Official Board Packet

Texas State Affordable Housing Corporation

Board Meeting
To be held at the offices of
Texas State Affordable Housing Corporation
1005 Congress Avenue – Suite B-10 Conference Room
Austin Texas 78701

Friday, February 10, 2006
10:30 a.m.

BOARD MEETING
TEXAS STATE AFFORDABLE HOUSING CORPORATION
To be held at the offices of
Texas State Affordable Housing Corporation
1005 Congress Avenue – Suite B-10 Conference Room
Austin Texas 78701
February 10, 2006 at 10:30 am

AGENDA

CALL TO ORDER, ROLL CALL Jerry Romero
CERTIFICATION OF QUORUM Chair

The Board of Directors of Texas State Affordable Housing Corporation will meet to consider and possibly act on the following:

PUBLIC COMMENT

REPORTS

- President's Report — David Long
- Executive Vice President's Report — Katherine Closmann
- Single Family Lending Report — Paige McGilloway
- Multifamily Lending Report — Cari Garcia
- Financial Report — Melinda Smith
  - Presentation of Financial Statements and Budget Report

ACTION ITEMS IN OPEN MEETING

Tab 1 Presentation, Discussion and Possible Approval of Minutes of the Board Member Training held on January 19, 2006.

Tab 2 Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on January 19, 2006.

Tab 3 Presentation and Discussion of the Texas State Affordable Housing Corporation Single Family Mortgage Revenue Bonds (Professional Educator Home Loan Program) Series 2006A Transaction.

Tab 4 Presentation, Discussion and Possible Approval of Target Areas of Housing Need for the 2006 Multifamily Private Activity Bond Program

Tab 5 Presentation, Discussion and Possible Approval of a Commitment to Provide up to a $500,000 Loan to Finance a Portion of a Development Financed by the Corporation's Private Activity Bonds

Tab 6 Presentation, Discussion and Possible Approval of a Commitment to Provide up to a $500,000 Loan to Finance a Portion of a Hurricane-Affected Area Development or Developments Financed by the Corporation's Private Activity Bonds, Contingent upon the Texas Department of Housing and Community Affairs Forgiving a Promissory Note in the Amount of $500,000

Tab 7 Presentation, Discussion and Possible Approval of Amended Scoring Criteria for the Hurricane Distressed Counties in Texas Governing the Method by which the Corporation Scores and Ranks Applications for an Allocation Under the Corporation's 2006 Multifamily Private Activity Bond Program.

Tab 8 Presentation, Discussion and Possible Approval of the issuance of a Request for Proposals for Reconstruction, Rehabilitation, or Replacement New Construction of Multifamily Housing in the Gulf Opportunity Zone Designated Counties of Texas Under the Corporation's 2006 Multifamily Private Activity Bond Program.

CLOSED MEETING

Consultation with legal counsel on legal matters – Texas Government Code § 551.071
Deliberation regarding purchase, exchange, lease, or value of real property – Texas Government Code § 551.072
Deliberation regarding prospective gift or donation to the state or Texas State Affordable Housing Corporation – Texas Government Code § 551.073
Personnel Matters – Texas Government Code § 551.074
Implementation of security personnel or devices – Texas Government Code § 551.076
Other matters authorized under the Texas Government Code

OPEN MEETING

Action in Open Meeting on Items Discussed in Closed Meeting

ADJOURN

Individuals who require auxiliary aids or services for this meeting should contact Laura Smith, ADA Responsible Employee, at 512-477-3555, x 400 or Relay Texas at 1-800-735-2989 at least two days before the meeting so that the appropriate arrangements can be made.

Texas State Affordable Housing Corporation reserves the right to recess this meeting (without adjourning) and convene at a later stated time, if and to the extent allowed by law. If Texas State Affordable Housing Corporation adjourns this meeting and reconvenes at a later time, the later meeting will be held in the same location as this meeting. Texas State Affordable Housing Corporation also reserves the right to proceed into a closed meeting during the meeting in accordance with the Open Meetings Act, Chapter 551 of the Texas Government Code. If permitted by the Open Meetings Act, Chapter 551 of the Texas Government Code, any item on this Agenda to be discussed in open meeting may also be discussed by the Board (and any other authorized persons) in closed meeting.

President’s Report

Discussion

Executive Vice President’s Report

Discussion

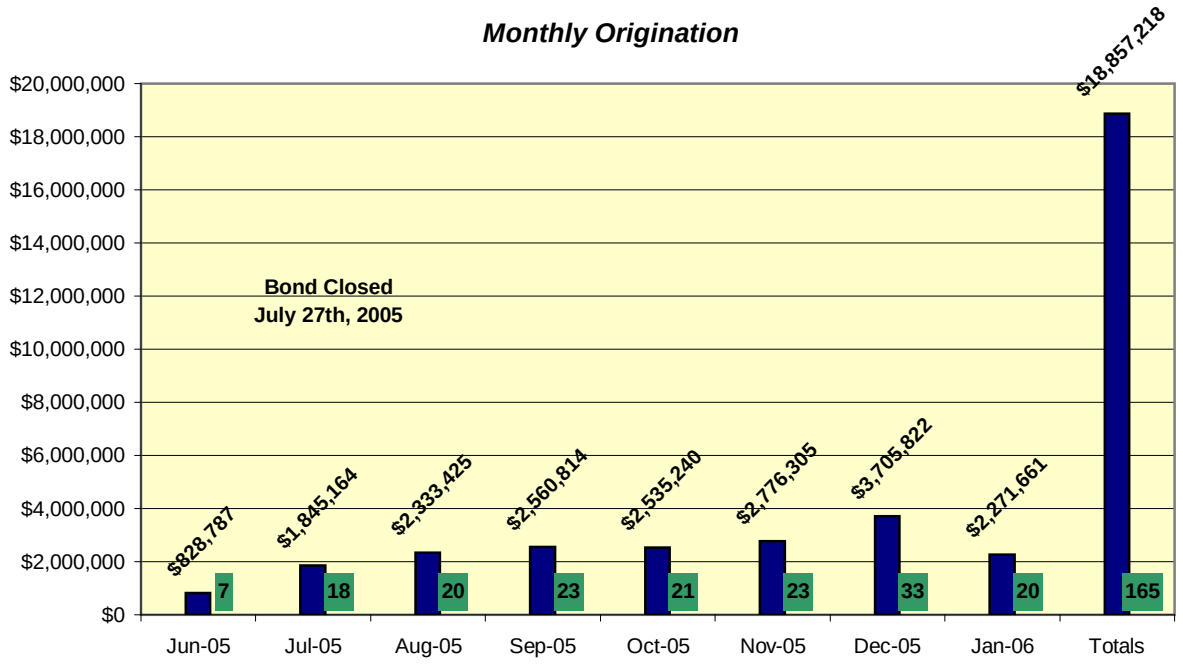
Texas State Affordable Housing Corporation's
Professional Educators Home Loan Program Series 2005A
As of July 18, 2005 through January 31, 2006

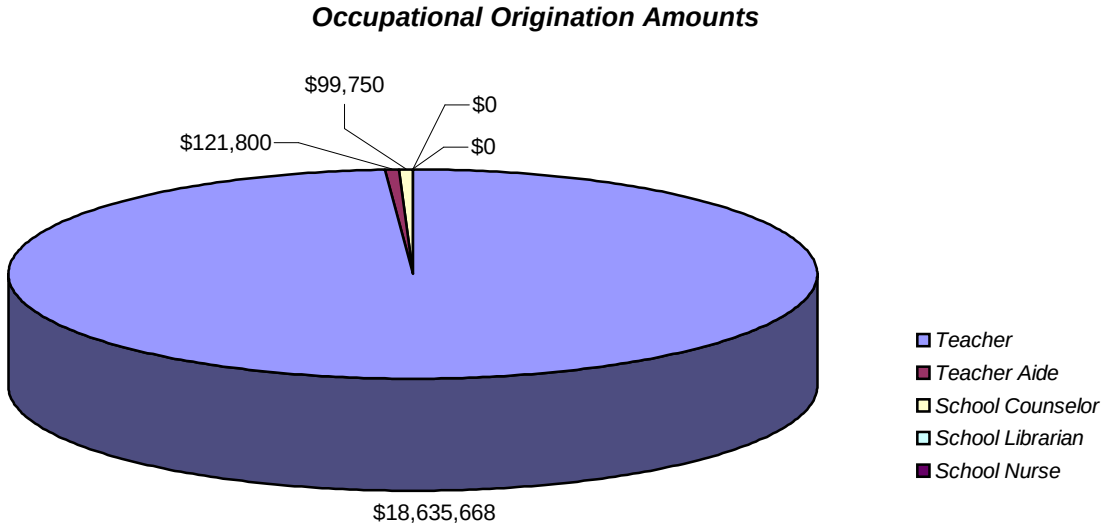
Month	# of Loans	% of Total Loans	Total Originated	% of Total Origination
Jun-05	7	4%	$ 828,787	4%
Jul-05	18	11%	$ 1,845,164	10%
Aug-05	20	12%	$ 2,333,425	12%
Sep-05	23	14%	$ 2,560,814	14%
Oct-05	21	13%	$ 2,535,240	13%
Nov-05	23	14%	$ 2,776,305	15%
Dec-05	33	20%	$ 3,705,822	20%
Jan-06	20	12%	$ 2,271,661	12%
Totals	***165***	***100%***	***$ 18,857,218***	***100%***

Lender	Originated	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Total	Total %
Countrywide Funding Corp.	$ 2,698,848		1	4	4	2	2	9	4	26	16%
Wells Fargo Home Mortgage	$ 2,003,450		4	2	3	1	2	4	4	20	12%
Market Street Mortgage	$ 1,501,687	1		4			2	3	2	12	7%
Residental Home Lending	$ 1,255,016	1	1	1	1	1	2	1	2	10	6%
Rocky Mountian Mortgage	$ 1,119,100		3		1	2	1	1	2	10	6%
Wachovia Mortgage Corp.	$ 946,221		2		2		4			8	5%
Home Loan Corp.	$ 864,897	1	1	1	2	1		2		8	5%
Prime Lending Inc	$ 804,706	1	1	2		1		2		7	4%
Texas Captial	$ 794,647		1			5				6	4%
Judith O. Smith Mortgage	$ 580,546	2			1	1				4	2%
McAfee Mortgage	$ 568,230					1	1	1	2	5	3%
First Horizon Home Loan	$ 503,314		1	1		1	1			4	2%
DHI Mortgage	$ 501,705					1	1	2		4	2%
WR Starkey	$ 347,099					1	1	1		3	2%
SFMC - Service 1st Mortgage	$ 442,103			1			2			3	2%
Ryland Mortgage	$ 385,497			1	1		1			3	2%
Cornerstone Mortgage	$ 357,542				1			2		3	2%
Milestone Mortgage	$ 216,776					1		1		2	1%
CTX Mortgage Corp.	$ 318,650		1	1	1					3	2%
Universal American Mortgage	$ 312,243	1			1		1			3	2%
Ft. Worth Mortgage	$ 297,867				2			1		3	2%
Hammersmith Financial	$ 289,000			1	1					2	1%
First Continental Mortgage	$ 268,873					1			1	2	1%
Willow Bend Mortgage	$ 255,400							2		2	1%
Valley Mortgage Corp	$ 254,298		1		1				1	3	2%
RBC	$ 212,192				1			1		2	1%
TexasBank	$ 135,500								1	1	1%
New Century Mortgage	$ 124,388					1				1	1%
Home Trust Co.	$ 111,435								1	1	1%
1st Nat'l Bk dba 1st Comm	$ 113,124			1						1	1%
Northstar Bank of Texas	$ 101,500		1							1	1%
NTFN Inc./ Premier Nat'l	$ 94,864						1			1	1%
Fairway Independent Mortgage	$ 76,500						1			1	1%
Total Committed	***$ 18,857,218***	***7***	***18***	***20***	***23***	***21***	***23***	***33***	***20***	***165***	***100%***

