tsahc

TEXAS

State Affordable Housing Corporation

January Board Meeting

To be held at the offices of
Texas State Affordable Housing Corporation
2200 East Martin Luther King Jr. Blvd.
Austin, TX 78702

Thursday, January 10, 2013
10:00 a.m.

BOARD MEETING
TEXAS STATE AFFORDABLE HOUSING CORPORATION
To be held at the offices of
Texas State Affordable Housing Corporation
2200 East Martin Luther King Jr. Blvd
Austin, Texas 78702
January 10, 2013 at 10:00 am

CALL TO ORDER, ROLL CALL **Bob Jones**
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

PRESIDENT'S REPORT **David Long**

Tab A: Homeownership Finance Report
Tab B: Development Finance Report
Tab C: Marketing and Development Reports
Tab D: Monthly Budget and Investment Reports

ACTION ITEMS IN OPEN MEETING:

Tab 1 Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on December 13, 2012.

Tab 2 Presentation, Discussion and Possible Approval of a Resolution Authorizing the Issuance, Sale and Delivery of Single Family Mortgage Revenue Bonds, Series 2013A (Taxable), Approving the Form and Substance of a Bond Purchase Agreement, a Continuing Disclosure Agreement, a Supplemental Indenture and the Preparation of One or More Offering Documents, Making Certain Findings and Determinations; Authorizing the Execution of Documents and Instruments Necessary or Convenient to Carry out the Corporation's Single Family Home Loan Programs; and Containing Other Matters Incident and Related Thereto.

Tab 3 Presentation, Discussion and Possible Approval of Guidelines, Scoring Criteria and Targeted Housing Needs for the Allocation of Qualified Residential Rental Project Tax-Exempt Bond Funds under the Calendar Year 2013 Multifamily Tax Exempt Bond Programs Policies and Request for Proposals.

Tab 4 Discussion and Designation of a Vice Chair for the Texas State Affordable Housing Corporation Board of Directors.

Tab 5 Discussion and Possible Approval of Audit Committee Membership.

Tab 6 Presentation, Discussion and Possible Appointment of a Board Member to the Single Family and Multifamily Loan Committees**.**

Tab 7 Presentation in Recognition of Jo Van Hovel, Board Member and Vice Chair for the Texas State Affordable Housing Corporation.

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 Ross, ADA Responsible Employee, at 512-477-3560 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

Tab A

tsahc TEXAS State Affordable Housing Corporation

2009A Home Loan Program
December 26, 2009 to December 31, 2012

Month	Originated	# of Loans	% Total
December-09	$0	0	0%
January-10	$717,391	5	0%
February-10	$3,521,497	26	1%
March-10	$12,535,180	99	5%
April-10	$12,643,756	103	5%
May-10	$11,819,824	93	4%
June-10	$7,168,334	59	3%
July-10	$6,127,765	50	2%
August-10	$3,853,431	30	1%
September-10	$4,901,893	39	2%
October-10	$5,871,150	47	2%
November-10	$5,307,302	45	2%
December-10	$4,843,295	39	2%
January-11	$1,700,979	15	1%
February-11	$2,517,675	20	1%
March-11	$2,884,213	26	1%
April-11	$3,220,506	26	1%
May-11	$2,254,399	19	1%
June-11	$4,515,393	35	2%
July-11	$3,802,873	30	1%
August-11	$3,612,777	30	1%
September-11	$3,961,533	30	1%
October-11	$3,035,253	25	1%
November-11	$2,294,782	18	1%
December-11	$0	0	0%
January-12	$1,258,398	12	1%
February-12	$7,279,023	62	3%
March-12	$10,366,947	89	4%
April-12	$11,939,059	100	5%
May-12	$11,598,042	99	5%
June-12	$13,031,939	111	5%
July-12	$12,050,895	104	5%
August-12	$12,749,927	110	5%
September-12	$18,231,085	153	7%
October-12	$18,060,885	147	7%
November-12	$15,452,791	128	6%
December-12	$18,144,610	146	7%
Totals	***$263,274,802***	***2170***	***100%***

At a Glance	
Total Amount Originated	$263,274,802
Average Annual Income	$44,234
Average Purchase Price	$124,025
Average Loan Amount	$121,325
Average Household Size	2
Interest Rates %	***# of Loans***
5.250%	308
5.125%	37
5.000%	168
4.990%	54
4.875%	23
4.750%	76
4.500%	160
4.250%	458
4.000%	223
3.750%	309
3.500%	354
New/Existing	
Existing	56%
New	44%
Professional Breakdown	
80% AMFI or below	58%
Professional Educator	28%
Texas Hero	14%
Type of Loan	
FHA-Insured	98%
VA-Guaranteed	1%
USDA-RD	1%
Ethnicity	
White	41%
Hispanic	31%
Black/ African American	20%
Not Specified	7%
Asian or Pacific Islander	1%
American Indian/ Alaskan Native	0%

tsahc TEXAS State Affordable Housing Corporation

2009A Home Loan Program
December 26, 2009 to December 31, 2012

Lender	Originated	# of Loans	% Total
Cornerstone Mortgage Company	$45,623,666	363	17%
DHI Mortgage Co., Ltd.	$27,169,213	201	9%
Rocky Mountain Mortgage Co.	$24,847,183	219	10%
Premier Nationwide Lending (NTFN, Inc.)	$19,844,331	167	8%
Universal American Mortgage Co	$17,745,365	138	6%
WR Starkey Mortgage	$16,020,376	139	6%
FNBT dba First Community Mortgage	$11,814,495	117	5%
Guild Mortgage Company	$11,633,088	105	5%
PrimeLending	$7,510,970	59	3%
Houstonian Mortgage Group Inc.	$6,522,713	67	3%
Bank of America (Retail)	$6,435,035	52	2%
K. Hovnanian American Mortgage, LLC.	$6,238,046	49	2%
AmericaHomeKey, Inc.	$5,568,270	42	2%
Primary Residential Mortgage, Inc	$5,285,535	42	2%
Affiliated Bank	$5,215,234	45	2%
Wells Fargo Bank, NA	$5,193,512	40	2%
First Continental Mortgage Ltd	$4,943,488	38	2%
Everett Financial, Inc., dba Supreme Lending	$4,585,461	34	2%
Imortgage.com	$3,865,752	29	1%
Ameripro Funding Inc.	$3,775,831	30	1%
Pulte Mortgage LLC	$3,433,094	27	1%
Service First Mortgage	$2,112,052	18	1%
Gateway Mortgage Group, LLC	$1,887,691	16	1%
Hometrust Mortgage Company	$1,661,474	17	1%
TXL Mortgage Corporation	$1,548,935	11	1%
InterLinc Mortgage Services, LLC	$1,399,515	11	1%
Envoy Mortgage Limited	$1,134,906	9	0%
Weststar Mortgage Corporation	$969,478	8	0%
Capstar Lending LLC	$951,240	7	0%
Cendera Funding, Inc.	$940,898	8	0%
Georgetown Mortgage, LLC	$852,343	6	0%
Fairway Independent Mortgage Corp	$669,691	5	0%
SWBC Mortgage Corporation	$651,055	6	0%
Castle & Cooke Mortgage, LLC	$623,485	6	0%
Colonial Savings, F.A	$614,032	5	0%
Nationstar Mortgage, LLC	$525,059	4	0%
New American Mortgage	$473,308	4	0%
First National Bank Texas	$432,404	4	0%
Hancock Mortgage Partners, LLC	$419,575	4	0%
Real Estate Mortgage Network, Inc.	$362,723	3	0%
Mission Mortgage of Texas, Inc.	$310,474	2	0%
Network Funding, L.P.	$279,837	2	0%
Academy Mortgage Corporation	$275,005	2	0%
NFM, Inc.	$270,951	2	0%
International Bank of Commerce	$229,854	2	0%
Prime West Mortgage Corp.	$180,906	2	0%
Highlands Residential Mortgage	$149,533	2	0%
1st Preference Mortgage Corp.	$77,720	1	0%
Total Committed	***$263,274,802***	***2170***	***100%***

Top Originating Counties	# of Loans
Harris	406
El Paso	357
Tarrant	241
Bexar	204
Dallas	167
Travis	163
Collin	58
Denton	54
Montgomery	55
Williamson	50
Fort Bend	43
Cameron	40
Bell	38
Brazoria	36
Guadalupe	28
Galveston	26
Ellis	26
Hays	15
Nueces	14
McLennan	13
Coryell	13
Hidalgo	11
Johnson	10
Comal	9
Jefferson	9
Kaufman	8
Bastrop	6
Grayson	5
Rockwall	5
Taylor	5
Wise	4
Chambers	3
Caldwell	3
Lubbock	3
Maverick	3
Waller	2
Kleberg	2
Midland	2
Kendall	2
Tom Green	2
Medina	2
Randall	2
Wichita	2
Webb	2
Orange	2
Jones	1
Palo Pinto	1
Jim Wells	1
Somervell	1
Comanche	1
Brazos	1
Potter	1
Hale	1
Nolan	1
Franklin	1
Lamar	1
Hopkins	1
Bowie	1
Bee	1
Cooke	1
Parker	1
Kimble	1
Burnet	1
Madison	1

2012A Mortgage Credit Certificate Program
As of October 28, 2011 through December 31, 2012

Month	Originated	# of Loans	% Total
Oct-11	$242,528	2	0%
Nov-11	$1,173,788	10	2%
Dec-11	$3,961,591	32	6%
Jan-12	$2,962,985	25	5%
Feb-12	$4,339,004	34	7%
Mar-12	$4,820,462	35	7%
Apr-12	$5,868,682	48	9%
May-12	$4,799,194	37	7%
Jun-12	$6,200,453	48	9%
Jul-12	$6,518,045	49	10%
Aug-12	$4,890,171	40	8%
Sep-12	$4,310,290	35	7%
Oct-12	$5,434,753	44	9%
Nov-12	$5,120,180	38	7%
Dec-12	$4,813,253	37	7%
Totals	***$65,455,379***	***514***	***100%***

Lender	Originated	# of Loans	% Total
Cornerstone Mortgage	$16,657,425	136	26%
Ameripro Funding	$8,092,951	62	12%
UAMC	$7,817,020	57	11%
DHI Mortgage	$3,828,223	27	5%
PrimeLending	$3,308,882	24	5%
imortgage	$2,992,521	21	4%
Bank of America	$2,682,907	28	5%
Network Funding	$2,148,208	18	4%
SFMC	$1,851,561	13	3%
Flagstone Lending	$1,108,403	9	2%
Houstonian Mortgage Group	$1,059,473	10	2%
United Lending	$971,076	7	1%
First Choice Lending Group, LP	$932,851	7	1%
First Continental Mortgage	$893,284	6	1%
NTFN	$821,898	7	1%
Primary Residential Mortgage	$815,765	7	1%
Nationstar Mortgage	$772,689	6	1%
WR Starkey	$681,880	5	1%
IHS Mortgage	$674,288	6	1%
CMC Home Lending	$600,405	4	1%
Ryland Mortgage	$585,780	3	1%
First Choice	$566,501	4	1%
Crosscountry Mortgage	$551,327	5	1%
Town Square Financial	$512,775	5	1%
Patriot Bank Mortgage	$457,574	4	1%
Wells Fargo	$353,999	3	1%
Security National Mortgage	$329,839	3	1%
Baymont Financial	$292,400	2	0%
Envoy Mortgage	$283,000	3	1%
TXL Mortgage	$272,365	2	0%
Guild Mortgage	$255,130	2	0%
Affiliated Bank	$249,480	2	0%
MTH Lending Group, LP	$222,754	1	0%
InterLinc Mortgage	$168,367	1	0%
Town Square Mortgage & Investments	$158,380	1	0%
C&T Mortgage	$158,316	1	0%
Flagstone Lending Group	$157,892	2	0%
Weststar Mortgage	$145,350	1	0%
Palm Lending	$140,857	1	0%
King Financial	$129,600	1	0%
Elite Financing Group	$126,704	1	0%
Mortgages USA	$116,958	1	0%
CMJ Lending	$108,800	1	0%
Gateway Mortgage	$108,186	1	0%
MetLife Home Loans	$101,455	1	0%
Paramount Residential Mortgage Group, Inc.	$101,000	1	0%
Willow Bend	$88,880	1	0%
Total Committed	***$65,455,379***	***514***	***100%***

Total Allocation ***$71,428,571***
Remaining to Commit ***$5,973,192***

At a Glance	
Total Amount Originated	$65,455,379
Average Annual Income	$41,671
Average Purchase Price	$134,058
Average Loan Amount	$127,345
Average Interest Rate	3.785
Average Household Size	2
New/Existing	
New	67%
Existing	33%
Professional Breakdown	
80% AMFI or below	93%
Professional Educator	6%
Texas Hero	1%
Type of Loan	
FHA	66%
USDA-RD	26%
Conventional	5%
VA	3%
Ethnicity	
Hispanic	42%
Not Defined	28%
White	18%
Black	10%
Asian or Pacific Islander	2%
American Indian/Alaskan Native	0%
Top Originating Counties	***# of Loans***
Harris	259
Bexar	65
Travis	65
Williamson	28
Hays	20
Dallas	19
Brazoria	13
Collin	12
Galveston	9
Guadalupe	3
McLennan	3
Kendall	2
Van Zandt	2
Taylor	1
Nueces	1
Blanco	1
Austin	1
Fort Bend	1
Bastrop	1
Alamo Ranch	1
Medina	1
Hayes	1
Denton	1
Kendell	1
Hidalgo	1
Colorado	1
Grimes	1

Tab B

Development Finance Programs Report

January 2013

Summary of Activities

Affordable Communities of Texas Program

The ACT Veteran's Housing initiative has completed the purchase of 38 homes from Bank of America and is actively rehabilitating and marketing qualified veteran households. One home is already under contract in the Dallas metro area. The initiative has an additional 9 homes under consideration and Bank of America has informed us that the program will be on-going in 2013.

Progress on our land trust project in Plano continues to move ahead briskly. A design charrette was held in December and draft designs will be reviewed by staff sometime in January. Additionally, city approvals for site plan and density have been received and the identification of construction financing is moving quickly.

Here is a snapshot of our current ACT portfolio

Program	Units	Value
ACT Land Bank	104	$1,681,680
ACT Land Trust	60	$615,000
Buyer's Agent	15	$1,122,678
Texas NSP	302	$5,490,837
Veteran's Initiative	38	$4,000,109
Total	519	$12,910,304

Lending Programs

Staff has been focused on closings for recent awards to Legacy CDC, Frameworks and Builders of Hope. This new activity will keep us stay busy throughout 2013, with additional applications from both single family and multifamily developers on the horizon. Currently, staff is working on two applications.

Project	City	Units	Funding Request
Digital Workforce Academy – ICAP loan for rehab and new construction	Port Arthur	15	$250,000
Hornsby Glen Subdivision – New Directions Housing Corp.	Austin	50+	$450,000

Multifamily Bond Programs

The Gateway Northwest Apartments project is still waiting on a commitment from FHA for permanent financing. Without this information we are unable to move forward with approval from the Texas Bond Review Board, and are adjusting our schedule to have a February or early March closing.

Tab C

Texas State Affordable Housing Corporation

Marketing/Development Activity Quarterly Report
September – December 2012

Date	Category	Activity Summary
September	Marketing	Staff attended and exhibited at the Texas Association of Realtors Annual Conference.
September	Marketing	Staff attended and exhibited at Financial Awareness Workshop in Houston.
September	Development	Staff attended the Texas Nonprofit Summit.
October	Development	TSAHC awarded a $50,000 grant by Fannie Mae to fund TSAHC's homebuyer education and foreclosure prevention efforts.
October	Marketing	Staff attended and exhibited at Combined Law Enforcement Association of Texas Conference to promote homeownership programs.
October	Government Relations	TSAHC gave update on programs to Urban Affairs House Committee members.
October	Government Relations	Staff attended Legislative Communications Conference.
October	Marketing	Staff exhibited at Homebuyer Fair in Dallas to promote homeownership program.
November	Marketing	Staff attended and exhibited at EMS of Texas Conference to promote homeownership programs.
November	Development	TSAHC awarded a $15,000 grant from Wells Fargo in support of homebuyer education and foreclosure prevention activities.
November	Development	Staff conducted training with Advisory Council to review development plan and discuss Advisory Council development roles
December	Marketing	Mailed postcard marketing The Texas Financial Toolbox (www.texasfinancialtoolbox.com), an online homebuyer resource/directory, to homeowners in the 3 zip codes with the highest rate of foreclosure in Texas.
December	Development	Staff applied jointly with TDHCA for National Foreclosure Mitigation Counseling round 7 program funds.
December	Development	Staff executed annual campaign to raise funds for administration of The Texas Financial Toolbox site.

Texas State Affordable Housing Corporation

Marketing/Development Activity Quarterly Report
September – December 2012

Ongoing	Marketing	Continuing to advertise TSAHC's homebuyer programs in the newsletters and websites of the following organizations: Texas Jail Association, Texas Municipal Police Association, Association of Texas Professional Educators, State Fireman's and Fire Marshall's Association of Texas, and Texas State Firefighters' Association.
Ongoing	Marketing	Staff continues to advertise homebuyer programs and The Texas Financial Toolbox on Google Ads.
Ongoing	Marketing	Working on redesigning TSAHC's website which will be launched late January 2013.
Ongoing	Development	Staff continues to meet with current and potential funders.
Ongoing	Government Relations	Staff continues to participate in meetings with TDHCA regarding housing programs and policies affecting rural communities, people with disabilities and fair housing.
Ongoing	Government Relations	Staff continues to meet with relevant legislative offices to provide update on TSAHC's programs.

Tab D

TEXAS STATE AFFORDABLE HOUSING CORPORATION
STATEMENT OF NET ASSETS *(Unaudited)*
As of November 30, 2012

ASSETS		
Current Assets		
Cash and Cash Equivalents	**$**	3,016,655
Building Maintenance Reserve		40,436
Computer Equipment and Furniture Reserve		5,449
Foundations Fund		300,000
Custodial Cash and Cash Equivalents, Current		283,774
Restricted Assets Held by Bond Trustee:		
Cash and Cash Equivalents		6,378,936
Short-term Investments, at Fair Market Value		315,426
Accrued Interest		395,472
Custodial Cash and Cash Equivalents		289,062
Investments, at Fair Market Value		4,527,436
Accounts Receivable & Accrued Revenue, Net of uncollectible amts. of $801,230		156,429
Accrued Interest Receivable		33,631
Loans Receivable, Current Portion		65,000
Notes Receivable, Current Portion		66,025
Downpayment Assistance, Current Portion		881,000
Prepaid Expenses		38,800
Total Current Assets:		16,793,531
Noncurrent Assets		
Loans Receivable, Net of uncollectible amounts of $91,726		829,315
Notes Receivable		3,269,180
Investments, at Fair Market Value		16,529
Mortgage Servicing Rights, Net of Accumulated Amortization of $2,130,137		566,951
Fixed Assets, Net of Accumulated Depreciation of $296,598		1,610,903
Owned Real Estate, Federal & Other Programs		7,858,522
Bond Issuance Costs, Net of Amortization of $2,374,019		3,526,694
Downpayment Assistance		4,921,114
Restricted Investments Held by Bond Trustee, at Fair Market Value		236,284,000
Total Noncurrent Assets:		258,883,208
TOTAL ASSETS	**$**	275,676,739

(continued)

TEXAS STATE AFFORDABLE HOUSING CORPORATION
STATEMENT OF NET ASSETS *(Unaudited)* - Continued
As of November 30, 2012

LIABILITIES & NET ASSETS		
Current Liabilities		
Accounts Payable and Accrued Expenses	**$**	146,420
Notes Payable, Current Portion		72,030
Multifamily Custodial and Reserve Funds		289,062
Other Current Liabilities		43,640
Payable from Restricted Assets Held by Bond Trustee:		
Bonds Payable, Current Portion		2,107,579
Accrued Interest on Bonds		1,675,737
Total Current Liabilities:		4,334,468
Noncurrent Liabilities		
Notes Payable		4,525,415
Revenue Bonds Payable		225,296,980
Due to Federal Programs		4,335,201
Deferred Revenue		448,372
Total Noncurrent Liabilities:		234,605,968
Total Liabilities:		238,940,436
Net Assets		
Invested in Capital Assets, Net of Related Debt		876,713
Restricted Assets		23,906,120
Unrestricted Net Assets		11,953,470
Total Net Assets:		36,736,303
TOTAL LIABILITIES & NET ASSETS	**$**	275,676,739

TEXAS STATE AFFORDABLE HOUSING CORPORATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
(Unaudited)
for the 3 months ending November 30, 2012

Operating Revenues		
Interest and Investment Income	$	2,718,877
Single Family Income		1,329,683
Asset Oversight and Compliance Fees		67,556
Loan Servicing Fees, Net of subservicer fees of $14,275		50,123
Multifamily Income		79,598
Public Support		
Federal Grants		241,788
Contributions		2,377,412
Other Operating Revenue		18,103
Total Operating Revenues	$	6,883,140
Operating Expenses		
Interest Expense on Bonds and Notes Payable	$	2,585,520
Salaries, Wages and Payroll Related Costs		452,950
Professional Fees and Services		46,599
Amortization		190,987
Office and Equipment Rental and Maintenance		9,464
Travel and Meals		24,918
Depreciation		23,860
Program and Loan Administration		164,529
Grant Expenditures		187,688
Other Operating Expenses		73,473
Total Operating Expenses	$	3,759,988
Net Ordinary Income		3,123,152
Total Net Assets, Beginning		36,834,522
Total Net Assets, Ending	$	36,736,303
Other Comprehensive (Expense) Income		
Net Unrealized Loss on Restricted Investments		(3,221,371)
Net Income	**$**	(98,219)

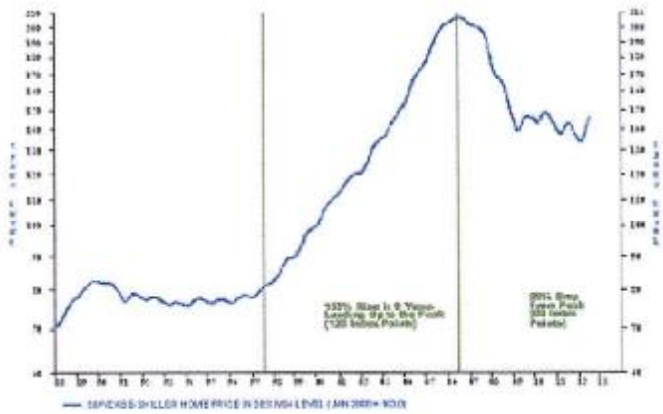
Quarterly Investment Report

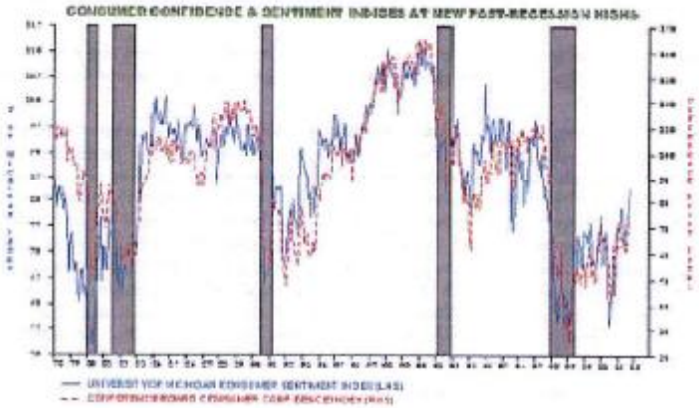
August 31, 2012 – November 30, 2012

Green Sprouts in a Weedy Lawn

- Housing has been showing signs of growth in the past quarter. Certain markets show increases in both existing and new construction. However, there remains an enormous inventory overhang including foreclosures (in progress or soon to come). Mortgage applications remain sluggish which may indicate it is investors and speculators buying these houses.
- Confidence has also hit post-recession highs and Black Friday (Black Week??) sales were encouraging. However, the cross-currents give both sides on the question plenty of room to wiggle on what is happening.
- The regional Fed reports continue to give mixed results on manufacturing and growth. On average the regional banks see only a marginal rise.
- Overall the question of growth hangs on jobs which is not encouraging. Super storm Sandy is having its short term effect which will last for months.

