★ Texas Bond Review Board ★

Report on State Lending & Credit Support Programs

December 2024

This report provides data on the state's lending and credit support programs and details, among other information, the amount of state money lent through, or debt supported by, each program as well as improved estimates of default costs.

Executive Summary

The 88th Legislature, 2023, passed House Bill (HB) 1038 amending the Texas Government Code (TGC), Chapter 1231, to require the Texas Bond Review Board (BRB) to increase transparency on state lending and credit support programs. Not later than December 31 of each even-numbered year, the BRB shall submit to the legislature and post on the BRB's website a report on all lending programs and credit support programs.

Pursuant to TGC Section 1231.064 (a)(2), "Lending program" means a program through which state money is loaned, or otherwise provided with the expectation of repayment, to a public or private entity.

Pursuant to TGC Section 1231.064 (a)(1), "Credit support program" means a program under which this state guarantees or provides credit enhancements for the debt of any public or private entity, including providing support for interest or principal payments, in a manner that obligates this state to pay any part of the principal or interest on that debt if the entity defaults.

The BRB identified a total of 36 loan programs and credit support programs administered by 12 different entities within state government. There are 34 loan programs compared to two credit support programs. The following tables detail the loan and credit support program totals broken out by state entity.

Agency	Number of Loan Programs		Dollar Amount of Loans Outstanding - FY 2023	Percentage
OOG[1]	2	$	547,357	0.0%
PUCT[2]	2	$	-	0.0%
SECO	1	$	23,707,222	0.1%
TAFA[3]	1	$	992,000	0.0%
TDA	1	$	881,077	0.0%
TDHCA	6	$	8,706,204,684	30.6%
THECB	5	$	1,848,284,684	6.5%
TPSFC	0	$	-	0.0%
TSAHC[5]	1	$	11,128,480	0.0%
TWDB[4]	11	$	14,969,092,812	52.5%
TXDOT	2	$	236,558,995	0.8%
VLB	2	$	2,691,586,954	9.4%
Total	**34**	**$**	**28,488,984,265**	**100.00%**

Agency	Number of Loan Programs		Dollar Amount of Loans Outstanding - FY 2024	Percentage
OOG[1]	2	$	253,576	0.0%
PUCT[2]	2	$	-	0.0%
SECO	1	$	42,738,653	0.1%
TAFA[3]	1	$	822,000	0.0%
TDA	1	$	650,392	0.0%
TDHCA	6	$	9,479,068,237	31.0%
THECB	5	$	1,876,272,421	6.1%
TPSFC	0	$	-	0.0%
TSAHC[5]	1	$	12,489,020	0.0%
TWDB[4]	11	$	16,044,921,175	52.4%
TXDOT	2	$	235,438,428	0.8%
VLB	2	$	2,931,780,612	9.6%
Total	**34**	**$**	**30,624,434,513**	**100.00%**

1) The OOG PDSBI program was discontinued on July 12, 2023.
2) The Texas Energy Fund (TEF) administered by the Public Utility Commission of Texas (PUCT) has not loaned, or otherwise provided with the expectation of repayment, to a public or private entity during the designated reporting periods.
3) The TAFA Municipal Finance Program is a legacy program that has been discontinued. There are three active loans remaining in the portfolio.
4) The TWDB Water Infrastructure Program is no longer active.
5) Not included in the TSAHC figures above is total debt outstanding of $541,546,368 and $657,834,978 as of FY 2023 and FY 2024, respectively, for single family housing bonds and multi family affordable housing bonds.

Agency	Number of Credit Support Programs		Dollar Amount of Debt Supported - FY 2023	Percentage
TAFA	1	$	3,450,826	0%
TPSFC	1	$	115,730,826,682	100%
Total	**2**	**$**	**115,734,277,508**	**100%**

Agency	Number of Credit Support Programs		Dollar Amount of Debt Supported - FY 2024	Percentage
TAFA	1	$	3,272,014	0%
TPSFC	1	$	125,815,981,603	100%
Total	**2**	**$**	**125,819,253,617**	**100%**

The largest loan program by dollars outstanding was the State Water Implementation Fund for Texas (SWIFT) Program administered by TWDB. The program had $8.10 billion in loans outstanding in FY 2023 and $8.95 billion in loans outstanding in FY 2024. The program comprises the SWIFT and the State Water Implementation Revenue Fund for Texas (SWIRFT), and helps communities develop cost-effective water supplies by providing low-interest financing, extended repayment terms, deferred repayments, and incremental repurchase terms.

The BRB identified two credit support programs within state government, the Agricultural Loan Guarantee Program administered by the Texas Agricultural Finance Authority (TAFA) and the PSF Bond Guarantee Program administered by the PSF Corporation. The Agricultural Loan Guarantee Program provides financial assistance in the form of partial loan guarantees to participating lending institutions to establish or enhance farming or ranching operations or to establish an agricultural-related business. In FY 2023, the program supported $3.45 million of debt in the form of partial loan guarantees and $3.27 million of debt in FY 2024. To-date, the program has never experienced a claim on any of the guarantees.

The PSF Bond Guarantee Program provides triple-A ratings to eligible school and charter district bonds, reducing borrowing costs and helping to build and renovate much-needed school facilities. In the event of a default by a school district, and upon proper notice to the Commissioner, the PSF Corporation will transfer from the PSF to the issuer's paying agent or registrar an amount necessary to pay the maturing or matured principal and/or interest. In FY 2023, the program supported $115.73 billion of debt in this manner and $125.82 billion of debt in FY 2024. No PSF guaranteed bond has defaulted in the history of the program.

This report contains 12 appendices, one for each state entity that administers a state lending or credit support program. For limitations on the purpose and use of this report, see the cautionary statements preceding *Appendix A*.

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Cautionary Statements

Section 1231.064 Texas Government Code (TGC) directs the Bond Review Board (BRB) to biannually prepare a report on all state lending programs and credit support programs in Texas. The report must detail the total amount of state money lent through each lending program and the total amount of debt supported by each credit support program. Pursuant to Section 1231.064(c) TGC, the BRB promulgated rules to facilitate the gathering of relevant information from state agencies or political subdivisions on lending and credit support programs. Section 1231.064 TGC, mandates the BRB to prepare a biennial report due by December 31 of each even-numbered year to the legislature and post the report on BRB's website. This report is intended to satisfy these Chapter 1231.064 duties.

The data in this report is compiled from information reported to the BRB from various sources and has not been independently verified. The reported lending and credit support data of state agencies may vary from actual lending amounts and credit support obligations. Historical data presented are not intended to predict future events or continuing trends, and no representation is made that past experience will continue in the future.

This report is intended to inform state leadership and the legislature and provides an overview of state lending and credit support programs. This report is not intended to inform investors in making a decision to buy, hold, or sell any securities, nor may it be relied upon as such. Data is provided as of the date indicated and may not reflect lending, credit support, or other data as of any subsequent date. This data may have changed from the date as of which it was provided.

TEXAS BOND REVIEW BOARD

Texas Bond Review Board

Report on State Lending and Credit Support Programs

Appendix A - Office of the Governor

Product Development & Small Business Incubator Program[1]

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

The Program provided financial assistance to promote domestic business development through loans to finance the commercialization of new or improved products and processes, foster, and stimulate the development of new or existing small businesses in the state.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
Texas Administrative Code, Title 10, Part 5, Chapter 177	Texas Constitution, Article XVI Section 71

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding	0	0
Total Dollar Amount Outstanding	$0	$0
Total State Money Lent Through the Program	$45,000,000	$0
Total Debt Supported by the Program	$45,000,000	$0

Principal & Interest Payments Received from Borrowers

FY 2023	$0
FY 2024	$0

Assets Pledged as Collateral to Secure the Existing Loans

Real Estate, Machinery & Equipment

DEFAULT INFORMATION

Current Default Rate[1]	0%
Highest Default Rate Experienced	100%
Amount of Defaulted P & I Payments	$579,606

Reasonable Estimate of the Cost Of Default: $ 2,275,540

Methodology

Historical average

Notes

1) PDSBI program was discontinued on July 12, 2023.

OFFICE OF THE GOVERNOR

Texas Leverage Fund Program

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

The Program provided loans to economic development corporations for eligible projects as authorized by Chapters 501, 504, and 505 of the Local Government Code. The proceeds for the loans aided local economic development.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
Texas Administrative Code, Title 10, Part 5, Ch. 181	Texas Constitution, Article III, Section 52 a Texas Government Code, Chs. 481 & 489 Local Government Code Chs. 501, 504, & 505

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding	6	3
Total Dollar Amount Outstanding	$547,357	$253,576
Total State Money Lent Through the Program	$25,000,000	$25,000,000
Total Debt Supported by the Program	$25,000,000	$25,000,000

Principal & Interest Payments Received from Borrowers

FY 2023	$1,422,058
FY 2024	$688,332

Assets Pledged as Collateral to Secure the Existing Loans

Type A/B sales tax

DEFAULT INFORMATION

Current Default Rate	0%
Highest Default Rate Experienced	0%
Amount of Defaulted P & I Payments	$0

Reasonable Estimate of the Cost Of Default: 0

Methodology

No default has happened in the TLF program.

Texas Bond Review Board

Report on State Lending and Credit Support Programs

Appendix B - Public Utility Commission of Texas

In-ERCOT Generation Loan Program[1]

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

The In-ERCOT Generation Loan Program will provide up to $7.2 billion (combined with Completion Bonus Grants) with a 10,000 megawatt (MW) cap of low interest loans at a 3% rate to qualifying companies for construction of new dispatchable electric generating facilities within the ERCOT power region or expansion of existing facilities providing power to the ERCOT power region. The loans will have a 20 year term. Qualifying projects will add at least 100 MW of new dispatchable generation capacity. Funding of projects will be determined through an application process, project due diligence, and award system approved by the PUCT. Final Loan awards will be approved by the PUCT.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
Development in progress	S.B. 2627 Texas Administrative Code, Title 16, §25.210

LOAN STATISTICS

	FY 2023[2]	FY 2024
Number of Loans Outstanding	N/A	0
Total Dollar Amount Outstanding	N/A	$0
Total State Money Lent Through the Program	N/A	$0
Total Debt Supported by the Program	N/A	$0

Principal & Interest Payments Received from Borrowers

FY 2023[2]	N/A
FY 2024	$0

Assets Pledged as Collateral to Secure the Existing Loans

None

DEFAULT INFORMATION

Current Default Rate	0.0%
Highest Default Rate Experienced	0.0%
Amount of Defaulted P & I Payments	$0

Reasonable Estimate of the Cost Of Default: N/A

Methodology

N/A

Notes

1) The Texas Energy Fund (TEF) administered by the Public Utility Commission of Texas (PUCT) has not loaned, or otherwise provided with the expectation of repayment, to a public or private entity during the designated reporting periods.
2) Not Applicable (N/A) for Fiscal Year 2023 since SB 2627 was created in June 2023 and ratified by voters in November 2023.

Backup Power Package Program[1]

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

The Backup Power Package Program will provide not more than $1.8 Billion for loans and grants to design, procure, or install backup power packages at facilities to support community health, safety, and well-being. A backup power package is a stand-alone, behind-the-meter, multi-day back up power source. Qualifying packages are natural gas, propane, and photovoltaic fuel sources with battery storage and provide up to an aggregate 2.5 megawatts of load capacity with 48 hour continuous operations capability. Applicant criteria is based on the unit cost of amount requested.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
To be developed	S.B. 2627

LOAN STATISTICS

	FY 2023[2]	FY 2024
Number of Loans Outstanding	N/A	0
Total Dollar Amount Outstanding	N/A	$0
Total State Money Lent Through the Program	N/A	$0
Total Debt Supported by the Program	N/A	$0

Principal & Interest Payments Received from Borrowers

FY 2023[2]	N/A
FY 2024	$0

Assets Pledged as Collateral to Secure the Existing Loans

None

DEFAULT INFORMATION

Current Default Rate	0%
Highest Default Rate Experienced	0%
Amount of Defaulted P & I Payments	$0

Reasonable Estimate of the Cost Of Default: N/A

Methodology

Notes

1) The Texas Energy Fund (TEF) administered by the Public Utility Commission of Texas (PUCT) has not loaned, or otherwise provided with the expectation of repayment, to a public or private entity during the designated reporting periods.
2) Not Applicable (N/A) for Fiscal Year 2023 since SB 2627 was created in June 2023 and ratified by voters in November 2023.

Appendix C - State Energy Conservation Office

LOANSTAR Revolving Loan Program

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

The Texas LoanSTAR (Saving Taxes and Resources) Revolving Loan finances energy-related, cost-reduced retrofits of facilities supported by the state, including public school disctricts and public colleges and universitites, as well as units of local government such as counties, cities, towns, public hospital taxing disctricts or political subdivisions. Borrowers receive low-interest loans to help pay for these efforts. Applicants repay the loans from the energy cost savings realized by the projects.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
Loanstar Technical Guidance Available at: https://comptroller.texas.gov/programs/seco/funding/loanstar/guidelines.php	Texas Government Code Ch. 2305

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding	18	17
Total Dollar Amount Outstanding	$23,707,222	$42,738,653
Total State Money Lent Through the Program	$35,934,987	$48,976,267
Total Debt Supported by the Program	$0	$0

Principal & Interest Payments Received from Borrowers

FY 2023	$18,679,983
FY 2024	$21,569,346

Assets Pledged as Collateral to Secure the Existing Loans

There are no assets pledged as collateral to secure the existing LOANSTAR loans.

DEFAULT INFORMATION

Current Default Rate	0%
Highest Default Rate Experienced	0%
Amount of Defaulted P & I Payments	$0

Reasonable Estimate of the Cost Of Default: 0

Methodology

SECO has no defaulted loans since the program was created in 1989.

