

Texas State Affordable Housing Corporation

**Request for Proposals
from Multifamily Developers
for the Rehabilitation or Construction of
Targeted 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

In the 78th Regular Session (2003), the Texas Legislature awarded 10 percent (10%) of the State's multifamily housing volume cap to the Texas State Affordable Housing Corporation (the "Corporation"). For 2007, that amount is estimated to be approximately \$43 million. Government Code Section 2306.565 requires that the Corporation use a request for proposal ("RFP") process to allocate its set aside of multifamily volume cap. The Corporation's volume cap allocation is not subject to the restrictions of the lottery or the priority process as set forth in Government Code Section 1372.0321. The RFP is for the Corporation to choose one or more developers to work with the Corporation's staff in 2007 to develop proposed multifamily housing developments.

The developer or developers chosen through this RFP process will have full access to all or a portion of the Corporation's volume cap (as designated by the Corporation) with no further competition process; however, each specific housing development will need to be approved by the Corporation's Board of Directors (the "Board") on an individual basis before receiving a reservation from the Bond Review Board. Although volume cap is limited, the Corporation encourages proposals from developers of new and existing multifamily properties and will use its best efforts to provide bond financing to as many qualified properties as reasonably feasible for targeted areas of housing need identified by the Corporation.

The Corporation is requesting proposals from qualified persons ("Developers") interested in working with the Corporation to construct or rehabilitate the following multifamily housing as targeted by the Corporation:

- 1) Rehabilitation of Multifamily Housing
- 2) Rural Housing (New Construction or Rehabilitation)
- 3) Senior Housing (New Construction or Rehabilitation)
- 4) Supportive Housing (New Construction or Rehabilitation)

The Corporation will offer approximately \$43 million in private activity bonds along with a low interest, cash flow loan of up to \$500,000.

Questions about the RFP can be directed in writing to:

David Danenfelzer
Texas State Affordable Housing Corporation
1005 Congress Avenue, Suite 500
Austin, Texas 78701
Telephone (512) 477-3555, Ext. 403
Fax (512) 477-3557
Email: ddanenfelzer@tsahc.org

All questions and responses will be posted on the Corporation's web site (www.tsahc.org) within the Multifamily Bond Programs section. Developers will be held responsible for information posted to the website related to the RFP. Submissions are due by no later than 2:00 P.M. Central Time on Friday, January 5, 2007. If the Corporation's allocation of volume cap is not fully preliminarily allocated at the January meeting, or becomes available at a later date, then the Corporation will announce the availability of such funds and accept new Responses. All responses must be submitted at least 14 days prior to the next available board meeting to be considered for a preliminary allocation.

General Information

The Corporation is interested in contracting with a firm that is experienced, qualified, and interested in partnering with the Corporation for the rehabilitation or construction of multifamily rental housing in the targeted areas of housing listed above.

The staff of the Corporation will score and rank the Developers and their proposed potential developments (“Proposed Developments”) based on the Scoring Criteria in Appendix A, and the Board may select one or more Developers. The Board may preliminarily allocate its available volume cap between Developers for planning and development purposes, if more than one Developer is chosen. More than one property may be pooled together under a single bond issuance. **The RFP will be extended month-to-month until the Corporation’s entire volume cap is preliminarily allocated.** The Board may choose alternate Developers who may receive a portion of the Corporation’s volume cap if one or more of the Developers first chosen by the Board do not obtain a reservation of allocation by July 2007.

Proposed Development Requirements

Requirements:

1) The Proposed Developments must meet one or more of the targeted housing needs of the State:

- A) Rehabilitation of Multifamily Housing
- B) Rural Housing (New Construction or Rehabilitation)
- C) Senior Housing (New Construction or Rehabilitation)
- D) Supportive Housing (New Construction or Rehabilitation)

Applicable Definitions:

Rehabilitation- As defined in the Texas Department of Housing and Community Affairs Qualified Allocation Plan (QAP) in effect at the time of the Response. Rehabilitation also includes Reconstruction, as defined in the QAP.

