

Official Board Packet



Texas State Affordable Housing Corporation

Board Meeting

To be held at the offices of

Texas State Affordable Housing Corporation

1005 Congress Avenue – Suite B-10 Conference Room

Austin Texas 78701

Tuesday, July 17, 2007

10:30 a.m.

BOARD MEETING
TEXAS STATE AFFORDABLE HOUSING CORPORATION
To be held at the offices of
Texas State Affordable Housing Corporation
1005 Congress Avenue – Suite B-10 Conference Room
Austin, Texas 78701
July 17, 2007 at 10:30 am

AGENDA

**CALL TO ORDER, ROLL CALL
CERTIFICATION OF QUORUM**

Jerry Romero
Chair

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

PUBLIC COMMENT

REPORTS

- | | |
|--|--------------------|
| ◆ President's Report | David Long |
| ◆ Executive Vice President's Report | Katherine Closmann |
| ◆ Single Family Lending Report | Paige McGilloway |
| ◆ Multifamily Lending Report | David Danenfelzer |
| ◆ Marketing and Development Report | Janie Taylor |
| ◆ Legislative Report | |
| ◆ Financial Report | Melinda Smith |
| ◆ Presentation of Financial Statements and Budget Report | |

ACTION ITEMS IN OPEN MEETING

- Tab 1** Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on May 11, 2007.
- Tab 2** Presentation, Discussion, and Possible Approval of a Resolution Regarding the Submission of a 2007 Application for Allocation of Private Activity Bonds, Notice of Intention to Issue Bonds and State Bond Application to the Texas Bond Review Board for Single Family Mortgage Revenue Bonds (Professional Educators Home Loan Program).
- Tab 3** Presentation, Discussion, and Possible Approval of a Resolution Regarding the Submission of a 2007 Application for Allocation of Private Activity Bonds, Notice of Intention to Issue Bonds and State Bond Application to the Texas Bond Review Board for Single Family Mortgage Revenue Bonds (Drawdown Home Loan Program).
- Tab 4** Presentation, Discussion and Possible Approval of a Resolution to (i) Adjust Mortgage Loan Interest Rate for 2006B Program and (ii) Implement 2007 Legislative Changes with respect to the 2006A, 2006B, 2007A-1, 2007A-2 and 2007C Bond Programs, and any other outstanding Bond Program of the Corporation and resolving other matters incident and related thereto.
- Tab 5** Presentation, Discussion and Possible Approval of Resolutions to Approve Submission of Applications for Allocation of Volume Cap for Private Activity Bonds, Notices of Intent to Issue Bonds and State Bond Applications to the Texas Bond Review Board Relating to the Corporation's (i) the Professional Educator Home Loan Program, (ii) the Firefighter and Law Enforcement or Security Officer Home Loan Program, and (iii) the Low Income Home Loan Program resolving other matters incident and related thereto.

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 512-477-3555, x 400 or Relay Texas at 1-800-735-2989 at least two days before the meeting so that the appropriate arrangements can be made.

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

President's Report

Discussion



The BANK
of NEW YORK

NOTICE OF EVENTS OF DEFAULT

RECEIVED

July 3, 2007

Agape Ashton/Woodstock, Inc.
7334 Blanco Road, Suite 200
San Antonio, Texas 78216
Attn: Mr. David Starr, President

JUL 06 2007

THE BANK OF NEW YORK TRUST COMPANY, N.A.
100 WALL STREET, NEW YORK, NY 10038
Via US Mail & DHL Overnight Mail

Re: Texas State Affordable Housing Corporation Multifamily Housing Revenue Bonds -
Ashton Place and Woodstock Apartments Series 2001A, Series 2001C and Series 2001D
(collectively, the "Bonds")

Dear Mr. Starr:

As you know, the Bank of New York Trust Company, N.A. (the "Trustee"), successor in interest to J.P. Morgan Trust Company, National Association, successor to Bank One, NA, serves as indenture trustee for the above-referenced Bonds pursuant to that certain Trust Indenture (the "Indenture") dated as of July 1, 2001 by and between the Texas State Affordable Housing Corporation (the "Issuer") and the Trustee. Also as of July 1, 2001, the Issuer and Agape Ashton/Woodstock, Inc. (the "Borrower") entered into that certain Loan Agreement (the "Loan Agreement") pursuant to which the Issuer loaned the proceeds of the Bonds to the Borrower for the purposes described therein. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Indenture and the Loan Agreement, as applicable.

The Trustee has previously provided to you notices of the occurrence and continuation of Events of Default including, without limitation, notices dated August 28, 2006, October 26, 2006 and December 22, 2006 (the "Notices"). Many of the Events of Default described in the Notices have not been remedied. In addition, certain events have occurred subsequent to the Notices that constitute additional Events of Default under the Loan Agreement and the Indenture. Those Events of Default are set forth below.

Events of Default

The Trustee hereby notifies the Borrower of the occurrence of an Event of Default due to the Borrower's failure to deposit when due Gross Revenues as required by the Loan Agreement. Pursuant to Loan Agreement Section 3.2(b), the Borrower is required to deposit with the Trustee all Gross Revenues of the Projects, which are then to be used to pay Basic Loan Payments as described in Loan Agreement Section 3.2(b)(i) and Additional Loan Payments as described in Loan Agreement Section 3.2(b)(ii). Failure to deposit the Gross Revenues with the Trustee constitutes an Event of Default pursuant to Section 5.1(a) of the Loan Agreement and Section 8.1(d) of the Indenture.

As the Trustee set out in its December 22, 2006 Notice, the Gross Revenues that the Trustee receives each month are deposited into the Revenue Fund and, pursuant to Section 4.4(b) of the Indenture, those funds are disbursed on or before the 20th day of each calendar month in the order of priority prescribed by the Indenture. The Trustee has worked with the Borrower's management company, United Apartment Group ("UAG"), to ensure that Gross Revenues are deposited with

the Trustee on a weekly basis, in compliance with Section 3.2(b) of the Loan Agreement. The Trustee agreed that, for a period at the beginning of 2007, when UAG required funds for Operating Expenses such as payroll or utilities, UAG could request the required amount on or before the 20th of each month from the Trustee and, depending on availability of funds on deposit in the Revenue Fund, the Trustee would make the funds on deposit immediately available. This procedure was put into place at the request of the Borrower and UAG to allow the Projects to receive their Operating Expenses earlier than the 20th in the month, with the understanding that after January 2007, the Trustee, the Borrower and UAG would agree upon a funding date before the 20th of each month (such as the 10th or the 15th) for the flow of Operating Expenses. The Trustee has been flexible while working through this process with the Borrower and UAG, but a monthly funding date must now be established and implemented.

The Trustee hereby notifies the Borrower of the occurrence of an Event of Default as to the Series A Bonds pursuant to Section 8.1(d) of the Indenture and Section 5.1(a) of the Loan Agreement due to the Borrower's failure to meet the requirements of Section 3.2(b)(i) with respect to the February 1, 2007 payment of principal and interest on the Series A Bonds. Due to insufficient funds in the Senior Bond Fund, it was necessary for the Trustee to utilize funds from the Senior Debt Service Reserve Fund in the amount of \$127,452.50 to supplement the principal and interest payments due February 1, 2007 to the holders of the Senior Series A Bonds. As a result of the use of funds from the Senior Debt Service Reserve Fund, there is a shortfall in the Senior Debt Service Reserve Fund in the amount of \$274,384.87.

Pursuant to written direction to the Trustee dated May 29, 2007 from Majority Bondholders (the "Direction"), the Trustee has been directed to permit the Borrower to use up to \$55,000 of the funds on deposit with the Trustee in the Senior Debt Service Reserve Fund together with funds totaling \$58,480.38 on deposit with the Trustee in the Ashton Place Insurance Proceeds Fund for (i) refurbishment (carpet, wall repairs, appliances, glass replacement and plumbing repairs) for 22 currently unoccupied units at the Woodstock Apartments and (ii) repair and rebuilding of retaining walls throughout the Woodstock Apartments. Use of funds from the Senior Debt Service Reserve Fund will create an additional shortfall in the Senior Debt Service Reserve Fund.

As the Trustee has previously discussed with you, and as set forth in the Notices, the Borrower is required to remedy these shortfalls by remitting to the Trustee Additional Loan Payments sufficient to cure these shortfalls, pursuant to Section 3.2(b)(ii) and 3.2(b)(iii) of the Loan Agreement.

The Trustee hereby notifies the Borrower of the occurrence of an Event of Default as to each of the Series C Bonds and Series D Bonds pursuant to Sections 8.1(c) and 8.1(d) of the Indenture and Sections 5.1(a) and 5.1(e) of the Loan Agreement due to the failure of the Borrower to remit sufficient funds pursuant to Section 3.2(b)(i) of the Loan Agreement such that the installment of interest due on February 1, 2007 was not paid to the holders of the Series C Bonds and the Series D Bonds. Pursuant to Section 8.1 of the Indenture, this Event of Default as to the Series C Bonds and the Series D Bonds does not constitute an Event of Default as to the Senior Bonds, and this Event of Default as to the Series D Bonds does not constitute an Event of Default as to the Series C Bonds. Pursuant to Section 3.2(b)(iii), the Borrower is required to cause the deficient amounts to be paid to the Trustee, with interest, from the date of default (February 1, 2007) until the date so paid, at the Default Rate.

In addition, the Trustee currently holds on \$4.36 in the Series C Bond Fund and does not hold any funds in the Series D Bond Fund, and there is a shortfall in the Series C Debt Service Reserve Fund in the amount of \$69,446.53 and a shortfall in the Series D Operating Reserve Fund in the amount of \$103,999.06. As with the shortfalls in the Senior Debt Service Reserve Fund discussed above, the Borrower is required to remedy these shortfalls by remitting to the Trustee Additional Loan Payments sufficient to cure these shortfalls pursuant to Section 3.2(b)(ii) and 3.2(b)(iii) of the Loan Agreement.

The Trustee hereby demands that the Borrower remedy these Events of Defaults pursuant to the requirements of the Loan Agreement and other applicable documents.

Additional Defaults and Failures

The Trustee hereby notifies the Borrower of the occurrence of a default that, with the passage of time may become an Event of Default due to the Borrower's failure to satisfy the requirements relating to the performance of a calculation of rebate amount and related steps concerning arbitrage and rebate required pursuant to the terms of Section 2.3(b)(x) of the Loan Agreement and Section 4.7 of the Indenture. The rebate calculation was due no later than 55 days after the end of the Bond Year, June 30, 2006, or by August 24, 2006. This failure will become an Event of Default under Section 5.1(b) of the Loan Agreement and 8.1(d) of the Indenture if not cured within 30 days hereof.

In its previous Notices, as well as Notices of Default from the Trustee to the Borrower dated February 17, 2005, September 2, 2005 and February 15, 2006, the Trustee notified the Borrower of the occurrence of an Event of Default pursuant to Section 5.1(c) of the Loan Agreement and Section 8.1(d) of the Indenture due to the failure of the Borrower to meet the Debt Service Coverage Ratio requirement described in Section 2.2(j) of the Loan Agreement for Fiscal Years 2003 and 2004. As a result of this Event of Default, the Trustee requested the Borrower to submit a consultant's report within 30 days of the Default Notice. **The Borrower has not submitted a consultant's report to the Trustee as of the date hereof, and this Event of Default is continuing. The Trustee reiterates its request for the consultant's report.**

The Trustee has previously notified the Borrower of the Borrower's failure to remit when due reports and documents required under Section 4.11 of the Loan Agreement. **The Trustee hereby notifies the Borrower that the Borrower has failed to remit when due additional reports and documents required under Section 4.11 of the Loan Agreement.** Pursuant to Section 4.11(a), the Borrower is required to remit an annual audit of the operation of the Projects and a current waiting list for each Fiscal Year, prepared by a certified public accountant, together with the certificate required under Section 2.2(j) of the Loan Agreement as to the Debt Service Coverage Ratios for such Fiscal Year, by April 30 of the following year. Pursuant to Section 4.11(b) of the Loan Agreement, the Borrower is required to remit, within 120 days after the end of each Fiscal Year, its audited annual financial statements, and within 30 days after the end of each fiscal quarter, a copy of its unaudited quarterly financial statements. The Trustee has not yet received, and hereby requests, the annual audit and Debt Service Coverage Ratio certificate for Fiscal Year End December 31, 2005 due April 30, 2006 and for Fiscal Year End December 31, 2006 due April 30, 2007, as well as the quarterly unaudited financial statements for the Borrower's Fiscal Quarters ending March 31, June 30 and September 30, 2006 and March 31, 2007. Pursuant to Section 4.11(c) of the Loan Agreement, if the Borrower is non-compliant with the Debt Service

Coverage Ratios of Section 2.2(jj) of the Loan Agreement, then the Borrower must deliver quarterly coverage certificates on each March 15, June 15, September 15, and December 15 until in compliance for a complete Fiscal Year. In addition, the Borrower is required to deliver, within 90 days of the delivery of the initial certificate showing that the required Debt Service Coverage Ratios have not been achieved, a management plan approved by the Board of Trustees of the Borrower evaluating the reasons the coverage ratios have not been met, suggesting a reasonable plan of action for remedying or ameliorating the identified problems or circumstances, and setting forth a timetable for the plan of action. The Trustee has not received these coverage certificates and management plan, and requests that the Borrower provide the coverage certificates and plan as required.

The Trustee also hereby notifies the Borrower that the Borrower has failed to remit when due to the Trustee the Notice and Certificates required under Section 4.9(a) of the Loan Agreement, which requires the Borrower, within 120 days of the end of each Fiscal Year, or by each April 30, to provide a certificate of an Authorized Representative of the Borrower that all required payments have been made (a "No Event of Default Certificate"), or, if such an event exists, describing the nature of such event and what steps are being taken to remedy such event. The Borrower has failed to provide the No Event of Default Certificate due April 30, 2007.

The Trustee hereby demands the Borrower remedy these additional defaults and failures by remitting the above required reports and documents as required within 30 days of the date of this notice. Pursuant to Section 5.1(b) of the Loan Agreement and Section 8.1(d) of the Indenture, continuation of the failure to remedy such defaults within 30 days after the date of this notice will constitute Events of Default.

The Trustee further notifies the Borrower that the Borrower failed to remit to the Trustee funds sufficient for the Trustee to make the principal payment due on February 1, 2007 to the holders of both the Series C Bonds and the Series D Bonds. Pursuant to Section 3.3(e) of the Indenture, the amount of the unpaid principal payments on the Series C Bonds from August 1, 2005 and the Series D Bonds from February 1, 2005 (including unpaid interest on these amounts) will be added to the August 1, 2007 sinking fund payments for the Series C Bonds and the Series D Bonds, respectively.

Remedies and Trustee's Fees and Expenses

The failure to list other failures, defaults or Events of Defaults that may currently exist or may arise hereafter does not constitute, and shall not be deemed, a waiver of any such failures, defaults or Events of Default by the Trustee or the Bondholders. The Trustee hereby reserves all of its rights, including the right to take whatever remedial actions it deems necessary at any time after the occurrence and during the continuation of an Event of Default. The failure to take immediate action does not constitute, and shall not be deemed, a waiver of the Trustee's rights or remedies. The Trustee will be charging extraordinary fees and expenses to this matter, including, without limitation, outside counsel fees and expenses. The Trustee reserves the right to reimburse such fees and expenses from available trust assets pursuant to its lien rights in the event the Borrower fails to pay the fees and expenses when presented with an invoice.

Should you have any questions regarding the contents of this notice, please contact the undersigned at (614) 775-5279.

Very truly yours,
The Bank of New York Trust Company, N.A.



Donna J. Paeffli
Vice President

cc: Texas State Affordable Housing Corporation
1005 Congress Avenue, Suite 500
Austin, Texas 78701
Attn: President

Via US Mail & DHL Overnight Mail

Moody's Investors Service, Inc.
99 Church Street
New York, New York 10007-2796
Attn: Public Finance Affordable Housing

Via US Mail & DHL Overnight Mail

Victoria E. Powers, Esq. (Trustee's counsel)
Schottenstein Zox & Duan Co., L.P.A.
250 West Street
Columbus, Ohio 43216-5020

Via Fax 614-222-3478

James Henry
The Bank of New York Trust Company, N.A.