Texas State Affordable Housing Corporation's
Professional Educators Home Loan Program Series 2005A
As of July 18, 2005 through January 31, 2006

	At a Glance	
	Average Monthly Income	$ 4,456
	Average Purchase Price	$ 119,595
	Average Household Size	2
	New/Existing	
	Existing	56%
	New	44%
	Professional Breakdown	
	Teacher	99.88%
	Teacher Aide	0.06%
	School Counselor	0.06%
	School Librarian	0%
	School Nurse	0%
	Type of Loan	
	FHA	73%
	FNMA	27%
	VA	0%
	USDA-RD	0%
	Ethnicity	
	Not specified	75%
	White, not of Hispanic origin	18%
	Hispanic	2%
	African American	4%
	Asian, South Pacific	1%
	Locations	*# of Loans*
1	HOUSTON	19
2	AUSTIN	9
2	FORT WORTH	9
2	RICHMOND	9
3	EL PASO	8
4	SAN ANTONIO	6
5	MANSFIELD	5





Texas State Affordable Housing Corporation's
Homes for Heroes Home Loan Program Series 2005B
As of October 25, 2005 through January 31, 2006

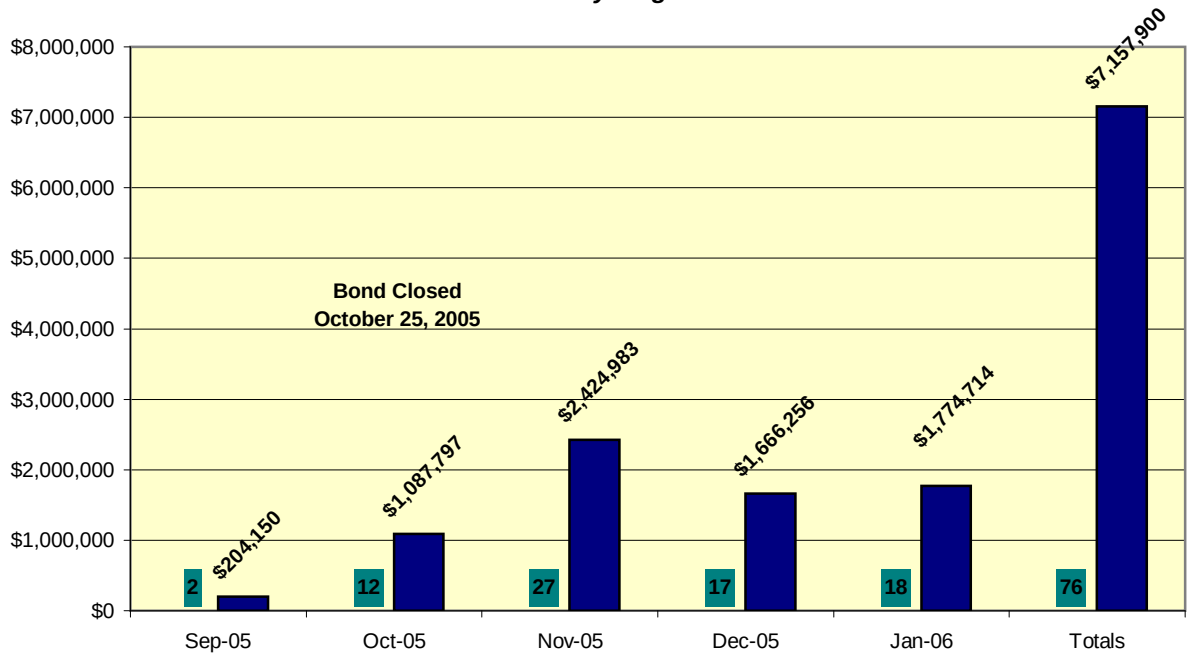
Month	# of Loans	% of Total Loans	Total Originated	% of Total Origination
Sep-05	2	3%	$ 204,150	3%
Oct-05	12	16%	$ 1,087,797	15%
Nov-05	27	36%	$ 2,424,983	34%
Dec-05	17	22%	$ 1,666,256	23%
Jan-06	18	24%	$ 1,774,714	25%
Totals	***76***	***100%***	***$ 7,157,900***	***100%***

Lender	Originated	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Total	Total %
Countrywide Funding Corp.	$ 1,471,917		5	5	6	2	18	24%
McAfee Mortgage	$ 1,268,260	1	4	6	3	1	15	20%
Wells Fargo Home Mortgage	$ 761,528		1	1	1	5	8	11%
CTX Mortgage Corp	$ 600,305	1		2	3		6	8%
Residental Home Lending	$ 502,061		1	3		1	5	7%
Market Street Mortgage	$ 523,400			1		4	5	7%
American Home Mortgage	$ 418,785			1	2	1	4	5%
Cornerstone Mortgage	$ 262,125				1	1	2	3%
Universal American Mortgage	$ 110,350			1			1	1%
SFMC - Service 1st Mortgage	$ 153,589			2			2	3%
Ryland Mortgage	$ 151,844			1			1	1%
NTFM Inc./ Premier Nat'l	$ 133,941			1			1	1%
Texas Captial	$ 130,100					1	1	1%
Wachovia Mortgage Corp.	$ 126,621			1			1	1%
Milestone Mtg	$ 112,610				1		1	1%
New Century Mortgage	$ 98,201			1			1	1%
Home Loan Corp.	$ 88,870			1			1	1%
Chase	$ 84,333					1	1	1%
Ft. Worth Mortgage	$ 83,250					1	1	1%
Valley Mortgage Corp.	$ 75,810		1				1	1%
Total Committed	***$ 7,157,900***	***2***	***12***	***27***	***17***	***18***	***76***	***100%***

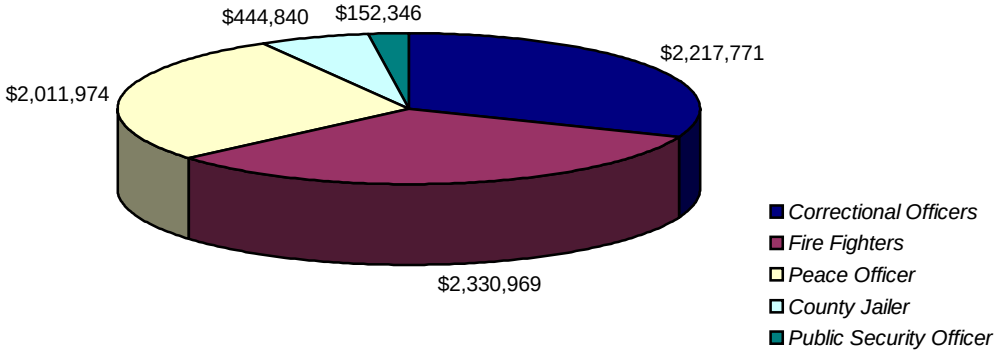
Texas State Affordable Housing Corporation's
Homes for Heroes Home Loan Program Series 2005B
As of October 25, 2005 through January 31, 2006

	At a Glance	
	Average Monthly Income	$ 3,830
	Average Purchase Price	$ 95,579
	Average Household Size	2
	New/Existing	
	Existing	74%
	New	26%
	Professional Breakdown	
	Correctional Officers	38%
	Fire Fighters	28%
	Peace Officer	26%
	County Jailer	7%
	Public Security Officer	1%
	Type of Loan	
	FHA	76%
	FNMA	18%
	VA	5%
	USDA-RD	1%
	Ethnicity	
	Not specified	61%
	White, not of Hispanic origin	24%
	Hispanic	9%
	African American	5%
	Non-White, Non-Hispanic	1%
	Locations	*# of Loans*
1	AMARILLO	6
2	BEAUMONT	3
3	ALVARADO	2
3	ARLINGTON	2
3	AUSTIN	2
3	BAYTOWN	2
3	BEEVILLE	2
3	BRIDGE CITY	2
3	CORPUS CHRISTI	2
3	HARLINGEN	2
3	HOUSTON	2
3	MCALLEN	2
3	PLAINVIEW	2
3	SAN ANTONIO	2

Monthly Origination



Occupational Origination Amounts



Multifamily Lending Report

Discussion

TEXAS STATE AFFORDABLE HOUSING CORPORATION
COMPARISON OF BUDGETED TO ACTUAL OPERATING ACTIVITY
(For the Four Month Period Ending December 31, 2005)

	FY 2006		% of Annual
Revenues	Budget	Actual	Budget
Servicing Revenue, Net of Subservicer Fees	425,000	164,646	38.74%
Multifamily Revenue	650,000	175,488	27.00%
TDHCA Asset Oversight Revenue	509,000	177,856	34.94%
Investment Revenue	120,000	33,600	28.00%
Grant/Fundraising Income	-	-	0.00%
TOTAL REVENUES	1,704,000	551,590	32.37%
Expenditures			
Salaries & Payroll Related Expenditures	860,000	278,112	32.34%
Professional Services - Legal, Audit & IT	177,000	72,166	40.77%
Office & Equipment Lease	124,000	35,193	28.38%
Travel & Meals	72,000	31,598	43.89%
Interest on FHLB Notes	67,000	22,162	33.08%
Marketing & Sponsorships	23,000	(9,179)	-39.91%
Insurance	23,600	5,732	24.29%
Professional Dues & Training	12,000	4,622	38.52%
Communication	12,000	4,148	34.57%
Bank Fees & Charges	8,000	3,656	45.70%
Office Supplies	8,000	3,357	41.96%
Publications, Subscriptions, Office Maintenance	5,300	3,354	63.28%
Freight, Delivery & Postage	6,000	1,950	32.50%
Furniture, Equipment, & Software	20,000	11,625	58.13%
Printing	1,500	500	33.33%
Program and Loan Administration	4,000	51	1.28%
TOTAL EXPENDITURES	1,423,400	469,047	32.95%
NET INCOME	280,600	82,543	29.42%

Target Percentage = 33%

TEXAS STATE AFFORDABLE HOUSING CORPORATION
COMPARISON OF BUDGETED TO ACTUAL OPERATING ACTIVITY
(For the Four Month Period Ending December 31, 2005)

BOARD MEMBER TRAINING
TEXAS STATE AFFORDABLE HOUSING CORPORATION
Held at the Offices of
Texas State Affordable Housing Corporation
1005 Congress Avenue – Suite B-10 Conference Room
Austin Texas 78701
January 19, 2006, 11:00 a.m.

Summary of Minutes

Call to Order, Roll Call
Certification of Quorum

Board Member Training for the Board of Directors of the Texas State Affordable Housing Corporation (the "Corporation") was called to order by Jerry Romero, Chair, at 11:15 a.m., on January 19, 2006, at the offices of Texas State Affordable Housing Corporation, 1005 Congress Avenue Suite B-10 Conference Room, Austin, Texas 78701. Roll Call certified that a quorum was present.