Rehabilitation Costs - Rehabilitation Developments must establish that the Rehabilitation will substantially improve the condition of the housing and will involve at least \$12,000 per unit in direct hard costs unless financed with TX-USDA-RHS in which case the minimum is \$6,000.

Rural - An Area that is a) outside the boundaries of a metropolitan statistical area (MSA); or b) within the boundaries of an MSA, if the area has a population of 20,000 or less and does not share a boundary with an area that has a population greater than 20,000; or c) in an area that is eligible for New Construction or Rehabilitation funding by the U.S. Department of Agriculture-Rural Housing Service. (**Area** means an incorporated place or Census Designated Place as defined by the US Census Bureau. Proposed Developments located outside the boundaries of a place shall use the Area definition of the closest place.)

Senior Housing - A Proposed Development that meets the requirements of the federal Fair Housing Act and: a) is intended for, and solely occupied by, individuals 62 years of age or older; or b) is intended and operated for occupancy by at least one individual 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 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. (See 42 U.S.C. Section 3607(b)).

Supportive Housing - A combination of affordable housing with services that helps people live more stable, productive lives. Supportive Housing should be designed for people who face

serious challenges, such as homelessness, very low incomes, and serious persistent issues that may include substance abuse, mental illness, and HIV/AIDS.

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

2) The Corporation seeks to provide housing to a mix of eligible households, including the low and very low income. **A Developer will be disqualified from consideration if any of requirements (a) through (c) below are not met.** At a minimum, all Developments 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 persons and 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.
- (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.

To receive the maximum amount of points the Developer may choose to serve lower income groups through the following method:

- (d) **Preferred Income Restrictions.** A minimum of forty percent (40%) 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 AMI. The remaining units must be restricted to households with incomes no greater than sixty percent (60%) of the AMI.

All applications must comply with the Texas Department of Housing and Community Affairs (TDHCA) Qualified Allocation Plan (QAP) 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 Characteristic Standards

Construction and Amenities Standards

Minimum standards for size of the units at a Proposed Development (New Construction Only) are as follows:

- (1) 500 square feet for an efficiency unit;
- (2) 650 square feet for a non-elderly one bedroom unit; 550 square feet for an elderly bedroom unit;
- (3) 900 square feet for a non-elderly two bedroom unit; 750 square feet for an elderly two bedroom unit;
- (4) 1,000 square feet for a three bedroom unit; and
- (5) 1,200 square feet for a four bedroom unit.

Minimum Amenities for the units at the Proposed Development include:

- (1) New Construction Units must be built with three networks: One network installed for phone using CAT5e or better wiring; a second network for data installed using CAT5e or better wiring; and a third network for TV services using COAX cable;
- (2) Mini blinds or window coverings for all windows;
- (3) Dishwasher and Disposal (not required for TX-USDA-RHS Developments);
- (4) Refrigerator;
- (5) Oven/Range;
- (6) Exhaust/vent fans in bathrooms; and
- (7) Ceiling fans in living areas and bedrooms.

Approved Added Potential Property Amenities include:

- (8) Full perimeter fencing;
- (9) Controlled gate access;
- (10) Gazebo w/sitting area;
- (11) Accessible walking path;
- (12) Community gardens;
- (13) Community laundry room;
- (14) Public telephone(s) available to tenants 24 hours a day;
- (15) Barbecue grills and picnic tables--at least one for every 50 Units;
- (16) Covered pavilion that includes barbecue grills and tables;
- (17) Swimming pool;
- (18) Furnished fitness center;
- (19) Equipped Business Center (computer and fax machine) or Equipped Computer Learning Center;
- (20) Furnished Community room;
- (21) Library (separate from the community room);
- (22) Enclosed sun porch or covered community porch/patio;
- (23) Service coordinator office in addition to leasing offices;
- (24) Senior Activity Room (Arts and Crafts, etc.)—Only Senior Property eligible;
- (25) Health Screening Room;
- (26) Secured Entry (elevator buildings only);
- (27) Horseshoe, Lawn Bowling Courts, Croquet Courts, Bocce Ball Courts, Putting Green or Shuffleboard Court--Only Senior Property eligible;
- (28) Community Dining Room w/full or warming kitchen--Only Senior Property eligible;
- (29) Two Children's Playgrounds Equipped for 5 to 12 year olds, two Tot Lots, or one of each--only family developments eligible;
- (30) Sport Court (Tennis, Basketball or Volleyball)--only family developments eligible; or
- (31) Furnished and staffed Children's Activity Center--only family developments eligible.

