

Texas State Affordable Housing Corporation

**Request for Proposals
for
Multi-Family Developers
for the New Construction or Rehabilitation of
Senior Multifamily Housing in Texas using
Tax-Exempt Bond Financing**

**Texas State Affordable Housing Corporation
1005 Congress Avenue, Suite 500
Austin, Texas 78701**

Request for Proposals

The Texas State Affordable Housing Corporation (The "Corporation") is requesting proposals (the "RFP") from qualified firms (the "Respondents") interested in working with the Corporation for the new construction or substantial rehabilitation of a senior multifamily Development in any area of the State of Texas using private activity bonds and low income housing tax credits (HTC). For the purpose of this RFP, a qualified senior development will be defined as:

A Development which meets the requirements of the federal Fair Housing Act and:

- a) Is specifically designed for and occupied by persons who are 62 years of age or older; or
- b) Is designed and operated for occupancy by at least one person who is 55 years of age or older per Unit, where at least 80% of the total housing units are occupied by at least one individual who is 55 years of age or older; and where the Development owner publishes and adheres to policies and procedures which demonstrate an intent by the owner and manager to provide housing for individuals 55 years of age or older.

Questions about the RFP can be directed in writing to:

Ms. Cari Garcia
Texas State Affordable Housing Corporation
1005 Congress Avenue, Suite 500
Austin, Texas 78701
Telephone (512) 477-3555, Ext. 413
Fax (512) 477-3557
Email: cgarcia@tsahc.org

All questions and responses will be posted on the Corporation's web site (www.tsahc.org) within the Multifamily Bond Programs section. Questions and Answers from the previous program years that are applicable to the 2006 Program will be posted in that section as well. New Questions will be accepted until 5:00 p.m. on Friday, January 6, 2006. Respondents will be held responsible for information posted to the website related to the RFP. Submissions are due by not later than 2:00 P.M. Central Standard Time on Friday, January 20, 2006.

General Information

The Corporation is interested in contracting with a firm that is experienced, qualified, and interested in partnering with the Corporation for the new construction or rehabilitation of senior apartments in Texas. If a proposed Development is approved by the Corporation, the Texas Attorney General, and (if required) the Texas Bond Review Board, the selected Respondent will receive a tax-exempt private activity bond allocation that the Corporation has reserved specifically for the selected Development. In addition, the selected Respondent will be eligible to apply for 4 percent HTC allocation through the Texas Department of Housing and Community Affairs (TDHCA).

The Development and the proposed financing must comply with all state and federal requirements, including without limitation the Internal Revenue Code and related regulations and requirements relating to low income housing tax credits.

Detailed Development Description

Requirements:

- 1) Up to three (3) developments may be pooled together under one bond issuance, but the total bond request must not exceed \$13.3 million dollars. (If additional properties could be added to the pool, they should be presented in a secondary proposal to be funded in the event that other RFPs do not receive qualified proposals.)
- 2) Submitted proposals must meet local standards for multi-family development found in the respective City's zoning ordinances.
- 3) Proposals must comply with requirements of the Qualified Allocation Plan of TDHCA relating to an issuance of tax-exempt bond financing.
- 4) Respondents must submit evidence of local support in the form of a Resolution (see Submission Requirement #8).

Proposals not meeting the requirements above will not be scored or presented to the Board.

The Roles of the Corporation

The Corporation may assemble a team of consultants for legal and financial planning to assist in the implementation of this initiative, and to the maximum extent, their costs will be paid from the tax-exempt bond and tax credit financing. Upon selection, the Respondent is responsible for preparing a HTC application for 4 percent tax credits and timely submitting it to TDHCA and providing a copy of such application to the Corporation, when completed. The Corporation will assume the following roles for the selected Development:

- A. *Bond Issuer.* Private activity bond volume cap funds from the Corporation will be made available for use by the Respondent for the construction and permanent financing of the Development. The Corporation has been given volume cap allocation by statute that will be used for the selected Development. The Corporation is not a participant in the State of Texas private activity bond lottery administered by the Bond Review Board.
- B. *Asset/Compliance Manager.* The Corporation will monitor and enforce the terms of all regulatory and operating agreements for any multi-family units considered "affordable." The Corporation will receive ongoing fees for these services that will be paid from the project revenues. The Corporation may require the owner of the Development and/or related entities or person to guaranty the payment of those fees.
- C. *Management.* The Corporation does not intend to have significant involvement in the day-to-day operation/management activities; aside from asset oversight and compliance monitoring. The Respondent will negotiate the terms of the management of the property, which is expected to be done by an experienced property management firm. The Corporation must approve the initial selection of a management company and all subsequent changes in management agent during the term while the bonds are outstanding.

Respondent's Role

The responsibilities of the selected Respondent(s) will include, but are not limited to, the following:

- Insure that the Development meets all of the Corporation's requirements for affordable multifamily financing and that the rehabilitation complies with local codes and requirements.

- Undertake predevelopment activities.
- Develop architectural plans consistent with this RFP and guidelines, and obtain City and other required approvals and permits.
- Gain local community support for the proposal.
- Develop and manage an implementation schedule.
- Obtain additional leveraged funds from other sources, if needed.
- Prepare and submit a Low Income Housing Tax Credit application to TDHCA for 4 percent tax credits.
- Develop a project budget.
- Coordinate all development activities, including reporting and budget requirements, as required by each jurisdiction.
- Determine a general management structure, prepare a management plan for the property, and recommend a property manager, subject to approval by the Corporation.
- Provide all necessary financial guarantees and assurances to the lenders and tax credit investors.
- Solicit construction bids and enter into a contract for construction.
- Oversee construction and ensure completion in a timely manner.
- Obtain commitments from lenders and tax credit investors for financing the Development, such commitments to be with parties acceptable to the Corporation.
- Deliver units consistent with Federal, State, and City requirements and guidelines.
- Maintain compliance with all regulatory and operating agreements.

Income Structure and Use Restrictions

The Corporation seeks to provide housing to a mix of eligible households, including the low and very low income. **A Respondent will be disqualified from consideration if any of the requirements below are not met.** At a minimum, all proposals will be required to meet the following income and rent restrictions:

- (a) Minimum Income Restrictions. A minimum of twenty percent (20%) of the units in a Qualified Residential Rental Project must have Gross Rents that are restricted to households with incomes no greater than fifty percent (50%) of the Area Median Income (“AMI”), adjusted for family size, or at least forty percent (40%) of the units in the project must be affordable to families with incomes at or below sixty percent (60%) of the AMI, adjusted for family size.