Appendix D - Texas Agricultural Finance Authority

TEXAS AGRICULTURAL FINANCE AUTHORITY

Agricultural Loan Guarantee Program

Credit Support Program

DETAILED DESCRIPTION OF THE PROGRAM

The Agricultural Loan Guarantee Program (ALG) provides financial assistance in the form of partial loan guarantees to participating lending institutions of loans to establish or enhance farming or ranching operations or to establish an agricultural-related business.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
Texas Administrative Code Title 4, Part 1, Ch. 28	Texas Agriculture Code, Section 58.051

CREDIT SUPPORT STATISTICS

	FY 2023	FY 2024
Total amount of state money lent through or debt supported by the program	$3,450,826	$3,272,014
Total amount of credit support for interest or principal payments	$0	$0

DEFAULT INFORMATION

Current Default Rate	0%
Highest Default Rate Experienced	0%
Amount of Defaulted P & I Payments	$0

Reasonable Estimate of the Cost Of Default: 0

Methodology

It is estimated that the sale of assets will fully cover outstanding guarantee balances in the event of loan default. There is currently no allowance for possible loan losses or bad debt expense.

Municipal Finance Program

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

This is a legacy program that has been discontinued. Loans were made to local units of government and other political subdivisions for economic development purposes. There are three active loans remaining in the portfolio.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
Texas Administrative Code Ch. 25	Texas Agriculture Code, Section 58.021

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding	3	3
Total Dollar Amount Outstanding	$992,000	$822,000
Total State Money Lent Through the Program	$992,000	$822,000
Total Debt Supported by the Program	$0	$0

Principal & Interest Payments Received from Borrowers

FY 2023	$197,363
FY 2024	$197,743

Assets Pledged as Collateral to Secure the Existing Loans

Pledged water utility revenues and contract payments to Greater Texoma Utility Authority

DEFAULT INFORMATION

Current Default Rate	0%
Highest Default Rate Experienced	0%
Amount of Defaulted P & I Payments	$0

Reasonable Estimate of the Cost Of Default: 0

Methodology

It is estimated that the colllection of pledged revenues and/or the sale of pledged assets will fully cover the outstanding loan balances. There is currently no allowance for possible loan losses or bad debt expense.

Appendix E - Texas Department of Agriculture

Capital for Texas Program

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

The Capital for Texas (C4T) Program was a partnership with Community Development Financial Institutions (CDFIs) and was designed to support small, primarily micro, rural, and minority businesses in Texas. In 2016, TDA invested $2.6 million from the Economic Development Fund into three CDFIs. The CDFIs made small business loans to underserved populations (i.e. minorities, veterans, and rural business owners). The CDFIs are currently repaying the initial investment and a 1% investment return.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
TDA had policies and procedures in place for the C4T Program that governed how the program was administered. In general, TDA was responsible for confirming program eligibility. The CDFIs were responsible for underwriting the loans and submitting all supporting documentation. With respect to mitigating risk, the program had a loan loss allowance of 5%. If a CDFI experienced losses above 5% of the original allocation, the CDFI was still obligated to repay 95% of the original allocation.	Texas Agriculture Code, Section 12.072

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding	3	3
Total Dollar Amount Outstanding	$881,077	$650,392
Total State Money Lent Through the Program	$2,600,000	$2,600,000
Total Debt Supported by the Program	$0	$0

Principal & Interest Payments Received from Borrowers

FY 2023	$1,837,844
FY 2024	$2,068,812

Assets Pledged as Collateral to Secure the Existing Loans

N/A

DEFAULT INFORMATION

Current Default Rate	5.00%
Highest Default Rate Experienced	5.00%
Amount of Defaulted P & I Payments	$0

Reasonable Estimate of the Cost Of Default: $ 130,000

Methodology

Assuming each CDFI reached the 5% loan loss allowance, TDA would lose $130,000.

Texas Bond Review Board

Report on State Lending and Credit Support Programs

Appendix F - Texas Department of Housing and Community Affairs

Single Family Mortgage Revenue Bond Program

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

The Department has established and administers a single family mortgage revenue bond (“MRB”) program that finances mortgage loans to qualified first-time homebuyers within the State of Texas. Bonds are issued under two trust indentures, the Single Family Mortgage Revenue Bond Trust Indenture (“SFMRB”) and the Residential Mortgage Revenue Bond Trust Indenture (“RMRB”). Provided through the Department’s My First Texas Home (“MFTH”) program, these loans typically offer the lowest mortgage rates available. Borrowers must meet eligibility and first-time homebuyer requirements. Income qualification is performed in accordance with IRS requirements for tax exempt mortgage revenue bonds, and loan documents include standard taxexempt loan documentation (such as tax-exempt riders and recapture disclosure). Bond loans are pooled into mortgage-backed securities (“MBS”) and are purchased with bond proceeds under the indentures.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
TDHCA Lender Guide Available at: https://thetexashomebuyerprogram.com/uploads/Lender-Guide.pdf	Texas Government Code, Ch. 2306

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding	8,670	12,730
Total Dollar Amount Outstanding	$1,774,572,039	$2,662,236,857
Total State Money Lent Through the Program[1]	N/A	N/A
Total Debt Supported by the Program	$2,077,061,813	$2,985,049,533

Principal & Interest Payments Received from Borrowers[2]

FY 2023	N/A
FY 2024	N/A

Assets Pledged as Collateral to Secure the Existing Loans

As of 8/31/2023 - $14.9 million
As of 8/31/2024 - $15.7 million

DEFAULT INFORMATION

Current % in Delinquency 8/31/2024	17.6%
Current % in Foreclosure 8/31/2024	1.0%
Highest Delinquency Rate Experienced	24.6%
Amount of Defaulted P & I Payments[2]	N/A

Reasonable Estimate of the Cost Of Default[3]: $ 400

Methodology

The Department’s Master Servicer Agreement limits the Department to foreclosure fees of $400 per loan. There is no additional default exposure due to Ginnie Mae, Fannie Mae, and Freddie Mac MBS guarantees.

Notes

1) No state money is loaned; and the state does not provide a guarantee or credit enhancement to pay any part of the principal or interest in the event of default.
2) Not applicable or reported to the Department. Bond loans are pooled into mortgage-backed securities and the timely principal and interest payment is guaranteed by Ginnie Mae, Fannie Mae or Freddie Mac.
3) Per loan

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Bond / TMP Loans

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

Bond and TMP loans are purchased from lenders daily using a warehouse line of credit with the Federal Home Loan Bank of Dallas. Loans are held short term, usually no more than three weeks, before being securitized and sold to either the bond indentures or third party investors.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
TDHCA Lender Guide Available at: https://thetexashomebuyerprogram.com/uploads/Lender-Guide.pdf	Texas Government Code, Ch. 2306

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding	408	265
Total Dollar Amount Outstanding	$98,703,331	$62,422,632
Total State Money Lent Through the Program[1]	N/A	N/A
Total Debt Supported by the Program	$0	$0

Principal & Interest Payments Received from Borrowers[2]

FY 2023	N/A
FY 2024	N/A

Assets Pledged as Collateral to Secure the Existing Loans

As of 8/31/2023 - $14.9 million
As of 8/31/2024 - $15.7 million

DEFAULT INFORMATION

Current % in Delinquency 8/31/2024	17.6%
Current % in Foreclosure 8/31/2024	1.0%
Highest Delinquency Rate Experienced	24.6%
Amount of Defaulted P & I Payments[2]	N/A

Reasonable Estimate of the Cost Of Default[3]**:** $ 400

Methodology

The Department’s Master Servicer Agreement limits the Department to foreclosure fees of $400 per loan. There is no additional default exposure due to Ginnie Mae, Fannie Mae, and Freddie Mac MBS guarantees.

Notes

1) No state money is loaned; and the state does not provide a guarantee or credit enhancement to pay any part of the principal or interest in the event of default.
2) Not applicable or reported to the Department. Bond loans are pooled into mortgage-backed securities and the timely principal and interest payment is guaranteed by Ginnie Mae, Fannie Mae or Freddie Mac. The Department has no ownership interest in loans sold to third party investors.
3) Per loan

TMP/MCC Combo

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

The Department offers mortgage loan financing options through its Taxable Mortgage Program ("TMP") using the To Be Announced ("TBA) mortgage market. These loans are offered through the My Choice Texas Home ("MCTH") Program and provide the most qualification flexibility. Currently, all mortgage loans originated through the TMP Program are accompanied by a DPA loan through which the mortgagor receives funds for down payment and closing cost assistance in the form of a 0%, non-amortizing, three year forgivable or thirty year second loan that is due on sale or refinance. Mortgage loans originated through the TMP Program are pooled into MBS that are sold to third party investors. Neither the mortgage loans nor the MBS originated through the TMP Program are pledged to the Indenture.The Department historically has offered two Mortgage Credit Certificate ("MCC") options. The first is a stand-alone MCC, where the Department issues an MCC for a mortgage loan that was originated and funded by a third party lender. The second is a combo loan through the MFTH program that includes an MCC. Currently, due to private activity volume cap limitations, the Department only offers the combo option. Borrowers must meet the first-time homebuyer requirement and income qualification is performed in accordance with IRS requirements for tax exempt mortgage revenue bonds. Combo loans are not eligible for inclusion in a tax-exempt bond program and are originated through the TMP Program, pooled into MBS and sold to third party investors.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
TDHCA Lender Guide Available at: https://thetexashomebuyerprogram.com/uploads/Lender-Guide.pdf	Texas Government Code, Ch. 2306

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding	34,352	34,971
Total Dollar Amount Outstanding	$6,235,105,573	$6,314,131,142
Total State Money Lent Through the Program[1]	N/A	N/A
Total Debt Supported by the Program	$0	$0

Principal & Interest Payments Received from Borrowers[2]

FY 2023	N/A
FY 2024	N/A

Assets Pledged as Collateral to Secure the Existing Loans

As of 8/31/2023 - $14.9 million
As of 8/31/2024 - $15.7 million

DEFAULT INFORMATION

Current % in Delinquency 8/31/2024	17.6%
Current % in Foreclosure 8/31/2024	1.0%
Highest Delinquency Rate Experienced	24.6%
Amount of Defaulted P & I Payments[2]	N/A

Notes

1) No state money is loaned; and the state does not provide a guarantee or credit enhancement to pay any part of the principal or interest in the event of default.
2) Not applicable or reported to the Department. Bond loans are pooled into mortgage-backed securities and the timely principal and interest payment is guaranteed by Ginnie Mae, Fannie Mae or Freddie Mac. The Department has no ownership interest in loans sold to third party investors.
3) Per loan

Reasonable Estimate of the Cost Of Default[3]: $ 400

Methodology

The Department's Master Servicer Agreement limits the Department to foreclosure fees of $400 per loan. There is no additional default exposure due to Ginnie Mae, Fannie Mae, and Freddie Mac MBS guarantees.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Stand Alone Mortgage Credit Certificate Program

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

Using the Department's stand-alone MCC, the Department issues an MCC for a mortgage loan that was originated and funded by a third party lender.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
TDHCA Lender Guide Available at: https://thetexashomebuyerprogram.com/uploads/Lender-Guide.pdf	Texas Government Code, Ch. 2306

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding[1]	N/A	N/A
Total Dollar Amount Outstanding[1]	N/A	N/A
Total State Money Lent Through the Program[2]	N/A	N/A
Total Debt Supported by the Program	$0	$0

Principal & Interest Payments Received from Borrowers[3]

FY 2023	N/A
FY 2024	N/A

Assets Pledged as Collateral to Secure the Existing Loans

As of 8/31/2023 - $14.9 million
As of 8/31/2024 - $15.7 million

DEFAULT INFORMATION

Current Default Rate	N/A
Highest Default Rate Experienced	N/A
Amount of Defaulted P & I Payments[3]	N/A

Reasonable Estimate of the Cost Of Default: N/A

Methodology

First lien loans with Stand Alone MCCs are originated and funded by third party lenders. TDHCA has no default exposure.

Notes

1) Loans are sold to third-party investors; data not available.
2) No state money is loaned; and the state does not provide a guarantee or credit enhancement to pay any part of the principal or interest in the event of default.
3) Not applicable or reported to the Department. First lien loans with Stand Alone MCCs are originated and funded by third party lenders. The Department has no ownership

Down Payment Assistance Program

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

The Program allows eligible borrowers to choose between mortgage loans with down payment assistance (“DPA”) offered at various levels, or without an accompanying DPA loan but at a lower first lien rate. All assisted loans are accompanied by a DPA loan that provides funds for down payment and closing cost assistance in the form of a second lien loan with no stated interest in an amount equal to a percentage of the original principal amount of the related first lien loan. DPA Loans are due on sale, refinance, or repayment of the first mortgage, and may be either forgiven in three years or have a thirty year term. Down payment assistance is funded through the issuance of premium bonds and/or surplus indenture revenues.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
TDHCA Lender Guide Available at: https://thetexashomebuyerprogram.com/uploads/Lender-Guide.pdf	Texas Government Code, Ch. 2306

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding	47,172	50,628
Total Dollar Amount Outstanding	$355,578,741	$381,277,606
Total State Money Lent Through the Program[1]	N/A	N/A
Total Debt Supported by the Program	$0	$0

Principal & Interest Payments Received from Borrowers[2]

FY 2023	$15,908,450
FY 2024	$14,787,348

Assets Pledged as Collateral to Secure the Existing Loans

As of 8/31/2023 - $14.9 million
As of 8/31/2024 - $15.7 million

DEFAULT INFORMATION

Current % in Delinquency 8/31/2024	17.6%
Current % in Foreclosure 8/31/2024	1.0%
Highest Delinquency Rate Experienced	24.6%
Amount of Defaulted P & I Payments[2]	N/A

Notes

1) No state money is loaned; and the state does not provide a guarantee or credit enhancement to pay any part of the principal or interest in the event of default.
2) All DPA loans are 0% interest and non amortizing.

Reasonable Estimate of the Cost Of Default: N/A

Methodology

The cost of default is limited to the amount of the down payment assistance loan in the event the first lien forecloses and there are no excess proceeds available.

