,000	195,000	210,000
2007 MF Series A (Villas @ Mesquite Creek)	Interest	834,535	824,804	814,491	803,597	791,977
2007 MF Series A (Summit Point)	Principal	85,000	100,000	100,000	110,000	110,000
2007 MF Series A (Summit Point)	Interest	481,658	477,338	472,538	467,618	462,338
2007 MF Series A (Costa Rialto)	Principal	96,032	101,298	106,853	112,713	118,894
2007 MF Series A (Costa Rialto)	Interest	655,395	650,130	644,575	638,716	632,536
2007 MF Series A (Windshire)	Principal	-	-	-	-	-
2007 MF Series A (Windshire)	Interest	31,713	31,707	31,740	31,740	31,773
2007 MF Series A (Residences @ Onion Creek)	Principal	-	-	-	-	-
2007 MF Series A (Residences @ Onion Creek)	Interest	30,496	29,969	30,000	30,000	30,031
2008 MF Series A (Addison Park)	Principal	-	-	-	-	-
2008 MF Series A (Addison Park)	Interest	35,229	35,294	35,334	35,334	35,374
2008 MF Series A (Costa Ibiza)	Principal	-	-	-	-	-
2008 MF Series A (Costa Ibiza)	Interest	29,569	29,776	29,810	29,810	29,844
2008 MF Series A (West Oaks)	Principal	-	-	-	-	-
2008 MF Series A (West Oaks)	Interest	28,649	28,842	28,875	28,875	28,908
2009 MF Series A (Costa Mariposa Apartments)	Principal	-	-	-	-	-
2009 MF Series A (Costa Mariposa Apartments)	Interest	43,071	43,758	43,808	43,808	43,858

2017-21	2022-26	2027-31	2032-36	2037-41	2042-46	2047-51	TOTAL REQUIRED
682,717	4,548,167	-	-	-	-	-	5,733,994
1,494,988	425,643	-	-	-	-	-	3,595,223
703,198	4,684,611	-	-	-	-	-	5,906,013
1,539,841	437,673	-	-	-	-	-	3,702,349
100,000	500,000	1,000,000	1,300,000	2,015,000	-	-	4,915,000
56,298	52,019	42,918	30,102	393	-	-	238,414
500,000	500,000	1,000,000	1,300,000	1,625,000	-	-	4,925,000
53,272	47,534	38,433	25,616	316	-	-	221,971
654,087	873,546	9,061,870	-	-	-	-	11,079,271
2,982,259	2,762,814	87,516	-	-	-	-	8,979,162
-	-	-	-	8,325,000	-	-	8,325,000
2,081,250	2,081,250	2,081,250	2,081,250	1,248,750	-	-	11,655,000
664,320	896,069	1,208,663	1,630,305	2,199,037	2,966,171	2,187,423	12,244,497
3,432,573	3,200,825	2,888,232	2,466,590	1,897,858	1,130,721	10,938	18,632,123
720,000	955,000	1,265,000	1,675,000	2,225,000	2,950,000	3,085,000	13,420,000
3,634,570	3,392,855	3,073,275	2,649,005	2,086,985	1,341,830	89,466	20,084,531
-	7,025,000	-	-	-	-	-	7,025,000
56,188	24,883	-	-	-	-	-	137,500
750,000	1,005,000	240,000	-	7,040,000	-	-	9,600,000
2,178,499	1,963,498	1,769,000	1,760,000	1,056,000	-	-	11,066,497
-	-	-	-	13,935,000	-	-	13,935,000
160,219	160,252	160,252	160,286	122,860	-	-	924,093
-	-	-	-	13,935,000	-	-	13,935,000
160,219	160,252	160,252	160,286	125,487	-	-	926,720
-	-	-	-	-	-	14,150,000	14,150,000
4,103,500	4,103,500	4,103,500	4,103,500	4,103,500	4,103,500	410,351	29,134,851
-	-	-	-	5,000,000	-	-	5,000,000
39,991	40,000	40,000	40,009	29,989	-	-	230,205
-	-	-	-	-	-	12,072,000	12,072,000
3,500,880	3,500,880	3,500,880	3,500,880	3,500,880	3,500,880	525,132	25,031,292
1,235,000	1,595,000	2,025,000	2,610,000	3,340,000	4,270,000	490,000	16,495,000
3,766,155	3,411,875	2,966,250	2,396,750	1,665,875	731,750	12,251	19,020,310
630,000	825,000	1,080,000	1,415,000	1,870,000	2,460,000	570,000	9,355,000
2,226,820	2,048,390	1,813,795	1,499,411	1,077,302	520,276	22,444	11,569,928
699,700	913,748	1,193,274	1,558,328	2,035,046	2,657,598	2,700,474	12,293,958
3,057,444	2,843,394	2,563,862	2,198,822	1,722,101	1,099,545	119,865	16,826,385
-	-	-	-	13,800,000	-	-	13,800,000
158,667	158,700	158,700	158,733	140,230	-	-	933,703
-	-	-	-	15,000,000	-	-	15,000,000
149,969	150,000	150,000	150,029	130,000	-	-	880,494
-	-	-	-	-	13,590,000	-	13,590,000
176,629	176,670	176,670	176,710	176,629	85,481	-	1,145,354
-	-	-	-	13,550,000	-	-	13,550,000
149,016	149,050	149,050	149,084	149,017	-	-	894,026
-	-	-	-	13,125,000	-	-	13,125,000
144,342	144,375	144,375	144,408	141,890	-	-	863,539
-	-	-	-	-	13,690,000	-	13,690,000
218,990	219,040	219,040	219,090	218,990	32,765	-	1,346,218