Approved Added Potential Unit Amenities:

- (32) Covered entries;
- (33) Nine foot ceilings;
- (34) Microwave ovens;
- (35) Self-cleaning or continuous cleaning ovens;
- (36) Ceiling fixtures in all rooms (light with ceiling fan in all bedrooms);
- (37) Refrigerator with icemaker;
- (38) Laundry connections;
- (39) Storage room or closet, of approximately 9 square feet or greater, which does not include bedroom, entryway or linen closets – does not need to be in the Unit but must be on the property site;
- (40) Laundry equipment (washers and dryers) for each individual unit;
- (41) Thirty year architectural shingle roofing;
- (42) Covered patios or covered balconies;
- (43) Covered parking (including garages) of at least one covered space per Unit;
- (44) 100% masonry on exterior, which can include stucco, cementitious board products, concrete brick and mortarless concrete masonry, but not EIFS or synthetic stucco;

- (45) Greater than 75% masonry on exterior, which can include stucco and cementitious board products, concrete brick and mortarless concrete masonry, but not EIFS or synthetic stucco EFIS ;
- (46) Use of energy efficient alternative construction materials (for example, Structural Insulated Panel construction) with wall insulation at a minimum of R-20;
- (47) R-15 Walls / R-30 Ceilings (rating of wall system);
- (48) 14 SEER HVAC for New Construction or radiant barrier in the attic for Rehabilitation;(WG)
- (49) Energy Star or equivalently rated refrigerators and dishwashers;
- (50) High Speed Internet service to all Units at no cost to residents; or
- (51) Fire sprinklers in all Units.

Substantial Resident Services

A Developer will only receive points for providing resident services under the scoring criteria if substantial resident services will be provided to the residents of the Proposed Development(s). Substantial Resident Services means that the Developer will have a sustained program for providing services to its tenants. A sustained program means that the Developer will provide at least five (5) services to its residents on an on-going basis, there must be a dedicated budget for the services, transportation to the services if off-site, and preferably on-site staff to provide the services. The five (5) services claimed must be listed in the TSAHC Resident Services Program Guidelines, attached as Appendix B.

Texas Standard for Energy Efficiency

The TDHCA QAP requires all developments to meet the standard statewide energy code adopted by the State Energy Conservation Office. On September 1, 2005, two new energy code notices were put into 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.

Submission Requirements

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. **Scoring Criteria: Targeted Multifamily Housing A.** Describe the Proposed Development(s) that you would like for the Corporation to finance using its allocation of multifamily private activity bonds, clearly describing how the development(s) meet the targeted housing needs of the state as designated by the Corporation (Rehabilitation, Rural, Senior, or Supportive). Please provide all known parameters for the Proposed Developments, including location and zoning maps. In addition, provide an organizational chart of the proposed ownership structure for the Proposed Development(s) 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. Describe the roles and responsibilities of each team member on this Development and provide resumes that include qualifying experience.