- (b) Rent Restrictions. Gross monthly rent charged on an income restricted unit will not exceed 30% of the applicable AMI including utility allowances for each unit size.
- (c) Minimum Term of Restrictions. Income and rent restrictions must be maintained for a qualified project period to be determined in accordance with federal and state law.

All applications must comply with the TDHCA Qualified Allocation Plan and Rules pertaining to the Low Income Housing Tax Credit Program in effect at the time of response in order to apply for 4% tax credits.

Development Design Review

The Corporation encourages the use of “green building” methods in the design and operation of multi-family developments. Green building promotes conservation of natural resources, preserves the health of people and the environment, improves the quality of life for residents, and may save money for the residents on utility bills. The Development must obtain all required City permits including all building permits and must be appropriately zoned and platted.

Submission Requirements

The objective of the RFP is to determine respondent interest and to consider the selection of a qualified respondent. Submissions to this RFP must include brief summary responses to the following in the order listed along with each section tabbed. If any item listed below is not included in the submission, please provide a written explanation behind the tabbed section. The Corporation reserves the right to request additional information upon review of initial submissions.

1. Title page & Application Form
2. Maps: A **location map** showing the location and approximate outline of the tracts involved along with the location of any and all amenities, for which the respondent is claiming points, which are located near the Development. To be eligible for points, amenities should be located within a one mile radius of a Development in urban/exurban areas and a two mile radius of the Development in rural areas. A **zoning map** showing the existing zoning of the property and surrounding areas, demonstrating that the Development, as proposed, is zoned for the intended use, or a letter indicating that a zoning change has been requested. Zoning must be approved for the Development within 45 days of receiving a reservation for allocation of bond cap.
3. Site Control: Evidence that the Respondent either (i) owns the site for the proposed Development or (ii) has a contract or an option to purchase the Development site covering the time period that the application is under review or that has an “option to extend” clause covering the same time period.
4. Audited financial statements of the Respondent for the last three years. The Respondent shall fully explain any negative audit findings. Provide the names of three banks or other financial institutions that can provide business references and the names and telephone numbers of contact persons. Respondents should be aware that the Corporation is subject to the provisions of the Texas Public Information Act, and that information received by the Corporation may be subject to open records requests.

5. An estimated construction schedule. If rehabilitation is proposed, submit a physical condition assessment report (“PCA”) completed on the property which confirms the cost of rehabilitation. The PCA must not be older than 6 months prior to the application date.
6. Submit a market study showing the need in the area for new construction or rehabilitated affordable housing as proposed.
7. Photographs of the proposed site for new construction and/or of the Development which identify the need for rehabilitation.
8. Evidence of local support for the Development from the City/County in the form of a resolution of support by the City Council (if the Development is within the city limits or extraterritorial jurisdiction of a municipality) and/or County Commissioner’s Court. The resolution must clearly state that local officials support the Development as proposed. **(Proposals will not be scored or presented to the Board without this submission.)**
9. Provide an organizational chart of the proposed ownership structure and identify the various legal entities to be involved in the construction, ownership, operation, and management of the improvements and the nature of their involvement. With respect to the development entity and/or the management agent, a precise description of any joint venture arrangements, including respective equity and decision making interests shall be provided. Describe the roles and responsibilities of each team member on this Development and provide resumes that include qualifying experience. Provide certification by the Respondent stating the nature of any relationship, business or otherwise, (for example, common or related board members) between or among the team members, including the Respondent, the proposed management company, the seller(s) of property, the underwriter or placement agent, and any other party related to the transaction.
10. Certifications:
 - a. Certification by the Respondent and Respondent’s principal(s) that they are in good standing with the Corporation, TDHCA, and the City or County in which the Development is located. The certification should state that these principals do not have any outstanding compliance issues with the Corporation, TDHCA, or the City, and have not had any compliance issues in the last three years, or full disclosure of any problems and issues. As part of the evaluation process, the Corporation will request information from TDHCA’s Compliance Division and review any internal compliance records on each principal of the Applicant.
 - b. Certification by the Respondent and any underwriter or placement agent for the bonds stating that they have read and understand the Corporation’s Guidelines and the RFP and acknowledging (a) that all exceptions to the Guidelines and RFP must be requested in writing by the Applicant with an explanation of the need for the exception, (b) that all exceptions to the Guidelines and RFP are subject to the review and/or approval by the Board of Directors of the Corporation, and (c) that complying with the Guidelines and RFP does not guarantee approval of the transaction by either the Corporation’s Board of Directors or the Texas Bond Review Board.
 - c. Certification by the Respondent and Respondent’s principal(s) that they have not been involved during the past five years and are not currently involved in litigation regarding the development and/or financing of a property under the Corporation’s or TDHCA’s

multifamily bond programs, the LIHTC program, or any City program, or full disclosure of any litigation.

- d. Certification by the Respondent and Respondent's principal(s) that they do not have outstanding issues with the Internal Revenue Service regarding tax-exempt bond financed or LIHTC properties, or full disclosure of any outstanding issues.
 - e. If claiming points for providing a security or courtesy officer on site, the respondent must submit a certification stating that the proposal contains such a provision and a description of the budgeted line item that will compensate this expense.
11. If applicable, describe and provide supporting evidence (e.g., certification by a governmental agency) of the status as a Historically Underutilized Business (HUB), minority business enterprise (MBE) and/or women owned business enterprise (WBE), or, if applicable, describe the Respondent's or the general contractor's history of utilizing HUB's.
 12. Describe past experience working on affordable housing developments with TDHCA, the Corporation, and local government entities, including cities or local housing finance corporations. Include a description of the work, and name and telephone number for a contact representative at each (maximum of 4 examples for each government entity with which you worked). *The submitted documents must support points claimed for this item under the scoring criteria.*
 13. Describe experience in the development of properties using tax-exempt bond financing and/or LIHTC. Include the name and address of the property(s), property description, whether new construction or acquisition and rehabilitation, whether 9% or 4% LIHTC and allocation year, description of the participation of the Respondent, identification of any participation by a housing-related nonprofit or City or other public entity where the property is located, and the name and telephone number of a reference person(s) for each property (maximum of 4 examples of properties completed using both LIHTC and tax-exempt bond financing, and if no properties completed using both financing methods, list a maximum of 4 properties completed using either tax-exempt bond financing or LIHTC and specify which was used). *The submitted documents must support points claimed for this item under the scoring criteria.*
 14. Financial Spreadsheets:
 - a. **Rent/Expense Analysis** identifying the proposed rent structure and any components to this structure such as utility allowances and source, vacancy and collections loss and other exceptions to the rent and secondary income of the property. All operating expenses should be identified and included to determine the Net Operating Income of the property and financial ability to repay bonds in the amount required. For pooled transactions, information should be submitted for each property.
 - b. **Development Cost Schedule** identifying all anticipated Development costs associated with the transaction consistent with the Sources and Uses of Funds report. For pooled transactions, information should be submitted for each property.
 - c. **30-year Operating Proforma** which substantiates that the Development will maintain a minimum debt coverage ratio of 1.10 over the 30 year period. Any deferred developer fee proposed in the transaction should be shown in the proforma as fully repayable within 10 years. For pooled transactions, information should be submitted for each property along with a combined proforma identifying the entire cross collateralized transaction.