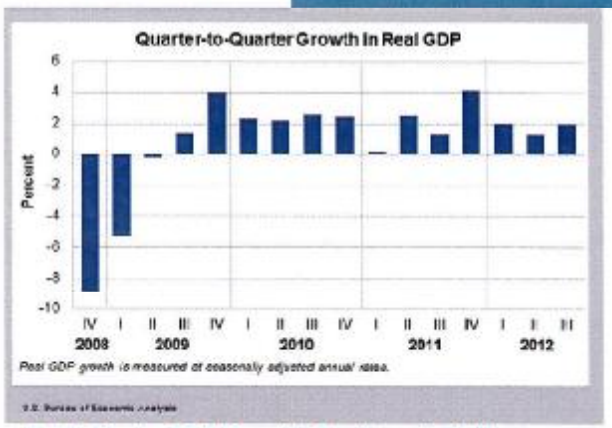
ase/Shiller Housing – Housing Good but Still WeCighed Down



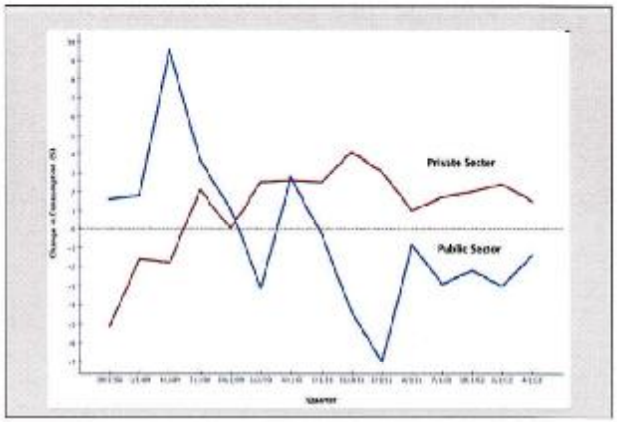


The Cliff Ahead is Watched Globally

- If the fiscal cliff is not dealt with *reasonably*, company spending will deteriorate and that will drag down consumers, jobs and spending. It is the key uncertainty. GDP has been revised up for 3Q, but the detail has shown growth in inventory, which may bring more painful risk of inventory corrections in 1Q'2013.
- After a big push, talks have been replaced by phone calls and with few moderate progress may be harder than expected.
- Big steps in Europe were made as EU/IMF settled on a Greek package, which basically forgave debt and will reduce Greek GDP/debt to 124% by 2020.
- A boost in Chinese industrial profits has aided in global growth bringing projections to 2.9% in 2012 and 3.4% in 2013.
- The US may lag significantly behind the rest of the globe in both years with annual estimates at 1.9-2.2%



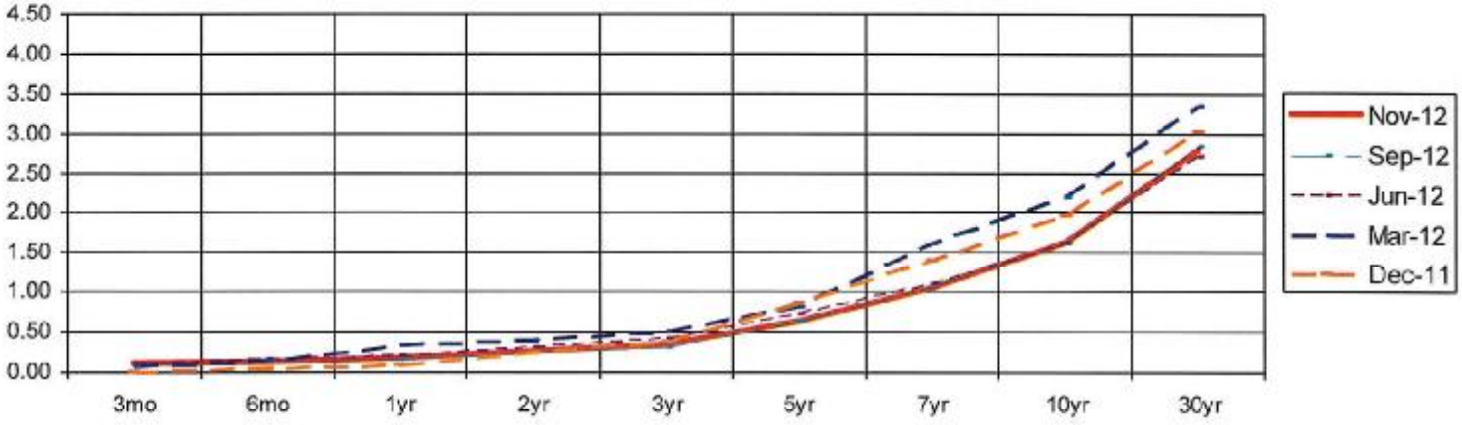
Public Sector GDP (Growth) Continues to Suffer



The Fed Stands Its Ground

- The FOMC and its Vice Chair Yellen has reiterated its intention to provide low rates for perhaps several more years.
- In a big change, the Committee is floating an idea of providing guidance on their policy in terms of economic conditions. This would probably take considerable time to implement within a large diverse committee.
- Sovereign bond markets may be driven more by political than monetary policy makers in 2013 (again). From the fiscal cliff in US to EU and Japanese, decisions will be more critical. Central banks can do little more than keep rates low which clearly they intend to do.
- The best optimistic scenario has rates rising and the curve steepening slowly as growth improves. No big moves are anticipated but perhaps 10 bps in the 2 year area.

Fed confirms it will continue to quantitatively ease as long as necessary.



End of Month Rates - Full Yield Curve – Fed Funds to 30yr

Texas State Affordable Housing Corporation

Quarterly Investment Report
August 31, 2012 – November 30, 2012
Portfolio Summary Management Report

This quarterly report is in compliance with the investment policy and strategy as established by the Corporation and the Public Funds Investment Act (Chapter 2256, Texas Government Code).

Portfolio as of August 31, 2012		***Portfolio as of November 30, 2012***	
Beginning Book Value	$ 7,479,353	Ending Book Value	$ 8,537,191
Beginning Market Value	$ 7,479,372	Ending Market Value	$ 8,538,704
		Investment Income for the period	$ 5,629
		Capitalized Gains/Losses for the period	$ 271
Unrealized Gain/Loss	$ 19	Unrealized Gain/Loss	$ 1,513
		Change in Unrealized Gain/Loss	**$ 1,494**
WAM at Beginning Period Date[1]	135 days	WAM at Ending Period Date[1]	171 days
		Change in Market Value	$ 1,059,332

Average Yield to Maturity for period	**0.264%**
Average Yield 3 month Treasury bill for period	**0.100%**
Average Yield 6 month Treasury bill for period	**0.140%**

Authorized by:

Melinda Smith

Ms. Melinda Smith, CFO
Texas State Affordable Housing Corporation

Linda Patterson

Ms. Linda Patterson, President
Patterson & Associates, Registered Investment Advisor

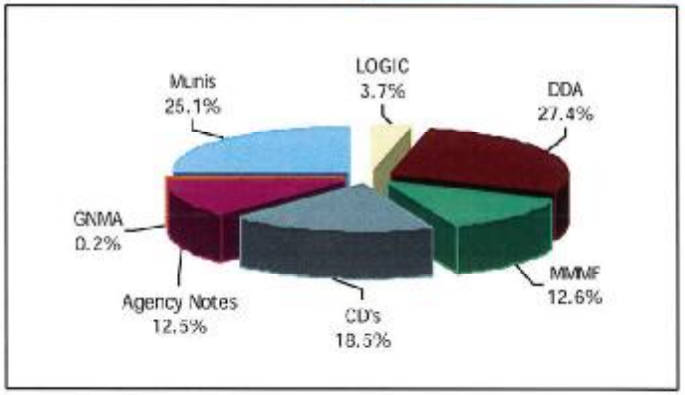
[1] **WAM**, represents weighted average maturity.

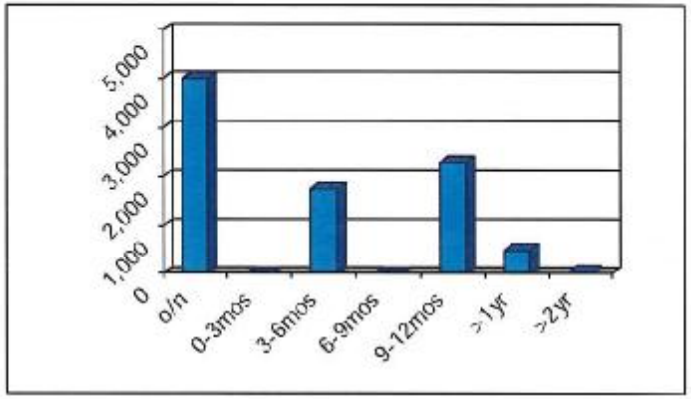
Your Portfolio

As of November 30, 2012

tsahc
TEXAS
State Affordable Housing Corporation

- P&A constantly reviews your portfolio for optimal asset allocation and a controlled average maturity because a diversified portfolio can better adjust to volatile market conditions.
- The extremely low short-term rates make diversification difficult and they are reasonably expected to continue now at least through 2012.
- Banks remain *uninterested* in accepting new deposits and CD rates are unusually low.
- Municipal bonds are adding value in many portfolios adding a safe alternative.
- Portfolios are cash heavy as we struggle to find value with a flat yield curve which provides little value under six months. This should start to change in 2013.
- Your net yield of 0.26% compared to some basic benchmarks generated additional quarterly earnings of:
  - Q 3 mo. T-Bill $ 3,305.85
  - Q 6 mo. T-Bill $ 2,483.83
  - Q 1 yr T-Bill $ 1,661.81





PATTERSON & ASSOCIATES

INVESTMENT PROFESSIONALS

Texas State Affordable Housing
Portfolio Management
Portfolio Summary
November 30, 2012

Patterson & Associates
301 Congress Ave
Suite 570
Austin, TX 78701

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 365 Equiv.
CD's - Interest at Maturity	1,491,595.87	1,491,595.87	1,491,595.87	17.47	365	140	0.667
Federal Agency Coupon Securities	1,000,000.00	1,004,921.50	1,005,226.53	11.77	546	418	0.296
Municipal Obligations	2,000,000.00	2,026,880.00	2,026,580.95	23.74	364	349	0.601
Pass Through Securities (GNMA)	14,400.06	15,939.98	14,400.06	0.17	9,646	7,993	5.971
LOGIC	301,896.97	301,896.97	301,896.97	3.54	1	1	0.180
FHLB Dallas-Money Fund	468,971.54	468,971.54	468,971.54	5.49	1	1	0.047
MM Funds/NOW Accounts	1,014,367.06	1,014,367.06	1,014,367.06	11.88	1	1	0.336
Bank Accounts	2,214,151.56	2,214,151.56	2,214,151.56	25.94	1	1	0.012
Investments	**8,505,383.06**	**8,538,704.46**	**8,537,190.54**	**100.00%**	**230**	**171**	**0.366**

Total Earnings	November 30 Month Ending	Fiscal Year To Date
Current Year	1,903.66	5,899.67

The following reports are submitted in accordance with the Public Funds Investment Act (Texas Gov't Code 2256). The reports also offer supplemental information not required by the Act in order to fully inform the governing body of the Texas State Affordable Housing Corporation of the position and activity within the Corporation's portfolio of investments. The reports include a management summary overview, a detailed inventory report for the end of the period, a transaction report, as well as graphic representations of the portfolio to provide full disclosure to the governing body.

Melinda Smith 12/2012

Melinda Smith, Chief Financial Officer

Reporting period 11/01/2012-11/30/2012
Data Updated: SET_TSAH: 12/14/2012 12:46
Run Date: 12/14/2012 - 12:45

Portfolio TSAH
AP
PM (PRF_PM1) 7.3.0
Report Ver. 7.3.3b

PATTERSON & ASSOCIATES

INVESTMENT PROFESSIONALS

Texas State Affordable Housing
Summary by Type
November 30, 2012
Grouped by Fund

Patterson & Associates
301 Congress Ave
Suite 570
Austin, TX 78701

Security Type	Number of Investments	Par Value	Book Value	% of Portfolio	Average YTM 365	Average Days to Maturity
Fund: Bunker Hill Debt						
Bank Accounts	1	22,828.37	22,828.37	0.27	0.050	1
Subtotal	**1**	**22,828.37**	**22,828.37**	**0.27**	**0.050**	**1**
Fund: Bunker Hill Operating						
Bank Accounts	1	22,818.08	22,818.08	0.27	0.050	1
Subtotal	**1**	**22,818.08**	**22,818.08**	**0.27**	**0.050**	**1**
Fund: Bunker Hill Replacement Res						
Bank Accounts	1	85,138.61	85,138.61	1.00	0.100	1
Subtotal	**1**	**85,138.61**	**85,138.61**	**1.00**	**0.100**	**1**
Fund: General Investments						
Bank Accounts	1	1,594,706.87	1,594,706.87	18.88	0.000	1
Federal Agency Coupon Securities	2	1,000,000.00	1,005,226.53	11.77	0.296	418
FHLB Dallas-Money Fund	1	468,971.54	468,971.54	5.49	0.047	1
Pass Through Securities (GNMA)	1	14,400.06	14,400.06	0.17	5.971	7,993
CD's - Interest at Maturity	3	1,491,595.87	1,491,595.87	17.47	0.667	146
MM Funds/NOW Accounts	3	1,014,367.06	1,014,367.06	11.88	0.336	1
LOGIC	1	300,888.32	300,888.32	3.52	0.180	1
Municipal Obligations	1	2,000,000.00	2,026,580.95	23.74	0.601	349
Subtotal	**13**	**7,884,929.72**	**7,916,737.20**	**92.72**	**0.381**	**185**
Fund: NFMC Account						
Bank Accounts	1	150,001.58	150,001.58	1.76	0.000	1
Subtotal	**1**	**150,001.58**	**150,001.58**	**1.76**	**0.000**	**1**
Fund: Neighborhood Stabilation Prog.						
Bank Accounts	1	74,070.56	74,070.56	0.87	0.000	1
Subtotal	**1**	**74,070.56**	**74,070.56**	**0.87**	**0.000**	**1**

Texas State Affordable Housing
Summary by Type
November 30, 2012
Grouped by Fund

Security Type	Number of Investments	Par Value	Book Value	% of Portfolio	Average YTM 365	Average Days to Maturity
Fund: Sagebrush Apartments - Debt						
Bank Accounts	1	39,153.72	39,153.72	0.46	0.100	1
Subtotal	**1**	**39,153.72**	**39,153.72**	**0.46**	**0.100**	**1**
Fund: Sagebrush Apartments - Oper.						
Bank Accounts	1	23,175.21	23,175.21	0.27	0.050	1
Subtotal	**1**	**23,175.21**	**23,175.21**	**0.27**	**0.050**	**1**
Fund: Sagebrush Replacement Res						
Bank Accounts	1	74,614.90	74,614.90	0.87	0.100	1
Subtotal	**1**	**74,614.90**	**74,614.90**	**0.87**	**0.100**	**1**
Fund: Texas Foreclosure Prevention						
Bank Accounts	1	71,516.28	71,516.28	0.84	0.000	1
LOGIC	1	1,008.65	1,008.65	0.01	0.180	1
Subtotal	**2**	**72,524.93**	**72,524.93**	**0.85**	**0.003**	**1**
Fund: TX Home Education						
Bank Accounts	1	30,004.10	30,004.10	0.35	0.100	1
Subtotal	**1**	**30,004.10**	**30,004.10**	**0.35**	**0.100**	**1**
Fund: Wells Fargo - CDC						
Bank Accounts	1	4,790.00	4,790.00	0.06	0.000	1
Subtotal	**1**	**4,790.00**	**4,790.00**	**0.06**	**0.000**	**1**
Fund: Willows Insurance Reserve						
Bank Accounts	1	0.00	0.00	0.00	0.000	0
Subtotal	**1**	**0.00**	**0.00**	**0.00**	**0.000**	**0**
Fund: Willows Operating						
Bank Accounts	1	0.00	0.00	0.00	0.000	0
Subtotal	**1**	**0.00**	**0.00**	**0.00**	**0.000**	**0**
Fund: Willows Replacement Reserve						
Bank Accounts	1	21,333.28	21,333.28	0.25	0.000	1

Texas State Affordable Housing
Summary by Type
November 30, 2012
Grouped by Fund

Security Type	Number of Investments	Par Value	Book Value	% of Portfolio	Average YTM 365	Average Days to Maturity
Subtotal	1	21,333.28	21,333.28	0.25	0.000	1
Total and Average	28	8,506,383.06	8,537,190.54	100.00	0.356	171

PATTERSON & ASSOCIATES

INVESTMENT PROFESSIONALS

Texas State Affordable Housing
Fund BHDEBT - Bunker Hill Debt
Investments by Fund
November 30, 2012

Patterson & Associates
301 Congress Ave
Suite 570
Austin, TX 78701

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Bank Accounts											
591398016	78	Frost Bank Checking	04/20/2010	22,828.37	22,828.37	22,828.37	0.050	0.049	0.050		1
			Subtotal and Average	**22,828.37**	**22,828.37**	**22,828.37**		**0.049**	**0.050**		**1**
			Total Investments and Average	**22,828.37**	**22,828.37**	**22,828.37**		**0.049**	**0.050**		**1**

Fund BHOPER - Bunker Hill Operating
Investments by Fund
November 30, 2012

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Bank Accounts											
591398261	75	Frost Bank Checking	04/20/2010	22,818.08	22,818.08	22,818.08	0.050	0.049	0.050		1
			Subtotal and Average	22,818.08	22,818.08	22,818.08		0.049	0.050		1
			Total Investments and Average	**22,818.08**	**22,818.08**	**22,818.08**		**0.049**	**0.050**		**1**

Fund BHRR - Bunker Hill Replacement Res
Investments by Fund
November 30, 2012

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Bank Accounts											
591398288	77	Frost Bank Checking	04/09/2010	85,138.61	85,138.61	85,138.61	0.100	0.098	0.100		1
			Subtotal and Average	**85,138.61**	**85,138.61**	**85,138.61**		**0.099**	**0.100**		**1**
			Total Investments and Average	**85,138.61**	**85,138.61**	**85,138.61**		**0.099**	**0.100**		**1**

Fund GENERAL - General Investments
Investments by Fund
November 30, 2012

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
CD's - Interest at Maturity											
8410000025	115	Hillcrest Bank CD	03/26/2012	245,000.00	245,000.00	245,000.00	0.500	0.493	0.500	03/26/2013	115
1500589845	113	IBC Bank CD	03/14/2012	1,000,000.00	1,000,000.00	1,000,000.00	0.750	0.739	0.750	03/14/2013	103
10635B	119	Texas Security Bank CD	11/15/2012	246,595.87	246,595.87	246,595.87	0.499	0.492	0.499	11/15/2013	349
			Subtotal and Average	**1,491,595.87**	**1,491,595.87**	**1,491,595.87**		**0.658**	**0.667**		**145**
Federal Agency Coupon Securities											
31331YYS3	114	FFCB Note	03/25/2012	505,226.53	500,000.00	505,237.50	3.550	0.239	0.243	03/25/2013	114
3134G3W71	118	FHLMC Call Note	11/26/2012	500,000.00	500,000.00	499,684.00	0.350	0.345	0.350	11/26/2014	725
			Subtotal and Average	**1,005,226.53**	**1,000,000.00**	**1,004,921.50**		**0.292**	**0.296**		**417**
Municipal Obligations											
692160HQ0	117	Oyster Bay NY GO	11/15/2012	2,025,580.95	2,000,000.00	2,026,860.00	2.000	0.592	0.600	11/15/2013	349
			Subtotal and Average	**2,025,580.95**	**2,000,000.00**	**2,026,860.00**		**0.593**	**0.601**		**349**
Pass Through Securities (GNMA)											
36201LFC3	100	Govt National Mtg. Assn	02/17/2011	14,400.06	14,400.06	15,939.96	5.990	5.889	5.971	10/20/2034	7,993
			Subtotal and Average	**14,400.06**	**14,400.06**	**15,939.96**		**5.889**	**5.971**		**7,993**
LOGIC											
999999996	9005	Logic	09/01/2006	300,888.32	300,888.32	300,888.32	0.180	0.177	0.180		1
			Subtotal and Average	**300,888.32**	**300,888.32**	**300,888.32**		**0.178**	**0.180**		**1**
FHLB Dallas-Money Fund											
999999995	9002	FHLB Money Market Fund	09/01/2006	468,971.54	468,971.54	468,971.54	0.047	0.045	0.045		1
			Subtotal and Average	**468,971.54**	**468,971.54**	**468,971.54**		**0.046**	**0.047**		**1**
MM Funds/NOW Accounts											
20115959	52	Hillcrest Bank NOW Account	07/31/2009	765,390.90	765,390.90	765,390.90	0.250	0.245	0.250		1
5001506	83	Libertad Bank MM	10/20/2010	248,976.16	248,976.16	248,976.16	0.600	0.591	0.600		1
4011012038	61	Texas Capital NOW Account	10/13/2009	0.00	0.00	0.00	0.250	0.245	0.250		1
			Subtotal and Average	**1,014,367.06**	**1,014,367.06**	**1,014,367.06**		**0.331**	**0.336**		**1**
Bank Accounts											