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-C
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST) Continued
August 31, 2011

DESCRIPTION		2012	2013	2014	2015	2016
2009 MF Series A (Woodmont Apartments)	Principal	-	-	-	-	-
2009 MF Series A (Woodmont Apartments)	Interest	41,210	41,952	42,000	42,000	42,048
2008 MF Series A (Alta Cullen Apartments)	Principal	-	-	-	-	-
2008 MF Series A (Alta Cullen Apartments)	Interest	30,257	30,445	30,480	30,480	30,515
TOTAL MULTIFAMILY BONDS		60,833,302	58,152,989	57,983,413	58,024,408	58,086,948
Total		325,782,776	112,725,362	112,607,807	112,987,258	113,813,089
Less Interest		88,858,866	85,764,707	84,559,659	83,170,912	81,824,131
Total Principal		236,923,910	26,960,655	28,048,148	29,816,346	31,988,958

2017-21	2022-26	2027-31	2032-36	2037-41	2042-46	2047-51	TOTAL REQUIRED
-	-	-	-	-	15,000,000	-	15,000,000
209,952	210,000	210,000	210,048	209,952	34,980	-	1,294,142
-	-	-	-	-	12,700,000	-	12,700,000
152,365	152,400	152,400	152,435	152,365	109,144	-	1,023,286
292,892,457	327,370,289	306,732,329	284,225,117	412,974,625	188,469,424	36,445,344	2,142,190,645
583,533,612	669,793,023	641,021,085	612,675,091	550,568,372	188,469,424	36,445,344	4,060,422,243
385,548,245	332,596,344	252,380,812	168,372,026	79,570,363	25,742,038	1,190,447	1,669,578,550
197,985,367	337,196,679	388,640,273	444,303,065	470,998,009	162,727,386	35,254,897	2,390,843,693

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
Supplementary Bond Schedules
SCHEDULE 1-D
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE
For the Fiscal Year Ended August 31, 2011