- d. **Sources and Uses of Funds Schedule** for the bond transaction that identifies by name all companies or individuals to receive payments, including, but not limited to, developer's fees, real estate commissions, underwriting fees, operating working capital (if any) and borrower's working capital(if any), and should specify whether the payments will be from bond proceeds or other proceeds.
 - e. **Operating Statements** for each property consisting of the previous twelve (12) consecutive months ending not more than three (3) months from the date of submission; the two most recent consecutive annual operating statement summaries; and a rent roll not more than six (6) months old at the time of response submission. (rehabilitation only)
15. A narrative of the financing plan which clearly identifies the amount of outside resources necessary to make the Development financially feasible, if applicable, as well as the amount of tax-exempt volume cap allocation and Low-Income Housing Tax Credits and other private resources that will likely be available for the Development. The plan should also identify any anticipated cash investment by the Respondent.
 16. Commitment letters from all financial entities (including rental assistance and grant funds) involved in the financing of the proposed development. Commitment letters should be consistent with the amount of funds on the sources and uses form. If applicable, provide verification of rental assistance in the form of an approved contract between the proposed ownership entity and the provider.
 17. Provide a list of all properties for which the Respondent or Respondent's principals have received TDHCA housing construction or rehabilitation funding. Please list the property name, the name of the legal owner of the property, the type of funding, and the city where the property is located.
 18. A resident services plan which clearly identifies the resident services to be provided at the Development. The plan must state how services will be determined, who will be providing the services, transportation arrangements (if applicable), and available/proposed space to be used for the provision of resident services. *The narrative must support points claimed for these items under the scoring criteria.*
 19. The TDHCA QAP requires all developments to meet the standard statewide energy code adopted by the State Energy Conservation Office. Beginning September 1st, 2005, two new energy code notices will be in effect: IECC (International Energy Conservation Code)-2003 and ASHRAE (American Society of Heating, Refrigerating and Air Conditioning Engineers) 90.1-2004; also known as the "Texas Standard". Under this program, minimum requirements are set for energy efficient design and major renovation projects so that they may be constructed, operated, and maintained in a manner that minimizes the use of energy without constraining the building function or the comfort of the occupants. The Corporation promotes the use of energy efficiency in multi-family housing developments by providing a point based incentive for exceeding the Texas Standard. Therefore, if the Development is proposing specific items to promote energy efficiency which exceed the Texas Standard as outlined by the State Energy Conservation Office, the proposal must contain a narrative of the energy efficiency methods proposed and describe how these compare to and exceed the minimum standard. All energy efficiency features identified should be consistent with line item expenses identified in the development and/or operating budget. *Information in this section must support points claimed for these items under the scoring criteria.*

20. A copy of the tax credit application to the Texas Department of Housing and Community Affairs, as soon as it is submitted.

One response should be submitted for the entire proposal. If the response includes more than one property, there are various sections of the response that are property specific and should be submitted for each property. These items may include but are not limited to.

Property Specific Submissions

- Application Form
- Maps
- Site Control (unless all properties are contained within one purchase agreement)
- Market Study
- Photographs of the Development
- Evidence of local support
- Financial Spreadsheets (by property and as pooled, if applicable)
- Resident Services Plan
- Housing Tax Credit Application
- Green Building Information (if applicable)

Response Submission and Approval Procedures

Response Filing Requirements

A Respondent desiring to respond to this RFP shall complete and file with the Corporation one (1) original and five (5) copies of the RFP response (the “Response”). The Response (original and five copies) shall be filed with the Corporation by mailing or delivering the same to the following address:

Ms. Cari Garcia
Texas State Affordable Housing Corporation
1005 Congress Avenue, Suite 500
Austin, Texas 78701
(512) 477-3555, Ext. 413
(512) 477-3557 (Fax)

Preliminary Official Action.

Upon compliance with the response requirements set forth in the RFP, the Corporation will conduct a preliminary review of all Responses. If all of the Response requirements are met and the proposed Development meets the Corporation’s purposes and guidelines, the Development will be scored by the Corporation in accordance with the criteria identified in Appendix A. The Applicant will be notified in writing of any deficiencies identified in the application and will be provided a timeframe to correct noted deficiencies. If the deficiencies are not corrected to the satisfaction of the Corporation within the allotted timeframe, the application will not be considered by the board for allocation and an alternate application will be underwritten.

The Corporation’s Board of Directors (the “Board”) will have an opportunity to call any Respondent before the Board (at the Board’s discretion) to review the following items:

- The amount of volume cap that will reasonably support the financing structure (recognizing the limits of the Corporation’s allocation);
- Evidence of community support for the Development;

- Qualifications of Development team;
- Evidence of financial feasibility of the Development and cost efficiency of bond financing structure – The Corporation reserves the right to impose a cap on any volume cap requests;
- Evidence of commitment of all long term development financing sources;
- Evidence of long term affordability of rents for persons with low income;
- Evidence and support of adequate market for the units;
- Demonstration that the Development will not adversely impact existing affordable housing properties in the identified market area; and
- Other information relating to the RFP, the proposed Development, or the Respondent.

The Corporation reserves the right in its sole discretion to modify, suspend or amend this program at any time, with or without further notice to any interested party. All costs incurred in the response or development process are the sole responsibility of the Respondent. All decisions of the Corporation are subject to such additional conditions, restrictions and requirements as determined by the Corporation in its sole discretion. In addition, the Corporation’s selection of Developments for possible allocation of private activity bond cap is subject to final allocation approval by the Texas Bond Review Board.

At the same Board meeting at which oral presentations are made, the Board may select Development(s) and alternate Developments based on the final scores of the Responses. **The Corporation reserves the right not to approve any Responses, even one that is awarded the most points in the initial or final scoring of the Responses.** The Corporation also reserves the right to approve more than one Response. After the Developments are chosen, the Corporation, in coordination with the Respondent(s), will hold the required TEFRA hearings.