Members Present

Jerry Romero, Chair
Jesse A. Coffey, Member
Charles G. Rencher, Member
Jo Van Hovel, Member

Members Absent

Thomas Leeper, Vice Chair

Staff Present

David Long, President
Melinda Smith, Chief Financial Officer
Emily Lah, Asset Oversight & Compliance Manager
Paige McGilloway, Single Family Programs Manager
Laura Smith, Corporate Secretary

Open Meeting

A training session was conducted regarding the Open Meetings Act in accordance with Government Code section 551.005.

Adjournment

Mr. Romero declared the Board Member Training session adjourned at 12:15 pm.

Respectfully submitted by_____
Laura Smith, Corporate Secretary

BOARD MEETING
TEXAS STATE AFFORDABLE HOUSING CORPORATION
Held at the Offices of
Texas State Affordable Housing Corporation
1005 Congress Avenue – Suite B-10 Conference Room
Austin Texas 78701
January 19, 2006 at 12:30 pm

Summary of Minutes

Call to Order, Roll Call
Certification of Quorum

The Board Meeting of the Texas State Affordable Housing Corporation (the "Corporation") was called to order by Jerry Romero, Chair, at 12:30 p.m., on January 19, 2006, at the offices of Texas State Affordable Housing Corporation, 1005 Congress Avenue – Suite B-10 Conference Room, Austin, TX 78701. Roll Call certified that a quorum was present.

Members Present

Jerry Romero, Chair
Jesse A. Coffey, Member
Charles G. Rencher, Member
Jo Van Hovel, Member

Members Absent

Thomas Leeper, Member

Staff Present

David Long, President
Melinda Smith, Chief Financial Officer
Katherine Closmann, Executive Vice President
Emily Lah, Asset Oversight & Compliance Manager
Paige McGilloway, Single Family Programs Manager
Laura Smith, Corporate Secretary

Public Comment

No public comment was given.

Special Guests

Joy Bode, Fulbright & Jaworski
Steve Coma, BB&T
Craig Ferguson, CitiMortgage
Robert Johnson, First Southwest Company
Mary Koelling, Fist Southwest Company
Gary Machak, RBC Dain Rauscher
Elena Peinado, Texas Department of Housing and Community Affairs

Jeff Richards, American Housing Foundation
Greg Shields, Andrews Kurth
Kent Smith, Jackson Walker LLP
Chris Spelbring, Morgan Keegan

Open Meeting

Reports

President's Report

Mr. Long began by introducing Ms. Paige McGilloway as the new Single Family Programs Manager for the Corporation.

Mr. Long stated that the 2006 Single Family transaction regarding the Professional Educators and the Nursing Educators Home Loan Programs would be discussed later in the meeting. Mr. Long noted that the Corporation's professionals were present at the meeting to discuss the transaction.

Mr. Long informed the Board that repayment of a $500,000 loan from the Texas Department of Housing and Community Affairs (TDHCA) was currently being discussed. Mr. Long stated that he would keep the Board informed as to the resolution.

Mr. Long informed the Board that Ms. Edwina Carrington, Executive Director of TDHCA, had resigned and would be leaving at the end of February. Mr. Long further stated that Mr. Bill Dally would serve as Interim Executive Director until Ms. Carrington's position was filled.

Executive Vice President's Report

Ms. Closmann turned the Board's attention to a letter included in the reports section of the Board Packet that was addressed to the Ford Foundation. Ms. Closmann stated that it had been sent with the purpose of seeking a grant for the Multifamily Rural RFP. Ms. Closmann stated that she had received correspondence from the Ford Foundation indicating that a 45 day period was likely to pass before a full proposal was asked for.

Ms. Closmann then turned the Board's attention to the Notice of Default regarding the HIC portfolio that was included in the Board Packet.

Multifamily Lending Report

Ms. Closmann informed the Board that Ms. Garcia had recently begun a marketing campaign for the Multifamily Direct Lending Program. Ms. Closmann stated that Ms. Garcia had sent letters to small banking institutions regarding the program, and had also sent current term sheets to previous borrowers under the program. Ms. Closmann further informed the Board that Ms. Garcia had contacted tax credit awardees regarding their permanent lending needs.

Ms. Closmann then turned the Board's attention to the Multifamily Private Activity Bond program with the reminder that the RFPs for Rehab and Senior Housing were due January 20, 2006. Ms. Closmann further stated that responses for the Rural Housing RFP were not due until March. Ms. Closmann informed the Board that Ms. Garcia would be giving an educational

workshop for the Rural Rental Housing Association's Board of Directors regarding the Rural RFP.

Single Family Lending Report

Ms. McGilloway introduced herself to the Board and stated her happiness in joining the staff of the Corporation. Ms. McGilloway informed the Board that Ms. Dean had returned briefly to help introduce her to the programs and the professionals that worked with the Corporation in respect to the programs. Ms. McGilloway informed the Board of improvements to the website and to marketing for the programs that she hoped to make in the coming months. Ms. McGilloway proceeded to briefly explain the spreadsheets regarding the programs that were included in the Board Packet.

Mr. Rencher inquired about the telephone calls that Ms. McGilloway was receiving and Ms. McGilloway responded that most were because of the website, informational brochures and the Human Resources Department at the borrower's place of employment. Discussion followed. Mr. Romero inquired as to whether Ms. McGilloway would continue to attend conferences and travel to specific areas to market the programs. Ms. McGilloway stated that she would study historical data on the programs and determine from that information where she would focus her marketing campaign.

Asset Oversight & Compliance Report

Ms. Lah began by referring the Board's attention to the 2005 TSAHC Asset Oversight Annual Report. Ms. Lah gave an overview of the report, specifically noting that the average occupancy had increased by 5%. Mr. Romero inquired whether this could be attributed to the individuals affected by the hurricanes. Ms. Lah stated that during the time that followed the Hurricane, there was an upward trend in occupancy, but as time had gone on the trend had leveled out.

Ms. Lah stated that she had made changes to the auditing process. Ms. Lah explained these changes in further detail, specifically noting the addition of an owner participation section, as well additional questions for the preventative maintenance and capital improvement items.

Ms. Lah then turned the Board's attention to the Quarterly Newsletter, and noted that it talked about the changes for 2006 and listed links to the website where full documents could be seen. Ms. Lah informed the Board that the most current issue of the Quarterly Newsletter had been emailed to the properties.

Ms. Van Hovel inquired about staff turnover at the Bent Creek Apartments in Dallas and Ms. Lah responded that this was because the property was located in a rough neighborhood. Ms. Lah followed by stating that since a new Regional manager had been hired, progress had been made with the property.

Ms. Lah turned the Board's attention to the Quarterly Compliance Report located behind the Annual Asset Oversight Report in the Board Packet. Ms. Lah noted that every property was meeting their set-aside requirements.

Ms. Lah then turned the Board's attention to the Quarterly Resident Services Report. Ms. Lah made special note that American Opportunity for Housing (AOH) had reported their services for

December 2005. Ms. Lah stated that she was encouraged by their progress and would continue to work with AOH on their resident services.

Financial Report

Ms. Smith began by turning the Board's attention to the Comparison of the Budgeted to Actual Operating Activities report for the 1st quarter of fiscal year. Ms. Smith went through the report, specifically discussing the Professional services and the Travel and Meals line items in detail. Discussion followed.

Mr. Smith then turned the Board's attention to the Investment Report and proceeded to explain it in detail.

Tab 1 Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on December 9, 2005.

Mr. Rencher made a motion to approve the minutes of the Board Meeting held on December 9, 2005. Ms. Van Hovel seconded the motion. Motion passed unanimously.

Tab 2 Presentation, Discussion and Possible Approval of a Resolution Authorizing the Issuance, Sale and Delivery of Single Family Mortgage Revenue Bonds (Professional Educator Home Loan Program) Series 2006A; Authorizing a Trust Indenture, an Origination, Sale and Servicing Agreement, Purchase Contract and Continuing Disclosure Agreement, Making Certain Findings and Determinations; Authorizing the Execution of Documents and Instruments Necessary or Convenient to Carry Out a 2006 Texas State Affordable Housing Corporation Professional Educator Home Loan Program and Containing Other Matters Incident and Related Thereto.

Mr. Long began by explaining that this resolution would authorize the Corporation to move forward with the 2006 Professional Educators Housing Loan Program application to the Bond Review Board. Mr. Long introduced Ms. Joy Bode with Fulbright and Jaworski and Mr. Robert Johnson with First Southwest Company, and noted that they would be making a joint presentation to the Board regarding the transaction. Mr. Long also made the Board aware that the Corporation's underwriters Mr. Gary Machak with RBC Dain Rauscher and Mr. Chris Spelbring with Morgan Keegan were in attendance at the meeting along with the Corporation's General Counsel, Mr. Kent Smith with Jackson Walker, LLP.

Mr. Long explained that this transaction would be similar to ones in the past and would ask for the maximum allocation authorized under statute. Mr. Johnson with First Southwest Company and Ms. Bode with Fulbright & Jaworski proceeded to explain the application process for the transaction. Mr. Long noted that a TEFRA hearing would be held with regard to the transaction.

Mr. Long noted that the past 3 applications for allocation had been reviewed on the exception basis, a process which would allow for the application's acceptance without going through the formal approval process. Mr. Long stated that the Corporation would be pursuing that again with this application.

Mr. Long asked for authorization by the Board to offer up to $250,000 as the issuer's contribution, the same amount as was contributed the previous year. Discussion followed as to

how this amount was derived and it was suggested that $300,000 would be a safer amount. Mr. Machak confirmed that the mortgage rate currently being looked at was 5.99%.

Mr. Rencher made a motion to authorize up to $300,000 for the issuer's contribution for the transaction. Ms. Van Hovel seconded the motion. Motion passed unanimously.

Mr. Rencher made a motion to approve the resolution authorizing the issuance, sale and delivery of Single Family Mortgage Revenue Bonds (Professional Educator Home Loan Program) Series 2006A; authorizing a Trust Indenture, an Origination, Sale and Servicing Agreement, Purchase Contract and Continuing Disclosure Agreement, making certain findings and determinations; authorizing the execution of documents and instruments necessary or convenient to carry out a 2006 Texas State Affordable Housing Corporation Professional Educator Home Loan Program and containing other matters incident and related thereto. Ms. Van Hovel seconded the motion. Motion passed unanimously.

Tab 3 Presentation, Discussion and Possible Approval of a Resolution relating to the Corporation's Professional Nursing Program Faculty Home Loan Program and Containing Matters Incident and Related Thereto

Mr. Long began by informing the Board that Senate Bill 132, which was passed during the 79th Regular Legislative Session, authorized the Corporation's use of $5 million of the State's private activity bond cap for the release of a program geared toward professional nursing program faculty. Mr. Long stated that it was the staff's hope to have the Board's permission to issue this program as a pilot using Corporate funds instead of private activity bonds. Mr. Long hoped that by issuing the program as a pilot program the Corporation would have the ability to prove demand, which would be essential when issuing a bond deal. Mr. Long discussed in further detail how the pilot program would work.