	Pledged and Other Sources and Related Expenditures for FY 2011			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2002 Single Family Series A	$ 2,848,808	$ 65,607	$ -	$ 1,680,718
2002 Single Family Series B	4,826,284	38,374	-	1,070,854
2002 Single Family Series C	698,764	16,092	500,000	377,059
2002 Single Family Series D	126,253	3,714	835,000	78,895
2004 Single Family Series A	11,135,569	155,933	2,110,000	2,711,805
2004 Single Family Series A (Jr. Lien)	119	2,277	-	11,291
2004 Single Family Series B	2,685,938	149,818	-	1,924,254
2004 Single Family Series C	3,573,370	54,790	-	826,605
2004 Single Family Series D	1,693,622	111,348	-	1,281,876
2004 Single Family Series E	746,297	10,605	960,000	153,685
2005 Single Family Series A	9,801,442	269,840	-	2,883,124
2005 Single Family Series B	2,264,628	44,164	560,000	502,402
2005 Single Family Series C	1,162,588	21,293	-	17,063
2005 Single Family Series D	165,333	13,407	-	152,000
2006 Single Family Series A	7,086,338	26,736	420,000	2,006,562
2006 Single Family Series B	8,046,065	30,382	1,175,000	2,264,833
2006 Single Family Series C	12,346,462	47,396	1,255,000	3,553,889
2006 Single Family Series D	5,127,698	8,507	-	684,496
2006 Single Family Series E	13,052,698	8,507	1,370,000	471,642
2006 Single Family Series F	2,491,151	83,403	385,000	2,439,731
2006 Single Family Series G	1,938,761	11,676	810,000	276,389
2006 Single Family Series H	2,142,390	71,726	-	1,312,081
2007 Single Family Series A	21,861,304	349,333	-	4,324,473
2007 Single Family Series B	22,848,385	202,570	1,890,000	6,409,153
Total Single Family Bonds	$ 138,670,267	$ 1,797,498	$ 12,270,000	$ 37,414,880
1998 RMRB Series A	$ 29,578,768	$ 103,169	$ -	$ 947,850
1998 RMRB Series B	5,529,051	19,651	-	175,077
1999 RMRB Series A	3,796,007	8,460	-	129,224
2000 RMRB Series B	12,439,455	2,657	-	(2)
2000 RMRB Series C	3,806,266	794	-	-
2001 RMRB Series A	22,985,244	133,875	-	949,084
2001 RMRB Series B	10,419,946	63,534	650,000	438,388
2001 RMRB Series C	4,058,189	29,498	930,000	151,435
2002 RMRB Series A	2,789,294	16,594	330,000	1,146,637
2003 RMRB Series A	5,337,988	42,923	620,000	2,239,056
2009 RMRB Series A	27,649,193	269,267	250,000	3,137,283
2009 RMRB Series B	2,558,429	85,032	765,000	891,127
2009 RMRB Series C	336,459	53	-	310,680
2009 RMRB Series C-1	1,921,277	17,482	-	1,082,572
2011 RMRB Series A	1,280,851	11,655	-	1,163,002
Total Residential Mtg Revenue Bonds	$ 134,486,417	$ 804,644	$ 3,545,000	$ 12,761,413
1992 CHMRB Series C	$ 2,025,290	$ 5,249	$ -	$ 522,560
Total 1992 CHMRB	$ 2,025,290	$ 5,249	$ -	$ 522,560
1996 MF Series A/B (Brighton's Mark)	$ 508,437	$ 6,126	$ -	$ 501,873
1996 MF Series A/B (Braxton's Mark)	15,137,209	3,123	-	859,248
1998 MF Series A (Pebble Brook)	507,938	-	225,000	507,938
1998 MF Series A-C (Residence Oaks)	409,093	-	180,000	409,093
1998 MF Series A/B (Greens of Hickory Trial)	598,815	-	290,000	598,815
1999 MF Series A-C (Mayfield)	547,047	-	248,000	547,048

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
SCHEDULE 1-D
Supplementary Bond Schedules
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE (Continued)
For the Fiscal Year Ended August 31, 2011

