

Official Board Packet



Texas State Affordable Housing Corporation

Board Meeting  
To be held at the  
Renaissance Austin Hotel  
9721 Arboretum Boulevard  
Sabine Room  
Austin, Texas 78759

Thursday, October 11, 2007  
10:30 a.m.

**BOARD MEETING**  
**TEXAS STATE AFFORDABLE HOUSING CORPORATION**  
To be held at the  
**Renaissance Austin Hotel**  
**9721 Arboretum Boulevard**  
**Sabine Room**  
**Austin, Texas 78759**  
**October 11, 2007 at 10:30 am**

**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
  - ◆ Financial Report
    - ◆ Presentation of Financial Statements
    - ◆ Presentation of Budget Report
- David Long  
Melinda Smith

**ACTION ITEMS IN OPEN BOARD MEETING**

- Tab 1** Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on September 14, 2007.
- Tab 2** Presentation, Discussion and Possible Approval of a Loan to Pineywoods HOME Team under the Corporation's Interim Construction Land Acquisition Loan Program.
- Tab 3** Presentation, Discussion and Possible Approval of a loan under the Multifamily Direct Lending Program to the Fox Run Apartments Project.
- Tab 4** Presentation, Discussion and Possible Approval of a Resolution Authorizing the Issuance, Sale and Delivery of Single Family Mortgage Revenue Bonds, Series 2007E; Authorizing a Trust Indenture, 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 a 2007E Fire Fighter, Law Enforcement or Security Officer, and Medical Services Personnel Home Loan Program; and Containing Other Matters Incident and Related Thereto.
- Tab 5** Presentation, Discussion and Possible Approval of a Resolution Authorizing the Issuance, Sale and Delivery of Single Family Mortgage Revenue Bonds, Series 2007F; Authorizing a Trust Indenture, 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 a 2007F Professional Educators Home Loan Program; and Containing Other Matters Incident and Related Thereto.
- Tab 6** 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 7** Presentation, Discussion and Possible Approval for Publication and Public Comment the 2008 Multifamily Housing Private Activity Bond Program Request for Proposals, including Guidelines, Scoring Criteria, and Targeted Areas of Housing Need.
- Tab 8** Presentation, Discussion and Possible Approval for Publication and Public Comment the Corporation's Multifamily Housing Private Activity Bond Program Compliance Policy, Including the Assessment of Penalties for Noncompliance.
- Tab 9** Presentation, Discussion, and Possible Approval of a New Logo for the Corporation.

**CLOSED MEETING**

Consultation with legal counsel on legal matters – Texas Government Code § 551.071

Deliberation regarding purchase, exchange, lease, or value of real property – Texas Government Code § 551.072

Deliberation regarding prospective gift or donation to the state or Texas State Affordable Housing Corporation – Texas Government Code § 551.073

Personnel Matters – Texas Government Code § 551.074

Implementation of security personnel or devices – Texas Government Code § 551.076

Other matters authorized under the Texas Government Code

## **OPEN MEETING**

Action in Open Meeting on Items Discussed in Closed Meeting

## **ADJOURN**

*Individuals who require auxiliary aids or services for this meeting should contact Laura Ross, ADA Responsible Employee, at 512-477-3555, 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.*



September 17, 2007

The Honorable Kevin Bailey, Chairman  
Committee on Urban Affairs  
Texas House of Representatives  
P.O. Box 2910  
Austin, TX 78768

Dear Chairman Bailey:

To begin, let me thank you, your staff and all the members of the Urban Affairs Committee for the excellent work achieved during the 80<sup>th</sup> legislative session. It is our pleasure to provide you with a few ideas for study during the interim. As you know, the Texas State Affordable Housing Corporation (the "Corporation") is a 501(c)(3) nonprofit corporation of the State of Texas. It is our mission to serve the housing needs of low, very low and extremely low-income Texans and other underserved populations who do not have comparable housing options through conventional financial channels. To that end, we are providing you with the following suggested interim charge to be considered by the Urban Affairs Committee.

Suggested Interim Charge: Development and Implementation of a physical standards (asset oversight) rating system for multifamily residential rental facilities to be used by all local and state issuers of tax-exempt bonds and tax credits to determine eligibility for future financing and for compliance enforcement purposes.

The majority of affordable housing in the state of Texas fulfills the need for safe, decent and affordable housing for low and moderate income Texans. However, there are examples that do not meet these basic standards. Our experience and the shared insights of other issuers of affordable housing debt have taught us that the majority of "bad" housing is often concentrated in the hands of a few developers and owners within the state. While some cases are related to inexperienced owners, many others are related to owners that jump from one issuer to the next, capitalizing on the fact that there is not a single system for determining whether the properties they own meet the State's goal of providing safe and decent housing.

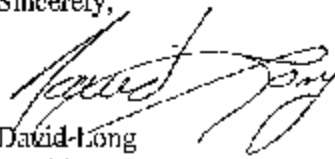
Government entities generally do a good job of determining whether a multifamily rental property financed with bonds and/or tax credits meets the requirements of providing affordable housing (i.e. 20 percent of the units are actually going to people who earn at or below 50 percent of the area median income). However, it is much more difficult to ascertain whether the property is in good physical condition such that it would be deemed

to be safe and decent. If the State had such a system, each government entity that issues bonds and/or tax credits would have a tool for determining when compliance enforcement actions or penalties need to be assessed against the property in question, and if it were required that the ratings on all properties be shared, other issuers would know not to finance a transaction for an owner that was not meeting the safe and decent standard set by the State.

The Corporation does not have a rating system, but has developed an Asset Oversight program that evaluates a property's physical condition, the incidence of crime on the property, and maintenance and management practices, among other things. Based on this experience, the Corporation would be happy to assist the Committee in developing this rating system, should the interim charge be given to the Committee.

We appreciate the opportunity to provide you with suggestions for interim charges. We invite your questions and would be happy to provide you with additional information and research during the interim.

Sincerely,



David Long  
President

Cc: The Honorable Jose Menendez, Chairman  
House Subcommittee on Housing

## INTERIM CHARGES

**1. Examine the current procedures and applications of the annual, integrated Low Income Housing Plan prepared by the TDHCA and prepare recommendations for the development of a comprehensive, long range, state wide plan or model that will enhance all aspects of affordable housing opportunities and programs.**

**Rationale:**

Currently Chapter 2306.0721 of the Government Code requires the Texas Department of Housing and Community Affairs to prepare an annual, integrated, low income housing plan that addresses needs, resources, populations and focus for the previous and upcoming year. First required by the 74th Legislature and modified periodically until the last revision during the 78th session, this plan realistically does not establish long range goals and objectives for state wide application.

While the Board of Directors and the Executive Director address longer range needs and focus on other initiatives there does not currently exist a requirement for a comprehensive, state wide model to address and consolidate the multitude of affordable housing programs and opportunities available to Texas citizens. As an interim charge the Urban Affairs Committee would direct the TDHCA to create a state agency-public interest working group to develop recommendations to address this issue, and offer for Committee consideration, methodology for implementation.

**2. Evaluate the levels, methods and alternatives by which the state funds all affordable housing programs. Additionally examine the administrative cost effectiveness of all legislatively authorized housing programs and agencies to determine those with the greatest return on investment as well as potential cost savings and efficiency that may be applied to maximize available resources state-wide.**

**Rationale:** Current levels of state provided funding for affordable housing programs ranks in the bottom five nationally. General revenue funding, primarily through the Housing Trust Fund allocations is sufficient to meet less than 1% of the need for either multifamily or single family housing for lower income working families. While the 80th Legislature appropriated a modest \$ 2.1 million dollar increase in the Housing Trust Fund this addition only raised the level to a total of 10.8 million for the biennium while the need continues to grow exponentially. It is essential that increased funding as well as alternative sources of funds be examined.

Additionally it is necessary to examine existing funding and investment policies to ensure that the resources currently available are optimized through programmatic and administrative cost efficiency. Presently Texas has two separate agencies, the Texas Department of Housing and Community Affairs and the Texas State Affordable Housing Corporation that have a number of duplicative programs. Both agencies have a degree of unique characteristics but in the interest of cost savings and redirection of programs

additional funding could be made available to augment already limited resources for additional housing units.

**Example:** Re-examine ideas from the Bond Program Task Force. Continued study and examination of the state's bond program that combines bond issuances by local and state housing finance agencies and 4% housing tax credits.

Description: One of the interim charges of the 79<sup>th</sup> Legislature mandated the creation of a Bond Program Task Force to evaluate the current affordable housing program that utilizes state bond cap as well as 4% Housing Tax Credits. While some of the recommendations of this task force were passed into law by the 80<sup>th</sup> Legislature, there remain several major issues that may require continued research and attention. What other changes may be required to improve the program?

**3. Examine the policies and procedures by which local tax appraisers throughout the state value rent restricted affordable housing properties, authorize legislatively established tax exemptions, and whether or not existing statutes are being applied uniformly and correctly to affordable housing properties during the life cycle of the development. Are legislative changes necessary to ensure that existing codes relating to property tax standards for affordable housing will effectively serve to enhance continued increases in the number of affordable housing units?**

**Rationale:** For the past several years multifamily affordable housing providers have encountered an increasingly serious problem with appraisal policies, tax exempt determinations and consistency in the manner in which rent restricted developments are valued for ad valorem tax purposes. Financial feasibility of the subsidized properties is the highest ranked criteria for the award of state controlled allocations and accurate determination of the tax posture of the development is a critical element in determining the long term viability of the property. The current difficulties to be examined by this charge places existing as well as new developments at considerable financial risk and unless resolved will continue to have a detrimental impact on the overall availability of housing opportunities for low income working families throughout the state.

Affordable housing properties financed by low income housing tax credits are rent restricted for a period of 15-40 years. This rent restriction affects the marketability of the property. The chief appraiser for the county where the property is located is required by statute (23.215, Tax Code) to perform an income-based appraisal on the property. In using this approach, Section 23.012, Tax Code, requires the chief appraiser to arrive at a value for the property by utilizing comparable rental data, operating expense data, and capitalization or discount rates. If the property is owned by a community housing development organization, the appraiser is instructed in Section 11.1825, Tax Code, to use the income approach to determine the value of the property. Sections 11.182 and 11.1825, Tax Code, allows for a tax exemption for the property if the owner of the property (assuming that the property qualifies for an exemption otherwise) is a limited partnership and 100% of the general partner is controlled by an organization described in the statute.

Consideration of the issues attendant to this charge may best be considered at a joint hearing of the Urban Affairs Interim Committee as well as the Local Ways and Means Committee at the will of the chairs.

**4. Examine the role of the various categories of affordable housing providers, including, non-profit, for-profit, public housing authorities, disabled citizens, rural, capacity and single family programs to determine enhanced relationships and opportunities that could be developed to optimize resources and address growing needs throughout the state.**

**Rationale:** There are numerous types of affordable housing providers that are often in competition for the same funding resources. Each category typically has criteria that are somewhat unique to the type organization and or the target population that creates a degree of "parochialism" and competitiveness which often overrides the fact that all have the common goal of providing safe, quality affordable housing to lower income individuals and families.

There have and continue to be successful, but often localized efforts by providers to partner or combine programmatic efforts to secure funding for a specific project or development but there is little if any state-wide initiatives to adopt "best practices" of this nature on a larger scale. To date there has been no significant initiative to examine where additional partnering or leveraging of resources amongst the various categories of providers might be feasible on a wider scale. This charge would require a detailed evaluation of where local, state and federal programs could be more effectively linked to maximize the ability of all providers to satisfy the growing housing needs throughout the state.

**Example:** Texas Bootstrap Loan Program. This issue would involve re-evaluating the current statutory program requirements for the Texas Bootstrap Loan Program.

Description: The Bootstrap Program has been a very successful state program in producing affordable self-help homeownership opportunities. However, some of the statutory requirements may warrant revisiting based on market changes, inflation, land and construction costs, and a need for greater flexibility in assisting households. Additional research into the quality of construction standards for this program as well as the Department's Contract-for-Deed initiative may also be appropriate to this charge. Overall, the program should be revisited to make sure that it is still structured in the most effective way to provide the greatest impact.

**5. Examine current methodology involving departmental rules, procedures and policies governing state and federal compliance in the evaluation and ranking of all multifamily affordable housing applications for the allocation of funds during the annual awards cycles.**



**Rationale:** In the 78th Session Senate Bill 264 significantly changed the manner and priorities by which applications for Low Income Tax Credit multifamily affordable housing projects were evaluated and ranked. Since the implementation of these requirements five application cycles have occurred using these criteria. A number of issues arise each year in the public process of developing the rules and procedures that raise concerns that a thorough review and evaluation of current statutes and procedures is necessary to ensure that the legislative intent of SB264 is being affectively satisfied.

As an Interim Charge the Urban Affairs Committee would direct the TDHCA to establish an agency-public task force to develop recommendations for Committee consideration.

**Example:** "One Mile Rule". This issue would examine the current statutes involving restrictions on multifamily development applications within a linear mile of existing tax credit properties

Description: Currently there is a statutory restriction on any multifamily tax credit application being considered that is within one linear mile of another development that was approved within the past year. This was intended to limit concentration of multiple new developments in metropolitan areas. The current restrictions however preclude local authority from pursuing "other use" developments such as rehabilitation of older, dilapidated properties or to provide affordable housing for senior citizens within the immediate community. This restriction limits local government ability to optimize renewal initiatives or to provide adequate housing for the growing population of elderly citizens.