Mr. Romero inquired as to the amount of money that would be used for the pilot program. Mr. Long answered that it would not be the full $5 million, but instead would be $2 million. Mr. Long and Mr. Ferguson with Citimortgage further explained the structure of the program and how the Corporation's money contributed to the program would be recovered.

Ms. Bode further explained the IRS requirement of sufficient demand for the program to be issued as a bond program. Discussion followed regarding the recovery of monies contributed by the Corporation and the structure and reasons for issuing the pilot program.

Mr. Long clarified that the resolution before the Board asked for authorization to move forward with the Nursing Faculty Program using 2 million from the Corporation's unrestricted funds. Ms. Bode followed up by stating that the resolution would give the Corporation flexibility within statutory guidelines, but not authority for a bond issue. Ms. Bode said that if that were to become the case it would be brought before the Board for approval.

Mr. Romero made a motion to approve the resolution relating to the Corporation's Professional Nursing Program Faculty Home Loan Program and containing matters incident and related thereto, and approved the use of up to 3 million in Corporate funds for the program. Ms. Van Hovel seconded the motion. Motion passed unanimously.

Tab 4 Presentation, Discussion, and Possible Approval of a Resolution Approving Amendments to the Trust Indenture Executed in Connection with the

Corporation's Multifamily Housing Revenue Bonds (American Housing Foundation Portfolio) Series 2002; and Other Matters Related Thereto.

Ms. Closmann began by explaining that since the Board had approved the American Housing Foundation transaction in September, some things had changed and Mr. Steve Coma with BB & T was in attendance today to explain to the Board those changes.

Mr. Coma gave a brief overview of the history of the transaction. Mr. Coma then explained to the Board the changes that had been made to the transaction since the Board's approval in September. Mr. Coma explained that the contacts at MBIA on the project had changed to outside consultants and they had suggested that the structure be changed from a variable rate transaction to locking in an actual fixed savings number over a period of years. Mr. Coma also noted that attorney and financial professionals working on the project would be paid by a third party instead of from the transaction. Ms. Closmann followed this by informing the Board how the Corporation's fees would be paid from this point forward.

Mr. Richards with American Housing Foundation introduced himself to the Board. Mr. Richards stated that the vision of the stakeholders in the deal was to provide sufficient funds to bolster and build up the properties and maximize occupancy.

Mr. Romero asked about the downside of the Board not approving the transaction, and Ms. Closmann stated that the impact would be significant.

Mr. Richards then briefly addressed the Bent Creek property, explaining that it was predominantly one bedroom units. Mr. Richards stated that it was AHF's vision to convert all of the one bedroom units to three bedroom family units. Mr. Richards stated that he believed this would help to turn around the property.

Mr. Romero made a motion to approve the resolution approving amendments to the Trust Indenture executed in connection with the Corporation's Multifamily Housing Revenue Bonds (American Housing Foundation Portfolio) Series 2002; and other matters related thereto. Mr. Rencher seconded the motion. Mr. Coffey abstained from voting. Motion passed.

Open Meeting

After discussion, it was determined that the next Board meeting would take place on February 10, 2006, at 10:30am.

Mr. Long briefly refreshed the Board's memory that the Corporation had issued RFPs for General Counsel, Bond Counsel and Financial Advisor, and those responses were due back on January 20, 2006.

Mr. Long ended by welcoming Mr. Coffey to the Board.

Adjournment

Mr. Rencher made a motion to adjourn the meeting. Mr. Coffey seconded the motion. Motion passed unanimously.

The Texas State Affordable Housing Corporation Board Meeting was officially adjourned at 1:45 pm.

Respectfully submitted by_____
Laura Smith, Corporate Secretary

Tab 3

Presentation and Discussion of the Texas State Affordable Housing Corporation Single Family Mortgage Revenue Bonds (Professional Educator Home Loan Program) Series 2006A Transaction.

Discussion

Disaster Area Proposed RFP

Proposal: Issue a new Request for Proposal for the Disaster Areas around Houston and south Texas which were damaged as a result of Hurricane Rita and/or areas in which the housing need is addressed in the TDHCA market study of the Houston MSA.

Gap Financing Available: Various sources are currently available for these Hurricane Disaster areas of Texas including increased tax credits based upon the DDA status, the Federal Home Loan Bank of Dallas and investment from corporation funds.

- HR 4440, the Gulf Opportunity Zone Act of 2005 was signed by President Bush on December 21, 2005. This act grants the DDA designation (Difficult Development Area) to 28 counties in Texas that were affected by Hurricane Rita (Rita GO Zone). Eligible developments are those with bonds issued after December 31, 2005 and properties placed in service in 2006, 2007, or 2008 that have either 4% or 9% tax credits. In determining the amount of tax credits awarded based upon development cost eligible basis, the development "shall receive the 30% basis boost associated with the DDA designation if the housing credits are allocated between January 1, 2006 and December 31, 2008".

Eligible counties include:

Angelina	Brazoria	Chambers	Sabine
Cherokee	Fort Bend	Galveston	San Augustine
Gregg	Hardin	Harris	San Jacinto
Houston	Jasper	Jefferson	Shelby
Liberty	Marion	Montgomery	Trinity
Nacogdoches	Newton	Orange	Tyler
Panola	Polk	Rusk	Walker

- Federal Home Loan Bank of Dallas
  - Housing Disaster Relief Grant Program (HDRG): This program was initiated by member institutions shortly after each disaster. It is no longer available. During its production period, over $5 million was disbursed with over 630 grants to assist families and communities in their recovery efforts for the damage from the hurricanes. There were five programs which helped housing and economic development and were mostly utilized in the New Orleans, Louisiana areas.
  - Affordable Housing Grant Program: This program is currently available as a grant up to $350,000 to development applications throughout Texas. There are two application cycles (2-1-06 to 3-15-06 and 8-1-06 to 9-15-06). Grant funds can be utilized for up to 49% of the total development cost of the construction or rehabilitation. There is approximately $7 million available during this current cycle. Applications are submitted via on-line or website of a member institution. Applications are awarded based upon scoring criteria. Non-profit status gets higher points but has to have an ownership role.

- Corporation Investment: Low interest loan or grant to be used as gap financing based upon need of the development. With the increased boost on tax credits and additional gap financing provided by the Corporation, prospective transactions will be more financially feasible and RFP would raise interest among developers in these "disaster" areas.

Relevant Facts Supporting RFP:

- The corporation has approximately $40 million in private activity bond authority to allocate by August 15, 2006. This funding availability was marketed with three RFP's which were issued in November 2005; two of which have closed without response leaving approximately $26 million available for this RFP.
- The Disaster Area Counties are located in Regions 4, 5, and 6 along the Texas Louisiana border and the Gulf Coast region. The 2006 Housing Tax Credit Application Cycle is open with Region 4 (Upper East Texas) having $2,161,529 available, Region 5 (Southeast Texas) having $1,536,670 available and Region 6 (Gulf Coast) having $10,508,688 available in tax credits. As of January 17, 2006, here were 15 Pre-Applications totaling $8,634,877 in Region 4 (4/1 request ratio); 18 Pre-Applications (or Intent to Request notifications) totaling $12,343,299 in Region 5 (6/1 request ratio) and 38 Pre-Applications (or Intent to Request notifications) totaling $33,359,983 in Region 6 (3/1 request ratio).
- In Region 4, seven of the 15 pre-applications are located in a GO Zone county; all counties in Region 5 are identified in a GO zone; and in Region 6, 35 of the 38 pre-applications are located in a GO Zone county (however, 21 of those are within the city of Houston).
- On October 3, 2005, the Governor of the State of Texas declared twenty-two (22) Texas counties to be impacted by Hurricane Rita. These counties are located in the Southeast and Gulf Coast regions of Texas and were identified by the State Operations Center as the areas most impacted by the hurricane. These areas were also federally designated as disaster areas under HR 4440. Subsequently, the Governor waived "all rules and regulations that may inhibit or prevent prompt response to this threat" through Executive Order RP54. This Executive Order declared a state of disaster for purposes of disaster recovery and response and directed all necessary measures, both public and private as authorized under Section 418.015 of the Texas Government Code, be implemented to meet the disaster needs. As a special set-aside in the 2006 housing tax credit cycle, TDHCA will be making $3.5 million in tax credits available to 21 of the 22 Hurricane impacted counties.
- TDHCA is in the process of reviewing a Houston Area Market Study prepared by Vogt Williams Market Research Firm. Once published, this study should outline the current and future demand in Houston and the surrounding areas within the MSA.

Texas State Affordable Housing Corporation

PAB Target Areas of Housing Need

Data as of October 5, 2005

In preparation for the 2006 Private Activity Bond Program for Multifamily Developments in Texas, Corporation staff gathered and analyzed data from various resources including:

- Previous PAB Allocation Cycle Information;
- Texas Department of Housing and Community Affairs (TDHCA);
- Office of Rural and Community Development (ORCA);
- Low Income Housing Information Service;
- Rural Rental Housing Association;
- Developer Organizations;
- Capital Consultants;
- League of United Latin American Citizens (LULAC);
- Council on Affordable Rural Housing;
- Rural Development Finance Corporation;
- American Association of Retired Persons (AARP);
- Texas Department of Aged and Disabled; and
- United States Department of Agriculture/Rural Development.

After reviewing the information provided, the Corporation's staff concludes that there is a continued need for affordable multifamily housing in the following areas: rehabilitation, senior, and rural housing development. **Additionally, in response to the recent hurricane events, there may be additional need for affordable housing in the Houston metropolitan statistical area. On October 3, 2005, TDHCA issued a Request for Proposals (RFP) to Provide Market Analysis of the Houston-Baytown-Sugar Land Metropolitan Statistical Area. This RFP solicits bids to analyze affordable housing demand in this area as it relates to demographic information, housing supply, anticipated demand in general and resulting from Hurricane Katrina. With this in mind, an additional RFP might be appropriate after the market analysis is completed in January 2006 so as to be responsive to the housing needs of that area.**

Rehabilitation

There is a consistent need for rehabilitation of older multifamily housing stock in all areas of Texas. During the Corporation's last two PAB cycles there was little response to staff's effort to garner support from local government for new construction in their areas. However, there were various levels of support for rehabilitation of older stock in blighted areas of the cities. During the last two Housing Tax Credit cycles (2004-2005), 22 applications were received for rehabilitation of properties statewide (excluding USDA applications). Of these, only 13 were funded. This equates to 59% of total applications for rehabilitation.

Since the Corporation is not required to participate in the state lottery, bond financing will be available earlier. However, it will be important to market this program at the same time as the Bond Review Board's Private Activity Bond Lottery which is held in early November 2005 and as an alternative to restructuring the transaction for competition in the TDHCA 9% Housing Tax Credit Cycle due in early March 2006.

Senior

There seems to be a large number of small senior housing developments serving the elderly population (65+) which was developed under the HUD 202 Program over a decade ago. This housing stock is in great need of rehabilitation and/or refinancing to extend its affordability period and continue providing safe, affordable housing for this target population who have limited disposable income. Corporation staff contacted a percentage of HUD subsidized senior housing properties in Region 7 to determine occupancy rates and the local need. Of the 25 properties contacted, all were 100% occupied and had been since original construction/rehabilitation. Additionally, all of these properties had waiting lists ranging from two years and upward leading some to close their waiting lists indefinitely. In discussing demand factors with area affordable housing developers and representatives from the AARP, there appears to be demand for affordable senior housing in the "mid market" range. For example, development in the metropolitan areas has recently focused on "high end, luxury" apartments or condominiums which range from $1,500 to $3,000 per month in rental rates. There are small, rural developments in the outskirts of metro areas that offer basic housing and little to no resident services. The greatest need which could be met under this specific RFP is for affordable senior apartments in the urban and exurban areas of the state that provide housing for people whose incomes are at or below 60% of the area median income and offers an array of quality resident services to support their residents.