Via Fax 713-216-4157



June 25, 2007

**UPDATE AND NOTICE
TO THE HOLDERS OF
TEXAS STATE AFFORDABLE HOUSING CORPORATION
MULTIFAMILY HOUSING REVENUE BONDS (ASHTON PLACE AND
WOODSTOCK APARTMENTS) SERIES 2001A, SERIES 2001C, AND SERIES 2001D
(the "BONDS")**

CUSIP's affected:* 88271FAE3 88271FAL7 88271FAF0
 88271FAG8 88271FAJ2 88271FAK9

NOTE: THIS NOTICE CONTAINS IMPORTANT INFORMATION THAT IS OF INTEREST TO THE REGISTERED AND BENEFICIAL OWNERS OF THE SUBJECT SECURITIES. IF APPLICABLE, ALL DEPOSITORIES, CUSTODIANS AND OTHER INTERMEDIARIES RECEIVING THIS NOTICE ARE REQUESTED TO EXPEDITE THE RE-TRANSMITTAL TO BENEFICIAL OWNERS OF THE SECURITIES IN A TIMELY MANNER.

The Bank of New York Trust Company, N.A. (the "Trustee"), successor in interest to J.P. Morgan Trust Company, National Association, successor in interest to Bank One, National Association, serves as indenture trustee for the above-referenced Bonds pursuant to the Trust Indenture dated as of July 1, 2001 by and between the Texas State Affordable Housing Corporation and the Trustee (the "Indenture"). Also as of July 1, 2001, the Issuer and Agape Ashton/Woodstock, Inc. (the "Borrower") entered into that certain Loan Agreement (the "Loan Agreement") pursuant to which the Issuer loaned the proceeds of the Bonds to the Borrower for the purposes described therein. The Series B Bonds (as defined in the Indenture) were paid in full on August 1, 2004, pursuant to the debt service schedule set forth in the Indenture. Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Indenture and the Loan Agreement, as applicable.

Update Regarding Use of Funds for Certain Repair Work at the Woodstock Apartments

In its previous Notices, the Trustee has notified the Bondholders of the occurrence and continuation of Events of Default as to each of the Series A Bonds, the Series C Bonds and the Series D Bonds under the Indenture and the Loan Agreement. In its January 22, 2007 Notice (the "January 22nd Notice"), the Trustee notified Bondholders that the Borrower sent a written request to the Trustee to turn over monies held by the Trustee in the Debt Service Reserve Funds and the Ashton Place Insurance Proceeds Fund, to be used by the Borrower to undertake certain refurbishment, repair and rebuilding relating to life and safety issues at the Woodstock Apartments Project with the goal of increasing occupancy. In the January 22nd Notice, the Trustee informed Bondholders of a Bondholder conference call scheduled on January 26, 2007. The Bondholder conference call was conducted on that date, and representatives of a majority of the Owners of the outstanding Bond Obligation (the "Majority Bondholders") attended the call. After the call, numerous discussions occurred between the Borrower and Majority Bondholders in regard to the funds requested.

On May 29, 2007, the Trustee received written direction (the "Direction") from Majority Bondholders, pursuant to the terms of the Indenture, instructing the Trustee to permit the Borrower to use



funds totaling \$58,480.38 on deposit with the Trustee in the Ashton Place Insurance Proceeds Fund, and to use up to \$55,000 of the funds on deposit with the Trustee in the Senior Debtor Service Reserve Fund for (i) refurbishment (carpet, wall repairs, appliances, glass replacement and plumbing repairs) for 22 currently unoccupied units at the Woodstock Apartments and (ii) repair and rebuilding of retaining walls throughout the Woodstock Apartments property. The Borrower has estimated the total cost of this repair work to be approximately \$103,812. The Trustee has informed the Borrower of the availability of the funds, and the Borrower has commenced the described repairs.

Debt Service Payments Due August 1, 2007

As the Trustee has previously indicated, funds from Senior Debt Service Reserve Fund that are used by the Borrower for the described repairs will not be available to be applied to the Borrower's scheduled debt service payments due the Bondholders. The amount in the Senior Debt Service Reserve Fund is currently \$414,602.63. The next scheduled debt service payment date is August 1, 2007. There will be insufficient funds in the Senior Bond Fund for the required principal and interest payments due on the Series A Bonds on August 1, 2007; however, with the current balance in the Senior Debt Service Reserve Fund, the Trustee anticipates that the principal and interest payments due on the Series A Bonds on August 1, 2007 will be made. There are insufficient funds available in the Series C Bond Fund, the Series D Bond Fund, the Series C Debt Service Reserve Fund and the Series D Operating Reserve Fund to pay the Series C and Series D debt service payments due on August 1, 2007.

Directions to the Trustee

Section 8.5 of the Indenture provides that the Owners of at least a majority of the Bond Obligation shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all remedial proceedings available to the Trustee under the Indenture. However, the ability of the Bondholders to direct the Trustee is limited by the requirements of Sections 8.5 and 9.6 of the Indenture, which give the Trustee the right to seek security and indemnity satisfactory to it in connection with any such direction. **The Trustee invites Bondholders to provide such direction during the existence of any Event of Default.**

Other Information

The Trustee has retained the law firm of Schottenstein Zox & Dunn Co. L.P.A., specifically Victoria E. Powers, Esq., to represent it in connection with the Bonds and Events of Default. The firm's mailing address is 250 West Street, Columbus, Ohio 43215-2538.

In the event that you have any questions regarding this Notice, you may contact Donna J. Parisi, Vice President, The Bank of New York Trust Company, N.A., 6525 West Campus Oval, Suite 200, New Albany, Ohio 43054 by telephone at (614) 775-5279, or by fax at (614) 775-5636.

The Bank of New York Trust Company, N.A.,
as Trustee

***The CUSIP numbers appearing herein have been included solely for the convenience of the Bondholders. The Trustee assumes no responsibility for the selection or use of such numbers and makes no representation as to the correctness of the CUSIP numbers listed above.**



TEXAS STATE AFFORDABLE HOUSING CORPORATION

MEMORANDUM

To: Board Members
Texas State Affordable Housing Corporation

From: Katherine Closmann and Laura Ross

Re: Sunset Evaluation

Date: July 11, 2007

The Corporation is set to go through the Sunset Review Process in 2009 and the first step in this process is for staff to complete the Sunset Self Evaluation Report due August 24, 2007. We asked that everyone brainstorm about the following policy oriented questions. If you have any thoughts or ideas on these questions, please let us know. We'd be happy to have your input.

1. What key obstacles impair your agency's ability to achieve its objectives?
2. What are your agency's biggest opportunities for improvement in the future?
3. Policy Issues - potential issues that Sunset could help address through changes in statute to improve the Corporation's operations and service delivery. For further reference, I have attached a copy of this section of the report.

The report covers topics from Corporation history to program details and information. Because of the extent and detail the report asks for, the remainder has been divided among the following people according to its content or subject area: David Long, Katherine Closmann, Melinda Smith, Nick Lawrence, Cynthia Gonzales, Paige McGilloway, David Danenfelzer, Janie Taylor, Pat Corser and Laura Ross.

Our projected time line for the completion of this project is included below.

July 18 - Initial Assignments are complete
July 19 - Staff meeting to discuss policy questions
July 27 - Board suggestions on policy issues due to staff
August 2 - Rough draft of report complete
August 16 - Meeting to discuss everyone's input on the rough draft of the report
August 21 - Final revisions due and final meeting to discuss the report
August 24 - TSAHC Self Evaluation Reports delivered to the Sunset Commission

If you have any questions, please let us know. We will keep you informed of our progress and, of course, send you the final report for your review when it is complete.

IX. Policy Issues

The purpose of this section is to briefly describe any potential issues raised by your agency, the Legislature, or stakeholders that Sunset could help address through changes in statute to improve your agency's operations and service delivery. This section is intended to give the Sunset Commission a basic understanding of the issues so staff can collect more information during our detailed research on your agency. Some questions to ask in preparing this section may include: (1) How can your agency do a better job in meeting the needs of customers or in achieving agency goals? (2) What barriers exist that limit your agency's ability to get the job done?

Emphasis should be given to issues appropriate for resolution through changes in state law. Issues related to funding or actions by other governmental entities (federal, local, quasi-governmental, etc.) may be included, but the Sunset Commission has no authority in the appropriations process or with other units of government. If these types of issues are included, the focus should be on solutions which can be enacted in state law. This section contains three components:

Brief Description of Issue.

Background. Include enough information to give context for the issue. Information helpful in building context includes:

- What specific problems or concerns are involved in this issue?
- Who does this issue affect?
- What is the agency's role related to the issue?
- Any previous legislative action related to the issue?

Possible Solutions and Impact. Provide potential recommendations to solve the problem. Feel free to add a more detailed discussion of each proposed solution, including:

- How will the proposed solution fix the problem or issue?
- How will the proposed change impact any entities or interest groups?
- How will your agency's performance be impacted by the proposed change?
- What are the benefits of the recommended change?
- What are the possible drawbacks of the recommended change?
- What is the fiscal impact of the proposed change?

Complete this section for each policy issue. Copy and paste boxes A through C as many times as needed to discuss each issue. See Policy Issue Example or [click here to link directly to the example](#).

A. Brief Description of Issue

B. Discussion

C. Possible Solutions and Impact

**Texas State Affordable Housing Corporation's
Professional Educators Home Loan Program Series 2007A
As of February 22, 2007 through July 10, 2007**

Month	# of Loans	% of Total Loans	Total Originated
Feb-07	25	5%	\$ 3,005,117
Mar-07	107	21%	\$ 13,355,756
Apr-07	80	16%	\$ 9,981,782
May-07	92	18%	\$ 11,025,582
Jun-07	150	30%	\$ 18,368,155
Jul-07	54	11%	\$ 6,060,825
Totals	508	100%	\$ 61,797,217

Lender	Originated	# of Loans	Total %
Countrywide Home Loans, Inc.	\$10,480,663.00	89	18%
Cornerstone Mortgage Company	\$5,971,223.00	45	9%
WR Starkey Mortgage	\$4,029,366.00	32	6%
Market Street Mortgage Corp.	\$3,671,178.00	29	6%
CTX Mortgage Company, LLC	\$3,593,107.00	27	5%
Wells Fargo Home Mtg	\$3,544,914.00	28	6%
Rocky Mountain Mortgage Co.	\$3,479,695.00	28	6%
Universal American Mortgage Co	\$3,294,580.00	24	5%
Hammersmith Financial, L.P.	\$2,868,800.00	21	4%
Wachovia Mortgage Corporation	\$2,685,153.00	23	5%
Countrywide - Wholesale	\$2,363,634.00	20	4%
DHI Mortgage Company, Ltd.	\$2,101,113.00	15	3%
Valley Mortgage Co., Inc.	\$1,587,165.00	18	4%
Service First Mortgage	\$1,314,183.00	13	3%
Hometrust Mortgage Company	\$1,033,874.00	10	2%
Colonial Savings, FA	\$867,375.00	7	1%
PrimeLending, A PlainsCptl Co.	\$768,850.00	7	1%
First Continental Mortgage Ltd	\$632,520.00	5	1%
R. H. Lending, Inc	\$618,500.00	5	1%
American Bank - TX	\$605,057.00	6	1%
GMAC Mortgage, LLC	\$566,137.00	5	1%
Ryland Mortgage Company	\$500,439.00	3	1%
Houstonian Mortgage Group Inc.	\$469,250.00	4	1%
First National Bank Texas	\$461,655.00	5	1%
Willow Bend Mortgage	\$461,250.00	4	1%
Home Loan Corporation	\$413,116.00	4	1%
American Home Mortgage	\$370,563.00	3	1%
First United Bank & Trust Co.	\$356,200.00	3	1%
Family Lending Services	\$281,603.00	2	0%
Maverick Residential Mortgage	\$258,775.00	4	1%
Prado Mortgage	\$249,250.00	2	0%
Bankers Financial Group - TX	\$242,297.00	2	0%
Premier Nationwide Lending	\$202,824.00	2	0%
Happy State Bank	\$183,200.00	2	0%
Judith O. Smith Mortgage	\$159,350.00	1	0%
Republic Mortgage Home Loans	\$132,500.00	1	0%
BSM Financial, LP	\$131,249.00	1	0%
New South Federal Savings Bank	\$119,000.00	1	0%
TXL Mortgage Corp	\$118,750.00	1	0%
JP Morgan Chase Bank, NA	\$113,000.00	1	0%
National City Mortgage	\$111,497.00	1	0%
Prime West Mortgage Corp.	\$110,000.00	1	0%
Coastal Bend Mortgage, Inc.	\$102,192.00	1	0%
Castle & Cooke Mortgage, LLC	\$92,270.00	1	0%
First Horizon Home Lns-Sunbelt	\$79,900.00	1	0%
Total Committed	\$61,797,217	508	100%

Total Allocation \$72,235,000
Remaining to Commit \$10,437,783

At a Glance	
Total Amount Originated	\$61,797,217
Average Annual Income	\$41,541
Average Purchase Price	\$125,033
Average Loan Amount	\$122,481
Average Household Size	2
New/Existing	
Existing	67%
New	33%
Professional Breakdown	
Teacher	61%
Teacher Aide	2%
School Counselor	1%
School Nurse	0%
School Librarian	0%
Not Specified	35%
Type of Loan	
FHA	42%
Conventional	32%
VA	2%
USDA-RD	24%
Ethnicity	
American Indian/Alaskan Native	0%
Asian or Pacific Islander	2%
Black	17%
Hispanic	12%
White	58%
Other	11%
Not Defined	1%
Top Originating Counties	
Harris	131
Dallas	48
Bexar	42
El Paso	35
Tarrant	27
Travis	23
Hidalgo	22
Fort Bend	20
Collin	14
Montgomery	13
Williamson	11
Brazoria	11
Denton	9
Kaufman	8
Guadalupe	5
Ellis	5
Taylor	4
Randall	4
Jefferson	4
Hays	4
Galveston	4
Cameron	4
Bell	4
Nueces	3
Hunt	3
Brazos	3
Tom Green	2
San Patricio	2
Lubbock	2
Liberty	2
Johnson	2
Harrison	2
Hardin	2
Coryell	2
Chambers	2

**Texas State Affordable Housing Corporation's
Fire Fighter and Law Enforcement or Security Officer Home Loan Program Series 2007C
As of April 9, 2007 through July 10, 2007**

Month	# of Loans	% of Total Loans	Total Originated
Apr-07	29	19%	\$ 3,444,551
May-07	48	32%	\$ 5,714,210
Jun-07	56	37%	\$ 6,852,203
Jul-07	17	11%	\$ 1,899,431
Totals	150	100%	\$ 17,910,395

Lender	Originated	# of Loans	Total %
Countrywide Home Loans, Inc.	\$2,637,417.00	24	16%
WR Starkey Mortgage	\$1,580,353.00	14	9%
CTX Mortgage Company, LLC	\$1,336,258.00	9	6%
R. H. Lending, Inc	\$1,115,891.00	8	5%
Cornerstone Mortgage Company	\$1,086,086.00	8	5%
Wachovia Mortgage Corporation	\$839,765.00	7	5%
Countrywide - Wholesale	\$827,152.00	6	4%
Hometrust Mortgage Company	\$740,097.00	6	4%
Home Loan Corporation	\$690,324.00	6	4%
Rocky Mountain Mortgage Co.	\$612,700.00	6	4%
Market Street Mortgage Corp.	\$580,941.00	5	3%
Universal American Mortgage Co	\$551,044.00	4	3%
JP Morgan Chase Bank, NA	\$549,400.00	4	3%
Hammersmith Financial, L.P.	\$503,000.00	4	3%
Valley Mortgage Co., Inc.	\$468,551.00	5	3%
Houstonian Mortgage Group Inc.	\$386,005.00	4	3%
Willow Bend Mortgage	\$362,178.00	2	1%
Castle & Cooke Mortgage, LLC	\$328,484.00	2	1%
Maverick Residential Mortgage	\$300,047.00	4	3%
Weststar Mortgage Corp. Inc.	\$275,450.00	2	1%
Wells Fargo Home Mtg- City Bank	\$238,301.00 \$234,146.00	2 2	1% 1%
Prime West Mortgage Corp.	\$194,679.00	2	1%
Colonial Savings, FA	\$185,625.00	2	1%
Ryland Mortgage Company	\$177,675.00	1	1%
American Bank - TX	\$168,609.00	2	1%
National City Mortgage	\$157,922.00	2	1%
PrimeLending, A PlainsCptl Co.	\$153,000.00	1	1%
Service First Mortgage imortgage.com	\$138,505.00 \$125,060.00	1 1	1% 1%
First National Bank Texas	\$96,485.00	1	1%
Capital One, NA	\$95,000.00	1	1%
GMAC Mortgage, LLC	\$91,500.00	1	1%
Republic Mortgage Home Loans	\$82,745.00	1	1%
Total Committed	\$17,910,395	150	100%

Total Allocation \$23,529,000
Remaining to Commit \$5,618,605

At a Glance	
Total Amount Originated	\$17,910,395
Average Annual Income	\$45,333
Average Purchase Price	\$119,966
Average Loan Amount	\$119,232
Average Household Size	2

New/Existing	
Existing	73%
New	27%

Professional Breakdown	
Correctional Officer	14%
Peace Officer	26%
Fire Fighter	14%
County Jailer	2%
Public Security Officer	0%
Not Specified	44%

Type of Loan	
FHA	41%
Conventional	30%
VA	7%
USDA-RD	22%

Ethnicity	
American Indian/Alaskan Native	0%
Asian or Pacific Islander	1%
Black	9%
Hispanic	9%
White	68%
Other	10%
Not Defined	3%

Top Origination Counties	# of Loans
Harris	21
Fort Bend	10
Tarrant	9
Hidalgo	9
El Paso	9
Bexar	9
Brazoria	8
Collin	7
Travis	6
Montgomery	6
Galveston	6
Potter	3
Nueces	3
Moore	3
Taylor	2
Medina	2
Jefferson	2
Hays	2
Dallas	2
Coryell	2

Texas State Affordable Housing Corporation

Report on Multifamily Programs
July 17, 2007

Agenda Item:

Multifamily Lending Report

Summary:

The focus of Multifamily Staff over the past two months has been the private activity bond program and the Rainbow Housing Assistance Corporation transaction in particular. Regular conference calls and meetings with the borrower, bond counsel, and financial advisors have been held to ensure progress on this transaction. Staff has been working to educate public officials and members of the Texas Bond Review Board about this transaction. Staff also completed nine TEFRA hearings at each of the development sites and in Austin. In the coming weeks we will be moving forward with an application to the Texas Bond Review Board and anticipate bringing a bond resolution to the Board for approval at the August meeting.