**Texas State Affordable Housing Corporation's  
Professional Educators Home Loan Program Series 2007A  
As of February 22, 2007 through October 2, 2007**

Month	# of Loans	% of Total Loans	Total Originated
Feb-07	24	8%	\$ 2,878,911
Mar-07	97	33%	\$ 11,902,475
Apr-07	66	23%	\$ 8,168,222
May-07	60	20%	\$ 7,006,587
Jun-07	13	4%	\$ 1,559,396
Jul-07	16	5%	\$ 1,544,483
Aug-07	11	4%	\$ 1,225,388
Sep-07	6	2%	\$ 655,609
<b>Totals</b>	<b>293</b>	<b>100%</b>	<b>\$ 34,941,071</b>

Lender	Originated	# of Loans	Total %
Countrywide Home Loans, Inc.	\$5,603,258.00	50	17%
Cornerstone Mortgage Company	\$4,306,977.00	32	11%
WR Starkey Mortgage	\$2,663,950.00	22	8%
Market Street Mortgage Corp.	\$2,356,418.00	19	6%
Rocky Mountain Mortgage Co.	\$2,260,254.00	19	6%
Hammersmith Financial, L.P.	\$2,094,000.00	15	5%
Universal American Mortgage Co	\$1,762,889.00	13	4%
Wells Fargo Home Mtg-	\$1,732,350.00	15	5%
Wachovia Mortgage Corporation	\$1,651,969.00	14	5%
DHI Mortgage Company, Ltd.	\$1,561,600.00	11	4%
CTX Mortgage Company, LLC	\$1,352,441.00	11	4%
Service First Mortgage	\$922,274.00	9	3%
Texas State Bank	\$825,467.00	9	3%
Countrywide - Wholesale	\$629,350.00	6	2%
Colonial Savings, FA	\$628,200.00	5	2%
Hometrust Mortgage Company	\$617,897.00	6	2%
First Continental Mortgage Ltd	\$495,751.00	4	1%
Home Loan Corporation	\$413,116.00	4	1%
American Bank - TX	\$374,170.00	4	1%
PrimeLending, A PlainsCptl Co.	\$318,350.00	3	1%
First National Bank Texas	\$312,102.00	3	1%
New South Federal Savings Bank	\$264,500.00	2	1%
R. H. Lending, Inc	\$259,900.00	2	1%
Willow Bend Mortgage	\$258,400.00	2	1%
First United Bank & Trust Co.	\$229,200.00	2	1%
Maverick Residential Mortgage	\$196,275.00	3	1%
First Tennessee Bank, N.A	\$181,785.00	2	1%
Standard Pacific Mortgage, Inc	\$177,625.00	1	0%
Pulaski Mortgage Company	\$136,422.00	1	0%
Prado Mortgage	\$119,300.00	1	0%
Castle & Cooke Mortgage, LLC	\$92,270.00	1	0%
NTFN, Inc.	\$76,302.00	1	0%
Coastal Bend Mortgage, Inc.	\$66,309.00	1	0%
<b>Total Committed</b>	<b>\$34,941,071</b>	<b>293</b>	<b>100%</b>

**Total Allocation Remaining to Commit      \$35,000,000  
\$58,929**

At a Glance	
Total Amount Originated	\$34,941,071
Average Annual Income	\$48,092
Average Purchase Price	\$122,369
Average Loan Amount	\$119,253
Average Household Size	2
New/Existing	
New	36%
Existing	64%
Professional Breakdown	
Teacher	95%
Teacher Aide	2%
School Counselor	1%
School Nurse	0%
School Librarian	0%
Not Specified	2%
Type of Loan	
Conventional	11%
FHA	41%
VA	2%
USDA-RD	46%
Ethnicity	
American Indian/Alaskan Native	0%
Asian or Pacific Islander	1%
Black	18%
Hispanic	22%
White	50%
Other	10%
Not Defined	0%
Top Originating Counties	
Harris	74
Dallas	32
El Paso	23
Travis	18
Tarrant	18
Bexar	16
Fort Bend	13
Hidalgo	9
Williamson	8
Denton	8
Collin	8
Montgomery	5
Galveston	4
Cameron	4
Brazoria	4
Taylor	3
Kaufman	3
Hunt	3
Harrison	3
Guadalupe	3
Bell	3
Tom Green	2
Parker	2
Lubbock	2
Jefferson	2
Chambers	2

**Texas State Affordable Housing Corporation's  
Professional Educators Home Loan Program Series 2007 A-3  
As of June 20, 2007 through October 2, 2007**

Month	# of Loans	% of Total Loans	Total Originated
Jun-07	157	50%	\$ 18,606,993
Jul-07	127	40%	\$ 14,962,396
Aug-07	15	5%	\$ 1,705,010
Sep-07	15	5%	\$ 1,864,063
<b>Totals</b>	<b>314</b>	<b>100%</b>	<b>\$ 37,138,462</b>

Lender	Originated	# of Loans	Total %
Countrywide Home Loans, Inc.	\$7,815,583.00	71	23%
Cornerstone Mortgage Company	\$3,605,950.00	27	9%
CTX Mortgage Company, LLC	\$2,995,219.00	23	7%
WR Starkey Mortgage	\$2,575,605.00	21	7%
Market Street Mortgage Corp.	\$2,405,511.00	19	6%
Wells Fargo Home Mtg-	\$2,098,397.00	17	5%
Wachovia Mortgage Corporation	\$1,306,999.00	11	4%
Rocky Mountain Mortgage Co.	\$1,271,500.00	11	4%
Universal American Mortgage Co	\$1,143,120.00	9	3%
DHI Mortgage Company, Ltd.	\$1,091,179.00	8	3%
Texas State Bank	\$979,762.00	11	4%
PrimeLending, A PlainsCptl Co.	\$851,185.00	7	2%
Countrywide - Wholesale	\$801,451.00	7	2%
Hammersmith Financial, L.P.	\$677,950.00	5	2%
R. H. Lending, Inc	\$673,600.00	6	2%
Service First Mortgage	\$617,709.00	6	2%
Ryland Mortgage Company	\$577,036.00	4	1%
GMAC Mortgage, LLC	\$572,685.00	5	2%
Houstonian Mortgage Group Inc.	\$559,650.00	5	2%
Standard Pacific Mortgage, Inc	\$421,066.00	3	1%
Hometrust Mortgage Company	\$412,319.00	4	1%
Prime West Mortgage Corp.	\$291,975.00	3	1%
JP Morgan Chase Bank, NA	\$278,324.00	2	1%
First Continental Mortgage Ltd	\$269,950.00	2	1%
Bankers Financial Group - TX	\$242,297.00	2	1%
NTFN, Inc.	\$242,105.00	2	1%
Colonial Savings, FA	\$239,175.00	2	1%
American Bank - TX	\$218,262.00	2	1%
Willow Bend Mortgage	\$192,850.00	2	1%
Happy State Bank	\$180,713.00	2	1%
National City Mortgage	\$176,496.00	2	1%
First National Bank Texas	\$149,553.00	2	1%
Maverick Residential Mortgage	\$133,500.00	2	1%
First Tennessee Bank, N.A	\$133,000.00	1	0%
Republic Mortgage Home Loans	\$132,500.00	1	0%
BSM Financial, LP	\$131,249.00	1	0%
Prado Mortgage	\$129,950.00	1	0%
First United Bank & Trust Co.	\$127,000.00	1	0%
TXL Mortgage Corp	\$118,750.00	1	0%
Home Loan Corporation	\$100,395.00	1	0%
American State Bank - Lubbock	\$98,719.00	1	0%
Coastal Bend Mortgage, Inc.	\$98,223.00	1	0%
<b>Total Committed</b>	<b>\$37,138,462</b>	<b>314</b>	<b>100%</b>

**Total Allocation**            \$37,235,000  
**Remaining to Commit**        \$96,538

At a Glance	
Total Amount Originated	\$37,138,462
Average Annual Income	\$44,562
Average Purchase Price	\$121,948
Average Loan Amount	\$118,268
Average Household Size	2
New/Existing	
New	30%
Existing	70%
Professional Breakdown	
Teacher	87%
Teacher Aide	1%
School Counselor	1%
School Nurse	1%
School Librarian	0%
Not Specified	9%
Type of Loan	
Conventional	19%
FHA	43%
VA	1%
USDA-RD	37%
Ethnicity	
American Indian/Alaskan Native	0%
Asian or Pacific Islander	2%
Black	15%
Hispanic	19%
White	54%
Other	10%
Not Defined	0%
Top Originating Counties	
Harris	81
Bexar	41
Dallas	29
El Paso	20
Tarrant	17
Hidalgo	17
Travis	13
Collin	10
Fort Bend	9
Montgomery	8
Brazoria	6
Taylor	5
Denton	5
Williamson	4
Nueces	4
Guadalupe	4
Brazos	4
Lubbock	3
Webb	2
San Patricio	2
Randall	2
Liberty	2
Jefferson	2
Hays	2
Bell	2

**Texas State Affordable Housing Corporation's  
Professional Educators Home Loan Program Series 2007B  
As of August 20, 2007 through October 2, 2007**

Month	# of Loans	% of Total Loans	Total Originated
Aug-07	36	38%	\$ 4,234,585
Sep-07	56	60%	\$ 6,747,940
Oct-07	2	2%	\$ 198,300
<b>Totals</b>	<b>94</b>	<b>100%</b>	<b>\$ 11,180,825</b>

Lender	Originated	# of Loans	Total %
Countrywide Home Loans, Inc.	\$3,064,037.00	27	29%
Cornerstone Mortgage Company	\$1,265,123.00	10	11%
Countrywide - Wholesale	\$819,543.00	7	7%
Wells Fargo Home Mtg-	\$732,964.00	6	6%
WR Starkey Mortgage	\$632,206.00	5	5%
Rocky Mountain Mortgage Co.	\$554,136.00	5	5%
Hammersmith Financial, L.P.	\$491,050.00	3	3%
CTX Mortgage Company, LLC	\$474,184.00	4	4%
DHI Mortgage Company, Ltd.	\$461,317.00	3	3%
Texas State Bank	\$373,448.00	4	4%
Market Street Mortgage Corp.	\$321,067.00	3	3%
R. H. Lending, Inc	\$256,100.00	2	2%
Universal American Mortgage Co	\$242,686.00	2	2%
Wachovia Mortgage Corporation	\$218,700.00	2	2%
Ryland Mortgage Company	\$170,000.00	1	1%
Prado Mortgage	\$162,450.00	1	1%
Coastal Bend Mortgage, Inc.	\$133,942.00	1	1%
Service First Mortgage	\$124,317.00	1	1%
Hometruster Mortgage Company	\$120,074.00	1	1%
GMAC Mortgage, LLC	\$115,800.00	1	1%
National City Mortgage	\$111,900.00	1	1%
Home Loan Corporation	\$110,000.00	1	1%
JP Morgan Chase Bank, NA	\$81,480.00	1	1%
NTFN, Inc.	\$75,801.00	1	1%
American State Bank - Lubbock	\$68,500.00	1	1%
<b>Total Committed</b>	<b>\$11,180,825</b>	<b>94</b>	<b>100%</b>

**Total Allocation**      \$23,510,000  
**Remaining to Commit**    \$12,329,175

<b>At a Glance</b>	
Total Amount Originated	\$11,180,825
Average Annual Income	\$35,521
Average Purchase Price	\$121,596
Average Loan Amount	\$119,380
Average Household Size	1
<b>New/Existing</b>	
New	27%
Existing	73%
<b>Professional Breakdown</b>	
Teacher	97%
Teacher Aide	0%
School Counselor	0%
School Nurse	0%
School Librarian	0%
Nursing Faculty Member	1%
Allied Health Faculty Member	0%
Not Specified	2%
<b>Type of Loan</b>	
Conventional	38%
FHA	50%
VA	2%
USDA-RD	10%
<b>Ethnicity</b>	
American Indian/Alaskan Native	0%
Asian or Pacific Islander	1%
Black	26%
Hispanic	8%
White	60%
Other	6%
Not Defined	0%
<b>Top Originating Counties</b>	
	# of Loans
Harris	28
Bexar	11
El Paso	7
Tarrant	4
Galveston	4
Dallas	4
Travis	3
Montgomery	3
Lubbock	3
Hidalgo	3
Guadalupe	3
Wichita	2
Denton	2
Cameron	2
Williamson	1
Sabine	1
Rockwall	1
Potter	1
Nueces	1
Maverick	1
Johnson	1
Jefferson	1
Fort Bend	1
Collin	1
Brazoria	1

**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 October 2, 2007**

Month	# of Loans	% of Total Loans	Total Originated
Apr-07	28	14%	\$ 3,379,219
May-07	44	22%	\$ 5,243,895
Jun-07	51	26%	\$ 6,208,377
Jul-07	54	27%	\$ 6,031,720
Aug-07	17	9%	\$ 2,056,367
Sep-07	5	3%	\$ 579,835
<b>Totals</b>	<b>199</b>	<b>100%</b>	<b>\$ 23,499,413</b>

Lender	Originated	# of Loans	Total %
Countrywide Home Loans, Inc.	\$3,328,594.00	32	16%
WR Starkey Mortgage	\$2,070,102.00	17	9%
JP Morgan Chase Bank, NA	\$1,616,633.00	14	7%
CTX Mortgage Company, LLC	\$1,504,381.00	10	5%
Market Street Mortgage Corp.	\$1,492,354.00	12	6%
R. H. Lending, Inc	\$1,329,914.00	10	5%
Cornerstone Mortgage Company	\$1,155,468.00	9	5%
Wachovia Mortgage Corporation	\$998,412.00	9	5%
Rocky Mountain Mortgage Co.	\$820,400.00	8	4%
Hometruster Mortgage Company	\$773,580.00	7	4%
Home Loan Corporation	\$666,168.00	5	3%
Countrywide - Wholesale	\$637,795.00	4	2%
Universal American Mortgage Co	\$555,341.00	4	2%
Wells Fargo Home Mtg-	\$544,695.00	5	3%
Hammersmith Financial, L.P.	\$515,900.00	4	2%
Castle & Cooke Mortgage, LLC	\$504,534.00	3	2%
City Bank	\$469,146.00	3	2%
Texas State Bank	\$468,551.00	5	3%
PrimeLending, A PlainsCptl Co.	\$419,736.00	3	2%
Service First Mortgage	\$409,905.00	3	2%
Weststar Mortgage Corp. Inc.	\$387,556.00	3	2%
Houstonian Mortgage Group Inc.	\$381,005.00	4	2%
Maverick Residential Mortgage	\$338,312.00	5	3%
Willow Bend Mortgage	\$325,301.00	2	1%
Colonial Savings, FA	\$292,125.00	3	2%
Prime West Mortgage Corp.	\$194,679.00	2	1%
Ryland Mortgage Company	\$177,680.00	1	1%
First National Bank Texas	\$175,150.00	2	1%
American Bank - TX	\$168,609.00	2	1%
National City Mortgage	\$157,922.00	2	1%
DHI Mortgage Company, Ltd.	\$151,660.00	1	1%
imortgage.com	\$125,060.00	1	1%
GMAC Mortgage, LLC	\$91,500.00	1	1%
Capital One, NA	\$89,000.00	1	1%
Republic Mortgage Home Loans	\$82,745.00	1	1%
Prado Mortgage	\$79,500.00	1	1%
<b>Total Committed</b>	<b>\$23,499,413</b>	<b>199</b>	<b>100%</b>