3. **Scoring Criteria: Affordability B. and C.** Describe how the Proposed Development(s) meet the low rent and low-income set aside requirements as described in this RFP.
4. **Scoring Criteria: Proposed Development Characteristics D.** Provide a Development Cost Schedule identifying anticipated development costs associated with the Proposed Development(s) to show the cost per unit (includes contractor and developer profit, overhead, and general requirements). If more than one development is proposed, the costs from all developments should be combined for the total cost per unit calculation.
5. **Scoring Criteria: Proposed Development Characteristics E.** Describe in detail the construction quality and the amenities that your firm will provide for the Proposed Development(s). Explain how the construction and amenities for the Proposed Development meet the Construction Quality and Amenities Standards of the Corporation as described in this RFP.
6. **Scoring Criteria: Proposed Development Characteristics F.** Describe in detail the resident services that you will provide at your Proposed Development(s) (resident services must be listed in the TSAHC Resident Services Program Guidelines (Appendix B)). 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. Explain how the resident services meet the “substantial resident services” standard as described in this RFP.
7. **Scoring Criteria: Proposed Development Characteristics G.** If the Proposed Development(s) will exceed the Texas Standard as outlined by the State Energy Conservation Office, describe the energy efficiency methods proposed and explain how these compare to and exceed the minimum standard. All energy efficiency features identified should be consistent with the cost of construction information provided above.
8. **Scoring Criteria: Developer Experience and Qualifications H.** Describe experience in the development of properties using tax-exempt bond financing and/or LIHTC. Show in a table format and 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 Developer, 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).
9. **Scoring Criteria: Developer Experience and Qualifications I.** Describe past 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 government entity. Show in a table format and include a description of the work, and name and telephone number for a contact representative at each (maximum of 4 examples for each local government entity with which you worked).

10. **Scoring Criteria: Developer Experience and Qualifications J.** Describe past experience rehabilitating or constructing affordable housing developments that meet or exceed the construction and amenities standard described in this RFP. Show in a table format the address of the developments and a name and telephone number for a contact representative at each (maximum of 4 development examples).
11. **Scoring Criteria: Developer Experience and Qualifications K.** Describe your experience developing multifamily affordable properties that are currently providing substantial resident services, as defined in this RFP. Show in a table format the address of the developments, the services provided, and a name and telephone number for a contact representative at each (maximum of 4 development examples).
12. **Scoring Criteria: Developer Experience and Qualifications L.** Describe your experience successfully managing affordable housing developments; at a minimum the properties should be meeting the cash flow requirements of the properties. Show in a table format the address of the developments that you are successfully managing and a name and telephone number for a contact representative at each (maximum of 4 development examples).
13. **Scoring Criteria: Developer Experience and Qualifications M.** Describe your experience rehabilitating or constructing multifamily rental housing that exceeds the Texas Standard for energy efficiency. Show in a table format the address of the developments and a name and telephone number for a contact representative at each (maximum of 4 development examples).
14. **Scoring Criteria: Developer Experience and Qualifications N.** 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 Developer's or the general contractor's history of utilizing HUB's on developments completed in the last three years.
15. **Scoring Criteria: Developer Experience and Qualifications O. and P.** Prepare a table of all previous developments financed with affordable housing program assistance for which you have been a principal. Please note in the table whether the developments are in compliance with all applicable bond, tax credit, HOME, or other federal, state, or local affordable housing programs from which the development received funding and whether the developments are involved in development/financing related litigation or IRS actions. If any are out of compliance, or have been out of compliance in the last three years, please give an explanation. In addition, provide a list of all properties for which the Developer or Developer'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. 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 Developer.

Provide the following Certification:

Certification by the Developer and Developer's principal(s) that all previous developments financed with affordable housing program assistance are currently in compliance with all applicable bond, tax credit, HOME, or other federal, state, or local affordable housing program from which the developments received funding.

Provide the following Certification:

Certification by the Developer that all previous developments for which the Developer and/or the Developer's principal(s) or related entities were involved or were requested to be financed and which were financed with affordable housing program assistance have not been and are not currently involved in litigation regarding the development and/or financing of any of the properties and are not the subject of any IRS actions. If the Developer is unable to make this certification please explain in detail.