Multifamily Mortgage Revenue Bond Program

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

To make mortgage loans to housing sponsors to provide financing for multifamily residential rental housing intended to be occupied by individuals and families of low, very low, and extremely low income and families of moderate income.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
Texas Administrative Code, Part 1, Ch.12	Texas Government Code, §2306.353

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding	9	2
Total Dollar Amount Outstanding	$242,245,000	$59,000,000
Total State Money Lent Through the Program[1]	$243,240,000	$59,000,000
Total Debt Supported by the Program	$243,240,000	$59,000,000

Principal & Interest Payments Received from Borrowers

FY 2023[2]	$12,143,349
FY 2024	$52,125

Assets Pledged as Collateral to Secure the Existing Loans

The property itself is pledged as collateral

DEFAULT INFORMATION

Current Default Rate	0%
Highest Default Rate Experienced	0%
Amount of Defaulted P & I Payments	$0

Reasonable Estimate of the Cost Of Default: 0

Methodology

Costs of default could be inclusive of the amount of bonds outstanding, in addition to fees associated with professionals filing and/or drafting associated default documents.

Notes

1) The bonds issued through the Multifamily Mortgage Revenue Bond program are considered conduit debt. They are revenue bonds whereby the revenues from the project are pledged to pay debt service. They do not create an obligation, debt or liability of the State of Texas or a pledge or loan of faith, credit or taxing power of the State of Texas.
2) Included in this amount are bonds issued from a previous year that were issued as short-term bonds and were paid off during Fiscal Year 2023. There was a supplemental bond allocation made during Fiscal Year 2023 which explains why it is included in this report.

TEXAS BOND REVIEW BOARD

Texas Bond Review Board

Report on State Lending and Credit Support Programs

Appendix G - Texas Higher Education Coordinating Board

Hinson-Hazlewood College Student Loan Program

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

HHCSLP provides low-interest loans to undergraduate, graduate and professional resident students attending post-secondary schools in Texas. The HHCSLP includes the following loan programs: CAL, HELP, HEAL, FFELP, and NG loans. CAL provides private educational loans to Texas students up to the cost of attendance. Loan amounts must not exceed a student's manageable debt for their program of study. HELP provided educational loans to Texas students enrolled in eligible programs of study: medicine, osteopathy, dentistry, podiatry, veterinary medicine, pharmacy, public health, nursing, and allied health.HEAL was a federal program designed to help eligible graduate students offset the costs of medical school. FFELP loans were issued by private and state lenders but guaranteed by the federal government. NG provided low-interest non-guaranteed federal subsidized and unsubsidized loans to students.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
See THECB Policies, Page 27	Article III, Texas Constitution Sections 50b-5 through 50b-7; Texas Education Code, Ch. 52; Texas Government Code, Sec. 1207; Texas Government Code, Sec. 1371 & 1372; Texas Government Code Chapter 551 & 2256; Texas Government Code Section 404.024; Internal Revenue Code (26 U.S.C. Sec 144(b); Treasury Regulations 1.148-25, 1.148-5; SEC Rule 15c2-12; Texas Government Code, Sec. 441, Subchapter L.

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding	148,372	146,492
Total Dollar Amount Outstanding	$1,688,157,970	$1,718,031,946
Total State Money Lent Through the Program	$103,156,198	$80,178,833
Total Debt Supported by the Program	$2,015,482,357	$2,075,762,689

Principal & Interest Payments Received from Borrowers

FY 2023	$148,946,285
FY 2024	$147,892,894

Assets Pledged as Collateral to Secure the Existing Loans

Student loan repayments received in the Interest and Sinking Fund are pledged to secure payment of principal and interest on the agency's outstanding bonds.

DEFAULT INFORMATION

Current Default Rate	7.70%
Highest Default Rate Experienced	7.70%
Amount of Defaulted P & I Payments	$374,968,716

Reasonable Estimate of the Cost Of Default: $ 419,565,505

Methodology

HHCSLP calculates an annual cost of default rate based on performing loans within the HHCSLP portfolio. The calculation takes total claims as a percentage of the total loan receivables (less borrowers still in school). This rate is multiplied by the net receivables outstanding at fiscal year end. In addition to the default rate, THECB reserves 100% of judgment principal when determining the total cost of default. When a dormant judgment is at least 20 years old with no payment received in the past 24 months, the loan is determined to be uncollectible and is written off for cost of default purposes.

Teach for Texas Conditional Grant Program

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

TFT was a state loan program for eligible students participating in programs to become a teacher. Partial forgiveness was granted each year for up to five years for recipients who taught designated critical shortage subject fields or in designated critical shortage areas.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
See THECB Policies, Page 27	Texas Administrative Code, Title 19, Ch. 23, Subchapter B; Texas Education Code, Ch. 56, Subchapter O; Texas Education Code, §56.352.

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding	493	482
Total Dollar Amount Outstanding	$4,547,854	$4,641,982
Total State Money Lent Through the Program	$0	$0
Total Debt Supported by the Program	$0	$0

Principal & Interest Payments Received from Borrowers

FY 2023	$64,806
FY 2024	$61,097

Assets Pledged as Collateral to Secure the Existing Loans

Student loan repayments received in the Interest and Sinking Fund are pledged to secure payment of principal and interest on the agency's outstanding bonds.

DEFAULT INFORMATION

Current Default Rate[1]	N/A
Highest Default Rate Experienced[1]	N/A
Amount of Defaulted P & I Payments	$4,506,338

Reasonable Estimate of the Cost Of Default: $ 2,804,729

Methodology

TFT calculates an annual cost of default rate based on performing loans within the TFT portfolio. The calculation takes total claims as a percentage of the total loan receivables (less borrowers still in school). This rate is multiplied by the net receivables outstanding at fiscal year end. In addition to the default rate, THECB reserves 100% of judgment principal when determining the total cost of default. When a dormant judgment is at least 20 years old with no payment received in the past 24 months, the loan is determined to be uncollectible and is written off for cost of default purposes.

Notes

1) THECB calculates the default rate for the Hinson-Hazlewood (CAL) program based on a performance measure metric for Legislative Budget Board (LBB) purposes. THECB has traditionally not included the TFT program in this default calculation. The default rate used for the LBB performance measure metric evaluates defaults of loans that have entered repayment in the 36 months prior to the start of the fiscal year based on a methodology created by the THECB. The default percentage is calculated by taking the amount of those disbursed loans in default (>180 days past due) and dividing by the total disbursed amount. The TFT program is an older loan type that is not included in the LBB default rate calculation, as these borrowers went into repayment many years ago and fall outside of the 36-month window. Thus, an individual default rate is not available for the TFT program.

Texas Armed Services Scholarship Program

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

TASSP encourages students to complete a baccalaureate degree and become a member of the armed services after graduation. TASSP converts from a scholarship to a loan if the program requirements are not met.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
See THECB Policies, Page 27	Texas Education Code, Subchapter FF; Texas Education Code, §61.9771 - 61.9776; Texas Administrative Code, Title 19, Ch. 22, Subchapter I

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding	2,804	2,862
Total Dollar Amount Outstanding	$20,624,105	$22,449,172
Total State Money Lent Through the Program	$2,987,735	$3,701,146
Total Debt Supported by the Program	$0	$0

Principal & Interest Payments Received from Borrowers

FY 2023	$411,604
FY 2024	$596,908

Assets Pledged as Collateral to Secure the Existing Loans

Student loan repayments received in the Interest and Sinking Fund are pledged to secure payment of principal and interest on the agency's outstanding bonds.

DEFAULT INFORMATION

Current Default Rate	7.92%
Highest Default Rate Experienced	7.92%
Amount of Defaulted P & I Payments	$1,745,641

Reasonable Estimate of the Cost Of Default: $ 11,641,034

Methodology

TASSP calculates an annual cost of default rate based on performing loans within the TASSP portfolio. The calculation takes total claims as a percentage of the total loan receivables (less borrowers still in school). This rate is multiplied by the net receivables outstanding at fiscal year end. In addition to the default rate, THECB reserves 100% of judgment principal when determining the total cost of default. When a dormant judgment is at least 20 years old with no payment received in the past 24 months, the loan is determined to be uncollectible and is written off for cost of default purposes.

Texas B-On-Time Program

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

BOT provided non-interest bearing loans to eligible students as well as granted complete forgiveness to recipients who graduated on time with a B

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
See THECB Policies, Page 27	Texas Education Code, Sec. 56.0092

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding	34,678	33,172
Total Dollar Amount Outstanding	$134,609,823	$127,815,331
Total State Money Lent Through the Program	$0	$0
Total Debt Supported by the Program	$0	$0

Principal & Interest Payments Received from Borrowers

FY 2023	$9,903,550
FY 2024	$9,091,473

Assets Pledged as Collateral to Secure the Existing Loans

Student loan repayments received in the Interest and Sinking Fund are pledged to secure payment of principal and interest on the agency's outstanding bonds.

DEFAULT INFORMATION

Current Default Rate[1]	N/A
Highest Default Rate Experienced[1]	N/A
Amount of Defaulted P & I Payments	$84,209,604

Notes

1) THECB calculates the default rate for the Hinson-Hazlewood (CAL) program based on a performance measure metric for Legislative Budget Board (LBB) purposes. THECB has traditionally not included the BOT program in this default calculation. The default rate used for the LBB performance measure metric evaluates defaults of loans that have entered repayment in the 36 months prior to the start of the fiscal year based on a methodology created by the THECB. The default percentage is calculated by taking the amount of those disbursed loans in default (>180 days past due) and dividing by the total disbursed amount. The BOT program is an older loan type that is not included in the LBB default rate calculation, as these borrowers went into repayment many years ago and fall outside of the 36-month window. Thus, an individual default rate is not available for the BOT program.

Reasonable Estimate of the Cost Of Default: $ 61,731,786

Methodology

BOT calculates an annual cost of default rate based on performing loans within the BOT portfolio. The calculation takes total claims as a percentage of the total loan receivables (less borrowers still in school). This rate is multiplied by the net receivables outstanding at fiscal year end. In addition to the default rate, THECB reserves 100% of judgment principal when determining the total cost of default. When a dormant judgment is at least 20 years old with no payment received in the past 24 months, the loan is determined to be uncollectible and is written off for cost of default purposes.

Future Occupations & Reskilling Workforce Advancement to Reach Demand Program

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

FORWARD provides low-interest educational loans to Texas students who are enrolled in programs aligned with high value credentials and high demand occupations. Currently this program is limited to students enrolled in specific programs within the fields of Nursing/Patient Care, Teaching, Technology, Transportation/Logistics, and Energy.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
See THECB Policies, Page 27	Article III, Texas Constitution Sections 50b-5 through 50b-7; Texas Education Code, Ch. 52; Texas Government Code, Sec. 1207; Texas Government Code, Sec. 1371 and 1372; Texas Government Code Chs. 551 & 2256; Texas Government Code Section 404.024; Internal Revenue Code (26 U.S.C. Sec 144(b); Treasury Regulations 1.148-25, 1.148-5; SEC Rule 15c2-12; Texas Government Code, Sec. 441, Subchapter L.

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding	51	361
Total Dollar Amount Outstanding	$344,933	$3,333,990
Total State Money Lent Through the Program	$343,934	$2,810,709
Total Debt Supported by the Program	$0	$0

Principal & Interest Payments Received from Borrowers

FY 2023	$0
FY 2024	$20,910

Assets Pledged as Collateral to Secure the Existing Loans

Student loan repayments received in the Interest and Sinking Fund are pledged to secure payment of principal and interest on the agency's outstanding bonds.

DEFAULT INFORMATION

Current Default Rate[1]	N/A
Highest Default Rate Experienced[1]	N/A
Amount of Defaulted P & I Payments	$0

Notes

1) THECB calculates the default rate for the Hinson-Hazlewood (CAL) program based on a performance measure metric for Legislative Budget Board (LBB) purposes. The default rate used for the LBB performance measure metric evaluates defaults of loans that have entered repayment in the 36 months prior to the start of the fiscal year based on a methodology created by the THECB. The FORWARD loans are too new for this methodology to be applicable, as there are no borrowers that have entered repayment during the 36-month LBB cohort period. Thus, THECB is not able to include the FORWARD program in this default calculation due to the newness of the program. Therefore, no LBB default rate is available for the FORWARD program at this time but one will be available in the future.

Reasonable Estimate of the Cost Of Default: $ 348,324

Methodology

FORWARD calculates an annual cost of default rate based on performing loans within the FORWARD portfolio. The calculation takes total claims as a percentage of the total loan receivables (less borrowers still in school). This rate is multiplied by the net receivables outstanding at fiscal year end. In addition to the default rate, THECB reserves 100% of judgment principal when determining the total cost of default. When a dormant judgment is at least 20 years old with no payment received in the past 24 months, the loan is determined to be uncollectible and is written off for cost of default purposes.

THECB Policies

The Texas Higher Education Coordinating Board (THECB) provides effective administration of Texas' financial aid programs. We are committed to expanding financial aid knowledge through excellence in customer service, communication, and training for Texas students, borrowers, and institutions of higher education. Customer service to institutions, students, and families is a pillar of the financial aid programs the agency administers. The Coordinating Board is committed to continual improvement in customer service for student financial aid. Agency staff and customer service representatives are readily accessible to provide students financial aid information to eliminate barriers to student enrollment, financial aid, and improve unmanageable debt.

THECB provides low-interest student loans to Texas residents eligible to pay in-state tuition. THECB offers the College Access Loan (CAL), Future Occupations & Reskilling Workforce Advancement to Reach Demand (FORWARD) Loan, and the Texas Armed Services Scholarship Program (TASSP). In addition, THECB services several legacy portfolios including the Texas B-On-Time (BOT) loan, HEAL, HELP, and Teach for Texas loans.

The College Access Loan Program provides alternative educational loans to Texas students who are unable to meet the cost of attendance. Cost of attendance is an institution's estimate of the expenses incurred by a typical financial aid recipient in attending a particular institution of higher education. It includes direct educational costs (tuition and fees) as well as indirect costs (room and board, books and supplies, transportation, and personal expenses, and other allowable costs for financial aid purposes).

The amount of federal aid that a student is eligible for (regardless of whether accepted) must be deducted from the cost of attendance in determining the CAL loan amount. Effective September 1, 2023, the Texas Higher Education Coordinating Board calculated the final loan amount based on a student's "manageable debt" for the borrower's program of study on CAL applications. An origination fee is not assessed for all approved CAL borrowers.