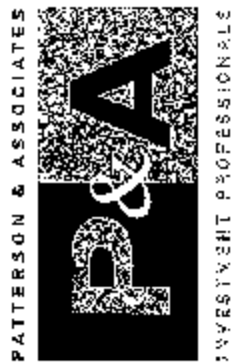
**Total Allocation \$23,529,000**  
**Remaining to Commit \$29,587**

At a Glance	
Total Amount Originated	\$23,499,413
Average Annual Income	\$51,083
Average Purchase Price	\$120,045
Average Loan Amount	\$118,088
Average Household Size	2
New/Existing	
New	25%
Existing	75%
Professional Breakdown	
Correctional Officer	12%
Juvenile Correctional Officer	0%
Peace Officer	52%
Fire Fighter	18%
EMS Personnel	2%
County Jailer	2%
Public Security Officer	0%
Not Specified	15%
Type of Loan	
Conventional	9%
FHA	44%
VA	6%
USDA-RD	42%
Ethnicity	
American Indian/Alaskan Native	1%
Asian or Pacific Islander	1%
Black	13%
Hispanic	17%
White	61%
Other	8%
Not Defined	0%
Top Origination Counties	
Top Origination Counties	# of Loans
Harris	26
Bexar	12
El Paso	12
Montgomery	12
Fort Bend	11
Tarrant	10
Brazoria	8
Collin	8
Dallas	8
Galveston	8
Hidalgo	8
Travis	6
Williamson	5
Hays	4
Potter	4
Caldwell	3
Coryell	3
Jefferson	3
Moore	3
Nueces	3
Anderson	2
Ellis	2
Hale	2
Hardin	2
Medina	2
Polk	2
San Patricio	2
Taylor	2



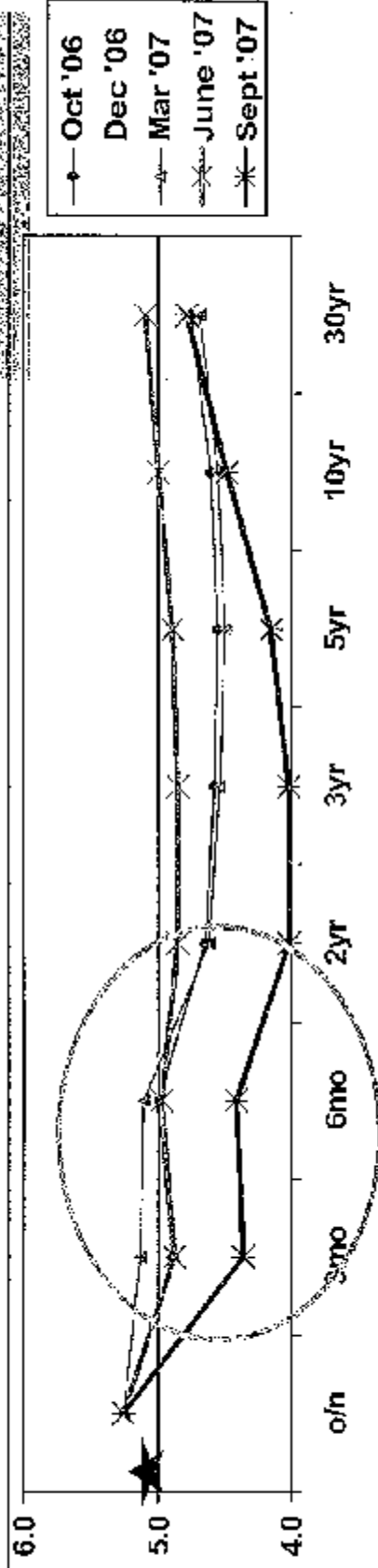
**Monthly Investment Report**

**August 31, 2007**





## The Sub-Prime Plunge – Where is the exit?



Major restructuring will be required

- Leveraged IPOs and deals have slowed
- Sub-jumbo mortgages up to 7.75%
- Lower stock values – stocks actually want higher rates!
- Weaker home sales create greatest problem
- Major ripples may slow economy and reduce employment
- Residential property costs (down 10-12%) cut the “wealth” effect
- Confidence lowers personal consumption
- Foreign banks raising rates create better places to invest for global investors
- FHLMC and FNMA may come to the rescue with looser credit for home-owners



# Your Portfolio

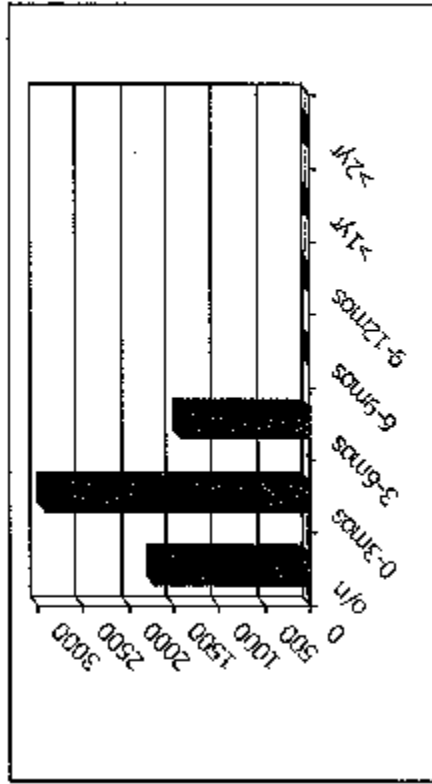
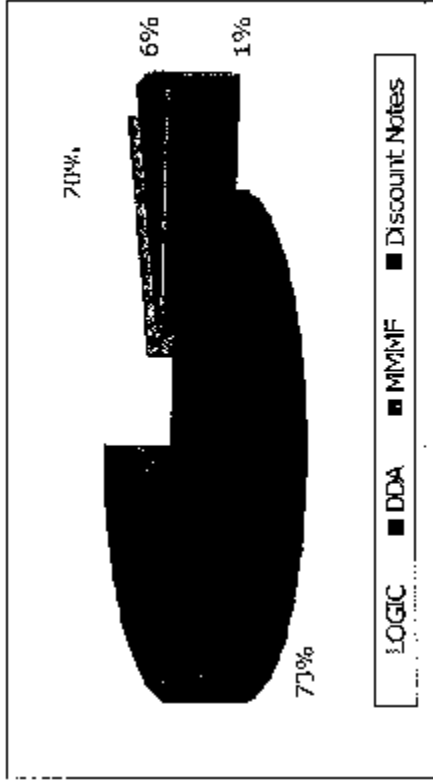
As of August 31, 2007



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 third 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  
Portfolio Management  
Portfolio Summary  
August 31, 2007**

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

INVESTMENT MANAGEMENT SERVICES

Investments	Par Value	Market Value	Book Value	% of Portfolio	Tax:	Days to Maturity	YTM 365 Equity
Federal Agency Disc - Amortizing	4,668,700.00	4,627,049.42	4,222,458.18	72.04	1E7	68	5.3E1
LOC-C	1,285,050.23	1,285,050.20	1,285,050.20	20.28	1	-	5.440
FHLE Dallas Money Fund	42,540.86	42,040.66	42,940.86	0.69	1	-	5.726
Federated Money Market FUND	76,375.12	76,375.12	76,375.12	1.21	1	-	4.9E6
Bank of America - Checking Account	305,885.20	305,885.20	305,885.20	4.82	1	-	1.446
Wells Fargo Bank	4,040.00	4,040.00	4,340.00	0.08	1	-	6.300
<b>Investments</b>	<b>6,983,000.58</b>	<b>6,942,049.80</b>	<b>6,337,458.57</b>	<b>100.00%</b>	<b>115</b>	<b>50</b>	<b>5.174</b>

	August 31	Month Ending	Fiscal Year To Date	Fiscal Year Ending
<b>Total Earnings</b>				
Current Year	27,319.30		313,991.40	313,991.40
<b>Average Daily Balance</b>	<b>6,413,068.10</b>		<b>6,276,991.97</b>	

The following reports are submitted in accordance with the Public Funds Investment Act (Texas Govt Code 2259F). This 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 view, a detailed inventory report for the end of the period, a transaction report, as well as graphs/recreations of the portfolio to provide full disclosure to the governing body.

*Melinda Smith* 10/13/2007  
Melinda Smith, Chief Financial Officer

Reporting period 08/01/2007-08/31/2007

Run Date: 09/23/2007 - 4:34

Portfolio: TSAH AP  
PW: PPH\_FIM: SymRpt.vr.1.0  
Report Ver: 5.00



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

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

Security Type	Number of Investments	Pix Value	Book Value	% of Portfolio	Average Yield 365	Available Days to Maturity
<b>Fund: Bunker Hill Deaf</b>						
Bank of America-Checking Account	1	22,409.73	22,409.73	0.35	0.900	1
<b>Subtotal</b>	<b>1</b>	<b>22,409.73</b>	<b>22,409.73</b>	<b>0.35</b>	<b>0.900</b>	<b>1</b>
<b>Fund: Bunker Hill Operating</b>						
Bank of America-Checking Account	1	22,399.84	22,399.84	0.35	0.900	1
<b>Subtotal</b>	<b>1</b>	<b>22,399.84</b>	<b>22,399.84</b>	<b>0.35</b>	<b>0.900</b>	<b>1</b>
<b>Fund: Bunker Hill Senior</b>						
Bank of America-Checking Account	1	42,050.63	42,050.63	0.56	1.250	1
<b>Subtotal</b>	<b>1</b>	<b>42,050.63</b>	<b>42,050.63</b>	<b>0.66</b>	<b>1.250</b>	<b>1</b>
<b>Fund: Disbursement</b>						
Bank of America-Checking Account	1	596.74	596.74	0.01	1.970	1
<b>Subtotal</b>	<b>1</b>	<b>596.74</b>	<b>596.74</b>	<b>0.01</b>	<b>1.970</b>	<b>1</b>
<b>Fund: General Investments</b>						
Federated Money Market Fund	1	79,375.12	79,375.12	1.21	4.965	1
Fidelity Divdncr Fund	1	42,949.85	42,949.85	0.68	5.720	1
Federal Agency Disc - Financing	8	4,568,000.00	4,622,439.19	72.94	5.351	09
LOSIC	1	1,283,050.20	1,205,650.20	20.28	5.440	1
<b>Subtotal</b>	<b>11</b>	<b>6,072,375.18</b>	<b>5,026,833.37</b>	<b>86.11</b>	<b>5.368</b>	<b>53</b>
<b>Fund: Operating Fund</b>						
Bank of America-Checking Account	1	108,122.04	108,122.04	1.77	2.434	1
<b>Subtotal</b>	<b>1</b>	<b>108,122.04</b>	<b>108,122.04</b>	<b>1.77</b>	<b>2.434</b>	<b>1</b>
<b>Fund: Payment Clearing</b>						
Bank of America-Checking Account	1	0.00	0.00	0.00	0.000	0
<b>Subtotal</b>	<b>1</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.000</b>	<b>0</b>

Texas State Affg. Public Housing  
 Summary by Type  
 August 31, 2007  
 Grouped by Fund

Security Type	Number of Investments	Par Value	Book Value	% of Portfolio	Average YTM 365	Average Days to Maturity
<b>Fund: Sagebrush Apartments</b>						
Bank of America-Checking Account	1	22,365.21	22,365.21	0.38	1.000	1
<b>Subtotal</b>	<b>1</b>	<b>22,365.21</b>	<b>22,365.21</b>	<b>0.38</b>	<b>1.000</b>	<b>1</b>
<b>Fund: Sagebrush Apartments - Debt</b>						
Bank of America-Checking Account	1	36,360.00	36,360.00	0.61	3.900	1
<b>Subtotal</b>	<b>1</b>	<b>36,360.00</b>	<b>36,360.00</b>	<b>0.61</b>	<b>3.900</b>	<b>1</b>
<b>Fund: Sagebrush Apartments - Oper.</b>						
Bank of America-Checking Account	1	22,750.00	22,750.00	0.38	3.800	1
<b>Subtotal</b>	<b>1</b>	<b>22,750.00</b>	<b>22,750.00</b>	<b>0.38</b>	<b>3.800</b>	<b>1</b>
<b>Fund: T &amp; I</b>						
Bank of America-Checking Account	1	3,015.11	3,015.11	0.05	1.977	1
<b>Subtotal</b>	<b>1</b>	<b>3,015.11</b>	<b>3,015.11</b>	<b>0.05</b>	<b>1.977</b>	<b>1</b>
<b>Fund: TX Home Education</b>						
Bank of America-Checking Account	1	22,554.26	22,554.26	0.38	3.030	1
<b>Subtotal</b>	<b>1</b>	<b>22,554.26</b>	<b>22,554.26</b>	<b>0.38</b>	<b>3.030</b>	<b>1</b>
<b>Fund: Wells Fargo - CDC</b>						
Wells Fargo Bank	1	4,340.00	4,340.00	0.07	3.800	1
<b>Subtotal</b>	<b>1</b>	<b>4,340.00</b>	<b>4,340.00</b>	<b>0.07</b>	<b>3.800</b>	<b>1</b>
<b>Total and Average</b>	<b>23</b>	<b>6,383,880.38</b>	<b>6,387,458.57</b>	<b>100.00</b>	<b>5.174</b>	<b>50</b>



INVESTMENT MANAGEMENT

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

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

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Per Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Bank of America-Checking Account 959999981	0015	Bank of America	08/31/2006	22,409.73	22,409.73	22,409.73	0.900	0.887	0.870		1
		Subtotal and Average		22,409.73	22,409.73	22,409.73		0.888	0.900		1
		Total Investments and Average		22,409.73	22,409.73	22,409.73		0.888	0.900		1

Portfolio TSAH  
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Report Ver: 5.00

**Fund BHOPER - Bunker Hill Operating**  
**Investments by Fund**  
**August 31, 2007**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Per Value	Market Value	Current Rate	YTM %	YTM %	Maturity Date	Days to Maturity
Bank of America-Checking Account											
960983981	0010	Bank of America	08/01/2006	22,399.64	22,399.64	22,399.64	0.90%	0.867	0.900		1
		Subtotal and Average		22,399.64	22,399.64	22,399.64		0.888	0.900		1
		Total Investments and Average		22,399.64	22,399.64	22,399.64		0.888	0.900		1