Staff has also been working diligently to promote our direct lending programs and are currently reviewing an application for financing from Housing and Community Services, Inc. (HCS). The application involves the acquisition and rehabilitation of a 150-unit apartment complex in Victoria, Texas. HCS is a San Antonio based nonprofit corporation with over 10 years of experience in owning and developing affordable housing. Staff is anticipating a formal application package from HCS in the coming weeks.



Dear Board Members:

The report that follows is a thorough review of several bills that will impact the Corporation's programs. This is only a review of bills that passed both chambers (House and Senate). All bills reviewed are still awaiting the Governor's signature (or veto). However, if he does not sign the bills or veto them by Sunday, June 17, 2007, they will become law. Please note that we did not review bills that did not pass, even if we were tracking them. We tried to focus only on those bills that passed and will have an affect on the Corporation.

David Long, Katherine Closmann, Paige McGilloway and David Danenfelzer all contributed to the thorough review of the bills included in this report.

Please let David Long or I know if you have any questions regarding this report.

Thank you,
Janie Taylor

Marketing & Development Manager
Texas State Affordable Housing Corporation

Senate Bill 1185

Author: Senator Jane Nelson

Sponsor: Representative Kevin Bailey

Summary:

Bond volume cap percentages are assigned to all issuers of qualified mortgage revenue bonds along with new dates to make reservations and apply for additional volume cap.

The Nursing Faculty Home Loan Program is repealed. Those formerly eligible under the Nursing Faculty Program are now eligible under the Professional Educators Home Loan Program, along with allied health program faculty members.

The income requirements for the Professional Educator Home Loan Program were amended to allow the maximum limits allowed by the Internal Revenue Code.

Details:

- 10% of the State's ceiling that is available exclusively for reservations by issuers of qualified mortgage bonds is given to the Corporation.
 - 54.5% of the 10% available to the Corporation shall be allotted to the Professional Educators Home Loan Program.
 - 45.5% of the 10% available to the Corporation shall be allotted to the Fire Fighter, Law Enforcement Officer, and Security Officer Home Loan Program.
- 56.66% of the State's ceiling that is available exclusively for reservations by issuers of qualified mortgage bonds is given to housing finance corporations.
- 33.34% of the State's ceiling that is available exclusively for reservations by issuers of qualified mortgage bonds is given to the Texas Department of Housing & Community Affairs.
- All issuers have until August 7th, (formerly the 1st for the Corporation and housing finance corporations and the 15th for the Department) of each year to reserve those funds made exclusively to that particular issuer.
- Provides for a single family bonds collapse and exclusive use by those issuers between the dates of August 8th and August 15th.
- The Corporation has the ability to approach the Bond Review Board before August 15th, formerly September 1st, for additional volume cap.
 - Additionally, the Corporation can now ask for a reservation exceeding \$25 million for one program (project).
- Section 2306.5622 establishing the Nursing Faculty Home Loan Program is repealed. Those professionals formerly eligible under the Nursing Faculty Home Loan Program are now included as Educators under the Professional Educators Home Loan Program.
- A new professional group was added to the Professional Educators Home Loan Program, allied health program faculty members.
- Allied health and nursing program faculty members are defined.

Senate Bill 1185, continued

- The maximum income of eligible borrowers was clarified to state the greater of 115% area median family income, adjusted for family size, or the maximum amount permitted by Section 143(f) of the Internal Revenue Code.
- Language was added stating the Corporation shall aggressively pursue funding for the Program.

Effective September 1, 2007.

House Bill 618

Author: Representative Dennis Bonnen

Sponsor: Senator Mike Jackson

Summary & Details:

- Emergency medical services personnel are added to the Fire Fighter and Law Enforcement or Security Officer Home Loan Program. The new name for the program is the Fire Fighter, Law Enforcement or Security Officer, and Emergency Medical Services Personnel Home Loan Program.
- Emergency medical services personnel are defined, as under Section 773.003 of the Health and Safety Code.
- The Corporation may use any proceeds received from the sale of bonds, notes, or other obligations issued under the Program regardless of any amendments to eligibility standards for loans or regardless of when the Corporation received the proceeds.

Effective September 1, 2007.

House Bill 280

Author: Representative Jerry Madden

Sponsor: Senator Mario Gallegos

Summary & Details:

- The definition of "corrections officer" is amended to include a juvenile correctional officer employed by the Texas Youth Commission.

Effective September 1, 2007

Senate Bill 1908

Author: Senator Rodney Ellis

Sponsor: Representative Jose Menendez

Summary:

SB 1908 is an amalgam of many different separate bills related to housing and the administration of programs by TDHCA. The Corporation is directly affected only by allowing the Corporation to redact from public information requests personal financial information, including social security numbers, taxpayer identification numbers, or bank account numbers received related to a loan, grant, or other housing assistance program.

Details:

- The bill exempts from the Comptroller's property tax study the appraised value of property in a Tax Increment Reinvestment Zone created on or before December 31, 2008 in a city of less than 18,000 that rehabilitates a National Register structure.
- Creates the Texas First-time Homebuyer Program at TDHCA (incorporates HB 1637) and specifies that the program may include down payment and closing cost assistance. Eligibility for a mortgage loan under this program includes first-time homebuyers with an income of not more than 115 percent of area median family income or 140 percent of area median family income in targeted areas. Eligibility for down payment and closing cost assistance from the department includes first-time homebuyers who have an income of not more than 80 percent of area median family income (currently the limit is 60 percent). Takes effect January 1, 2008.
- Changes the Regional Allocation Formula to mandate 95 percent of funds to non-participating jurisdictions and 5% to persons with disabilities in any area of the state; breaks out at-risk set aside of tax credits before applying the Regional Allocation Formula; exempts from the Regional Allocation Formula funds for persons with disabilities and the Housing Trust Fund; mandates 5% of tax credit allocation to be reserved for USDA rural housing, but does not include Section 538 properties in this set-aside; mandates rural areas receive a minimum of 20% of the total tax credits and a minimum of \$500,000 in each region
- Changes Scoring Criteria for tax credit applications to award points for either a letter from a State Senator or a State Representative (rather than any state elected official as current law states), awards points for disaster areas declared within the previous two years, and awards points for developments that provide free notary public services.
- Adds Definitions to the TDHCA statute for Development Funding, Grant, Housing Sponsor (now allows LLCs to apply, and does not permit individuals to apply), Neighborhood Organization; New Construction, Rehabilitation, Rural Area, Rural Development, Urban Area.
- Requires the TDHCA Board to post transcripts to its website; requires that all materials provided to board, relevant to a discussion item, be posted to website at least 3 days in advance of meeting.

Senate Bill 1908, continued

- Allows TDHCA and the Texas State Affordable Housing Corporation to redact personal financial information, including social security numbers, taxpayer identification numbers, or bank account numbers received related to a loan, grant, or other housing assistance program.
- Allows TDHCA board to have executive sessions with internal auditor, fraud prevention or ethics advisors; requires TDHCA staff to participate in legislative hearings; creates an administrative penalty procedure; requires TDHCA to prepare a report detailing the fees received, on a cash basis, for each activity administered by TDHCA for the last three years.
- Requires TDHCA to treat the annual low income housing report as a rule and requires it to follow rulemaking procedures. Deleted the requirements for the public hearings for development of the low income housing report; changes Alternative Dispute Resolution procedures; changes ex parte restrictions (allows board to participate in social events at which a person with whom communications are prohibited may or will be present, provided that application not discussed); Requires title policies for each loan made under the HOME program;
- Requires that if awarded state or federal funds, the development must have a breaker box that is not higher than 48 inches above the floor, so long as not conflicted with local code (allows for accessibility).
- Incorporates SB 1733; creates an email notification service.
- Allows cities to file in district court for code violations on commercial property and appoint a nonprofit as a receiver for rehabilitation of the property with a receivership fee of 10% of the sale of the property to go to the nonprofit.
- Adjusts the Urban Land Bank Program.

Effective September 1, 2007.

House Bill 3552

Author: Representative Robert Orr

Sponsor: Senator Eddie Lucio, Jr.

Summary:

House Bill 3552 allows for multi sites under one multi-family bond application; shortens the local regional set aside timeframe; removes the Austin region from the rural set-aside; allows rural set aside to be used for rehabilitation or new construction; allows up to 20% market rate units under Priority 2; authorizes the Bond Review Board to give an immediate reservation to next application if issuer has carry forward available; amends the definition for the local issuer utilization percentage from loans closed/pooled to loans originated.

Senate amended HB 3552 to include language from SB 729 (filed by Senator West) which provides for set percentages of among the three single family issuers, TDHCA, TSAHC and Local Issuers. This language is included in SB 1185.

Details:

HB 3552 provides for the following changes to Section 2306, Government Code:

Single Family Impact

- See Review of Senate Bill 1185.

Multi-Family Impact

- Allows for rehabs in or out of MSA's.
- Moves the June 1 collapse to May 1.
- Relaxes priority two application standards to allow for applications with at least 80% affordable units, instead of 100% as previously required. This provision could allow for more mixed income properties to be submitted for consideration next year.
- Includes a carry forward allocation which would allow a project already in line to move up and use a carry forward.

Language added from SB 729 provides for the following changes to Section 1372, Government Code:

Single Family Impact

- See Review Senate Bill 1185.

Multi-Family Impact

- Provides for pooled transactions to submit one application for reservation at the Texas bond review board. This provision has a significant cost savings for pooled transactions.
- moves the May 15 collapse to March 1, removes Austin from the pre-March 1 reservation period

Effective September 1, 2007.

Senate Bill 1332

Author: Senator Royce West

Sponsor: Representative Norma Chavez

Summary:

Senate Bill 1332, supporting recommendations from the Legislative Budget Board (LBB), expands the duties of the Bond Review Board (BRB) by requiring issuers to submit Request for Proposals (RFP) when choosing service providers, prohibits some state issuers from entering into an interest rate swap agreement unless approved or exempted by the BRB, requires the BRB to annually prepare a Debt Affordability Study, and requires issuers to submit all issuance cost to the BRB for prior approval. The bill also adds language giving priority to the Texas Economic Development Bank in the category of "all other issuers," and gives Texas Enterprise Fund allocations Priority 1 carry-forward classification. The bill contains several amendments added during Conference Committee including the addition of some language of HB 3282 regarding Section 1371, Government Code, and responsibilities of Advisors, Financial/Investment Advisors and related requirements.

Details:

Language from HB 1332 provides for the following changes to Statute:

Section 1201, Government Code:

- Adds Subsection (d) requiring an issuer of a state security that contacts with a third party to provide services shall, upon request from the BRB, submit to the BRB copies of the RFP's for such services, RFP proposal received and a copy of the executed contact for services.

Section 1231, Government Code:

- Incorporates the definition of "Interest Rate Management Agreement."
- Creates and defines an annual "Debt Affordability Study" to be prepared by the BRB in consultation with the LBB and establishes December 1st as the deadline for submission.
- Identifies which offices are to receive the Debt Affordability Study.

Section 1232, Government Code:

- Establishes a preference for contracting with entities that have offices in Texas and/or historically underutilized businesses.

Senate Bill 1332, continued

Section 1371, Government Code:

- Establishes definitions for specific services and the requirements for professionals providing those services for the issuance of public securities; includes (but not limited to) advisers and municipal financial professionals.
- Establishes exemptions from this requirement.
- Establishes requirements on the level of gifts provided by an advisor that is conducting and/or providing services for an issuer (maximum of \$100 total cumulative value).

Section 1372, Government Code:

- Creates a new subsection (b) under 1372.031 establishing a priority for reservations of the state's bond authority under sub-ceiling six to the Texas Economic Development Bank for projects that meet criteria for funding from the Texas Enterprise Fund. Such priority funding is limited to one-sixth until August 1 of each program year.
- Amends the priority 1 carry forward classification to include the projects under the Texas Enterprise Fund

Additional Comments: The Municipal Advisory Council was not in favor of this legislation.

Effective September 1, 2007 (Sections 1371.154 and 1371.155, Government Code, take effect January 1, 2008).

Review of Multifamily Program Bills

Summary:

The overall picture of new legislation on the multifamily program is positive. Though there may be some impacts to the programs that are not yet fully understood, generally a number of pieces of legislation were passed that will have a positive affect. The most important piece of legislation was probably HB 3552. This bill opens the door for the developers to save tens, if not hundreds of thousands of dollars on application fees to the Texas bond review board. Other important legislation improves timelines for access to additional multifamily cap during the collapse, and improves the security of property tax exemptions for nonprofit owners. The following is a more succinct analysis of each bill.

House Bill 3552

Author: Representative Robert Orr

Sponsor: Senator Eddie Lucio, Jr.

Details:

- See review of House Bill 3552.

House Bill 3191

Author: Representative Fred Hill

Sponsor: Senator Royce West

Details:

- This bill would allow CHDO owned property, being developed for the purpose of homeownership, to receive a 100% tax exemption during the development period. This provision could significantly reduce the cost of single family subdivisions financed by the Corporation.

Multifamily Program Bills, continued

Senate Bill 1733

Author: Senator Mario Gallegos

Sponsor: Representative Kevin Bailey

Details:

- Although this bill has no direct impact on the Corporation's programs, it will affect properties that receive tax credit financing. More specifically, the bill requires certain language be added to lease agreements in tax credit properties. These provisions could be added to the Corporation's PAB program to ensure consistency in program requirements for bond and tax credit properties.

Senate Bill 1908

Author: Senator Rodney Ellis

Sponsor: Representative Jose Menendez

Details:

- See review of Senate Bill 1908.

TEXAS STATE AFFORDABLE HOUSING CORPORATION
COMPARISON OF BUDGETED TO ACTUAL OPERATING ACTIVITY

(For the Nine Months Ending May 31, 2007)

Revenues	FY 2007		% of Annual	
	Budget	Actual	Budget	
Servicing Revenue, Net of Subservicer Fees	427,000	352,273	82.50%	
Multifamily Revenue	329,000	193,388	58.78%	j
Federal Home Loan Bank Note Income	110,000	77,189	70.17%	
Asset Oversight Revenue	650,000	418,256	64.35%	
Investment Revenue	160,000	234,880	146.80%	k
Single Family	150,000	110,162	73.44%	
TOTAL REVENUES	1,826,000	1,386,148	75.91%	
Expenditures				
Salaries & Payroll Related Expenditures	1,014,000	735,546	72.54%	
Professional Services - Legal, Audit & IT	210,000	132,450	63.07%	
Office & Equipment Lease	134,000	97,174	72.52%	
Travel & Meals	98,000	50,813	51.85%	
Interest on FHLB/Wells Fargo CDC Notes	75,000	55,772	74.36%	
Sponsorships & Grants	12,500	3,950	31.60%	
Marketing	30,500	11,245	36.87%	
Insurance	23,500	17,263	73.46%	
Professional Dues & Training	21,000	11,833	56.35%	
Communication	16,000	12,486	78.04%	
Bank Fees & Charges	10,000	7,082	70.82%	
Office Supplies	9,000	3,217	35.74%	
Publications, Subscriptions, Office Maintenance	4,000	3,368	84.20%	l
Freight, Delivery & Postage	7,500	4,789	63.85%	
Furniture, Equipment, & Software	10,000	12,041	120.41%	m
Printing	3,000	642	21.40%	
Program and Loan Administration	7,000	830	11.86%	
TOTAL EXPENDITURES	1,685,000	1,160,501	68.87%	
NET INCOME	141,000	225,647	160.03%	

Target Percentage = 75%

TEXAS STATE AFFORDABLE HOUSING CORPORATION
COMPARISON OF BUDGETED TO ACTUAL OPERATING ACTIVITY

(For the Nine Months Ending May 31, 2007)

Explanation of Budget Variances:

- j** Multifamily revenue is lower than budgeted due to nonpayment of fees by 501C3 Bond Program Properties.