At the Board’s next meeting following the TEFRA hearing for a Development, the Board may take preliminary official action to adopt an inducement resolution evidencing the Corporation’s intent to issue obligations with respect to the Development, if all the requirements set forth herein are met and the public comment at the TEFRA hearings shows sufficient support for the Development. In order for the Board to take preliminary official action, the preliminary review of the Response must demonstrate with reasonable certainty that:

- (a) the Response, the obligations, and the Development will qualify for final approval by the Corporation in accordance with the RFP and the requirements set forth in Appendix C; and
- (b) all governmental approvals with respect to the obligations, the HTC, and the Development will be obtained.

If the Corporation does not grant preliminary approval of the Response, the Corporation will so advise the Respondent.

Any preliminary official action of the Corporation should not be construed as an indication as to the marketability of obligations, or as the final approval of the Development by the Corporation, its Financial Advisor or Bond Counsel. Rather, it is an indication that the Corporation will attempt to issue its obligations for the Development subject to, (i) a readiness to proceed by the Respondent with financing structure approval process, (ii) the Respondent’s continuing compliance with these Regulations and cooperation in providing any and all requested information to the Corporation, (iii) approval by the Texas Bond Review Board of the sale of obligations, (iv) market conditions and terms acceptable to the

Corporation and to its staff and consultants, and (v) acceptable evidence of local support for the Development and approval by the Texas Attorney General of the issuance of the obligations.

AFTER THE CORPORATION'S ADOPTION OF THE INDUCEMENT RESOLUTION, IT IS THE RESPONDENT'S RESPONSIBILITY TO PROCEED WITH REASONABLE DISPATCH TO COMPLETE THE BOND FINANCING PROCESS IN A TIMELY MANNER, INCLUDING, BUT NOT LIMITED TO, THE PAYMENT OF ANY FEE DEPOSITED AND THE PROVISION OF REQUIRED INFORMATION, DOCUMENTS, ETC. NECESSARY TO PROCEED.

See Appendix C for a detailed discussion of these items:

- I. Subsequent filing requirement, public hearings and document preparation
- II. Final Approval and Closing
- III. Sale of Bonds
- IV. Fees and Other Costs
- V. Miscellaneous

Appendix A Scoring Criteria

Financial Feasibility

- A. The lowest cost per unit (includes direct construction hard costs, site work, contingency, contractor profit, overhead and general requirements) of a proposed housing development that meets the specifications in the Request for Proposal (RFP). *The minimum hard cost per unit must meet the requirements of the TDHCA QAP.* **20 points total**
20 points – lowest per unit construction cost
15 points – next lowest per unit construction cost
10 points – next lowest per unit construction cost
5 points – next lowest per unit construction cost
0 points – next lowest per unit construction cost
- B. The proposed unit rents meet or exceed the low-rent requirements in the RFP. **20 points total**
20 points – meets rent requirements
0 points – does not meet rent requirements
- C. The proposal meets the low-income set aside requirements in the RFP for the proposed housing development. **20 points total**
20 points – meets minimum low-income set aside requirements
0 points – does not meet minimum low-income set aside requirements
- D. A strong pro-forma, as evidenced by a high debt service coverage ratio (DSCR). The DSCR should be 1.10 to 1.30 in the first year of stabilized operations and maintained no lower than 1.10 over the 30-year operating proforma. **20 points total**
20 points – 1.25 or greater
10 points – 1.16 to 1.24 DSCR
5 points – 1.11 to 1.15 DSCR
0 points – 1.10 DSCR
- E. The reasonableness of any deferred developer fees as compared to other submissions and/or similar projects. **15 points total**
15 points – lowest percent of developer fee deferred
10 points – next lowest percent of developer fee deferred
0 points – next lowest percent of developer fee deferred
- F. The financial participation of other entities specifically, the highest proposed grant contribution (excluding rental assistance) by any entity other than TSAHC, relative to other submissions. **10 points total**
10 points – highest amount of grant proposed
5 points – highest amount of grant proposed
0 points – highest amount of grant proposed

- G. The financial participation of other entities, specifically, the lowest proposed cash value contribution by TSAHC relative to other submissions. **10 points total**
 - 10 points – lowest amount of financial assistance proposed
 - 5 points – next lowest amount of financial assistance proposed
 - 0 points – next lowest amount of financial assistance proposed

- H. The financial participation of other entities in the form of a rental assistance operating subsidy such as HUD Section 8, Rural Development Rental Assistance or other funds specifically set aside by the developer for rental assistance. *To qualify for points, funds set aside out of cash flow to be used for rental assistance should be allocated for a period of ten years and identified in the proforma as such.* **20 points total**
 - 20 points – 80-100% of the units have rental assistance
 - 15 points – 50-79% of the units have rental assistance
 - 10 points – 25-49% of the units have rental assistance
 - 5 points – 5-9% of the units have rental assistance

Development Characteristics

- I. The Development provides quality resident services to all households at the Development as outlined in the TSAHC Resident Services Program Guidelines (Appendix B). **15 points total**
 - 10 points – maximum of 10 points with one point for each service provided
 - 5 points- additional 5 points for certification by respondent that a Resident Council will be formed within six months of achieving stabilized occupancy (90% occupancy)

- J. The Development will have staff and accommodations to provide resident services on-site or will budget for transportation to an off site location. **20 points total**
 - 10 points – Resident Services Coordinator position in budget and certification by owner that this position will be posted and/or filled within six months of achieving stabilized occupancy (90% occupancy)
 - 10 points- additional 10 points for submitting a plan which identifies space at the property to provide the services identified in Section I. and/or describes how the services are to be provided to the residents (i.e. transportation) if off site
 - 0 points – no space set aside for resident services and no plan for transportation off site

- K. The Development exceeds the Texas Standard for energy efficiency as described in detail in the Submission Requirements section of the RFP. **10 points total**
 - 10 points – energy efficiency proposed exceeds the Texas Standard
 - 0 points –energy efficiency proposed does not exceed the Texas Standard

L. The Development is located near appropriate amenities that can be easily accessed by the tenant population (elderly, special needs, families, etc.). To count for points, the amenity must be located within a one or two mile radius of the Development (as specified in the RFP) and identified on a local area map. For purposes of this section, amenities include: grocery store, pharmacy, convenience store, department/retail store, bank, restaurant, indoor or outdoor recreation facilities, hospital/medical clinics, public schools, senior center, daycares, and social service offices. **10 points total**

- 10 points – Six (6) or more local amenities nearby
- 5 points – Three (3) or more local amenities nearby
- 0 points – Fewer than three (3) amenities nearby

M. The Development provides security at the property(ies). **10 points total**

10 points – Either certification that security or courtesy officer will be provided and the proforma includes compensation for this position (budgeted expenses or rent concessions), or the Development(s) have or are proposed to have exterior fencing around the entire perimeter of the property along with a secured access gate.