	Pledged and Other Sources and Related Expenditures for FY 2011			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2000 MF Series A (Creek Point Apts)	$ 216,209	$ -	$ -	$ 16,204
2000 MF Series A (Deerwood Apts)	363,818	-	115,000	363,820
2000 MF Series A (Timber Point Apts)	219,065	-	-	19,065
2000 MF Series A/B (Greenbridge)	1,441,082	-	-	1,441,082
2000 MF Series A/B (Oaks at Hampton)	680,879	-	96,379	680,879
2000 MF Series A/B (Parks @ Westmoreland)	677,809	-	93,604	677,809
2000 MF Series A/B (Williams Run)	949,920	-	-	949,920
2000 MF Series A-C (Collingham Park)	818,608	-	244,000	818,608
2000 MF Series A-C (Highland Meadow Apts)	545,962	-	149,000	545,963
2001 MF Series A (Bluffview Senior Apts)	779,508	-	74,486	779,510
2001 MF Series A (Knollwood Villas Apts)	1,001,718	-	95,717	1,001,719
2001 MF Series A (Oak Hollow Apts.)	435,807	-	49,217	435,806
2001 MF Series A (Greens Road Apts.)	407,728	-	145,000	407,729
2001 MF Series A (Skyway Villas)	398,968	-	135,000	398,967
2001 MF Series A/B (Cobb Park)	7,713,967	-	9,059	138,723
2001 MF Series A/B (Hillside Apts.)	869,890	-	55,426	869,889
2001 MF Series A/B (Meridian Apts.)	502,410	-	75,000	502,410
2001 MF Series A/B (Wildwood Apts.)	388,770	-	60,000	388,770
2001 MF Series A-C (Fallbrook Apts.)	815,532	-	251,000	815,532
2002 MF Series A (Clarkridge Villas Apts)	943,310	-	99,871	943,307
2002 MF Series A (Park Meadows Apts)	267,730	-	80,000	267,730
2002 MF Series A (West Oaks Apts.)	9,803,444	-	52,802	468,486
2002 MF Series A (Green Crest Apts)	776,585	-	81,692	776,585
2002 MF Series A (Hickory Trace Apts)	779,980	-	82,049	779,981
2002 MF Series A (Millstone Apts.)	547,732	-	195,000	547,733
2002 MF Series A (Woodway Village Apts)	417,932	-	130,000	372,933
2002 MF Series A/B (Ironwood Crossing)	1,186,701	-	94,615	1,186,700
2003 MF Series A (NHP-Asmara) Refunding	48,707	-	430,000	39,364
2003 MF Series A (Evergreen @ Mesquite)	10,928,770	-	98,902	523,087
2003 MF Series A/B (Reading Road)	350,097	-	30,000	150,098
2003 MF Series A/B (Arlington Villas)	1,153,391	-	94,502	1,153,391
2003 MF Series A/B (Ash Creek Apts)	1,067,166	-	101,439	1,067,166
2003 MF Series A/B (North Vista Apts)	613,243	-	230,000	613,243
2003 MF Series A/B (Parkview Twnhms)	1,089,188	-	102,420	1,089,188
2003 MF Series A/B (Peninsula Apts)	618,549	-	180,000	603,549
2003 MF Series A/B (Primrose Houston School)	1,074,257	-	100,503	1,074,257
2003 MF Series A/B (Sphinx @ Murdeaux)	14,400,629	-	90,000	290,629
2003 MF Series A/B (Timber Oaks Apts)	908,551	-	72,942	908,551
2003 MF Series A/B (West Virginia Apts)	442,546	-	165,000	442,543
2004 MF Series A (Bristol)	130,529	-	-	30,531
2004 MF Series A (Chisholm Trail)	129,056	-	-	29,056
2004 MF Series A (Churchill @ Pinnacle)	644,226	-	81,665	644,226
2004 MF Series A (Evergreen @ Plano)	945,155	-	96,886	945,155
2004 MF Series A (Humble Park)	741,840	-	120,000	741,840
2004 MF Series A (Montgomery Pines)	230,404	-	-	30,405
2004 MF Series A (Pinnacle)	233,982	-	-	33,982
2004 MF Series A (Rush Creek)	578,271	-	59,737	578,271
2004 MF Series A (Sphinx @ Delafield)	11,091,763	-	-	176,763
2004 MF Series A (Tranquility Bay)	905,264	-	102,339	905,264
2004 MF Series A (Village Fair)	893,245	-	96,824	893,244
2004 MF Series A/B (Century Park)	646,896	-	190,000	646,896
2004 MF Series A/B (Post Oak East)	13,606,988	-	-	6,989
2004 MF Series A/B (Timber Ridge)	441,140	-	42,119	441,140

