

TEXAS DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

Housing Finance Division
Computation of Unencumbered Fund Balances
As of August 31, 2024

(With Independent Auditor's Report)



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Lisa R. Collier,
CPA, CFE, CIDA,
State Auditor

Independent Auditor's Report

Department of Housing and Community Affairs Board of Directors

Mr. Leo Vasquez III, Chair
Mr. Kenny Marchant, Vice Chair
Ms. Cindy Conroy
Ms. Anna Maria Farias
Mr. Holland Harper
Mr. Ajay Thomas

Report on the Audit of the Financial Statements

Opinion

We have audited the Computation of Unencumbered Fund Balances (Computation) of the Department of Housing and Community Affairs' (Department) Housing Finance Division, as of and for the year ended August 31, 2024, and the related notes to the Computation.

In our opinion, the accompanying Computation referred to above presents fairly, in all material respects, the unencumbered fund balances of the Department's Housing Finance Division, as of August 31, 2024, and the financial reporting provisions of Texas Government Code, Sections 2306.204 and 2306.205, as described in Note 1 of the Computation.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Department, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Basis of Accounting

We draw attention to Note 1 of the Computation, which describes the basis of accounting. As indicated in Note 1 of the Computation, the Computation is prepared by the Department on the basis of the financial reporting provisions of Texas Government Code, Sections 2306.204 and 2306.205, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.



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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the Computation in accordance with the financial reporting provisions of Texas Government Code, Sections 2306.204 and 2306.205. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Computation that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Computation as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Computation.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Computation, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Computation.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Computation.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Restriction on Use

Our report is intended solely for the information and use of the Department and is not intended to be and should not be used by anyone other than this specified party.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2024, 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 solely 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 the effectiveness of the Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lisa R. Collier". The signature is written in a cursive style with a large, looped initial "L".

Lisa R. Collier, CPA, CFE, CIDA
State Auditor

December 13, 2024

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS —
HOUSING FINANCE DIVISION

COMPUTATION OF UNENCUMBERED FUND BALANCES
AS OF AUGUST 31, 2024
(Amounts in thousands)

	S/F	RMRB	Taxable Mortgage	M/F	Operating	Housing Trust	Housing	Government	
	Program	Program	Program	Program	Fund	Fund	Initiatives	Fund	
Qualifying Assets:									
Cash and Cash Equivalents	\$ 74,997	\$ 358,697	\$ 13,797	\$ 80,249	\$ 15,683	\$ 19,187	\$ 48,281	\$ 170,584	
Investments @ fair value	1,453,606	1,214,081	4,903	433,513					
Fair Value Adjustment	23,895	13,682	641	50,697					
Loans and Contracts	207,290	159,557	63,148	1,069,677	617	38,074	113	513,606	
Real Estate owned, @ net						21			
Accrued Interest receivable	5,775	5,249	1,797	6,330	3	6	47	87	
Federal Receivable								23,344	
Legislative Appropriations								7,368	
Subtotal	\$ 1,765,563	\$ 1,751,266	\$ 84,286	\$ 1,640,466	\$ 16,303	\$ 57,288	\$ 48,441	\$ 714,989	
Less restrictions:									
Trust Indenture	\$ (1,765,563)	\$ (1,751,266)	\$ (65,020)	\$ (1,640,466)	\$ -	\$ -	\$ -	\$ -	
Operating Reserve					(858)		(7,142)		
Appropriated State Treasury Funds					(6,168)			(7,368)	
General Appropriations Act ("GAA")						(38,101)			
Funds Reserved, Committed or under Contract						(19,187)			
Add'l restrictions per Department			(19,266)		(3,881)		(30)		
Restricted Use of Fees					(5,370)		(41,108)		
Federal Funds								(707,621)	
Subtotal	\$ (1,765,563)	\$ (1,751,266)	\$ (84,286)	\$ (1,640,466)	\$ (16,277)	\$ (57,288)	\$ (48,280)	\$ (714,989)	
Unencumbered Fund Balance:	\$ -	\$ -	\$ -	\$ -	\$ 26	\$ -	\$ 161	\$ -	\$ 187

See accompanying independent auditor's report and
accompanying notes to the computation

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS — HOUSING FINANCE DIVISION

NOTES TO THE COMPUTATION OF UNENCUMBERED FUND BALANCES
AS OF AUGUST 31, 2024
(Amounts in thousands)

1. BACKGROUND OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

General Statement — The Texas Department of Housing and Community Affairs (Department) was created effective September 1, 1991, by an act of the 72nd Texas Legislature, pursuant to Senate Bill 546 (subsequently codified as Chapter 2306, Texas Government Code) (Department Act), passed by the Texas Legislature on May 24, 1991, and signed by the Governor of the State of Texas. Effective September 1, 1991, the Department was established to assist local governments in helping residents overcome financial, social, and environmental problems; to address 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 Department was created by merging two former agencies: the Texas Housing Agency and the Texas Department of Community Affairs.