0 points – No security/courtesy officer or secured gate and fencing identified in the development plan

Experience and Local Support

N. The proposal demonstrates the experience and qualifications of the Respondent and team members as evidenced by the completion of multifamily housing rental developments using bond financing and/or Low Income Housing Tax Credits (LIHTC). **20 points total**

- 20 points – 4+ multifamily developments completed using bond financing and LIHTC
- 15 points – 1-3 multifamily developments completed using bond financing and LIHTC
- 10 points – 4+ multifamily developments completed using bond financing or LIHTC
- 5 points – 1-3 multifamily developments completed using bond financing or LIHTC
- 0 points – no multifamily developments completed using bond financing or LIHTC

O. Experience working on affordable housing developments with cities or other local government entities, as evidenced by the receipt of HOME funds, CDBG funds, PHA funds, real estate, or some other substantial contribution from the local gov't entity.

10 points total

- 10 points – 4+ multifamily projects completed with the participation of a local gov't entity
- 5 points – 1-3 multifamily projects completed with the participation of a local gov't entity
- 0 points – 0 multifamily projects completed with the participation of a local gov't entity

P. The development team has provided for Historically Underutilized Business (HUB) participation on its last two developments. **10 points total**

- 10 points – HUB participation
- 0 points – no HUB participation

Q. The financial capacity of the Respondent has been established, as evidenced by an absence of any negative findings on audited financial statements (that have not been explained to the Corporation's satisfaction). **10 points total**

- 10 points – financial capacity of the Respondent or Guarantor established
- 0 points – financial capacity of the Respondent or Guarantor not established

TOTAL POSSIBLE POINTS: 250

APPENDIX B

TSAHC Resident Services Program Guidelines

It is the Texas State Affordable Housing Corp.'s goal to have the nation's leading Resident Services Program. To reach this goal, and better serve your residents, we need your help on site. TSAHC has created basic guidelines and report systems to help with this process.

The following is a list of activities/courses that can be implemented. If you are interested in starting an activity or course that is not on the list, make sure that it will encourage economic self sufficiency and/or promote homeownership opportunities.

- Career Services
 1. Computer Literacy
 2. GED Classes
 3. Job Skills/Training
 4. Resume/ Job Search Workshop
 5. Job Fair

- Children's Services
 1. After School Care
 2. Swimming Lessons
 3. On-site Daycare
 4. On-site Tutoring Sessions
 5. Performing Arts
 6. Halloween Safety
 7. Site library

- Community Awareness
 1. Crime Watch
 2. Self Defense Course
 3. Child Id/Fingerprinting Program
 4. Fire Safety
 5. Domestic Violence Shelter/ Programs
 6. Host Support Groups Such as AA, Anger Management, etc.
 7. Community Gardens
 8. Community Service Activities (i.e. Habitat for Humanity)

- Domestic Skills
 1. Budgeting
 2. Tax Prep. Courses
 3. Low Cost Healthy Cooking
 4. Organization Classes
 5. Cleaning Supply Safety

- Medical and Health Services
 1. Basic First Aid and CPR
 2. Caring for the Disabled
 3. Health and Screening Services
 4. HIV/AIDS Classes

5. Vaccinations/ Flu Shots
 6. Weight Loss Club
 7. Diabetes/ Heart Disease Courses
 8. Babysitting Safety Courses
- Personal Development
 1. Counseling Services
 2. Credit Counseling
 3. English as a Second Language Courses
 4. Home Ownership Counseling
 5. Parenting Classes
 6. Anger Management Courses
 7. Family Counseling
 - Transportation Services
 1. Grocery Store
 2. Library
 3. Medical Visits
 4. Cultural Events

Inappropriate activities include children's movie time, patio decorating contests, gambling trips, resident parties, Easter Egg Hunts or other activities along these lines. Properties are welcome to offer these activities but they will not count towards fulfilling the Resident Services obligation.

APPENDIX C

I. Subsequent Filing Requirements, Public Hearings and Document Preparation

1. Subsequent Filing Requirements. Prior to review of the Response for final approval by the Corporation, and prior to review by the Texas Bond Review Board, the Respondent may file such additional documents or statements in support thereof as the Respondent shall consider relevant and appropriate and shall file the following:

(a) such additional information as is requested by the Corporation, the Financial Advisor, or Bond Counsel;

(b) a proforma copy of any official statement, prospectus, or other offering memoranda, through the use of which the proposed obligations are to be offered, sold, or placed with any lender, purchaser, or investor, which offering, sale, or placement material shall contain prominent disclosure substantially to the effect that:

(i) neither the Corporation nor the State has undertaken to review or has assumed any responsibility for the matters contained therein except solely as to matters relating to the Corporation and to a description of the obligations being offered thereby;

(ii) all findings and determinations by the Corporation and the State, respectively, are and have been made by each for its own internal uses and purposes in performing its duties under the legislation enabling the Corporation and these Regulations;

(iii) notwithstanding its approval of the obligations and the Development, neither the State, nor the Corporation endorses or in any manner, directly or indirectly, guarantees or promises to pay such obligations from any source of funds of either or guarantees, warrants, or endorses the creditworthiness or credit standing of the Respondent or of any Guarantor of such obligations, or in any manner guarantees, warrants, or endorses the investment quality or value of such obligations; and

(iv) such obligations are payable solely from funds and secured solely by property furnished and to be furnished and provided by the Respondent and any Guarantor and are not in any manner payable wholly or partially from any funds or properties otherwise belonging to the Corporation or the State.

2. Public Hearings and Meetings. The Corporation is required to hold certain public hearings and meetings prior to final approval by the Corporation's Board and by the Texas Bond Review Board. With respect to the public hearing required under federal tax law by the Tax Equity and Fiscal Responsibility Act ("TEFRA"), the Corporation is required to hold such hearing (the "TEFRA Hearing") in the jurisdiction in which the Development is to be located. The Corporation must publish notice in the *Texas Register* and the local newspapers of general circulation in the participating jurisdictions at least seven (7) days and twenty-one (21) days prior to the TEFRA hearing. The *Texas Register* is published only on Fridays and such notice must be provided to the *Texas Register* no later than noon on the Wednesday which is ten (10) days preceding the Friday in which the publication is requested. **The *Texas Register* provides no exceptions to this deadline.** Accordingly, the Corporation will require

the Respondent to provide an appropriate location, date and time for TEFRA hearings as approved by the Corporation and transmit this information to the Corporation at least 7 days prior to the date notice is required to be published in the *Texas Register*. The TEFRA Hearing may not be held (and notice of such Hearing may not be published) prior to the date a Development is selected by the Corporation; provided, however, that such hearings may be scheduled and publication of notice of such hearings may be provided for prior to selection as long as (a) the Corporation's staff determines that such action is appropriate, (b) the hearing and publication of notice do not actually occur until after selection by the Corporation and (c) the Borrower provides the deposit to the Corporation set forth in Section IV.A.1. (d) below.

