

OFFICIAL STATEMENT

RATINGS:
Moody's: Aaa
S & P: AAA

Vinson & Elkins L.L.P., Bond Counsel, is of the opinion that, subject to certain conditions described herein, (i) interest on the Series 1999 Bonds is excludable from gross income for federal income tax purposes under existing law and (ii) interest on the Series 1999 Bonds is an item of tax preference that is includable in alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on individuals and corporations. See "TAX MATTERS" herein for a discussion of Bond Counsel's opinion, including a description of the federal alternative minimum tax on individuals and corporations and the requirement for an opinion of nationally recognized bond counsel on the Remarketing Date for the Interim Rate Bonds (as such terms are defined herein).

NEW ISSUES - BOOK-ENTRY ONLY

\$140,765,000
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Residential Mortgage Revenue Bonds

\$52,260,000 Series 1999B-1
\$50,000,000 Series 1999B-2
\$12,150,000 Series 1999C
\$26,355,000 Series 1999D

Interest Accrues: Interim Rate Bonds - Date of Delivery
All Other Series 1999 Bonds - November 1, 1999

Due: As shown on inside cover page

The Texas Department of Housing and Community Affairs Residential Mortgage Revenue Bonds, Series 1999B consisting of \$52,260,000 Series 1999B-1 Bonds (the "Fixed Rate Bonds") and \$50,000,000 Series 1999B-2 Bonds (the "Interim Rate Bonds") (collectively, the "Series 1999B Bonds"), the Texas Department of Housing and Community Affairs Residential Mortgage Revenue Refunding Bonds, Series 1999C (the "Series 1999C Bonds") and the Texas Department of Housing and Community Affairs Residential Mortgage Revenue Refunding Bonds, Series 1999D (the "Series 1999D Bonds") (the Series 1999B Bonds, the Series 1999C Bonds and the Series 1999D Bonds collectively, the "Series 1999 Bonds") are issuable by the Texas Department of Housing and Community Affairs (the "Department") only as fully registered bonds, without coupons, and will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 1999 Bonds. The Series 1999 Bonds will be available to purchasers only in book-entry form in denominations of \$5,000 or any integral multiple thereof. For as long as Cede & Co. is the exclusive registered owner of the Series 1999 Bonds, the principal of or redemption price, and interest on the Series 1999 Bonds will be payable by Bank One, Texas, N.A., Austin, Texas, as Trustee, to DTC, which will be responsible for making such payments to DTC Participants (as defined herein), for subsequent remittance to the owners of beneficial interests in the Series 1999 Bonds. The purchasers of the Series 1999 Bonds will not receive certificates representing their beneficial ownership interest. See "THE SERIES 1999 BONDS - DTC and Book-Entry."

The Series 1999 Bonds will accrue interest from the dates shown above, until their respective maturities or prior redemption. The Interim Rate Bonds initially will bear interest at the respective per annum rate of interest set forth on the inside cover hereof until the Remarketing Date (hereinafter defined) and, thereafter, at a fixed rate or rates of interest determined on the Remarketing Date. Series 1999 Bonds, other than Interim Rate Bonds, shall bear interest at the respective per annum rates of interest set forth on the inside cover page hereof. Interest on the Series 1999 Bonds will be payable to DTC commencing on July 1, 2000, and semi-annually thereafter on each January 1 and July 1 until maturity or prior redemption thereafter, all as more fully described on the inside cover page hereof.

THE SERIES 1999 BONDS ARE SUBJECT TO SPECIAL REDEMPTION, OPTIONAL REDEMPTION, AND MANDATORY SINKING FUND REDEMPTION ON THE DATES AND AT THE REDEMPTION PRICES, INCLUDING REDEMPTION AT PAR UNDER CERTAIN CIRCUMSTANCES, WHICH ARE MORE FULLY DESCRIBED HEREIN. See "THE SERIES 1999 BONDS - Redemption Provisions."