**Fund BSENIOR - Bunker Hill Senior**  
**Investments by Fund**  
**August 31, 2007**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
000092051	0303	Bank of America	08/01/2008	42,060.63	42,060.63	42,060.63	1.250	1.252	1.252		1
			Subtotal and Average	42,060.63	42,060.63	42,060.63		1.233	1.250		1
			Total investments and Average	42,060.63	42,060.63	42,060.63		1.233	1.250		1

**Fund DISBURSE - Disbursement**  
**Investments by Fund**  
**August 31, 2007**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 565	Maturity Date	Days to Maturity
Bank of America-Checking Account											
360499481	0007	Bank of America	09/01/2009	556.74	556.74	556.74	1.070	1.943	1.970		1
			Subtotal and Average	556.74	556.74	556.74		1.943	1.970		1
			Total Investments and Average	556.74	556.74	556.74		1.943	1.970		1



**Fund GENERAL - General Investments**  
**Investments by Fund**  
**August 31, 2007**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Per Value	Market Value	Current Rate	YTM %	YTM %	Maturity Date	Days To Maturity
<b>Federal Agency Disc. -Amortizing</b>											
31336LV3	0021	FHLBC FN	03/23/2007	498,874.44	300,000.00	-99,000.04	5.305	5.342	5.342	08/17/2007	16
313363ME2	22	FHLBC FN	04/11/2007	1,118,648.83	1,120,000.00	1,116,639.87	5.276	5.348	5.348	08/28/2007	25
313363ME	23	FHLBC FN	05/04/2007	273,838.13	275,000.00	274,010.00	5.251	5.321	5.321	10/31/2007	30
313363RM7	25	FHLBC FN	07/08/2007	302,418.05	305,000.00	302,910.00	5.307	5.350	5.350	07/27/2008	128
313363PL0	26	FHLBC FN	07/11/2007	564,013.91	575,000.00	564,837.50	5.301	5.375	5.375	07/14/2008	135
313393CQ6	27	FHLBC FN	07/23/2007	551,634.88	560,000.00	552,271.97	5.288	5.336	5.336	10/17/2007	107
313683PV1	24	FNMA DN	06/01/2007	530,212.30	545,000.00	538,841.47	5.300	5.374	5.374	11/28/2007	88
313683NY7	28	FNMA DN	08/08/2007	777,518.85	785,000.00	778,527.45	5.239	5.332	5.332	11/07/2007	67
		<b>Subtotal and Average</b>		<b>4,622,458.19</b>	<b>4,668,000.00</b>	<b>4,627,045.42</b>		<b>5.274</b>	<b>5.331</b>		<b>63</b>
<b>LOGIC</b>											
98889885	9005	Logic	09/01/2005	1,285,050.20	1,205,050.20	1,285,050.20	5.440	5.365	5.440		1
		<b>Subtotal and Average</b>		<b>1,285,050.20</b>	<b>1,205,050.20</b>	<b>1,285,050.20</b>	<b>5.365</b>	<b>5.440</b>			<b>1</b>
<b>FHLB Dallas-Money Fund</b>											
59999595	9002	FHLB Money Market Fund	05/01/2000	42,949.86	42,949.86	42,949.86	6.726	5.348	5.728		1
		<b>Subtotal and Average</b>		<b>42,949.86</b>	<b>42,949.86</b>	<b>42,949.86</b>	<b>6.726</b>	<b>5.851</b>	<b>5.728</b>		<b>1</b>
<b>Federated Money Market Fund</b>											
80894807	8	Bank of America Money Market	02/01/2008	76,375.12	76,375.12	76,375.12	4.366	4.397	4.956		1
		<b>Subtotal and Average</b>		<b>76,375.12</b>	<b>76,375.12</b>	<b>76,375.12</b>	<b>4.366</b>	<b>4.397</b>	<b>4.956</b>		<b>1</b>
		<b>Total Investments and Average</b>		<b>6,026,833.37</b>	<b>6,072,575.16</b>	<b>6,031,471.60</b>		<b>5.294</b>	<b>5.368</b>		<b>52</b>

**Fund OPERATING - Operating Fund**  
**Investments by Fund**  
**August 31, 2007**

CRSP	Investment #	Issuer	Issue Date	Book Value	Par Value	Market Value	Current Rate	YTM %	YTM %	Maturity Date	Days To Maturity
Bank of America-Checking Account											
83688881	0001	Bank of America	08/01/2006	108,122.04	108,122.04	108,122.04	2.434	2.400	2.438		1
		<b>Subtotal and Average</b>		<b>108,122.04</b>	<b>108,122.04</b>	<b>108,122.04</b>		<b>2.400</b>	<b>2.434</b>		<b>1</b>
		<b>Total Investments and Average</b>		<b>108,122.04</b>	<b>108,122.04</b>	<b>108,122.04</b>		<b>2.400</b>	<b>2.434</b>		<b>1</b>

Portfolio: TSAH  
AP  
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Report Ver: 8/20

**Fund PCLEAR - Payment Clearing  
Investments by Fund  
August 31, 2007**

CUSIP	Investment B	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
889888801	0008	Bank of America	08/31/2006	0.00	0.00	0.00					1
		Subtotal and Average		0.00	0.00	0.00		0.000	0.000		0
		Total Investments and Average		0.00	0.00	0.00		0.000	0.000		0

Portfolio TSAH  
AP  
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**Fund SBAPT - Sagebrush Apartments  
Investments by Fund  
August 31, 2007**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM %	YTM %	Maturity Date	Days To Maturity
Bank of America-Checking Account											
99269991	001	Bank of America	08/12/06	22,955.21	22,955.21	22,955.21	1.000	1.983	1.300		1
			\$ Total and Average	22,955.21	22,955.21	22,955.21		0.986	1.000		1
			Total Investments and Average	22,955.21	22,955.21	22,955.21		0.886	1.000		1

Portfolio TSMH  
AP  
FUND\_F SYMPT07.0  
Report Ver: 5.00

**Fund SBDEBT - Sagebrush Apartments - Debt  
Investments by Fund  
August 31, 2007**

Client	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 2/00	YTM 3/00	Maturity Date	Days To Maturity
Bank of America-Checking Account	0013	Bank of America	05/01/2006	34,380.80	34,380.80	34,380.80	0.870	0.857	0.900		1
3EB669361			Subtotal and Average	34,380.80	34,380.80	34,380.80		0.828	0.900		1
			Total Investments and Average	34,380.80	34,380.80	34,380.80		0.880	0.900		1

Portfolio I SAH  
AP  
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Report Ver. 6.00

**Fund SBOPER - Sagebrush Apartments - Oper.**  
**Investments by Fund**  
**August 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 95999991	0012	Bank of America	08/01/2005	22,750.08	22,750.00	22,750.00	0.900	0.307	0.930		1
		Subtotal and Average		22,750.88	22,750.00	22,750.08		0.488	0.900		1
		Total Investments and Average		22,750.88	22,750.00	22,750.08		0.488	0.900		1

Portfolio TSAH  
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 Report Ver. 5.0C

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

CUSIP	Investment #	Issue*	Purchase Date	Book Value	Par Value	Market Value	Cumult Rate	YTM 303	YTM 365	Maturity Date	Days To Maturity
Bank of America-Checking Account											
99999999	0008	Bank of America	03/01/2008	3,505.11	3,506.11	3,505.11	1.977	1.949	1.978		1
			Subtotal and Average	3,505.11	3,506.11	3,505.11		1.950	1.977		1
			Total Investments and Average	3,505.11	3,506.11	3,505.11		1.950	1.977		1

Portfolio TSAH  
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FI (PRF-FI) SyntRep: 07.1.0  
Report Ver. 5.02

**Fund TXHOME - TX Home Education  
Investments by Fund  
August 31, 2007**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 363	YTM 365	Maturity Date	Days To Maturity
<b>Bank of America-Checking Account</b>											
00000000	0002	Bank of America	09/11/2008	22,534.22	22,534.22	22,534.22					1
		<b>Subtotal and Average</b>		22,534.22	22,534.22	22,534.22		0.000	0.000		1
		<b>Total Investments and Average</b>		22,534.22	22,534.22	22,534.22		0.000	0.000		1



**Fund WELLS - Wells Fargo - CDC  
Investments by Fund  
August 31, 2007**

CUSIP	Investment #	ISLEF	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Wells Fargo Bank											
958990394	0014		08/01/2008	4,940.00	4,940.00	4,940.00					1
			<b>Subtotal and Average</b>	<b>4,940.00</b>	<b>4,940.00</b>	<b>4,940.00</b>		<b>0.000</b>	<b>0.000</b>		<b>1</b>
			<b>Total Investments and Average</b>	<b>4,940.00</b>	<b>4,940.00</b>	<b>4,940.00</b>		<b>0.000</b>	<b>0.000</b>		<b>1</b>

Portfolio TSAH  
AP  
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Report Ver: 5.30



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

**Texas State Affordable Housing  
 Cash Reconciliation Report  
 For the Period August 1, 2007 - August 31, 2007  
 Grouped by Fund**

Trans. Date	Investment #	Fund	Trans. Type	Security ID	Par Value	Security Description	Maturity Date	Purchases	Interest	Redemptions	Cost
<b>General Investments</b>											
08/08/2007	0019	GENERAL	Maturity	313585KDB	775,000.00	FNDN 0.5% 5CS% Mar. 08/08/2007	08/08/2007	0.00	0.00	775,000.00	775,000.00
08/08/2007	28	RENFRM	Purchase	313585NY7	785,000.00	FNDN 0.5% DCO% Mar. 11/07/2007	11/07/2007	-774,840.36	0.00	0.00	-774,840.36
						Subtotal		-774,840.36	0.00	775,000.00	159.64
						<b>Total</b>		<b>-774,840.36</b>	<b>0.00</b>	<b>775,000.00</b>	<b>159.64</b>



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 301 Congress Ave  
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**Texas State Affordable Housing  
 Purchases Report  
 Sorted by Fund - Fund  
 August 1, 2007 - August 31, 2007**

CURR	Investment #	Fund	Sec. Type Issuer	Original Par Value	Purchase Date	Payment Periods	Principal Purchased	Accrued Interest at Purchase	Rate at Purchase	Maturity Date	YTM	Ending Book Value
General Investments	28	GENERAL	AFD FUND	785,000.00	08/08/2007	11/07 - All Maturity	774,840.36	0.00		11/11/2007	5.25%	777,519.83
			Subtotal	785,000.00			774,840.36	0.00				777,519.83
			<b>Total Purchases</b>	<b>785,000.00</b>			<b>774,840.36</b>	<b>0.00</b>				<b>777,519.83</b>

Portfolio: TSAH  
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 Report Ver. 9.00



Public Investment Associates  
 301 Congress Ave  
 Suite 570  
 Austin, TX, 78701

## Texas State Affordable Housing Maturity Report

Sorted by Maturity Date

Amounts due during August 1, 2007 - August 31, 2007

CUSIP	Investment #	Fund	Sec. Type	Issuer	Par Value	Maturity Date	Purchase Date	Rate at Maturity	Book Value at Maturity	Interest	Maturity Proceeds	Net Income
312688KD6	0019	GENERAL	MFD	FINL/N	775,000.00	08/08/2007	02/08/2007	3.08%	775,000.00	0.00	775,000.00	0.00
Total Maturities										0.00	775,000.00	0.00

Portfolio T5A11  
 AP  
 MA 192F MNY SymReal v7.1.0  
 Report Vs: 9/3/06



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 301 Congress Ave  
 Suite 570  
 Austin, TX, 78701

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

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
<b>Fund: Bunker Hill Debt</b>											
999999991	0015	BHDEET	BOA	22,405.73	22,392.81	22,393.15		0.300	17.12	0.00	17.12
			Subtotal	22,405.73	22,392.81	22,393.15		0.300	17.12	0.00	17.12
<b>Fund: Bunker Hill Operating</b>											
999999991	001C	BHOPER	BOA	22,359.84	22,352.52	22,353.03		0.300	17.11	0.00	17.11
			Subtotal	22,359.84	22,352.52	22,353.03		0.300	17.11	0.00	17.11
<b>Fund: Bunker Hill Senior</b>											
999999991	003E	BHSENIOR	BOA	42,080.82	41,263.36	41,822.85		1.237	43.95	0.00	43.95
			Subtotal	42,080.82	41,263.36	41,822.85		1.237	43.95	0.00	43.95
<b>Fund: Disbursement</b>											
999999991	0007	D-DISBURSE	BOA	558.74	554.10	554.35		1.975	0.93	0.00	0.93
			Subtotal	558.74	554.10	554.35		1.975	0.93	0.00	0.93
<b>Fund: General Investments</b>											
999999995	9002	GENERAL	PHILLY/M	43,549.83	49,474.88	45,422.57		5.728	182.00	0.00	182.00
999999998	3000	GENERAL	LOJIC	1,285,650.50	1,279,267.79	1,275,451.75		5.443	5,805.75	0.00	5,805.75
999999997	3	GENERAL	JOANN	76,375.12	76,089.27	76,375.49		4.895	314.78	0.00	314.78
999999996	901A	GENERAL	FNDN	775,000.00	775,253.72	774,825.91	08/31/2007	5.065	0.00	758.29	700.20
999999996	3021	GENERAL	FMCDN	500,000.00	499,893.68	497,818.21	08/17/2007	3.408	0.00	2,180.70	2,180.70
999999992	22	GENERAL	FMCDN	1,120,000.00	1,111,149.51	1,113,875.22	03/28/2007	4.180	0.00	4,899.58	4,899.58
999999993	43	GENERAL	FMCDN	275,000.00	272,637.52	275,257.15	10/01/2007	5.173	0.00	1,200.81	1,200.81
999999994	22	GENERAL	FMCDN	545,000.00	558,221.22	507,055.34	11/28/2007	5.242	0.00	2,391.11	2,391.11
999999995	26	GENERAL	FMCDN	388,000.00	391,063.60	391,761.00	07/07/2000	5.277	0.00	1,352.37	1,352.37
999999996	26	GENERAL	FMCDN	519,000.00	567,187.18	562,793.25	07/17/2008	5.270	0.00	2,522.73	2,522.73
999999997	27	GENERAL	FMCDN	580,000.00	549,484.65	560,347.97	12/10/2007	5.247	0.00	2,452.58	2,452.58
999999997	28	GENERAL	FNDN	785,000.00	0.00	810,958.54	11/17/2007	5.750	0.00	2,879.47	2,879.47

Portfolio TSMRT  
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 Report Ver. 5.03