The Corporation must also provide notice of the TEFRA hearing(s) to certain members of the Texas Legislature, local public libraries, homeowners' associations or other recognized neighborhood organizations or groups within a one mile radius of the Development(s), county and city officials, residents of the Development(s) (if occupied), and other interested parties designated by the Corporation. The Corporation will not publish notice of a public hearing until it has received from the Respondent:

- (a) the names and addresses of any affected homeowners' associations, and
- (b) the names of the state legislators, the city council members and the county commissioners in whose district or precinct (as applicable) the Development(s) are located.

THE INFORMATION REQUIRED BY THE CORPORATION TO GIVE NOTICE OF THE TEFRA HEARING IS AVAILABLE FROM THE CORPORATION. A HEARING INFORMATION FORM MUST BE RETURNED TO THE CORPORATION AT LEAST 7 DAYS PRIOR TO THE DATE NOTICE MUST BE PROVIDED TO THE TEXAS REGISTER. FAILURE TO TIMELY PROVIDE THIS INFORMATION TO THE CORPORATION MAY RESULT IN A DELAY IN PUBLIC NOTICE AND ACCORDINGLY, A DELAY IN THE CLOSING OF THE DEVELOPMENT.

3. Bond Review Board Approval. Obligations issued by the Corporation are subject to approval by the Texas Bond Review Board (the "BRB"). BRB rules provide an exemption from the formal approval process for Texas State Affordable Housing Corporation Multifamily conduit transactions unless such transactions involve an ad valorem tax reduction or exemption. No ad valorem tax exemption or reduction is expected to be requested with respect to the Development; therefore, the formal BRB approval process should not be required. However, if one or more BRB members request it, the formal BRB approval process must be followed. If so, representatives of the Respondent are expected to attend the BRB planning session and the BRB meeting at which the Development will be considered for approval. Additional information may be requested by BRB members and the Respondent's cooperation in providing this information is required.

If the formal BRB approval process is required, the Corporation, with the assistance of its Bond Counsel, will prepare and file the notice of intent and the BRB Application for the Development. The Corporation will file the notice of intent and the BRB Application with the BRB only if it has timely received all required information and documentation for the completion of the BRB Application from the Respondent and/or its consultants.

4. Document Preparation. Bond Counsel shall have the primary responsibility for the preparation of the legal instruments and documents to be utilized in connection with the financing of the Development by the Corporation. No bonds or other obligations will be sold or delivered unless the legality and validity thereof have been approved by Bond Counsel. The Respondent and its legal counsel shall cooperate fully with Bond Counsel, the Financial Advisor, the Issuer's Counsel and the Corporation's agents in the preparation of such materials.

5. Material Changes to Financing Structure. Any and all material proposed changes to the financing structure, ownership of the Development, or scope or materials of or for the proposed Development, from that set forth in the Response must be disclosed to the Corporation immediately in writing and approved by the Corporation.

In the event that the Development does not close within the time frame established by the Corporation, the Corporation reserves the right to terminate its participation in the financing. See Section V.B. below.

II. Final Approval and Closing

1. Final Approval by the Corporation. The Board will consider final action on the Response after the completion of the public hearings and at the recommendation by the Corporation's staff. If approved, the Board shall adopt a resolution, in such form as is recommended by Bond Counsel, authorizing the issuance of obligations to provide financing for the Development. Final approval will be granted only upon:

(a) receipt by the Board of evidence satisfactory to it that the Respondent has complied in all material respects with these Regulations not otherwise waived by the Board; and

(b) an affirmative determination of the Board that:

(i) all requirements for and prerequisites to final approval under these Regulations have either been satisfied or waived and are in form and substance satisfactory to the Board; and

(ii) the operation of the Development(s) will constitute a lawful activity, is qualified for approval by the State, complies with and promotes the purposes of the Corporation and satisfies the requirements of the Corporation.

2. Closing of the Development. Following the public hearing(s) and final approval by the Corporation and the BRB (if necessary), the Corporation will proceed to close the financing in accordance with the documents approved by the Corporation and when finally approved by the Texas Attorney General and Bond Counsel in accordance with the terms of the sale or placement.

III. Sale of Bonds

A. Structure of the Development. There are a variety of bond financing structures and credit enhancements that may be utilized by the Respondent such as letters of credit, mortgage insurance and surety bonds. Prospective Respondents are encouraged to contact the Corporation's Financial Advisor for further information regarding financing structures prior to submission of a Response. The Respondent is required to execute an agreement awarding the sale of the Corporation's obligations to an underwriter or to an institutional purchaser through a private placement which obligates the Respondent to the payment of the costs of issuing such obligations as more fully described herein.

B. Environmental Review. Prior to the sale of the obligations, the Respondent will be required to conduct a Phase I Environmental Site Assessment. At bond closing, the Respondent will be required to provide an environmental indemnity clause in the form to be provided by Bond Counsel.

C. Public Sale Requirements.

1. If the obligations are to be publicly sold, whether by competitive bid or negotiated sale, the bond issue must be structured so as to receive an investment grade rating of “BBB-” or higher by a nationally recognized rating agency acceptable to the Corporation and its Financial Advisor. If a credit enhancement is being provided, obligations may be credit-enhanced by an institution that is acceptable to the Corporation and its Financial Advisor.

The Response must indicate the type and nature of the proposed credit enhancement or surety, and the name and telephone number of a contact person (if known at time of submission) at such institution.

2. Obligations with an investment grade rating of “AA” or higher may be in minimum denominations of \$5,000. For the Corporation to approve transactions that are rated “BBB-” or higher but less than “AA,” the obligations must be sold in minimum initial denominations of \$100,000 and \$5,000 thereafter.

