An Equal Employment Opportunity Employer
When read in this context, each category denotes two types: a direct obligation of the issuing entity specified in each category, or an obligation that is not directly issued by that entity but the entity unconditionally guarantees the obligation as if it were its own obligation. Therefore, a security would fall under subsection (b)(1) if the United States directly issued that obligation or if the United States unconditionally guaranteed the obligation of another entity. Likewise, provided the rating requirement is met, a security would fall under subsection (b)(2) if a federal agency or instrumentality issued the obligation, or if the federal agency or instrumentality unconditionally guaranteed or insured the obligation of another entity. The only situation in which an obligation of a federal instrumentality or agency would not require a “AAA” rating is if the United States unconditionally guaranteed the obligation issued by the agency or federal instrumentality.

Because section 1207.062 does not expressly define what entities are considered to be federal agencies or instrumentalities, we receive many questions about whether a particular security qualifies as an escrow security. Whether an entity is treated as an agency or instrumentality of the United States depends upon the context in which the determination is made. The context here involves how the security issued by the entity is treated under federal law. Therefore, we have relied heavily on how the federal enabling legislation describes that security and the issuer of the security. With this narrow focus in mind, attached as Exhibit B is a chart of federal securities we will accept to fund an escrow under chapter 1207. For those we construe to be obligations of federal agencies or instrumentalities (or obligations unconditionally guaranteed or insured by those entities), the chart indicates that evidence of a rating of AAA or its equivalent must be submitted.

As federal agencies and instrumentalities are subject to changes in law with respect to structure, funding, or guarantee, the issuer is responsible for confirming that at the time of funding its escrow there have been no changes in law that would cause the security to no longer qualify under section 1207.062. Moreover, nothing in this letter should be construed as taking a position on the fiscal appropriateness of any investment security. Rather, we are merely stating which securities we believe section 1207.062 authorizes for investments in an escrow deposit for escrow securities subscribed as of the date of this letter.

You will note that securities issued by the Federal Home Loan Bank (FHLB) are included on the attached chart. Governor Abbott signed into law H.B. 2928, amending section 2256.009(a) of the Government Code to include the FHLB as a United States instrumentality. Accordingly, we will continue to accept FHLB securities as escrow securities under section 1207.062, provided that the rating requirement has been met.

Sincerely,

Leslie Brock
Assistant Attorney General
Chief, Public Finance Division

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Exhibit A

CONFIRMATION ELECTION VOTER AFFIDAVIT

STATE OF TEXAS

COUNTY OF ______________

I, __________________________, MAKE OATH AND SAY THAT:

1. I reside at ______________________________________________________, which is located within the territory of ___________________________.

2. I moved into the District on ______________, and I have resided within the District for at least thirty (30) days prior to the date of this election.

3. I understand that under Section 1.015 of the Texas Election Code:
   a. “Residence” means domicile, that is, one’s home and fixed place of habitation to which one intends to return after any temporary absence;
   b. Residence shall be determined in accordance with the common-law rules, as enunciated by the courts of this state, except as otherwise provided by the Texas Legislature;
   c. A person does not lose the person’s residence by leaving the person’s home to go to another place for temporary purposes only; and
   d. A person does not acquire a residence in a place to which the person has come for temporary purposes only and without the intention of making that place the person’s home.

4. On ______________, I voted in the _________________________________ election(s) held by this district.

5. I am a duly registered voter in ____________________ County, Texas. My voter registration was effective as of the ______ day of ____________, 20__. My voter registration number is __________________. True and correct copies of my registration certificate and driver’s license are attached to this affidavit.

6. On the date of this election, I was 18 years or older and a citizen of the United States of America, in accordance with Texas Election Code, Section 11.002(a)(1)-(2).
7. On the date of this election, I had not been found by final judgment of a court to be totally mentally incapacitated or partially mentally incapacitated without the right to vote, in accordance with Texas Election Code, Section 11.002(a)(3).

8. On the date of this election, I had not been convicted of a felony or, if so convicted, had been fully discharged, pardoned, or otherwise released from the resulting disability to vote in accordance with Texas Election Code, Section 11.002(a)(4).

9. I am not a developer of property in the District, related within the third degree of affinity or consanguinity to a developer of property in the District, or an employee of a developer of property in the District. I have not received monetary consideration from a developer of property in the District for my vote in this election.

10. I understand that under Section 49.052(d) of the Texas Water Code “developer of property in the district” means any person who owns land located within the District, and who has divided or proposes to divide the land into two or more parts for the purpose of laying out any subdivision or any tract of land or any addition to any town or city, or for laying out suburban lots or building lots, or any lots, streets, alleys, or parks or other portions intended for public use, or the use of purchasers or owners of lots fronting thereon or adjacent thereto.

11. I understand that a person who makes a false statement under oath commits a Class A misdemeanor under Texas Penal Code, Section 37.02.

By signing this affidavit, I swear, on the ____ day of ____________, 20___, that the above information and statements are true.

__________________________  
Signature of Affiant

Before me, the undersigned authority, on this day personally appeared _______________________, Name of Affiant
known to me through __________________________ to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this ______ day of ____________, 20__.

[NOTARY SEAL]  
Notary Public, State of Texas
## Exhibit B

<table>
<thead>
<tr>
<th>Issuer or Guarantor of Security</th>
<th>Rating Letter of AAA or its Equivalent Required</th>
<th>Applicable Federal Statute Regarding the Guaranty or Security</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasury Securities (Bonds, Notes, and Bills), including State and Local Government Series (SLGS)</td>
<td>No</td>
<td>31 U.S.C. §§ 3102-3104, 3112(a), 3121</td>
</tr>
<tr>
<td>Agency for International Development (AID)</td>
<td>Yes</td>
<td>22 U.S.C. §§ 2181, 2182, 2183(d), 2186</td>
</tr>
<tr>
<td>Federal Home Loan Mortgage Corporation (FHLMC)</td>
<td>Yes</td>
<td>12 U.S.C. § 1455</td>
</tr>
<tr>
<td>Housing and Urban Development (HUD)</td>
<td>No.</td>
<td>42 U.S.C. § 5308</td>
</tr>
<tr>
<td>Private Export Funding Corporation² (PEFCO) – Interest Component Only</td>
<td>Yes</td>
<td>12 U.S.C. §§ 635(a)(1), 635e (interest guaranteed by the Export-Import Bank of the U.S. (Eximbank))</td>
</tr>
<tr>
<td>Resolution Funding Corporation² (REFCORP) -- Interest Component Only</td>
<td>No</td>
<td>12 U.S.C. § 1441b(f)(2)(E) (Treasury back-up for interest component)</td>
</tr>
<tr>
<td>Tennessee Valley Authority (TVA)</td>
<td>Yes</td>
<td>16 U.S.C. § 831n</td>
</tr>
</tbody>
</table>

## Notes:
1. The escrow security may not be subject to early redemption at any time.
2. For this particular security, the principal component does not qualify.
3. Evidence of the qualifying rating may be shown by providing the screen shot of the security with the final rating designation. If a particular component is stripped from an underlying security, the issuer will need to provide a screen shot for both the strip component, and the underlying security from which the component was stripped.