Fund GENERAL - General Investments

Investments by Fund

November 30, 2012

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Bank Accounts											
591359967	69	Frost Bank Checking	03/05/2010	1,594,706.87	1,594,706.87	1,594,706.87					1
			Subtotal and Average	**1,594,706.87**	**1,594,706.87**	**1,594,706.87**		**0.000**	**0.000**		**1**
			Total Investments and Average	**7,916,737.20**	**7,884,929.72**	**7,918,251.12**		**0.375**	**0.381**		**184**

Fund NFMC - NFMC Account
Investments by Fund
November 30, 2012

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Bank Accounts											
591359924	68	Frost Bank Checking	03/15/2010	150,001.58	150,001.58	150,001.58					1
			Subtotal and Average	**150,001.58**	**150,001.58**	**150,001.58**		0.000	0.000		1
			Total Investments and Average	**150,001.58**	**150,001.58**	**150,001.58**		0.000	0.000		1

Fund NSP - Neighborhood Stabilation Prog.
Investments by Fund
November 30, 2012

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Bank Accounts											
591359932	71	Frost Bank Checking	04/20/2010	74,070.56	74,070.56	74,070.56					1
			Subtotal and Average	**74,070.56**	**74,070.56**	**74,070.56**		**0.000**	**0.000**		**1**
			Total Investments and Average	**74,070.56**	**74,070.56**	**74,070.56**		**0.000**	**0.000**		**1**

Fund SBDEBT - Sagebrush Apartments - Debt
Investments by Fund
November 30, 2012

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Bank Accounts											
691398253	79	Frost Bank Checking	04/20/2010	39,153.72	39,153.72	39,153.72	0.100	0.098	0.100		1
			Subtotal and Average	**39,153.72**	**39,153.72**	**39,153.72**		**0.099**	**0.100**		**1**
			Total Investments and Average	**39,153.72**	**39,153.72**	**39,153.72**		**0.099**	**0.100**		**1**

Fund SBOPER - Sagebrush Apartments - Oper.

Investments by Fund

November 30, 2012

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Bank Accounts											
591398237	78	Frost Bank Checking	04/20/2010	23,175.21	23,175.21	23,175.21	0.050	0.049	0.050		1
			Subtotal and Average	**23,175.21**	**23,175.21**	**23,175.21**		**0.049**	**0.050**		**1**
			Total Investments and Average	**23,175.21**	**23,175.21**	**23,175.21**		**0.049**	**0.050**		**1**

Fund SBRR - Sagebrush Replacement Res
Investments by Fund
November 30, 2012

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Bank Accounts											
591398245	80	Frost Bank Checking	04/09/2010	74,614.90	74,614.90	74,614.90	0.100	0.098	0.100		1
			Subtotal and Average	**74,614.90**	**74,614.90**	**74,614.90**		**0.099**	**0.100**		**1**
			Total Investments and Average	**74,614.90**	**74,614.90**	**74,614.90**		**0.099**	**0.100**		**1**

Fund TXFORE - Texas Foreclosure Prevention

Investments by Fund

November 30, 2012

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
LOGIC											
999999998	54	Logic	09/01/2009	1,008.65	1,008.65	1,008.65	0.180	0.177	0.180		1
			Subtotal and Average	**1,008.65**	**1,008.65**	**1,008.65**		**0.178**	**0.180**		**1**
Bank Accounts											
591359940	73	Frost Bank Checking	04/14/2010	71,516.28	71,516.28	71,516.28					1
			Subtotal and Average	**71,516.28**	**71,516.28**	**71,516.28**		**0.000**	**0.000**		**1**
			Total Investments and Average	**72,524.93**	**72,524.93**	**72,524.93**		**0.002**	**0.003**		**1**

Fund TXHOME - TX Home Education
Investments by Fund
November 30, 2012

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Bank Accounts											
591398091	74	Frost Bank Checking	04/20/2010	30,004.10	30,004.10	30,004.10	0.100	0.098	0.100		1
			Subtotal and Average	**30,004.10**	**30,004.10**	**30,004.10**		**0.099**	**0.100**		**1**
			Total Investments and Average	**30,004.10**	**30,004.10**	**30,004.10**		**0.099**	**0.100**		**1**

Fund WELLS - Wells Fargo - CDC
Investments by Fund
November 30, 2012

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Bank Accounts											
999999994	0014	Wells Fargo Non-Profit Chkg	09/01/2006	4,790.00	4,790.00	4,790.00					1
			Subtotal and Average	**4,790.00**	**4,790.00**	**4,790.00**		**0.000**	**0.000**		**1**
			Total Investments and Average	**4,790.00**	**4,790.00**	**4,790.00**		**0.000**	**0.000**		**1**

Fund WINSUR - Willows Insurance Reserve
Investments by Fund
November 30, 2012

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Bank Accounts											
591500945	107	Frost Bank Checking	11/17/2011	0.00	0.00	0.00					1
			Subtotal and Average	**0.00**	0.00	**0.00**		**0.000**	**0.000**		**0**
			Total Investments and Average	**0.00**	**0.00**	**0.00**		**0.000**	**0.000**		**0**

Fund WOPER - Willows Operating
Investments by Fund
November 30, 2012

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Bank Accounts											
591501356	106	Frost Bank Checking	11/17/2011	0.00	0.00	0.00					1
			Subtotal and Average	**0.00**	**0.00**	**0.00**		**0.000**	**0.000**		**0**
			Total Investments and Average	**0.00**	**0.00**	**0.00**		**0.000**	**0.000**		**0**

Fund WRR - Willows Replacement Reserve
Investments by Fund
November 30, 2012

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Bank Accounts											
591501224	108	Frost Bank Checking	11/17/2011	21,333.28	21,333.28	21,333.28					1
			Subtotal and Average	**21,333.28**	**21,333.28**	**21,333.28**		**0.000**	**0.000**		**1**
			Total Investments and Average	**21,333.28**	**21,333.28**	**21,333.28**		**0.000**	**0.000**		**1**

PATTERSON & ASSOCIATES

INVESTMENT PROFESSIONALS

Texas State Affordable Housing
Cash Reconciliation Report
For the Period September 1, 2012 - November 30, 2012
Grouped by Fund

Patterson & Associates
301 Congress Ave
Suite 570
Austin, TX 78701
-

Trans. Date	Investment #	Fund	Trans. Type	Security ID	Par Value	Security Description	Maturity Date	Purchases	Interest	Redemptions	Cash
General Investments											
09/20/2012	100	GENERAL	Interest	36201LFC3	22,957.26	GNMA 0.0M 5.99% Mat. 10/20/2034	10/20/2034	0.00	83.41	417.83	501.24
09/25/2012	114	GENERAL	Interest	31331YYS3	500,000.00	FFCB 0.5M 3.55% Mat. 03/25/2013	03/25/2013	0.00	8,875.00	0.00	8,875.00
09/27/2012	116	GENERAL	Interest	4521518U0	1,000,000.00	ISTT 1.0M 4.07% Mat. 01/01/2014	01/01/2014	0.00	9,725.17	0.00	9,725.17
09/27/2012	116	GENERAL	Sale	4521518U0	1,000,000.00	0.0M 4.07%	01/01/2014	0.00	0.00	1,036,060.00	1,036,060.00
10/20/2012	100	GENERAL	Interest	36201LFC3	22,957.26	GNMA 0.0M 5.99% Mat. 10/20/2034	10/20/2034	0.00	81.32	1,210.51	1,291.83
11/15/2012	103	GENERAL	Interest	10685A	245,000.00	TSBCD 0.2M 0.65% Mat. 11/15/2012	11/15/2012	0.00	1,591.95	0.00	1,591.95
11/15/2012	103	GENERAL	Maturity	10685A	245,000.00	TSBCD 0.2M 0.65% Mat. 11/15/2012	11/15/2012	0.00	0.00	245,000.00	245,000.00
11/15/2012	119	GENERAL	Purchase	10685B	246,595.87	TSBCD 0.2M 0.50% Mat. 11/15/2013	11/15/2013	-246,595.87	0.00	0.00	-246,595.87
11/16/2012	117	GENERAL	Purchase	692160HQ0	2,000,000.00	OBNYGO 2.0M 2.00% Mat.	11/15/2013	-2,027,740.00	0.00	0.00	-2,027,740.00
11/20/2012	100	GENERAL	Interest	36201LFC3	22,957.26	GNMA 0.0M 5.99% Mat. 10/20/2034	10/20/2034	0.00	75.28	680.90	756.18
11/26/2012	118	GENERAL	Purchase	3134G3W71	500,000.00	FHLMCC 0.5M 0.35% Mat.	11/26/2014	-500,000.00	0.00	0.00	-500,000.00
							Subtotal	**-2,774,335.87**	**20,432.13**	**1,283,369.24**	**-1,470,534.50**
							Total	**-2,774,335.87**	**20,432.13**	**1,283,369.24**	**-1,470,534.50**

PATTERSON & ASSOCIATES

INVESTMENT PROFESSIONALS

Texas State Affordable Housing
Purchases Report
Sorted by Fund - Fund
September 1, 2012 - November 30, 2012

Patterson & Associates
301 Congress Ave
Suite 570
Austin, TX 78701

CUSIP	Investment #	Fund	Sec. Type	Issuer	Original Par Value	Purchase Date	Payment Periods	Principal Purchased	Accrued Interest at Purchase	Rate at Purchase	Maturity Date	YTM	Ending Book Value
General Investments													
10635B	119	GENERAL	BCD	TSBCD	246,595.87	11/15/2012	11/15 - At Maturity	246,595.87		0.499	11/15/2013	0.499	246,595.87
692160HQ0	117	GENERAL	MC1	OBNYCO	2,000,000.00	11/16/2012	11/15 - Final Pmt.	2,027,740.00		2.000	11/15/2013	0.601	2,026,580.95
3134G3W71	118	GENERAL	FAC	FHLMCC	500,000.00	11/26/2012	05/26 - 11/26	500,000.00		0.350	11/26/2014	0.350	500,000.00
				Subtotal	**2,746,595.87**			**2,774,335.87**	**0.00**				**2,773,176.82**
				Total Purchases	**2,746,595.87**			**2,774,335.87**	**0.00**				**2,773,176.82**

PATTERSON & ASSOCIATES

INVESTMENT PROFESSIONALS

Texas State Affordable Housing
Maturity Report
Sorted by Maturity Date
Amounts due during September 1, 2012 - November 30, 2012

Patterson & Associates
301 Congress Ave
Suite 570
Austin, TX 78701

CUSIP	Investment #	Fund	Sec. Type	Issuer	Par Value	Maturity Date	Purchase Date	Rate at Maturity	Book Value at Maturity	Interest	Maturity Proceeds	Net Income
10685A	103	GENERAL	BCD	TSBCD	245,000.00	11/15/2012	11/15/2011	0.648	245,000.00	1,591.95	246,591.95	1,591.95
			Total Maturities		**245,000.00**				**245,000.00**	**1,591.95**	**246,591.95**	**1,591.95**

PATTERSON & ASSOCIATES

INVESTMENT PROFESSIONALS

Texas State Affordable Housing
Sales/Call Report
Sorted by Maturity Date - Fund
September 1, 2012 - November 30, 2012

Patterson & Associates
301 Congress Ave
Suite 570
Austin, TX 78701

CUSIP	Investment #	Fund	Issuer / Sec. Type	Purchase Date	Redem. Date / Matur. Date	Par Value	Rate at Redem.	Book Value at Redem.	Redemption Principal	Redemption Interest	Total Amount	Net Income
01/01/2014												
4521518U0	116	GENERAL	ISTT MC1	08/15/2012	09/27/2012 01/01/2014	1,000,000.00	4.071	1,035,789.11	1,036,060.00	9,725.17	1,045,785.17 Sale	9,996.06
					Subtotal	**1,000,000.00**		**1,035,789.11**	**1,036,060.00**	**9,725.17**	**1,045,785.17**	**9,996.06**
					Total Sales	**1,000,000.00**		**1,035,789.11**	**1,036,060.00**	**9,725.17**	**1,045,785.17**	**9,996.06**

PATTERSON & ASSOCIATES

INVESTMENT PROFESSIONALS

Texas State Affordable Housing
Interest Earnings
Sorted by Fund - Fund
September 1, 2012 - November 30, 2012
Yield on Average Book Value

Patterson & Associates
301 Congress Ave
Suite 570
Austin, TX 78701

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Rate	Annualized Yield	Adjusted Interest Earnings: Interest Earned	Adjusted Interest Earnings: Amortization/ Accretion	Adjusted Interest Earnings: Adjusted Interest Earnings
Fund: Bunker Hill Debt												
591398016	76	BHDEBT	RR5	22,828.37	22,825.52	22,826.50		0.050	0.050	2.85	0.00	2.85
			Subtotal	**22,828.37**	**22,825.52**	**22,826.50**			**0.050**	**2.85**	**0.00**	**2.85**
Fund: Bunker Hill Operating												
591398261	75	BHOPER	RR5	22,818.08	22,815.23	22,816.21		0.050	0.050	2.85	0.00	2.85
			Subtotal	**22,818.08**	**22,815.23**	**22,816.21**			**0.050**	**2.85**	**0.00**	**2.85**
Fund: Bunker Hill Replacement Res												
591398288	77	BHRR	RR5	85,138.61	82,367.78	83,916.11		0.100	0.100	20.85	0.00	20.85
			Subtotal	**85,138.61**	**82,367.78**	**83,916.11**			**0.100**	**20.85**	**0.00**	**20.85**
Fund: General Investments												
31331YYS3	114	GENERAL	FAC	500,000.00	509,352.75	507,259.41	03/25/2013	3.550	0.246	4,437.50	-4,126.22	311.28
999999996	9005	GENERAL	RRP	300,888.32	300,744.79	300,756.59		0.180	0.191	143.53	0.00	143.53
999999995	9002	GENERAL	RR2	468,971.54	481,892.12	477,561.86		0.047	0.048	56.64	0.00	56.64
20115959	52	GENERAL	RR3	765,390.90	764,914.04	765,077.85		0.250	0.250	476.86	0.00	476.86
8410000025	115	GENERAL	BCD	245,000.00	245,000.00	245,000.00	03/26/2013	0.500	0.500	305.41	0.00	305.41
5001506	83	GENERAL	RR3	248,976.16	248,604.09	248,732.15		0.600	0.600	372.07	0.00	372.07
10685B	119	GENERAL	BCD	246,595.87	0.00	43,357.52	11/15/2013	0.499	0.499	53.94	0.00	53.94
10685A	103	GENERAL	BCD	0.00	245,000.00	201,923.08	11/15/2012	0.648	0.648	326.22	0.00	326.22
3134G3W71	118	GENERAL	FAC	500,000.00	0.00	27,472.53	11/26/2014	0.350	0.355	24.31	0.00	24.31
36201LFC3	100	GENERAL	GN1	14,400.06	16,709.30	15,737.71	10/20/2034	5.990	0.064	228.48	0.00	228.48
1500589845	113	GENERAL	BCD	1,000,000.00	1,000,000.00	1,000,000.00	03/14/2013	0.750	0.750	1,869.86	0.00	1,869.86
4521518U0	116	GENERAL	MC1	0.00	1,037,838.71	296,221.28	01/01/2014	4.071	1.206	2,940.17	-2,049.60	890.57
692160HQ0	117	GENERAL	MC1	2,000,000.00	0.00	334,140.96	11/15/2013	2.000	0.609	1,666.67	-1,159.05	507.62
			Subtotal	**6,290,222.85**	**4,860,055.80**	**4,463,280.93**			**0.500**	**12,901.66**	**-7,334.87**	**5,566.79**

Texas State Affordable Housing
Interest Earnings
September 1, 2012 - November 30, 2012

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Rate	Annualized Yield	Adjusted Interest Earnings: Interest Earned	Adjusted Interest Earnings: Amortization/ Accretion	Adjusted Interest Earnings: Adjusted Interest Earnings
Fund: Sagebrush Apartments - Debt												
591398253	79	SBDEBT	RR5	39,153.72	39,143.98	39,147.33		0.100	0.100	9.74	0.00	9.74
			Subtotal	**39,153.72**	**39,143.98**	**39,147.33**			**0.100**	**9.74**	**0.00**	**9.74**
Fund: Sagebrush Apartments - Oper.												
591398237	78	SBOPER	RR5	23,175.21	23,172.33	23,173.32		0.050	0.050	2.88	0.00	2.88
			Subtotal	**23,175.21**	**23,172.33**	**23,173.32**			**0.050**	**2.88**	**0.00**	**2.88**
Fund: Sagebrush Replacement Res												
591398245	80	SBRR	RR5	74,614.90	70,846.78	72,954.60		0.100	0.100	18.12	0.00	18.12
			Subtotal	**74,614.90**	**70,846.78**	**72,954.60**			**0.100**	**18.12**	**0.00**	**18.12**
Fund: Texas Foreclosure Prevention												
999999998	54	TXFORE	RRP	1,008.65	1,008.05	1,008.31		0.180	0.239	0.60	0.00	0.60
			Subtotal	**1,008.65**	**1,008.05**	**1,008.31**			**0.239**	**0.60**	**0.00**	**0.60**
Fund: TX Home Education												
591398091	74	TXHOME	RR5	30,004.10	100.12	16,529.21		0.100	0.099	4.10	0.00	4.10
			Subtotal	**30,004.10**	**100.12**	**16,529.21**			**0.099**	**4.10**	**0.00**	**4.10**
			Total	**6,588,964.49**	**5,122,335.59**	**4,745,652.53**			**0.476**	**12,963.85**	**-7,334.87**	**5,628.78**

PATTERSON & ASSOCIATES

INVESTMENT PROFESSIONALS

Texas State Affordable Housing
Amortization Schedule
September 1, 2012 - November 30, 2012
Sorted By Fund - Fund

Patterson & Associates
301 Congress Ave
Suite 570
Austin, TX 78701

Investment # / Issuer	Fund	Maturity Date / Amort. Date	Beginning Par Value / Current Rate	Purchase Principal	Original Premium or Discount	Ending Book Value	Amounts Amortized And Unamortized As of 09/01/2012	Amount Amortized This Period	Amt Amortized Through 11/30/2012	Amount Unamortized Through 11/30/2012
General Investments										
114 FFCB Note	GENERAL	03/25/2013	500,000.00 3.550	516,459.00	16,459.00	505,226.53	-7,106.25 9,352.75	-4,126.22	-11,232.47	5,226.53
116 Illinois State Taxable	GENERAL	01/01/2014	1,000,000.00 4.071	1,039,100.00	39,100.00	0.00	-1,261.29 37,838.71	-2,049.60	-3,310.89	0.00
117 Oyster Bay NY GO	GENERAL	11/15/2013	2,000,000.00 2.000	2,027,740.00	27,740.00	2,026,580.95	0.00 27,740.00	-1,159.05	-1,159.05	26,580.95
			Subtotal	**3,583,299.00**	**83,299.00**	**2,531,807.48**	**-8,367.54 74,931.46**	**-7,334.87**	**-15,702.41**	**31,807.48**
			Total	**3,583,299.00**	**83,299.00**	**2,531,807.48**	**-8,367.54 74,931.46**	**-7,334.87**	**-15,702.41**	**31,807.48**

PATTERSON & ASSOCIATES

INVESTMENT PROFESSIONALS

Texas State Affordable Housing
Projected Cashflow Report
Sorted by Fund
For the Period December 1, 2012 - June 30, 2013

Patterson & Associates
301 Congress Ave
Suite 570
Austin, TX 78701

Projected Trans. Date	Investment #	Fund	Security ID	Transaction Type	Issuer	Par Value	Original Cost	Principal	Interest	Total
General Investments										
03/14/2013	113	GENERAL	1500589845	Maturity	IBC Bank CD	1,000,000.00	1,000,000.00	1,000,000.00	7,500.00	1,007,500.00
03/25/2013	114	GENERAL	31331YYS3	Maturity	FFCB Note	500,000.00	516,459.00	500,000.00	8,875.00	508,875.00
03/26/2013	115	GENERAL	8410000026	Maturity	Hillcrest Bank CD	245,000.00	245,000.00	245,000.00	1,225.00	246,225.00
06/26/2013	116	GENERAL	3134G3W71	Interest	FHLMC Call Note	0.00	0.00	0.00	875.00	875.00
					Total for General Investments	**1,745,000.00**	**1,761,459.00**	**1,745,000.00**	**18,475.00**	**1,763,475.00**
					GRAND TOTALS:	**1,745,000.00**	**1,761,459.00**	**1,745,000.00**	**18,475.00**	**1,763,475.00**

Tab 1

Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on December 13, 2012.