The maximum aggregate loan amount for an eligible undergraduate student shall be limited to an amount of debt defined as "manageable debt" under the Board's Long-Range Master Plan for Higher Education. The maximum amount of student loan debt is based on a reasonable monthly student loan payment, taking into consideration the borrower's area of study. The agency may not loan a borrower an amount of College Access Loans that would cause the borrower's aggregate educational loan debt, as reported on the borrower's credit report, to exceed the maximum amount of eligible funding. The maximum aggregate loan amount for an eligible graduate or professional student is the sum of the student's annual limits. The maximum annual loan amount shall not exceed the difference between the cost of attendance and the financial resources available to the applicant, including the applicant's scholarships, gifts, grants, and other financial aid. The student's maximum eligibility for Federal Direct Loans must be considered by the institution as other financial aid, whether or not the student actually receives such assistance.

To meet eligibility requirements for the CAL, students must:

- Be classified by the institution as a Texas resident
- Be registered with Selective Service, or be exempt
- Be accepted for enrollment and enrolled at least half-time at an eligible Texas institution in a course of study leading to a certificate, an associate, bachelor's, graduate or higher degree, or an approved alternative educator certification program
- Meet the satisfactory academic progress requirements set by the institution
- Receive a favorable credit evaluation or provide a cosigner who has good credit standing and meets other requirements.

If a Cosigner is required, the cosigner must meet the following eligibility requirements:

- Be at least 21 years of age
- Have a regular source of income
- Not be the borrower or the spouse of the borrower
- Receive a favorable credit evaluation
- Be a U.S. citizen, or a permanent U.S. resident and reside in the U.S. or in a U.S. territory

Favorable credit evaluation requirements for students or cosigners include:

- Have an Experian VantageScore of 650 or higher
- Not have public records such as tax liens or bankruptcy proceedings
- Have a minimum of four credit trade lines, excluding student loans or authorized user accounts
- Not have defaulted on any federal or private education loans

In line with financial industry practice, the Texas Higher Education Coordinating Board reports account obligations to the credit reporting agencies. The reporting is at the loan level, with each loan reported as a tradeline. Cosigners are equally responsible for the repayment of the loan if the student fails to meet his or her repayment obligation.

Interest begins to accrue on the outstanding principal from the date of disbursement using simple interest. CAL are not eligible for interest subsidy, but the interest is not capitalized. Interest is currently at a fixed annual rate of 6.30%.

Loans have a six-month grace period from the date a borrower ceases to be enrolled at least half-time at an eligible institution. Principal balances under $30,000 have up to a ten-year repayment period with minimum monthly payments of $50. Principal balances of $30,000 or more have a repayment period up to 20 years. The CAL will not be sold to another lender. Postponements of loan repayment and income-sensitive or graduated repayment schedules are available. Additionally, borrowers who enroll in the automatic debit or Automatic Clearinghouse (ACH) payment service receive a 0.25% interest rate reduction on the interest rate of each applicable loan in repayment.

The FUTURE OCCUPATIONS & RESKILLING WORKFORCE ADVANCEMENT TO REACH DEMAND (FORWARD) LOAN PROGRAM provides alternative educational loans to Texas students who are unable to meet an institution's cost of attendance (COA). The FORWARD Loan Program is a low-interest loan designed for students enrolled in programs aligned with high value credentials and high demand occupations. This program is limited to students enrolled in specific programs within the fields of Nursing/Patient Care, Teaching, Technology, Transportation/Logistics, and Energy. Eligible credentials are reassessed annually. To qualify, the student must also be able to complete this program within two years or less. See below for further eligibility details. An origination fee will not be assessed for all approved FORWARD Loan borrowers

An institution's COA is an estimate of the average expenses a student would need to pay to attend that school for an academic year. This amount includes both direct and indirect expenses. Direct expenses are those that an institution bills a student for, such as tuition, fees, and room and board (for students living on campus). Indirect expenses are estimates of other costs that students should expect to pay while they're in school. This includes costs for books and supplies, transportation, and personal expenses.
The amount of federal aid that a student is eligible for must be deducted from the cost of attendance in determining the FORWARD Loan amount. This is true even if the student has not accepted the aid that was offered.

To meet eligibility requirements for the FORWARD loan, students must:

- Be classified by the institution as a Texas resident
- Be registered with Selective Service, or be exempt
- Meet the satisfactory academic progress requirements set by the institution
- Receive a favorable credit evaluation or provide a cosigner who has good credit standing and meets other requirements
- Not exceed the manageable loan debt calculated by the Texas Higher Education Coordinating Board
- Be enrolled in a High-Demand Credential program that the student will be able to complete in two years or less; eligibility for the program ends two years from the start of the semester in which the student received the first loan through the Program
- If enrolled in a degree program, must have completed at least 50% of the required coursework prior to receiving a loan through the Program
- If enrolled in a non-degree program, the program's duration must be less than two years
- If enrolled in master's degree coursework, the master's degree must be part of a combined baccalaureate-master's program approved by the institution of higher education

If a Cosigner is required, the cosigner must meet the following eligibility requirements:

- Be at least 21 years of age
- Have a regular source of income
- Not be the borrower or the spouse of the borrower
- Receive a favorable credit evaluation
- Be a U.S. citizen, or a permanent U.S. resident and reside in the U.S. or in a U.S. territory

Favorable credit evaluation requirements for students or cosigners include:
- Have an Experian VantageScore of 650 or higher
- Not have public records such as tax liens or bankruptcy proceedings
- Have a minimum of four credit trade lines, excluding student loans or authorized user accounts
- Not have defaulted on any federal or private education loans
- In line with financial industry practice, the Texas Higher Education Coordinating Board reports account obligations to the credit reporting agencies. The reporting is at the loan level, with each loan reported as a tradeline. Cosigners are equally responsible for the repayment of the loan if the student fails to meet his or her repayment obligation.

Interest begins to accrue on the outstanding principal from the date of disbursement using simple interest. Loans are not eligible for interest subsidy, but the interest is not capitalized.

Interest is currently a fixed annual rate of 4.30%.

Loans have a six-month grace period from the date a borrower ceases to be enrolled at least half-time at an eligible institution. Loans have up to a ten-year repayment period. The monthly payment amount is calculated annually based on income, the monthly accrued interest on FORWARD loans, and cumulative outstanding student loan principal balance. The loan will not be sold to another lender. Postponements of loan repayment are available. Borrowers who enroll in the automatic debit or Automatic Clearinghouse (ACH) payment service receive a 0.25% interest rate reduction on the interest rate of each applicable loan in repayment.

The Texas Armed Services Scholarship Program (TASSP) encourages students to complete a baccalaureate degree and become a member of one of these organizations:

- Texas Army National Guard
- Texas Air National Guard
- Texas State Guard
- United States Coast Guard
- United States Merchant Marine
- Become a commissioned officer in any branch of the armed services of the United States

Each year the governor and the lieutenant governor may appoint two students, and each state senator and each state representative may appoint one student to receive an initial conditional scholarship award. The amount of the award will be the lesser of (1) $15,000; or (2) An amount not to exceed the student's cost of attendance less the total amount a student will earn for that academic year for being under contract with one of the branches of the armed services of the United States and any other financial assistance.

Selected students must meet two of these four academic criteria:

- Be on track to graduate or have graduated high school with the Distinguished Achievement Program (DAP), the distinguished level of achievement under the Foundation High School program, or the International Baccalaureate (IB) Program
- Have a high school grade point average (GPA) of 3.0 or higher on a 4.0 scale
- Have achieved a college readiness score on the SAT (1070) or ACT (23)
- Be ranked in the top one-third of the prospective high school graduating class

To meet eligibility requirements for the TASSP scholarship, an appointed student must:

- Be registered with Selective Service or be exempt
- Be enrolled at a public or private (non-profit) institution of higher education in Texas and in good standing in a Reserve Officers' Training Corps (ROTC) program or another undergraduate officer commissioning program as certified by the institution
- Maintain satisfactory academic progress (SAP) as indicated by the financial aid office at the recipient's institution of higher education
- Enter into a written agreement with the THECB
- Complete school-initiated TASSP application
- Repay the scholarship if requirements are not met

If a student fails to meet the requirements to receive a scholarship or fails to complete the application process, they may forfeit the scholarship. The THECB will notify the legislative office of their nominee's change in eligibility so that the legislator can submit an alternate student.
A student cannot receive a scholarship for more than (1) four of the six years that are allowed for a student to graduate if the student is enrolled in a degree program of four years or less; or (2) five of the six years are allowed for graduation if the student is enrolled in a degree program of more than four years. A student may not receive a scholarship after earning a baccalaureate degree or a cumulative total of 150 credit hours, including transferred hours verified by the student's institution.

The THECB requires a scholarship recipient to sign a promissory note acknowledging the conditional nature of the scholarship and promising to repay the amount of the scholarship plus applicable interest, late charges, and any collection costs, including attorneys' fees, if the recipient fails to meet certain conditions of the scholarship.

Recipients agree to:

- Complete one year of ROTC training for each year that the student receives a scholarship, or the equivalent of one year of ROTC training if the institution of higher education awards ROTC credit for prior service in any branch of the U.S. Armed Services or the Texas Army National Guard, Texas Air National Guard, Texas State Guard, United States Coast Guard, or United States Merchant Marine, or another undergraduate officer commissioning program
- Graduate no later than six years after the date the student first enrolls in an institution of higher education after having received a high school diploma or a General

Educational Diploma or its equivalent

- After graduation, enter into and provide the THECB with verification of one of the following:
- A four-year commitment to be a member of the Texas Army National Guard, Texas Air National Guard, Texas State Guard, United States Coast Guard, or United States Merchant Marine
- A contract to serve as a commissioned officer in any branch of the armed services of the United States
- Meet the physical examination requirements and all other prescreening requirements of the Texas Army National Guard, Texas Air National Guard, Texas State Guard, United States Coast Guard, or United States Merchant Marine, or the branch of the armed services with which the student enters into a contract
- Repay the scholarship according to the terms of the promissory note if the student fails to meet the requirements in the Conversion of a Scholarship to a Loan section

A scholarship will become a loan if the recipient:

- Fails to maintain SAP
- Withdraws from the scholarship program, as indicated through withdrawal or removal from the institution or that institution's ROTC program or other undergraduate officer commissioning program, without subsequent enrollment in another institution of higher education and that subsequent institution's ROTC program or other undergraduate officer commissioning program

Fails to fulfill one of the following:

- A four-year commitment to be a member of the Texas Army National Guard, Texas Air National Guard, Texas State Guard, United States Coast Guard, or United States Merchant Marine
- The minimum active service requirement included in a contract to serve as a commissioned officer in any branch of the armed services of the United States; honorable discharge is considered demonstration of fulfilling the minimum active service requirement
- Does not submit documentation of the contract or commitment to the THECB within twelve months of graduation with a baccalaureate degree; subsequently filing documentation will revert the loan back to a scholarship

If a scholarship is converted to a loan, the student cannot regain scholarship eligibility in a subsequent academic year and loses eligibility to receive any future scholarships through the program. Once the scholarship is converted to a loan, the repayment requirements include:
The student will have a 6-month grace after the scholarship becomes a loan before repayment begins; however, interest begins to accrue on the date the scholarship is converted to a loan.
The TASSP loan has a 15-year repayment period, and a required minimum monthly payment of $100 or an amount required to repay the loan within 15 years, whichever is greater.
The TASSP interest rate will be the same rate charged for a College Access Loan at the time the funds were disbursed.

If a past due payment amount is not received within 20 days of the scheduled due date, a past due penalty of 5 percent of the scheduled monthly payment or five dollars, whichever is less, will be charged.

For all loan programs, THECB administers its loan portfolio in compliance with The Higher Education Act of 1965, as amended. THECB closely monitors the federal regulations promulgated by the Department of Education, and considers all federal directives.
Servicing requirements begin when the loan is disbursed and encompass all activities during the in-school, grace, and repayment periods. Servicing activities include:

- Verifying the student's in-school status.
- Converting the loan to repayment.
- Establishing repayment terms.
- Applying payments, deferments, and forbearances
- Reporting information about the loan to a nationwide consumer reporting agency
- Performing collection due diligence
- Responding to borrower or endorser inquiries within 30 days of receiving the inquiry.

During the in-school, grace, and in-school deferment periods, THECB, via the National Student Loan Data System (NSLDS), monitors the enrollment status of the borrower to determine whether the student maintains continuous enrollment on at least a half-time basis. To monitor a student's enrollment, the NSLDS obtains enrollment information from the school. This enrollment verification is facilitated through the Enrollment Reporting process. THECB will review and update our records promptly with all enrollment change information received regarding the student. If THECB receives any information that conflicts with its records, THECB will resolve these discrepancies. Enrollment information is recorded in the borrower's file or in the servicing history of the loan and is available at all times.

If THECB receives reliable information that indicates that the borrower may be eligible for an in-school deferment, THECB will determine the borrower's eligibility. If the borrower is determined to be eligible, THECB will grant the in-school deferment.

All borrowers are entitled to a grace period during which payments are not required and which is intended to provide the student borrower with time to find employment and prepare to repay the loan. Borrowers are allowed only one grace period on a loan or on each group of loans merged into a single repayment schedule. However, if the borrower ceases at least half-time enrollment and then reenrolls at least half time at an eligible school before the grace period expires, the borrower is considered to have been continuously enrolled, and the loan remains in the in-school period. Once the grace period expires and the repayment period begins, a new grace period is not allowed.

A borrower who has a loan in a grace period or a loan in an in-school status that would subsequently enter a grace period, and who is called or ordered to active duty, is entitled to one or more military extensions of the grace period for a period not to exceed 3 years for any single extended period. The maximum 3- year military extension for any single extended period includes the time period necessary for a borrower to resume enrollment at the next available and regularly scheduled period of enrollment. To qualify for this extension, the borrower must be called or ordered to active duty from a reserve component of the U.S. Armed Forces for a period in excess of 30 days. If the borrower resumes at least half-time enrollment at the end of a military extension, the borrower is entitled to a new grace period at the end of the in-school period. If the borrower does not resume at least half-time enrollment, the borrower is entitled to a new grace period at the end of the military extension.