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)
SCHEDULE 1-D
Supplementary Bond Schedules
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE (Continued)
For the Fiscal Year Ended August 31, 2011

	Pledged and Other Sources and Related Expenditures for FY 2011			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
2004 MF Series A/B (Veterans Memorial)	$ 1,064,766	$ -	$ 102,036	$ 1,064,766
2005 MF Series A (Atascocita Pines)	129,310	-	-	29,310
2005 MF Series A/B (Canal Place)	1,286,228	-	81,743	996,228
2005 MF Series A (Del Rio)	730,045	-	25,455	730,045
2005 MF Series A (Park Manor)	665,600	-	-	665,600
2005 MF Series A (Pecan Grove)	889,330	-	95,824	889,332
2005 MF Series A (Chase Oaks)	683,876	-	238,319	683,876
2005 MF Series A (Port Royal)	773,783	-	82,876	773,783
2005 MF Series A (Prairie Oaks)	700,437	-	75,470	700,436
2005 MF Series A (Prairie Ranch)	570,013	-	125,000	570,013
2005 MF Series A (Mockingbird)	899,349	-	96,744	899,349
2005 MF Series A (St Augustine)	16,810	-	-	16,810
2005 MF Series A (Tower Ridge)	45,459	-	-	45,460
2006 MF Series A (Aspen Park Apts)	482,833	-	95,000	482,833
2006 MF Series A (Bella Vista)	410,589	-	45,000	410,589
2006 MF Series A (Center Ridge)	416,250	-	-	416,250
2006 MF Series A (Champion Crossing)	15,363	-	-	15,363
2005 MF Series A (Coral Hills)	296,272	-	20,000	246,272
2006 MF Series A (East Tex Pines)	778,747	-	80,000	778,747
2006 MF Series A (Grove Village)	361,720	-	86,442	361,720
2006 MF Series A (Harris Branch)	250,662	-	-	40,665
2006 MF Series A (Hillcrest)	571,726	-	150,000	571,725
2006 MF Series A (Idlewilde Apts)	140,554	-	-	35,554
2006 MF Series A (Meadowlands)	736,953	-	82,018	736,950
2006 MF Series A (Oakmoor)	856,344	-	100,196	856,345
2006 MF Series A (Pleasant Village)	351,184	-	83,923	351,184
2006 MF Series A (Red Hills Villas)	15,331	-	-	15,332
2006 MF Series A (Stonehaven)	644,798	-	82,069	644,802
2006 MF Series A (Sunset Pointe)	48,172	-	-	48,173
2006 MF Series A (Village Park)	521,975	-	150,000	521,975
2006 MF Series A (Villas at Henderson)	192,831	-	-	17,833
2007 MF Series A (Villas @ Mesquite Creek)	842,661	-	155,000	842,661
2007 MF Series A (Costa Rialto)	659,983	-	91,042	659,981
2007 MF Series A (Lancaster Apts)	140,554	-	-	35,554
2007 MF Series A (Park Place @ Loyola)	1,679,876	-	-	829,875
2007 MF Series A (Santora Villas)	1,703,400	-	-	703,398
2007 MF Series A (Summit Point)	2,606,095	-	80,000	506,095
2007 MF Series A (Terraces at Cibolo)	3,017,890	-	-	17,890
2007 MF Series A (Windshire)	235,235	-	-	35,235
2007 MF Series A (Residences @ Onion Creek)	45,459	-	-	45,460
2008 MF Series A (West Oaks Apts)	31,960	-	-	31,960
2008 MF Series A (Costa Ibiza Apts)	382,178	-	-	32,178
2008 MF Series A(Addison Park)	251,445	-	-	41,446
2008 MF Series A (Alta Cullen)	1,335,234	-	-	35,226
2009 MF Series A (Costa Mariposa)	34,907	-	-	34,908
2009 MF Series A (Woodmont Apts)	35,020	-	-	35,018
Total Multifamily Bonds	$ 144,122,663	$ 9,249	$ 8,116,352	$ 52,582,908
Total	$ 419,304,637	$ 2,616,640	$ 23,931,352	$ 103,281,761