Rural

USDA/Rural Development has a portfolio of over 200 properties in Texas; some of which are nearing expiration of their affordability period and are at risk of becoming market rate. These USDA/RD properties serve both the elderly and family populations and are located in Texas' 246 rural counties. There are various programs that USDA provides to encourage rehabilitation of their portfolio. These include the 514 Farmworker Loan Program, the 528 Guarantee Loan Program and the 515 rural housing program, to name a few. However, as with most federal funding, these programs have been under funded during the most recent legislative sessions and require additional financing mechanisms, such as tax credits and rental assistance, to achieve financial feasibility. To aid in this effort the TDHCA Housing Tax Credit Program allocates 5% of its rural set-aside exclusively to USDA properties as a separate cut out of the rural allocation for each of the 13 service regions. During the 2005 HTC cycle, this equated to 17 approved applications totaling $1.2M in funding (out of the $8M available for rural areas) to rehabilitate these properties. In order to make this type of transaction feasible as a bond transaction, several properties will need to be pooled together under one bond allocation with one ownership entity. USDA recently worked with Mercy Housing on completing a similar transaction in the state of Washington which involved pooling together twenty (20) USDA/RD properties to acquire/rehabilitate using tax-exempt bond financing and 4% tax credits. Volunteers of America, Inc. has also recently completed a bond pool transaction with TDHCA as the issuer. This particular transaction was very complex due to the nature of the bond lottery which was required for each property. While this type of transaction is desperately needed to construct and/or rehabilitate properties in the rural areas, it is also a very complex transaction which will likely require gap financing of some sort and other subsidies to make it successful.

Timing and Structure: Because both the rehabilitation and senior responses could come from applications previously submitted through the bond lottery, and due to the fact that these two transactions will likely not require additional gap financing provided by the corporation, these two RFP's should be issued in early November with final submission dates on or before January 15, 2006, with Board allocation scheduled for February 2006. The rural pool transaction will likely take more time on the part of the respondent and Corporation staff to assimilate and locate appropriate gap financing. For this

reason and basic marketing of the program, this RFP should be issued along with the other two in November 2005 but not be due until early March 2006, with Board allocation scheduled for April 2006.

The amount of bond authority expected for 2006 is approximately $40M. This amount will be divided among the three RFP's and allocated according to score under each respective RFP with waiting lists developed as necessary. In March 2006, should there be insufficient responses under any of the RFP's; the remaining funds will be allocated to those applications on the waiting list.

STATE OF TEXAS
OFFICE OF THE GOVERNOR

RICK PERRY
GOVERNOR

January 10, 2006

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
2:15 PM ___ O'CLOCK
JAN 10 2006
Secretary of State

The Honorable Roger Williams
Secretary of State
State Capitol Room 1E.8
Austin, Texas 78701

Dear Mr. Secretary:

Pursuant to his powers as the chief executive officer and governor of the State of Texas, Rick Perry has issued the following order:

Executive Order No. RP-54 relating to disaster recovery..

The official copy of this order is attached to this letter of transmittal.

Respectfully submitted,

Gregory S. Davidson
Executive Clerk to the Governor

GSD/gsd

Attachment

Executive Order

BY THE
GOVERNOR OF THE STATE OF TEXAS

Executive Department
Austin, Texas
January 10, 2006

EXECUTIVE ORDER
RP 54

Relating to disaster recovery.

WHEREAS, Hurricane Katrina, a disaster in sister states, created an emergency disaster and emergency conditions for the people in the State of Texas beginning September 1, 2005; and

WHEREAS, Hurricane Rita struck the State of Texas on September 24, 2005, causing massive destruction in South and East Texas; and

WHEREAS, Texas Railroad Commissioner Michael Williams, in his role as leading the state's long-term relief efforts in regards to Hurricanes Katrina and Rita, has requested that I issue an executive order to further aid in the disaster recovery effort in order to continue to address the emergency conditions created by the disasters; and

WHEREAS, I do hereby certify that Hurricanes Katrina and Rita continue to create an emergency disaster and emergency conditions for the people in the State of Texas; and

WHEREAS, pursuant to the Texas Disaster Act of 1975, the governor is responsible for meeting the dangers to the state and people presented by disasters; and

WHEREAS, under Chapter 418 of the Texas Government Code, the governor is expressly authorized to issue executive orders declaring a state of disaster;

NOW THEREFORE, in accordance with the authority vested in me by Section 418.014 of the Texas Government Code, I do hereby declare a state of disaster for purposes of disaster recovery and response and direct that all necessary measures, both public and private as authorized under Section 418.015 of the Texas Government Code, be implemented to meet the disaster.

As provided in Section 418.016 of the Texas Government Code, all rules and regulations that may inhibit or prevent prompt response to this threat are suspended for the duration of the incident.

FURTHER, I hereby order that all actions taken pursuant to this executive order shall be preauthorized by the State Director of Homeland Security.

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
2:15pm O'CLOCK

JAN 10 2006

This executive order supersedes all previous orders in conflict or inconsistent with its terms and shall remain in effect and in full force until it expires by statute or it is modified, amended, rescinded, or superseded by me or by a succeeding Governor.

Given under my hand this the
10th day of January, 2006.

Rick Perry
RICK PERRY
Governor

Attested by:

Roger Williams
ROGER WILLIAMS
Secretary of State

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
2:15pm O'CLOCK
JAN 10 2006

Damages Due to Hurricane Rita as of December 20, 2005

County	Apartments		
	Destroyed	Major	Minor
Jefferson	282	3,587	1,479
Orange	200	300	600
Angelina	0	25	73
Newton	0	18	40
Liberty	0	12	1
Polk	0	10	5
Jasper	0	5	9
Sabine	1	5	0
Chambers	0	4	4
Trinity	0	3	2
Hardin	0	0	22
Cherokee	0	0	0
Harris	0	0	0
Montgomery	0	0	0
Nacogdoches	0	0	0
San Augustine	0	0	0
San Jacinto	0	0	0
Shelby	0	0	0
Tyler	0	0	0
Totals	**483**	**3,969**	**2,235**

Source: State of Texas, State Operations Center (SOC) Hurricane Rita Situation Report #41.

Notes: (1) The report is prepared by the Governor's Division of Emergency Management.

(2) Numbers are self-reported from a variety of sources

TDHCA Order of Counties for Prioritization for the Hurricane Rita Housing Tax Credit Round

County	Apartments		
	Destroyed	Major	Total
Jefferson	282	3,587	3,869
Orange	200	300	500
Angelina	0	25	25
Newton	0	18	18
Liberty	0	12	12
Polk	0	10	10
Sabine	1	5	6
Jasper	0	5	5
Chambers	0	4	4
Trinity	0	3	3
Hardin	0	0	0
Cherokee	0	0	0
Harris	0	0	0
Montgomery	0	0	0
Nacogdoches	0	0	0
San Augustine	0	0	0
San Jacinto	0	0	0
Shelby	0	0	0
Tyler	0	0	0
Totals	**483**	**3,969**	**4,452**

Texas State Affordable Housing Corporation

Designated Use of Unrestricted Cash and Investments

(January 2006)

Unrestricted Cash & Investments	$5,072,868
Contractual Obligations/Liabilities:	
Note Payable to TDHCA	500,000
Accounts Payable & Accrued Expenses	73,212
	573,212
Designated Funds	
Affordable Home Ownership Program	940,459
2006 Multifamily Private Activity Bond Program	500,000
2006 Single Family Educators, Police Officer & Firefighters Program	500,000
2006 Nursing Faculty Program	180,000
Operating Reserve	1,400,000
Furniture & Equipment Replacement Reserve (Sept. - Jan @$500/month)	2,500
	3,522,959
Undesignated Cash & Investments	$ 976,697

M E M O R A N D U M

TO: Board of Directors

From: Katherine Closmann

Re: Request for Forgiveness of $500,000 Promissory Note Held by TDHCA and Use of the Funds for Gap-Financing for a Hurricane-Affected Area Development Financed by the Corporation's Multifamily Private Activity Bonds

---

The Corporation has requested that an Action Item be placed on the Agenda for the Texas Department of Housing and Community Affairs (the "Department") Board Meeting scheduled for Wednesday, February 15, 2006. The Corporation is requesting forgiveness of a $500,000 loan to the Corporation so the Corporation may use the money to provide a gap-financing loan for the rehabilitation, reconstruction or replacement new construction of multifamily complexes in any county designated by the Governor to be a hurricane-affected county of the state (excluding Harris County) or to provide down payment assistance for the Professional Educators Home Loan Program and/or the Fire Fighter and Law Enforcement or Security Officer Home Loan Program.

In 1995 and 1996, the Corporation received approximately $5.5 million in Federal Investment Partnerships Program (HOME) awards from the Department (HOME Contracts No. 535001 and No. 536267). These funds were directly awarded to the Corporation to assist the Department in committing its Federal HOME grant allocation. The proceeds from these awards were used to provide down payment and closing cost assistance in the form of a second lien, non-amortizing, non-interest bearing 30-year note to homebuyers utilizing the Department's Single Family Mortgage Revenue Bond Program or Neighborhood Partnerships for Texans Program. When the HOME funds and loan were awarded, the Corporation had no staff of its own and the Corporation was staffed by Department personnel.

At the time these funds were awarded, HOME rules required that the sub-recipient provide the initial cash outlay to fund projects (down payment assistance loans) and then request reimbursement for these monies under the HOME award. Due to the Corporation's limited resources at the time of the awards, the Department made a $500,000 loan to the Corporation to provide the initial payments to the awardees. The term of the loan was for ten (10) years with the provision that the Department "…may waive and forgive repayment of principal on this Note before or after its maturity." The note maturity date is February 28, 2006, as amended.

In an effort to provide assistance to the hurricane-affected counties in Texas designated by the Governor on October 3, 2005, the Corporation proposes to use the loan funds in conjunction with the Corporation's 2006 Multi-family Private Activity Bond Program for the rehabilitation, reconstruction or replacement new construction of multifamily complexes in any of the 21 designated hurricane-affected counties of the state (excluding Harris County). The Corporation has approximately $26 million available under its 2006 Multi-family Private Activity Bond allocation. Due to the low area median family incomes in these areas, gap financing will be required to ensure the financial feasibility of the development(s). The Corporation will propose to the Department that the $500,000 (original loan amount) forgiven by the Department be used as a low-interest cash flow loan for gap financing to facilitate the rebuilding of the hurricane-affected disaster areas.

In addition, the Corporation staff is asking the Corporation's Board of Directors to make an additional loan up to $500,000 as a low-interest cash flow loan for gap financing, as may be required.

Should the Corporation not receive proposals in response to the hurricane-affected area RFP, or does not close a transaction as a result of the RFP, the Corporation will use the money for down payment assistance for one or both of its single family bond programs, the Professional Educators Home Loan Program or the Fire Fighter and Law Enforcement or Security Officer Home Loan Program.