The Department is governed by a Governing Board composed of seven members appointed by the Governor with advice and consent of the Senate. The Department is administered by an Executive Director to be employed by the Board with the approval of the Governor. The Department is authorized to issue tax-exempt or taxable bonds, notes, or other obligations to finance or refinance multifamily housing developments and single-family residential housing. Bonds and notes of the Department do not constitute a debt of the State or any political subdivision thereof. The Department Act specifically provides for the assumption by the Department of the outstanding indebtedness of the former agencies. The Housing Finance Division (Division) of the Department is required to continue to carry out all covenants with respect to any bonds outstanding, including the payments of any bonds from the sources provided in the proceedings authorizing such bonds. The Department Act requires a portion of the unencumbered fund balances, as defined; of the Division of the Department to be transferred to the Housing Trust Fund from the bond programs should certain conditions be met.

The Division operates several bond programs under separate trust indentures, as follows:

General — Single-Family — Since 1979, the year of creation of the Texas Housing Agency (Agency), a predecessor to the Department, through August 31, 2024, the Agency or the Department has issued 71 series of Single-Family Mortgage Revenue Bonds, 5 series of Junior Lien Single-Family Mortgage Revenue Refunding Bonds, 48 series of Residential Mortgage Revenue Bonds, 10 series of GNMA/FNMA Collateralized Home Mortgage Revenue Bonds, 11 series of Collateralized Home Mortgage Revenue Bonds, and 2 series of Government National Mortgage Association (GNMA) Collateralized Home Mortgage Revenue Bonds. The Department has also issued 4 notes which are subordinate lien obligations. The 2016 Issuer Note has a loan agreement with Woodforest National Bank and the 2018 Issuer Notes had loan agreements with Woodforest National Bank, Tolleson Private Bank, and Hancock Whitney Bank. As of August 31, 2024, the outstanding principal amount of bonded indebtedness of the Department for single-family housing purposes was \$2,995,050.

Single-Family Mortgage Revenue Bonds (SFMRBs) — The Department has issued 71 series of SFMRBs under a SFMRB Trust Indenture, dated as of October 1, 1980, and 74 indentures supplemental thereto, which are secured on an equal and ratable basis by the trust estate established by the SFMRB Indenture. As of August 31, 2024, 21 series were outstanding, with an aggregate outstanding principal amount totaling \$1,435,553.

Junior Lien Bonds — The Department has issued five series of its Junior Lien SFMRBS (Junior Lien Bonds) pursuant to a Junior Lien Trust Indenture, as supplemented by the First Supplemental Junior Lien Trust Indenture and the Second Supplemental Junior Lien Trust Indenture, each dated as of May 1, 1994, the Third Supplemental Junior Lien Trust Indenture dated as of March 27, 2002, the Fourth Supplemental Junior Lien Trust Indenture dated as of April 1, 2004, the Fifth Supplemental Junior Lien Trust Indenture dated as of August 1, 2020; and the Sixth Supplemental Junior Lien Trust Indenture dated as of September 1, 2020, by and between the Department and J.P. Morgan Trust Company, Texas, NA, as trustee. The Junior Lien Bonds are secured on an equal and ratable basis with each other and on a subordinated basis to the SFMRBs by the trust estate held under the SFMRB Indenture. As of August 31, 2024, 1 series was outstanding, with an aggregate outstanding principal of \$30,000.

Residential Mortgage Revenue Bonds (RMRBs) — As of August 31, 2024, the Department has issued 48 series of RMRBs pursuant to the RMRB Trust Indenture and 41 separate series supplements, which are secured on an equal and ratable basis by the trust estate established by the RMRB Indenture. As of August 31, 2024, 12 series were outstanding, with an aggregate outstanding principal amount of \$1,519,497, and 1 note with an outstanding principal amount of \$10,000.