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules
SCHEDULE 1-E
EARLY EXTINGUISHMENT AND REFUNDING
For the fiscal year ended August 31, 2011

			For Refunding Only		
Description of Issue	Category	Amount Extinguished or Refunded	Refunding Issue Par Value	Cash Flow Increase (Decrease)	Economic Gain/ (Loss)
Business-Type Activities					
2002 Single Family Series A	Early Extinguishment	$ 1,325,000	$	$	$
2002 Single Family Series B	Early Extinguishment	3,935,000			
2002 Single Family Series C	Early Extinguishment	325,000			
2002 Single Family Series D	Early Extinguishment	40,000			
2004 Single Family Series A	Early Extinguishment	8,340,000			
2004 Single Family Series C	Early Extinguishment	2,740,000			
2004 Single Family Series E	Early Extinguishment	585,000			
2005 Single Family Series A	Early Extinguishment	6,470,000			
2005 Single Family Series B	Early Extinguishment	1,720,000			
2005 Single Family Series C	Early Extinguishment	900,000			
2006 Single Family Series A	Early Extinguishment	4,925,000			
2006 Single Family Series B	Early Extinguishment	5,590,000			
2006 Single Family Series C	Early Extinguishment	8,515,000			
2006 Single Family Series D	Early Extinguishment	4,440,000			
2006 Single Family Series F	Early Extinguishment	12,365,000			
2006 Single Family Series G	Early Extinguishment	1,590,000			
2007 Single Family Series A	Early Extinguishment	16,485,000			
2007 Single Family Series B	Early Extinguishment	16,210,000			
1998 RMRB Series A	Early Extinguishment	27,720,000			
1998 RMRB Series B	Early Extinguishment	5,175,000			
1999 RMRB Series A	Early Extinguishment	3,655,000			
2000 RMRB Series B	Early Extinguishment	12,000,000			
2000 RMRB Series C	Early Extinguishment	3,675,000			
2001 RMRB Series A	Early Extinguishment	21,995,000			
2001 RMRB Series B	Early Extinguishment	9,950,000			
2001 RMRB Series C	Early Extinguishment	3,840,000			
2002 RMRB Series A	Early Extinguishment	1,670,000			
2003 RMRB Series A	Early Extinguishment	3,215,000			
2009 RMRB Series A	Early Extinguishment	24,440,000			
2009 RMRB Series B	Early Extinguishment	1,545,000			
2009 RMRB Series C-1	Early Extinguishment	435,000			
2011 RMRB Series A	Early Extinguishment	290,000			
1992 Coll Home Mtg Rev Bonds, Series C	Early Extinguishment	1,400,000			
1996 MF Series A/B (Braxton's Mark)	Early Extinguishment	14,273,700			
2000 MF Series A (Timber Point Apts)	Early Extinguishment	200,000			
2000 MF Series A (Creek Point Apts)	Early Extinguishment	200,000			
2001 MF Series A/B (Cobb Park)	Early Extinguishment	7,575,244			
2002 MF Series A (West Oaks Apts.)	Early Extinguishment	9,334,960			
2002 MF Series A (Woodway Village Apts)	Early Extinguishment	45,000			
2003 MF Series A/B (Reading Road)	Early Extinguishment	200,000			
2003 MF Series A/B (Sphinx @ Murdeaux)	Early Extinguishment	14,110,000			
2003 MF Series A/B (Peninsula Apts)	Early Extinguishment	15,000			
2003 MF Series A (Evergreen @ Mesquite)	Early Extinguishment	10,405,682			
2004 MF Series A (Chisholm Trail)	Early Extinguishment	100,000			
2004 MF Series A (Montgomery Pines)	Early Extinguishment	200,000			
2004 MF Series A (Bristol)	Early Extinguishment	100,000			
2004 MF Series A (Pinnacle)	Early Extinguishment	200,000			
2004 MF Series A (Sphinx @ Delafield)	Early Extinguishment	10,915,000			
2004 MF Series A/B (Post Oak East)	Early Extinguishment	13,600,000			
2005 MF Series A (Atascocita Pines)	Early Extinguishment	100,000			
2005 MF Series A/B (Canal Place)	Early Extinguishment	290,000			
2005 MF Series A (Coral Hills)	Early Extinguishment	50,000			
2006 MF Series A (Harris Branch)	Early Extinguishment	210,000			
2006 MF Series A (Villas at Henderson)	Early Extinguishment	175,000			
2006 MF Series A (Idlewilde Apts)	Early Extinguishment	105,000			
2007 MF Series A (Lancaster Apts)	Early Extinguishment	105,000			
2007 MF Series A (Park Place)	Early Extinguishment	850,000			
2007 MF Series A (Terrace at Cibolo)	Early Extinguishment	3,000,000			
2007 MF Series A (Santora Villas)	Early Extinguishment	1,000,000			
2007 MF Series A (Summit Point)	Early Extinguishment	2,100,000			
2007 MF Series A (Windshire)	Early Extinguishment	200,000			
2008 MF Series A (Costa Ibiza)	Early Extinguishment	350,000			
2008 MF Series A (Addison Park)	Early Extinguishment	210,000			
2008 MF Series A (Alta Cullen Apartments)	Early Extinguishment	1,300,000			
Total Business-Type Activities		$ 309,024,586	$ -	$ -	$ -