The Corporation has requested that if the Department approves this request, Department staff will return the original Promissory Note to the Corporation along with a signed statement that the Note has been forgiven and is no longer due.

Texas State Affordable Housing Corporation

Designated Use of Unrestricted Cash and Investments

(January 2006)

Unrestricted Cash & Investments	$5,072,868
Contractual Obligations/Liabilities:	
Note Payable to TDHCA	500,000
Accounts Payable & Accrued Expenses	73,212
	573,212
Designated Funds	
Affordable Home Ownership Program	940,459
2006 Multifamily Private Activity Bond Program	500,000
2006 Single Family Educators, Police Officer & Firefighters Program	500,000
2006 Nursing Faculty Program	180,000
Operating Reserve	1,400,000
Furniture & Equipment Replacement Reserve (Sept. - Jan @$500/month)	2,500
	3,522,959
Undesignated Cash & Investments	$ 976,697

Texas State Affordable Housing Corporation
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 preferred low-income set aside requirements
10 points – meets minimum low-income set aside 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 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 a 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

Proposed 2-10-06

Texas State Affordable Housing Corporation
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 preferred low-income set aside requirements
10 points – meets minimum low-income set aside requirements
0 points – does not meet rent requirements

Deleted: rent

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 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 D).
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 loc[illegible] in budget a[illegible] **points total**
10 points Resident Services Coordinator position i[illegible] six months[illegible] 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 a 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

Texas State Affordable Housing Corporation

Request for Proposals from Multi-Family Developers for the Reconstruction, Rehabilitation, or Replacement New Construction of Multifamily Housing in the Gulf Opportunity Zone Designated Counties of Texas using Tax-Exempt Bond Financing

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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 reconstruction, rehabilitation, or replacement new construction of multifamily rental housing in certain areas affected by Hurricanes Katrina and Rita. This includes twenty-one (21) of the twenty-two (22) counties in the Southeast and Gulf Coast regions of Texas (excluding Harris county) that were most impacted by the hurricanes as declared by the Governor of the State of Texas on October 3, 2005. The Corporation will offer approximately $26 million in private activity bonds along with a low interest, cash flow loan of up to one million dollars ($1M).

For the purpose of this RFP, a qualified rehabilitation or reconstruction development must be located in one of the following counties: Angelina, Brazoria, Chambers, Fort Bend, Galveston, Hardin, Jasper, Jefferson, Liberty, Montgomery, Nacogdoches, Newton, Orange, Polk, Sabine, San Augustine, San Jacinto, Shelby, Trinity, Tyler, or Walker county. A qualified replacement new construction development must be located in either Jefferson or Orange county.

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, March 17, 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, April 7, 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 rehabilitation, reconstruction or replacement of multifamily rental housing in certain areas affected by Hurricanes Katrina and Rita. 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 a 4 percent HTC allocation through the Texas Department of Housing and Community Affairs (TDHCA). According to HR 4440, the Gulf Opportunity Zone Act of 2005, President Bush designated these specific areas as Difficult Development Areas ("DDA") that are eligible to receive an additional 30% eligible basis boost for tax credit calculations associated with the designation.

On October 3, 2005, the Governor of the State of Texas declared twenty-two (22) Texas counties to be impacted by Hurricane Rita. These counties are located in the Southeast and Gulf Coast regions of Texas and were identified by the State Operations Center as the areas most impacted by the hurricane. These areas were also federally designated as disaster areas under HR 4440. Subsequently, the Governor waived "all rules and regulations that may inhibit or prevent prompt response to this threat" through Executive Order RP54. This Executive Order declared a state of disaster for purposes of disaster recovery and response and directed all necessary measures, both public and private as authorized under Section 418.015 of the Texas Government Code, be implemented to meet the disaster needs.

Appendix D shows the severity of damage to multifamily units in each of these counties. Because the severity of damage was so great in Jefferson and Orange counties, the Corporation is limiting replacement new construction to those counties only. Rehabilitation or reconstruction responses may be submitted for any of the twenty-one (21) counties. For purposes of this RFP, reconstruction is defined as demolition and reconstruction on the same site and replacement new construction is defined as new construction of multifamily units on any site in Jefferson or Orange county.

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) A qualified rehabilitation or reconstruction development must be located in one of the following counties: Angelina, Brazoria, Chambers, Fort Bend, Galveston, Hardin, Jasper, Jefferson, Liberty, Montgomery, Nacogdoches, Newton, Orange, Polk, Sabine, San Augustine, San Jacinto, Shelby, Trinity, Tyler, or Walker county. A qualified replacement new construction development must be located in either Jefferson or Orange county.
2) More than one property may be pooled together under a single bond issuance, but the total bond request must not exceed $26 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.)
3) Submitted proposals must meet local standards for multi-family development found in the respective City's zoning ordinances.
4) Proposals must comply with requirements of the Qualified Allocation Plan of TDHCA relating to an issuance of tax-exempt bond financing.

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.

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- 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 requirements (a) through (c) 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.

To receive the maximum amount of points the respondent 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 Area Median Income ("AMI"). The remaining units must be restricted to households with incomes no greater than sixty percent (60%) of the Area Median Income ("AMI").

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 Corporation recommends contacting the respective City/County to determine available resources or programs that are available for the Development. The Development

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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 replacement new construction or rehabilitated affordable housing as proposed.

7. Photographs of the proposed site for replacement new construction and/or of the Development which identify the need for rehabilitation.

8. 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

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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.

9. 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/County, and have not had any compliance issues in the last three years, or provide 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.

    f. Certification by the Respondent stating that a majority of the expenses of rehabilitation or reconstruction are related to direct damage from Hurricane Katrina or Rita along with a copy of all insurance remittances requested or received verifying the amount and cause of damage or a statement that the development was not insured for hurricane damage. Insurance proceeds should be identified as a source of funds on the development cost schedule.

10. 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.

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11. 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.*

12. 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.*

13. 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)

14. 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.

15. 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.

16. 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.

17. 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.*

18. 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.*

19. 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.

<u>Property Specific Submissions</u>

- 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

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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

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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 preferred low-income set aside requirements
10 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

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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

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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 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

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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.

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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

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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.

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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. <u>Processing Fees, Closing Fees and Costs.</u>

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. <u>Continuing Costs.</u>

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.

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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.

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APPENDIX D

Damages Due to Hurricane Rita as of December 20, 2005

County	Apartments		
	Destroyed	**Major**	**Minor**
Jefferson	282	3,587	1,479
Orange	200	300	600
Angelina	0	25	73
Newton	0	18	40
Liberty	0	12	1
Polk	0	10	5
Jasper	0	5	9
Sabine	1	5	0
Chambers	0	4	4
Trinity	0	3	2
Hardin	0	0	22
Cherokee	0	0	0
Harris	0	0	0
Montgomery	0	0	0
Nacogdoches	0	0	0
San Augustine	0	0	0
San Jacinto	0	0	0
Shelby	0	0	0
Tyler	0	0	0
Totals	**483**	**3,969**	**2,235**

Source: State of Texas, State Operations Center (SOC) Hurricane Rita Situation Report #41.

Notes: (1) The report is prepared by the Governor's Division of Emergency Management.

(2) Numbers are self-reported from a variety of sources

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Texas State Affordable Housing Corporation

Request for Proposals
from Multi-Family Developers
for the Reconstruction, Rehabilitation, or Replacement New Construction of Multifamily Housing in the Gulf Opportunity Zone Designated Counties of Texas using Tax-Exempt Bond Financing

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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 reconstruction, rehabilitation, or replacement new construction of multifamily rental housing in certain areas affected by Hurricanes Katrina and Rita. This includes twenty-one (21) of the twenty-two (22) counties in the Southeast and Gulf Coast regions of Texas (excluding Harris county) that were most impacted by the hurricanes as declared by the Governor of the State of Texas October 3, 2005. The Corporation will offer approximately $26 million in private activity bond financing along with a low interest, cash flow loan of up to one million dollars ($1M).

For the purpose of this RFP, a qualified rehabilitation or replacement development must be located in one of the following counties: Angelina, Brazoria, Chambers, Fort Bend, Sabine, San Jacinto, Jasper, Jefferson, Liberty, Montgomery, Nacogdoches, Newton, Orange, Polk, Shelby, Trinity, Tyler, or Walker county. A qualified replacement new construction development must be located in either Jefferson or Orange county.

Questions about the RFP can be directed in writing to:

Ms. Cari Garcia
Affordable Housing Corporation
Texas State A Congress Avenue Corp 600
1005 Austin, Texas 7 Suite 50
Telephone (512) 475-7870
Fax (512) 475-3555, Ext. 413
Email: cgarcia -3557
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, March 17, 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, April 7, 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 rehabilitation, reconstruction or replacement of multifamily rental housing in certain areas affected by Hurricanes Katrina and Rita. 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 a 4 percent HTC allocation through the Texas Department of Housing and Community Affairs (TDHCA). According to HR 4440, the Gulf Opportunity Zone Act of 2005, President Bush designated these specific areas as Difficult Development Areas ("DDA") that are eligible to receive an additional 30% eligible basis boost for tax credit calculations associated with the designation.

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Deleted: any area of the State of Texas using private activity bonds and low income housing tax credits (HTC).
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On October 3, 2005, the Governor of the State of Texas declared twenty-two (22) Texas counties to be impacted by Hurricane Rita. These counties are located in the Southeast and Gulf Coast regions of Texas and were identified by the State Operations Center as the areas most impacted by the hurricane. These areas were also federally designated as disaster areas under HR 4440. Subsequently, the Governor waived "all rules and regulations that may inhibit or prevent prompt response to this threat" through Executive Order RP34. This Executive Order declared a state of disaster for purposes of disaster recovery on 418.015 of the Texas Government Code, be implemented to meet the disaster needs ...ified under Secti...

...ndix D shows the severity of damage to multifamily units in each of these counties. Appe...city of damage was so great in Jefferson and Orange counties, the Corporation is limiting ...because the severe...construction to those counties only. Rehabilitation or reconstruction responses may be ...eplacement new ...of the twenty-one (21) counties. For purposes of this REP, reconstruction is defined ...mitted for any ...econstruction on the same site and replacement new construction is defined as new c...demolition and ...family units on any site in Jefferson or Orange county ...struction of multi...

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

Detailed Development Description

...uirements:

Req...

1) A qualified rehabilitation or reconstruction development must be located in one of the following counties: Angelina, Brazoria, Chambers, Fort Bend, Galveston, Hardin, Jasper, Jefferson, Liberty, Montgomery, Nacogdoches, Newton, Orange, Polk, Sabine, San Augustine, San Jacinto, Shelby, Trinity, Tyler, or Walker county. A qualified replacement new construction development must be located in either Jefferson or Orange county.
2) More than one property may be pooled together under a single bond issuance, but the total bond request must not exceed $20 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.)
3) Submitted proposals must meet local standards for multi-family development found in the respective City's zoning ordinances.
4) Proposals must comply with requirements of the Qualified Allocation Plan of TDHC relating to an issuance of tax-exempt bond financing.

Prop...osals not meeting the requirements above will not be scored or presented to the Bo...d.