- k** Revenue projections for Investment Income have been revised to \$260,000 as budgeted revenue was too low. Investment revenue as a percentage of the revised estimate equals 90% compared to the target of 75%.

- l** Publications, Subscriptions & Office Maintenance is over budget as of May 31, 2007 due to a number of one time expenditures including the purchase of Flags, the annual P.O. Box renewal & annual Christmas party expenditures. We are not anticipating any significant expenditures between June 1st and the end of the fiscal year and expect to finish the year on budget with this line item.

- m** During the year the Corporation's incurred expenditures for office furniture and the Asset Oversight database which totaled \$3,559 which were not anticipated or budgeted.

TEXAS STATE AFFORDABLE HOUSING CORPORATION
COMPARISON OF BUDGETED TO ACTUAL OPERATING ACTIVITY

(For the Nine Months Ending May 31, 2007)



Quarterly Investment Report

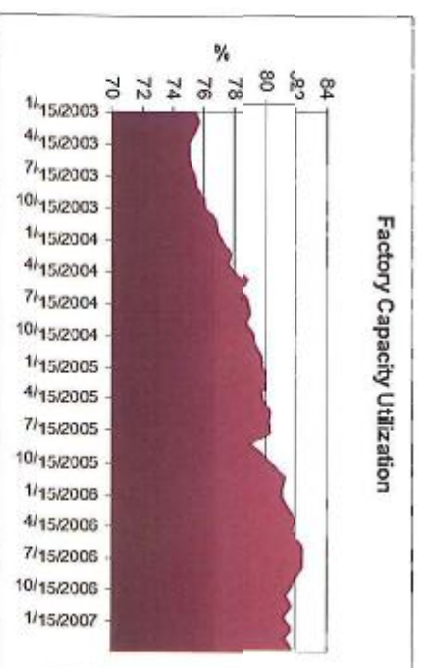
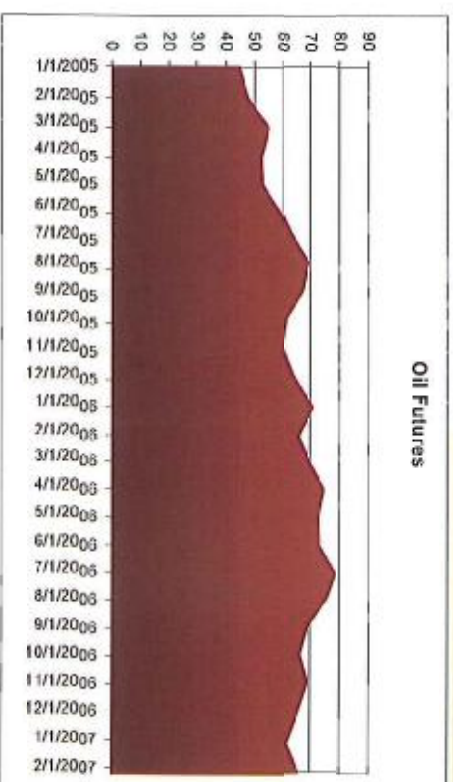
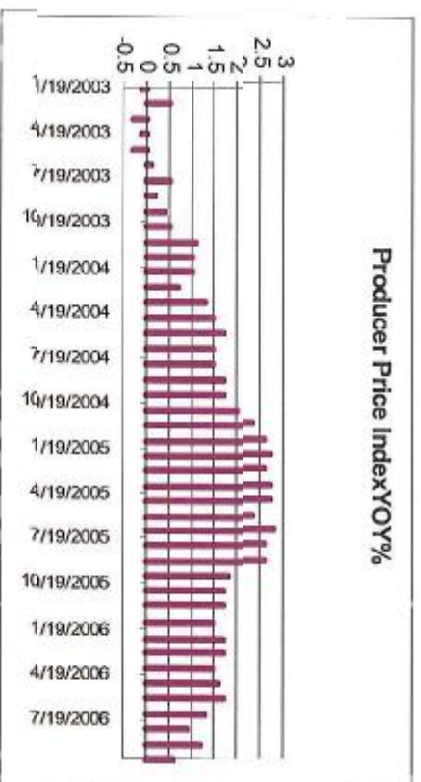
March 1, 2007 – May 31, 2007



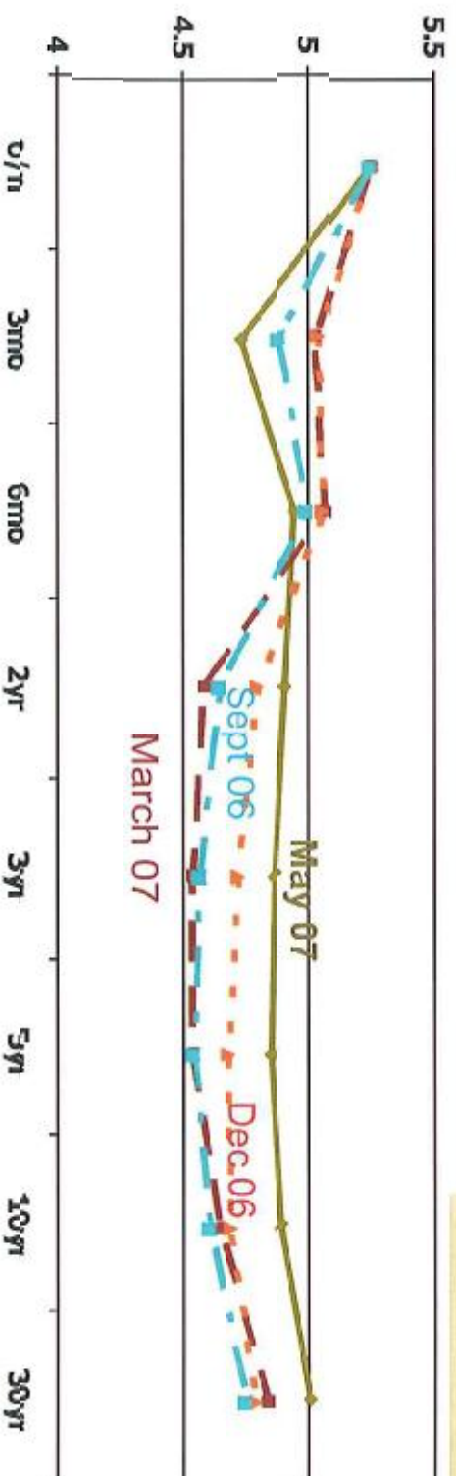
A Stable Economy

A Tug of war between bulls and bears.

- Perhaps the biggest fear of the markets and consumers currently is the price of oil. Its stubborn stance above \$60 since January with an average in 2007 at \$63.90 is a potent inflation concern that will not allow the Fed to ease rates. Housing has taken a back seat.
- The rise in oil has not dampened the consumer's appetite nor corporate profits. The consumer will probably continue to buy because jobs are secure and we enjoy almost full employment at a 4.5%.



The Market Moves Without the Fed



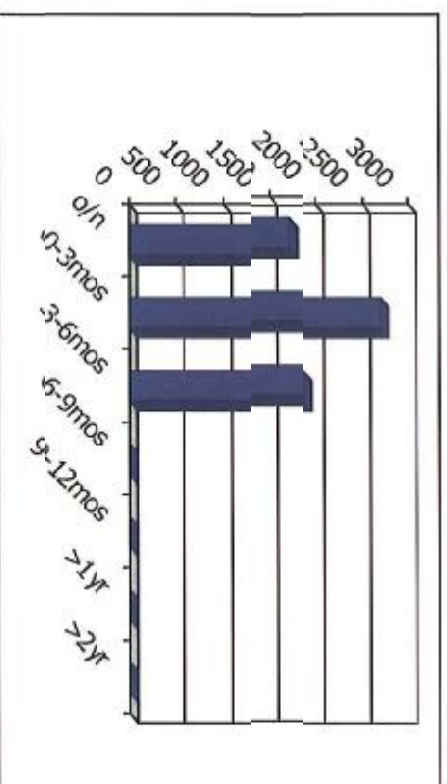
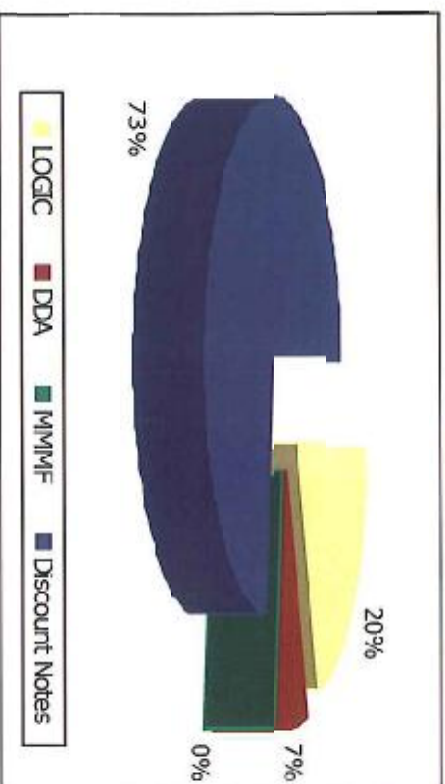
- Although the Fed stays firmly on hold because of potential inflation if rates were lowered, they do not have to raise rates either. The market has moved rates 25-35 bps higher since March on a number of factors.
- The housing downturn in the US has stayed in the US. Globally the economies are expanding allowing more risk adverse investors (hedge funds for example) to move funds out and catching the US in the undertow. With inflation staying under control but acting as a threat, the Fed is enjoying seeing the rates rise slowly to curb overheating. Consumers are buoyant. Capacity stays very high. Employment stays strong and corporate profits are soaring.
- The Fed can afford to let the markets make the decisions here and that trend appears to be range-bound to up.

Your Portfolio

As of May 31, 2007



- Every portfolio must be reviewed on the basis of asset allocation and maturity. This type of evaluation assures that the portfolio is diversified to guard against for market risks.
- The Corporation's portfolio is extremely liquid because of the competitive rates in the local government pools. With the potential for falling rates, a cautious approach would be an extension in securities to lock in current rate levels and guard against the possibility of falling rates in 2007.
- Indications in the second quarter will come primarily from employment expectations and Federal Reserve announcements as they project possible changes in their attitude on the rates.



Texas State Affordable Housing Corporation

Quarterly Investment Report
February 28, 2007 – May 31, 2007¹
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).

<u>Portfolio as of February 28, 2007</u>		<u>Portfolio as of May 31, 2007</u>	
Beginning Book Value	\$ 6,213,433	Ending Book Value	\$ 6,270,584
Beginning Market Value	\$ 6,212,946	Ending Market Value	\$ 6,317,722
Unrealized Gain/Loss	\$ (487)	Investment Income for the period	\$ 79,185
		Unrealized Gain/Loss	\$ 47,138
		Change in Unrealized Gain/Loss	\$ 47,625
WAM at Beginning Period Date ¹	62 days	WAM at Ending Period Date ¹	53 days
		Change in Market Value	\$ 104,776
Average Yield to Maturity for period		5.105%	
Average Yield 3 month Treasury bill for period		4.985%	
Average Yield 6 month Treasury bill for period		5.047%	

Authorized by:


Ms. Melinda Smith, CFO
Texas State Affordable Housing Corporation


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

¹ WAM, represents weighted average maturity.



**Texas State Affordable Housing
Portfolio Management
Portfolio Summary
May 31, 2007**

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

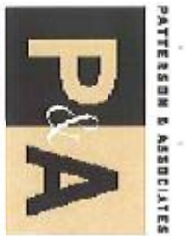
Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM
Federal Agency Disc - Amortizing	4,511,000.00	4,583,428.01	4,563,882.01	72.78	174	72	5.341
LOGIC	1,268,060.51	1,268,060.51	1,268,060.51	20.22	1	1	5.284
FHLB Dallas-Army - 2yrs	12,557.57	12,557.57	12,557.57	0.20	1	1	5.094
Federated Money Market Fund	75,445.82	75,445.82	75,445.82	1.20	1	1	4.979
Bank of America-Cash/Checking Account	345,710.74	345,710.74	345,710.74	5.55	1	1	4.515
Wells Fargo Bank	4,947.50	4,947.50	4,947.50	0.08	1	1	0.000
Investments	6,317,722.14	6,270,151.15	6,270,584.15	100.00%	127	53	5.109
Total Earnings	May 31 Month Ending	Fiscal Year To Date					
Current Year	28,848.21	230,847.56					
Average Daily Balance	6,271,730.01	6,255,802.17					

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
Melinda Smith, Chief Financial Officer

Reporting period 05/01/2007-05/31/2007

Run Date: 06/29/07 7:35P



PATTERSON & ASSOCIATES

Texas State Affordable Housing
 Summary by Type
 May 31, 2007
 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 of America-Checking Account	1	22,358.97	22,358.97	0.36	0.900	1
Subtotal	1	22,358.97	22,358.97	0.36	0.900	1
Fund: Bunker Hill Operating						
Bank of America-Checking Account	1	22,348.90	22,348.90	0.36	0.900	1
Subtotal	1	22,348.90	22,348.90	0.36	0.900	1
Fund: Bunker Hill Senior						
Bank of America-Checking Account	1	39,732.59	39,732.59	0.63	1.250	1
Subtotal	1	39,732.59	39,732.59	0.63	1.250	1
Fund: Disbursement						
Bank of America-Checking Account	1	554.19	554.19	0.01	1.976	1
Subtotal	1	554.19	554.19	0.01	1.976	1
Fund: General Investments						
Federated Money Market Fund	1	75,445.82	75,445.82	1.20	4.919	1
FILB Dallas-Money Fund	1	12,557.57	12,557.57	0.20	5.094	1
Federal Agency Disc - Amortizing LOGIC	8	4,511,000.00	4,503,982.01	72.78	5.341	72
Subtotal	11	1,288,080.51	1,288,080.51	20.22	5.284	1
Subtotal	11	5,967,063.90	5,919,925.91	94.40	5.323	56
Fund: Operating Fund						
Bank of America-Checking Account	1	131,009.12	131,009.12	2.09	2.424	1
Subtotal	1	131,009.12	131,009.12	2.09	2.424	1
Fund: Payment Clearing						
Bank of America-Checking Account	1	0.00	0.00	0.00	0.000	0
Subtotal	1	0.00	0.00	0.00	0.000	0

Portfolio: TSAH

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Texas State Affordable Housing
 Summary by Type
 May 31, 2007
 Grouped by Fund

Security Type	Number of Investments	Par Value	Book Value	Market Portfolio	Average Yield to Maturity	Average Days to Maturity
Fund: Sagebrush Apartments						
Bank of America-Checking Account	1	42,642.76	42,642.76	0.66	1.250	1
Subtotal	1	42,642.76	42,642.76	0.66	1.250	1
Fund: Sagebrush Apartments - Debt						
Bank of America-Checking Account	1	38,303.85	38,303.85	0.61	0.900	1
Subtotal	1	38,303.85	38,303.85	0.61	0.900	1
Fund: Sagebrush Apartments - Oper.						
Bank of America-Checking Account	1	22,698.55	22,698.55	0.36	0.900	1
Subtotal	1	22,698.55	22,698.55	0.36	0.900	1
Fund: T & I						
Bank of America-Checking Account	1	3,508.66	3,508.66	0.06	1.980	1
Subtotal	1	3,508.66	3,508.66	0.06	1.980	1
Fund: TY Home Education						
Bank of America-Checking Account	1	22,553.15	22,553.15	0.36	0.000	1
Subtotal	1	22,553.15	22,553.15	0.36	0.000	1
Fund: Wells Fargo - CDC						
Wells Fargo Bank	1	4,947.50	4,947.50	0.06	0.000	1
Subtotal	1	4,947.50	4,947.50	0.06	0.000	1
Total and Average	23	6,317,722.14	6,270,584.15	100.00	5.109	53