The minutes will be provided separately, prior to the board meeting.

MINUTES AND CERTIFICATION

THE STATE OF TEXAS	§
	§
TEXAS STATE AFFORDABLE	§
HOUSING CORPORATION	§

I, the undersigned officer of the Texas State Affordable Housing Corporation, do hereby certify as follows:

1. The Board of Directors of said corporation convened on the 10th day of January, 2013, at the designated meeting place in Austin, Texas, and the roll was called of the duly constituted members of said Board, to wit:

Name	Office
Robert Elliot Jones	Chairperson
Jo Van Hovel	Vice Chairperson
Gerry Evenwel	Director
William H. Dietz	Director
Jerry Romero	Director

and all of said persons were present except _____, thus constituting a quorum. Whereupon, among other business, the following was transacted, to-wit: a written resolution (the "Resolution") bearing the following caption was introduced:

"RESOLUTION NO. 12-_____

TEXAS STATE AFFORDABLE HOUSING CORPORATION

RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF SINGLE FAMILY MORTGAGE REVENUE REFUNDING BONDS, SERIES 2013A (TAXABLE), APPROVING THE FORM AND SUBSTANCE OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT, A SUPPLEMENTAL INDENTURE AND THE PREPARATION OF ONE OR MORE OFFERING DOCUMENTS, MAKING CERTAIN FINDINGS AND DETERMINATIONS; AUTHORIZING THE EXECUTION OF DOCUMENTS AND INSTRUMENTS NECESSARY OR CONVENIENT TO CARRY OUT THE CORPORATION'S SINGLE FAMILY HOME LOAN PROGRAMS; AND CONTAINING OTHER MATTERS INCIDENT AND RELATED THERETO"

was duly introduced for the consideration of said Board and read in full. It was then duly moved and seconded that said Resolution be adopted; and, after due discussion, said motion carrying with it the adoption of said Resolution, prevailed and carried by the following vote:

____ AYES ____ NOES ____ ABSTENTIONS

2. That a true, full and correct copy of the aforesaid Resolution adopted at the meeting described in the above and foregoing paragraph is attached to this certificate; that said Resolution has been duly recorded in said Board's minutes of said meeting; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said Board as indicated therein; that each of the officers and members of said Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that said Resolution would be introduced and considered for adoption at said meeting, and each of said officers and members consented, in advance, to the holding of said meeting for such purpose.

SIGNED this 10th day of January, 2013.

_____

Secretary
Texas State Affordable Housing Corporation

RESOLUTION NO. 12-_____

TEXAS STATE AFFORDABLE HOUSING CORPORATION

RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF SINGLE FAMILY MORTGAGE REVENUE REFUNDING BONDS, SERIES 2013A (TAXABLE), APPROVING THE FORM AND SUBSTANCE OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT, A SUPPLEMENTAL INDENTURE AND THE PREPARATION OF ONE OR MORE OFFERING DOCUMENTS, MAKING CERTAIN FINDINGS AND DETERMINATIONS; AUTHORIZING THE EXECUTION OF DOCUMENTS AND INSTRUMENTS NECESSARY OR CONVENIENT TO CARRY OUT THE CORPORATION'S SINGLE FAMILY HOME LOAN PROGRAMS; AND CONTAINING OTHER MATTERS INCIDENT AND RELATED THERETO

WHEREAS, the Texas State Affordable Housing Corporation (the "Issuer") has been duly created and organized pursuant to and in accordance with the provisions of the Texas Non-Profit Corporation Act, Article 1396-1.01 et seq. Vernon's Annotated Texas Civil Statutes, as amended and under the authority of Subchapter Y of Chapter 2306, Texas Government Code, as amended (the "Act"), the Issuer is authorized to establish a program to provide individuals and families of low income, as defined in the Act, with adequate, safe and sanitary housing; and

WHEREAS, the Board of Directors of the Issuer has previously authorized the Issuer's participation in the New Issue Bond Program sponsored by the United States Treasury Department (the "NIBP") in connection with bonds issued by the Issuer relating to its single family mortgage revenue bond home loan programs (collectively, the "Program"), and issuance of bonds to be issued under the NIBP (the "Program Bonds") and the Bonds, as hereinafter defined, related to such home loan programs; and

WHEREAS, the Issuer issued its Single Family Mortgage Revenue Bonds, Series 2009 (the "2009 Program Bonds"), on December 23, 2009, in the principal amount of $73,640,000, in accordance with the terms of a Trust Indenture, dated as of December 1, 2009, between the Issuer and Wells Fargo Bank, National Association, as trustee (the "Trustee"), including amendments and modifications thereto, including Appendix A (as amended and restated as of January 1, 2012) (collectively, the "Trust Indenture"); and

WHEREAS, in order to carry out the Program, the Issuer, the Trustee, Bank of America Home Loans, as Servicer/Administrator (the "Servicer/Administrator") and various commercial lending institutions doing business in the State of Texas (the "Participants"), entered into an Origination, Sale and Servicing Agreement, dated as of December 1, 2009 (the "Agreement"); and

WHEREAS, the Issuer previously converted a portion of the Program Bonds in the principal amount of $33,000,000 and known as the "Texas State Affordable Housing Corporation Single Family Mortgage Revenue Bonds, Series 2009A (Non-AMT) (Program Bonds)" (the "Series 2009A Bonds"); and

WHEREAS, the Board of Directors of the Issuer has determined to issue the "Texas State Affordable Housing Corporation Single Family Mortgage Revenue Refunding Bonds, Series 2013A (Taxable)" (the "Bonds") to refund the outstanding Series 2009A Bonds, in the maximum aggregate principal amount not to exceed $33,000,000, pursuant to and as generally described in the Trust Indenture as supplemented by a [First Supplemental Indenture], by and between the Issuer and the Trustee (the "Supplemental Indenture," and collectively with the Trust Indenture, the "Indenture"); and

WHEREAS, the Issuer further proposes to sell the Bonds to Morgan Keegan & Company, Inc. or any other underwriter or underwriters as designated in a Bond Purchase Agreement hereinafter defined (collectively, the "Underwriters"), all as referenced in a Bond Purchase Agreement to be entered into between the Issuer and the Underwriters (the "Purchase Agreement"); and

WHEREAS, the Issuer desires to authorize the preparation, execution and delivery of a Continuing Disclosure Agreement, by and between the Issuer and the Trustee, to be entered into in connection with the Bonds (the "Disclosure Agreement") as well as a Preliminary Official Statement related to the sale of the Bonds (the "Preliminary Official Statement");

WHEREAS, there have been presented to the Issuer and its advisors proposed forms of each of the following and all of which comprise a part of this Resolution:

1. the Supplemental Indenture;

2. the Purchase Agreement;

3. the Disclosure Agreement; and

4. the Preliminary Official Statement.

WHEREAS, the Issuer finds the form and substance of the above-listed documents (hereinafter, collectively the "Bond Documents") to be satisfactory and proper and finds the recitals with regard to the Issuer contained therein to be true, correct and complete and hereby determines to proceed with the issuance and sale of the Bonds to carry out the Program, the execution of such documents and the taking of such other actions as may be necessary and appropriate in connection therewith;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS STATE AFFORDABLE HOUSING CORPORATION:

Section 1. Approval of Program. That the Issuer hereby ratifies and confirms its previous approval of the Program, as described in the Trust Indenture and the Agreement.

Section 2. Public Purposes of Program and Bonds. That the Issuer hereby finds, determines, recites and declares that the adoption and implementation of the Program, including the down payment assistance and the interest rate or rates borne or to be borne by the Mortgage Loans, and the issuance and delivery of the Bonds will promote the public purposes set forth in the Act, including, without limitation, assisting eligible individuals and families in acquiring and owning adequate, safe and sanitary housing.

Section 3. Issuance, Execution and Delivery of the Bonds; Delegation of Authority. That the issuance of the Bonds in the maximum aggregate principal amount of not to exceed $33,000,000, with a final maturity date not later than December 1, 20_____, bearing interest at a rate not greater than 15% net effective interest rate and selling at a price not to exceed ____% of par, is hereby authorized, all under and in accordance with the Indenture, and that, upon execution and delivery of the Supplemental Indenture, the Chairperson, Vice Chairperson, President or Executive Vice President and, Secretary or Assistant Secretary of the Issuer are each hereby authorized to execute and attest the Bonds and to deliver the Bonds to the Trustee for authentication all as provided in the Indenture. The Bonds shall mature on the date or dates and in the amounts, shall bear interest at the rates and shall be subject to redemption prior to maturity on the date or dates and in the amounts as specified in the Supplemental Indenture.

Additionally, the Chairperson, Vice Chairperson, President and Executive Vice President of the Issuer, either individually or jointly, are hereby authorized to approve the principal amount or amounts, the maturity or maturities of the Bonds to be issued pursuant to this Resolution, to establish the interest rate or rates to be borne by the Bonds, provided, however, that the interest rate shall never exceed 15% per annum, and to determine the rate on the Mortgage Loans, provided however, that such rate shall not exceed 10% per annum and such approval shall be evidenced by their execution of the Bonds. The Chairperson, Vice Chairperson, President and Executive Vice President of the Issuer, either individually or jointly, are further authorized to engage the services of consultants that may be needed, in the opinion of such officer, to fully complete the issuance and delivery of the Bonds.

Section 4. Ratification, Confirmation and Approval of Trust Indenture and Agreement. That the Trust Indenture and the Agreement, as the same may have previously been modified, supplemented and amended, are hereby ratified, confirmed and approved in the form and substance of such documents on the date of the adoption of this Resolution.

Section 5. Approval, Execution and Delivery of the Supplemental Indenture. That the Supplemental Indenture, substantially in the form presented to the Board of Directors at the meeting at which this Resolution was considered, with such changes or additions thereto as may be approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer (upon the advice of bond counsel to the Issuer), as evidenced by the execution of the Supplemental Indenture by said Chairperson, Vice Chairperson, President or Executive Vice President, is hereby authorized, and that the proper officers of the Issuer are each hereby authorized and directed to complete, execute and attest the related Supplemental Indenture and to deliver such Supplemental Indenture to the Trustee.

Section 6. Purchase Agreement and Sale of Bonds. That the sale and delivery of the Bonds to the Underwriters is hereby authorized and approved. The Bonds shall be sold to the

Underwriters at the purchase price specified in the Purchase Agreement. The Issuer hereby authorizes the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer, either individually or in any combination of such officers, for and on behalf of the Issuer, to determine the actual Underwriters and the terms of the Purchase Agreement and to execute and deliver the Purchase Agreement. Upon execution by the parties thereto and delivery thereof, the Purchase Agreement shall be binding upon the Issuer in accordance with the terms and provisions thereof. In addition, the officers of the Issuer are each authorized and directed to execute any necessary certificates evidencing approval of any or all of the matters set forth in this Section 6. In the event it becomes necessary to engage any other investment banking firm or investment banking firms to assist in the sale of the Bonds, the President or the Executive Vice President of the Issuer shall be and hereby is authorized to engage the services of any such investment banking firm or firms.

Section 7. Approval, Execution and Delivery of the Disclosure Agreement. That the Disclosure Agreement is hereby authorized and directed to be prepared with such changes or additions thereto as may be approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer (upon the advice of bond counsel to the Issuer), as evidenced by the execution of the Disclosure Agreement by said Chairperson, Vice Chairperson, President or Executive Vice President, and that the proper officers of the Issuer are each hereby authorized and directed to execute and attest the Disclosure Agreement and to deliver the Disclosure Agreement to the Trustee.

Section 8. Approval, Execution and Distribution of Offering Document. That the preparation of the Preliminary Official Statement and the changes to the Preliminary Official Statement which will result in the final Official Statement proposed to be delivered in connection with the sale of the Bonds (jointly, the "Offering Documents"), in substantially the form and substance as may be approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer (upon advice of bond counsel to the Issuer) as evidenced by the delivery of the final Official Statement to the Underwriters and the Offering Documents are hereby authorized to be utilized by the Underwriters in connection with the sale of the Bonds by the Underwriters.

Section 9. Execution and Delivery of Other Documents. That the officers of the Issuer are each hereby authorized to consent to, accept, execute and attest such other agreements, investment agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, offering documents, letters of instruction, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, the Program and the issuance, sale and delivery of the Bonds.

Section 10. Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Chairperson, Vice Chairperson, President, Executive Vice President, Chief Financial Officer and Treasurer, Secretary and any Assistant Secretary of the Issuer are each hereby authorized to make or approve such revisions in the form of the Bond Documents as, in the opinion of counsel to the Issuer or bond counsel, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution and the Program.

Section 11. Ratification of Certain Prior Actions. That all prior actions taken by or on behalf of the Issuer in connection with the Program and the Bonds, are hereby authorized, ratified, confirmed and approved.

Section 12. Purposes of Resolution. That the Board of Directors of the Issuer has expressly determined and hereby confirms that the issuance of the Bonds accomplish a valid public purpose of the Issuer by assisting eligible individuals and families, as provided in the Act, in the State of Texas to obtain adequate, safe and sanitary housing, thereby promoting the public health, welfare and safety for such individuals and families in the State of Texas.

Section 13. Limited Obligations. That the Bonds and the interest thereon shall be limited obligations of the Issuer payable solely from the revenues, funds and assets pledged under the Indenture to secure payment of the Bonds and under no circumstances shall the Bonds be payable from any other revenues, funds, assets or income of the Issuer.

Section 14. Obligations of Issuer Only. That the Bonds and the interest thereon shall not constitute an indebtedness, liability, general, special or moral obligation or a pledge or loan of the faith or credit or taxing power, within the meaning of any constitutional or statutory provision whatsoever, of the State of Texas or any other political subdivision or governmental unit of the State of Texas.

Section 15. Conflicting Prior Actions. That all orders, resolutions, or any actions or parts thereof of the Board of Directors of the Issuer in conflict herewith are hereby expressly repealed to the extent of any such conflict.

Section 16. Authorization of Investment. That the Board of Directors of the Issuer hereby authorizes the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer to direct the Trustee to invest any funds received by the Trustee pursuant to the Indenture in Investment Securities as defined in the Indenture.

Section 17. Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

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PASSED, APPROVED AND EFFECTIVE this January 10, 2013.

TEXAS STATE AFFORDABLE HOUSING CORPORATION

_____

Chairperson

ATTEST:

_____

Secretary

Development Finance Programs
January 10, 2013

Agenda Items

Presentation, Discussion and Possible Approval of the Guidelines, Scoring Criteria and Targeted Housing Needs for the Allocation of Qualified Residential Rental Project Tax Exempt Bond Funds under the Multifamily Housing Private Activity Bond Program Request for Proposals and the 501(c)(3) Bond Program Policies for Calendar Year 2013.

Summary

In accordance with the Corporation's governing statute, we are required to release annually a Request for Proposals (the "RFP") and updated 501(c)(3) bond policies that comply with both state and federal requirements. The Board approved the publication of draft a policy and RFP in December 2012, and staff has collected no public comment. Staff is proposing some additional changes to the policies that deal primarily with grammatical changes. The only substantive addition to the document is the inclusion of fee structures for Bond Counsel and Issuer Counsel, that have were negotiated after the publication of the draft policy and RFP.

If approved, staff will post the policies and RFP to the Corporation's website and begin accepting applications for calendar year 2013.

Staff Recommendation:

Staff recommends that the Board approve the attached final guidelines, scoring criteria and targeted housing needs for the allocation of qualified residential rental project tax exempt bond funds under the multifamily housing private activity bond program request for proposals and the 501(c)(3) bond program policies for calendar year 2013.

Texas State Affordable Housing Corporation

2013 Multifamily Tax-Exempt Bond Programs
Policies and Request for Proposals

The Texas State Affordable Housing Corporation has approved these policies and request for proposals ("RFP") for its multifamily tax-exempt bond programs for calendar year 2013. These policies and RFP are updated annually to inform the public of the Corporation's process and guidelines for selecting residential rental properties to be financed with tax-exempt bonds issued by the Corporation.. **The Corporation will begin accepting applications on January 14, 2013.** All submissions will be held for review of threshold and scoring criteria for at least 28 days prior to any presentation to the Corporation's Board for an Inducement Resolution.

1. **Introduction**.

   a. The Texas State Affordable Housing Corporation (the "Corporation") is a public nonprofit corporation that serves the housing needs of low, very low and extremely low-income Texans and other underserved populations who do not have comparable housing options through conventional financial channels. The Corporation accepts applications from developers ("Developers") to acquire and rehabilitate, or construct new affordable multifamily rental developments ("Developments"). Pursuant to §§2306.554, 564 and 565 of the Texas Government Code., the Corporation is authorized to issue multifamily 501(c)(3) bonds and to direct the Texas Bond Review Board on the issuance of the portion of the state's private activity bonds ceiling set aside for the Corporation under §1372.0231(a) of the Texas Government Code. The Corporation's available volume cap for private activity bonds is 10% of the State's available volume cap for residential rental private activity bonds. For 2013 the amount is estimated to be approximately $55 million. This volume cap is available for reservation until August 1, 2013. Thereafter the Corporation will be able to reserve any additional available volume cap through the Texas Bond Review Board. There is no limit on the amount of 501(c)(3) bonds that the Corporation may issue.

   b. These policies and RFP have been adopted by the Corporation's Board of Directors based on a review of the state's strategic housing needs, the demonstration of local community support, and solicitation from local and regional housing organizations, pursuant to §2306.565 of the Texas Government Code. This RFP defines the methodology that staff will use to review applications and creates the criteria for scoring and ranking applications.

   c. This RFP will be extended month-to-month until such time as the Corporation chooses to close the RFP to further submissions, based on the amount of funds awarded or induced by the Corporation's Board. A notice that the RFP has closed will be posted to the Corporation's website, and written notice will be provided to any Developer who submits an application prior to the release of the closing notice. The Corporation reserves the right to re-open the RFP at any time.

   d. Contact Information. All questions about the RFP and application process can be directed in writing to:

Manager of Development Finance
Texas State Affordable Housing Corporation
2200 E. Martin Luther King Jr. Blvd.
Austin, Texas 78722
Tel. 512-477-3555, Fax 512-477-3557
Email: ddanenfelzer@tsahc.org

2. **Targeted Housing Needs**. Pursuant to §2306.565(b) of the Texas Government Code, the Corporation's Board has identified target areas of housing need within the State of Texas ("Targeted Housing Needs") for the allocation of qualified residential rental project bond funds. The Targeted Housing Needs are based on research conducted by the Corporation, including a review of the State's strategic housing needs, relevant housing needs assessments and information from local and regional stakeholders. To this end, the Corporation's Board has adopted the following Targeted Housing Needs. The Corporation will only accept applications in response to this RFP that fulfill at least one of the Targeted Housing Needs.

   a. *At-Risk Preservation and Rehabilitation*. The preservation and rehabilitation of existing affordable rental housing is defined as existing housing in need of significant structural repairs and mechanical systems updates. The housing must currently have a recorded regulatory agreement or land use restriction agreement (the "LURA") placed on it by a public body. . Rehabilitation activities must result in the housing units being brought up to current energy efficiency, housing quality, local building code and accessibility standards. Developments may include temporary tenant relocation expenses, but may not cause the permanent relocation of existing low-income tenants;

   b. *Rural and Smaller Urban Markets*. The Corporation is dedicated to expanding access to rental housing in rural and smaller urban markets that are not generally targeted for housing expansion. Rural rental housing developments must be located within an area that is: (a) outside the boundaries of a primary metropolitan statistical area (PMSA) or metropolitan statistical area (MSA); or (b) within the boundaries of a PMSA or MSA, if the area has a population of 20,000 or less and does not share a boundary with an urban area. Smaller urban rental housing developments must be located within a city of less than 100,000 persons, but not within or adjacent to a PMSA or MSA of more than 500,000 persons;

   c. *Senior and Service Enriched Housing Developments*. Senior and *Service Enriched* Housing Developments must meet at least one of the following definitions in order to qualify under this Targeted Housing Need category.

      i. A proposed Development that meets the requirements of the federal Fair Housing Act and: a) is intended for, and solely occupied by, individuals 62 years of age or older; or b) is intended and operated for occupancy by at least one individual 55 years of age or older per unit, where at least 80% of the total housing units are occupied by at least one individual who is 55 years of age or older; and where the owner publishes and adheres to policies and procedures which demonstrate an intent by the owner and manager to provide housing for individuals 55 years of age or older. (See 42 U.S.C. Section 3607(b));

      ii. A proposed Development that provides for integrated, affordable and accessible housing that offers the opportunity to link residents with on-site or off-site services and supports that foster independence for individuals with disabilities and persons who are elderly. Such Developments should also show a clear effort to coordinate housing and health services for residents; or

iii. A Development financed in accordance with limitations set by the Internal Revenue Service on Assisted Living Developments, and a) is affordable rental housing combined with minimal on-site medical or supportive services; b) is targeted to persons with disabilities, but with at least 75% of units open to any qualified renter; and c) has at least 10% of its units affordable to persons earning less than 30% of the area median income.

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d. *Disaster Relief Housing*. The Corporation will consider any eligible multifamily residential rental housing Development, including rehabilitation and new construction, located in any one or more Texas counties identified in a Federal Emergency Management Agency disaster declaration to be eligible for financing under this RFP.

3. **Housing Needs Set-Aside.** To ensure that bond cap will be available for specific housing needs the Corporation has determined that until April 1, 2013, 20% of its annual available volume cap will be reserved for developments that:

   a. Include at least 50% of housing units located in a qualified Rural or Smaller Urban Market, as defined by this policy; or

   b. Include at least 20% of housing units built to be accessible for persons with mobility impairments and special needs populations as defined by this policy.

4. **Application Submission**. The Corporation will publish an application package to its website. Developers should download and complete the application pursuant to the guidelines for completion included in the application instructions. The Corporation requires a nonrefundable application submission fee of $1,500 for Private Activity Bonds or $2,500 for 501(c)(3) bonds.