Loan borrowers enter repayment when the grace period ends. THECB notifies the borrower of the terms and conditions for repayment of the loan before payments are scheduled to begin. These terms and conditions include the total amount to be repaid, the number of payments, the payment amount, the interest rate, and the payment due date.

During the repayment period, THECB is responsible for:

- Notifying the borrower of his or her repayment terms.
- Converting the loan to repayment.
- Collecting and applying loan payments.
- Processing deferments and forbearances.
- Reporting loan information to a nationwide consumer reporting agency.

A borrower in repayment is entitled to defer payments of principal if the borrower meets certain criteria. There are many different types of deferments or forbearances available to borrowers, including periods of unemployment, economic hardship, illness, or further study.

The repayment start date is the date the repayment period begins. The repayment period begins on the day following the last day of the grace period. THECB will establish an accurate repayment start date in a timely manner and ensure the loan is converted to a repayment status immediately after the grace period expires.

THECB calculates the grace period end date as the day that is exactly six months, as applicable based on the terms of the loan, following the date on which the student was last enrolled at least half time. The repayment period begins on the day following the grace period end date.

A borrower with one or more loans will have the repayment period start dates loans aligned. THECB may apply an administrative forbearance to loans that have entered repayment in order to align all of the borrower's loans.

The first payment due date for a loan will be no later than 60 days after the beginning of the repayment period, or 60 days after the last day of a deferment or forbearance period, unless the borrower makes a prepayment during this period that advances the due date.

In establishing a borrower's repayment terms, THECB will establish terms that retire the debt in a reasonable manner and satisfy the repayment requirements specified by the promissory notes. The borrower is entitled to prepay or accelerate the repayment of his or her loan without penalty.

THECB will accurately determine and disclose the amount of principal a borrower must repay. This amount should reflect any canceled disbursements, funds returned by the school, prepayments made by or on behalf of the borrower, accrued unpaid interest, and changes to the interest rate of the loan. THECB will also project the borrower's finance charge (the interest to be paid over the life of the loan). The maximum allowable repayment period is calculated from the date on which the first payment is due.

Periods of authorized deferment and forbearance are excluded from the maximum repayment period. As a result, granting a deferment or forbearance extends the overall length of time the borrower may have to repay the loan.

A borrower has three options for repaying a loan:

- Pay the outstanding balance (unpaid principal and accrued interest) in full.
- Pay any part of the outstanding balance in a lump sum payment and the remaining balance in regular (monthly or quarterly) principal and interest installments.
- Make regular installments on the entire outstanding balance.

The borrower may prepay all or a portion of the loan without penalty at any time. The minimum monthly payment required for a borrower is $50.00. THECB may permit a borrower to make smaller payments than otherwise required if the reduced scheduled monthly payment amount equals at least the amount of interest due on the loan. This option is provided only on a short-term basis, and THECB strives to ensure that the reduced payments do not cause subsequent repayment schedules to require any single payment amount to exceed any other payment amount by more than three times. THECB also allows borrowers to make income-sensitive payments. In these cases, a payment may be less than the monthly accruing interest.

In some cases, THECB may adjust the borrower's repayment terms. Typically, this may occur in any of the following cases:

- The borrower requests an income-sensitive repayment schedule
- The borrower requests an income-based repayment schedule
- The borrower requests a change in his or her repayment schedule
- THECB will comply with an eligible borrower's request to revise his or her choice of repayment schedule at least once every 12 months.

In adjusting the borrower's repayment terms, THECB will either (1) keep the number of installments the same and change the borrower's installment amount; or (2) keep the installment amount the same and change the borrower's repayment period.

THECB discloses repayment information in simple and understandable terms, in a statement provided to the borrower at or before the beginning of the repayment period. To satisfy this requirement, THECB will send via USPS the borrower 60 days after the borrower's grace period begins.

THECB's repayment disclosure statement includes:

- our name and the address to which correspondence and payments should be sent
- telephone number for the borrower to contact THECB
- the scheduled date the repayment period begins
- The estimated balance, including the estimated amount of interest that is owed by the borrower as of the date the repayment period begins
- The actual interest rate on the loan.
- Eligibility for an interest rate reduction if the borrower repays the loan by automatic payroll or checking account deduction
- A description of all the repayment plans that are available to the borrower and a statement that the borrower may change from one plan to another at least annually during the repayment period.
- An explanation of any fees that may accrue or be charged to the borrower during the repayment period.
- The borrower's repayment schedule, including the due date of the first installment and the number, amount, and frequency of payments, based either on a standard repayment plan or the repayment plan selected by the borrower.
- The estimated total amount of interest to be paid on the loan, assuming payments are made in accordance with the repayment schedule and the amount of interest already paid by the borrower, if applicable.
- A statement that the borrower has the right to prepay all or part of the loan at any time, without penalty.

In addition to a standard repayment schedule, THECB may also offers a borrowers the option of a graduated repayment schedule; an income-sensitive repayment (ISR) schedule; an income-based repayment (IBR) schedule; and an extended repayment schedule, if applicable.

A borrower may prepay his or her loan in full or in part at any time, without penalty and without liability for unearned interest. THECB will credit the entire prepayment amount first to any late charges accrued or collection costs, then to any outstanding interest, and then to outstanding principal. Unless the borrower requests otherwise, a prepayment received during a period when regular payments are due will be applied to future installments if the payment received equals or exceeds the regularly scheduled payment amount.

THECB provides borrowers in repayment a monthly bill or statement that corresponds to each installment period for which a payment is due and that includes, in simple and understandable terms, each of the following:

- The original principal amount of the borrower's loan.
- The borrower's current balance, as of the time of the bill or statement.
- The interest rate on the loan.
- The total amount of interest that the borrower has paid on the loan since the last bill or statement.
- The aggregate amount the borrower has paid on the loan, as well as separate aggregate amounts identifying the interest paid, the fees paid, and the amount paid against the principal balance.
- A description of each fee charged for the most recent preceding installment period.
- The payment amount, the due date for the payment to avoid additional fees, and the amount of any such fees.
- THECBs address and toll-free phone number for repayment options, payment, and billing error purposes.
- A reminder of the borrower's option to change repayment plans, a listing of the repayment plans available to the borrower.

If a borrower notifies THECB that he or she is having difficulty making scheduled payments, THECB will in simple and understandable terms, a description of each of the following:

- The repayment plans available to the borrower, including how the borrower can request a change in repayment plan.
- The requirements for obtaining a forbearance on a loan, including costs associated with the forbearance.
- The other options available to the borrower to avoid default, including any fees or costs associated with those options.

Deferments and forbearances are a tool available to borrowers to help them meet their loan repayment obligations. Once the repayment period has begun, the borrower is entitled to defer payments when applicable eligibility criteria are met. There are several conditions under which borrowers qualify for deferment or forbearance. In granting a deferment or forbearance, THECB is aware of the following general characteristics:

Deferments are entitlements. Generally, if a borrower demonstrates eligibility for a deferment and provides THECB with the necessary documentation required to establish eligibility, the borrower may not be denied the deferment.

The borrower's eligibility for a deferment or forbearance depends on the borrower's meeting specific criteria, and the type of loan for which the request is being sought.

THECB will apply an administrative forbearance to any delinquency that exists prior to the start date of the deferment or forbearance. In some cases, THECB will process the forbearance retroactively, to satisfy any delinquency that remains after the end date of the deferment.
In most cases, the borrower must request a deferment or forbearance, either verbally or in writing, and provide THECB with documentation necessary to support the borrower's eligibility.

A borrower's first payment after deferment or forbearance will be due no later than 60 days after the date on which an authorized deferment or forbearance period ends.

An Armed Forces deferment is available to a borrower who is serving on active-duty status in the U.S. Armed Forces (the Army, Navy, Air Force, Marine Corps, and Coast Guard). The deferment begins on the date the condition entitling the borrower to the deferment first existed, as determined by the lender. The deferment ends no later than 3 years after the date on which it began, or the date on which the borrower's qualifying service is certified to end or actually ends, whichever is earlier. A borrower may be granted a maximum of 3 years of deferment for any combination of service in the U.S. Armed Forces, U.S. Commissioned Corps of Public Health, and National Oceanic and Atmospheric Administration Corps (NOAA).

A cancer treatment deferment is available to a borrower who is receiving cancer treatment, as certified by a Doctor of Medicine or Osteopathy who is legally authorized to practice medicine, for up to one year at a time. In addition, the borrower is eligible for a six-month post-treatment deferment at the end of cancer treatment. To qualify for this deferment, a borrower must request it and provide THECB with a statement from a Doctor of Medicine or Osteopathy certifying the borrower is or was receiving, or is scheduled to receive, cancer treatment under the Doctor's care and the dates of when the treatment began (or will begin) and end (or is expected to end).

An in-school deferment is available to a borrower for the student's at-least-half-time study at an eligible school. A student's in-school enrollment includes any combination of courses, special studies, research, or work experience that the school considers to constitute a course of study. Full-time or half-time enrollment is determined by the individual school and may vary according to whether the student is a graduate or undergraduate student; whether the enrollment is taking place during the summer or a regular session; and according to the nature of the program. Enrollment in a correspondence school program alone is considered half-time enrollment. The student's full-time or half-time enrollment also may be the result of adding together simultaneous enrollments at more than one school, provided that a single school certifies total enrollments for all of the schools.

In some cases, a borrower may be eligible to extend the period of in-school deferment based on anticipated reenrollment for the fall term. If a student attends school and is deferred through the end of the spring academic period and is planning to reenroll for the academic period in the fall, the deferment may be extended through the summer months.

An internship/residency deferment is available to a borrower for either of the following:

Service in an internship program that is required of the borrower to receive professional recognition to begin professional practice or service.
Service in a medical internship or residency training program that leads to a degree or certificate awarded by an institution of higher education, hospital, or a health care facility that offers postgraduate training.

Unemployment forbearance is available to individuals who are conscientiously seeking, but unable to find, full-time employment. A borrower is eligible for unemployment forbearance regardless of whether he or she has been previously employed and regardless of the circumstances under which any prior employment ended. However, a borrower is not eligible for an unemployment deferment if he or she refuses to consider positions, salaries, or responsibility levels for which he or she feels overly qualified due to education or experience. A borrower who has obtained an unemployment deferment is expected to promptly notify THECB when full-time employment is obtained.

THECB will grant an administrative forbearance for any period of delinquency before the borrower's filing of the bankruptcy petition. THECB will also grant an administrative forbearance during any period necessary to determine the borrower's eligibility for discharge due to the borrower's bankruptcy.

If THECB determines that the ability of the borrower or endorser to make payments is adversely affected by a natural disaster, a local or national emergency (declared by the appropriate government agency), or a military mobilization, THECB will grant an administrative forbearance for a period of three months. Continuation of the forbearance beyond the 3-month period based on the same situation requires supporting documentation and an agreement with the borrower

THECB will also grant a discretionary forbearance to assist a borrower in fulfilling the repayment obligations on the loan and to help prevent default. THECB will grant forbearance based on either a written or verbal agreement with the borrower. If a borrower requests discretionary forbearance and does not wish to complete the forbearance transaction via a verbal request, THECB will forward to the borrower or otherwise provide access to the General Forbearance Request (GFB) form. Situations in which the lender may choose to grant forbearance include, but are not limited to:

The borrower has personal problems (such as economic hardship) that are temporarily affecting the borrower's or endorser's ability to make scheduled payments.
The borrower is unemployed but has already received the maximum unemployment deferment.
The borrower has had poor health or a prolonged illness or disability but does not meet applicable disability deferment criteria.
The borrower is attending school or is a full-time volunteer in an organization and the school or organization does not meet the appropriate deferment criteria.

The borrower wants to change the payment amount or payment due date on a loan that requires THECB to bring the loan current first or forgo some due diligence activities.

If the discretionary forbearance is based on a verbal agreement, THECB will send, within 30 days of that agreement, a notice to the borrower confirming the terms of the forbearance.

A borrower with loans that are not eligible for the cancer treatment deferment may request discretionary forbearance. The forbearance request is built-in to the *Cancer Treatment Deferment Request* form (CTD) and is applied automatically by THECB unless the borrower indicates on the form that he or she does not want forbearance applied to loans that are not eligible for the cancer treatment deferment. The forbearance will continue through the earlier of six months after the completion of the borrower's treatment as certified by a doctor or one year.

THECB also offers a reduced-payment forbearance. Under this type of discretionary forbearance, the borrower agrees to establish temporary payment terms for the duration of the forbearance that may be inconsistent with the minimum annual payment amount. This agreement may be verbal or written.

THECB will grant a mandatory administrative forbearance during instances of a local or national emergency, military mobilization, or natural disaster. In these instances, THECB will notify the borrower of the approved mandatory administrative forbearance.

THECB annually provides borrowers with a written reminder to update contact and demographic information. If THECB does not have a valid address and telephone contact information, skip tracing activities will be performed.

In the event a borrower becomes delinquent in payment, THECB proactively conducts collection activity in accordance with federal regulations. In all cases, THECB ensures that no gap in collection activity of greater than 45 days occurs through the 180th day of delinquency.

Every 30 days, THECB will send the borrower written notice or collection letter informing the borrower of the delinquency and urging the borrower to make payments sufficient to eliminate the delinquency. The notice or collection letters sent during this period include THECB contact information and a telephone number. The collection notices include a prominent statement informing the borrower that assistance may be available if he or she is experiencing difficulty in making a scheduled repayment. Additionally, THECB will make attempts to contact the borrower by telephone. Telephone attempts are made on or before the 90th day of delinquency, and another must occur after that date. THECB will mail a final demand letter to the borrower anytime the loan becomes 150 days or more delinquent. The final demand letter requires the borrower to remit payment in full and warn that if the borrower defaults on the loan, the default will be reported to a nationwide consumer reporting agency. THECB allows the borrower at least 30 days after the date the letter is mailed to respond to the final demand letter and to bring the loan out of default before filing a judicial action on the loan.