Deleted: <#>Submitted proposals shall be limited to rehabilitation of existing multi-family units or demolition/reconstruction of an existing multi-family development on a unit-for-unit replacement basis, with no additional units added without approval by the City Council.¶
Up to three (3) developments
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Deleted: <#>Respondents must submit evidence of local support in the form of a Resolution (see Submission Requirement #8).¶

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:

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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 agr ngoing fees for these services that will be paid from th." The Corporation will receive on may require the owner of the Development and/or relate project revenues. The Corporation ayment of those fees, entities or person to guaranty the pa

ition does not intend to have significant involvement in th

C. *Management* The Corpora activities; aside from asset oversight and compliance m day-to-day operation/management otiate the terms of the management of the property, itoring. The Respondent will nego experienced property management firm. The Corpora hich is expected to be done by an on of a management company and all subsequent cha must approve the initial selectio he term while the bonds are outstanding. ges in management agent during th

Respondent's Role

ondent(s) will include, but are not limited to, the follow

The responsibilities of the selected Resp :

- Ensure that the Developme ent meets all of the Corporation's requirements for a multifamily financing and th hat the rehabilitation complies with local codes and requi rdable ments.
- Undertak e predevelopment acti ities.
- Develop architectural plans co sistent with this RFP and guidelines, and obtain City and other req uired approvals and pe mits.
- Gain local community support r the proposal.
- Develop and manage an imple entation schedule.
- Obtain additional leveraged fur ls from other sources, if needed.
- Prepare and submit a Low Inco e Housing Tax Credit application to TDHCA for 4 percent tax credits.
- Develop a project budget.
- 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.

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- 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.

Income Structure and Use Restrictions

e Corporation seeks to provide housing to a mix of eligible households, including the Thome. **A Respondent will be disqualified from consideration if any of requirem** w and very low ir c **below are not met.** At a minimum, all proposals will be required to meet the follo rs (a) through (c) t restrictions: ing income and ren

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

(b) Rent Restrictions. Gross monthly rent charged on an income restricted unit will n the applicable AMI including utility allowances for each unit size. exceed 30% of

(c) Minimum Term of Restrictions. Income and rent restrictions must be maintaine project period to be determined in accordance with federal and state law. for a qualified

Ta receive the maximum amount of points the respondent may choose to serve lowe ough the following method: income groups thr

(d) Preferred Income Restrictions. A minimum of forty percent (40%) of the uni Residential Rental Project must have Gross Rents that are restricted to households greater than fifty percent (50%) of the Area Median Income ("AMI"). The remain restricted to households with incomes no greater than sixty percent (60%) of the Are ("AMI"). ut a Qualified ith incomes no g units must be Median Income

All applications must comply with the TDHCA Qualified Allocation Plan and Rules w Income Housing Tax Credit Program in effect at the time of response in order to ertaining 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 Corporation recommends contacting the respective City/County to determine available resources or programs that are available for the Development. The Development

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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. 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 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, indicating that a zoning change has been requested. Zoning must be approved by the Development within 45 days of receiving a reservation for allocation of bond cap. A letter for the

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 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 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 replacement new construction or rehabilitated affordable housing as proposed.

7. Photographs of the proposed site for replacement new construction and/or of the Development which identify the need for rehabilitation.

8. 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

Deleted: ¶ 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) 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.) ¶

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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.

9. Certifications:

   a. Certification by the Respondent and Respondent's principal(s) that they are in good standing with the Corporation, TDHCA, and[illegible] State that the County in which the Development is located. The certification should[illegible]corporation, TDHCA principals do not have any outstanding compliance issues with the Corporation, TDHCA, or the City/County, for the last three years, and have not had any compliance issues in the last[illegible]evaluation process. Provide full disclosure of any problems and issues. As part of the evaluation process, the Corporation will request information from TDHCA's Office of Compliance Division and review any internal compliance records on each principal [illegible]pplicant.

   b. Certification by the Respondent and [illegible]writer 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 [illegible]with an explanation of the Guidelines and RFP must be requested in writing by the Applicant [illegible]ines and RFP are strict, the need for the exception, (b) that all exceptions to the Guidelines [illegible]Corporation, and [illegible]ject to the review and/or approval by the Board of Directors of the [illegible]approval of the transaction, and (c) that complying with the Guidelines and RFP does not guarantee a [illegible]and Review Board [illegible]ation by either the Corporation's Board of Directors [illegible]New Board.

   c. Certification by the Respondent and Respondent's principal(s) that they have not been involved during the past five years [illegible]and are not currently involved in litigation regarding the development and/or financing of any LIHTC property under the Corporation's or TDHCA's multifamily bond programs, the [illegible]LIHTC program, or any City programs, 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.

   f. Certification by the Respondent stating that a majority of the expenses of rehabilitation or reconstruction are related to direct damage from Hurricane Katrina or Rita along with a copy of all insurance remittances requested or received certifying the amount and cause of damage or a statement that the development was not insured for hurricane damage. Insurance proceeds should be identified as a source of funds on the development cost schedule.

10. 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.

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11. 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.*

12 LIHTC. Include the name and address of the property(s), property description, ing and/or construction or acquisition and rehabilitation, whether 9% or 4% LIHTC and all ether new description of the participation of the Respondent, identification of any partici tion year, housing- related nonprofit or City or other public entity where the property is loca ion by a name and telephone number of a reference person(s) for each property (maximum o], and the of properties completed using both LIHTC and tax-exempt bond financing, and if n examples completed using both financing methods, list a maximum of 4 properties completed properties tax-exempt bond financing or LIHTC and specify which was used). *The submitte* sing other *must support points claimed for this item under the scoring criteria.* documents

13 Financial Spreadsheets:

a. **Rent/Expense Analysis** identifying the proposed rent structure and any co ponents to this structure such as utility allowances and source, vacancy and collecti s loss and other exceptions to the rent and secondary income of the property. expenses should be identified and included to determine the Net Operating I operating property and financial ability to repay bonds in the amount required. ame of the transactions, information should be submitted for each property. or pooled

b. **Development Cost Schedule** identifying all anticipated Development cos 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 wi maintain a minimum debt coverage ratio of 1.10 over the 30 year period. Any defer developer fee proposed in the transaction should be shown in the proforma as fully repa ible within 10 years. For pooled transactions, information should be submitted for e h property along with a combined proforma identifying the entire cross collateralized tra action.

d. **Sources and Uses of Funds Schedule** for the bond transaction that identifies y name all companies or individuals to receive payments, including, but not limited to developer's fees, real estate commissions, underwriting fees, operating working capital any) and borrower's working capital (if any), and should specify whether the paym ts 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)

14 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

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resources that will likely be available for the Development. The plan should also identify any anticipated cash investment by the Respondent.

15. 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.

16. 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.

17. 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.*

18. 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 SHRAE (American Society of Heating, Refrigerating and Air Conditioning Engineers) 90.1-04; also known as the "Texas Standard". Under this program, minimum requirements are set 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.*

19. 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)

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- Resident Services Plan
- Housing Tax Credit Application
- Green Building Information (if applicable)

Response Submission and Approval Procedures

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Response Filing Requirements

A Respondent desiring to respond to this RFP shall complete an nd file with The Respo e Corporation one (1) original and five (5) copies of the RFP response (the "Response"). T same to the (original and five copies) shall be fi ed with the Corporation by mailing or delivering the llowing address:

Ms. Cari Garcia Corporatio
Texas State Affordable Housing Corporation
1005 Congress 78701 , Suite 500
Austin, Texas 55, Ext.
(512) 477-35557 (Fax) 3
(512) 477-3557 (Fax)

Preliminary Official Action

Upon compliance with the response requirements set forth in th ct a preliminary review of all Responses. If all of the Response RFP, the Corporation will conclu sed Development meets the Corporation's purposes and guidelines, th uirements are met and the propo e Corporation in accordance with the criteria identified in Appendi Development will be scored by th d in writing of any deficiencies identified in the application and wil A. The Applicant will be notifie noted deficiencies. If the deficiencies are not corrected to the sa be provided a timeframe to correc the allotted timeframe, the application will not be considered by th faction of the Corporation within ate application will be underwritten. board for allocation and an alterna

The Corporation's Board of Directors (the "Board") will have n opportunity to call any Respo ndent before the Board (at the Board's discretion) to review the follow g items:

- The amount of volume cap that will reasonably supp n 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 a l cost efficiency of bond financing structure – The Corporation reserves the right to pose a cap on any volume cap requests;
- Evidence of commitment of all long term development finar ng 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 t

At the Board's next meeting following the TEFRA hearing for a Development, the preliminary official action to adopt an inducement resolution evidencing the Corporati Board may take obligations with respect to the Development, if all the requirements set forth herein are s intent to issue c comment at the TEFRA hearings shows sufficient support for the Development. In ct and the publid to take preliminary official action, the preliminary review of the Response must demder for the Boardhable certainty that: surate with reason

(a) the Response, the obligations, and the Development will quali for final approval by the Corporation in accordance with the RFP and the requirements t forth in Appendix C; and

(b) all governmental approvals with respect to the obligations, the H C, and the Development will be obtained.

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

Any preliminary official action of the Corporation should not be construed as an dication as marketability of obligations, or as the final approval of the Development by the Co oration, its cial Advisor or Bond Counsel. Rather, it is an indication that the Corporation will att pt to issue ligations for the Development subject to, (i) a readiness to proceed by the Resp dent with ing structure approval process, (ii) the Respondent's continuing compliance with these egulations operation in providing any and all requested information to the Corporation, (iii) app val by the Bond Review Board of the sale of obligations, (iv) market conditions and terms acce able to the ration and to its staff and consultants, and (v) acceptable evidence of local sup rt for the lopment 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.

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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

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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 minim* *ements 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

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 de requirements in the RFP for the propos development. **20 points total**
20 points – meets preferred low-income set aside requirements
10 points – does not meet minimum income set aside requirements
0 points – co 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 20-year operating profo ns. **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

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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

Development Characteristics

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

J. The Development will have staff and accommodations to provide res budget for transportation to an off site location. **20 points total** ent services on-site or will
10 points – Resident Services Coordinator position in budget and cert ication by owner that this position will be posted and/or filled within six months of achieving st ilized occupancy (93% occupancy)
10 points- additional 10 points for submitting a plan which identifies ace at the property to provide the services identified in Section I. and/or describes how the rvices 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 tran ortation off site

K. The Development exceeds the Texas Standard for energy efficiency a 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 Stan rd

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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 – Three (3) or more total 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 th compensation for this position (budgeted expenses or rent concessions, or the Develop, includes have or are proposed to have exterior fencing around the entire perimeter of the prope ent(s) with a secured access gate, along
0 points – No security/courtesy officer or secured gate and fencing identified in the de plan

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Experience and Local Support

N. The proposal demonstrates the experience and qualifications of the Respondent and te members as evidenced by the completion of multifamily housing rental developments n financing and/or Low Income Housing Tax Credits (LIHTC). **20 points total** sing bond
20 points – 4+multifamily developments completed using bond financing **and** LIHTC
15 points – 1-3 multifamily developments completed using bond financing **and** LIHT
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 go mment entities, as evidenced by the receipt of HOME funds, CDBG funds, PHA funds, real e ate, 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 e
5 points – 1-3 multifamily projects completed with the participation of a local gov't e ty
0 points – 0 multifamily projects completed with the participation of a local gov't enti ty

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

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APPENDIX B

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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. Host Site Violence Shelter/ Programs
  6. Community 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
  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

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

(a) such additional information as is requested by the Cou ncial Advisor, or Bond Counsel; oration, the Finar

(b) a proforma copy of any official statement, prospectus, or oranda, through the use of which the proposed obligations are to be offer ier offering med with any lender, purchaser, or investor, which offering, sale, or place ed, sold, or p ace contain prominent disclosure substantially to the effect that: ent material shall

(i) neither the Corporation nor the State has undertake has assumed any responsibility for the matters contained therein exc review or to matters relating to the Corporation and to a description of the obli pt solely as offered thereby; tions being

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

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

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

2. **Public H earings 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 m[illegible] or other recognized members of the Texas Legislature, local public libraries, homeowners' associations, [illegible]ment(s), county and neighborhood organizations or [illegible]lopment(s) a one mile radius of the Development[illegible]ies designated by thity officials, residents of the Development[illegible] (if occupied), and other interested parti[illegible]received from the Re[illegible] Corporation. The Corporation will not publish notice of a public hearing until it has re[illegible]ondent:

(a) the names and addresses of any affected homeo[illegible]owners' associations [illegible]nd

(b) the names of the state legislators, the city council members and the county commissioners in whose district or precinct (as applicable) t[illegible]council members a[illegible]ment(s) are located.