**Texas State Affordable Housing
Fund BHDEBT - Bunker Hill Debt
Investments by Fund
May 31, 2007**

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 305	Maturity Date	Days To Maturity
Bank of America-Checking Account											
999999991	0315	Bank of America	09/01/2006	22,358.97	22,358.97	22,358.97	0.900	0.887	0.900		1
			Subtotal and Average	22,358.97	22,358.97	22,358.97		0.888	0.900		1
			Total Investments and Average	22,358.97	22,358.97	22,358.97		0.888	0.900		1

Fund BHOPER - Bunker Hill Operating
Investments by Fund
May 31, 2007

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Bank of America-Checking Account											
9999999991	0010	Bank of America	09/01/2006	22,348.90	22,348.90	22,518.90	0.900	0.887	0.900		1
		Subtotal and Average		22,348.90	22,348.90	22,518.90		0.888	0.900		1
		Total Investments and Average		22,348.90	22,348.90	22,518.90		0.888	0.900		1

Fund BHSENIOR - Bunker Hill Senior
Investments by Fund
May 31, 2007

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Bank of America-Checking Account											
999999991	0009	Bank of America	09/01/2006	39,732.59	39,732.59	39,732.59	1.250	1.232	1.250		1
		Subtotal and Average		39,732.59	39,732.59	39,732.59		1.233	1.250		1
		Total Investments and Average		39,732.59	39,732.59	39,732.59		1.233	1.250		1

Fund DISBURSE - Disbursement
Investments by Fund
May 31, 2007

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 385	Maturity Date	Days To Maturity
Bank of America-Checking Account											
999999991	0007	Bank of America	09/01/2006	\$54.19	\$54.19	\$54.19	1.976	1.949	1.975		1
			Subtotal and Average	\$54.19	\$54.19	\$54.19		1.949	1.976		1
			Total Investments and Average	\$54.19	\$54.19	\$54.19		1.949	1.976		1

Portfolio TSAH

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Fund GENERAL - General Investments
Investments by Fund
May 31, 2007

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Federal Agency Disc. - Amortizing											
313394GH8	0020	FHLB DN	03/05/2007	\$31,000.00	\$31,000.00	\$31,000.00	5.150	5.288	5.351	06/01/2007	0
31339BH4	0017	FHL MC DN	01/09/2007	298,391.65	300,000.00	298,390.02		5.294	5.357	07/09/2007	38
31339BLS4	0018	FHL MC DN	01/19/2007	556,433.50	560,000.00	556,416.00		5.299	5.372	07/16/2007	45
31339BLV3	2003*	FHL MC DN	03/20/2007	482,402.50	500,000.00	-67,597.50	5.086	5.289	5.342	08/13/2007	408
313589ME2	22	FHL MC DN	04/11/2007	1,101,508.80	1,120,000.00	1,101,407.96		5.275	5.348	08/26/2007	117
31339BMRG	22	FHL MC DN	05/04/2007	270,275.05	270,000.00	270,292.51		5.251	5.324	10/01/2007	122
313396LJ3	0001	FHL MC DN	11/01/2006	546,294.38	550,000.00	546,150.02		5.185	5.237	07/20/2007	49
31339BMD6	0019	FNMA DN	02/06/2007	707,506.13	775,000.00	707,492.49	5.095	5.290	5.364	09/06/2007	66
		Subtotal and Average		4,563,862.01	4,611,000.00	4,563,429.01		5.268	5.341		72
LOGIC											
999999996	0005	Logic	09/01/2006	1,268,060.51	1,268,060.51	1,268,060.51	5.284	5.211	5.263		1
		Subtotal and Average		1,268,060.51	1,268,060.51	1,268,060.51		5.211	5.264		1
FHLB Dallas-Money Fund											
999999996	0002	FHLB Money Market Fund	09/01/2006	12,357.57	12,357.57	12,357.57	5.094	5.024	5.094		1
		Subtotal and Average		12,357.57	12,357.57	12,357.57		5.024	5.094		1
Federated Money Market Fund											
60934N007	B	Bank of America Money Market	09/01/2006	75,445.82	75,445.82	75,445.82	4.919	4.851	4.919		1
		Subtotal and Average		75,445.82	75,445.82	75,445.82		4.852	4.919		1
		Total Investments and Average		5,919,925.91	5,967,063.90	5,919,492.91		5.250	5.323		56

Portfolio T5AH

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Fund OPERATING - Operating Fund
Investments by Fund
May 31, 2007

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Bank of America-Checking Account											
999999991	0001	Bank of America	09/01/2006	131,009.12	131,009.12	131,009.12	2.424	2.390	2.423		1
		Subtotal and Average		131,009.12	131,009.12	131,009.12		2.390	2.424		1
		Total Investments and Average		131,009.12	131,009.12	131,009.12		2.390	2.424		1

Fund PCLEAR - Payment Clearing
Investments by Fund
May 31, 2007

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 350	YTM 365	Maturity Date	Days To Maturity
Bank of America-Checking Account											
999999999	0006	Bank of America	09/01/2008	0.00	0.00	0.00	1.980	1.952	1.979		1
		Subtotal and Average		0.00	0.00	0.00	0.000	0.000	0.000		0
		Total Investments and Average		0.00	0.00	0.00	0.000	0.000	0.000		0

Fund SBAPT - Sagebrush Apartments
Investments by Fund
May 31, 2007

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 350	YTM 365	Maturity Date	Days To Maturity
Bank of America-Checking Account											
999999991	0011	Bank of America	09/01/2006	42,642.76	42,642.76	42,642.76	1.250	1.232	1.250		1
		Subtotal and Average		42,642.76	42,642.76	42,642.76	1.233	1.233	1.250		1
		Total Investments and Average		42,642.76	42,642.76	42,642.76	1.233	1.233	1.250		1

Fund SBDEBT - Sagebrush Apartments - Debt
Investments by Fund
May 31, 2007

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 363	YTM 365	Maturity Date	Days To Maturity
Bank of America-Checking Account											
999999991	0013	Bank of America	09/01/2006	38,303.85	38,303.85	38,303.85	0.900	0.887	0.900		1
			Subtotal and Average	38,303.85	38,303.85	38,303.85	0.888	0.888	0.900		1
			Total Investments and Average	38,303.85	38,303.85	38,303.85	0.888	0.888	0.900		1

Fund SBOPER - Sagebrush Apartments - Oper.
Investments by Fund
May 31, 2007

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Bank of America-Checking Account											
899999991	0012	Bank of America	08/01/2006	22,698.55	22,698.55	22,698.55	0.500	0.887	0.900		1
		Subtotal and Average		22,698.55	22,698.55	22,698.55	0.386	0.900			1
		Total Investments and Average		22,698.55	22,698.55	22,698.55	0.386	0.900			1

**Fund TI - T & I
Investments by Fund
May 31, 2007**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Bank of America-Checking Account											
999999991	0008	Bank of America	09/01/2006	3,508.66	3,508.66	3,508.66	1.980	1.952	1.979		1
		Subtotal and Average		3,508.66	3,508.65	3,508.66	1.952	1.952	1.980		1
		Total Investments and Average		3,508.66	3,508.65	3,508.66	1.952	1.952	1.980		1

Fund TXHOME - TX Home Education
Investments by Fund
May 31, 2007

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Bank of America Checking Account											
999999991	0002	Bank of America	03/01/2005	22,553.15	22,553.15	22,553.15					1
			Subtotal and Average	22,553.15	22,553.15	22,553.15		0.000	0.000		1
			Total Investments and Average	22,553.15	22,553.15	22,553.15		0.000	0.000		1

Fund WELLS - Wells Fargo - CDC
Investments by Fund
May 31, 2007

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 35D	YTM 365	Maturity Date	Days To Maturity
Wells Fargo Bank											
999999994	0014	Wells Fargo Bank	09/01/2006	4,947.50	4,947.50	4,947.50					1
		Subtotal and Average		4,947.50	4,947.50	4,947.50		0.000	0.000		1
		Total Investments and Average		4,947.50	4,947.50	4,947.50		0.000	0.000		1



Texas State Affordable Housing

Cash Reconciliation Report

For the Period March 1, 2007 - May 31, 2007

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											
03/05/2007	9739	GENERAL	Maturity	313396CR2	525,000.00	FMC DN 0.5M 5.15% Mat.	03/05/2007	0.00	0.00	525,000.00	525,000.00
03/05/2007	0020	GENERAL	Purchase	313394G-6	531,000.00	FMC DN 0.5M 5.15% Mat. 08/01/2007	08/01/2007	-524,315.30	0.00	0.00	-524,315.30
03/20/2007	9790	GENERAL	Maturity	313396OC5	500,000.00	FMC DN 0.5M 5.6% Mat.	03/20/2007	0.00	0.00	500,000.00	500,000.00
03/20/2007	0021	GENERAL	Purchase	313396LV3	500,000.00	FMC DN 0.5M 5.07% Mat.	09/17/2007	-487,267.15	0.00	0.00	-487,267.15
04/11/2007	9807	GENERAL	Maturity	313398EE1	1,095,000.00	FMC DN 1.1M 0.00% Mat. 04/11/2007	04/11/2007	0.00	0.00	1,095,000.00	1,095,000.00
04/11/2007	22	GENERAL	Purchase	313398ME2	1,120,000.00	FMC DN 1.1M 0.00% Mat.	09/26/2007	-1,093,448.53	0.00	0.00	-1,093,448.53
05/03/2007	0016	GENERAL	Maturity	313398FC4	270,000.00	FMC DN 0.3M 0.00% Mat.	05/03/2007	0.00	0.00	270,000.00	270,000.00
05/04/2007	23	GENERAL	Purchase	313398MK6	275,000.00	FMC DN 0.3M 0.00% Mat.	10/01/2007	-269,190.63	0.00	0.00	-269,190.63
							Subtotal	-2,374,221.61	0.00	2,390,000.00	15,778.39
							Total	-2,374,221.61	0.00	2,390,000.00	15,778.39



INVESTMENT PROFESSIONALS

Texas State Affordable Housing

Purchases Report

Sorted by Fund - Fund

March 1, 2007 - May 31, 2007

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

CUSIP	Investment #	Fund	Sec. Type	Issuer	Original Purchase Date	Payment Periods	Principal Purchased	Accrued Interest at Purchase	Rate at Purchase	Maturity Date	YTM	Ending Book Value
General Investments												
313384GH6	0020	GENERAL	A-FD	FHDN	03/08/2007	06/01 - At Maturity	524,315.30		5.150	06/01/2007	5.288	531,000.00
313396LV3	0021	GENERAL	A-FD	FMCCN	03/20/2007	09/17 - At Maturity	487,287.15		5.065	09/17/2007	5.270	482,402.50
313588ME2	22	GENERAL	A-FD	FMCCN	04/11/2007	09/26 - At Maturity	1,093,448.53			09/26/2007	5.276	1,101,408.80
313306WKR	23	GENERAL	A-FD	FMCCN	05/04/2007	10/01 - At Maturity	289,190.63			10/01/2007	5.251	270,275.05
				Subtotal			2,374,221.61	0.00				2,395,186.35
				Total Purchases			2,426,000.00	0.00				2,395,186.35



Texas State Affordable Housing

Maturity Report

Sorted by Maturity Date

Amounts due during March 1, 2007 - May 31, 2007

Paterson & 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
313396CR2	9739	GENERAL	AFO	FMCDN	525,000.00	03/05/2007	08/24/2006	5.145	525,000.00	0.00	525,000.00	0.00
313396DG5	9790	GENERAL	AFO	FMCDN	500,000.00	03/20/2007	09/26/2006	5.040	500,000.00	0.00	500,000.00	0.00
313588EE1	9807	GENERAL	AFO	FVNDN	1,095,000.00	04/11/2007	10/18/2006		1,095,000.00	0.00	1,095,000.00	0.00
313588FC4	0015	GENERAL	AFO	FVNDN	270,000.00	05/09/2007	01/03/2007		270,000.00	0.00	270,000.00	0.00
Total Maturities					2,390,000.00				2,390,000.00	0.00	2,390,000.00	0.00



PATTERSON & ASSOCIATES
INVESTMENT MANAGEMENT

**Texas State Affordable Housing
Interest Earnings
Sorted by Fund - Fund
March 1, 2007 - May 31, 2007
Yield on Average Book Value**

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

CU/SIF	Investment #	Fund	Issuer	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Annualized Rate	Annualized Yield	Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Fund: Bunker Hill Debt												
999999991	0015	BHDEBT	BOA	22,356.97	22,308.33	22,325.93		0.900	0.900	50.64	0.00	50.64
		Subtotal		22,358.97	22,308.33	22,325.93		0.900	0.900	50.64	0.00	50.64
Fund: Bunker Hill Operating												
999999991	0010	BHOPER	BOA	22,248.90	22,298.28	22,315.88		0.900	0.900	50.62	0.00	50.62
		Subtotal		22,348.90	22,298.28	22,315.88		0.900	0.900	50.62	0.00	50.62
Fund: Bunker Hill Senior												
999999991	0009	BHSENIOR	BOA	39,732.59	37,411.73	37,748.14		1.250	1.270	120.87	0.00	120.87
		Subtotal		39,732.59	37,411.73	37,748.14		1.270	1.270	120.87	0.00	120.87
Fund: Disbursement												
999999991	0007	DISBURSE	BOA	554.19	555.74	555.71		1.976	1.970	2.76	0.00	2.76
		Subtotal		554.19	555.74	555.71		1.970	1.970	2.76	0.00	2.76
Fund: General Investments												
313396CR2	9739	GENERAL FMCDN		525,000.00	524,699.88	22,821.19	03/05/2007	5.145	5.217	0.00	300.12	300.12
313396DG5	9790	GENERAL FMCDN		500,000.00	498,670.00	103,130.79	03/20/2007	5.540	4.710	0.00	1,350.00	1,350.00
313398BE1	9807	GENERAL FNDN		1,095,000.00	1,098,683.52	486,515.98	04/11/2007	5.150	5.150	0.00	6,316.48	6,316.48
313396LJ3	9001	GENERAL FMCDN		590,000.00	599,336.88	542,853.44	07/20/2007	5.096	5.096	0.00	6,957.50	6,957.50
999999995	9002	GENERAL FHEBMV		12,557.57	32,272.64	25,799.20		5.094	3.852	250.42	0.00	250.42
999999995	9005	GENERAL LOGIC		1,268,060.51	1,251,378.81	1,257,172.06		5.264	5.264	16,681.70	0.00	16,681.70
60934N107	8	GENERAL BOAMM		75,445.82	74,364.96	74,794.31		4.919	5.785	1,090.86	0.00	1,090.86
313396FC4	0016	GENERAL FVFN		270,000.00	267,594.96	184,080.92	05/09/2007	5.183	5.211	0.00	2,405.02	2,405.02
313396HX4	0017	GENERAL FMCDN		300,000.00	291,497.75	296,465.86	07/09/2007	5.233	5.233	0.00	3,893.50	3,893.50
313396UE4	0015	GENERAL FMCDN		580,000.00	540,141.99	552,827.37	07/16/2007	5.240	5.240	0.00	7,251.51	7,251.51
313396RH06	0019	GENERAL FNDN		775,000.00	757,485.00	762,575.30	09/08/2007	5.150	5.254	10,071.13	0.00	10,071.13
313394GH6	0020	GENERAL FNDN		571,000.00	504,792.34	504,792.34	06/01/2007	5.065	5.242	6,664.70	0.00	6,664.70
313396CV5	0021	GENERAL FMCDN		520,030.00	0.00	388,701.19	09/17/2007			5,135.35	0.00	5,135.35