All written notices and collection letters sent to a borrower include THECB's address and telephone number. The notices and letters instruct the borrower to contact THECB to resolve the delinquent status of his or her loan. When sending collection letters, THECB uses language consistent with the guidelines provided in federal regulations. THECB will make a diligent effort to contact the borrower by telephone and will do so periodically through the date of default. Collections calls are also made in accordance with federal guidelines.

Appendix H - Texas Permanent School Fund Corporation

Texas Permanent School Fund Bond Guarantee Program

Credit Support Program

DETAILED DESCRIPTION OF THE PROGRAM

The State Board of Education (SBOE) and Commissioner of Education (Commissioner) are charged with administering the bond guarantee program. In the event of a default by a school district, and upon proper notice to the Commissioner, the Texas Permanent School Fund Corporation (Texas PSF) will transfer from the PSF to the issuer's paying agent or registrar an amount necessary to pay the maturing or matured principal and/or interest. Upon receipt of funds for payment of such principal or interest, the paying agent or registrar must pay the amount due and forward the canceled bond or evidence of payment of the principal and/or interest to the Texas Comptroller of Public Accounts (Comptroller). The Commissioner will instruct the Comptroller to withhold the amount paid, plus interest, from the first state money payable to the school district. The amount withheld will be deposited to the credit of Texas PSF. In the event that two or more payments are made from the PSF on behalf of a district, the Commissioner may request that the attorney general institute legal action to compel the district to comply with the duties required of it by law in respect to the payment of the bonds.The BGP opened to school districts in 1984 and charter districts in 2014. No PSF guaranteed bond of either type has defaulted in the history of the program.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
Texas Administrative Code, Title 19, Part 2, Ch. 33	Texas Constitution, Article VII, Section 5(d); Texas Education Code, Ch. 45, Subchapter C

LOAN STATISTICS

	FY 2023[1]	FY 2024[2]
Total amount of state money lent through or debt supported by the program	$ 115,730,826,682	$ 125,815,981,603
Total amount of credit support for interest or principal payments	$ 178,524,049,793	$ 196,294,405,488

DEFAULT INFORMATION

Current Default Rate	0%
Highest Default Rate Experienced	0%
Amount of Defaulted P & I Payments	$0

Reasonable Estimate of the Cost Of Default: 0

Methodology

For the purposes of this analysis, it is assumed that private-sector accounting standards for credit or other losses refers to Accounting Standards Codification 326. Under those standards, the Texas PSF Corporation estimates defaults for the PSF bond guarantee program to be 0% for the following reasons: First, historical loss rates for PSF guaranteed bonds are zero for both independent school districts (ISDs) and charter schools. Second, the Texas Education Agency has legal authority to merge any financially weak ISD or charter school with any other ISD or charter that has a long history of using this authority for both types when needed. Third, the Texas school finance landscape is not reasonably expected to change significantly in the next year. State law provides several legal and financial protections for the PSF that would facilitate quick reimbursement to the PSF in case of default. Fourth and finally, both types of PSF guaranteed school bonds have displayed strong performance during several economic and credit cycles when defaults have risen for other debt issuers.

Notes

1) FY 2023 amount is audited
2) FY 2024 amount is unaudited

Appendix I - Texas State Affordable Housing Corporation

Texas Housing Impact Fund Program

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

The Texas Housing Impact Fund supports the Corporation's mission to promote equal access to safe, decent, and affordable housing with an emphasis on serving rural and underserved markets. The Fund provides financing to non-profit and for-profit developers for the purpose of increasing and preserving the stock of affordable housing throughout the state of Texas.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
THIF Guidelines Available at: https://www.tsahc.org/public/upload/files/general/2023_THIF_Guidelines.pdf	Texas Government Code, Section 2306.555(a)

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding	15	18
Total Dollar Amount Outstanding	$11,128,480	$12,489,020
Total State Money Lent Through the Program	$975,000	$300,000
Total Debt Supported by the Program	$1,570,131	$250,000

Principal & Interest Payments Received from Borrowers

FY 2023	$783,046
FY 2024	$2,476,351

Assets Pledged as Collateral to Secure the Existing Loans

Loans are secured by real estate.

DEFAULT INFORMATION

Current Default Rate	0%
Highest Default Rate Experienced	0%
Amount of Defaulted P & I Payments	$0

Reasonable Estimate of the Cost Of Default: $ 484,983

Methodology

To date there have been no collection problems related to any of the notes receivable recorded and our default rate is zero. To be conservative, however, we have established an allowance account totaling 4% of the outstanding balance excluding forgivable notes receivable.

Texas Bond Review Board

Report on State Lending and Credit Support Programs

Appendix J - Texas Water Development Board

Agricultural Water Conservation Grant and Loan Program

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

The Agricultural Water Conservation grant and loan program (AG) provides financial assistance for agricultural water conservation projects in Texas. Financial assistance is provided in the form of grants and loans to support implementation of strategies and practices that improve agricultural irrigation water use efficiency and water conservation. The program provides low-interest loans with up to 10 years repayment terms.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
Financial Compliance Available at: https://www.twdb.texas.gov/financial/compliance/index.asp	Texas Water Code, Ch. 17, Subchapters G, H, I & J Texas Constitution, Article III 50-d

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding	8	6
Total Dollar Amount Outstanding	$2,536,045	$1,779,920
Total State Money Lent Through the Program	$575,000	$0
Total Debt Supported by the Program	$0	$0

Principal & Interest Payments Received from Borrowers

FY 2023	$697,720
FY 2024	$799,029

Assets Pledged as Collateral to Secure the Existing Loans

The TWDB does not maintain information about assets, if any, pledged as collateral on loans provided to program participants. When entering into Loan Agreements, the TWDB does take a lien on the property being financed, however there is not an associated market value for these liens held.

DEFAULT INFORMATION

Current Default Rate	0%
Highest Default Rate Experienced	0%
Amount of Defaulted P & I Payments	$0

Reasonable Estimate of the Cost Of Default: $ 463

Methodology

For the Reasonable Estimate of the Cost of Default required by this report, the TWDB is using a form of the Weighted Average Remaining Maturity (WARM) method used to calculate the Current Expected Credit Loss (CECL). For a given lending program, the principal outstanding on all loans is calculated as of each upcoming Fiscal Year. In each Fiscal Year, that amount of principal outstanding is multiplied by an annual loss rate generating a yearly loss in dollars, which is summed to generate the total loss for that report.To determine the annual loss rate, the TWDB is using a longterm average of investment grade, utility sector, municipal default rates from 1986 to 2023 published by S&P Global. The current annual loss rate used in this report is 0.0074%.

Flood Infrastructure Fund Program

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

The Flood Infrastructure Fund (FIF) program provides financial assistance in the form of 0% loans and grants for flood control, flood mitigation, and drainage projects. The Flood Intended Use Plan details the structure of each funding cycle. Uses of the funds include planning activities, construction and rehabilitation, and other eligible activities.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
Financial Compliance Available at: https://www.twdb.texas.gov/financial/compliance/index.asp	Texas Water Code, 49-d-14 (86 Lege RS HJR 4) Texas Constitution, Article III 49-d-14 (86 Lege RS HJR 4)

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding	48	51
Total Dollar Amount Outstanding	$260,904,000	$395,058,500
Total State Money Lent Through the Program	$81,567,000	$142,965,000
Total Debt Supported by the Program	$0	$0

Principal & Interest Payments Received from Borrowers

FY 2023	$5,996,500
FY 2024	$8,810,500

Assets Pledged as Collateral to Secure the Existing Loans

The TWDB does not maintain information about assets, if any, pledged as collateral on loans provided to program participants. When entering into Loan Agreements, the TWDB does take a lien on the property being financed, however there is not an associated market value for these liens held.

DEFAULT INFORMATION

Current Default Rate	0%
Highest Default Rate Experienced	0%
Amount of Defaulted P & I Payments	$0

Reasonable Estimate of the Cost Of Default: $ 410,836

Methodology

For the Reasonable Estimate of the Cost of Default required by this report, the TWDB is using a form of the Weighted Average Remaining Maturity (WARM) method used to calculate the Current Expected Credit Loss (CECL). For a given lending program, the principal outstanding on all loans is calculated as of each upcoming Fiscal Year. In each Fiscal Year, that amount of principal outstanding is multiplied by an annual loss rate generating a yearly loss in dollars, which is summed to generate the total loss for that report.To determine the annual loss rate, the TWDB is using a longterm average of investment grade, utility sector, municipal default rates from 1986 to 2023 published by S&P Global. The current annual loss rate used in this report is 0.0074%.

Water Assistance Fund Program

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

The Water Assistance Fund program (WAF) provides financial assistance through loans and grants for construction, acquisition, or improvements regarding water conservation, development or enhancing water quality.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
Financial Compliance Available at: https://www.twdb.texas.gov/financial/compliance/index.asp	Texas Water Code, Ch. 15, Subchapters A, B, & C

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding	6	5
Total Dollar Amount Outstanding	$1,540,000	$1,430,000
Total State Money Lent Through the Program	$0	$0
Total Debt Supported by the Program	$0	$0

Principal & Interest Payments Received from Borrowers

FY 2023	$122,922
FY 2024	$123,224

Assets Pledged as Collateral to Secure the Existing Loans

The TWDB does not maintain information about assets, if any, pledged as collateral on loans provided to program participants. When entering into Loan Agreements, the TWDB does take a lien on the property being financed, however there is not an associated market value for these liens held.

DEFAULT INFORMATION

Current Default Rate	0%
Highest Default Rate Experienced	0%
Amount of Defaulted P & I Payments	$0

Reasonable Estimate of the Cost Of Default: $ 282

Methodology

For the Reasonable Estimate of the Cost of Default required by this report, the TWDB is using a form of the Weighted Average Remaining Maturity (WARM) method used to calculate the Current Expected Credit Loss (CECL). For a given lending program, the principal outstanding on all loans is calculated as of each upcoming Fiscal Year. In each Fiscal Year, that amount of principal outstanding is multiplied by an annual loss rate generating a yearly loss in dollars, which is summed to generate the total loss for that report.To determine the annual loss rate, the TWDB is using a longterm average of investment grade, utility sector, municipal default rates from 1986 to 2023 published by S&P Global. The current annual loss rate used in this report is 0.0074%.

Rural Water Assistance Fund Program

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

The Rural Water Assistance Fund (RWAF) program provides small, rural water utilities with low-cost, long-term financing for water and wastewater projects. Program funding is dependent upon legislative appropriations or available funds.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
Financial Compliance Available at: https://www.twdb.texas.gov/financial/compliance/index.asp	Texas Water Code, Ch. 15, Subchapter R

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding	30	30
Total Dollar Amount Outstanding	$36,979,164	$36,027,985
Total State Money Lent Through the Program	$0	$0
Total Debt Supported by the Program	$0	$0

Principal & Interest Payments Received from Borrowers

FY 2023	$2,539,554
FY 2024	$2,526,934

Assets Pledged as Collateral to Secure the Existing Loans

The TWDB does not maintain information about assets, if any, pledged as collateral on loans provided to program participants. When entering into Loan Agreements, the TWDB does take a lien on the property being financed, however there is not an associated market value for these liens held.

DEFAULT INFORMATION

Current Default Rate	0%
Highest Default Rate Experienced	0%
Amount of Defaulted P & I Payments	$0

Reasonable Estimate of the Cost Of Default: $ 41,133

Methodology

For the Reasonable Estimate of the Cost of Default required by this report, the TWDB is using a form of the Weighted Average Remaining Maturity (WARM) method used to calculate the Current Expected Credit Loss (CECL). For a given lending program, the principal outstanding on all loans is calculated as of each upcoming Fiscal Year. In each Fiscal Year, that amount of principal outstanding is multiplied by an annual loss rate generating a yearly loss in dollars, which is summed to generate the total loss for that report.To determine the annual loss rate, the TWDB is using a longterm average of investment grade, utility sector, municipal default rates from 1986 to 2023 published by S&P Global. The current annual loss rate used in this report is 0.0074%.

Clean Water State Revolving Fund Program

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

The Clean Water State Revolving Fund (CWSRF) assists communities by providing low-cost financing for a wide range of wastewater, stormwater, reuse, and other pollution control projects. Streamlining the program provides year-round funding as projects are included in the CWSRF Intended Use Plan.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
Financial Compliance Available at: https://www.twdb.texas.gov/financial/compliance/index.asp	Texas Water Code, Ch. 15, Subchapter J; Texas Water Code Ch. 17, Subchapter I

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding	378	379
Total Dollar Amount Outstanding	$3,528,302,530	$3,590,356,000
Total State Money Lent Through the Program	$411,825,000	$195,114,000
Total Debt Supported by the Program	$885,430,000	$849,045,000

Principal & Interest Payments Received from Borrowers

FY 2023	$159,580,790
FY 2024	$175,850,072

Assets Pledged as Collateral to Secure the Existing Loans

The TWDB does not maintain information about assets, if any, pledged as collateral on loans provided to program participants. When entering into Loan Agreements, the TWDB does take a lien on the property being financed, however there is not an associated market value for these liens held.

DEFAULT INFORMATION

Current Default Rate	0%
Highest Default Rate Experienced	0%
Amount of Defaulted P & I Payments	$0

Reasonable Estimate of the Cost Of Default: $ 3,377,207

Methodology

For the Reasonable Estimate of the Cost of Default required by this report, the TWDB is using a form of the Weighted Average Remaining Maturity (WARM) method used to calculate the Current Expected Credit Loss (CECL). For a given lending program, the principal outstanding on all loans is calculated as of each upcoming Fiscal Year. In each Fiscal Year, that amount of principal outstanding is multiplied by an annual loss rate generating a yearly loss in dollars, which is summed to generate the total loss for that report.To determine the annual loss rate, the TWDB is using a longterm average of investment grade, utility sector, municipal default rates from 1986 to 2023 published by S&P Global. The current annual loss rate used in this report is 0.0074%.