5. **Application Review**.

   a. The Corporation requires at least 28 days to review an application before presenting any recommendation for inducement to the Corporation's Board. The Corporation will bring before the Board only those applications that have completed the review process.

   b. The Corporation may delay the presentation of an application to the Board if there are errors, omissions or insufficient documentation that the Corporation deems necessary to complete its review. If an application fails to fulfill the minimum threshold criteria for the private activity bond ("PAB") program, the application will not be accepted by the Corporation for further review.

   c. All applications that have completed the review process will be presented, and recommendations for awards will be determined based on final scores and availability of funds. If the Corporation utilizes all of its volume cap prior to approving an application, the application will be held for a period of 120 days from its date of submission and may be considered for a future award, if volume cap becomes available.

6. **Threshold Criteria**. All applications submitted to the Corporation must meet the following minimum Threshold Criteria ("Threshold Criteria") in order to be considered for an allocation of bonds by the Corporation. Applications not meeting the criteria listed below will be subject to termination by the Corporation.

a. *Affordability Threshold.*

   i. The Corporation seeks to provide housing to a mix of eligible households, including low, very-low and extremely-low income persons. Developers who are successful at receiving an allocation of PABs shall agree to the following minimum terms and conditions through a Regulatory Agreement. At a minimum, all Developments will be required to meet the following income and rent restrictions:

      A. A minimum of twenty percent (20%) of the units in a Qualified Residential Rental Development 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 Development must be affordable to persons and families with incomes at or below sixty percent (60%) of the AMI, adjusted for family size.

      B. Rent Restrictions. Gross monthly rent charged on an income restricted unit will not exceed 30% of the applicable AMI.

   ii. Affordability Requirements shall be maintained for of the greater of 15 years or as long as the bonds are outstanding.

b. *Experience Threshold.* Developers must demonstrate sufficient experience in the development, ownership and/or management of affordable housing. Developers must submit evidence that they have been involved in the development or ownership of the greater of 75 units or 50% of the total proposed Development units. The Corporation may only give credit for projects that are determined to be successful examples of affordable housing development, which includes properties in continuing operation, historically and currently in compliance, and any other factors that the Corporation determines to be relevant.

c. *Construction Threshold.* All Developments, new construction and rehabilitation, must adhere to local building codes and standards. If a Development is planned in an area or community that does not have local building codes, then the most recent and approved version of the International Building Code or International Residential Building Standards must be used. A certification from the Development's architect, engineer or other third-party construction supervisor must be submitted prior to closing of the bonds.

d. *Compliance Threshold.* All Developments must adhere to the Corporation's Compliance Policies, which can be viewed on our website at: www.tsahc.org. Developers and their affiliates will also be reviewed for compliance history with the Corporation's and any other state or federal affordable housing program. The Corporation will require the submission of compliance information and references in order to research a Developer's compliance history.

e. *Resident Services Threshold.* The Corporation strives to maintain excellent resident services programs in the properties it finances. To meet this goal and better serve low income tenants, Developers must maintain a sustained resident services program that provides at least six (6) approved services to tenants per quarter. Developers must ensure a dedicated budget for services, free transportation to services if off-site, and preferably on-site staff to

direct services. The six (6) services must be listed in the Corporation's Resident Services Program Guidelines, as attached in Appendix A, or as approved by the Corporation.

f. *Energy Efficiency Threshold.* All Developments must adhere to the U.S. Department of Energy's Energy Star program standards, unless otherwise exempted by the Corporation. Developments including either new construction or rehabilitation shall meet these standards. Developers may obtain additional information regarding these standards directly from the Energy Star website: http://www.energystar.gov. This threshold must be certified to by the Development architect, consulting engineer, or other third party energy efficiency consultant, prior to closing and based upon a review of the construction specifications or scope of work provided by the Development's general contractor. Additional incentives for Green Building methods and energy efficiency are included as scoring items.

g. *Environmental Review Threshold.* Prior to closing, the Developer is required to conduct a Phase I Environmental Site Assessment. At bond closing, the Developer will be required to provide an environmental indemnity in the form to be provided by the Corporation's Bond Counsel.

h. *Relocation Threshold.* All Developments involving the rehabilitation, reconstruction or demolition of existing housing must provide evidence that all tenants, lease holders, property owners and/or residents have been notified at least 30 days prior to the submission of the bond reservation application to the Texas Bond Review Board, that:

    i. The Developer intends to rehabilitate, reconstruct or demolish existing housing units; and

    ii. The Developer must ensure that tenants' rights under all federal, state and local housing laws are upheld, including but not limited to extended lease agreements, rental assistance, and relocation assistance.

i. *Accessibility Threshold.* All Developments must be designed, built and rehabilitated to adhere with the Fair Housing Accessibility Standards, Title II and III of the Americans with Disabilities Act of 1990, Section 504 Accessibility Standards, and §2306.514 of the Texas Government Code. Developers are encouraged to review these guidelines with their architects and/or construction teams prior to application submission. All Developments will be required to obtain a certification from the project architect, engineer or contractor that the final construction plans and/or rehab plan will meet or exceed the above listed federal and state accessibility standards.

j. *Community Support Threshold.* Developers are encouraged to collect community input on their Development proposals. All letters of support or opposition must be provided to the Corporation as they are received. Developers must submit with their response to the RFP two (2) of the following documents in order to demonstrate community support for the proposed development:

    i. A letter of Support from one or more of the following: Mayor; City Manager; City Administrator; Director of the Local Housing Finance Agency; Director of the Local Public Housing Agency; School District Superintendent; or County Judge, in the jurisdiction in which the development is located;

ii. A resolution of support from the City Council, Local School Board or County Commissioner's Court;

iii. A letter of support from an affected neighborhood association; Chamber of Commerce or tenant council of a Development to be acquired;

iv. Evidence that a local government (city or county) entity is providing funding for the development; and/or

v. A letter of support from the State Representative or Senator representing the district in which the proposed development is located.

k. *Underwriting Threshold.* The Corporation generally applies the same underwriting standards as required by the Texas Department of Housing and Community Affairs ("TDHCA"), pursuant to §§10.301 to 10.307 of the Texas Administrative Code, to ensure consistency with the tax credit underwriting process. The Corporation must receive all third party reports, including but not limited to Property Condition Assessments, Environmental Reports, Market Analysis and Appraisals, that are required to be submitted to TDHCA. Additional minimum underwriting standards include:

i. All Developments, and each property within a pooled transaction, must maintain a minimum Debt Coverage Ratio ("DCR") of 1.20 for a period of no less than 15 years;

ii. The Corporation generally does not permit amortization periods of more than 40 years. The Corporation may consider longer amortization schedules for Supportive Housing and extremely low-income housing developments;

iii. The Corporation will include a reserve of replacement expense of not less than $300 per unit annually in the operating expenses for each Development. The Corporation may require a higher reserve amount based on information provided in the Property Condition Assessment (the "PCA");

iv. Compliance fees will be included in the estimate of operating expenses and will include, at a minimum, the Corporation's Asset Oversight Agent Fee and Compliance Fee, as well as any fees required by TDHCA or other financial sources; and

v. The Corporation will include other reasonable and documented expenses, including, but not limited to, depreciation, interest expense, lender or syndicator's asset management fees, or other ongoing partnership fees in its underwriting analysis. Lender or syndicator's asset management fees or other ongoing partnership fees will not be considered in the calculation of debt coverage.

l. *Property Tax Exemption.* Developers must certify that they will, or will not, apply for a property tax exemption or payment in lieu of taxes agreement ("PILOT") to reduce the property taxes due to local taxing entities. If a Developer agrees not to apply for a tax exemption or PILOT agreement, the Corporation will require a restriction to be added to the bond documents that prohibits any future application for exemption. If a Developer states that they will or may apply for a tax exemption or PILOT agreement, the Corporation

will require a notification to the local tax appraisal district, school district superintendent and the County Judge where the Development is located that such an exemption or agreement will be requested. Developers will also be required to submit confirmation of any exemptions or final agreements to the Corporation.

m. *Public Benefit Threshold for 501(c)(3) Bonds Only.* Pursuant to §2306.563 of the Texas Government Code and this Policy, the Corporation requires that all nonprofit organizations that receive an issuance of qualified 501(c)(3) bonds must invest at least one dollar in projects and services that benefit income-eligible persons for each dollar of property taxes that is not imposed on the Development as a result of a property tax exemption received under §§11.182 and 11.1825 of the Texas Tax Code. Projects and services must benefit income-eligible persons in the county in which the Development supported with the tax exemption is located and must consist of: (1) rent reduction; (2) capital improvement projects; or (3) social, educational, or economic development services, referred to hereafter as qualified public benefits ("QPB"). The Corporation has determined that the following guidelines are reasonable for the calculation and accounting of QPB:

   i. The Corporation shall require the value of any property tax exemption to be included in the operating budget of the Development and escrowed with the Trustee in an account (the "QPB Account") prior to the repayment of any debt, management fees, performance fee, or any other fees that the Corporation determines relevant. The QPB account may be funded in advance with funds withdrawn for repayment of QPB activities, or may be included on the operating ledger as an account payable with QPB expenditures credited against the balance. On or before January 1st of each calendar year starting after the closing of the bonds, the Developer shall provide to the Corporation an estimate of the value of property tax exemption for that calendar year based on the appraised value provided to the Development by the county tax appraiser where the Development is located. The balance of funds to be escrowed or credited in the QPB Account may be reduced each month in an amount equal to the value of QPB expended by the Development each month. In the event that the QPB Account has a balance of funds existing, or owed as an account payable, if applicable, at the end of the calendar year the Developer or its guarantors shall advance the balance to the appropriate taxing entities on a pro rata basis. The QPB Account imposed by this section will be reduced by an amount equal to each dollar that, in lieu of taxes, a Developer pays to a taxing unit for which the Development receives an exemption prior to the end of the calendar year.

   ii. The Corporation has determined that the value of QPBs will be calculated in the following manner:

      A. The value of rent reductions will be calculated using the difference between the most recent fair market rent (the "FMR") published by the U.S. Department of Housing and Urban Development (the "HUD") and the actual rent collected in each lease agreement. This includes rent concessions granted to households upon move-in, but not the absence or forgiveness of deposits. Rent reductions must be accounted for on a monthly basis, documented in each individual lease agreement that receives the benefit, and

a notice given to each resident of the annual value of their rent reduction. Units that receive rental assistance payments of any kind are excluded from rent reduction calculations.

B. The value of capital improvements will be determined on a case-by-case basis for each Development and be specific to each Development or property within a pooled transaction. Capital improvement costs will not include regular maintenance, general repairs, or make ready costs associated with the daily operations of the Development. The Development may include the cost of rehabilitation to be completed as part of the issuance of new 501(c)(3) bonds or approved capital improvements paid for with proceeds from grants, tax credit equity, bond proceeds, loans or other forms of taxable debt, and may amortize the cost of those capital improvements over a five (5) year period. The repayment of taxable debt for capital improvements pursuant to this section B that actually reduces the equivalent amount of such taxable debt payable will be paid out of escrowed funds or credited against the QPB Account. Capital improvements may not account for more than 75% of the total annual QPB requirement.

C. The value of social, educational, or economic development services may be based on (1) the actual dollar amount expended by the Development towards such services at the time such services are provided to residents; (2) the value of volunteer services provided and coordinated by the Developer or its affiliates; and (3) the cost saving provided to tenants through services such as free on-site day care, free after school care and free lunch programs. The Development may only include the cost of services approved by the Corporation and must not include the value or cost of services provided to residents free of cost by third party entities.

iii. The Corporation will require each Developer to certify that the Public Benefit Threshold has been met in accordance with this policy, and any future revisions of this policy, in their annual audit, to be filed with the Corporation within 120 days of the beginning of each fiscal year of the Development.

7. **Scoring**. Pursuant to §2306.565(e) of the Texas Government Code, the Corporation's Board has adopted the following criteria to score and rank applications to the PAB program. The first three scoring criteria are required by state statute. The remaining criteria support the Corporation's goals to target specific housing needs and underserved areas in the state. The maximum score is 110 points.

a. *Cost Per Unit of Housing*. Applications may receive up to 15 points for proposing housing developments with total residential costs within the following ranges:

i. 15 points for:

A. Acquisition & Rehabilitation equal to or less than $80,000 per unit

B. New Construction equal to or less than $100,000 per unit;

ii. 8 points for:

A. Acquisition & Rehabilitation equal to or less than $90,000 per unit

B. New Construction equal to or less than $110,000 per unit: or

iii. 15 Points for acquisition and rehabilitation Developments that exceed $25,000 per unit in rehabilitation expenses.

b. *Proposed Rents*. Applications may receive up to 15 points for proposing Developments that ensure a percentage of rents are affordable to very low and extremely low-income households. Developments supported by project based rental contracts may not include units supported by project based subsidies in the calculation of the following set-aside selections:

i. 15 points – at least 5% of units will be reserved for families who earn 30% or less of the area median income; or

ii. 10 points – at least 40% of units will be reserved for families who earn 50% or less of the area median income.

c. *Income Range for Residents*. The Corporation is interested in promoting mixed income housing as a means to improve the lives of residents and build stronger communities. Applications that propose to ensure the following mixed income guidelines will receive 15 points:

i. Not more than 80% of the housing units will be reserved for persons earning 60% or less than the area median income; or

ii. At least 15% of the housing units will be reserved for persons earning between 80% and 120% of the area median income.

d. *Small and Mid-sized Cities*. Applications will receive 10 points for developments located in communities with populations less than 100,000, but not located adjacent to a PMSA or MSA with a total population of more than 500,000.

e. *At-Risk Preservation*. Applications will receive 10 points for the acquisition and rehabilitation of developments at risk of losing affordable housing rental contracts or land use restrictions. Developments must demonstrate that the current land use restriction agreement ("LURA") or Regulatory Agreement, if applicable, is within 3 years of expiration.

f. *Green Building Features*. Applications will receive 10 points for obtaining a certification from a qualified third party that the Development meets the minimum certification requirement of the U.S. Green Building Council's LEED ("LEED") program. Applications will receive an additional 5 points (maximum of 15 points for this criterion) for meeting the Gold or Platinum certification standards for the LEED program. Certification may be based on the proposed construction plans, and the Development must obtain an official certification after completion of construction or rehabilitation.

g. *Accessible Housing Features*. Applications, including those for rehabilitation developments, will receive 10 points for certifying that the Development will meet the following housing accessibility standards:

i. All housing units accessible through a ground floor entrance must have at least one no-step entry with a 36" entrance door;

ii. All housing and community spaces will be accessible via pathways that meet ADA and Fair Housing accessibility standards;

iii. All doorways in ground floor units (including closets, bathrooms, storage areas, etc…) must have doors with at least a 32 inch clear opening;

iv. All doors must have lever handles and windows shall have accessible release and opening mechanisms;

v. All ground floor units must have at least one ground floor bathroom with an accessible bath tub or roll-in shower, and at least one ground floor bedroom;

vi. All electrical outlets, switches and control panels must be no higher than 48 inches and no lower than 15 inches; and

vii. All ground floor units must have kitchens that are accessible pursuant to the Fair Housing Accessibility Guidelines.

h. *Local Public Funding*. Applications will receive 5 points for providing evidence that a commitment of financial support of at least $100 per unit has been made by a unit of government to the proposed development. The only qualifying units of government will be Counties, Cities, Municipal Utility Districts, and Councils of Government. The Corporation considers fee waivers, grants and loans as financial support.

i. *Letters of Local Support*. Applications will receive 5 points for submitting at least four letters of support from any combination of the following persons: Mayor; City Manager; County Judge; School District Superintendent; State Representative; or State Senator, whose district includes the Development site.

j. *Developer Experience*. Applications will receive 5 points for providing evidence that the Developer currently owns, and maintains in compliance, a number of multifamily housing units at least twice the amount proposed in the Application.

k. *Resident Services*. Applications will receive 10 points for agreeing to provide at least four (4) approved services to tenants on a monthly basis. This scoring criterion is a higher standard than the Corporation's threshold criteria for resident services.

l. *Tie Breaker*. The Corporation will break all scoring ties by dividing the estimated total development cost per unit by the number of very low and extremely low-income units. The application with the lowest ratio will be determined the winner of the tie break.

8. **Subsequent Filing Requirements**. Prior to final approval of the bonds by the Corporation's Board or the Texas Bond Review Board, Developers may be required to file such additional documents or statements in support of their Development as may be considered relevant and appropriate by the Corporation, which may include but are not limited to:

a. Such additional information as requested by the Corporation's Financial Advisor, Bond Counsel, or Issuer's Counsel;

b. A draft 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 a lender, purchaser, or investor, which offering, sale or placement materials must 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 this RFP;

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

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

9. **Public Hearings and Meetings**.

a. The Corporation's Board, at its own discretion, may call any Developer to a scheduled meeting to review the Developer's experience, qualifications, and/or the characteristics of a Development.

b. The Corporation requires Developers to attend a public hearing in each of the communities where a Development is proposed. If the Development includes multiple sites in several cities, the Corporation may require an additional hearing to be conducted at a location central to all development sites. All public hearings must be held prior to the final approval of the Bond Resolution by the Corporation's Board.

c. With respect to public hearings required by the Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA"), the Corporation will plan and publish notice, at the expense of the Developer, of the hearing in the *Texas Register* and the local newspapers of general circulation in the participating jurisdictions at least fifteen (15) days prior to the planned TEFRA hearing. The *Texas Register* is published only on Fridays and such notice must be provided in advance pursuant to the requirements of the *Texas Register* guidelines. The Corporation will schedule an appropriate date, time and location for TEFRA hearings based on the schedule of publication.

d. The TEFRA Hearing may not be held (and notice of such Hearing may not be published) prior to the date the Corporation approves the Inducement Resolution; provided, however, that such hearings may be scheduled and publication of the hearing notice may be prepared 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 herein.

e. The Corporation also provides notice of TEFRA hearing(s) to certain members of the Texas Legislature, local public libraries, homeowners' associations or other recognized neighborhood organizations or groups, and other interested parties designated by the Corporation. The Corporation will not publish notice of a public hearing until it has received from the Developer:

   i. The names and addresses of any affected homeowners' associations; and

   ii. The names of the state legislators, city council members, Mayor, County commissioners, County Judge, School District Superintendent and School Board President, in whose district or precinct (as applicable) the Development(s) are located. 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.

10. **Awards**.

a. The Corporation's Board may select Developers and alternate Developers for an inducement of volume cap based on the results of threshold and scoring criteria review from a response to the RFP and oral presentations. The Corporation reserves the right not to approve any inducement of volume cap to any Developer(s), even one that is awarded the most points during the scoring review.

b. The Corporation reserves the right to retract an award if a Developer is unable to receive a reservation of private activity bond cap prior to July 1, 2012. The Corporation reserves this right in order to allow alternate Developers or other applications to proceed with an inducement and reservation, and to ensure the maximum utilization of the Corporation's volume cap.

c. 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 application process are the sole responsibility of the Developer. All decisions of the Corporation are subject to such additional conditions, restrictions and requirements as determined by the Corporation in its sole discretion. In addition, the Corporation's selection of proposed Developments for possible allocation of private activity bond cap is subject to final allocation approval by the Texas Bond Review Board.

11. **Bond Review Board Approval**.

a. Obligations issued by the Corporation are subject to approval by the Texas Bond Review Board (the "TBRB"). TBRB rules provide an optional exemption from the formal approval process for Texas State Affordable Housing Corporation multifamily conduit transactions unless such transactions involve an ad valorem tax reduction or exemption. If no ad valorem tax exemption or reduction is requested with respect to the Development, the formal TBRB approval process may not be required. However, if one or more TBRB

members request it, the formal TBRB approval process must be followed. If so, representatives of the Developer are expected to attend the TBRB planning session and the TBRB meeting at which the Development will be considered for approval. Additional information may be requested by TBRB members, and the Developer's cooperation in providing this information is required.

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

12. **Fees**. Developers shall be responsible for fees and expenses incurred as a result of bonds issued on their behalf (the "Cost of Issuance"). Up to two percent (2%) of the Cost of Issuance may be financed through bond proceeds and will be considered part of the obligations authorized for issuance by the Corporation, where eligible under the Code. Developers shall commit 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. *Application Fee*. Developers shall submit a nonrefundable fee of $1,500 for Private Activity Bonds or $2,500 for 501(c)(3) bonds, made payable to the Corporation, upon submission of the Application.

b. *Inducement Fee*. Developers shall pay a deposit of $7,500, and an additional $1,000 for each property for Developments involving more than one (1) site, to cover expenses related to public hearings and the application for PAB allocation to the Texas Bond Review Board, within five (5) business days of the date the Inducement Resolution is approved by the Corporation's Board. Additional reimbursements for expenses related to public hearings and application for private activity bond allocation may be requested by the Corporation.

c. *Professional Fee Deposit*. Following the issuance of a reservation for volume cap from the Bond Review Board, Developers shall make a deposit with the Corporation which will 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 $30,000, which represents a $15,000 deposit for Bond Counsel fees, a $7,500 deposit for Financial Advisor's fees, and a $7,500 deposit for Issuer's Counsel fees. All fees and expenses incurred by Bond Counsel, the Financial Advisor and Issuer's Counsel in connection with the Developer's transaction will be deducted from such deposit whether or not the obligations are issued. If the accrued fees and expenses of Bond Counsel, the Financial Advisor and/or Issuer's Counsel exceed the amount of such initial deposit, the Corporation may require the Developer to submit an additional deposit payment.

d. *Corporation Expenses*. Developers shall reimburse the Corporation for all costs and expenditures incurred by the Corporation that exceed the Corporation's application and inducement fees paid to the Corporation by the Developer during the review, issuance and closing of a Development. Such expenditures include but are not limited to (i) on-site visitation of multifamily residential developments to be financed (or the site[s] therefore), (ii)

any reports deemed necessary or appropriate by the Corporation and not otherwise provided by the Developer, (iii) all costs and expenses (including travel and related expenses) of conducting public hearings and related meetings [described herein] and (iv) such other activities, inspections and investigations as are deemed necessary or appropriate by the Corporation in connection with its determination of the suitability of the proposed Development for financing assistance to be offered by the Corporation. The Corporation will include any of the above expenditures in its closing fees estimate prior to the closing date.