Taxable Mortgage Program (TMP) - On July 26, 2012, the Department approved the TMP. The TMP market facilitates the forward trading of Mortgage Backed Securities (MBS) issued by Ginnie Mae and Fannie Mae. The program is paid from revenues generated by the packaging and sale of the TMP MBS, available indenture funds and ongoing fees related to the loans originated and securitized through the TMP Program. Escrow agreements were established to limit the recourse to the servicer and the to be announced provider. The total amount of the escrow is \$2.5 million, funded from residual funds generated through the Single Family Mortgage Revenue Bond Program.

The Department has established a Liquid Yield account with Federal Home Loan Bank of Dallas to secure the Department's obligations under the Advances and Security Agreement. The amount on deposit is \$15 million funded from the RMRB Indenture, TMP and residual funds generated through the Single Family Mortgage Revenue Bond Program.

The Department has entered into a Warehouse Agreement with Hilltop Securities, as Warehouse Provider, and The Bank of New York Mellon Trust Company, as trustee under the bond indentures and as Custodian. The total amount of the escrow is \$750 thousand, funded from residual funds generated through the Single Family Mortgage Revenue Bond Program.

General — Multifamily (M/F) — The Department and the Agency have issued 266 multifamily housing revenue bonds, which have been issued pursuant to separate trust indentures and are secured by individual trust estates, which are separate and distinct from each other. As of August 31, 2024, 52 series were outstanding, with an aggregate outstanding principal amount of \$911,671 and 21 notes with an aggregate outstanding principal amount totaling \$519,906.

The Division operates other programs under the authority of the General Appropriations Act, Texas Government Code, and Federal Grants, as follows:

Operating Fund — The Department's enabling legislation, Texas Government Code (TGC) Chapter 2306, has several provisions regarding the deposit of funds related to the Operating Fund: §§2306.118, 2306.120, and 2306.172.

Amounts held in this fund are for the principal operating activities conducted by the Department which are held in the Special Housing Programs. Funds held in the Administration Fund are generated from revenue from Single Family/Multifamily Administration fees for the purpose of general administration expenses associated with bond funds. In addition, the balance includes funds designated for a specific purpose by Board action such as Single Family and Multifamily Asset Workout and Bond/ Mortgage Credit Certificates (MCC) funds reserved for future Cost of Issuance.

State of Texas Housing Trust Fund — The Department Act provided for a transfer of a portion of the unencumbered fund balance from the bond programs for use in the State of Texas Housing Trust Fund. In addition, the State of Texas Housing Trust Fund receives yearly appropriated General Revenue. The fund will be used to provide assistance for low-and very-low-income persons and families in financing, acquiring, rehabilitating, and developing affordable, decent, and safe housing. The fund will be made available to local units of government, public housing authorities, the Department, community housing development organizations, and nonprofit organizations, as well as eligible low- and very-low-income individuals and families.

Housing Initiatives — The Department's enabling legislation, Texas Government Code, Chapter 2306, has several provisions regarding the deposit of funds related to Housing Initiatives: §§ 2306.118, 2306.120, and 2306.172. There are numerous provisions for fees to be collected for the purpose of supporting the housing finance programs such as single family bonds, multifamily bonds, housing tax credits, asset management, and compliance monitoring: §§2306.144, 2306.147, 2306.176, 2306.228, 2306.266 and 2306.6716

Multifamily developers are assessed an annual fee based on the number of low-income units available for rent. Other fees collected are application fees, commitment fees, and inspection fees. The authority for the collection of these fees is outlined in the Department's Qualified Allocation Plan (QAP), which is published annually. These fees are generated for the purpose of offsetting expenses incurred by the Department related to the monitoring and administration of these properties and the Housing Tax Credit Program.

Governmental Fund— Funds within the governmental funds are comprised of programs funded with state appropriated general revenue and federal funds. They are restricted for use to each specific program.

The Emergency Solutions Grants Program (ESG) is a program intended to address the immediate needs of homeless individuals and families. Nonprofit organizations and local governments are awarded funds to provide shelter and related services for homeless persons, as well as intervention services to persons threatened with homelessness.

The Homeless Housing and Services Program (HHSP) assists the state's eight largest urban areas in providing services to homeless individuals and families, including case management and housing placement and retention. Eligible cities include Arlington, Austin, Corpus Christi, Dallas, El Paso, Fort Worth, Houston, and San Antonio.

The Section 8 Housing Assistance Program provides rental subsidy vouchers to very low-income families, including the elderly and persons with disabilities. The statewide program is specifically designed for families in small cities and rural communities not served by a local or regional program.