Texas State Affordable Housing  
Interest Earnings  
August 1, 2007 - August 31, 2007

CUSIP	Investment#	Fund	Issuer	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Rate	Annualized Yield	Interest Earned	Adjusted Interest Earnings	
											Amortization/ Accretion	Adjusted Interest Earnings
<b>Fund: Operating Fund</b>												
833629991	0001	OPERATN	DOA	100,722.64	225,485.32	224,448.27		2.454	2.204	420.12	0.03	420.12
			Subtotal	100,722.64	225,485.32	224,448.27			2.204	420.12	0.00	420.12
<b>Fund: Sagebrush Apartments</b>												
833629991	0011	36APT	DOA	22,505.21	21,926.00	21,926.38		1.053	1.025	10.15	0.03	10.15
			Subtotal	22,505.21	21,926.00	21,926.38			1.025	10.15	0.00	10.15
<b>Fund: Sagebrush Apartments - Debt</b>												
833629991	0015	SEDEBT	DOA	38,302.60	38,302.46	38,302.40		0.903	0.900	29.32	0.00	29.32
			Subtotal	38,302.60	38,302.46	38,302.40			0.900	29.32	0.00	29.32
<b>Fund: Sagebrush Apartments - Oper.</b>												
833629991	0012	SKOPFR	DOA	22,750.08	22,732.70	22,735.26		0.903	0.900	17.38	0.00	17.38
			Subtotal	22,750.08	22,732.70	22,735.26			0.900	17.38	0.00	17.38
<b>Fund: T &amp; J</b>												
833629991	0002	TI	DOA	3,506.11	3,508.08	3,508.25		1.977	1.980	5.90	0.00	5.90
			Subtotal	3,506.11	3,508.08	3,508.25			1.980	5.90	0.00	5.90
			Total	213,016.64	6,412,557.81	6,412,575.50			5.214	8,874.01	20,446.29	27,319.30



Paterson & Associates  
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**Texas State Affordable Housing  
Amortization Schedule  
August 1, 2007 - August 31, 2007  
Sorted By Fund - Fund**

Investment # Issue	Fund	Maturity Date	Beginning Par Value		Purchase Principal	Original Premium or Discount	Ending Book Value	Amounts Amortized And Unamortized As of 08/31/2007		Amount Amortized This Period	Amt Amortized Through 08/31/2007	Amount Unamortized Through 08/31/2007
			Current	End				As of 08/31/2007	Through 08/31/2007			
0021	GENERAL	08/17/2007	530,000.00		487,267.15	-13,732.85	458,874.44	9,426.53	2,180.78	1,007.25	1,007.25	-1,125.58
PHLMC DN			5,005					-3,306.52				
22	GENERAL	08/25/2007	1,120,000.00		1,093,448.53	-26,551.47	1,116,048.85	17,730.98	4,899.35	22,600.55	22,600.55	-3,501.11
F-LMCDN								9,560.49				
23	GENERAL	10/07/2007	275,000.00		289,190.53	-6,908.37	273,835.13	3,448.89	1,200.81	1,047.50	1,047.50	-1,181.57
F-LMCDN								2,282.48				
25	GENERAL	01/07/2008	308,300.00		330,080.29	-1,380.71	302,416.03	1,003.37	1,382.57	2,355.74	2,355.74	-5,553.87
F-LMCDN								-8,886.31				
25	GENERAL	01/14/2008	575,200.00		550,270.50	-14,729.51	564,713.87	1,220.88	2,622.73	3,743.47	3,743.47	-10,886.00
F-LMCDN								-3,508.82				
27	GENERAL	2/17/2007	587,300.00		518,373.01	-11,659.99	607,854.53	712.34	2,452.50	3,164.82	3,164.82	8,466.87
F-LMCDN								-1,091.85				
D21C								19,047.56				
FNMA DN								-1,862.28				
FNMA DN								4,705.08				
24	GENERAL	11/23/2007	545,000.00		531,113.15	-13,886.85	533,712.53	4,705.08	2,381.11	7,006.20	7,006.20	-8,787.87
FNMA DN								-8,178.78				
28	GENERAL	11/30/2007	785,000.00		774,843.35	-10,156.65	777,519.83	0.00	2,670.47	2,670.47	2,670.47	-7,480.17
FNMA DN								-1,150.64				
			<b>Subtotal</b>		<b>5,519,749.76</b>	<b>-123,250.24</b>	<b>4,622,488.19</b>	<b>57,263.14</b>	<b>20,443.29</b>	<b>77,708.43</b>	<b>77,708.43</b>	<b>-45,541.81</b>
			<b>Total</b>		<b>5,316,719.76</b>	<b>-123,250.24</b>	<b>4,677,465.19</b>	<b>57,263.14</b>	<b>20,443.29</b>	<b>77,708.43</b>	<b>77,708.43</b>	<b>-45,541.81</b>
								<b>-55,987.10</b>				

Portfolio T5AH  
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Report Ver: 3.00



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

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

For the Period September 1, 2007 - March 31, 2008

Projected Trans. Date	Investment #	Fund	Security ID	Transaction Type	Issuer	Per Value	Original Cost	Principal	Interest	Total
<b>General Investments</b>										
09/27/2007	0021	GENERAL	31339SLV3	Maturity	PHLMC DN	500,000.00	487,207.15	500,000.00	0.00	500,000.00
09/28/2007	22	GENERAL	31358BMEZ	Maturity	PHLMC DN	1,123,000.00	1,093,443.58	1,123,000.00	0.00	1,123,000.00
10/11/2007	20	GENERAL	313309MK6	Maturity	PHLMC DN	275,000.00	279,190.83	275,000.00	0.00	275,000.00
11/07/2007	20	GENERAL	31358BNY7	Maturity	FNMA DN	785,000.00	771,840.35	785,000.00	0.00	785,000.00
11/28/2007	24	GENERAL	313509PV1	Maturity	FNMA DN	545,000.00	531,116.13	545,000.00	0.00	545,000.00
12/17/2007	27	GENERAL	31338QQ09	Maturity	PHLMC DN	560,000.00	543,370.01	560,000.00	0.00	560,000.00
01/07/2008	25	GENERAL	31339BRX7	Maturity	PHLMC DN	308,000.00	302,090.29	308,000.00	0.00	308,000.00
01/14/2008	26	GENERAL	31339R1E	Maturity	PHLMC DN	575,000.00	562,270.50	575,000.00	0.00	575,000.00
Total for General Investments						4,668,000.00	4,564,543.60	4,668,000.00	0.00	4,668,000.00
GRAND TOTALS:						4,668,000.00	4,564,543.60	4,668,000.00	0.00	4,668,000.00

Portfolio TSAH  
AP  
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Report Ver. 5.0c



**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  
September 14, 2007 at 11:00 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 11:00 a.m., on September 14, 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  
Charles G. Rencher, Member  
Jo Van Hovel, Member

**Staff Present**

David Long, President  
Katherine Closmann, Executive Vice President  
Melinda Smith, Chief Financial Officer  
David Danenfelzer, Multifamily Programs Manager  
Kevin Crusier, Multifamily Programs  
Gracie Jackson, Asset Oversight & Compliance Manager  
Janie Taylor, Manager of Marketing and Development  
Laura Ross, Corporate Secretary

**Public Comment**

No public comment was given.

**Special Guests**

Rob Dubbelde, Greenberg Traurig  
Gary Machak, RBC Dain Rauscher  
Michael Marz, First Southwest Company  
Elena Peinado, Texas Department of Housing and Community Affairs

**Open Meeting**

Mr. Coffey thanked Ms. Ross for arranging his trip to the Texas Association of Realtors Convention in Galveston. Mr. Coffey also complimented Ms. McGilloway on her magnificent job at the booth. Ms. Closmann thanked Mr. Coffey for attending the conference.

### **Audit Committee Report**

Mr. Leeper reported that the Audit Committee meeting had gone well. Mr. Leeper complimented staff on their job of briefing the Committee and keeping them up to date. Mr. Leeper deferred further comment until the tab items.

### **Executive Vice President's Report**

Ms. Closmann began by informing the Board that Ms. Corser was no longer with the Corporation and Ms. Jackson was now the Asset Oversight & Compliance Manager. Ms. Closmann then referred the Board to the packet of 501(c)(3) default notices. Ms. Closmann briefly summarized the notices for the Board's benefit.

Ms. Closmann informed the Board that the Multifamily Private Activity Bond (PAB) Program transaction would be closing the following week.

Mr. Romero asked for verification that the Corporation did not have the authority to take action with regard to the default notices and Ms. Closmann confirmed that this was correct. Ms. Closmann stated that staff would inform the Board if any compliance issues arose, but that the notices were with regard to financial default and therefore, as a conduit issuer, the Corporation could not take action. Ms. Closmann stated that those with financial risk were the only ones able to take action. Mr. Leeper asked for verification that these deals were conducted under a different Board of Directors and a different senior staff of the Corporation and Ms. Closmann confirmed this and noted the condition of the market when the transactions had taken place and how the market had since changed. Discussion continued on the 501(c)(3) bonds and what was being done with the current PAB transaction.

### **President's Report**

Mr. Long began by informing the Board that he, Mr. Danenfelzer, and Ms. Taylor had met with Representative Menendez in San Antonio. Mr. Long reported that it had been a positive meeting.

Mr. Long referred the Board to the Sunset Self Evaluation Report and reported that it had been submitted to the Sunset Advisory Commission. Mr. Long thanked staff for all of their hard work. Ms. Closmann followed by noting that the Board would be informed when the schedule for reviews was set and it was unclear how long the process would take.

### **Single Family Lending Report**

Mr. Long turned the Board's attention to Countrywide and concerns regarding sub-prime loans. Mr. Long noted that Countrywide continued to be master servicer and staff would monitor their service so that they continued to meet all of the required obligations and funding requirements.

Mr. Long reported that the closing of the 2007B Professional Educators Home Loan Program transaction would occur the following week. Mr. Long stated that \$6.5 million had already been reserved.

Mr. Long stated that staff continued to move forward with the 2007D Home Sweet Texas Loan Program. Mr. Long reported that staff had met with the Bond Review Board (BRB) to discuss the program and it was staff's hope to price the transaction sometime in October.

Mr. Long reported that applications had been submitted to the BRB for an additional \$50 million for both the Homes for Texas Heroes Program and the Professional Educators Home Loan Program. Mr. Long reported that Ms. McGilloway and Ms. Taylor continued to market the programs through magazines, posters and fliers.

Mr. Long informed the Board that Ms. McGilloway had attended the Texas Association of Realtors Conference in Galveston which was also attended by Mr. Coffey. Mr. Long reported that Ms. McGilloway made a presentation and attended some of the trainings. Mr. Long stated that Ms. McGilloway would be attending the Combined Law Enforcement Associations of Texas (CLEAT) Convention in October.

Mr. Long then briefly went over the reports included in the board packet. Discussion followed.

### **Multifamily Lending Report**

Mr. Danenfelzer began by making the Board aware that the Rainbow transaction had been approved by the BRB on August 28<sup>th</sup>. Mr. Danenfelzer stated that the closing was scheduled for September 19<sup>th</sup> and 20<sup>th</sup>.

Mr. Danenfelzer then reported that two weeks prior to the board meeting, the Corporation had received a preliminary application under the Multifamily Direct Lending Program for Fox Run Apartments in Victoria, Texas. Mr. Danenfelzer informed the Board that the borrower, Housing and Community Services, Inc (HCS) of San Antonio, was a non-profit organization who wished to purchase and rehabilitate the 150-unit Section 8 Housing project. Mr. Danenfelzer noted the property's current financial and physical state. Mr. Danenfelzer then informed the Board that HCS currently owned over 30 Section 8 properties in the State of Texas and had taken them over from local housing authorities who were unable to maintain them. Mr. Danenfelzer reported that the project would be refinanced under the HUD Mark to Market Project. Mr. Danenfelzer stated that the borrower was asking for \$500,000 to cover rehabilitation costs and reiterated that the loan would be in the second lien position, with the loan from HUD for \$3.2 million in the first lien position. Mr. Danenfelzer noted that other financing through HUD would fall in the third and fourth lien positions. Mr. Danenfelzer continued to speak to the financing for the transaction.

Mr. Romero inquired as to the final amount awarded to the Rainbow transaction and Mr. Danenfelzer stated that the award was for \$34.9 million along with a \$500,000 loan that would be in the second lien position behind the bonds.

Ms. Van Hovel referred back to the Multifamily Direct Lending Program deal, and inquired about the management of the property in Victoria. Mr. Danenfelzer explained that HCS would use their management company once the transaction was complete. Discussion followed.

Mr. Danenfelzer then summarized for the Board's benefit all that had occurred with the Rainbow transaction. Ms. Van Hovel inquired what Mr. Danenfelzer's feelings were on the Rainbow transaction and Mr. Danenfelzer stated that he thought it was a great project and that it was an opportunity to preserve 1000 units of affordable housing that may have otherwise been lost. Mr.

Romero asked how many of the properties within the Rainbow transactions were in large urban areas and Mr. Danenfelzer stated that one property was located in Fort Worth, one in El Paso and the rest in communities with a population of 100,000 or less.

Ms. Van Hovel inquired as to whether the rent would increase on the properties and Mr. Danenfelzer explained that the rents were controlled by HUD, and the rents of the residents would not increase because what they paid was based on their income. Mr. Danenfelzer continued to speak to this topic.

### **Marketing and Development Report**

Ms. Taylor began by referring back to the Texas Association of Realtors Convention, noting that this was the Corporation's first time to attend and it had generated a lot of interest from realtors and the Realtors Association. Ms. Taylor informed the Board that the Association had added the Corporation to portions of their website and had included an ad about the programs in their magazine which had generated a lot of calls

Ms. Taylor then informed the Board of the decision to change the Corporation's logo. Ms. Taylor referred the Board to a copy of the logo in the board packet. Ms. Van Hovel inquired as to the reasons for changing the logo. Ms. Taylor noted that potential funders had suggested to her that staff think of changing the logo or name to avoid looking like a state agency, an organization that would not be eligible for donations. Ms. Van Hovel expressed her disagreement with the idea of changing the logo. Discussion followed.

Ms. Taylor made the Board aware that she would be sending out an email newsletter to market the programs. Ms. Taylor stated that she was working with a company called Constant Contact, a company used by other non profits for setting up different email lists of groups to market to. Ms. Taylor passed around an example for the Board's review.