(Note: The fee for Financial Advisor will be updated in a subsequent amendment.)

e. *Financial Advisor Fe*es. The fee to be paid to the Corporation's Financial Advisor, acting in a standard Financial Advisor role, will be 1) for the first $15,000,000 of bond principal, the fee shall be $10,000 plus $2.00/$1,000 of the principal amount of debt issued with a minimum fee of $20,000 (unless otherwise agreed to by the Corporation's Financial Advisor) and 2) for amounts above $15,000,000 the fee shall be reduced to $1.00/1000 for that amount over $15,000,000. In addition, for an additional fee the Corporation's Financial Adviser will also serve as the bidding agent with respect to all investment contracts to be entered into in connection with the investment of bond proceeds and revenues of the Developments. If the financing structure proposed by the Developer requires non-standard services to be performed by Financial Advisor or involves unique financing features including, but not limited to, multiple sites or complexes in a project, extreme credit quality concerns, hedge agreements, swap agreements, or trust structures the fees to be charged by the Financial Advisor will be subject to adjustment. Any such adjustment must be agreed to in writing by the Developer before the submission of the Reservation Application to the Bond Review Board.

f. *Bond Counsel Fees*. The fee to be paid to Bond Counsel will be $25,000 plus .3% ($3/$1,000 of the bond amount) on the first $20 million in bonds, and .2% ($2/$1,000) on all amounts above $20 million. The minimum fee for Bond Counsel will be $35,000 plus expenses, unless otherwise agreed to by Bond Counsel. If the financing structure proposed by the Developer requires non-standard services to be performed by Bond Counsel or involves unique financing features including, but not limited to, multiple sites or complexes in a project, extreme credit quality concerns, hedge agreements, swap agreements, or trust structures, the fees to be charged by Bond Counsel will be subject to adjustment. Any such adjustment must be agreed to in writing by the Developer before the submission of the Reservation Application to the Bond Review Board. In addition to the fees paid to Bond Counsel, the Developer will reimburse Bond Counsel for all out-of-pocket expenses incurred by Bond Counsel in connection with the Development. Such expenses include TEFRA notice publication, public hearing notices, Attorney General filing fees, and the preparation and filing of the TBRB Applications and supplements thereto.

g. *Issuer's Counsel Fees*. The fee to be paid to Issuer's Counsel will be .1% ($.1.00/$1000 of bonds) on the first $20 million of the principal amount of the bonds, and .075% ($.75/$1000 of bonds) on the principal amount above $20 million, with the minimum fee being $15,000 plus $5,000 for expenses (unless otherwise agreed to by Issuer's Counsel). If the financing structure proposed by the Developer requires non-standard services to be performed by

Issuer's Counsel or involves unique financing features including, but not limited to, multiple sites or complexes in a project, extreme credit quality concerns, hedge agreements, swap agreements, or trust structures, the fees to be charged by Issuer's Counsel will be subject to adjustment. Any such adjustment must be agreed to in writing by the Developer before the submission of the Reservation Application to the Bond Review Board.

h. *Closing Fees.* Concurrently with the closing of the financing, the Developer shall pay or cause to be paid all fees and expenses in connection with the issuance of the obligations including Bond Counsel Fees, Financial Advisor Fees, Issuer's Counsel Fees, Texas Bond Review Board Fees, and 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. Additionally, the Corporation will receive a Closing Fee of seven and one-half (7.5) basis points (.075%) of the principal amount of obligations issued, with a minimum closing fee of $7,500.

i. *Administrative Fee.* Until the final maturity of the obligations, the Developer will pay an annual Administrative Fee, remitted through the respective bond trustee to the Corporation as designated by the Corporation, equal to ten (10) basis points (.10%) of the aggregate principal amount of the obligations outstanding, with a minimum annual fee of $5,000. The first annual payment of the Administrative Fee must be paid at closing. The Administrative Fee is exclusive of the trustee's fee, compliance agent fee, rebate analysts' fee, asset-oversight management fee, 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).

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

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

l. *Continuing Costs.* Developers shall pay to the Corporation, in the manner described in the Development documents, the following amounts:

    i. An annual asset oversight and compliance fee equal to the greater of $45 per unit or $2,500 for each property included in the Development (as such fee may be adjusted

in accordance with the Asset Oversight and Compliance Agreement). The Corporation may require the owner of the Development and/or related entities or persons to guarantee the payment of these fees;

ii. Any amounts payable pursuant to any indemnity contract or agreement executed in connection with any financing by the Corporation completed as herein contemplated, and

iii. The amount allocable to each Developer (whose financing has been completed) of costs and expenses incurred by the Corporation in the administration of the indemnity contract or agreement, any program established in connection with the financing of a Development, and any obligations of the Corporation, including an annual accounting and/or audit of the financial records and affairs of the Corporation. The amount of costs or expenses paid or incurred by the Corporation under this clause will be divided and allocated equally among all Developers whose financings have been completed.

m. *Changes in Fees*. The Corporation reserves the right at any time to change, increase or reduce the fees payable under this RFP. All fees imposed subsequent to closing by the Corporation under this RFP 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.

n. *Failure to Timely Pay Fees and Costs*. The Corporation will not consider submissions for future transactions proposed by Developers who are delinquent in the payment of any fees described herein.

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

14. **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 application must be disclosed to the Corporation immediately in writing and approved by the Corporation.

15. **Time Limits**. 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.

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

a. Receipt by the Board of evidence satisfactory to it that the Developer has complied in all material respects with this RFP 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 this RFP 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.

17. **Closing of the Development**. Following the public hearing(s) and final approval by the Corporation and the TBRB, 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.

a. *Structure of Bond Sale.* Developers shall be responsible for determining the structures of the sale of bonds, but are encouraged to contact the Corporation's Financial Advisor for information regarding Bond transactions in Texas. Developers are required to execute an agreement in connection with awarding the sale of the Corporation's obligations to an underwriter or to an institutional purchaser through a private placement that obligates the Developer to the payment of the costs of issuing such obligations as more fully described herein.

b. *Public and Limited Offering Requirements.*

   i. All bonds to be sold publicly, whether by competitive bid or negotiated sale, must have a debt rating the equivalent of at least an "A" rating assigned to long-term obligations by a nationally recognized rating agency acceptable to the Corporation. Bonds with an investment grade of "A" or higher may be sold in minimum denominations of $5,000,

   ii. The Corporation will consider any bonds that do not have a debt rating of at least "A" or higher as non-rated obligations. Non-rated obligations must be sold in minimum denominations of at least $25,000 and in integrated multiples of any amounts in excess of $25,000.

   iii. All non-rated obligations must be be privately placed or offered on a limited basis with transfer and other 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 144A of the Securities Act of 1933 (a "QIB") or an "institutional accredited investor" as defined in Rule 501(a)(1), (2), or (3) of Regulation D under such act (an "Institutional Accredited Investor") and cannot be an underwriting or purchase with an intent to resell any portion of the obligations, (ii) the obligations must be issued in minimum denominations of not less than $250,000 and integral multiples of any amount in excess thereof, and (iii) at such time as the bond financing is presented to the Corporation for final approval, (a) the Developer (or

placement agent, if applicable) must identify the Purchaser of the obligations, (b) the Developer (or placement agent, if applicable) must 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) 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, but there will be no offering statement by the Corporation, 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 Institutional Accredited Investor, as applicable. In the case of a private placement transaction, the Developer or placement agent, upon delivery of the obligations, shall provide the Corporation with an executed investment letter from the investor purchasing the obligations substantially to the effect that: (1) it is engaged in the business, among others, of investing in tax-exempt securities and is a QIB or an Institutional Accredited Investor, as applicable; (2) it has made an independent investigation into the financial position and business condition of the Developer and therefore waives any right to receive such information; (3) it has received copies of the financing documents pursuant to which such obligations are issued, and (4) that it has purchased the obligations for its own account and not with the intent to sell them. A complete form of such investment letter will be provided by the Corporation.

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

d. *Required Approvals.* No Developer, or any representative of any Developer or the Corporation, shall represent, directly or indirectly, to any lender (interim or otherwise) supplier, contractor, or other person, firm, or entity that the Corporation has agreed or is firmly committed to issue any obligations in relation to any Development or Response or Reservation Detail until the Board has given final approvals for the issuance thereof under this RFP, and then subject to the governmental approvals required by this RFP 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.

e. *Offering Statement.* No Developer, or any representative of the Developer or the Corporation, shall make any representation, directly or indirectly, express or implied, of any fact contrary to the disclosures required to be made by this RFP.

f. *Registration.* Neither the Developer nor any securities firm, underwriter, broker, dealer, salesman, or other person, firm, or entity shall offer, sell, distribute, or place any obligations authorized by the Corporation by any process, method, or technique or in any manner, transaction, or circumstances or to any person or persons, the effect of which would be to require such obligations to be registered or would require filings to be made with regard thereto under the laws of the state or jurisdiction where such offer, sale, distribution, or

placement is made without first registering the same or making the filings regarding the same required by such laws.

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

19. **OTHER REQUIREMENTS**. THE CORPORATION MAY IMPOSE ADDITIONAL OR DIFFERENT REQUIREMENTS ON A DEVELOPER THAN THOSE PROVIDED IN THIS RFP 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.

APPENDIX A

TSAHC Resident Services Program Guidelines

It is the Texas State Affordable Housing Corporation's goal to support Developers in the creation of high quality Resident Service Programs. TSAHC has created basic guidelines and a reporting system to help with this process.

The following is a list of activities/courses that can be implemented. In order to fulfill the Resident Service requirement, at least six resident service activities per quarter must be provided from the following list. If the applicant received additional points under the Resident Service scoring criteria, an average of at least four resident service activities per month must be provided from the following list. If you are interested in starting an activity or course that is not on the list, please propose the new activity to the Manager of Multifamily Oversight_or his/her designee for approval. Activities that are provided daily, such as after school programs and educational/scholastic tutoring, can be counted as two services for the quarter. Please make sure that services offered will encourage economic self sufficiency and/or promote homeownership opportunities.

- Career Services
  1. Computer Literacy Class
  2. GED Classes
  3. Job Skills/Training
  4. Resume/ Job Search Workshop
  5. Job Fair
  6. College Preparation Class
  7. Military Recruiting

- Children's Services
  1. After School Care (Counts as 2 Services When Provided Daily)
  2. Swimming Lessons
  3. Free On-site Daycare (Counts as 2 Services When Provided Daily)
  4. Free On-site Tutoring Sessions (Counts as 2 Services When Provided Daily)
  5. Performing Arts Classes
  6. Holiday Safety Classes
  7. On-Site Library
  8. Free Lunch Program (Counts as 2 Services When Provided Daily)

- Community Awareness
  1. Crime Watch Meeting
  2. Self Defense Course
  3. Child ID/Fingerprinting Program
  4. Fire Safety Class
  5. Hurricane Safety Class
  6. Domestic Violence Awareness Workshop
  7. Drug Awareness Workshop

8. Host Support Groups Such as AA, Anger Management, etc.
9. Community Gardens
10. Community Service Activities (i.e. Habitat for Humanity)
11. Green Living/Environmental Workshop

- Financial Skills
  1. Household Budgeting Workshop
  2. Financial Planning/Credit Counseling Workshop
  3. Asset Building Workshop
  4. Tax Preparation Courses
  5. Student Financial Aid Workshop
  6. Personal Insurance Workshop (Medical, Renters, Life, Disability, Car)

- Medical and Health Services
  1. Basic First Aid and CPR Class
  2. Caring for the Disabled Class
  3. Health and Screening Services
  4. HIV/AIDS Classes
  5. Vaccinations/ Flu Shots Services
  6. Weight Loss Club (Fitness and Exercise Classes)
  7. Diabetes/ Heart Disease Courses
  8. Babysitting Safety Courses
  9. Health and Nutritional Courses
  10. Low Cost Healthy Cooking Courses
  11. Cancer Awareness Workshop/Cancer Screening Services
  12. Free Dental Services

- Personal Development
  1. Counseling Services
  2. English as a Second Language Courses
  3. Home Ownership Counseling
  4. Home Ownership/Apartment Maintenance Courses
  5. Parenting Classes
  6. Anger Management Courses
  7. Family Counseling
  8. Cleaning Supply Safety Class
  9. Book Club

- Free Transportation Services
  1. Grocery Store
  2. Library
  3. Medical Visits
  4. Cultural Community Events
  5. Free/Discounted Public Transportation Tickets

Activities that will not be counted towards the six resident services per quarter requirement 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.

Texas State Affordable Housing Corporation

~~2012~~ 2013 ~~Private Activity~~Multifamily Tax-Exempt Bond Programs
Draft Policies and Request for Proposals

The Texas State Affordable Housing Corporation~~ is requesting~~ has approved these policies and request for proposals ("RFP") for its multifamily tax-exempt bond programs for calendar year 2013. ~~from qualified developers for the creation or preservation of multifamily residential rental projects. The Corporation is releasing this Request for Proposals to~~ These policies and RFP are updated annually to inform the public of the Corporation's process and guidelines ~~to be used in~~ for selecting ~~qualified projects for financing with residential rental bond funds~~ residential rental properties to be financed with tax-exempt bonds issued by the Corporation.. **The Corporation will begin accepting applications ~~for inducement~~ on January ~~3rd, 2012~~14th, 2013.** All submissions will be held for review of threshold and scoring criteria for at least 28 days prior to any presentation to the Corporation's Board for an Inducement Resolution.

1. **Introduction**.

   a. The Texas State Affordable Housing Corporation (the "Corporation") is a public nonprofit corporation that serves the housing needs of low, very low and extremely low-income Texans and other underserved populations who do not have comparable housing options through conventional financial channels. The Corporation ~~will~~ accepts applications from ~~residential rental~~ developers ("Developers") to acquire and rehabilitate, or construct new affordable multifamily rental developments ("Developments"). Pursuant to §§2306.~~565~~554, ~~554~~564 and 56~~4~~5 of the Texas Government Code~~.~~, t~~T~~he Corporation is authorized to issue multifamily 501(c)(3) bonds and to ~~shall~~ direct the Texas Bond Review Board on the issuance of the portion of the state's private activity bonds ceiling set aside for the Corporation under §1372.0231(a) of the Texas Government Code. The Corporation's available volume cap for private activity bonds is ~~will be~~ 10% of the State's available volume cap for residential rental private activity bonds. For ~~2012~~2013 the amount is estimated to be approximately $55~~3~~ million. This volume cap is available for reservation until August 1, ~~2012~~2013. Thereafter the Corporation will be able to reserve any additional available volume cap through the Texas Bond Review Board. There is no limit on the amount of 501(c)(3) bonds that the Corporation may issue.

   b. ~~This~~ These policies and ~~Request for Proposals (the "RFP")~~RFP ~~has~~ have been adopted by the Corporation's Board of Directors based on a review of the state's strategic housing needs, the demonstration of local community support, and solicitation from local and regional housing organizations, pursuant to §2306.565 of the Texas Government Code. This RFP defines the methodology that staff ~~shall~~ will use to review applications and creates the criteria for scoring and ranking applications.

   c. This RFP ~~shall~~ will be extended month-to-month until such time as the Corporation chooses to close the RFP to further submissions, based on the amount of funds awarded or induced by the Corporation's Board. A notice that the RFP has closed will be posted to the Corporation's website, and written notice will be provided to any Developer who submits an application prior to the release of the closing notice. The Corporation reserves the right to re-open the RFP ~~in the event that additional volume cap becomes available or otherwise~~at any time.

   d. Contact Information. All questions about the RFP and application process can be directed in writing to:

Manager of Development Finance
Texas State Affordable Housing Corporation
2200 E. Martin Luther King Jr. Blvd.
Austin, Texas 78722
Tel. 512-477-3555, Fax 512-477-3557
Email: ddanenfelzer@tsahc.org

2. **Targeted Housing Needs**. Pursuant to §2306.565(b) of the Texas Government Code, the Corporation's Board has identified target areas of housing need within the State of Texas ("Targeted Housing Needs") for the allocation of qualified residential rental project bond funds. The Targeted Housing Needs are based on research conducted by the Corporation, including a review of the State's strategic housing needs, relevant housing needs assessments and information from local and regional stakeholders. To this end, the Corporation's Board has adopted the following Targeted Housing Needs. The Corporation ~~shall~~ will only accept applications in response to this RFP that fulfill at least one of the ~~following~~ Targeted Housing Needs.

   a. *At-Risk Preservation and Rehabilitation.* The preservation and rehabilitation of existing affordable rental housing ~~developments shall be~~ is defined as existing ~~affordable~~ housing in need of significant structural repairs and mechanical systems updates. The housing must currently have a recorded regulatory agreement or land use restriction agreement (the "LURA") placed on it by a public body. ~~and recorded along with the deed of trust~~. ~~The rehabilitation of housing units must involve at least $15,000 per unit of rehab, but not more than $5,000 per unit in site work costs may be included in the calculation~~Rehabilitation activities must result in the housing units being brought up to current energy efficiency, housing quality, local building code and accessibility standards. Developments ~~shall~~ may include temporary tenant relocation expenses, but may not cause the permanent relocation of existing low-income tenants;

   b. *Rural and Smaller Urban Markets.* The Corporation is dedicated to expanding access to rental housing in rural and smaller urban markets that are not generally targeted for housing expansion. Rural rental housing developments must be located within an area that is: (a) outside the boundaries of a primary metropolitan statistical area (PMSA) or metropolitan statistical area (MSA); or (b) within the boundaries of a PMSA or MSA, if the area has a population of 20,000 or less and does not share a boundary with an urban area. Smaller ~~Urban~~ urban rental housing developments must be located within a city of less than 100,000 persons, but not within or adjacent to a PMSA or MSA of more than 500,000 persons;

   c. *Senior and ~~Supportive~~ Service Enriched Housing Developments.* Senior and *Service Enriched* ~~Supportive~~ Housing Developments must meet at least one of the following definitions in order to qualify under this Targeted Housing Need category.

      i. A proposed Development that meets the requirements of the federal Fair Housing Act and: a) is intended for, and solely occupied by, individuals 62 years of age or older; or b) is intended and operated for occupancy by at least one individual 55 years of age or older per unit, where at least 80% of the total housing units are occupied by at least one individual who is 55 years of age or older; and where the

owner publishes and adheres to policies and procedures which demonstrate an intent by the owner and manager to provide housing for individuals 55 years of age or older. (See 42 U.S.C. Section 3607(b));

ii. A proposed Development that provides for integrated, affordable and accessible housing that offers the opportunity to link residents ~~services~~ with on-site or off-site services and supports that foster independence for individuals with disabilities and persons who are elderly~~, will be considered Service-Enriched~~. Such Developments should also show a clear effort to coordinate housing and health services for residents; or

iii. A Development financed ~~under the PAB program~~ in accordance with limitations set by the Internal Revenue Service on Assisted Living Developments, and ~~is~~ a) is affordable rental housing combined with minimal on-site medical or supportive services; b) is targeted to persons with disabilities, but with at least ~~60~~75% of units open to any qualified renter; and c) has at least 10% of ~~the~~ its units ~~are~~ affordable to persons earning less than 30% of the area median income.

~~ii. ; or~~

~~A Development that will be primarily marketed to high risk populations and will include common space for intensive supportive services to be provided on-site. This may include developments targeted to at-risk youth populations, persons facing homelessness, or other special needs populations, as approved by the Corporation. Supportive Housing Developments must be designed so that at least 30% of all units are accessible to persons with mobility impairments as defined by the Fair Housing Accessibility Design Standards~~.

d. *Disaster Relief Housing*. The Corporation ~~shall~~ will consider any eligible multifamily residential rental housing Development, including rehabilitation and new construction, located in any one~~,~~ or more Texas c~~C~~ounties identified in a Federal Emergency Management Agency disaster declaration to be eligible for financing under this RFP.

3. **Housing Needs Set-Aside.** To ensure that bond cap will be available for specific housing needs the Corporation has determined that until April 1, ~~2012~~2013, 20% of its annual available volume cap will be reserved for developments that:

   a. Include at least 50% of housing units located in a qualified Rural or Smaller Urban Market, as defined by this policy; or

   b. Include at least 20% of housing units built to be accessible for persons with mobility impairments and special needs populations as defined by this policy.

4. **Application Submission**. The Corporation ~~shall~~ will publish an application package to its website. Developers should download and complete the application pursuant to the guidelines for completion ~~as~~ included in the application instructions. The Corporation requires a nonrefundable application submission fee of $1,500 for Private Activity Bonds or $2,500 for 501(c)(3) bonds.

5. **Application Review**.

a. The Corporation requires at least 28 days to review an application ~~prior to~~ before presenting ~~a~~ any recommendation for inducement to the Corporation's Board. The Corporation ~~shall~~ will bring before the Board only those applications ~~received in a timely manner~~ that have completed the review process.

b. The Corporation may delay the presentation of an application to the Board if there are errors, omissions or insufficient documentation that the Corporation deems necessary to complete its review. If an application fails to fulfill the minimum threshold criteria for the private activity bond ("PAB") program, the application will not be accepted by the Corporation for further review.

c. All applications that have completed the review process ~~shall~~will be presented, and recommendations for awards will be determined based on final scores and availability of funds. If the Corporation utilizes all of its volume cap prior to approving an ~~Application~~application, the ~~Application~~ application ~~shall~~will be held for a period of 120 days from its date of submission and may be considered for a future award, if volume cap becomes available.

6. **Threshold Criteria**. All applications submitted to the Corporation ~~shall be required to~~must meet the following minimum Threshold Criteria ("Threshold Criteria") in order to be considered for an allocation of ~~Bonds~~ bonds by the Corporation. Applications not meeting the criteria listed below ~~shall~~will be subject to termination by the Corporation.

a. *Affordability Threshold.*

i. The Corporation seeks to provide housing to a mix of eligible households, including low, very-low and extremely-low income persons. Developers who are successful at receiving an allocation of PABs shall agree to the following minimum terms and conditions through a Regulatory Agreement. At a minimum, all Developments will be required to meet the following income and rent restrictions:

A. A minimum of twenty percent (20%) of the units in a Qualified Residential Rental Development 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 Development must be affordable to persons and families with incomes at or below sixty percent (60%) of the AMI, adjusted for family size.