The Section 811 Project Rental Assistance (PRA) program provides project-based rental assistance for extremely low-income persons with disabilities linked with long term services. The Section 811 PRA program creates the opportunity for persons with disabilities to live as independently as possible through the coordination of voluntary services and providing a choice of subsidized, integrated rental housing options.

Through the HOME Investment Partnerships (HOME) Program, TDHCA provides funds for Single Room Occupancy (SRO) developments, Rental Housing Developments, Home Rehabilitation Assistance (HRA), Home Buyer Assistance (HBA), and Tenant Based Rental Association (TBRA).

The National Housing Trust Fund (NHTF) provides funding for the new construction or rehabilitation of multifamily housing affordable to extremely low income households. The program is funded nationally through earnings of Government Sponsored Entities (GSEs) such as Fannie Mae and is dependent on annual business volume for GSEs. HUD administers and distributes these funds. The Department makes NHTF funds available through the Multifamily Direct Loan (MFDL) Program.

The Neighborhood Stabilization (NSP) Program provides funds to units of local government or eligible nonprofits for the acquisition, clearance, rehabilitation, and redevelopment of foreclosed or abandoned homes for affordable housing. Funding may also be used to create finance mechanisms for homebuyer assistance for extremely low and very low income Texans, as well as eligible land bank activities.

The Community Services Block Grant (CSBG) Program makes funds available to community action agencies throughout the state to serve persons at or below federal poverty guidelines. This funding assists these agencies in providing essential services such as: access to childcare and health and human services for children, families, and the elderly. It also helps with nutrition, transportation, housing, substance abuse prevention, migrant assistance, job training, and employment services.

The Tax Credit Assistance Program (TCAP) provides gap financing for Housing Tax Credit (HTC) developments adversely affected by market downturns. The Tax Credit Assistance Program income will be applied to future affordable housing activities.

Comprehensive Energy Assistance Program (CEAP) provides case management, consumer education, and financial assistance to help extremely low and very low income consumers reduce their utility bills to an affordable level.

The Weatherization Assistance Program (WAP) helps extremely low and very low income consumers control their energy costs through the installation of weatherization measures, the repair or replacement of inefficient appliances, and energy conservation education.

BASIS OF PRESENTATION

Management of the Department has determined the following criteria and definitions should be used in the computation of unencumbered fund balances specified by the Department Act, Texas Government Code, §§2306.204 and 2306.205. Management's interpretation of unencumbered funds includes all funds associated with the Department inclusive of federal funds and state appropriated funds under the Governmental Fund. In addition, the scope of restrictions includes but is not necessarily limited to state or federal laws or other applicable legal requirements. These criteria and definitions were determined based on the requirements of the bond trust indentures, the Board's designated purposes, financial advisors' recommendations for credit rating purposes, the General Appropriations Act and Federal requirements:

Definition of Unencumbered Fund Balance — Housing Finance Division unencumbered funds are the funds associated with any and all of the department's housing finance activity which are not subject to any restrictions precluding their immediate transfer to the Housing Trust Fund. Such restrictions include, but are not necessarily limited to, being subject to a state or federal or other applicable legal requirement, including but not limited to, the General Appropriations Act then in effect or constraint that would not allow such transfer, being held in trust subject to the terms of a bond indenture, including an open indenture, having been designated by the Department's Governing Board for a specific use or contingency, including but not limited to, the Department's operating budget or established reserves.

In addition, the Department's financial advisor has recommended that additional restrictions be maintained in the determination of unencumbered fund balance for ensuring the maintenance of parity over the immediate future. Generally, the unencumbered fund balances cannot be distributed or utilized except when certain conditions have been met within the bond trust indentures, including filing of a statement of projected revenues that projects that anticipated cash flows will be sufficient to pay Department expenses of the Division and aggregate debt service through the maturity of the bonds and to maintain all other reserve fund requirements of the respective bond trust indentures. Any distribution of fund balances would result in a rating downgrade by rating agencies if it was determined that such distribution would negatively impact the indenture.