Ms. Taylor then passed around a copy of the brochure she was putting together regarding the Corporation as a whole.

Ms. Taylor made the Board aware that the Society for Allied Health Professionals was having a conference in San Marcos later in the month and while staff would not be able to attend, they would be sending fliers that would be handed out to the attendees.

Ms. Taylor reported that she would be turning in another grant application at the end of the month. Ms. Taylor also noted that she and Ms. Closmann would be interviewing for an intern to help with fundraising.

### **Financial Report**

Ms. Smith referred the Board to the budget to actual expenditures report and noted that the net income for the year was \$350,000. Ms. Smith noted that more had been collected in servicing revenue than had been budgeted. Ms. Smith pointed out that the Multifamily Revenue was a little under budget because of the 501(c)(3) bond properties. Ms. Smith then turned to the expenditures, stating that the Professional Fees line item was a little over budget due to additional legal services, as well as the Furniture and Equipment line item.

**Tab 1            Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on August 9, 2007.**

Mr. Leeper made a motion to approve the minutes of the Board Meeting held on August 9, 2007. Mr. Coffee seconded the motion. Ms. Van Hovel abstained from voting. Motion passed.

**Tab 2            Presentation, Discussion and Possible Approval of a Resolution Authorizing the Issuance, Sale and Delivery of Single Family Mortgage Revenue Bonds, Series 2007D; Authorizing a Trust Indenture, 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 a 2007D Texas State Affordable Housing Corporation Single Family Program; and Containing Other Matters Incident and Related Thereto.**

Mr. Long explained that the resolution was for the program targeting borrowers who were at 80 percent and below the area median family income (AMFI). Mr. Long refreshed the Board's memory that funds for the program were fully utilized within four months the previous year.

Mr. Machak with RBC Dain Rauscher proceeded to go over the transaction for the Board's benefit. Discussion followed.

Mr. Coffey made a motion to approve a resolution authorizing the Issuance, Sale and Delivery of Single Family Mortgage Revenue Bonds, Series 2007D; authorizing a Trust Indenture, 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 a 2007D Texas State Affordable Housing Corporation Single Family Program; and containing other matters incident and related thereto. Ms. Van Hovel seconded the motion. Motion passed unanimously.

**Tab 3            Presentation, Discussion and Possible Approval of a Resolution to Amend Access to the Corporation's Program funding for the Single Family Affordable Homeownership Program for Texas and the Single Family Interim Construction Loan Program to include the Corporation's program known as the Multifamily Direct Lending Program.**

Mr. Long refreshed the Board's memory with regard to the Affordable Homeownership Program and the amount set aside by the Corporation for down payment assistance. Mr. Long reminded the Board of their approval a few months prior to allow for the use of those funds by the Interim Construction Land Acquisition Loan Program. Mr. Long explained that the resolution before them would allow the funds to also be used by the Multifamily Direct Lending Program.

Mr. Danenfelzer gave a brief description of the Multifamily Direct Lending Program and the different types of financing that could be used. Mr. Danenfelzer then explained that the Fox Run Apartments project was a candidate for the program and would obtain funds through Federal Home Loan Bank. Mr. Danenfelzer explained that 1.4 or 1.5 % interest could be added to the rate offered by Federal Home Loan Bank which would be collected by the Corporation, totaling a final 6.5% rate which was reasonable for that type of project. Mr. Danenfelzer stated that if staff moved forward with the project, it would give the flexibility to go out and use either Federal Home Loan Bank or direct funds from the Corporation. Mr. Danenfelzer stated that it was staff's

current opinion to use the Federal Home Loan Bank product which would allow the Corporation to use the generated funds on other programs and products. Discussion followed.

Mr. Leeper inquired what the loan would be used for and Mr. Danenfelzer stated that it would be mostly rehab dollars. Discussion followed. Ms. Van Hovel inquired after the cost to the Corporation for doing the transaction and Mr. Danenfelzer stated that it would actually bring in money for the Corporation through the raised interest rate.

Ms. Van Hovel made a motion to approve a resolution to amend access to the Corporation's program funding for the Single Family Affordable Homeownership Program for Texas and the Single Family Interim Construction Loan Program to include the Corporation's program known as the Multifamily Direct Lending Program. Mr. Rencher seconded the motion. Motion passed unanimously.

**Tab 4            Presentation, Discussion and Possible Approval of the Corporation's Risk Management Policy.**

Mr. Long began by referring the Board to the revised version of the policy. Mr. Long introduced Mr. Marz with First Southwest Company, the Corporation's financial advisor, stating that he was there to explain what the policy entailed. Mr. Long gave a brief overview as to why staff was asking approval of the policy, explaining that the BRB had requested that all state agencies or state entities that issued bonds have a risk management policy in place. Mr. Long explained that the policy outlined what the options were for the Board should a swap be brought before them for inclusion in one of the single family bond programs.

Mr. Marz introduced himself to the Board and gave a brief overview of the policy.

Mr. Leeper made a motion to approve the Corporation's Risk Management Policy. Ms. Van Hovel seconded the motion. Motion passed unanimously.

**Tab 5            Presentation, Discussion and Possible Approval of Fiscal Year 2008 Operating Budget.**

Mr. Leeper stated that he and Mr. Rencher had listened to staff's presentation and it was their recommendation to approve the Operating Budget for Fiscal year 2008.

Ms. Van Hovel inquired about the Equipment and Software line item. Ms. Smith explained that the item had been increased by \$20,000, because a new phone system was being budgeted for. Ms. Smith stated that the current system was old and staff had had several problems with it. Ms. Smith stated that staff had gone out for bids to purchase a new system about 12 months ago and had looked at eight different companies, some of which were more expensive and some of which were less. Ms. Smith explained that the system staff was interested in was \$16,000 and extra money had been added to that total to account for any increase that may have occurred over the last year. Mr. Romero inquired if the phone purchase included a servicing contract and Ms. Smith explained that it did and it would last for the duration the Corporation had the phones. Discussion followed. Ms. Van Hovel inquired if the system would be obsolete the following year, and Ms. Smith stated that it would not and Mr. Long added that it was his hope the system would last for a long time.

Ms. Van Hovel then inquired about the Property, General Liability and Auto line item and Ms. Smith explained that this was the Corporation's supplemental insurance.

Ms. Van Hovel requested an explanation of the Board Travel line item. Ms. Smith explained that Board travel for monthly meetings was very expensive and Mr. Long added that they were also accounting for the possibility of Board Members participating in conferences. Discussion followed.

Mr. Coffey made a motion to approve the fiscal year 2008 Operating Budget. Mr. Rencher seconded the motion. Ms. Van Hovel opposed the motion. Motion passed with four in favor and one opposed.

**Tab 6            Presentation, Discussion and Possible Approval of Selection of Independent Financial Auditors.**

Mr. Leeper explained that, as part of the staff's effort to review the Corporation's professional services and ensure the Corporation received the best deal possible, it was deemed appropriate to issue an RFP for Independent Financial Auditor. Mr. Leeper reported that upon hearing the staff's report the committee had voted to approve the staff's recommendation.

Ms. Smith stated that notice of the RFP had been put in the Texas Register and had been sent to local CPA groups and the local chapter of the AICPA. Ms. Smith informed the Board that staff had received 2 responses to the RFP, one from the Corporation's current auditor, Mikeska Monahan and Peckham, and one from the Corporation's previous auditor, Martinez & Mendoza. Ms. Smith noted that Mikeska's fee was significantly lower than Martinez & Mendoza and so the staff's recommendation had been to stay with Mikeska Monahan & Peckham. Ms. Smith reported that she had called around to see why there hadn't been more responses and she had found that most of the larger firms had passed on it because the fee wasn't high enough due to our size. Ms. Smith also found out that many firms shied away from the Corporation because of our uniqueness in being a non-profit who issued single family bonds. Ms. Smith confirmed that a three year contract would be extended. Mr. Leeper added that the Audit Committee had had a very satisfactory relationship with Mikeska, Monohan and Peckham in the past.

Mr. Rencher made a motion to approve the selection of Independent Financial Auditors. Ms. Van Hovel seconded the motion. Motion passed unanimously.

**Tab 7            Presentation, Discussion and Possible Approval of Changes to Audit Committee Guidelines.**

Mr. Leeper explained that the only change to the Audit Committee Guidelines at this time was in Section II where in the last paragraph it noted the number of meetings that were required annually. Mr. Leeper explained that this had been changed from four meeting to two meetings. He also noted that the committee had asked staff to look into the legality and feasibility of holding committee meetings via telephone to be more accommodating of the Board Members.

Mr. Leeper made a motion to approve the changes to Audit Committee Guidelines. Ms. Van Hovel seconded the motion. Motion passed unanimously.

**Tab 8            Presentation, Discussion and Possible Approval of Policies & Procedures related to Internal Accounting Controls.**

Mr. Leeper explained that he had asked staff to address the following questions: 1) how does the management of the Corporation address the risks of fraud in the Corporation and do they understand those risks; 2) has the audit committee reviewed the internal controls in place for the Corporation and evaluated the possibility of management's override of these controls; 3) how does management communicate to the employees of the corporation its views on the business practices and the ethical behavior required of the employees of the Corporation; and 4) how do the internal controls serve to prevent, deter or detect material misstatements due to fraud. Mr. Leeper reported that staff addressed all of the questions and that the committee was confident in the job that management was doing to address the issues, avoid fraud and ensure the Corporation and its employees acted in an ethical manner.

Mr. Romero inquired if the Corporation had policies in place to address those issues and Ms. Smith noted that the Corporation had standard operating procedures (SOPs) for payment and writing of checks, or cash receipts, as well as a thorough employee handbook. Ms. Smith also stated that duties were segregated so that no one employee had full access to cash.

Mr. Long elaborated on that, stating that employees were aware of those procedures and were given a copy of the employee handbook that outlined the SOPs. Mr. Long also noted that employees were required to read and acknowledge receipt of the Ethics Policy and Conflict of Interest Policy, and copies of those acknowledgements were maintained in their file.

Mr. Romero requested that those policies be brought to the Board on an annual basis for reaffirmation. Discussion followed.

### **Open Meeting**

After discussion on the date and location, it was determined that the following month's meeting would also include a planning session to formulate a Business Plan for the Corporation. The meetings were tentatively set for October 11-12, 2007.

### **Adjournment**

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

The Texas State Affordable Housing Corporation Board Meeting was officially adjourned at 1:00 pm.

Respectfully submitted by \_\_\_\_\_  
Laura Ross, Corporate Secretary



**Tab 2**

**Presentation, Discussion and Possible Approval of a Loan to  
Pineywoods HOME Team under the Corporation's Interim  
Construction Land Acquisition Loan Program.**

This item has been pulled.

# **Texas State Affordable Housing Corporation**

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## **Multifamily Programs Agenda Item**

Oct. 11, 2007

### **Agenda Item:**

Presentation, Discussion and Possible Approval of a loan under the Multifamily Direct Lending Program to the Fox Run Apartments Project.

### **Summary:**

Fox Run Apartments is a 150 unit apartment complex located in Victoria, Texas. The property is currently owned by the Fox Run Housing Associates, Ltd. and run under the section 8 project based voucher program. The property was built in 1974 and is in fair condition but shows signs of deferred maintenance and repairs. Housing and Community Services, Inc. (the "HCS"), a nonprofit community development entity has committed to purchase the property under the U.S. Department of Housing and Urban Development's ("HUD") Mark-to-Market ("M2M") program. HCS has finalized the M2M approval process and plans to close on the acquisition in late October 2008. HCS has formed HCS 314, LLC to be the HUD required single asset owner of the property. HCS is the sole member of HCS 314, LLC.

In conjunction with the acquisition, HCS plans to complete over \$1.5 million in rehabilitation to the property over the next 5 years, nearly \$900,000 of which will occur in the next two years. The rehabilitation schedule is lengthy due the need to fulfill immediate repair needs required by the M2M agreement, and to minimize the amount of temporary displacement of tenants during construction. The total amount of funds needed for the acquisition and rehabilitation is \$3,368,966. HCS has requested a loan of \$447,169 from the Corporation in order to cover rehabilitation costs.

### **Program:**

This loan will be processed under the Corporation's Multifamily Direct Lending program. The Corporation will utilize funds from the Federal Home Loan Bank Community Investment Program ("CIP").

### **Anticipated Closing Date:**

November 30, 2007

### **Public Benefit:**

The Corporation's funds will be used to help finance the acquisition and rehabilitation of 150 units of affordable housing in Victoria, Texas. The project will preserve these units as affordable housing for the next 30 years under a new land use agreement. HCS is committed to providing service enriched housing at each of its housing facilities and has an excellent record in the state of Texas.

### **Public Comment:**

HCS has a long track record of building community support for their developments. In conjunction with the Fox Run transaction HCS has obtained support letters from the Fox Run Tenants Alliance and the Texas Tenant's Union. Additionally, HCS has built interest in the preservation of Fox Run within the City of Victoria and received a resolution of support from the city council in June of 2007.

### **Financial Summary:**

# Texas State Affordable Housing Corporation

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## Multifamily Programs Agenda Item

Oct. 11, 2007

HCS has requested a loan from the Corporation in the amount of \$447,169. The loan shall have an interest rate of 6.50% annually, amortized over a 15 year period. The Corporation's loan shall have a second lien position and be subordinate only to the repayment of HUD's first lien mortgage on the property. Repayment of the loan shall be made out of the property's effective gross income and has been included in the financial proformas included in Appendix A. HCS shall also commit to an assignment of payments to the second and third lien HUD notes being assigned to HCS through the M2M agreement.

The financial underwriting of the loan shows that there is sufficient cash flow from rents and fees to repay both HUD's and the Corporation's loans and maintain a debt coverage ratio of 1.15 during the first 15 years of operations. The Corporation's underwriting used a 10% vacancy rate and estimated property taxes at the current rate. Because of the section 8 contract the property should realize a lower vacancy rate, and the Victoria Housing Authority currently has a waiting list of eligible tenants.

HCS is eligible to receive a 50% property tax exemption under §11.1825 of the Texas Tax Code. HCS has stated that they do intend to apply for the tax exemption and shall be required to notify the appraisal district and County Judge prior to closing. If the development does obtain a tax exemption the additional cash flow would be required to pay down existing debt, including the subordinated HUD loans. The additional cash flow could support a significantly higher interest rate for the Corporation's loan, however the staff does not believe it would be prudent to increase the interest rate since there is no guarantee that the additional cash flow will be available, and because additional proceeds will be used by HCS to support resident services and replacement reserves.