B. Rent Restrictions. Gross monthly rent charged on an income restricted unit will not exceed 30% of the applicable AMI.

ii. ~~The length of~~ Affordability Requirements shall be maintained for ~~a period of~~of the greater of ~~at least~~ 15 years~~,~~ or as long as the bonds are outstanding.

b. *Experience Threshold.* ~~All~~ Developers must ~~be able to~~ demonstrate sufficient experience in the development, ownership and/or management of affordable housing ~~developments in order to be considered for an allocation~~. Developers ~~shall~~ must submit evidence that they have been involved in the development or ownership of the greater of 75 units or 50% of the total proposed Development units. The Corporation ~~will~~ may only ~~count~~ give credit for

projects that are determined to be successful examples of affordable housing development, which includes properties in continuing operation, historically and currently in compliance ~~reporting~~, and any other factors that the Corporation determines to be relevant.

c. *Construction Threshold.* All Developments, new construction and rehabilitation, must adhere to local building codes and standards. If a Development is planned in an area or community that does not have local building codes, then the most recent and approved version of the International Building Code~~,~~ or International Residential Building Standards must be used. A certification from the Development's architect, engineer or other third-party construction supervisor must be submitted prior to closing of the bonds~~ must adhere to all construction, energy efficiency, accessibility and site development standards set by and approved under the 2012 Housing Tax Credit Qualified Allocation Plan ("2012 QAP") as approved and signed by the Governor of Texas. The Corporation's Board reserves the right to set standards more stringent than the 2012 QAP, and Developers are encouraged to review both this RFP and the 2012 QAP for any differences~~.

d. *Compliance Threshold.* All Developments must adhere to the Corporation's Compliance Policies, which can be viewed on our website at: www.tsahc.org. Developers and their affiliates ~~shall~~will also be reviewed for compliance history with the Corporation's and any other state or federal affordable housing program. The Corporation ~~shall~~will require the submission of compliance information and references in order to research a Developer's compliance history.

e. *Resident Services Threshold.* The Corporation strives to maintain ~~one of the nation's best~~excellent resident services programs in the properties ~~that are financed by the Corporation~~it finances. To ~~obtain~~ meet this goal and better serve low income tenants, Developers ~~shall be required to~~must maintain a sustained resident services program that provides at least six (6) approved services to tenants ~~on a quarterly basis~~per quarter. Developers must ensure a dedicated budget for services, free transportation to services if off-site, and preferably on-site staff to direct services. The six (6) services must be listed in the Corporation's Resident Services Program Guidelines, as attached in Appendix A, or as approved by the Corporation.

f. *Energy Efficiency Threshold.* All Developments must adhere to the U.S. Department of Energy's Energy Star program standards, unless otherwise exempted by ~~approval of~~ the Corporation~~'s Board~~. Developments including either new construction or rehabilitation shall meet these standards. Developers may obtain additional information regarding these standards directly from the Energy Star website: http://www.energystar.gov~~/index.cfm?c=business.bus_index~~. This threshold must be certified to by the Development architect, consulting engineer, or other third party energy efficiency consultant, prior to closing and based upon a review of the construction specifications or scope of work provided by the Development's general contractor. Additional incentives for Green Building methods and energy efficiency are included as scoring items.

g. *Environmental Review Threshold.* Prior to ~~the sale of the obligations~~closing, the Developer ~~will be~~is required to conduct a Phase I Environmental Site Assessment. At bond closing, the Developer will be required to provide an environmental indemnity in the form to be provided by the Corporation's Bond Counsel.

h. *Relocation Threshold.* All Developments involving the rehabilitation, reconstruction or demolition of existing housing must provide evidence that all tenants, lease holders, property owners and/or residents have been notified at least 30 days prior to the submission of the bond reservation application to the Texas Bond Review Board, that:

   i. The Developer intends to rehabilitate, reconstruct or demolish existing housing units; and

   ii. The Developer ~~shall~~ must ensure that tenants' rights under all federal, state and local housing laws are upheld, including ~~by~~ but not limited to extended lease agreements, rental assistance, and relocation assistance.

i. *Accessibility Threshold.* All Developments ~~shall~~ must be designed, built and rehabilitated to adhere with the Fair Housing Accessibility Standards, Title II and III of the Americans with Disabilities Act of 1990, Section 504 Accessibility Standards, and §2306.514 of the Texas Government Code. Developers are encouraged to review these guidelines with their architects and/or construction teams prior to application submission. All Developments will be required to obtain a certification from the project architect, engineer or contractor that the final construction plans and/or rehab plan will meet or exceed the above listed federal and state accessibility standards.

~~j. *Unit Amenities Threshold.* All housing Developments must adhere to the standard unit and Development amenity requirements of the 2012 QAP.~~

~~k.~~j. *Community Support Threshold.* Developers are encouraged to collect community input on their Development proposals. ~~Any~~ All letters of support or opposition must be provided to the Corporation as they are received. Developers ~~shall~~ must submit with their response to the RFP two (2) of the following documents in order to demonstrate community support for the proposed development:

   i. A letter of Support from one or more of the following: Mayor; City Manager; City Administrator; Director of the Local Housing Finance Agency; Director of the Local Public Housing Agency; School District Superintendent; or County Judge, ~~from where~~in the jurisdiction in which the development is located;

   ii. A resolution of support from the City Council, Local School Board or County Commissioner's Court;

   iii. A letter of support from an affected neighborhood association; C~~c~~hamber of ~~commerce~~ Commerce or tenant council of a Development to be acquired;

   iv. Evidence that a local government (city or county) entity is providing funding for the development; and/or

   v. A letter of support from the State Representative or Senator representing the district in which the proposed development is located.

~~l.~~k. *Underwriting Threshold.* The Corporation generally applies the same underwriting standards as required by the Texas Department of Housing and Community Affairs ("TDHCA"), pursuant to §§~~1.31~~10.301 to ~~1.37~~10.307 of the Texas Administrative Code, to ensure consistency with the tax credit underwriting process. The Corporation ~~shall~~ must receive all

third party reports, including~~,~~ but not limited to~~,~~ Property Condition Assessments, Environmental Reports, Market Analysis and Appraisals, that are required to be submitted to TDHCA. ~~The Corporation shall determine the financial feasibility of Developments using the standards set out in §1.32(d) of the Texas Administrative Code. These standards include the following minimum requirements~~Additional minimum underwriting standards include:

i. All Developments, and each property within a pooled transaction, must maintain a minimum Debt Coverage Ratio ("DCR") of 1.20 for a period of no less than 15 years;

ii. The Corporation generally ~~requires an amortization period of~~does not permit amortization periods of more than 40 years. The Corporation may consider longer amortization schedules for Supportive Housing and extremely low-income housing developments;

iii. The Corporation ~~shall~~will include a reserve of replacement expense of not less than $300 per unit annually in the operating expenses for each Development. The Corporation may require a higher reserve amount based on information provided in the Property Condition Assessment (the "PCA");

iv. Compliance fees ~~shall~~will be included in the estimate of operating expenses and ~~shall~~will include, at a minimum, the Corporation's Asset Oversight Agent Fee and Compliance Fee, as well as any fees required by TDHCA or other financial sources; and

v. The Corporation will include other reasonable and documented expenses, ~~not including~~including, but not limited to, depreciation, interest expense, lender or syndicator's asset management fees, or other ongoing partnership fees in its underwriting analysis. Lender or syndicator's asset management fees or other ongoing partnership fees will not be considered in the calculation of debt coverage.

~~m.~~l. *Property Tax Exemption*. Developers ~~shall~~ must certify that they will, or will not, apply for a property tax exemption or payment in lieu of taxes agreement ("PILOT") to reduce the property taxes due to local taxing entities. If a Developer agrees not to apply for a tax exemption or PILOT agreement, the Corporation ~~shall~~will require a restriction to be added to the bond documents that prohibits any future application for exemption. If a Developer states that they will or may apply for a tax exemption or PILOT agreement, the Corporation ~~shall~~will require a notification to the local tax appraisal district, school district superintendent and the County Judge where the Development is located that such an exemption or agreement will be requested. Developers will also be required to submit confirmation of any exemptions or final agreements to the Corporation.

m. *Public Benefit Threshold for 501(c)(3) Bonds Only.* Pursuant to §2306.563 of the Texas Government Code and this Policy, the Corporation requires that all nonprofit organizations that receive an issuance of qualified 501(c)(3) bonds must invest at least one dollar in projects and services that benefit income-eligible persons for each dollar of property taxes that is not imposed on the Development as a result of a property tax exemption received under §§11.182 and 11.1825~~,~~ of the Texas Tax Code. Projects and services must benefit income-eligible persons in the county in which the Development supported with the tax

exemption is located and must consist of: (1) rent reduction; (2) capital improvement projects; or (3) social, educational, or economic development services, referred to hereafter as qualified public benefits ("QPB"). The Corporation has determined that the following guidelines are reasonable for the calculation and accounting of QPB:

i. The Corporation shall require ~~that~~ the value of any property tax exemption to be included in the operating budget of the Development and escrowed with the Trustee in an account (the "QPB Account") prior to the repayment of any debt, management fees, performance fee, or any other fees that the Corporation determines relevant. The QPB account may be funded in advance with funds withdrawn for repayment of QPB activities, or may be included on the operating ledger as an account payable with QPB expenditures credited against the balance. On or before January 1st of each calendar year starting after the closing of the bonds, the Developer shall provide to the Corporation an estimate of the value of property tax exemption for that calendar year based on the appraised value provided to the Development by the county tax appraiser where the Development is located. The balance of funds to be escrowed~~,~~ or credited in the QPB Account may be reduced each month in an amount equal to the value of QPB expended by the Development each month. In the event that the QPB Account has a balance of funds existing, or owed as an account payable, if applicable, at the end of the calendar year the Developer or its guarantors shall advance the balance to the appropriate taxing entities on a pro rata basis. The QPB Account imposed by this section ~~shall~~will be reduced by an amount equal to each dollar that, in lieu of taxes, a Developer pays to a taxing unit for which the Development receives an exemption prior to the end of the calendar year.

ii. The Corporation has determined that the value of QPBs ~~shall~~will be calculated in the following manner:

A. The value of rent reductions ~~shall~~will be calculated using the difference between the most recent fair market rent (the "FMR") published by the U.S. Department of Housing and Urban Development~~,~~ (the "HUD") and the actual rent collected in each lease agreement. This includes rent concessions granted to households upon move-in, but not the absence or forgiveness of deposits. Rent reductions must be accounted for on a monthly basis, documented in each individual lease agreement that receives the benefit, and a notice given to each resident of the annual value of their rent reduction. Units that receive rental assistance payments of any kind are excluded from rent reduction calculations.

B. The value of capital improvements ~~shall~~will be determined on a case-by-case basis for each Development and be specific to each Development or property within a pooled transaction. Capital improvement costs ~~shall~~will not include regular maintenance, general repairs, or make ready costs associated with the daily operations of the Development. The Development may include the cost of rehabilitation to be completed as part of the issuance of new 501(c)(3) bonds or approved capital improvements paid for with proceeds from grants, tax credit equity, bond proceeds, loans or other forms

of taxable debt, and may amortize the cost of those capital improvements over a five (5) year period. The repayment of taxable debt for capital improvements pursuant to this section B that actually reduces the equivalent amount of such taxable debt payable ~~shall~~will be paid out of escrowed funds or credited against the QPB Account. Capital improvements may not account for more than 75% of the total annual QPB requirement.

C. The value of social, educational, or economic development services may be based on (1) the actual dollar amount expended by the Development towards such services at the time such services are provided to residents; (2) the value of volunteer services provided and coordinated by the Developer or its affiliates; and (3) the cost saving provided to tenants through services such as free on-site day care, free after school care and free lunch programs. The Development may only include the cost of services approved by the Corporation and ~~shall~~must not include the value or cost of services provided to residents free of cost by third party entities.

iii. The Corporation ~~shall~~will require each Developer to certify that the Public Benefit Threshold has been met in accordance with this policy, and any future revisions of this policy, in their annual audit, to be filed with the Corporation within 120 days of the beginning of each fiscal year of the Development.

7. **Scoring**. Pursuant to §2306.565(e) of the Texas Government Code, the Corporation's Board has adopted the following criteria to score and rank applications to the PAB program. The first three scoring criteria are required by state statute. The remaining criteria support the Corporation's goals to target specific housing needs and underserved areas in the state. The maximum score is 110 points.

a. *Cost Per Unit of Housing*. Applications may receive up to 15 points for proposing housing developments with total residential costs within the following ranges:

i. 15 points for~~;~~:

A. Acquisition & Rehabilitation equal to or less than $~~65~~80,000 per unit

B. New Construction equal to or less than $~~85~~100,000 per unit; ~~or~~

ii. 8 points for~~;~~:

A. Acquisition & Rehabilitation equal to or less than $~~75~~90,000 per unit

B. New Construction equal to or less than $~~95~~110,000 per unit: or

iii. 15 Points for acquisition and rehabilitation Developments that exceed $25,000 per unit in rehabilitation expenses.

b. *Proposed Rents*. Applications may receive up to 15 points for proposing Developments that ensure a percentage of rents are affordable to very~~-~~ low and extremely low-income households. Developments supported by project based rental contracts may not include

units supported by project based subsidies in the calculation of the following set-aside selections:

i. 15 points – at least 5% of units will be reserved for families who earn 30% or less ~~than~~ of the area median income; or

ii. 10 points – at least 40% of units will be reserved for families who earn 50% or less ~~than~~ of the area median income.

c. *Income Range for Residents.* The Corporation is interested in promoting mixed income housing as a means to improve the lives of residents and build stronger communities. Applications that propose to ensure the following mixed income guidelines ~~shall~~will receive 15 points:

i. Not more ~~then~~ than 80% of the housing units will be reserved for persons earning 60% or less than the area median income; or

ii. At least 15% of the housing units will be reserved for persons earning ~~more than~~between ~~-~~80% and 120% of the area median income.

d. *Small and Mid-sized Cities.* Applications ~~shall~~will receive 10 points for developments located in communities with populations less than 100,000, but not located adjacent to a PMSA or MSA with a total population of more than 500,000.

e. *At-Risk Preservation.* Applications ~~shall~~will receive 10 points for the acquisition and rehabilitation of developments at~~-~~ risk of losing affordable housing rental contracts or land use restrictions. Developments must demonstrate that the current land use restriction agreement ("LURA") or Regulatory Agreement, if applicable, is within 3 years of expiration.

f. *Green Building Features.* Applications will receive 10 points for obtaining a certification from a qualified third party that the Development meets the minimum certification requirement of the U.S. Green Building Council's LEED ("LEED") program. Applications will receive an additional 5 points (maximum of 15 points for this criterion) for meeting the Gold or Platinum certification standards for the LEED program. Certification may be based on the proposed construction plans, and the Development ~~shall~~ must obtain an official certification after completion of construction or rehabilitation.

g. *Accessible Housing Features.* Applications, including those for rehabilitation developments, will receive 10 points for certifying that the Development will meet the following housing accessibility standards~~. Rehabilitation Developments are not exempt from meeting these requirements, if the scoring item is selected~~:

i. All housing units accessible through a ground floor entrance ~~shall~~ must have at least one no-step entry with a 36" entrance door;

ii. All housing and community spaces will be accessible via pathways that meet ADA and Fair Housing accessibility standards;

iii. All door~~-~~ways in ground floor units (including closets, bathrooms, storage areas, etc…) ~~shall~~ must have doors with at least a 32 inch clear opening;

iv. All doors ~~shall~~ must have lever handles and windows shall have accessible release and opening mechanisms;

v. All ground floor units ~~shall~~ must have at least one ground floor bathroom with an accessible bath tub or roll~~-~~-in shower, and at least one ground floor bedroom;

vi. All electrical outlets, switches and control panels ~~shall~~ must be no higher than 48 inches and no lower than 15 inches; and

vii. All ground floor units ~~shall~~ must have kitchens that are accessible pursuant to the Fair Housing Accessibility Guidelines.

h. *Local Public Funding.* Applications ~~shall~~ will receive 5 points for providing evidence that a commitment of financial support~~, equal to~~ of at least $100 per unit~~,~~ has been ~~committed~~ made by a unit of government to the proposed development. The only qualifying units of government ~~shall~~ will be Counties, Cities, Municipal Utility Districts, and Councils of Government. The Corporation considers fee waivers, grants and loans as financial support.

i. *Letters of Local Support.* Applications ~~shall~~ will receive 5 points for submitting at least four letters of support from any combination of the following persons: Mayor; City Manager; County Judge; School District Superintendant; State Representative; or State Senator, whose district includes the Development site.

j. *Developer Experience.* Applications ~~shall~~ will receive 5 points for providing evidence that the Developer currently owns, and maintains in compliance, a number of multifamily housing units at least twice the amount proposed in the Application.

k. *Resident Services.* Applications ~~shall~~ will receive 10 points for agreeing to provide at least four (4) approved services to tenants on a monthly basis. This scoring criterion is a higher standard than the Corporation's threshold criteria for resident services.

l. *Tie Breaker.* The Corporation ~~shall~~ will break all scoring ties by dividing the estimated ~~per unit~~ total development cost per unit by the number of very~~-~~ low and extremely~~-~~ low~~-~~-income units. The application with the lowest ratio ~~shall~~will be determined the winner of the tie break.

8. **Subsequent Filing Requirements**. Prior to final approval of the ~~Bonds~~ bonds by the Corporation's Board or the Texas Bond Review Board, Developers may be required to file such additional documents or statements in support of their Development~~,~~ as may be considered relevant and appropriate by the Corporation, which may include~~,~~ but are not limited to~~:~~:

a. Such additional information as requested by the Corporation's Financial Advisor, Bond Counsel, or Issuer's Counsel;

b. A draft 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 a lender, purchaser, or investor, which offering, sale or placement materials ~~shall~~ must 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 this RFP;

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

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

9. **Public Hearings and Meetings**.

a. The Corporation's Board, at its own discretion, may call any Developer to a scheduled meeting to review the Developer's experience, qualifications, and/or the characteristics of a Development.

b. The Corporation requires Developers to attend a public hearing in each of the communities where a Development is proposed. If the Development includes multiple sites in several cities, the Corporation may require an additional hearing to be conducted at a ~~central~~ location central to all development sites. All public hearings ~~shall~~ must be held prior to the final approval of the Bond Resolution by the Corporation's Board.

c. With respect to public hearings required by the Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA"), the Corporation ~~shall~~ will plan and publish notice, at the expense of the Developer, of the hearing in the *Texas Register* and the local newspapers of general circulation in the participating jurisdictions at least fifteen (15) days prior to the planned TEFRA hearing. The *Texas Register* is published only on Fridays and such notice must be provided in advance pursuant to the requirements of the *Texas Register* guidelines. The Corporation will schedule an appropriate date, time and location for TEFRA hearings based on the schedule of publication.

d. The TEFRA Hearing may not be held (and notice of such Hearing may not be published) prior to the date the Corporation approves the Inducement Resolution; provided, however, that such hearings may be scheduled and publication of the hearing notice may be prepared 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 herein.

e. The Corporation also provides notice of TEFRA hearing(s) to certain members of the Texas Legislature, local public libraries, homeowners' associations or other recognized neighborhood organizations or groups, and other interested parties designated by the Corporation. The Corporation will not publish notice of a public hearing until it has received from the Developer:

   i. The names and addresses of any affected homeowners' associations; and

   ii. The names of the state legislators, city council members, Mayor, County commissioners, County Judge, School District Superintendent and School Board President, 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.

10. **Awards**.

a. The Corporation's Board may select Developers and alternate Developers for an inducement of volume cap based on the results of threshold and scoring criteria review from a response to the RFP and oral presentations. The Corporation reserves the right not to approve any inducement of volume cap to any Developer(s), even one that is awarded the most points during the scoring review.

b. The Corporation reserves the right to retract an award if a Developer is unable to receive a reservation of private activity bond cap prior to July 1, 2012. The Corporation reserves this right in order to allow alternate Developers~~,~~ or other applications to proceed with an inducement and reservation, and to ensure the maximum utilization of the Corporation's volume cap.

c. 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 application process are the sole responsibility of the Developer. All decisions of the Corporation are subject to such additional conditions, restrictions and requirements as determined by the Corporation in its sole discretion. In addition, the Corporation's selection of proposed Developments for possible allocation of private activity bond cap is subject to final allocation approval by the Texas Bond Review Board.

11. **Bond Review Board Approval**.

a. Obligations issued by the Corporation are subject to approval by the Texas Bond Review Board (the "TBRB"). TBRB rules provide an optional exemption from the formal approval process for Texas State Affordable Housing Corporation multifamily conduit transactions unless such transactions involve an ad valorem tax reduction or exemption. If no ad valorem tax exemption or reduction is requested with respect to the Development, the formal TBRB approval process may not be required. However, if one or more TBRB members request it, the formal TBRB approval process must be followed. If so,

representatives of the Developer are expected to attend the TBRB planning session and the TBRB meeting at which the Development will be considered for approval. Additional information may be requested by TBRB members, and the Developer's cooperation in providing this information is required.