D. Limited Offering Requirements. If the obligations do not have an investment grade rating of BBB- or higher, the Corporation will consider such obligations to be non-rated for purposes of this subsection D. The Corporation may require that the obligations be rated or permit, at its sole discretion, the issuance of the obligations without a rating. The Corporation requires that non-rated obligations be privately placed or offered on a limited basis with restrictions. In order for a non-rated transaction to be considered by the Corporation, the placement must comply with the following minimum requirements: (i) the sale must be made to a “qualified institutional buyer” as defined in Rule 144(a) of the Securities Act of 1933 (a “QIB”) or an “accredited investor” as defined in Regulation D under such act (an “Accredited Investor”) and cannot be an underwriting or purchase with an intent to resell any portion of the obligations, (ii) if they are sold to QIBs, the obligations must be issued in minimum denominations of not less than \$250,000, and if they are sold to Accredited Investors, the obligations must be issued in such higher minimum denomination as the Corporation may require, (iii) at such time as the bond financing is presented to the Corporation for final approval, the Respondent (or placement agent, if applicable) must (a) identify the Purchaser of the obligations and (b) provide a written commitment from the Purchaser in form and content customarily used by real estate lending institutions outlining the terms and conditions of such commitment to purchase the obligations, (c) the Purchaser must represent that it is in the business of originating or acquiring and owning for its account, tax-exempt bonds or mortgage loans on multifamily rental housing properties, (d) there shall be no offering statement of the Corporation, or when a placement agent is involved in the sale of the obligations, there may be a placement memorandum prepared by the agent for the Purchaser, and (e) the Corporation may require that one physical obligation be issued with a legend stating that the initial and any subsequent purchaser(s) of such bond shall be a QIB or an Accredited Investor, as applicable. In the case of a private placement transaction, the Respondent or placement agent, upon delivery of the obligations, shall provide the Corporation with an executed investment letter from the investor purchasing the obligations substantially to the effect that: (1) it is engaged in the business, among others, of investing in tax-exempt securities and is a QIB or an Accredited Investor, as applicable; (2) it has made an independent investigation into the financial position and business condition of the Respondent and therefore waives any right to receive such information; and (3) it has received copies of the financing documents pursuant to which such obligations are issued. A form of such investment letter will be provided by the Corporation.

Any variation to the requirements set forth above must be requested in writing by the Respondent and must be approved by the Corporation, and be acceptable to the Bond Counsel, Financial Advisor, and Issuer’s Counsel.

IV. FEES AND OTHER COSTS.

The Respondent will be responsible for all fees and expenses in connection with all bonds issued on its behalf. Such expenses, where eligible under the Code, may be financed through bond proceeds and will be considered part of the obligations authorized for issuance by the Corporation. Federal tax law provides that only two (2%) percent of the proceeds of a tax exempt bond offering may be used to pay “costs of issuance.” The Respondent commits to pay from other sources any costs of issuance not payable from tax-exempt bond proceeds. The following fees are payable at the times and in the amounts as described below. ***ALL FEES ARE NONREFUNDABLE, EXCEPT AS OTHERWISE PROVIDED HEREIN.***

A. Processing Fees, Closing Fees and Costs.

1. Processing Fees.

(a) Within 5 business days after the date of the board meeting at which the Development is selected by the Board of the Corporation, the Respondent shall make an initial deposit for expenses related to public hearings and application for private activity bond allocation. **Such deposit shall be \$7,500.**

Following the issuance of a reservation for bond cap from the Bond Review Board, the Respondent shall make another deposit with the Corporation which shall be credited against fees and expenses incurred by Bond Counsel, the Financial Advisor and Issuer’s Counsel in connection with the proposed financing. **Such deposit shall be \$27,500, which represents a \$12,500 deposit for Bond Counsel fees, a \$10,000 deposit for Financial Advisor’s fees, and a \$5,000 deposit for Issuer’s Counsel fees.** All fees and expenses incurred by Bond Counsel, the Financial Advisor and Issuer’s Counsel in connection with the Respondent’s transaction shall be deducted from such deposit whether or not the obligations are issued and the remaining balance, if any, shall be refunded to the Respondent.

(b) The Respondent shall reimburse the Corporation for all costs and expenditures incurred by the Corporation, prior to and after the selection of the Development by the board, to analyze the appropriateness and willingness of the Corporation to provide bond financing for the Respondent’s transaction, including, but not limited to, the reimbursement of costs and expenditures for (i) on-site visitation of multifamily residential developments to be financed (or the site(s) therefore), (ii) any reports deemed necessary or appropriate by the Corporation and not otherwise provided by the Respondent, (iii) all costs and expenses (including travel and related expenses) of conducting public hearings and related meetings (described herein) and (iv) such other activities, inspections and investigations as are deemed necessary or appropriate by the Corporation in connection with its determination of the suitability of the proposed development for financing assistance to be offered by the Corporation. The Corporation will invoice the Respondent for such costs and expenditures, and the Respondent shall pay such invoices within ten (10) days of receipt. Failure to make prompt payment of such invoices may result in a termination of the participation of the Corporation and its consultants in the financing.

2. Closing Fees. Concurrently with the closing of the financing, the Respondent shall pay or cause to be paid all fees and expenses in connection with the issuance of the obligations including, but not limited to, the following professional fees and other costs:

(a) all fees and expenses of Bond Counsel (to the extent such fees and expenses have not been covered by the above referenced deposit);

(b) all fees and expenses of the Financial Advisor (to the extent such fees and expenses have not been covered by the above-referenced deposit) or other consultants, for services rendered to the Corporation in connection with the Development or the issuance of the obligations;

(c) all fees and expenses of Issuer's Counsel (to the extent not covered by the above-referenced deposit);

(d) the actual amount of any closing or acceptance fees of any trustee for the obligations, any fees and premiums for casualty and title insurance, any security filing costs, any fees for placing the obligations, any fees and expenses of any compliance agent appointed in connection with the review of any property, any out-of-pocket expenses incurred by professionals acting on behalf of the Corporation, and any other costs and expenses, including issuance expenses, relating to the obligations, their security, and the Development;

(e) a closing fee to the Corporation of \$0.50 per \$1,000 principal amount of obligations issued, with a minimum closing fee of \$5,000;

(f) a closing fee to the Texas Bond Review Board of \$1,000 or 0.025% of the principal amount of the bonds certified as provided by §1372.039(a)(1), Government Code, whichever is greater.

3. Financial Advisor Fees. The fee to be paid to the Corporation's Financial Advisor shall be 1) for the first \$15,000,000 of bond principal, the fee shall be \$10,000 plus \$2.00/\$1,000 of the principal amount of debt issued with a minimum fee of \$20,000 (unless otherwise agreed to by the Corporation's Financial Advisor) and 2) for amounts above \$15,000,000 the fee shall be reduced to \$1/1000 for that amount over \$15,000,000. In addition, the Corporation's Financial Adviser shall also serve as the bidding agent for an additional fee with respect to all investment contracts to be entered into in connection with the investment of bond proceeds and revenues of the Developments.