### **Market Conditions:**

The City of Victoria is located in the southern portion of the State of Texas, at the center of Victoria County, approximately 30 miles inland from the Gulf of Mexico and is part of the Victoria Metropolitan Statistical Area (MSA). The city's population is currently estimated at over 61,000 persons, by the U.S. Census Bureau. The city has grown at a modest rate of 1.3% annually since 2000.

The development is located North of Victoria's downtown at 2008 Sam Houston Drive, a major thoroughfare. Residents receive free fixed route transportation services through Victoria Transit, and special transit services by the Golden Crescent Regional Planning Commission. The development site is near local elementary and middle schools, as well as, the Shields Magnet school program. The site is also located near community services including Citizens Medical Center, shopping centers, employment and several local churches.

Job growth for the Victoria MSA is estimated at 3.7% and the unemployment rate was 4% in January 2007. Job growth for the area was highest in mining, construction and manufacturing sectors. The greatest decrease in employment by sector came from government and professional services over the same period. The overall economic picture of Victoria, according to the market analyst, appears strong within the city and surrounding communities.

The availability of rental housing and rental vacancy rates are of some concern. The TDHCA apartment vacancy rate database reports that local vacancies averaged 14% in 2005. Though the

# Texas State Affordable Housing Corporation

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## Multifamily Programs Agenda Item

Oct. 11, 2007

market analysis and HUD underwriting analysis noted improvements in vacancies from 2005 to the present, the Corporation's analysis used a 10% vacancy rate to reflect both historical and local market trends for rental properties.

### **Borrower Summary:**

HCS is a nonprofit housing organization established in September 1993 to preserve multifamily housing for low-income families in need of safe, clean, and affordable housing. HCS owns and operates low-income HUD-assisted housing that benefits families whose annual income is 50% or less than the area median income. HCS currently owns twenty-four (24) properties with 2,039 units of assisted housing. Of these, seven (7) properties (499 units) are organized as Limited Liability Companies with HCS or an affiliate as the Sole Member. HCS serves South Texas with low-income multifamily properties in San Antonio, Corpus Christi, New Braunfels, Seguin, Luling, Lockhart, Beeville, Harlingen, Brownsville, Laredo, and Del Rio.

A 15 member Board of Directors governs HCS. Its membership is comprised of representatives of various professions and trades throughout the community plus representatives of the housing developments served. The Texas Department of Housing and Community Affairs as well as the cities of San Antonio, Corpus Christi, and Brownsville have designated HCS or its affiliates as Community Housing Development Organizations ("CHDO"), because HCS maintains one-third of its board membership for low-income representatives.

To further HCS's goal of service oriented affordable housing, HCS acquired an independent property management company, Wedge Management, Inc. ("WMI") on July 1, 1997. In addition, HCS is one-third owner in NHMC-National Housing Management Corporation, a minority owned low-income housing management firm that shares office space and staff with WMI. The group manages thirty-three (33) low-income housing properties with a total of 2,760 units in Texas and Arkansas. Management of these properties includes compliance with government regulations, reporting requirements, and extensive experience in low-income housing management. Wedge Management, Inc. manages all twenty-four (24) of the HCS affiliate properties in addition to low-income housing owned by other nonprofit housing groups and employs approximately 95 staff on site and in its central office.

### **Affordability:**

Fox Run Apartments is a 100% section 8 project based development. All 150 units are and will continue to be occupied by households that qualified as earning 50% or less than the area median income ("AMI") at initial occupancy. The project based contract for Fox Run does allow households to lease units if their income increases after their initial occupancy, up to 80% of the AMI. Rents for the development are supported by payments from HUD through the section contract. Tenants pay only 30% of their adjusted monthly income, with HUD making up the difference between tenant payments and contract rents.

### **Resident Services:**

HCS has a strong commitment to providing resident services to the tenants in their properties. HCS generally serves as an intermediary to match resident needs with resources available in the surrounding communities and provides limited funding for onsite staff and programs. They provide training courses for residents who represent their property on the affiliate nonprofit

# Texas State Affordable Housing Corporation

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## Multifamily Programs Agenda Item

Oct. 11, 2007

boards as well as for on-site resident associations. HCS establishes on-site learning centers to provide residents the opportunity to achieve computer literacy; each also has training programs aimed at assisting residents to attain self sufficiency as well as after school homework sessions for students.

Under the Corporation's loan agreement, HCS will be required to provide, either directly or through agreement with a service provider, at least five (5) approved resident service programs on a monthly basis.

### **Rehabilitation Standards:**

The planned rehabilitation of Fox Run apartments has been scheduled through the M2M agreement and will continue for the next five years. Initial rehabilitation during the first two years includes the replacement of appliances (refrigerators, dishwashers and stoves), HVAC and heating systems, new windows, doors, bathroom fixtures and flooring. Additional improvements will include the replacement of kitchen cabinets, bathroom vanities, landscaping and sidewalk improvements.

HCS is committed to provide the highest energy efficient housing by committing to installing 14 SEER air handlers for HVAC systems, or higher, as it is financially and physically feasible. Additionally, HCS will seek to install Energy Star compliant appliances, windows and doors. Additionally, all accessibility deficiencies noted in the property condition assessment have been corrected by the current owner and future site work and rehabilitation will be completed in accordance with the Fair Housing Accessibility Standards.

### **Compliance Requirements:**

All 150 units shall be leased to low-income households earning 50% or less than the area median income, and in accordance with the Section 8 Housing Assistance Contract executed by HUD. The property will maintain these affordability requirements for at least 15 years under the promissory note and deed of trust filed by the Corporation.

### **Fees:**

The Corporation shall collect a \$2,500 commitment fee upon execution of the commitment attached to this summary. Additionally, HCS will pay a closing fee of \$2,500 at closing which may be included in the final loan amount.

### **Recommendation:**

Staff recommends that the Board approve a loan under the Multifamily Direct Lending Program to HCS 314, LLC, for the Fox Run Apartments, in an amount not to exceed \$447,169.

**Texas State Affordable Housing Corporation**  
Underwriting Analysis

## Financing Summary

Instructions: fill in each blank space with the correct information. Complete each page of the spreadsheet and review for corrections. Then print a copy of the complete workbook and save an electronic copy of this workbook onto a readable compact disk.

Applicant   
Project Name

Number of Units   
Number of Buildings

### Location

Address   
City  State  Zip   
Census Tract  County

### Contact Person

Name   
Phone  Fax   
Email

### Financing Participants

Name of Source	Amount	Lien Position	Hard or Soft	% of Total
HUD First Lien New Mortgage	\$ 2,680,000	1	Hard	37.60%
TSAHC Loan - Assignment of CRP	\$ 447,169	2	Hard	6.27%
FHA 2nd lien - Assignment to TSAHC	\$ 1,152,891	3	Soft	16.18%
FHA 3rd lien - Assignemnt to TSAHC	\$ 2,679,999	4	Soft	37.60%
				0.00%
Deferred Developer Fee				0.00%
Developer Equity	\$ 166,760			2.34%
<b>Totals</b>	<b>\$ 7,126,819</b>			<b>100%</b>

**Texas State Affordable Housing Corporation**  
Underwriting Analysis

**Development Cost Estimates**

Applicant	Housing and Community Services Inc. (HCS 314, LLC)
Project Name	Fox Run Apartments - HCS Victoria
Number of Units	150

	Total Cost	Cost Per Unit	% of Total Costs
<b>Acquisition</b>			
Site acquisition cost		\$ -	0%
Existing building acquisition cost	\$ 4,713,890	\$ 31,426	66%
Closing costs & acq. legal fees		\$ -	0%
Other <sup>2</sup> (specify)		\$ -	0%
<b>Subtotal</b>	<b>\$ 4,713,890</b>	<b>\$ 31,426</b>	<b>66%</b>
<b>Off - Sites</b>			
Off-site Utilities		\$ -	0%
Off-site Streets and Roads		\$ -	0%
Other <sup>2</sup> (specify)		\$ -	0%
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0%</b>
<b>Site Work</b>			
Demolition		\$ -	0%
Grading		\$ -	0%
Utilities		\$ -	0%
Streets/Sidewalks	\$ 68,677	\$ 458	1%
Landscaping		\$ -	0%
Fencing		\$ -	0%
Other (Sidewalks)	\$ 13,000	\$ 87	0%
Other (Yard Drain)	\$ 10,825	\$ 72	0%
<b>Subtotal</b>	<b>\$ 92,502</b>	<b>\$ 617</b>	<b>1%</b>
<b>Construction Costs</b>			
Hard Costs	\$ 837,819	\$ 5,585	12%
General Requirements (6% cap)		\$ -	0%
Contractor Overhead		\$ -	0%
Contractor Profit		\$ -	0%
Contingency	\$ 93,032	\$ 620	1%
Other (Hard Costs Not Itemized)		\$ -	0%
Other (specify)		\$ -	0%
<b>Subtotal</b>	<b>\$ 930,851</b>	<b>\$ 6,206</b>	<b>13%</b>

**Texas State Affordable Housing Corporation**  
Underwriting Analysis

**Development Cost Estimates**

Applicant	Housing and Community Services Inc. (HCS 314, LLC)
Project Name	Fox Run Apartments - HCS Victoria
Number of Units	150

	Total Cost	Cost Per Unit	% of Total Costs
<b>Indirect and Financing Costs</b>			
Architecture / Engineering		\$ -	0%
Professional Fees		\$ -	0%
Building permits & related costs		\$ -	0%
Appraisal		\$ -	0%
Market analysis		\$ -	0%
Environmental assessment		\$ -	0%
Survey		\$ -	0%
Marketing		\$ -	0%
Course of construction insurance		\$ -	0%
Hazard & liability insurance	\$ -	\$ -	0%
Real property taxes	\$ -	\$ -	0%
Personal property taxes		\$ -	0%
Tenant relocation expenses		\$ -	0%
Other <sup>2</sup> (Compliance and Contingency)		\$ -	0%
Developer Fee (15% cap)	\$ 75,000	\$ 500	1%
General & administrative		\$ -	0%
Cost of financing	\$ 116,418	\$ 776	2%
<b>Subtotal</b>	<b>\$ 191,418</b>	<b>\$ 1,276</b>	<b>3%</b>
<b>Reserves</b>			
Rent-up		\$ -	0%
Operating		\$ -	0%
Replacement	\$ 1,165,000	\$ 7,767	16%
Escrows	\$ 33,158	\$ 221	0%
<b>Subtotal</b>	<b>\$ 1,198,158</b>	<b>\$ 7,988</b>	<b>17%</b>
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$ 7,126,819</b>	<b>\$ 47,512</b>	<b>100%</b>
Less Commercial Construction		\$ -	
<b>TOTAL RESIDENTIAL COSTS</b>	<b>\$ 7,126,819</b>	<b>\$ 47,512</b>	





**Texas State Affordable Housing Corporation**  
 University City, TX

Operating Expense	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Energy	100	100	100	100	100	100	100	100	100	100	100
Water	100	100	100	100	100	100	100	100	100	100	100
Gas	100	100	100	100	100	100	100	100	100	100	100
Maintenance	100	100	100	100	100	100	100	100	100	100	100
Insurance	100	100	100	100	100	100	100	100	100	100	100
Property Tax	100	100	100	100	100	100	100	100	100	100	100
Depreciation	100	100	100	100	100	100	100	100	100	100	100
Administrative	100	100	100	100	100	100	100	100	100	100	100
Contingency	100	100	100	100	100	100	100	100	100	100	100
<b>Total Operating Expense</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>

Operating Expense for 2011-2021: \$1,000,000

**NET OPERATING INCOME**

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net Operating Income	100	100	100	100	100	100	100	100	100	100	100

**PRIMARY DEBT SERVICE**

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Interest	100	100	100	100	100	100	100	100	100	100	100
Principal	100	100	100	100	100	100	100	100	100	100	100
<b>Total Debt Service</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>

**SOFT SUBORDINATE DEBT & EQUITY**

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Soft Subordinate Debt	100	100	100	100	100	100	100	100	100	100	100
Equity	100	100	100	100	100	100	100	100	100	100	100
<b>Total Soft Subordinate Debt &amp; Equity</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>

Estimated value of completed real estate: \$1,000,000

Estimated Cap Rate: 10.0%

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net Operating Income	100	100	100	100	100	100	100	100	100	100	100
Primary Debt Service	200	200	200	200	200	200	200	200	200	200	200
Soft Subordinate Debt & Equity	200	200	200	200	200	200	200	200	200	200	200
<b>Total Debt Service</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>
Net Cash Flow	-300	-300	-300	-300	-300	-300	-300	-300	-300	-300	-300

**NET OPERATING INCOME**

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net Operating Income	100	100	100	100	100	100	100	100	100	100	100

**PRIMARY DEBT SERVICE**

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Interest	100	100	100	100	100	100	100	100	100	100	100
Principal	100	100	100	100	100	100	100	100	100	100	100
<b>Total Debt Service</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>

**SOFT SUBORDINATE DEBT & EQUITY**

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Soft Subordinate Debt	100	100	100	100	100	100	100	100	100	100	100
Equity	100	100	100	100	100	100	100	100	100	100	100
<b>Total Soft Subordinate Debt &amp; Equity</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>

Estimated value of completed real estate: \$1,000,000

Estimated Cap Rate: 10.0%

**Texas State Affordable Housing Corporation**  
Underwriting Analysis

Development Cost Analysis			
Applicant	Housing and Community Services Inc. (HCS 31)		
Project Name	Fox Run Apartments - HCS Victoria		
Number of Units	150		
Expense Description	Total Cost	Per Unit	Per NSF
Acquisition Cost	\$ 4,713,890	31,426	33.70
Off-Sites	\$ -	0	-
Sitework	\$ 92,502	617	0.66
Direct Construction	\$ 837,819	5,585	5.99
Contingency & Misc.	\$ 93,032	620	0.67
General Requirements	\$ -	0	-
Contractor's Profit & O/H	\$ -	0	-
Indirect Construction Costs	\$ -	0	-
Developer's Profit	\$ 75,000	500	0.54
Financing (Interim)	\$ 116,418	776	0.83
Reserves	\$ 1,198,158	7,988	8.57
<b>TOTALS</b>	<b>\$ 7,126,819</b>	<b>\$ 47,512</b>	<b>\$ 51</b>
Average New Construction*	\$ 93,157	\$ 98	
Average Acquisition Rehab*	\$ 65,420	\$ 69	
Percent Difference from New Construction	-49.0%	-48.0%	
Percent Difference from Rehab	-27.4%	-26.0%	
*Average New and Acq/Rehab per unit costs are based on 2007 year to date performance measures from TDHCA.			