16. **Scoring Criteria: Developer Experience and Qualifications Q.** Audited financial statements of the Developer or Guarantor for the last three years. The Developer shall fully explain any negative audit findings. If audited financial statements are not available, please provide evidence of financial condition of Developer and/or Developers principals, or Guarantor. Provide the names of three banks or other financial institutions that can provide business references and the names and telephone numbers of contact persons. Developers 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.

Response Submission and Approval Procedures

Response Filing Requirements

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. A Developer desiring to respond to this RFP shall complete and file with the Corporation one (1) original and two (2) copies of the RFP response (the "Response") by the submission deadline. The Response (original and two copies) shall be filed with the Corporation by mailing or delivering the same to the following address:

David Danenfelzer
Texas State Affordable Housing Corporation
1005 Congress Avenue, Suite 500
Austin, Texas 78701
(512) 477-3555, Ext. 403
(512) 477-3557 (Fax)

In addition, the Developer shall send one (1) copy of the Response to the following professionals of the Corporation by the submission deadline:

Financial Advisor
Mr. Robin Miller
First Southwest Company
325 North St. Paul Street, Suite 800
Dallas, Texas 75201

Issuer's Counsel
Mr. Robert Dubbelde
Greenberg Traurig, LLP
2700 Two Commerce Square
2001 Market Street
Philadelphia, PA 19103

Bond Counsel
Mr. Robert Dransfield

Fulbright & Jaworski L.L.P.
2200 Ross Ave.
Suite 2800
Dallas, TX 75201

Selection of Developer/Preliminary Allocation of Bond Cap

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 Response meets the Corporation's purposes and guidelines, the Response will be scored by the Corporation in accordance with the criteria identified in Appendix A. The Developer will be notified in writing of any deficiencies identified in the Response 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 Response will not be considered by the Board for preliminary allocation.

The Board will have an opportunity to call any Developer before the Board (at the Board's discretion) to review the Developer's experience, qualifications, and/or the characteristics of the Proposed Developments.

At the same Board meeting at which oral presentations are made, the Board may select Developers and alternate Developers for preliminary allocation of volume cap based on the final scores of the Responses and the oral presentations. The Corporation reserves the right to approve more than one Developer and preliminarily allocate volume cap allocation to the selected Developers based on the financing needs of their Proposed Developments. **The Corporation also reserves the right not to choose any Developers, even one that is awarded the most points in the final scoring of the Responses.**

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 Developer. 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 Proposed Developments for possible allocation of private activity bond cap is subject to final allocation approval by the Texas Bond Review Board.

Responsibilities of Developers **After Award of Preliminary Allocation by the Corporation**

Before the Board directs the Bond Review Board to reserve an allocation for a particular development, the Developer must provide the Corporation with a detailed description of the Proposed Development (the "Reservation Detail") that gives the specifics for the development, clearly setting forth that it meets the specifications in their original proposal. If the specifics vary from what was proposed, the variances must be explained in writing in the Reservation Detail. The Reservation Detail must also include evidence of local need and community support for the development, as well as evidence of financial feasibility. Evidence of local need and community support would include, but is not limited to, one or more of the following:

- 1) A letter of support for the development by the Mayor, the City Manager, or the City Administrator

- 2) A resolution of support from the City Council or County Commissioner's Court
- 3) A letter from an affected neighborhood association
- 4) Evidence that a local government entity is provided funding for the development
- 5) A letter of support from the State Representative or Senator representing the district where the development is or will be located.

Any letters of opposition received by the Developer must also be provided in the Reservation Detail.

A complete Reservation Detail must be submitted to Corporation staff at least 25 days before the Board meeting. Based on the final evaluation of the Reservation Detail, the Board may choose to pass an "Inducement Resolution" and direct the Bond Review Board to reserve an allocation for the development. If allocation remains after the July board meeting, the alternate developer(s) may submit their Reservation Detail for consideration at the August board meeting.