4. Bond Counsel Fees. The fee to be paid to Bond Counsel shall be \$6.00/\$1,000 of the principal amount of debt issued for the first \$20,000,000 of the principal amount of debt issued, \$3.00/\$1,000 of the principal amount of debt issued for the next \$20,000,000 of the principal amount of debt issued, and \$0.75/\$1,000 of the principal amount of debt issued thereafter, with a minimum fee of \$75,000 (unless otherwise agreed to by Bond Counsel).

In addition to the fees paid to Bond Counsel, the Respondent will reimburse Bond Counsel for all out-of-pocket expenses incurred by Bond Counsel in connection with the Development. Such expenses include Bond Counsel fees in connection with the TEFRA Hearings and preparation and publication of notices thereof and the preparation and filing of the BRB Applications and supplements thereto.

5. Issuer's Counsel Fees. The fee to be paid to Issuer's Counsel shall be \$2.00/\$1,000 of the principal amount of debt issued for the first \$20,000,000, \$0.75/\$1,000 of the principal

amount of debt issued for the next \$20,000,000, and \$0.50/\$1,000 of the principal amount of debt issued thereafter, with a minimum fee of \$20,000 (unless otherwise agreed to by Issuer's Counsel.) In addition to the fees paid to Issuer's Counsel, the Respondent will reimburse Issuer's Counsel for all out-of-pocket expenses incurred by Issuer's Counsel in connection with the Development.

6. Administrative Fee. Until the final maturity of the obligations, the Respondent will pay an Administrative Fee, remitted through the respective bond trustee to the Corporation on such basis as designated by the Corporation, in an amount equal to ten (10) basis points annually of the aggregate principal amount of the obligations outstanding, with a minimum annual fee of \$5,000. The Administrative Fee is exclusive of the trustee's fee, compliance agent fee, rebate analysts' fee, asset-oversight management fee (if required), audit fee, independent analyst fee, and any other costs or extraordinary costs as permitted under the respective bond documents. Payment of the Administrative Fee is to be covered by the bond credit enhancement and/or secured under the first mortgage on the property assigned to the bond trustee. The Corporation may require the payment of the Administrative Fee to be guaranteed by the Development owner and/or general partner(s).

7. Trustee's Fees. The Respondent shall select a bond trustee from a list of bond trustees approved by the Corporation to administer the funds and accounts pursuant to the trust indenture between the Corporation and the trustee bank. All trustee fees and expenses, including fees of trustee's counsel, shall be approved by the Corporation, and will be paid by the Respondent.

8. Auditor's Fees. The Corporation may at any time over the life of the project appoint an auditor to review the financial transactions under the bond documents, the compliance agent, and a rebate analyst to perform an analysis of rebate requirements with respect to the issue. Such fees and costs shall be paid by the Respondent.

B. Continuing Costs.

Each Respondent shall pay to the Corporation, in the manner described in the Development documents, the following amounts:

1. An annual asset oversight fee equal to \$25 per unit for the Development (as such fee may be adjusted in accordance with the Asset Oversight Agreement),
2. An annual compliance fee equal to \$20 per unit for the Development (as such fee may be adjusted in accordance with the Compliance Agreement),
3. Any amounts payable pursuant to any indemnity contract or agreement executed in connection with any financing of the Corporation completed as herein contemplated, and
4. The amount allocable to each Respondent (whose financing has been completed) of costs and expenses incurred by the Corporation in the administration of the indemnity contract or agreement, any program established in connection with the financing of a Development, and any obligations of the Corporation, including an annual accounting and/or audit of the financial records and affairs of the Corporation. The amount of costs or expenses paid or incurred by the Corporation under this clause shall be divided and allocated equally among all Respondents whose financings have been completed.

C. Changes in Fees. The Corporation reserves the right at any time to change, increase or reduce the fees payable under these Regulations. All fees imposed subsequent to closing by the Corporation under these Regulations will be imposed in such amounts as will provide funds, as nearly as may be practical, equal to that amount necessary to pay the administrative costs of conducting the business and affairs of the Corporation, plus reasonable reserves therefore.

D. Failure to Timely Pay Fees and Costs. The Corporation will not consider submissions for future transactions proposed by Respondents who are delinquent in the payment of any fees described in this Section IV.

V. MISCELLANEOUS.

A. Unauthorized Representations and Bond Marketing Practices.

1. Required Approvals. No Respondent, or any representative of any Respondent or the Corporation, shall represent, directly or indirectly, to any lender (interim or otherwise) supplier, contractor, or other person, firm, or entity that the Corporation has agreed or is firmly committed to issue any obligations in relation to any Development or Response until the Board has given final approvals for the issuance thereof under these Regulations, and then subject to the governmental approvals required by these Regulations and the approval of the Attorney General of the State of Texas, the approval of Bond Counsel and subject to any requirements imposed by the Corporation's Articles of Incorporation.

2. Offering Statement. No Respondent, or any representative of the Respondent or the Corporation, shall ever make any representation, directly or indirectly, express or implied, of any fact contrary to the disclosures required to be made by paragraph II.C.1.(b) of these Regulations (regarding an offering statement, prospectus or other offering memoranda).

3. Registration. Neither the Respondent nor any securities firm, underwriter, broker, dealer, salesman, or other person, firm, or entity shall offer, sell, distribute, or place any obligations authorized by the Corporation by any process, method, or technique or in any manner, transaction, or circumstances or to any person or persons, the effect of which would be to require such obligations to be registered or would require filings to be made with regard thereto under the laws of the state or jurisdiction where such offer, sale, distribution, or placement is made without first registering the same or making the filings regarding the same required by such laws.

B. Failure to Comply with these Regulations. The Corporation will not consider submissions from Respondents for a potential Development if the Respondent is a borrower (or a related party thereto) in connection with obligations previously issued by the Corporation and such borrower (or related party) is not in compliance with the requirements set forth in these Regulations or is delinquent in the payment of any fees or costs set forth in these Regulations with respect to such prior issued obligations of the Corporation.

C. OTHER REQUIREMENTS. THE CORPORATION MAY IMPOSE ADDITIONAL OR DIFFERENT REQUIREMENTS ON A RESPONDENT THAN THOSE PROVIDED IN THESE REGULATIONS IN THE EVENT THAT THESE ADDITIONAL OR DIFFERENT REQUIREMENTS BECOME NECESSARY TO PROVIDE THE BEST OPPORTUNITY FOR APPROVAL BY THE CORPORATION'S BOARD OF DIRECTORS AND/OR THE TEXAS BOND REVIEW BOARD.