The Interim Rate Bonds are subject to mandatory tender for purchase or redemption on May 1, 2000 (the "Remarketing Date") at a purchase or redemption price, as the case may be, equal to the principal amount thereof, plus accrued interest to the Remarketing Date. See "THE SERIES 1999 BONDS - Mandatory Tender for Purchase" and "Redemption Provisions - Special Redemption on Remarketing Date."

The Series 1999B Bonds are being issued for the primary purpose of providing funds for the purchase of mortgage-backed, pass-through certificates (the "Mortgage Certificates") backed by qualifying FHA-insured or VA- or RHS-guaranteed mortgage loans, or conventional mortgage loans made to eligible borrowers for single-family residences located in the State of Texas. For certain geographic and income restrictions, see "THE PROGRAM AND THE MORTGAGE LOANS." The Mortgage Certificates will be guaranteed as to timely payment of principal and interest by either the Government National Mortgage Association ("GNMA") (the "GNMA Certificates") or the Federal National Mortgage Association ("Fannie Mae") (the "Fannie Mae Certificates"). See APPENDIX C-1 and APPENDIX C-2. The proceeds of the Series 1999C Bonds will be used for the purpose of refunding and redeeming an equal amount of the Department's Single Family Mortgage Revenue Refunding Tax-Exempt Commercial Paper Notes, Series A (AMT), thereby making additional funds available to acquire Mortgage Certificates. Proceeds of the Series 1999D Bonds, together with other funds available under the Trust Indenture (as defined herein), will be used to refund all of the outstanding Texas Housing Agency GNMA Collateralized Home Mortgage Revenue Bonds, Series 1989A and Series 1989B. The Series 1999 Bonds, the Prior Bonds (as defined herein), and, unless subordinated, all Bonds subsequently issued under the Trust Indenture are equally and ratably secured by the Trust Estate (as defined herein) held by the Trustee under the Trust Indenture. See "SECURITY FOR THE BONDS" and "THE TRUST INDENTURE."

THE SERIES 1999 BONDS ARE LIMITED OBLIGATIONS OF THE DEPARTMENT AND ARE PAYABLE SOLELY FROM THE REVENUES AND FUNDS PLEDGED FOR THE PAYMENT THEREOF AS MORE FULLY DESCRIBED HEREIN. NEITHER THE STATE OF TEXAS (THE "STATE") NOR ANY AGENCY OF THE STATE, OTHER THAN THE DEPARTMENT, NOR THE UNITED STATES OF AMERICA OR ANY AGENCY, DEPARTMENT OR OTHER INSTRUMENTALITY THEREOF, INCLUDING GNMA, NOR FANNIE MAE, IS OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 1999 BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR THE UNITED STATES OF AMERICA IS PLEDGED, GIVEN OR LOANED TO SUCH PAYMENT. THE DEPARTMENT HAS NO TAXING POWER. GNMA AND FANNIE MAE GUARANTEE ONLY THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE GNMA CERTIFICATES AND FANNIE MAE CERTIFICATES, RESPECTIVELY, WHEN DUE AND DO NOT GUARANTEE THE PAYMENT OF THE SERIES 1999 BONDS OR ANY OTHER OBLIGATIONS ISSUED BY THE DEPARTMENT.

The Series 1999 Bonds are offered when, as, and if issued by the Department. Delivery of the Series 1999 Bonds is subject to approval of the legality thereof by Vinson & Elkins L.L.P., Bond Counsel, and by the Attorney General of the State of Texas, and certain other conditions. Certain legal matters will be passed upon for the Department by its General Counsel, Betty J. Marks, Esq. and by its Disclosure Counsel, McCall, Parkhurst & Horton L.L.P. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Kutak Rock and Wickliff & Hall, P.C. It is expected that the Series 1999 Bonds will be available for delivery to DTC in book-entry form only on or about December 2, 1999.

October 28, 1999

M.R. BEAL & COMPANY

BEAR, STEARNS & CO. INC.

GEORGE K. BAUM & COMPANY
SIEBERT BRANDFORD SHANK & CO., LLC

SALOMON SMITH BARNEY
SOUTHWESTERN CAPITAL MARKETS, INC.