After the reservation of volume cap, the Corporation will hold a public hearing (the "TEFRA Hearing") on the development. Before the closing on the bonds, the staff will prepare final evaluations and recommendations to the Board, which will include any public comments received at the TEFRA Hearing. Based on those recommendations, the Board may choose to consider and adopt a Bond Resolution and to make a final decision on allocating the bonds for that development. 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.

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

Targeted Multifamily Housing

- A. The Developer proposes rehabilitating or constructing multifamily rental housing that has been targeted by the Corporation. The following types of multifamily rental housing have been targeted by the Corporation: 1) Rehabilitation of Multifamily Housing; 2) Rural Housing (New Construction or Rehabilitation); 3) Senior Housing (New Construction or Rehabilitation) 4) Supportive Housing (New Construction or Rehabilitation). (To receive these points all proposed developments must meet a targeted housing need.) **20 points total**
20 points – meets targeted housing needs of State
0 points – does not meet targeted housing needs of State

Affordability

- B. The proposed unit rents for all Proposed Developments meet the low-rent requirement in the RFP. **20 points total**
20 points – meets minimum low-rent requirement
0 points – does not meet rent requirements
- C. The proposed number of units set aside for low-income individuals and families meet the preferred or minimum set-aside requirements in the RFP. **20 points total**
20 points – meets preferred low-income set aside requirements
15 points – meets minimum low-income set aside requirements
0 points – does not meet minimum low-income set aside requirements

Proposed Development Characteristics

- D. The lowest proposed cost per unit (includes contractor and developer profit, overhead, and general requirements) for the Proposed Development(s). If more than one development is proposed, the costs from all developments should be combined for the cost per unit calculation. *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

- E. The Proposed Development(s) will meet or exceed the construction standards and amenities as described in the RFP.
15 points total
 15 points--each Proposed Development exceeds by 15 Added Property or Unit Amenities the Construction Standards and Amenities as described in the RFP.
 10 points – each Proposed Development exceeds by 10 Added Property or Unit Amenities the Construction Standards and Amenities as described in the RFP.
 5 points – each Proposed Development at least meets the minimum Construction Standards and Amenities as described in the RFP.
 0 points – each Proposed Development does not meet the minimum Construction Standards and Amenities as described in the RFP.
- F. The Proposed Development(s) will provide substantial resident services, as defined in the RFP, to all households at the development(s). All proposed resident services must be listed in the TSAHC Resident Services Program Guidelines (Appendix B).
15 points total
 15 points – each Proposed Development will provide substantial resident services.
 0 points – each Proposed Development will not provide substantial resident services.
- G. The Proposed Development(s) will exceed the Texas Standard for energy efficiency as described in detail in the Submission Requirements section of the RFP. (To receive these points all proposed developments must exceed the Texas Standard.) **10 points total**
 10 points – energy efficiency proposed exceeds the Texas Standard
 0 points – energy efficiency proposed does not exceed the Texas Standard

Developer Experience and Qualifications
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- H. 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
- I. 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– 3+ multifamily projects completed with the participation of a local gov't entity
 5 points – 1-2 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