Drinking Water State Revolving Fund Program

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

The Drinking Water State Revolving Fund (DWSRF) assists communities by providing low-cost financing for a wide range of water projects that facilitate compliance with drinking water standards. Streamlining the program provides year-round funding as projects are included in the DWSRF Intended Use Plan.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
Financial Compliance Available at: https://www.twdb.texas.gov/financial/compliance/index.asp	Texas Water Code, Ch. 15, Subchapter J; Texas Water Code Ch. 17, Subchapter I

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding	362	366
Total Dollar Amount Outstanding	$1,911,223,626	$1,900,966,730
Total State Money Lent Through the Program	$145,286,500	$74,270,000
Total Debt Supported by the Program	$627,550,000	$599,030,000

Principal & Interest Payments Received from Borrowers

FY 2023	$104,307,841
FY 2024	$108,793,218

Assets Pledged as Collateral to Secure the Existing Loans

The TWDB does not maintain information about assets, if any, pledged as collateral on loans provided to program participants. When entering into Loan Agreements, the TWDB does take a lien on the property being financed, however there is not an associated market value for these liens held.

DEFAULT INFORMATION

Current Default Rate	0%
Highest Default Rate Experienced	0%
Amount of Defaulted P & I Payments	$0

Reasonable Estimate of the Cost Of Default: $ 1,728,668

Methodology

For the Reasonable Estimate of the Cost of Default required by this report, the TWDB is using a form of the Weighted Average Remaining Maturity (WARM) method used to calculate the Current Expected Credit Loss (CECL). For a given lending program, the principal outstanding on all loans is calculated as of each upcoming Fiscal Year. In each Fiscal Year, that amount of principal outstanding is multiplied by an annual loss rate generating a yearly loss in dollars, which is summed to generate the total loss for that report.To determine the annual loss rate, the TWDB is using a longterm average of investment grade, utility sector, municipal default rates from 1986 to 2023 published by S&P Global. The current annual loss rate used in this report is 0.0074%.

State Water Implementation Fund for Texas Program

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

The State Water Implementation Fund for Texas (SWIFT) was created by the Texas Legislature to provide affordable, ongoing state financial assistance for projects in the state water plan. The SWIFT program comprises the SWIFT and the State Water Implementation Revenue Fund for Texas (SWIRFT), and helps communities develop cost-effective water supplies by providing low-interest financing, extended repayment terms, deferred repayments, and incremental repurchase terms.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
Financial Compliance Available at: https://www.twdb.texas.gov/financial/compliance/index.asp	Texas Water Code, Ch. 15, Subchapters G & H Texas Constitution, Article III 49-d-12, 49-d-13

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding	159	177
Total Dollar Amount Outstanding	$8,091,120,000	$8,951,855,000
Total State Money Lent Through the Program	$986,760,000	$1,046,115,000
Total Debt Supported by the Program	$7,323,635,000	$8,182,320,000

Principal & Interest Payments Received from Borrowers

FY 2023	$349,910,662
FY 2024	$403,460,021

Assets Pledged as Collateral to Secure the Existing Loans

The TWDB does not maintain information about assets, if any, pledged as collateral on loans provided to program participants. When entering into Loan Agreements, the TWDB does take a lien on the property being financed, however there is not an associated market value for these liens held.

DEFAULT INFORMATION

Current Default Rate	0%
Highest Default Rate Experienced	0%
Amount of Defaulted P & I Payments	$0

Reasonable Estimate of the Cost Of Default: $ 10,364,517

Methodology

For the Reasonable Estimate of the Cost of Default required by this report, the TWDB is using a form of the Weighted Average Remaining Maturity (WARM) method used to calculate the Current Expected Credit Loss (CECL). For a given lending program, the principal outstanding on all loans is calculated as of each upcoming Fiscal Year. In each Fiscal Year, that amount of principal outstanding is multiplied by an annual loss rate generating a yearly loss in dollars, which is summed to generate the total loss for that report.To determine the annual loss rate, the TWDB is using a longterm average of investment grade, utility sector, municipal default rates from 1986 to 2023 published by S&P Global. The current annual loss rate used in this report is 0.0074%.

Texas Water Development Fund Program

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

The Texas Water Development Fund (DFund) provides financing for various types of eligible infrastructure projects. This program enables the TWDB to fund projects with multiple purposes (e.g., water and wastewater) in one commitment. The program provides long-term, fixed interest rates based on the TWDB's cost of funds.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
Financial Compliance Available at: https://www.twdb.texas.gov/financial/compliance/index.asp	Texas Water Code, Ch. 17, Subchapters D, F, G, & L Texas Constitution, Article III 49-c, 49-d, 49-d-1, 49-d-2, 49-d-6, 49-d-7, 49-d-8, 49-d-9, 49-d-11

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding	107	116
Total Dollar Amount Outstanding	$911,551,189	$939,276,698
Total State Money Lent Through the Program	$8,300,000	$68,765,000
Total Debt Supported by the Program	$801,325,000	$767,390,000

Principal & Interest Payments Received from Borrowers

FY 2023	$62,768,847
FY 2024	$78,736,699

Assets Pledged as Collateral to Secure the Existing Loans

The TWDB does not maintain information about assets, if any, pledged as collateral on loans provided to program participants. When entering into Loan Agreements, the TWDB does take a lien on the property being financed, however there is not an associated market value for these liens held.

DEFAULT INFORMATION

Current Default Rate	0%
Highest Default Rate Experienced	0%
Amount of Defaulted P & I Payments	$0

Reasonable Estimate of the Cost Of Default: $ 901,384

Methodology

For the Reasonable Estimate of the Cost of Default required by this report, the TWDB is using a form of the Weighted Average Remaining Maturity (WARM) method used to calculate the Current Expected Credit Loss (CECL). For a given lending program, the principal outstanding on all loans is calculated as of each upcoming Fiscal Year. In each Fiscal Year, that amount of principal outstanding is multiplied by an annual loss rate generating a yearly loss in dollars, which is summed to generate the total loss for that report.To determine the annual loss rate, the TWDB is using a longterm average of investment grade, utility sector, municipal default rates from 1986 to 2023 published by S&P Global. The current annual loss rate used in this report is 0.0074%.

State Participation Program

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

The State Participation (SP) Program enables the TWDB to provide funding and assume a temporary ownership interest in a regional water, wastewater, or flood control project when the local sponsors are unable to assume debt for an optimally sized facility. The program is intended to encourage the optimum regional development of projects by funding excess capacity for future use where the benefits can be documented, and where such development is unaffordable without state participation. The goal is to allow for the "right sizing" of projects in consideration of future needs.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
Financial Compliance Available at: https://www.twdb.texas.gov/financial/compliance/index.asp	Texas Water Code, Ch. 16, Subchapters E & F; Chapter 17, Subchapter L Texas Constitution, Article III 49-c, 49-d, 49-d-2, 49-d-6, 49-d-7, 49-d-8, 49-d-9, 49-d-11

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding	7	7
Total Dollar Amount Outstanding	$86,868,000	$86,718,000
Total State Money Lent Through the Program	$0	$0
Total Debt Supported by the Program	$30,390,000	$27,250,000

Principal & Interest Payments Received from Borrowers

FY 2023	$6,186,636
FY 2024	$6,182,329

Assets Pledged as Collateral to Secure the Existing Loans

The TWDB does not maintain information about assets, if any, pledged as collateral on loans provided to program participants. When entering into Loan Agreements, the TWDB does take a lien on the property being financed, however there is not an associated market value for these liens held.

DEFAULT INFORMATION

Current Default Rate	0%
Highest Default Rate Experienced	0%
Amount of Defaulted P & I Payments	$0

Reasonable Estimate of the Cost Of Default: $ 91,992

Methodology

For the Reasonable Estimate of the Cost of Default required by this report, the TWDB is using a form of the Weighted Average Remaining Maturity (WARM) method used to calculate the Current Expected Credit Loss (CECL). For a given lending program, the principal outstanding on all loans is calculated as of each upcoming Fiscal Year. In each Fiscal Year, that amount of principal outstanding is multiplied by an annual loss rate generating a yearly loss in dollars, which is summed to generate the total loss for that report.To determine the annual loss rate, the TWDB is using a longterm average of investment grade, utility sector, municipal default rates from 1986 to 2023 published by S&P Global. The current annual loss rate used in this report is 0.0074%.

Water Infrastructure Fund Program

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

The Water Infrastructure Fund (WIF) program provided funds for planning, design, and construction of water supply, wastewater, and flood control projects, which were strategies in the State Water Plan. This program is no longer active.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
Financial Compliance Available at: https://www.twdb.texas.gov/financial/compliance/index.asp	Texas Water Code, Ch. 15, Subchapter Q; Texas Water Code, Ch. 17, Subchapter L Texas Constitution, Article III 49-d-8, 49-d-9, 49-d-11

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding	18	18
Total Dollar Amount Outstanding	$121,826,000	$106,368,000
Total State Money Lent Through the Program	$0	$0
Total Debt Supported by the Program	$92,220,000	$0

Principal & Interest Payments Received from Borrowers

FY 2023	$17,850,723
FY 2024	$17,856,758

Assets Pledged as Collateral to Secure the Existing Loans

The TWDB does not maintain information about assets, if any, pledged as collateral on loans provided to program participants. When entering into Loan Agreements, the TWDB does take a lien on the property being financed, however there is not an associated market value for these liens held.

DEFAULT INFORMATION

Current Default Rate	0%
Highest Default Rate Experienced	0%
Amount of Defaulted P & I Payments	$0

Reasonable Estimate of the Cost Of Default: $ 31,377

Methodology

For the Reasonable Estimate of the Cost of Default required by this report, the TWDB is using a form of the Weighted Average Remaining Maturity (WARM) method used to calculate the Current Expected Credit Loss (CECL). For a given lending program, the principal outstanding on all loans is calculated as of each upcoming Fiscal Year. In each Fiscal Year, that amount of principal outstanding is multiplied by an annual loss rate generating a yearly loss in dollars, which is summed to generate the total loss for that report.

To determine the annual loss rate, the TWDB is using a longterm average of investment grade, utility sector, municipal default rates from 1986 to 2023 published by S&P Global. The current annual loss rate used in this report is 0.0074%.

Economically Distressed Areas Program

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

The Economically Distressed Areas Program (EDAP) provides financial assistance in the form of grants and loans for water and wastewater projects in economically distressed areas where service is unavailable or inadequate to meet state standards. Program funding is dependent upon legislative appropriations.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
Financial Compliance Available at: https://www.twdb.texas.gov/financial/compliance/index.asp	Texas Water Code, Ch. 17, Subchapters K & L Texas Constitution Article III 49-d-7, 49-d-8, 49-d-10, 49-d-14 (86 Lege RS SJR 79)

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding	33	37
Total Dollar Amount Outstanding	$16,242,257	$35,084,342
Total State Money Lent Through the Program	$0	$20,820,000
Total Debt Supported by the Program	$222,950,000	$200,030,000

Principal & Interest Payments Received from Borrowers

FY 2023	$2,880,978
FY 2024	$2,737,015

Assets Pledged as Collateral to Secure the Existing Loans

The TWDB does not maintain information about assets, if any, pledged as collateral on loans provided to program participants. When entering into Loan Agreements, the TWDB does take a lien on the property being financed, however there is not an associated market value for these liens held.

DEFAULT INFORMATION

Current Default Rate	0%
Highest Default Rate Experienced	0%
Amount of Defaulted P & I Payments	$0

Reasonable Estimate of the Cost Of Default: $ 24,269

Methodology

For the Reasonable Estimate of the Cost of Default required by this report, the TWDB is using a form of the Weighted Average Remaining Maturity (WARM) method used to calculate the Current Expected Credit Loss (CECL). For a given lending program, the principal outstanding on all loans is calculated as of each upcoming Fiscal Year. In each Fiscal Year, that amount of principal outstanding is multiplied by an annual loss rate generating a yearly loss in dollars, which is summed to generate the total loss for that report.To determine the annual loss rate, the TWDB is using a longterm average of investment grade, utility sector, municipal default rates from 1986 to 2023 published by S&P Global. The current annual loss rate used in this report is 0.0074%.

Appendix K - Texas Department of Transportation

Toll Equity and Project Loans

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

Transportation Code, Section 222.103 authorizes TxDOT to participate, by spending money from any available source, in the cost of acquisition, construction, maintenance or operation of a toll facility of a public or private entity. The Commission adopted administrative rules (toll equity rules) to prescribe conditions for the Commission's financing of such toll facilities. Under these guidelines the Commission has committed funds in the form of toll equity grants and toll equity loans.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
Texas Administrative Code, Title 43, Part 1, Chapter 27, Subchapter E 27.52	Texas Administrative Code, Title 43, Part 1, Ch. 27, Subchapter E 27.52 Transportation Code, Section 222.103

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding	6	6
Total Dollar Amount Outstanding	$68,927,377	$64,262,246
Total State Money Lent Through the Program	$17,009,157	$17,009,157
Total Debt Supported by the Program	$0	$0

Principal & Interest Payments Received from Borrowers

FY 2023	$99,424,947
FY 2024	$6,544,570

Assets Pledged as Collateral to Secure the Existing Loans

There are no assets pledged as collateral to secure the existing Toll Equity loans.

DEFAULT INFORMATION

Current Default Rate	0%
Highest Default Rate Experienced	0%
Amount of Defaulted P & I Payments	$0

Reasonable Estimate of the Cost Of Default: $ 2,346

Methodology

The current expected credit loss calculation was derived using WARM method. See "TOLL EQUITY LOAN CURRENT EXPECTED CREDIT LOSS CALCULATION" Tab for background of the calculation.