Qualifying Assets — Qualifying assets exclude unearned revenue, other assets and the interfund receivables (payables). The following is a summary of amounts considered to be qualifying assets in determination of unencumbered fund balance by the respective bond trust indentures and the bond rating agencies:

- Cash, cash equivalents, and investments are included at fair value.
- Fair value adjustment represents the adjustment to eliminate the unrealized gain or loss in investments marked to fair value, since these funds are not currently available. Unamortized premium/discount represents adjustment to value investments at par.
- Loans and Contracts are fully amortizing loans and are included at their current contractual balances outstanding, net of the estimated allowance for estimated loan losses. Loans and contracts found in the Single Family Mortgage Revenue Bond (SFMRB), Residential Mortgage Revenue Bond (RMRB), and Multifamily Bond Programs are restricted to the trust indentures. Loan and contracts under the Operating Fund, Housing Trust Funds, and Housing Initiatives are designated for program purposes. Loans within the Governmental Fund were funded with

Federal Funds for the purposes of Single Family loans and multifamily development loans from HOME, TCAP, and NSP grants.

- Real estate owned is included at the carrying amount, net of the allowance for estimated losses.
- Accrued interest receivable is included at the contractual balances of accrued interest on investments, mortgage-backed securities, and loans.
- Federal Receivable—The Department considers receivables collected within sixty days after year-end to be available and recognizes them as revenue of the current year.
- Legislative Appropriations— The Department receives state appropriated funds for specific purposes related to programmatic and administrative purposes.

Restrictions — The restrictions represent amounts to be deducted from qualifying assets for amounts required by the respective bond trust indentures, other Governing Board-designated purposes, recommendations by the Department’s financial advisors, federal and state guidelines in the determination of unencumbered fund balance.

- Trust Indentures restrict all funds within the SFMRB Program, RMRB Program, and Multifamily Program and certain balances within the General Fund and TMP accounts. Per bond covenants, bonds are payable from and secured by the Trust Estate inclusive of all funds and investments.
- The Taxable Mortgage Program has funds which are restricted per required escrow agreements, required funding of down payment assistance, and operating expenses.
- Operating reserve fund represents a restriction of approximately \$8M for operating expenses of the related bond programs and the Department.
- State Treasury funds are being held in the state treasury and are appropriated by the GAA and are restricted for its prescribed authority.
- The GAA provides the Department with the authority and funding to establish the Housing Trust Fund. The Department’s enabling legislation, TGC Chapter 2306, has several provisions regarding the Housing Trust Fund. The loans and contracts are restricted for the use of Housing Trust Fund.
- Funds Reserved, Committed, or under Contract are restricted based on current reservations or contracts for the purpose to provide loans and grants to entities and individuals to finance, acquire, rehabilitate, and develop affordable housing.
- Additional Restrictions per Department are designated by the Governing Board and are not available for any other purpose as of August 31, 2024.
- Restricted uses of fees for administrative expenses are set forth by the Department’s enabling legislation, TGC Chapter 2306. There are numerous provisions for fees to be collected for the purpose of supporting the housing finance programs such as single family bonds, multifamily

bonds, housing tax credits, asset management and compliance monitoring: §§2306.144, 2305.147, 2306.176, 2306.228, 2306.266, and 2306.6716 and are restricted for the administrative expenses of the Department.

- The Federal government awards grants to the Department for the purpose of housing, poverty related services, homelessness initiatives, and energy assistance. Any funds or assets related to federal funds are restricted for its specified purposes.

As of August 31, 2024, the following additional restrictions existed:

Taxable Mortgage Program	Additional Restrictions By Department
Escrow Agreement	\$ 2,500
Liquid Yield Account	15,000
	<u>\$ 17,500</u>

Escrow Agreement — An escrow agreement is in place to limit the recourse to the servicer and TBA provider, who delivers the MBS to the purchaser of the MBS backed by mortgage loans.

Liquid Yield Account — An account was established with the Federal Home Loan Bank of Dallas to secure obligations under the Advances and Security Agreement.

Operating Fund	Additional Restrictions By Department
Warehousing Agreement - Escrow Fund	\$ 792
Single Family & Multifamily Asset Preservation & Workout:	
Below Market Interest Rate Program/Asset Management	1,601
Mortgage Loans - Below Market Interest Rate Program/Asset Mgmt.	<u>617</u>
	2,218
Bond/MCC Program:	
Bond Programs/COI	1
Bond Programs/MCC Fees	25
Bond Programs/Marketing	<u>845</u>
	<u>871</u>
	<u>\$ 3,881</u>

Warehousing Agreement – Escrow Fund — This reserve is a required Escrow account established by the Warehousing Agreement between the Department and the warehouse facility.

Single Family & Multifamily Asset Preservation & Workout — These funds are reserved for single family and multifamily asset preservation and workout.

Bond/MCC Program — These funds are reserved for the MCC bond program and future bond programs.

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