Texas State Affordable Housing
Interest Earnings
March 1, 2007 - May 31, 2007

CUSIP	Investment #	Fund	Issuer	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Annualized Rate	Yield	Interest Earned	Amortization/Accretion	Adjusted Interest Earnings
Fund: General Investments												
313588VE2	22	GENERAL	FMCDN	1,120,000.00	0.00	606,428.72	09/26/2007	2.424	2,916	0.00	3,060.27	8,060.27
313396WK6	23	GENERAL	FMCDN	276,000.00	0.00	82,098.50	10/01/2007	1.980	1,960	0.00	1,034.42	1,034.42
			Subtotal	8,357,063.90	5,678,116.41	5,893,113.15			5,221	18,022.98	59,530.40	77,553.38
Fund: Operating Fund												
999999931	0001	OPERATING	BOA	131,009.12	113,597.72	142,516.07		2.424	2,916	1,047.35	0.00	1,047.35
			Subtotal	131,009.12	113,597.72	142,516.07			2,916	1,047.35	0.00	1,047.35
Fund: Payment Clearing												
999999991	0006	PCLCAR	BOA	0.00	15,809.26	15,155.94		1.980	1,960	74.88	0.00	74.88
			Subtotal	0.00	15,809.26	15,155.94			1,960	74.88	0.00	74.88
Fund: Sagebrush Apartments												
999999991	0011	SBAPT	BOA	42,642.76	39,513.94	39,060.17		1.250	1,279	128.82	0.00	128.82
			Subtotal	42,642.76	39,513.94	39,060.17			1,279	128.82	0.00	128.82
Fund: Sagebrush Apartments - Debt												
999999991	0013	SPNERT	BOA	38,303.65	35,217.09	38,247.25		0.900	0,900	86.76	0.00	86.76
			Subtotal	38,303.65	35,217.09	38,247.25			0,900	86.76	0.00	86.76
Fund: Sagebrush Apartments - Oper.												
999999991	0012	SBOPER	BOA	22,698.55	22,647.13	22,665.01		0.900	0,900	51.42	0.00	51.42
			Subtotal	22,698.55	22,647.13	22,665.01			0,900	51.42	0.00	51.42
Fund: T & I												
999999991	0008	IT	BOA	3,508.66	3,413.78	3,454.11		1.979	1,979	17.23	0.00	17.23
			Subtotal	3,508.66	3,413.78	3,454.11			1,979	17.23	0.00	17.23
			Total	8,690,271.48	5,193,899.41	6,238,057.35			5,036	19,854.34	59,530.40	79,164.74



Texas State Affordable Housing
 Amortization Schedule
 March 1, 2007 - May 31, 2007
 Sorted By Fund - Fund

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

Investment #	Fund	Maturity Date	Beginning Par Value	Purchase Principal	Original Premium or Discount	Ending Book Value	Amounts Amortized And Unamortized As of 03/01/2007	Amount Amortized This Period	Amnt Amortized Through 05/31/2007	Amount Unamortized Through 05/31/2007
General Investments										
0020	GENERAL	05/01/2007	\$31,000.00	\$24,315.30	-6,684.70	\$31,000.00	0.00	\$694.70	6,684.70	0.00
FHLB DN			5.150				-6,684.70			
0017	GENERAL	07/09/2007	300,000.00	292,339.16	-7,660.82	298,391.65	2,158.57	3,893.90	6,052.47	-1,808.35
FHLMC DN							-5,302.25			
0018	GENERAL	07/19/2007	\$60,000.00	\$45,982.51	-14,017.49	\$56,433.50	3,243.48	7,291.57	10,540.99	-3,566.50
FHLMC DN							-10,693.01			
0021	GENERAL	09/17/2007	\$00,000.00	487,267.15	-12,732.65	492,402.50	0.00	5,135.35	5,135.35	-7,897.50
FHLMC DN			5.065				-12,782.86			
22	GENERAL	09/29/2007	1,120,000.00	1,093,446.53	-26,551.47	1,101,508.80	0.00	8,050.27	8,060.27	-18,491.20
FHLMC DN							-26,551.47			
23	GENERAL	10/01/2007	275,000.00	269,150.63	-5,809.37	270,275.05	0.00	1,084.42	1,084.42	-4,724.95
FHLMC DN							-5,809.37			
9001	GENERAL	07/23/2007	\$50,000.00	\$30,261.88	-19,738.12	\$46,294.38	9,075.00	6,957.50	16,032.50	-3,705.62
FHLMC DN							-10,663.12			
9739	GENERAL	03/05/2007	\$25,000.00	\$10,578.97	-14,481.03	0.00	14,180.91	300.12	14,481.03	0.00
FHLMC DN			5.145				-300.12			
9790	GENERAL	03/20/2007	\$00,000.00	487,750.00	-12,250.00	0.00	10,920.00	1,330.00	12,250.00	0.00
FHLMC DN			5.040				-1,330.00			
0018	GENERAL	06/09/2007	270,000.00	265,419.00	-4,581.00	0.00	2,175.99	2,426.02	4,581.00	0.00
FNMA DN							-2,405.02			
0019	GENERAL	08/09/2007	775,000.00	755,166.16	-19,813.84	767,556.13	2,298.84	10,071.13	12,969.97	-7,443.87
FNMA DN			5.085				-17,515.00			
9807	GENERAL	04/11/2007	1,095,000.00	1,068,039.43	-26,960.57	0.00	20,644.09	6,316.48	26,960.57	0.00
FNMA DN							-6,316.48			
	Subtotal		6,829,628.74	-171,371.26	4,563,862.01	64,702.87	59,530.40	124,233.27	-47,137.99	
	Total		6,629,628.74	-171,371.26	4,563,862.01	64,702.87	59,530.40	124,233.27	-47,137.99	
						-106,668.39				



INVESTMENT PROFESSIONALS

**Texas State Affordable Housing
Projected Cashflow Report
Sorted by Fund**

For the Period June 1, 2007 - December 31, 2007

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

Projected Trans. Date	Investment #	Fund	Secur ID	Transaction Type	Issuer	Par Value	Original Cost	Principal	Interest	Total
General Investments										
06/01/2007	0020	GENERAL	313384GH6	Maturity	PHLB DN	531,000.00	524,315.30	531,000.00	0.00	531,000.00
07/09/2007	0017	GENERAL	313386HX4	Maturity	PHLWC DN	300,000.00	292,339.18	300,000.00	0.00	300,000.00
07/16/2007	0018	GENERAL	313386JE4	Maturity	PHLWC DN	550,000.00	545,892.51	550,000.00	0.00	550,000.00
07/20/2007	9001	GENERAL	313386LJ3	Maturity	PHLWC DN	550,000.00	530,261.88	550,000.00	0.00	550,000.00
08/08/2007	0019	GENERAL	313386KDS	Maturity	FNMA DN	775,000.00	755,186.16	775,000.00	0.00	775,000.00
09/17/2007	0021	GENERAL	313386LV3	Maturity	PHLWC DN	500,000.00	487,267.15	500,000.00	0.00	500,000.00
09/26/2007	22	GENERAL	313386N6Z	Maturity	PHLWC DN	1,120,000.00	1,093,448.53	1,120,000.00	0.00	1,120,000.00
10/01/2007	23	GENERAL	313386NKG	Maturity	PHLWC DN	275,000.00	269,190.63	275,000.00	0.00	275,000.00
Total for General Investments						4,614,000.00	4,497,904.34	4,614,000.00	0.00	4,614,000.00
GRAND TOTALS:						4,614,000.00	4,497,904.34	4,614,000.00	0.00	4,614,000.00

BOARD MEETING
TEXAS STATE AFFORDABLE HOUSING CORPORATION
Held at the Offices of
Texas State Affordable Housing Corporation
1005 Congress Avenue – Suite B-10 Conference Room
Austin Texas 78701
May 11, 2007 at 10:30 am

Summary of Minutes

Call to Order, Roll Call
Certification of Quorum

The Board Meeting of the Texas State Affordable Housing Corporation (the “Corporation”) was called to order by Jerry Romero, Chair, at 10:35 a.m., on May 11, 2007, at the offices of Texas State Affordable Housing Corporation, 1005 Congress Avenue – Suite B-10 Conference Room, Austin, TX 78701. Roll Call certified that a quorum was present.

Members Present

Jerry Romero, Chair
Thomas A. Leeper, Vice Chair
Jesse A. Coffey, Member
Jo Van Hovel, Member

Members Absent

Charles G. Rencher, Member

Staff Present

Katherine Closmann, Executive Vice President
Melinda Smith, Chief Financial Officer
Paige McGilloway, Single Family Programs Manager
David Danenfelzer, Multifamily Programs Manager
Janie Taylor, Manager of Marketing and Development
Pat Corser, Asset Oversight & Compliance Manager
Gracie Jackson, Asset Oversight & Compliance Specialist
Laura Ross, Corporate Secretary

Public Comment

No public comment was given

Special Guests

Rob Dubbelde, Greenberg Traurig LLP
Gary Machak, RBC Dain Rauscher
Robin Miller, First Southwest Company

Reports

Executive Vice President's Report

Ms. Closmann began by congratulating Mr. Leeper and Ms. Van Hovel on their reappointment to the Board of Directors. Ms. Closmann noted that their's and Mr. Coffey's confirmations were scheduled for May 16th, but their presence at the hearing was not required. Ms. Closmann also expressed her and Mr. Long's appreciation for all the staff's hard work during the legislative session.

Single Family Lending Report

Ms. McGilloway began by referring the Board to the reports contained in the board packet. Ms. McGilloway informed the Board that as of that morning, \$30.4 million had been committed for the Professional Educators Home Loan Program. Ms. McGilloway noted that the average loan amount for the program had risen from \$114,000 to \$123,000, and there had been an increase in the use of rural development loans. Ms. McGilloway explained that rural development loans were strictly for rural areas and indicated the program was reaching a different market. Ms. McGilloway also clarified that the program was for those working in a public school system, and those working in private schools or higher education did not qualify.

Ms. McGilloway then turned the Board's attention to the Homes for Texas Heroes Program. Ms. McGilloway stated that as of that morning a total of \$5.4 million had been committed for the program. Ms. McGilloway noted that a press release had been issued to announce the release of these funds and she thought this contributed to the increase in activity for the program. Ms. McGilloway informed the Board that the average loan amount for the program had increased from \$100,000 to \$110,000. Ms. McGilloway pointed out the average household size was 5 persons. Ms. McGilloway stated that there were roughly 33 lenders and brokers involved in the program.

Ms. McGilloway then addressed the Homeworks Home Loan Program. Ms. McGilloway stated that staff had met with the Corporation's professionals about the program. Ms. McGilloway informed the Board that staff was doing research and collecting information and hoped to have something for the Board soon. Ms. McGilloway explained that the program would be similar to a down payment assistance program where the Corporation would partner with employers across the state who could use the program as a tool for recruiting and retaining employees.

Ms. McGilloway reported that the 2007 Homes for Texas Heroes Program transaction had closed on May 2nd. Mr. Machak with RBC Dain Rauscher referred the Board to the pricing book and proceeded to go through it in detail for the Board's benefit. Discussion followed.

Ms. McGilloway stated that it was staff's hope to have a structure and resolution regarding the Drawdown Bond Program for the Board's review at the June meeting. Ms. McGilloway informed the Board that she would be attending a seminar entitled "Dialogue with Donors" the following week. Ms. McGilloway also noted that she, Ms. Taylor and Ms. Ross would be attending the Texas Jail Association ("TJA") Conference the following week where they would be handing out marketing materials to county jailers, a demographic eligible under the Homes for Texas Heroes program. Ms. McGilloway stated the TEFRA hearing for Series 2007 A-3 bonds would be held the following Friday. Discussion followed regarding the Drawdown Bond Program.

Multifamily Lending Report

Mr. Danenfelzer began by updating the Board on the Rainbow Portfolio transaction under the Private Activity Bond (“PAB”) Program. Mr. Danenfelzer stated that 23 reservations would be submitted to the Bond Review Board (“BRB”) for the transaction. Mr. Danenfelzer explained that the reason for so many reservations was that some properties were scattered site properties and under current BRB rules a separate reservation application was required for each individual development site. Mr. Danenfelzer informed the Board that a TEFRA hearing notice would be published in the Texas Register the following week and the reservation applications would be submitted to the BRB. Mr. Danenfelzer stated that he had worked with the developer on their submission of the Housing Tax Credit Application a few weeks prior, and was working as a liason between the developer and the Texas Department of Housing and Community Affairs (“TDHCA”) to work out any tax credit issues on their application.

Mr. Danenfelzer reported that additional applications were being sought for the remaining \$8 million of the Corporation’s allocation. Mr. Danenfelzer noted that an application previously submitted had been withdrawn. Mr. Danenfelzer stated that the RFP would be updated to reflect new deadlines for when the reservation detail packages were due. Mr. Danenfelzer noted that because of the August deadline for the collapse in unused funds, staff would be asking that the preliminary application, as well as full reservation detail packages be submitted at the same time.

Mr. Danenfelzer then turned to the Multifamily Direct Lending Program. Mr. Danenfelzer stated that he was working with the nonprofit developer Housing and Community Services who was looking at properties in South Texas. Mr. Danenfelzer reported that an application had not been submitted yet, however several details were being worked out so in the event of an application being submitted the process might go by faster. Mr. Danenfelzer stated that staff was in the process of updating the term sheet for the program and creating new loan policies and would have them for the Board to review in the coming months. Discussion followed.

Marketing and Development Report

Ms. Taylor began by informing the Board that the grant the Corporation received from Countrywide and Freddie Mac would be used to create posters advertising the Corporation’s single family programs that staff would send out to the school districts, police stations, county jails and fire stations. Ms. Taylor stated that she had contacted two potential advertising graphics firms to submit bids. Discussion followed regarding the posters.

Ms. Taylor then made the Board aware that she, Ms. McGilloway and Ms. Ross would be attending the TJA Conference the following week. Ms. Taylor noted that TJA would be having a conference in October at Sam Houston State University in Huntsville. Ms. Taylor informed the Board that staff would be attending the Texas Association of Realtors Conference in Galveston on September 9th.

Ms. Taylor refreshed the Boards’ memory that a half page ad on the Professional Educators program would appear in the Association of Texas Professional Educators (“ATPE”) Magazine this month and in the fall. Ms. Taylor stated that staff was also working on a mailer that would go out to the members of the Combined Law Enforcement Association of Texas (“CLEAT”) and the Texas State Firefighters Association. Ms. Taylor noted that staff would be attending the Texas State Firefighters Association Conference in July.

Ms. Taylor turned the Board's attention to the Annual Report. Mr. Romero requested that Ms. Taylor put together a fact sheet on the Corporation for the Board Members' reference when they speak about the Corporation to others. Ms. Taylor informed the Board that it was her intent to create a brochure on the Corporation and had asked the advertising firms to submit a bid on that as well. Mr. Romero requested that the marketing budget be reviewed during the next budget round. Ms. Taylor then went on to discuss marketing with the lenders of the Programs.

Ms. Taylor then reviewed for the Board's benefit the status of the bills filed during session that affected the Corporation. Discussion turned to House Bill 3878 which originally transferred the Corporation's powers to TDHCA, but then was substituted with language that gave TDHCA substantial oversight over the Corporation. Ms. Taylor stated that the bill was voted out of committee and recommended for the House Calendar Committee where it presently stood. Mr. Leeper expressed his thought that the bill would be very detrimental to the Corporation. Mr. Leeper stated that the bill reintegrated the Corporation back in with TDHCA in a way that was contrary to what the Corporation was supposed to be doing. Mr. Leeper stated that, for the Board Members, it was egregious and offensive that Representative Menendez put forth a bill that made the Board moot and required that the Board's actions be approved by TDHCA. Mr. Leeper stated his belief that it was bad for the State of Texas and for the provision of affordable housing. Ms. Closmann thanked Mr. Leeper for his statement and thanked the Board Members for their involvement during session. Discussion followed. Mr. Romero thanked staff for all their hard work, and thanked Mr. Leeper for speaking with members of the Urban Affairs Committee the previous week regarding the bill. Ms. Taylor thanked Mr. Romero and Mr. Leeper for coming in the previous week to speak with the legislators. Ms. Closmann noted that the deadline had passed for the bill to make it out of the house and through the process by the end of session. Ms. Closmann stated that they would continue to monitor the bills for amendments or changes that would affect the Corporation. Discussion continued regarding other bills that affected the Corporation, including Senate Bill 1185 which combined the Nursing Faculty and the Professional Educators Program. Ms. Taylor noted that language had been substituted on the House side that would give the Corporation 10% of the Single Family bond authority. Ms. Taylor noted that this substitution had yet to be introduced in the House, so they did not know exactly what the final language would be.

Asset Oversight & Compliance Report

Ms. Corser began by turning the Board's attention to the Quarterly Compliance Report. Ms. Corser reported that as of March 31st, three portfolios were out of compliance with regard to their safe harbor requirements. Ms. Corser stated that NHT GTEX would be issued a 60 days to cure notice and American Housing Foundation ("AHF") would be issued a 10 days to cure notice. Ms. Corser noted that AHF was self reporting their non-compliance so it was probable that they would correct the problem within 10 days. Ms. Corser stated that one property in the South Texas Affordable Properties portfolio was out of compliance and would have until June 3rd to cure. Discussion followed. Ms. Van Hovel inquired as to the procedure should the portfolios not make their 60 or 10 day notices and Ms. Corser explained that a notice would be sent to the trustee that the property was in default as was stated in the Compliance Agreement. Ms. Closmann further explained what would occur should the portfolios not get back into compliance. Discussion followed regarding the reasons for being out of compliance. Ms. Closmann thanked the compliance staff for all their hard work. Ms. Corser noted that as of last week all the properties had had their annual audit, and staff would be working with them in respect to any consent audit that would need to be done.