- J. Experience rehabilitating or constructing multifamily affordable developments that meet or exceed the construction standards and amenities as described in the RFP.
10 points total
 10 points – 3+ multifamily projects developed and completed that exceed the construction standards and amenities as described in the RFP.
 5 points – 1-2 multifamily projects developed and completed that at least meet the construction standards and amenities as described in the RFP.
 0 points – no multifamily projects developed and completed that meet the construction standards and amenities as described in the RFP.
- K. Experience providing quality resident services appropriate to the needs of the tenants.
10 points total
 10 points– 3+ multifamily projects developed that are currently providing substantial resident services, as defined in the RFP.
 5 points – 1-2 multifamily projects developed that are currently providing substantial resident services, as defined in the RFP.
 0 points – 0 multifamily projects developed that are currently providing substantial resident services, as defined in the RFP.
- L. Experience and success managing affordable housing developments.
10 points total
 10 points– 3+ multifamily affordable developments the development team is currently managing that are meeting the cash flow requirements of the properties.
 5 points – 1-2 multifamily affordable developments the development team is currently managing that are meeting the cash flow requirements of the properties.
 0 points – 0 multifamily affordable developments the development team is currently managing that are meeting the cash flow requirements of the properties.
- M. Experience rehabilitating or constructing multifamily rental housing using green building/energy efficiency techniques.
10 points total
 10 points– 2+ multifamily projects developed that exceed the Texas Standard for energy efficiency.
 5 points – 1 multifamily project developed that exceeds the Texas Standard for energy efficiency.
 0 points – 0 multifamily projects developed that exceed the Texas Standard for energy efficiency.
- N. The development team has provided for Historically Underutilized Business (HUB) participation. **10 points total**
 10 points – HUB participation on two recent developments
 5 points – HUB participation on one recent development
 0 points – no HUB participation
- O. All previous developments for which the Developer has been a principal are in compliance with bond, tax credit, HOME, or other federal, state, or local affordable housing programs from which the development received funding. **10 points total**
 10 points – All previous developments in compliance, as certified by the Developer
 0 points – Not in compliance, or no certification provided as to compliance

- P. All previous developments financed with affordable housing program assistance are not currently involved in litigation regarding the development and/or financing of a property and are not the subject of any IRS actions, or such litigation or IRS actions have been explained to the Corporation's satisfaction. **10 points total**
10 points – No litigation or outstanding IRS issues, as certified by the Developer, or fully explained to the Corporation's satisfaction
0 points – No litigation or outstanding IRS issues, or no certification provided
- Q. The financial capacity of the Developer or Guarantor has been established, as evidenced by an absence of any negative findings on audited financial statements (or audit findings that have been explained to the Corporation's satisfaction), or by financial information pertaining to the Developer and/or Guarantor in form and substance satisfactory to the Corporation. **10 points total**
10 points – financial capacity of the Developer or Guarantor established
0 points – financial capacity of the Developer or Guarantor not established

TOTAL POSSIBLE POINTS: 230

APPENDIX B

TSAHC Resident Services Program Guidelines

It is the Texas State Affordable Housing Corporation'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, please propose the new activity to the Manager of Asset Oversight and Compliance for approval. Please 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

AFTER THE CORPORATION'S ADOPTION OF THE INDUCEMENT RESOLUTION, IT IS THE DEVELOPER'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.

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 PROPOSED DEVELOPMENTS SUBJECT TO, (I) A READINESS TO PROCEED BY THE DEVELOPER WITH FINANCING STRUCTURE APPROVAL PROCESS, (II) THE DEVELOPER'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, (V) ACCEPTABLE EVIDENCE OF LOCAL SUPPORT FOR THE DEVELOPMENT AND (VI) APPROVAL BY THE TEXAS ATTORNEY GENERAL OF THE ISSUANCE OF THE OBLIGATIONS.

I. Subsequent Filing Requirements, Public Hearings and Document Preparation

1. Subsequent Filing Requirements. Prior to review of the Reservation Detail for final approval by the Corporation, and prior to review by the Texas Bond Review Board, the Developer may file such additional documents or statements in support thereof as the Developer 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 Developer 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 Developer 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 fifteen (15) 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 Developer 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 Developer:

- (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. If no ad valorem tax exemption or reduction is requested with respect to the Development, 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 Developer 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 Developer'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 Developer 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 Developer 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 or the Reservation Detail 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 Reservation Detail 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 Developer 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 Developer such as letters of credit, mortgage insurance and surety bonds. Prospective Developers are encouraged to contact the Corporation's Financial Advisor for further information regarding financing structures prior to submission of a Reservation Detail. The Developer is required to execute an agreement in connection with awarding the sale of the Corporation's obligations to an underwriter or to an institutional purchaser through a private placement which obligates the Developer 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 Developer will be required to conduct a Phase I Environmental Site Assessment. At bond closing, the Developer 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 its equivalent) 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 Reservation Detail 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 \$50,000. For the Corporation to approve transactions that are rated "BBB-" (or its equivalent) or higher but less than "AA," the obligations must be sold in minimum initial denominations of \$100,000 and in integrated multiples of \$5,000 for amounts in excess of \$100,000.