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

12. **Fees**. Developers shall be responsible for fees and expenses incurred as a result of bonds issued on their behalf (the "Cost of Issuance"). Up to two percent (2%) of the Cost of Issuance may be financed through bond proceeds and will be considered part of the obligations authorized for issuance by the Corporation, where eligible under the Code. Developers shall commit 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. *Application Fee*. Developers shall submit a nonrefundable fee of $1,500 for Private Activity Bonds or $2,500 for 501(c)(3) bonds, made payable to the Corporation, upon submission of the Application.

b. *Inducement Fee*. Developers shall pay a deposit of $7,500, and an additional $1,000 for each property for Developments involving more than one (1) site, to cover expenses related to public hearings and the application for PAB allocation to the Texas Bond Review Board, within five (5) business days of the date the Inducement Resolution is approved by the Corporation's Board. Additional reimbursements for expenses related to public hearings and application for private activity bond allocation may be requested by the Corporation.

c. *Professional Fee Deposit*. Following the issuance of a reservation for volume cap from the Bond Review Board, Developers shall make a deposit with the Corporation which ~~shall~~ will 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 $30,000, which represents a $15,000 deposit for Bond Counsel fees, a $7,500 deposit for Financial Advisor's fees, and a $7,500 deposit for Issuer's Counsel fees. All fees and expenses incurred by Bond Counsel, the Financial Advisor and Issuer's Counsel in connection with the Developer's transaction ~~shall~~will be deducted from such deposit whether or not the obligations are issued. If the accrued fees and expenses of Bond Counsel, the Financial Advisor and/or Issuer's Counsel exceed the amount of such initial deposit, the Corporation may require the Developer to submit an additional deposit payment.

d. *Corporation Expenses*. Developers shall reimburse the Corporation for all costs and expenditures incurred by the Corporation that exceed the Corporation's application and inducement fees paid to the Corporation by the Developer during the review, issuance and closing of a Development. ~~, prior to and after the selection of the Development by the Board, to analyze the appropriateness and willingness of the Corporation to provide bond financing for the Developer's transaction,~~ Such expenditures includ~~ing,~~ but are not limited

to~~, the reimbursement of costs and expenditures for~~ (i) on-site visitation of multifamily residential developments to be financed (or the site[s] therefore), (ii) any reports deemed necessary or appropriate by the Corporation and not otherwise provided by the Developer, (iii) all costs and expenses (including travel and related expenses) of conducting public hearings and related meetings [described herein] and (iv) such other activities, inspections and investigations as are deemed necessary or appropriate by the Corporation in connection with its determination of the suitability of the ~~Proposed~~ proposed Development for financing assistance to be offered by the Corporation. The Corporation will include any of the above expenditures in its closing fees estimate prior to the closing date~~invoice the Developer for such costs and expenditures, and the Developer shall pay such invoices within ten (10) days of receipt. Failure to make prompt payment of such invoices may result in a termination of the participation of the Corporation and its consultants in the financing~~.

(Note: The fee for Financial Advisor will be updated in a subsequent amendment.

e. *Financial Advisor Fe*es. The fee to be paid to the Corporation's Financial Advisor, acting in a standard Financial Advisor role, ~~shall~~will be 1) for the first $15,000,000 of bond principal, the fee shall be $10,000 plus $2.00/$1,000 of the principal amount of debt issued with a minimum fee of $20,000 (unless otherwise agreed to by the Corporation's Financial Advisor) and 2) for amounts above $15,000,000 the fee shall be reduced to $1.00/1000 for that amount over $15,000,000. In addition, for an additional fee the Corporation's Financial Adviser ~~shall~~will also serve as the bidding agent ~~for an additional fee~~ with respect to all investment contracts to be entered into in connection with the investment of bond proceeds and revenues of the Developments. If the financing structure proposed by the Developer requires non-standard services to be performed by Financial Advisor or involves unique financing features including, but not limited to, multiple sites or complexes in a project, extreme credit quality concerns, hedge agreements, swap agreements, or trust structures the fees to be charged by the Financial Advisor ~~shall~~will be subject to adjustment. Any such adjustment must be agreed to in writing by the Developer before the submission of the Reservation Application to the Bond Review Board.

f. *Bond Counsel Fees*. The fee to be paid to Bond Counsel will be $25,000 plus .3% ($3/$1,000 of the bond amount) on the first $20 million in bonds, and .2% ($2/$1,000) on all amounts above $20 million. The minimum fee for Bond Counsel will be $35,000 plus expenses, unless otherwise agreed to by Bond Counsel. ~~, acting in a standard Bond Counsel role, shall~~will ~~be $4/$1,000 of the principal amount of debt issued for the first $20,000,000 of the principal amount of debt issued, $3/$1,000 of the principal amount of debt issued for the next $20,000,000 of the principal amount of debt issued, and $2/$1,000 of the principal amount of debt issued thereafter, with a minimum fee of $25,000 (unless otherwise agreed to by Bond Counsel).~~ If the financing structure proposed by the Developer requires non-standard services to be performed by Bond Counsel or involves unique financing features including, but not limited to, multiple sites or complexes in a project, extreme credit quality concerns, hedge agreements, swap agreements, or trust structures, the fees to be charged by Bond Counsel ~~shall~~will be subject to adjustment. Any such adjustment must be agreed to in writing by the Developer before the submission of the Reservation Application to the Bond Review Board. In addition to the fees paid to Bond Counsel, the Developer will reimburse Bond

Counsel for all out-of-pocket expenses incurred by Bond Counsel in connection with the Development. Such expenses include TEFRA notice publication, public hearing notices, Attorney General filing fees, and the preparation and filing of the TBRB Applications and supplements thereto.

g. *Issuer's Counsel Fees.* The fee to be paid to Issuer's Counsel~~, acting in a standard Issuer's Counsel role, shall~~ will be .1% ($.1.00/$1000 of bonds) on the first $20 million of the principal amount of the bonds, and .075% ($.75/$1000 of bonds) on the principal amount above $20 million, with the minimum fee being $15,000 plus $5,000 for expenses ~~$1.00/$1,000 of the principal amount of debt issued for the first $10,000,000, $0.80/$1,000 of the principal amount of debt issued for the next $10,000,000, and $0.70/$1,000 of the principal amount of debt issued thereafter, with a minimum fee of $7,500~~ (unless otherwise agreed to by Issuer's Counsel~~.~~). ~~In addition to the fees paid to Issuer's Counsel, the Developer will reimburse Issuer's Counsel for all out-of-pocket expenses incurred by Issuer's Counsel in connection with the Development.~~ If the financing structure proposed by the Developer requires non-standard services to be performed by Issuer's Counsel or involves unique financing features including, but not limited to, multiple sites or complexes in a project, extreme credit quality concerns, hedge agreements, swap agreements, or trust structures, the fees to be charged by Issuer's Counsel ~~shall~~will be subject to adjustment. Any such adjustment must be agreed to in writing by the Developer before the submission of the Reservation Application to the Bond Review Board.

h. *Closing Fees.* Concurrently with the closing of the financing, the Developer shall pay or cause to be paid all fees and expenses in connection with the issuance of the obligations including~~,~~ Bond Counsel Fees, Financial Advisor Fees, Issuer's Counsel Fees, Texas Bond Review Board Fees, and 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. ~~Developers shall pay or cause to be paid a closing fee to the Texas Bond Review Board the greater of $1,000 or 2.5 basis points (0.025%) of the principal amount of the bonds certified as provided by §1372.039(a)(1), Government Code.~~ Additionally, the Corporation ~~shall~~will receive a Closing Fee of ~~five~~ seven and one-half (~~5~~7.5) basis points (.0~~5~~75%) ~~on~~ of the principal amount of obligations issued, with a minimum closing fee of $~~5,000~~7,500.

i. *Administrative Fee.* Until the final maturity of the obligations, the Developer will pay an annual 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 (.10%) ~~annually~~ of the aggregate principal amount of the obligations outstanding, with a minimum annual fee of $5,000. The first annual payment of the Administrative Fee ~~shall~~ must be paid at closing. 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).

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

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

l. *Continuing Costs*. Developers shall pay to the Corporation, in the manner described in the Development documents, the following amounts:

   i. An annual asset oversight and compliance fee equal to the greater of $45 per unit or $2,500 for each property included in the Development (as such fee may be adjusted in accordance with the Asset Oversight and Compliance Agreement). The Corporation may require the owner of the Development and/or related entities or persons to ~~guaranty~~ guarantee the payment of these fees;

   ii. Any amounts payable pursuant to any indemnity contract or agreement executed in connection with any financing by the Corporation completed as herein contemplated, and

   iii. The amount allocable to each Developer (whose financing has been completed) of costs and expenses incurred by the Corporation in the administration of the indemnity contract or agreement, any program established in connection with the financing of a Development, and any obligations of the Corporation, including an annual accounting and/or audit of the financial records and affairs of the Corporation. The amount of costs or expenses paid or incurred by the Corporation under this clause ~~shall~~will be divided and allocated equally among all Developers whose financings have been completed.

m. *Changes in Fees*. The Corporation reserves the right at any time to change, increase or reduce the fees payable under this RFP. All fees imposed subsequent to closing by the Corporation under this RFP 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.

n. *Failure to Timely Pay Fees and Costs*. The Corporation will not consider submissions for future transactions proposed by Developers who are delinquent in the payment of any fees described herein.

13. **Document Preparation**. Bond Counsel ~~shall~~will have the primary responsibility for the preparation of the legal instruments and documents to be utilized in connection with the financing of the Development by the Corporation. No bonds or other obligations will be sold

or delivered unless the legality and validity thereof have been approved by Bond Counsel. The Developer and its legal counsel shall cooperate fully with Bond Counsel, the Financial Advisor, the Issuer's Counsel and the Corporation's agents in the preparation of such materials.

14. **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 application must be disclosed to the Corporation immediately in writing and approved by the Corporation.

15. **Time Limits**. 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.

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

    a. Receipt by the Board of evidence satisfactory to it that the Developer has complied in all material respects with this RFP 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 this RFP 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.

17. **Closing of the Development**. Following the public hearing(s) and final approval by the Corporation and the TBRB, 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.

    a. *Structure of Bond Sale*. Developers shall be responsible for determining the structures of the sale of bonds, but are encouraged to contact the Corporation's Financial Advisor for information regarding Bond transactions in Texas. Developers are required to execute an agreement in connection with awarding the sale of the Corporation's obligations to an underwriter or to an institutional purchaser through a private placement that obligates the Developer to the payment of the costs of issuing such obligations as more fully described herein.

    ~~b. *Public Sale Requirements*. Bonds to be sold publicly, whether by competitive bid or negotiated sale, shall have and be required to maintain a debt rating the equivalent of at least an "A" rating assigned to long term obligations by a nationally recognized rating agency acceptable to the Corporation. If the Bond Rating is based upon a credit enhancement agreement provided by an institution other than the Developer or Development Owner, the form and~~

substance of the credit enhancement must be approved by the Corporation and its Financial Advisor, and through the Bond Resolution, approved by the Corporation's Board. Remedies relating to failure to maintain appropriate credit ratings shall be provided in the financing documents relating to the Development.

c.b. Obligations with an investment grade rating of "A" or higher may be in minimum denominations of $5,000, if any. For the Corporation to approve transactions that are rated "A-" (or its equivalent) or higher but less than "A," the obligations must be sold in minimum initial denominations of $25,000 and in integrated multiples of any amount for amounts in excess of $25,000.

c. *Public and Limited Offering Requirements.*

i. All bonds to be sold publicly, whether by competitive bid or negotiated sale, shallmust have a debt rating the equivalent of at least an "A" rating assigned to long-term obligations by a nationally recognized rating agency acceptable to the Corporation. Bonds with an investment grade of "A" or higher may be sold in minimum denominations of $5,000,

ii. The Corporation shallwill consider any bonds that do not have a debt rating of at least "A" or higher as non-rated obligations. Non-rated obligations must be sold in minimum denominations of at least $25,000 and in integrated multiples of any amounts in excess of $25,000.

i.iii. If the obligations do not have an investment grade rating of "A-" (or its equivalent) or higher, the Corporation will consider such obligations to be non-rated for purposes of this subsection. 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 thatAll non-rated obligations must be be privately placed or offered on a limited basis with transfer and other 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 144A of the Securities Act of 1933 (a "QIB") or an "institutional accredited investor" as defined in Rule 501(a)(1), (2), or (3) of Regulation D under such act (an "Institutional 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 or Institutional Accredited Investors, the obligations must be issued in minimum denominations of not less than $250,000 and integral multiples of any amount in excess thereof, and (iii) at such time as the bond financing is presented to the Corporation for final approval, (a) the Developer (or placement agent, if applicable) must (a) identify the Purchaser of the obligations, and (b) the Developer (or placement agent, if applicable) must 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, but there will be no offering statement by the Corporation, 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 Institutional Accredited Investor, as applicable. In the case of a private placement transaction, the Developer or placement agent, upon delivery of the obligations, shall provide the Corporation with an executed investment letter from the investor purchasing the obligations substantially to the effect that: (1) it is engaged in the business, among others, of investing in tax-exempt securities and is a QIB or an Institutional Accredited Investor, as applicable; (2) it has made an independent investigation into the financial position and business condition of the Developer and therefore waives any right to receive such information; (3) it has received copies of the financing documents pursuant to which such obligations are issued, and (4) that it has purchased the obligations for its own account and not with the intent to sell them. A complete form of such investment letter will be provided by the Corporation.

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

e. *Required Approvals.* No Developer, or any representative of any Developer or the Corporation, shall represent, directly or indirectly, to any lender (interim or otherwise) supplier, contractor, or other person, firm, or entity that the Corporation has agreed or is firmly committed to issue any obligations in relation to any Development or Response~~,~~ or Reservation Detail until the Board has given final approvals for the issuance thereof under this RFP, and then subject to the governmental approvals required by this RFP 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.

f. *Offering Statement.* No Developer, or any representative of the Developer or the Corporation, shall ~~ever~~ make any representation, directly or indirectly, express or implied, of any fact contrary to the disclosures required to be made by this RFP.

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

18. **Failure to Comply with this RFP**. The Corporation will not consider submissions from Developers for a potential Development if the Developer is a borrower (or a related party thereto) in connection with obligations previously issued by the Corporation and such borrower (or related party) is not in compliance with the requirements set forth in this RFP or is

delinquent in the payment of any fees or costs set forth in this RFP with respect to such prior issued obligations of the Corporation.

19. **OTHER REQUIREMENTS**. THE CORPORATION MAY IMPOSE ADDITIONAL OR DIFFERENT REQUIREMENTS ON A DEVELOPER THAN THOSE PROVIDED IN THIS RFP 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.

APPENDIX A

TSAHC Resident Services Program Guidelines

It is the Texas State Affordable Housing Corporation's goal to support ~~developers~~ Developers in the creation of high quality Resident Service Programs. ~~To reach this goal, and better serve your residents, we need your help on site.~~ TSAHC has created basic guidelines and a reporting system to help with this process.

The following is a list of activities/courses that can be implemented. In order to fulfill the Resident Service requirement, at least six resident service activities per quarter ~~at a minimum~~ must be provided from the following list~~,~~. If the applicant received additional points under the Resident Service scoring criteria, an average of at least four resident service activities per month ~~at a minimum~~ must be provided from the following list. If you are interested in starting an activity or course that is not on the list, please propose the new activity to the Manager of ~~Asset Oversight and Compliance~~Multifamily Oversight~~,~~ or his/her designee for approval. Activities that are provided daily, such as after school programs and educational/scholastic tutoring, can be counted as two services for the quarter. Please make sure that ~~it~~ services offered will encourage economic self sufficiency and/or promote homeownership opportunities.

- Career Services
  1. Computer Literacy Class
  2. GED Classes
  3. Job Skills/Training
  4. Resume/ Job Search Workshop
  5. Job Fair
  6. College Preparation Class
  7. Military Recruiting

- Children's Services
  1. After School Care (Counts as 2 Services When Provided Daily)
  2. Swimming Lessons
  3. Free On-site Daycare (Counts as 2 Services When Provided Daily)
  4. Free On-site Tutoring Sessions (Counts as 2 Services When Provided Daily)
  5. Performing Arts Classes
  6. Holiday Safety Classes
  7. On-Site ~~library~~Library
  8. Free Lunch Program (Counts as 2 Services When Provided Daily)

- Community Awareness
  1. Crime Watch Meeting
  2. Self Defense Course

3. Child ~~Id~~ID/Fingerprinting Program
4. Fire Safety Class
5. Hurricane Safety Class
6. Domestic Violence Awareness Workshop
7. Drug Awareness Workshop
8. Host Support Groups Such as AA, Anger Management, etc.
9. Community Gardens
10. Community Service Activities (i.e. Habitat for Humanity)
11. Green Living/Environmental Workshop

- Financial Skills
  1. Household Budgeting Workshop
  2. Financial Planning/Credit Counseling Workshop
  3. Asset Building Workshop
  4. Tax Preparation Courses
  5. Student Financial Aid Workshop
  6. Personal Insurance Workshop (Medical, Renters, Life, Disability, Car)

- Medical and Health Services
  1. Basic First Aid and CPR Class
  2. Caring for the Disabled Class
  3. Health and Screening Services
  4. HIV/AIDS Classes
  5. Vaccinations/ Flu Shots Services
  6. Weight Loss Club (Fitness and Exercise Classes)
  7. Diabetes/ Heart Disease Courses
  8. Babysitting Safety Courses
  9. Health and Nutritional Courses
  10. Low Cost Healthy Cooking Courses
  11. Cancer Awareness Workshop/Cancer Screening Services
  12. Free Dental Services

- Personal Development
  1. Counseling Services
  2. English as a Second Language Courses
  3. Home Ownership Counseling
  4. Home Ownership/Apartment Maintenance Courses
  5. Parenting Classes
  6. Anger Management Courses
  7. Family Counseling
  8. Cleaning Supply Safety Class
  9. Book Club

- Free Transportation Services
  1. Grocery Store

2. Library
3. Medical Visits
4. Cultural Community Events
5. Free/Discounted Public Transportation Tickets

Activities that will not be ~~included~~ counted towards the six resident services per quarter requirement 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.

Tab 4

Discussion and Designation of a Vice Chair for the Texas State Affordable Housing Corporation Board of Directors.

Discussion

TEXAS STATE AFFORDABLE HOUSING CORPORATION
AUDIT COMMITTEE GUIDELINES
(Approved December 13, 2012)

These guidelines are intended to define the purposes, membership and responsibilities of the Audit Committee of the Texas State Affordable Housing Corporation ("the Corporation").

I. PURPOSES

The Audit Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities. The Audit Committee's primary duties and responsibilities are to:

1. Monitor the integrity of the Corporation's financial reporting process and systems of internal controls regarding finance, accounting, legal and ethics compliance.

2. Monitor the independence and performance of the Corporation's independent financial auditors who shall report directly to the Audit Committee.

3. Facilitate communication among the independent auditors, management, the CFO and the Board of Directors.

4. Monitor compliance by the Corporation and its directors, officers and employees with applicable laws and the Corporation's code of ethics and conflict of interest policies.

5. Establish procedures for the receipt, retention and treatment of financial matters complaints and the confidential anonymous submission by employees regarding questionable accounting, fraud or abuse.

6. Report on its activities to the Board of Directors.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities and it has direct access to the independent auditors as well as anyone at the Corporation. The Audit Committee has the ability to retain, at the Corporation's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties. However, it is not the duty or responsibility of the Audit Committee or its members to conduct auditing or accounting review or procedures, and each member of the Audit Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Corporation from which it receives information and (ii) the accuracy of

the financial and other information provided to the Audit Committee by such persons or organizations.

II. COMPOSITON AND MEETINGS

The Audit Committee shall be comprised of four members, as determined by the Board of Directors, two of whom shall be directors of the Corporation. Any other board member will be eligible to serve as an alternate member of the Audit Committee and will serve if one of the other member Board directors is absent from the meeting. The Corporation's President and Chief Financial Officer will serve as Ad Hoc members of the Committee. The two member board directors shall be free from any relationship that would interfere with the exercise of his or her independent judgment. All members of the Audit Committee shall have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements, and at least one member of the Audit Committee shall have accounting or related financial management expertise.

Audit Committee members shall be appointed on recommendation by the full Board of Directors. If a Chair of the Audit Committee is not designated or present, the members of the Audit Committee may designate a Chair by majority vote of the Audit Committee.

A quorum for a meeting of the Audit Committee shall consist of at least three committee members, two of which must be Board members.

Audit Committee members will be reimbursed for travel and other actual and reasonable expenses incurred in the conduct of official Audit Committee business. No member of the Audit Committee may accept any additional consulting, advisory or other compensatory fee from the Corporation or other organization.

The Audit Committee shall meet a minimum of two times annually or more frequently if circumstances dictate.

III. RESPONSIBILITIES AND DUTIES

To carry out its purposes, the Audit Committee shall have the following duties and responsibilities:

Review Procedures

1. Review and assess the adequacy of these guidelines at least annually and submit any proposed changes to the Board of Directors for approval.

2. Review the audited financial statements with management, prior to distribution. Review should include discussion with management and

independent auditors of significant issues regarding accounting and auditing principles, practices and judgments.

3. In consultation with the management, the CFO and independent auditors, consider the integrity of the company's financial reporting processes and controls. Discuss significant financial and non-financial risk exposures and the steps management has taken to monitor, control, and report such exposures. Review significant findings prepared by the independent auditors together with management's responses.

4. Consider and approve, if appropriate, major changes to the Corporation's accounting principles as suggested by the independent auditors, management or CFO and any items required to be communicated by the independent auditors in accordance with Statement on Auditing Standards No. 115.

Independent Auditors

1. The independent auditors are ultimately accountable to the Audit Committee and the Board of Directors. The Audit Committee shall review the independence, qualifications and performance of the auditors and annually appoint the independent auditors or approve any discharge of auditors when circumstances warrant.

2. On an annual basis, the Audit Committee should review and discuss with the independent auditors all significant relationships they have the Corporation that could impair the auditors' independence.

3. Prior to releasing the audit report, discuss the results of the audit with the independent auditors. Discuss certain matters required to be communicated to the Audit Committee in accordance with Statement on Auditing Standards No. 114 and No. 115, OMB Circular A-133, and any other standards required by applicable federal or state law or regulation.

4. Review with the independent auditor any management letter provided by the auditor and the Corporation's response to that letter.

While the Audit Committee has the responsibilities and powers set forth in these guidelines, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditor. Nor is it the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and the independent auditor or to assure compliance with laws and regulations.

Tab 6

Presentation, Discussion and Possible Appointment of a Board Member to the Single Family and Multifamily Loan Committees.

Discussion

Tab 7

Presentation in Recognition of Jo Van Hovel, Board Member and Vice Chair for the Texas State Affordable Housing Corporation.

Presentation