Ms. Corser then referred the Board to the Resident Services Quarterly Report. Ms. Corser noted that three portfolios, Agape Ashton Woodstock, American Opportunity for Housing (“AOH”) and Aguila Oaks were reporting either no resident services or sporadic resident services and that letters would go out today regarding this deficiency that would give 30 days to cure. Ms. Corser noted that one property had reported no funds as the reason for the lack of resident services and so they had been sent a list of things that could be done that wouldn’t cost anything. Mr. Romero requested that should there be a management change at a property, it be included on the report.

Ms. Corser reported that the first round of asset oversight audits had been completed and improvement had been seen.

Financial Report

Ms. Smith began by reporting that as of March 31st, the Corporation had a profit of \$177,000. Ms. Smith noted that the single family programs had not been included in the report, but if they had been the Corporation would show a profit of \$718,000. Discussion followed regarding the furniture and equipment line item. Ms. Smith noted that money was being set aside for fixed asset replacement. Discussion followed.

Tab 1 Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on April 13, 2007.

Mr. Coffey made a motion to approve the minutes of the Board Meeting held on April 13, 2007. Ms. Van Hovel seconded the motion. Motion passed unanimously.

Tab 2 Presentation, Discussion and Possible Approval of a Resolution Authorizing the Remarketing, Sale and Delivery of Single Family Mortgage Revenue Bonds (Professional Educators Home Loan Program) Series 2007A-3; Authorizing a Remarketing Memorandum, a Series Supplement, an Origination, Sale and Servicing Agreement, Bond Purchase Agreement and Continuing Disclosure Agreement, Making Certain Findings and Determinations; Authorizing the Execution of Documents and Instruments Necessary or Convenient to Carry Out the related 2007 Texas State Affordable Housing Corporation Professional Educators Home Loan Program; and Containing Other Matters Incident and Related Thereto.

Ms. McGilloway noted that this resolution would give the Corporation the ability to issue bonds under the A-3 transaction. Ms. McGilloway briefly explained series A-1 and A-2, stating that A-1 were long term bonds and A-2 were short term bonds and this resolution allowed the Corporation to remarket the A-2 bonds, totaling a little over \$23 million, into long term bonds. Ms. McGilloway stated that these bonds would be remarketed and then given an interest rate and added to the previous \$35 million of our Professional Educators Program. Ms. McGilloway stated that the resolution allowed the Corporation to develop all the documents necessary to make the bond transaction complete. Ms. McGilloway informed the Board that it was scheduled to price on June 6th and close on June 20th. Ms. McGilloway reported that only \$4 million remained in the program at this time. Mr. Machak further explained the reason for the A-2 bonds and the A-3 transaction. Mr. Machak briefly went through the pricing book for the A-3 transaction. Discussion followed regarding the interest rate for the program.

Mr. Leeper made a motion to approve a resolution authorizing the remarketing, sale and delivery of Single Family Mortgage Revenue Bonds (Professional Educators Home Loan Program) Series 2007A-3; authorizing a remarketing memorandum, a series supplement, an Origination, Sale and Servicing Agreement, Bond Purchase Agreement and Continuing Disclosure Agreement, making certain findings and determinations; authorizing the execution of documents and instruments necessary or convenient to carry out the related 2007 Texas State Affordable Housing Corporation Professional Educators Home Loan Program; and containing other matters incident and related thereto. Ms. Van Hovel seconded the motion. Motion passed unanimously.

Open Meeting

After discussion, it was determined that the next Board Meeting would be held on June 8, 2007, at 10:30 am.

Adjournment

Mr. Romero made a motion to adjourn the meeting. Ms. Van Hovel seconded the motion. Motion passed unanimously.

The Texas State Affordable Housing Corporation Board Meeting was officially adjourned at 12:10 pm.

Respectfully submitted by _____
Laura Ross, Corporate Secretary

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 17th day of July, 2007, at the designated meeting place in Austin, Texas, and the roll was called of the duly constituted members of said Board and officers, to wit:

BOARD OF DIRECTORS

Table with 2 columns: Name, Office. Rows include Jerry Romero (Chairperson), Thomas A. Leeper (Vice Chairperson), Charles G. Rencher (Director), Jo Van Hovel (Director), and Jesse A. Coffey (Director).

OFFICERS

Table with 2 columns: Name, Office. Rows include David Long (President), Katherine Closmann (Executive Vice President), Melinda Smith (Chief Financial Officer and Treasurer), and Laura Ross (Secretary).

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. 07-___

TEXAS STATE AFFORDABLE HOUSING CORPORATION

RESOLUTION Regarding the Submission of a 2007 Application for Allocation of Private Activity Bonds, Notice of Intention to Issue Bonds and State Bond Application to the Texas Bond Review Board for Single Family Mortgage Revenue Bonds (Professional Educators Home Loan Program) Series 2007B

was duly introduced for the consideration of said Board. It was duly moved and seconded that said Resolution be adopted; and, after due discussion, said motion was adopted 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 and follows this certificate; that said Resolution has been duly recorded in said Board's minutes of said meeting; that the above and foregoing paragraph is a true, full and correct excerpt from said Board's minutes of said meeting pertaining to the adoption of said Resolution; 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 July 17, 2007.

Secretary, Texas State Affordable Housing
Corporation

RESOLUTION NO. 07-_____

TEXAS STATE AFFORDABLE HOUSING CORPORATION

RESOLUTION Regarding the Submission of a 2007 Application for Allocation of Private Activity Bonds, Notice of Intention to Issue Bonds and State Bond Application to the Texas Bond Review Board for Single Family Mortgage Revenue Bonds (Professional Educators Home Loan Program) Series 2007B

WHEREAS, the Board of Directors of the Texas State Affordable Housing Corporation (the "Corporation") desires to submit an Application for Allocation of Private Activity Bonds to the Texas Bond Review Board for the calendar year 2007 in connection with its proposed Single Family Mortgage Revenue Bonds (Professional Educators Home Loan Program) Series 2007B in a principal amount not to exceed \$25,000,000 (the "Bonds");

WHEREAS, the Board desires to make all other appropriate filings and requests to the Texas Bond Review Board to enable the Corporation to issue the Bonds;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Texas State Affordable Housing Corporation:

1. That the President of the Corporation or any officer of the Corporation is hereby authorized and directed to execute and deliver a 2007 Application for Allocation of Private Activity Bonds to the Texas Bond Review Board in connection with requesting an allocation for the Bonds, together with any documents, certificates or instruments related thereto.

2. That the President of the Corporation or any other officer of the Corporation is hereby authorized and directed to file with the Texas Bond Review Board a Notice of Intent to Issue Bonds and a State Bond Application in connection with the Bonds and such officers are further authorized and directed to request that the application be approved by the Executive Director of the Texas Bond Review Board in accordance with Section 181.9(e) of the Rules of the Texas Bond Review Board.

3. That the President of the Corporation is hereby authorized and directed to take any and all other actions necessary or incidental to securing the private activity bond allocation and the approval of the Bonds from the Texas Bond Review Board.

PASSED, APPROVED AND EFFECTIVE this 17th day of July, 2007.

TEXAS STATE AFFORDABLE HOUSING CORPORATION

RESOLUTION NO. 07-___

TEXAS STATE AFFORDABLE HOUSING CORPORATION

Resolution Authorizing The Issuance, Sale and Delivery of Single Family Mortgage Revenue Refunding Bonds, Drawdown Series 2007; Approving the Form and Substance of a Trust Indenture, a Bond Purchase Agreement, a Continuing Disclosure Agreement; Approving Notice of Intention to Issue Bonds and State Bond Application to the Texas Bond Review Board; Making Certain Findings and Determinations; Authorizing the Execution of Documents and Instruments Necessary or Convenient to Carry Out a Single Family Mortgage Purchase Program; and Containing Other Provisions Relating to the Subject

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 eligible professional educators, fire fighters and law enforcement or security officers and low income persons and families with low-interest home mortgage loans; and

WHEREAS, the Issuer has heretofore issued the single family mortgage revenue bonds listed on Schedule I hereto and anticipates issuing additional single family mortgage revenue bonds to provide low-interest home mortgage loans to the Issuer's various types of eligible borrowers (collectively, the "Refundable Bonds"); and

WHEREAS, section 103(a) and section 143 of the Internal Revenue Code of 1986, as amended (the "Code"), provide that the interest on obligations issued by or on behalf of a state or a political subdivision thereof the proceeds of which are to be used to finance owner-occupied residences shall be exempt from federal income taxation if such issue meets certain requirements set forth in said section 143; and

WHEREAS, as a part of a refunding plan applicable to the Refundable Bonds, the Issuer will implement a Single Family Mortgage Purchase Program (the "Program"); and

WHEREAS, in order to carry out the Program, the Board of Directors of the Issuer expects to issue its Single Family Mortgage Revenue Refunding Bonds, Drawdown Series 2007 (the "Bonds") pursuant to a Trust Indenture dated as of July 1, 2007 (the "Indenture") between the Issuer and Wells Fargo Bank, National Association (the "Trustee"), for the purpose of refunding the Refundable Bonds and further the implementation of the Program; and

WHEREAS, the Issuer and its advisors have examined proposed forms of the Indenture, a Bond Purchase Agreement (the "Purchase Agreement") by Morgan Keegan & Company, Inc. (the "Purchaser") and a Continuing Disclosure Agreement (the "Disclosure Agreement") between the Issuer and the Trustee, all of which are presented with and comprise a part of this Resolution; have found the form and substance of such documents to be satisfactory and proper; and have determined to implement the Program in accordance with such documents by authorizing the issuance of the Bonds, the execution and delivery of such documents and the taking of such other action as may be necessary or convenient to carry out the Program; and

WHEREAS, the Board of Directors desires to make all other appropriate filings and requests to the Texas Bond Review Board to enable the Issuer to issue the Bonds;

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

Section 1. Public Purposes of Program and Bonds. That the Issuer hereby finds, determines, recites and declares that the adoption and implementation of the Program, including any down payment assistance and the interest rate or rates to be borne by the Mortgage Loans, and the issuance of the Bonds will promote the public purposes set forth in the Act, including, without limitation, refunding the Refundable Bonds to assist eligible professional educators, fire fighters and law enforcement or security officers and persons and families of low income to secure low-interest home mortgage loans.

Section 2. Issuance, Execution and Delivery of the Bonds. The issuance of the Bonds is hereby authorized, all under and in accordance with the Indenture, that the Bonds shall contain a recital to the effect that they are issued pursuant to the Act, as prescribed in the Indenture, and that, upon execution and delivery of the Indenture, the officers 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 and the Purchase Agreement.

Section 3. Approval, Execution and Delivery of the Indenture and Designation of Trustee. The form and substance of the Indenture are hereby approved and the officers of the Issuer are each hereby authorized to execute the Indenture and to deliver the Indenture to the Trustee. Wells Fargo Bank, National Association is hereby designated as the Trustee, registrar and paying agent for the Bonds upon the terms and conditions set forth in the Indenture.

Section 4. Purchase Agreement and Sale of Bonds. The sale of the Bonds as provided in the Purchase Agreement is hereby authorized and approved and the officers of the Issuer are each hereby authorized and directed to execute the Purchase Agreement on behalf of the Issuer and such officers of the Issuer are each hereby authorized to execute and attest and deliver the Purchase Agreement to the Purchaser or its designee. The Bonds shall be dated, shall mature on the date or dates and in the amounts, shall bear interest at the rate or rates, and shall be subject to mandatory sinking fund redemption and optional redemption on the date or dates and in the amounts as specified in the Indenture or in any series supplement prepared in connection therewith. In addition, the officers of the Issuer are each authorized to execute any necessary certificates evidencing approval of any or all of the matters set forth in this Section.

Section 5. Authorization of the Continuing Disclosure Agreement. The form and substance of the Disclosure Agreement are hereby approved and the officers of the Issuer are each hereby authorized to execute the Disclosure Agreement and deliver the Disclosure Agreement to the Trustee.

Section 6. Execution and Delivery of Other Documents. The officers of the Issuer are each hereby authorized to consent to, accept, execute such other agreements, investment agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, 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 7. Power to Revise Form of Documents. Notwithstanding any other provision of this Resolution, the Chairperson, Vice Chairperson, President, Executive Vice President, Secretary and any Assistant Secretary of the Issuer are each hereby authorized to make or approve such revisions in the form of the documents approved by or contemplated by this Resolution, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution and the Program.

Section 8. Delegation to President or Executive Vice President. The President and Executive Vice President of the Issuer, either individually or jointly, are hereby authorized to approve the principal amount(s), maturity or maturities and designation(s) of the Bonds to be issued pursuant to this Resolution, in one or more series or subseries, 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 or rates on the Mortgage Loans, provided however, that such rate shall not exceed 10% per annum. The 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 9. Notice of Intent Submission to the Bond Review Board. The President and Executive Vice President of the Issuer, either individually or jointly, are hereby authorized and directed to file with the Texas Bond Review Board a Notice of Intent to Issue Bonds and a State Bond Application in connection with the Bonds and such officers are further authorized and directed to request that the application be approved by the Executive Director of the Texas Bond Review Board in accordance with Section 181.9(e) of the Rules of the Texas Bond Review Board.

Section 10. Approval of the Bond Review Board. That the President and Executive Vice President of the Issuer, either individually or jointly, are hereby authorized and directed to take any and all other actions necessary or incidental to securing the approval of the Bonds from the Texas Bond Review Board.

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 and the implementation of the Program accomplish a valid public purpose of the Issuer by assisting eligible mortgagors in the State of Texas to obtain adequate, safe and sanitary housing, thereby promoting the public health, welfare and safety for professional educators 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. Severability. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

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

[Remainder of page intentionally left blank]

PASSED, APPROVED AND EFFECTIVE this July 17, 2007.

TEXAS STATE AFFORDABLE HOUSING
CORPORATION

Chairperson

Attest:

Secretary

SCHEDULE I

I. Listing of previously issued Refundable Bonds.

Texas State Affordable Housing Corporation Single Family Mortgage Revenue Bonds (Teachers Home Loan Program), Series 2002

Texas State Affordable Housing Corporation Single Family Mortgage Revenue Bonds (Professional Educators, Fire Fighters and Police Officers Home Loan Program) Series 2004A and Series 2004B

Texas State Affordable Housing Corporation Single Family Mortgage Revenue Bonds (Professional Educators Home Loan Program) Series 2005A

Texas State Affordable Housing Corporation Single Family Mortgage Revenue Bonds (Fire Fighter and Law Enforcement or Security Officer Home Loan Program) Series 2005B

Texas State Affordable Housing Corporation Single Family Mortgage Revenue Bonds (Professional Educators Home Loan Program) Series 2006A

Texas State Affordable Housing Corporation Single Family Mortgage Revenue Bonds (Fire Fighter and Law Enforcement or Security Officer Home Loan Program) Series 2006B

Texas State Affordable Housing Corporation Single Family Mortgage Revenue Bonds, Series 2006C

Texas State Affordable Housing Corporation Single Family Mortgage Revenue Bonds (Professional Educators Home Loan Program) Series 2007A-1, Series 2007A-2 and Series 2007A-3

Texas State Affordable Housing Corporation Single Family Mortgage Revenue Bonds (Fire Fighter and Law Enforcement or Security Officer Home Loan Program) Series 2007C

II. Single family mortgage revenue bonds issued subsequent to the date of the adoption of the Resolution to which this Schedule I is attached to provide low-interest home mortgage loans to persons and families who qualify as mortgagors under the programs of the Issuer as permitted by the Act, as such Act may be amended from time to time.

MINUTES AND CERTIFICATION

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

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

1. The Board of Directors of the Corporation (the "Board of Directors" or the "Board") convened on the 17th day of July, 2007, at the designated meeting place in Austin, Texas, and the roll was called of the duly constituted members of the Board of Directors, which are listed below. The current officers of the Corporation (who are not members of the Board of Directors) are also set below.

BOARD OF DIRECTORS

Table with 2 columns: Name, Office. Rows include Jerry Romero (Chairperson), Thomas A. Leeper (Vice Chairperson), Charles G. Rencher (Director), Jo Van Hovel (Director), and Jesse A. Coffey (Director).