D. Limited Offering Requirements. If the obligations do not have an investment grade rating of "BBB-" (or its equivalent) 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 integral multiples of \$5,000 in excess thereof, 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 Developer (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 Developer 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 Developer 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 Developer 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 Developer 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 Developer 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 meeting at which the Development is induced by the Board of the Corporation (after the Reservation Detail has been presented), the Developer 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 volume cap from the Bond Review Board, the Developer 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 Developer'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 Developer.

If the fees and expenses of Bond Counsel, the Financial Advisor and Issuer's Counsel exceed the amount of such initial deposit, the Corporation may require the Developer to deposit additional sums to be applied to the payment of the fees and expenses of Bond Counsel, the Financial Advisor and Issuer's Counsel. The amounts deposited with the Corporation by the Developer for payment of such fees and expenses will be applied to pay for the services rendered to the Corporation by such professionals whether or not the obligations are issued. The remaining balance of any such deposit, after payment of all such fees and expenses, shall be refunded to the Developer. If obligations are issued, such deposited amounts will be credited towards the fees and expenses of such professionals referred to below.

(b) The Developer 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 Developer'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 Developer, (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 Developer for such costs and expenditures, and the Developer 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 Developer 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 \$1.00/1000 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. If the financing structure proposed by the Developer involves unique financing features such as hedge agreements, swap agreements, trust structures the fees to be charged by the Financial Advisor are subject to adjustment.

4. Bond Counsel Fees. The fee to be paid to Bond Counsel shall be \$4/\$1,000 of the principal amount of debt issued for the first \$20,000,000 of the principal amount of debt issued, \$3/\$1,000 of the principal amount of debt issued for the next \$20,000,000 of the principal amount of debt issued, and \$2/\$1,000 of the principal amount of debt issued thereafter, with a minimum fee of \$25,000 (unless otherwise agreed to by Bond Counsel). If the financing structure proposed by the Developer involves unique financing features such as hedge agreements, swap agreements, trust structures the fees to be charged by Bond Counsel are subject to adjustment.

In addition to the fees paid to Bond Counsel, the Developer 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, Attorney General filing fees, 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 \$1.00/\$1,000 of the principal amount of debt issued for the first \$10,000,000, \$0.80/\$1,000 of the principal amount of debt issued for the next \$10,000,000, and \$0.70/\$1,000 of the principal amount of debt issued thereafter, with a minimum fee of \$7,500 (unless otherwise agreed to by Issuer's Counsel.) In addition to the fees paid to Issuer's Counsel, the Developer will reimburse Issuer's Counsel for all out-of-pocket expenses incurred by Issuer's Counsel in connection with the Development. If the financing structure proposed by the Developer involves unique financing features such as

hedge agreements, swap agreements, trust structures the fees to be charged by Issuer's Counsel are subject to adjustment.

6. Administrative Fee. Until the final maturity of the obligations, the Developer 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 Developer 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 Developer.

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 Developer.

B. Continuing Costs.

Each Developer 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) (The Corporation may require the owner of the Development and/or related entities or person to guaranty the payment of these fees);

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) (The Corporation may require the owner of the Development and/or related entities or person to guaranty the payment of these fees);

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 Developer (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 Developers 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 Developers 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 Developer, or any representative of any Developer 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, or Reservation Detail 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 Developer, or any representative of the Developer 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 Developer 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 Developers for a potential Development if the Developer 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 DEVELOPER 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.