State Auditor's Office
John Keel, CPA
State Auditor

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Department of Housing and Community Affairs Board of Directors
Mr. J. Paul Oxer, P.E., Chair
Mr. Tom H. Gann, Vice Chair
Mr. C. Kent Conine
Ms. Leslie Bingham Escareño
Mr. Lowell A. Keig
Dr. Juan Sanchez Muñoz

We have audited the financial statements of the Department of Housing and Community Affairs (Department), the financial statements of the Department's Revenue Bond Program Enterprise Fund, and the computation of unencumbered fund balances of the Department's Housing Finance Division (collectively, the Department's financial reports), as of and for the year ended August 31, 2011, and have issued our reports thereon dated December 20, 2011. Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

We have chosen not to comply with a reporting standard that specifies the wording to be used in discussing restrictions on the use of this report. We believe the use of such wording is not in alignment with our role as a legislative audit function.

Internal Control over Financial Reporting

Management of the Department is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Department's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial reports, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Department's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant

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deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial reports are free of material misstatement, we performed tests of its compliance with certain provisions of laws, including the Public Funds Investment Act (Texas Government Code, Section 2256); regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We noted certain matters that we reported to management of the Department in writing.

This report is intended for the information and use of the Department's Board of Directors, the Department's management, and the Legislature. However, this report is a matter of public record, and its distribution is not limited.

John Keel, CPA
State Auditor

December 20, 2011