OFFICERS

Table with 2 columns: Name, Office. Rows include David Long (President), Katherine Closmann (Executive Vice President), Melinda Smith (Chief Financial Officer), and Laura Ross (Secretary).

All of said Board of Directors 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 duly introduced for the consideration of the Board of Directors and read in full:

RESOLUTION NO. 07-____

TEXAS STATE AFFORDABLE HOUSING CORPORATION

RESOLUTION TO (I) ADJUST MORTGAGE LOAN INTEREST RATE FOR 2006B PROGRAM AND (II) IMPLEMENT 2007 LEGISLATIVE CHANGES WITH RESPECT TO THE SERIES 2006A, SERIES 2006B, SERIES 2007A-1, SERIES 2007A-2 AND SERIES 2007C BOND PROGRAMS AND ANY OTHER OUTSTANDING BOND PROGRAM OF THE CORPORATION, AND RESOLVE OTHER MATTERS INCIDENT AND RELATED THERETO

It was then duly moved and seconded that the Resolution be adopted, and, after due discussion, said motion carrying with it the adoption of the Resolution, prevailed and carried by the following vote:

___ AYES

___ NOES

___ ABSTENTIONS

2. That a true, full and correct copy of the Resolution is attached to and follows this certificate; that the Resolution has been duly recorded in said Board's minutes of said meeting; that the above and foregoing paragraph is a true, full and correct excerpt from the Board's minutes of said meeting pertaining to the adoption of the Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Board as indicated therein; that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that the 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 ___ day of July, 2007.

Secretary, Texas State Affordable Housing
Corporation

RESOLUTION NO. 07-_____

TEXAS STATE AFFORDABLE HOUSING CORPORATION

RESOLUTION TO (I) ADJUST MORTGAGE LOAN INTEREST RATE FOR 2006B PROGRAM AND (II) IMPLEMENT 2007 LEGISLATIVE CHANGES WITH RESPECT TO THE SERIES 2006A, SERIES 2006B, SERIES 2007A-1, SERIES 2007A-2 AND SERIES 2007C BOND PROGRAMS, AND ANY OTHER OUTSTANDING BOND PROGRAM OF THE CORPORATION, AND RESOLVE OTHER MATTERS INCIDENT AND RELATED THERETO

WHEREAS, the Board of Directors (the "Board") of the Texas State Affordable Housing Corporation (the "Corporation") desires to amend the terms of various documents relating to its outstanding single family bond programs for the following purposes: (i) to adjust the mortgage loan interest rate with respect to its Series 2006B Bonds and (ii) to implement recent legislative changes made by the State of Texas with respect to its Series 2006B Bonds, Series 2007A-1 Bonds, Series 2007A-3 Bonds and 2007C Bonds, and any other outstanding single family bond program;

WHEREAS, there has been presented to the Board the forms of documents required to implement the amendments described in the foregoing paragraphs;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Texas State Affordable Housing Corporation, that the forms of the documents presented at this meeting are hereby approved, and the President or any officer of the Corporation is hereby authorized and directed to execute and deliver such documents, together with any changes deemed necessary by the President or other officer to accomplish the purposes set forth above, and to execute and deliver any other documents, certificates or items necessary to accomplish such purposes and any matters incident and related thereto..

PASSED, APPROVED AND EFFECTIVE this ____ day of July, 2007.

TEXAS STATE AFFORDABLE HOUSING CORPORATION

Jerry Romero
Chairman, Board of Directors

MINUTES AND CERTIFICATION

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

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

1. The Board of Directors of the Corporation (the "Board of Directors" or the "Board") convened on the 17th day of July, 2007, at the designated meeting place in Austin, Texas, and the roll was called of the duly constituted members of the Board of Directors, which are listed below. The current officers of the Corporation (who are not members of the Board of Directors) are also set below.

BOARD OF DIRECTORS

Table with 2 columns: Name, Office. Rows include Jerry Romero (Chairperson), Thomas A. Leeper (Vice Chairperson), Charles G. Rencher (Director), Jo Van Hovel (Director), and Jesse A. Coffey (Director).

OFFICERS

Table with 2 columns: Name, Office. Rows include David Long (President), Katherine Closmann (Executive Vice President), Melinda Smith (Chief Financial Officer), and Laura Ross (Secretary).

All of said Board of Directors 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 duly introduced for the consideration of the Board of Directors and read in full:

RESOLUTION NO. 07-____

TEXAS STATE AFFORDABLE HOUSING CORPORATION

RESOLUTION REGARDING THE SUBMISSION OF AN APPLICATION FOR ALLOCATION OF PRIVATE ACTIVITY BONDS, NOTICE OF INTENT TO ISSUE BONDS AND STATE BOND APPLICATION TO THE TEXAS BOND REVIEW BOARD RELATING TO THE CORPORATION'S SINGLE FAMILY MORTGAGE REVENUE BOND PROFESSIONAL EDUCATORS HOME LOAN PROGRAM

It was then duly moved and seconded that the Resolution be adopted, and, after due discussion, said motion carrying with it the adoption of the Resolution, prevailed and carried by the following vote:

___ AYES

___ NOES

___ ABSTENTIONS

2. That a true, full and correct copy of the Resolution is attached to and follows this certificate; that the Resolution has been duly recorded in said Board's minutes of said meeting; that the above and foregoing paragraph is a true, full and correct excerpt from the Board's minutes of said meeting pertaining to the adoption of the Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Board as indicated therein; that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that the 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 ____ day of July, 2007.

Secretary, Texas State Affordable Housing
Corporation

RESOLUTION NO. 07-_____

TEXAS STATE AFFORDABLE HOUSING CORPORATION

RESOLUTION REGARDING THE SUBMISSION OF AN APPLICATION FOR ALLOCATION OF PRIVATE ACTIVITY BONDS, NOTICE OF INTENT TO ISSUE BONDS AND STATE BOND APPLICATION TO THE TEXAS BOND REVIEW BOARD RELATING TO THE CORPORATION'S SINGLE FAMILY MORTGAGE REVENUE BOND PROFESSIONAL EDUCATORS HOME LOAN PROGRAM

WHEREAS, the Board of Directors (the "Board") of the Texas State Affordable Housing Corporation (the "Corporation") desires to submit an Application for Allocation of Private Activity Bonds to the Texas Bond Review Board in connection with bonds to be issued by the Corporation relating to the Corporation's anticipated Single Family Mortgage Revenue Bond Professional Educators Home Loan Program (as such program may be amended to reflect recent legislation) (the "Program");

WHEREAS, the Board desires to make all other appropriate filings and requests to the Texas Bond Review Board to enable the Corporation to issue bonds relating to the Program;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Texas State Affordable Housing Corporation:

1. That the President of the Corporation or any officer of the Corporation is hereby authorized and directed to execute and deliver an Application for Allocation of Private Activity Bonds to the Texas Bond Review Board with respect to the Program in a total amount not to exceed \$50,000,000, together with any documents, certificates or instruments related thereto.

2. That the President of the Corporation or any other officer of the Corporation is hereby authorized and directed to file with the Texas Bond Review Board one or more Notices of Intent to Issue Bonds and State Bond Applications in connection with the issuance of bonds relating to the Program in a total amount not to exceed \$50,000,000 (the "Bonds"), which Bonds may be issued in one or more series. Such officers are further authorized and directed to request that the application be approved by the Executive Director of the Texas Bond Review Board in accordance with Section 181.9(e) of the Rules of the Texas Bond Review Board.

3. That the President of the Corporation is hereby authorized and directed to take any and all other actions necessary or incidental to securing the private activity bond allocation and the approval of the Bonds from the Texas Bond Review Board and to proceed with the financing of the Program and the issuance of the Bonds.

PASSED, APPROVED AND EFFECTIVE this ____ day of July, 2007.

TEXAS STATE AFFORDABLE HOUSING CORPORATION

Jerry Romero
Chairman, Board of Directors

MINUTES AND CERTIFICATION

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

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

1. The Board of Directors of the Corporation (the "Board of Directors" or the "Board") convened on the 17th day of July, 2007, at the designated meeting place in Austin, Texas, and the roll was called of the duly constituted members of the Board of Directors, which are listed below. The current officers of the Corporation (who are not members of the Board of Directors) are also set below.

BOARD OF DIRECTORS

Table with 2 columns: Name, Office. Rows include Jerry Romero (Chairperson), Thomas A. Leeper (Vice Chairperson), Charles G. Rencher (Director), Jo Van Hovel (Director), Jesse A. Coffey (Director).

OFFICERS

Table with 2 columns: Name, Office. Rows include David Long (President), Katherine Closmann (Executive Vice President), Melinda Smith (Chief Financial Officer), Laura Ross (Secretary).

All of said Board of Directors 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 duly introduced for the consideration of the Board of Directors and read in full:

RESOLUTION NO. 07-____

TEXAS STATE AFFORDABLE HOUSING CORPORATION

RESOLUTION REGARDING THE SUBMISSION OF AN APPLICATION FOR ALLOCATION OF PRIVATE ACTIVITY BONDS, NOTICE OF INTENT TO ISSUE BONDS AND STATE BOND APPLICATION TO THE TEXAS BOND REVIEW BOARD RELATING TO THE CORPORATION'S SINGLE FAMILY MORTGAGE REVENUE BOND FIRE FIGHTER AND LAW ENFORCEMENT OR SECURITY OFFICER HOME LOAN PROGRAM

It was then duly moved and seconded that the Resolution be adopted, and, after due discussion, said motion carrying with it the adoption of the Resolution, prevailed and carried by the following vote:

___ AYES

___ NOES

___ ABSTENTIONS

2. That a true, full and correct copy of the Resolution is attached to and follows this certificate; that the Resolution has been duly recorded in said Board's minutes of said meeting; that the above and foregoing paragraph is a true, full and correct excerpt from the Board's minutes of said meeting pertaining to the adoption of the Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Board as indicated therein; that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that the 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 ___ day of July, 2007.

Secretary, Texas State Affordable Housing
Corporation

RESOLUTION NO. 07-____

TEXAS STATE AFFORDABLE HOUSING CORPORATION

RESOLUTION REGARDING THE SUBMISSION OF AN APPLICATION FOR ALLOCATION OF PRIVATE ACTIVITY BONDS, NOTICE OF INTENT TO ISSUE BONDS AND STATE BOND APPLICATION TO THE TEXAS BOND REVIEW BOARD RELATING TO THE CORPORATION'S SINGLE FAMILY MORTGAGE REVENUE BOND FIRE FIGHTER AND LAW ENFORCEMENT OR SECURITY OFFICER HOME LOAN PROGRAM

WHEREAS, the Board of Directors (the "Board") of the Texas State Affordable Housing Corporation (the "Corporation") desires to submit an Application for Allocation of Private Activity Bonds to the Texas Bond Review Board in connection with bonds to be issued by the Corporation relating to the Corporation's anticipated Single Family Mortgage Revenue Bond Fire Fighter and Law Enforcement or Security Officer Home Loan Program (as such program may be amended to reflect recent legislation) (the "Program");

WHEREAS, the Board desires to make all other appropriate filings and requests to the Texas Bond Review Board to enable the Corporation to issue bonds relating to the Program;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Texas State Affordable Housing Corporation:

1. That the President of the Corporation or any officer of the Corporation is hereby authorized and directed to execute and deliver an Application for Allocation of Private Activity Bonds to the Texas Bond Review Board with respect to the Program in a total amount not to exceed \$50,000,000, together with any documents, certificates or instruments related thereto.

2. That the President of the Corporation or any other officer of the Corporation is hereby authorized and directed to file with the Texas Bond Review Board one or more Notices of Intent to Issue Bonds and State Bond Applications in connection with the issuance of bonds relating to the Program in a total amount not to exceed \$50,000,000 (the "Bonds"), which Bonds may be issued in one or more series. Such officers are further authorized and directed to request that the application be approved by the Executive Director of the Texas Bond Review Board in accordance with Section 181.9(e) of the Rules of the Texas Bond Review Board.

3. That the President of the Corporation is hereby authorized and directed to take any and all other actions necessary or incidental to securing the private activity bond allocation and the approval of the Bonds from the Texas Bond Review Board and to proceed with the financing of the Program and the issuance of the Bonds.

PASSED, APPROVED AND EFFECTIVE this ____ day of July, 2007.

TEXAS STATE AFFORDABLE HOUSING CORPORATION

Jerry Romero
Chairman, Board of Directors

MINUTES AND CERTIFICATION

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

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

1. The Board of Directors of the Corporation (the "Board of Directors" or the "Board") convened on the 17th day of July, 2007, at the designated meeting place in Austin, Texas, and the roll was called of the duly constituted members of the Board of Directors, which are listed below. The current officers of the Corporation (who are not members of the Board of Directors) are also set below.

BOARD OF DIRECTORS

Table with 2 columns: Name, Office. Rows include Jerry Romero (Chairperson), Thomas A. Leeper (Vice Chairperson), Charles G. Rencher (Director), Jo Van Hovel (Director), and Jesse A. Coffey (Director).

OFFICERS

Table with 2 columns: Name, Office. Rows include David Long (President), Katherine Closmann (Executive Vice President), Melinda Smith (Chief Financial Officer), and Laura Ross (Secretary).

All of said Board of Directors 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 duly introduced for the consideration of the Board of Directors and read in full:

RESOLUTION NO. 07-____

TEXAS STATE AFFORDABLE HOUSING CORPORATION

RESOLUTION REGARDING THE SUBMISSION OF AN APPLICATION FOR ALLOCATION OF PRIVATE ACTIVITY BONDS, NOTICE OF INTENT TO ISSUE BONDS AND STATE BOND APPLICATION TO THE TEXAS BOND REVIEW BOARD RELATING TO THE CORPORATION'S SINGLE FAMILY MORTGAGE REVENUE BOND LOW INCOME HOME LOAN PROGRAM

It was then duly moved and seconded that the Resolution be adopted, and, after due discussion, said motion carrying with it the adoption of the Resolution, prevailed and carried by the following vote:

___ AYES

___ NOES

___ ABSTENTIONS

2. That a true, full and correct copy of the Resolution is attached to and follows this certificate; that the Resolution has been duly recorded in said Board's minutes of said meeting; that the above and foregoing paragraph is a true, full and correct excerpt from the Board's minutes of said meeting pertaining to the adoption of the Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Board as indicated therein; that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that the 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 ___ day of July, 2007.

Secretary, Texas State Affordable Housing
Corporation

RESOLUTION NO. 07-_____

TEXAS STATE AFFORDABLE HOUSING CORPORATION

RESOLUTION REGARDING THE SUBMISSION OF AN APPLICATION FOR ALLOCATION OF PRIVATE ACTIVITY BONDS, NOTICE OF INTENT TO ISSUE BONDS AND STATE BOND APPLICATION TO THE TEXAS BOND REVIEW BOARD RELATING TO THE CORPORATION'S SINGLE FAMILY MORTGAGE REVENUE BOND LOW INCOME HOME LOAN PROGRAM

WHEREAS, the Board of Directors (the "Board") of the Texas State Affordable Housing Corporation (the "Corporation") desires to submit an Application for Allocation of Private Activity Bonds to the Texas Bond Review Board in connection with bonds to be issued by the Corporation relating to the Corporation's anticipated Single Family Mortgage Revenue Bond Low Income Home Loan Program (the "Program");

WHEREAS, the Board desires to make all other appropriate filings and requests to the Texas Bond Review Board to enable the Corporation to issue bonds relating to the Program;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Texas State Affordable Housing Corporation:

1. That the President of the Corporation or any officer of the Corporation is hereby authorized and directed to execute and deliver an Application for Allocation of Private Activity Bonds to the Texas Bond Review Board with respect to the Program in a total amount not to exceed \$25,000,000, together with any documents, certificates or instruments related thereto.

2. That the President of the Corporation or any other officer of the Corporation is hereby authorized and directed to file with the Texas Bond Review Board one or more Notices of Intent to Issue Bonds and State Bond Applications in connection with the issuance of bonds relating to the Program in a total amount not to exceed \$25,000,000 (the "Bonds"), which Bonds may be issued in one or more series. Such officers are further authorized and directed to request that the application be approved by the Executive Director of the Texas Bond Review Board in accordance with Section 181.9(e) of the Rules of the Texas Bond Review Board.

3. That the President of the Corporation is hereby authorized and directed to take any and all other actions necessary or incidental to securing the private activity bond allocation and the approval of the Bonds from the Texas Bond Review Board and to proceed with the financing of the Program and the issuance of the Bonds.

PASSED, APPROVED AND EFFECTIVE this ____ day of July, 2007.

TEXAS STATE AFFORDABLE HOUSING CORPORATION

Jerry Romero
Chairman, Board of Directors