CORPO[illegible] NOTICE C[illegible]

THE INFORMATION REQUIRED BY THE C[illegible] HEARATI[illegible] INFORGIVE [illegible]N FORM M[illegible] THE TEFRA HEARING IS AVAILABLE FROM THE CORPORATION. A HEARING [illegible] DATE [illegible]MATION MUST BE [illegible]ST BE RETURNED TO THE CORPORATION AT LEAST 7 DAYS PRIOR TO THE D[illegible] [illegible]TICE MUST BE PROVIDED TO THE TEXAS REG[illegible]LAY IN PUBLIC NOTICE AND ACCORDINGLY, A D[illegible]MATION TO THE CORPORATION MAY RESULT IN A D[illegible]AY IN THE CLOSING OF THE DEVELOPMENT.

3. Bond Review Board Approval. [illegible]ject to approval by the Texas Bond Review Board [illegible] Obligations issued by the Corporation are subj[illegible] in the formal approval process for Texas State Aff[illegible] (the "BRB"). BRB rules provide an exemption fro[illegible]nsactions unless such transactions involve an ad va[illegible]rdable Housing Corporation Multifamily conduit tran[illegible] exemption or reduction is expected to be requeste[illegible]rem tax reduction or exemption. No ad valorem tax [illegible]nal BRB approval process should not be required. [illegible] with respect to the Development; therefore, the for[illegible] formal BRB approval process must be followed. If [illegible]owever, if one or more BRB members request it, the [illegible]ttend the BRB planning session and the BRB mee[illegible]e, representatives of the Respondent are expected to a[illegible] approval. Additional information may be requ[illegible]ng at which the Development will be considered for [illegible]peration in providing this information is required. [illegible]sted by BRB members and the Respondent's coo[illegible]

If the formal BRB approval process is require[illegible] the Corporation, with the assistance of its Bond Co[illegible]unsel, will prepare and file the notice of intent and [illegible] 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 ac onse after the completion of the public hearings and at the recommendation by the Cn on the Resp If approved, the Board shall adopt a resolution, in such form as is recommended by Bc poration's staff orizing the issuance of obligations to provide financing for the Development. Final appl Counse , authded only upon: val will be grant

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

(b) an affirmative determination of the Board that:

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

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

2. **Closing of the Development.** Following the public hearing(s) and final ap oval by the oration and the BRB (if necessary), the Corporation will proceed to close the financing i ccordance Corp the documents approved by the Corporation and when finally approved by the Te s Attorney with ral and Bond Counsel in accordance with the terms of the sale or placement. Ge

III. Sale of Bonds

A. Structure of the Development. There are a variety of bond financi structures and credit enhancements that may be utilized by the Respondent such as letters of cred mortgage rance and surety bonds. Prospective Respondents are encouraged to contact the C 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.

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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 on) at such institution.

with an investment grade rating of "AA" or highe

2. **Obligations** $5,000. For the Corporation to approve transactions may be in minimum denominations of s than "AA," the obligations must be sold in mir at are rated "BBB-" or higher but less and $5,000 thereafter. num initial denominations of $100,000 a

Requirements. If the obligations do not have a

D. Limited Offering R he Corporation will consider such obligations to be investment grade rating of BBB- or higher, th Corporation may require that the obligations be rated or n-rated for purposes of this subsection D. The obligations without a rating. The Corporation requires termi, at its sole discretion, the issuance of the offered on a limited basis with restrictions. In order fo t non-rated obligations be privately placed or o Corporation, the placement must comply with the follow a non-rated transaction to be considered by the C made to a "qualified institutional buyer" as defined in R g minimum requirements: (i) the sale must be m or an "accredited investor" as defined in Regulation e 144(a) of the Securities Act of 1933 (a "QIB") or an "accredited investor" or purc ed in Regulation D under such act (an "Accredited Investor") and cannot be an underwriting obligati se with an intent to resell any portion of the obligations, (ii) $250,000 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 terms and rchaser in form and content customarily used by real estate lending institutions ondir represe conditions of such commitment to purchase the obligations, (c) the Purchaser must is or mo that it is to on multi ses of originating or acquiring and owning for its account, tax-exempt bond e Corpo tgage loans o en a pla mily rental housing properties, (d) there shall be no offering statement of th ment m ation, or whe ement agent is involved in the sale of the obligations, there may be a placement me obligation prepared by the agent for the Purchaser, and (e) the Corporation may require that one physical b all be a c be issued with a legend stating that the initial and any subsequent purchaser(s) of such bond sha he Respo IB or an Accredited Investor, as applicable. In the case of a private placement transaction, th with an ex dent, 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.

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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 meet Development is selected by the Board of the Corporation, the ponder at which the initial deposit for expenses related to public hearings and a Respon for shall make an bond allocation. **Such deposit shall be $7,500.** plication for private activity

Following the issuance of a reservation for bond Board, the Respondent shall make another deposit with the credited against fees and expenses incurred by Bond Couns Issuer's Counsel in connection with the proposed financ **$27,500, which represents a $12,500 deposit for Bond Cou for Financial Advisor's fees, and a $5,000 deposit for Iss** and expenses incurred by Bond Counsel, the Financial Ad connection with the Respondent's transaction shall be whether or not the obligations are issued and the remain refunded to the Respondent. ap from the Bond Review Corporation which shall he the Financial Advisor and g. **Such deposit shall be sel fees, a $10,000 deposit er's Counsel fees.** All fees sor and Issuer's Counsel in ducted from such deposit g balance, if any, shall be

(b) The Respondent shall reimburse the Co expenditures incurred by the Corporation, prior to and Development by the board, to analyze the appropriate Corporation to provide bond financing for the Respondent not limited to, the reimbursement of costs and expenditur multifamily residential developments to be financed (or r reports deemed necessary or appropriate by the Corporatio by the Respondent, (iii) all costs and expenses (including t conducting public hearings and related meetings (describe activities, inspections and investigations as are deemed ne Corporation in connection with its determination of 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 oration for all costs and after the selection of the ss and willingness of the transaction, including, but for (i) on-site visitation of site(s) therefore), (ii) any and not otherwise provided el and related expenses) of herein) and (iv) such other ssary or appropriate by the

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 secondary 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 .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 $2.00/$1,000 of the principal amount of debt issued with a minimum fee of $20,000 plus 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 [illegible] annual fee of $5,000. The Administrative Fee is exclusive of the trustee's fee, comp[illegible] independent fee, rebate analysts' fee, asset-oversight management fee (if required), audit fee, [illegible] bond 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 guar[illegible] by the Development owner and/or general partner(s).

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

8. Auditor's Fees. The Corporation [illegible] under [illegible] time over the life of the project appoint an audito[illegible] analyst to perform an an[illegible] bond documents, the compliance agent, and a reba[illegible] shall be paid by the Re[illegible] of rebate requirements with respect to the issue. Such fees and co[illegible] [illegible]ondent.

B. **Continuing Costs.**

Each Respondent shall [illegible] to the Corporation, in the manner described in the Devel[illegible] the following amounts:

1. An annu[illegible] asset oversight fee equal to $25 per unit for the Development (as such fee ma[illegible] [illegible] with the Asset Oversight Agreement),

2. An annu[illegible] compliance fee equal to $20 per unit for the Development (as such fee may be [illegible] with the Compliance Agreement),

3. Any [illegible] 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. **Change 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 d

V. MISCELLANEOUS.

A. **Unauthorized Representations and Bond Marketing Practices.**

1. **Required Approvals.** No Respondent, or any representative of an : Corporation, shall represent, directly or indirectly, to any lender (interim or other or the ictor, or other person, firm, or entity that the Corporation has agreed or is firmly contr obligations in relation to any Development or Response until the Board has given final any o uance thereof under these Regulations, and then subject to the governmental approva the iss Regulations and the approval of the Attorney General of the State of Texas, the appr these sel and subject to any requirements imposed by the Corporation's Articles of Incorpora Couns

Respondent e) supplier, ted to issue pprovals for required by al of Bond on.

2. **Offering Statement.** No Respondent, or any representative of th : Corporation, shall ever make any representation, directly or indirectly, express or in or the ontrary to the disclosures required to be made by paragraph II.C.1.(b) of thes fact cding an offering statement, prospectus or other offering memoranda). (regar

Respondent lied, of any Regulations

3. **Registration.** Neither the Respondent nor any securities firm, r, dealer, salesman, or other person, firm, or entity shall offer, sell, distribute, brokeations authorized by the Corporation by any process, method, or technique or in obligaction, or circumstances or to any person or persons, the effect of which would be t transaations to be registered or would require filings to be made with regard thereto under th obligaor jurisdiction where such offer, sale, distribution, or placement is made without first a state or making the filings regarding the same required by such laws. same

underwriter, place any ny manner, equire such laws of the gistering the

B. **Failure to Comply with these Regulations.** The Corporation will issions from Respondents for a potential Development if the Respondent is a borrowe submi thereto) in connection with obligations previously issued by the Corporation and such party d party) is not in compliance with the requirements set forth in these Regulations or is relate ayment of any fees or costs set forth in these Regulations with respect to such the p ations of the Corporation. obligations of the Corporation.

ot consider o a related orrower (or e inquent in nor issued

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.

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APPENDIX D

Damages Due to Hurricane Rita as of December 20, 2005

County	Destroyed	Major	Minor
[illegible]	282	3,587	1,479
Jefferson	200	300	600
Orange	0	25	73
Angelina	0	18	40
Newton	0	12	1
Liberty	0	10	5
Polk	0	5	9
Jasper	1	5	0
Sabine	0	4	4
Chambers	0	3	2
Trinity	0	0	22
Hardin	0	0	0
Cherokee	0	0	0
Harris	0	0	0
Montgomery	0	0	0
Nacogdoches	0	0	0
San Augustine	0	0	0
San Jacinto	0	0	0
Shelby	0	0	0
Tyler	483	3,969	2,235
Total's			

[illegible] Texas, State Operations Center (SOC) Hurricane Rita Situation Report [illegible]
[illegible] prepared by the Governor's Division of Emergency Management [illegible]
[illegible] from the City of Houston

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