TEXAS DEPARTMENT OF TRANSPORTATION

TOLL EQUITY LOAN CURRENT EXPECTED CREDIT LOSS CALCULATION (WARM METHOD)

FYE	Principal Pay Down	Outstanding Principal	Avg Annual Loss[1]	CECL Estimate
2024	$ -	$ 64,262,246	0.0005%	$ 321
2025	$ 4,701,403	$ 59,560,843	0.0005%	$ 298
2026	$ 3,615,832	$ 55,945,011	0.0005%	$ 280
2027	$ 4,314,836	$ 51,630,175	0.0005%	$ 258
2028	$ 4,428,643	$ 47,201,532	0.0005%	$ 236
2029	$ 4,546,571	$ 42,654,961	0.0005%	$ 213
2030	$ 4,668,767	$ 37,986,194	0.0005%	$ 190
2031	$ 4,795,387	$ 33,190,807	0.0005%	$ 166
2032	$ 6,096,715	$ 27,094,092	0.0005%	$ 135
2033	$ 6,275,027	$ 20,819,065	0.0005%	$ 104
2034	$ 6,459,793	$ 14,359,272	0.0005%	$ 72
2035	$ 6,651,248	$ 7,708,024	0.0005%	$ 39
2036	$ 5,921,639	$ 1,786,384	0.0005%	$ 9
2037	$ 290,630	$ 1,495,754	0.0005%	$ 7
2038	$ 290,630	$ 1,205,123	0.0005%	$ 6
2039	$ 290,630	$ 914,493	0.0005%	$ 5
2040	$ 228,623	$ 685,870	0.0005%	$ 3
2041	$ 228,623	$ 457,246	0.0005%	$ 2
2042	$ 228,623	$ 228,623	0.0005%	$ 1
2043	$ 228,623	$ -	0.0005%	$ -
2044	$ -	$ -	0.0005%	$ -
2045	$ -	$ -	0.0005%	$ -
2046	$ -	$ -	0.0005%	$ -
2047	$ -	$ -	0.0005%	$ -
2048	$ -	$ -	0.0005%	$ -
2049	$ -	$ -	0.0005%	$ -
2050	$ -	$ -	0.0005%	$ -
2051	$ -	$ -	0.0005%	$ -
2052	$ -	$ -	0.0005%	$ -
2053	$ -	$ -	0.0005%	$ -
	$ 64,262,246			$ 2,346

[1] Moody's Rating weighted average One-Year Municipal Bond Default Rate for "A" category

State Infastruture Bank Loan Program

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

The overall goal of the SIB Program is to provide innovative financing methods to communities to assist them in meeting their infrastructure needs. The SIB program allows borrowers to access capital funds at or below-market interest rates. The SIB operates as a revolving loan fund, where the account balance grows through the monthly interest earned and repaid principal and interest payments. In Texas, SIB financial assistance can be granted to any public or private entity authorized to construct, maintain, or finance an eligible transportation project. For more information, please visit: https://www.txdot.gov/business/grants-and-funding/state-infrastructure-bank.html.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
Texas Administrative Code, Title 43, Part 1, Chapter 6, Subchapter E https://ftp.txdot.gov/pub/txdot-info/fin/sib/executive-director-guidelines.pdf	Texas Administrative Code, Title 43, Part 1, Ch. 6, Subchapter E Texas Transportation Code, Ch. 222 Subchapter D

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding	49	49
Total Dollar Amount Outstanding	$167,631,618	$171,176,182
Total State Money Lent Through the Program	$102,822,201	$102,822,201
Total Debt Supported by the Program	$0	$0

Principal & Interest Payments Received from Borrowers

FY 2023	$48,595,153
FY 2024	$23,603,790

Assets Pledged as Collateral to Secure the Existing Loans

There are no assets pledged as collateral to secure the existing SIB loans.

DEFAULT INFORMATION

Current Default Rate	0%
Highest Default Rate Experienced	0%
Amount of Defaulted P & I Payments	$0

Reasonable Estimate of the Cost Of Default: $ 8,980

Methodology

The current expected credit loss calculation was derived using WARM method. See " SIB CURRENT EXPECTED CREDIT LOSS CALCULATION" Tab for background of the calculation.

SIB CURRENT EXPECTED CREDIT LOSS CALCULATION (WARM METHOD)

FYE	Principal Pay Down	Outstanding Principal	Avg Annual Loss[1]	CECL Estimate
2024		$ 171,176,182	0.0005%	$ 856
2025	$ 7,271,374	$ 163,904,808	0.0005%	$ 820
2026	$ 7,295,236	$ 156,609,571	0.0005%	$ 783
2027	$ 7,657,786	$ 148,951,785	0.0005%	$ 745
2028	$ 11,809,864	$ 137,141,921	0.0005%	$ 686
2029	$ 12,047,419	$ 125,094,502	0.0005%	$ 625
2030	$ 12,393,416	$ 112,701,086	0.0005%	$ 564
2031	$ 9,001,733	$ 103,699,353	0.0005%	$ 518
2032	$ 9,219,239	$ 94,480,113	0.0005%	$ 472
2033	$ 8,962,788	$ 85,517,325	0.0005%	$ 428
2034	$ 7,650,335	$ 77,866,989	0.0005%	$ 389
2035	$ 7,829,349	$ 70,037,640	0.0005%	$ 350
2036	$ 7,968,303	$ 62,069,337	0.0005%	$ 310
2037	$ 7,906,422	$ 54,162,915	0.0005%	$ 271
2038	$ 8,150,012	$ 46,012,903	0.0005%	$ 230
2039	$ 8,035,095	$ 37,977,808	0.0005%	$ 190
2040	$ 8,004,969	$ 29,972,839	0.0005%	$ 150
2041	$ 7,047,157	$ 22,925,682	0.0005%	$ 115
2042	$ 5,825,082	$ 17,100,600	0.0005%	$ 86
2043	$ 1,914,237	$ 15,186,363	0.0005%	$ 76
2044	$ 1,618,973	$ 13,567,390	0.0005%	$ 68
2045	$ 1,656,568	$ 11,910,822	0.0005%	$ 60
2046	$ 1,699,587	$ 10,211,235	0.0005%	$ 51
2047	$ 1,748,045	$ 8,463,190	0.0005%	$ 42
2048	$ 1,786,956	$ 6,676,234	0.0005%	$ 33
2049	$ 1,608,840	$ 5,067,394	0.0005%	$ 25
2050	$ 1,420,000	$ 3,647,394	0.0005%	$ 18
2051	$ 1,450,000	$ 2,197,394	0.0005%	$ 11
2052	$ 1,367,394	$ 830,000	0.0005%	$ 4
2053	$ 830,000	$ 830,000	0.0005%	$ 4
	$ 171,176,182			$ 8,980

(1) Moody's Rating weighted average One-Year Municipal Bond Default Rate for "A" category

Texas Bond Review Board

Report on State Lending and Credit Support Programs

Appendix L - Veterans Land Board

Veterans Land Program

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

Proceeds from the sale of the general obligation bonds are loaned to eligible Texas veterans and certain surviving spouses for the purchase of land.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
Texas Administrative Code, Title 40, Part 5, Ch. 175 https://landsale.glo.texas.gov/land-loans	Texas Constitution, Article III, Section 49-b Natrual Resources Code, Ch. 161, as amended

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding	5,856	5,925
Total Dollar Amount Outstanding	$359,736,595	$405,200,941
Total State Money Lent Through the Program	$0	$0
Total Debt Supported by the Program	$83,080,000	$67,230,000

Principal & Interest Payments Received from Borrowers

FY 2023	$80,253,465
FY 2024	$80,649,031

Assets Pledged as Collateral to Secure the Existing Loans

None.

DEFAULT INFORMATION

Current Default Rate	0.17%
Highest Default Rate Experienced	0.44%
Amount of Defaulted P & I Payments	$697,109

Reasonable Estimate of the Cost Of Default: $ 696,158

Methodology

Current Expected Credit Loss using WARM method. See "CECL Land" for calcuation.

Land - Current Expected Credit Loss Calculation (WARM Method)

FYE	Principal (1)	Outstanding Principal	Avg Annual (Loss)/Gain(2)	CECL Estimate (3)
2024		405,200,941	-0.01%	
2025	7,692,522	397,508,418	-0.01%	(45,976)
2026	8,618,178	388,890,240	-0.01%	(44,980)
2027	8,913,499	379,976,741	-0.01%	(43,949)
2028	9,225,271	370,751,470	-0.01%	(42,882)
2029	9,600,423	361,151,046	-0.01%	(41,771)
2030	9,985,725	351,165,321	-0.01%	(40,616)
2031	10,434,427	340,730,895	-0.01%	(39,409)
2032	10,879,127	329,851,768	-0.01%	(38,151)
2033	11,341,187	318,510,581	-0.01%	(36,839)
2034	11,874,243	306,636,338	-0.01%	(35,466)
2035	12,399,542	294,236,796	-0.01%	(34,032)
2036	12,940,650	281,296,146	-0.01%	(32,535)
2037	13,494,547	267,801,599	-0.01%	(30,974)
2038	14,058,525	253,743,075	-0.01%	(29,348)
2039	14,801,182	238,941,893	-0.01%	(27,636)
2040	15,517,140	223,424,753	-0.01%	(25,842)
2041	16,157,332	207,267,421	-0.01%	(23,973)
2042	16,903,013	190,364,408	-0.01%	(22,018)
2043	17,560,835	172,803,573	-0.01%	(19,987)
2044	18,034,528	154,769,045	-0.01%	(17,901)
2045	18,599,807	136,169,238	-0.01%	(15,750)
2046	18,986,471	117,182,766	-0.01%	(13,554)
2047	18,856,847	98,325,920	-0.01%	(11,373)
2048	18,506,818	79,819,102	-0.01%	(9,232)
2049	18,008,797	61,810,305	-0.01%	(7,149)
2050	17,247,537	44,562,768	-0.01%	(5,154)
2051	15,803,260	28,759,508	-0.01%	(3,326)
2052	13,777,361	14,982,147	-0.01%	(1,733)
2053	10,079,965	4,902,181	-0.01%	(567)
2054	4,814,778	87,403	-0.01%	(10)
2055	87,403	(0)	-0.01%	0
	$ 405,200,941			$ (696,158)

(1) Loans are assumed to pay at their scheduled amortization
(2) Based on program historical average losses only and does not account for years when the sales price exceeded the owed principal.
(3) The gain or loss from the sale of forfeited tracts is presented on a cash basis and takes into account unpaid principal owing under forfeited land loans, but does not take into account accrued and unpaid interest owing under such loans. It is the Board's policy not to sell forfeited tracts for less than the greater of the unpaid principal owed under the forfeited land loan or the appraised market value of the forfeited tract. The Board does not agree or represent that this policy will be continued if the Board determines that this policy is not in the best interests of the Land Program.

Veterans Housing Assistance Program

Loan Program

DETAILED DESCRIPTION OF THE PROGRAM

Proceeds from the sale of the general obligation bonds are loaned to eligible Texas veterans and certain surviving spouses at a below market rate for the purchase of a home or home improvements.

POLICIES AND GUIDELINES / LEGAL CITATION

Policies and Guidelines for Lending Program	Citation to the Law Authorizing the Program
Texas Administrative Code, Title 40, Part 5, Ch. 177 https://landsale.glo.texas.gov/home-loans https://landsale.glo.texas.gov/home-improvement-loans	Texas Constitution, Article III, Section 49-b Natural Resources Code Ch. 162, as amended

LOAN STATISTICS

	FY 2023	FY 2024
Number of Loans Outstanding	10,589	10,849
Total Dollar Amount Outstanding	$2,331,850,359	$2,526,579,671
Total State Money Lent Through the Program	$0	$0
Total Debt Supported by the Program	$3,144,270,000	$2,909,655,000

Principal & Interest Payments Received from Borrowers

FY 2023	$217,034,159
FY 2024	$266,403,245

Assets Pledged as Collateral to Secure the Existing Loans

None.

DEFAULT INFORMATION

Current Default Rate	0.01%
Highest Default Rate Experienced	0.04%
Amount of Defaulted P & I Payments	$349,765

Reasonable Estimate of the Cost Of Default: $ 557,230

Methodology

Current Expected Credit Loss using WARM method. See "CECL VHAP" for calcuation.

VETERANS LAND BOARD

VHAP - Current Expected Credit Loss Calculation (WARM Method)

FYE	Principal (1)	Outstanding Principal	Avg Annual (Loss)/Gain(2)	CECL Estimate
2024		2,526,579,671		
2025	54,078,645	2,472,501,026	-0.0016%	(39,560)
2026	67,419,429	2,405,081,597	-0.0016%	(38,481)
2027	69,641,640	2,335,439,957	-0.0016%	(37,367)
2028	71,787,466	2,263,652,490	-0.0016%	(36,218)
2029	73,920,600	2,189,731,890	-0.0016%	(35,036)
2030	76,038,986	2,113,692,904	-0.0016%	(33,819)
2031	78,406,160	2,035,286,744	-0.0016%	(32,565)
2032	80,732,866	1,954,553,878	-0.0016%	(31,273)
2033	83,019,732	1,871,534,145	-0.0016%	(29,945)
2034	84,971,704	1,786,562,441	-0.0016%	(28,585)
2035	86,669,462	1,699,892,979	-0.0016%	(27,198)
2036	88,897,189	1,610,995,790	-0.0016%	(25,776)
2037	91,280,801	1,519,714,989	-0.0016%	(24,315)
2038	93,874,534	1,425,840,455	-0.0016%	(22,813)
2039	96,276,811	1,329,563,644	-0.0016%	(21,273)
2040	98,841,901	1,230,721,743	-0.0016%	(19,692)
2041	100,870,558	1,129,851,185	-0.0016%	(18,078)
2042	102,272,629	1,027,578,556	-0.0016%	(16,441)
2043	101,932,254	925,646,302	-0.0016%	(14,810)
2044	100,862,774	824,783,528	-0.0016%	(13,197)
2045	100,349,340	724,434,188	-0.0016%	(11,591)
2046	95,554,039	628,880,149	-0.0016%	(10,062)
2047	94,990,155	533,889,994	-0.0016%	(8,542)
2048	96,227,977	437,662,017	-0.0016%	(7,003)
2049	97,139,286	340,522,731	-0.0016%	(5,448)
2050	96,058,398	244,464,334	-0.0016%	(3,911)
2051	91,637,728	152,826,606	-0.0016%	(2,445)
2052	84,472,132	68,354,473	-0.0016%	(1,094)
2053	52,850,711	15,503,762	-0.0016%	(248)
2054	15,322,796	180,966	-0.0016%	(3)
2055	180,966	(0)	-0.0016%	0
	$ 2,526,579,671			$ (557,230)

(1) Loans are assumed to pay at their scheduled amortization.
(2) Based on program historical average losses.