**Texas State Affordable Housing Corporation**  
Underwriting Analysis

## Amortization Schedule

Enter values	
Loan amount	\$ 447,169.00
Annual interest rate	6.50 %
Loan period in years	15
Number of payments per year	12
Start date of loan	1/1/2009
Optional extra payments	\$ -

Loan summary	
Scheduled payment	\$ 3,919.98
Scheduled number of payments	180
Actual number of payments	180
Total early payments	\$ -
Total interest	\$ 255,596.97

Borrower **Housing and Community Services Inc. (HCS 314, LLC)**

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
1	2/1/2009	\$ 450,000.00	\$ 3,919.98	\$ -	\$ 3,919.98	\$ 1,482.48	\$ 2,437.50	\$ 448,517.52	\$ 2,437.50
2	3/1/2009	448,517.52	3,919.98	-	3,919.98	1,490.51	2,429.47	447,027.00	4,866.97
3	4/1/2009	447,027.00	3,919.98	-	3,919.98	1,498.59	2,421.40	445,528.42	7,288.37
4	5/1/2009	445,528.42	3,919.98	-	3,919.98	1,506.70	2,413.28	444,021.71	9,701.65
5	6/1/2009	444,021.71	3,919.98	-	3,919.98	1,514.87	2,405.12	442,506.85	12,106.76
6	7/1/2009	442,506.85	3,919.98	-	3,919.98	1,523.07	2,396.91	440,983.78	14,503.67
7	8/1/2009	440,983.78	3,919.98	-	3,919.98	1,531.32	2,388.66	439,452.45	16,892.34
8	9/1/2009	439,452.45	3,919.98	-	3,919.98	1,539.62	2,380.37	437,912.84	19,272.70
9	10/1/2009	437,912.84	3,919.98	-	3,919.98	1,547.96	2,372.03	436,364.88	21,644.73
10	11/1/2009	436,364.88	3,919.98	-	3,919.98	1,556.34	2,363.64	434,808.54	24,008.38
11	12/1/2009	434,808.54	3,919.98	-	3,919.98	1,564.77	2,355.21	433,243.77	26,363.59
12	1/1/2010	433,243.77	3,919.98	-	3,919.98	1,573.25	2,346.74	431,670.53	28,710.33
13	2/1/2010	431,670.53	3,919.98	-	3,919.98	1,581.77	2,338.22	430,088.76	31,048.54
14	3/1/2010	430,088.76	3,919.98	-	3,919.98	1,590.34	2,329.65	428,498.42	33,378.19
15	4/1/2010	428,498.42	3,919.98	-	3,919.98	1,598.95	2,321.03	426,899.47	35,699.22
16	5/1/2010	426,899.47	3,919.98	-	3,919.98	1,607.61	2,312.37	425,291.86	38,011.59
17	6/1/2010	425,291.86	3,919.98	-	3,919.98	1,616.32	2,303.66	423,675.54	40,315.26
18	7/1/2010	423,675.54	3,919.98	-	3,919.98	1,625.07	2,294.91	422,050.47	42,610.17
19	8/1/2010	422,050.47	3,919.98	-	3,919.98	1,633.88	2,286.11	420,416.59	44,896.27
20	9/1/2010	420,416.59	3,919.98	-	3,919.98	1,642.73	2,277.26	418,773.87	47,173.53
21	10/1/2010	418,773.87	3,919.98	-	3,919.98	1,651.62	2,268.36	417,122.24	49,441.89
22	11/1/2010	417,122.24	3,919.98	-	3,919.98	1,660.57	2,259.41	415,461.67	51,701.30
23	12/1/2010	415,461.67	3,919.98	-	3,919.98	1,669.57	2,250.42	413,792.11	53,951.72
24	1/1/2011	413,792.11	3,919.98	-	3,919.98	1,678.61	2,241.37	412,113.50	56,193.09
25	2/1/2011	412,113.50	3,919.98	-	3,919.98	1,687.70	2,232.28	410,425.79	58,425.37
26	3/1/2011	410,425.79	3,919.98	-	3,919.98	1,696.84	2,223.14	408,728.95	60,648.51
27	4/1/2011	408,728.95	3,919.98	-	3,919.98	1,706.03	2,213.95	407,022.92	62,862.46
28	5/1/2011	407,022.92	3,919.98	-	3,919.98	1,715.28	2,204.71	405,307.64	65,067.17
29	6/1/2011	405,307.64	3,919.98	-	3,919.98	1,724.57	2,195.42	403,583.07	67,262.59
30	7/1/2011	403,583.07	3,919.98	-	3,919.98	1,733.91	2,186.07	401,849.17	69,448.66
31	8/1/2011	401,849.17	3,919.98	-	3,919.98	1,743.30	2,176.68	400,105.87	71,625.34
32	9/1/2011	400,105.87	3,919.98	-	3,919.98	1,752.74	2,167.24	398,353.12	73,792.58
33	10/1/2011	398,353.12	3,919.98	-	3,919.98	1,762.24	2,157.75	396,590.89	75,950.33
34	11/1/2011	396,590.89	3,919.98	-	3,919.98	1,771.78	2,148.20	394,819.10	78,098.53
35	12/1/2011	394,819.10	3,919.98	-	3,919.98	1,781.38	2,138.60	393,037.72	80,237.13
36	1/1/2012	393,037.72	3,919.98	-	3,919.98	1,791.03	2,128.95	391,246.70	82,366.09
37	2/1/2012	391,246.70	3,919.98	-	3,919.98	1,800.73	2,119.25	389,445.96	84,485.34
38	3/1/2012	389,445.96	3,919.98	-	3,919.98	1,810.48	2,109.50	387,635.48	86,594.84
39	4/1/2012	387,635.48	3,919.98	-	3,919.98	1,820.29	2,099.69	385,815.19	88,694.53
40	5/1/2012	385,815.19	3,919.98	-	3,919.98	1,830.15	2,089.83	383,985.04	90,784.36
41	6/1/2012	383,985.04	3,919.98	-	3,919.98	1,840.06	2,079.92	382,144.97	92,864.28
42	7/1/2012	382,144.97	3,919.98	-	3,919.98	1,850.03	2,069.95	380,294.94	94,934.24
43	8/1/2012	380,294.94	3,919.98	-	3,919.98	1,860.05	2,059.93	378,434.89	96,994.17
44	9/1/2012	378,434.89	3,919.98	-	3,919.98	1,870.13	2,049.86	376,564.76	99,044.02
45	10/1/2012	376,564.76	3,919.98	-	3,919.98	1,880.26	2,039.73	374,684.51	101,083.75
46	11/1/2012	374,684.51	3,919.98	-	3,919.98	1,890.44	2,029.54	372,794.06	103,113.29
47	12/1/2012	372,794.06	3,919.98	-	3,919.98	1,900.68	2,019.30	370,893.38	105,132.59
48	1/1/2013	370,893.38	3,919.98	-	3,919.98	1,910.98	2,009.01	368,982.41	107,141.60
49	2/1/2013	368,982.41	3,919.98	-	3,919.98	1,921.33	1,998.65	367,061.08	109,140.25
50	3/1/2013	367,061.08	3,919.98	-	3,919.98	1,931.74	1,988.25	365,129.34	111,128.50
51	4/1/2013	365,129.34	3,919.98	-	3,919.98	1,942.20	1,977.78	363,187.14	113,106.28
52	5/1/2013	363,187.14	3,919.98	-	3,919.98	1,952.72	1,967.26	361,234.42	115,073.55

**Texas State Affordable Housing Corporation**  
Underwriting Analysis

53	6/1/2013	361,234.42	3,919.98	-	3,919.98	1,963.30	1,956.69	359,271.13	117,030.23
54	7/1/2013	359,271.13	3,919.98	-	3,919.98	1,973.93	1,946.05	357,297.19	118,976.28
55	8/1/2013	357,297.19	3,919.98	-	3,919.98	1,984.62	1,935.36	355,312.57	120,911.64
56	9/1/2013	355,312.57	3,919.98	-	3,919.98	1,995.37	1,924.61	353,317.20	122,836.25
57	10/1/2013	353,317.20	3,919.98	-	3,919.98	2,006.18	1,913.80	351,311.02	124,750.06
58	11/1/2013	351,311.02	3,919.98	-	3,919.98	2,017.05	1,902.93	349,293.97	126,652.99
59	12/1/2013	349,293.97	3,919.98	-	3,919.98	2,027.97	1,892.01	347,265.99	128,545.00
60	1/1/2014	347,265.99	3,919.98	-	3,919.98	2,038.96	1,881.02	345,227.03	130,426.02
61	2/1/2014	345,227.03	3,919.98	-	3,919.98	2,050.00	1,869.98	343,177.03	132,296.00
62	3/1/2014	343,177.03	3,919.98	-	3,919.98	2,061.11	1,858.88	341,115.92	134,154.88
63	4/1/2014	341,115.92	3,919.98	-	3,919.98	2,072.27	1,847.71	339,043.65	136,002.59
64	5/1/2014	339,043.65	3,919.98	-	3,919.98	2,083.50	1,836.49	336,960.15	137,839.08
65	6/1/2014	336,960.15	3,919.98	-	3,919.98	2,094.78	1,825.20	334,865.37	139,664.28
66	7/1/2014	334,865.37	3,919.98	-	3,919.98	2,106.13	1,813.85	332,759.24	141,478.13
67	8/1/2014	332,759.24	3,919.98	-	3,919.98	2,117.54	1,802.45	330,641.71	143,280.58
68	9/1/2014	330,641.71	3,919.98	-	3,919.98	2,129.01	1,790.98	328,512.70	145,071.55
69	10/1/2014	328,512.70	3,919.98	-	3,919.98	2,140.54	1,779.44	326,372.16	146,851.00
70	11/1/2014	326,372.16	3,919.98	-	3,919.98	2,152.13	1,767.85	324,220.03	148,618.85
71	12/1/2014	324,220.03	3,919.98	-	3,919.98	2,163.79	1,756.19	322,056.23	150,375.04
72	1/1/2015	322,056.23	3,919.98	-	3,919.98	2,175.51	1,744.47	319,880.72	152,119.51
73	2/1/2015	319,880.72	3,919.98	-	3,919.98	2,187.30	1,732.69	317,693.43	153,852.20
74	3/1/2015	317,693.43	3,919.98	-	3,919.98	2,199.14	1,720.84	315,494.28	155,573.04
75	4/1/2015	315,494.28	3,919.98	-	3,919.98	2,211.06	1,708.93	313,283.23	157,281.96
76	5/1/2015	313,283.23	3,919.98	-	3,919.98	2,223.03	1,696.95	311,060.19	158,978.91
77	6/1/2015	311,060.19	3,919.98	-	3,919.98	2,235.07	1,684.91	308,825.12	160,663.82
78	7/1/2015	308,825.12	3,919.98	-	3,919.98	2,247.18	1,672.80	306,577.94	162,336.63
79	8/1/2015	306,577.94	3,919.98	-	3,919.98	2,259.35	1,660.63	304,318.59	163,997.26
80	9/1/2015	304,318.59	3,919.98	-	3,919.98	2,271.59	1,648.39	302,047.00	165,645.65
81	10/1/2015	302,047.00	3,919.98	-	3,919.98	2,283.90	1,636.09	299,763.10	167,281.74
82	11/1/2015	299,763.10	3,919.98	-	3,919.98	2,296.27	1,623.72	297,466.84	168,905.45
83	12/1/2015	297,466.84	3,919.98	-	3,919.98	2,308.70	1,611.28	295,158.13	170,516.73
84	1/1/2016	295,158.13	3,919.98	-	3,919.98	2,321.21	1,598.77	292,836.92	172,115.51
85	2/1/2016	292,836.92	3,919.98	-	3,919.98	2,333.78	1,586.20	290,503.14	173,701.71
86	3/1/2016	290,503.14	3,919.98	-	3,919.98	2,346.42	1,573.56	288,156.71	175,275.26
87	4/1/2016	288,156.71	3,919.98	-	3,919.98	2,359.13	1,560.85	285,797.58	176,836.11
88	5/1/2016	285,797.58	3,919.98	-	3,919.98	2,371.91	1,548.07	283,425.67	178,384.18
89	6/1/2016	283,425.67	3,919.98	-	3,919.98	2,384.76	1,535.22	281,040.91	179,919.41
90	7/1/2016	281,040.91	3,919.98	-	3,919.98	2,397.68	1,522.30	278,643.23	181,441.71
91	8/1/2016	278,643.23	3,919.98	-	3,919.98	2,410.67	1,509.32	276,232.56	182,951.03
92	9/1/2016	276,232.56	3,919.98	-	3,919.98	2,423.72	1,496.26	273,808.84	184,447.29
93	10/1/2016	273,808.84	3,919.98	-	3,919.98	2,436.85	1,483.13	271,371.99	185,930.42
94	11/1/2016	271,371.99	3,919.98	-	3,919.98	2,450.05	1,469.93	268,921.93	187,400.35
95	12/1/2016	268,921.93	3,919.98	-	3,919.98	2,463.32	1,456.66	266,458.61	188,857.01
96	1/1/2017	266,458.61	3,919.98	-	3,919.98	2,476.67	1,443.32	263,981.95	190,300.33
97	2/1/2017	263,981.95	3,919.98	-	3,919.98	2,490.08	1,429.90	261,491.87	191,730.23
98	3/1/2017	261,491.87	3,919.98	-	3,919.98	2,503.57	1,416.41	258,988.30	193,146.64
99	4/1/2017	258,988.30	3,919.98	-	3,919.98	2,517.13	1,402.85	256,471.17	194,549.50
100	5/1/2017	256,471.17	3,919.98	-	3,919.98	2,530.76	1,389.22	253,940.40	195,938.72
101	6/1/2017	253,940.40	3,919.98	-	3,919.98	2,544.47	1,375.51	251,395.93	197,314.23
102	7/1/2017	251,395.93	3,919.98	-	3,919.98	2,558.26	1,361.73	248,837.67	198,675.96
103	8/1/2017	248,837.67	3,919.98	-	3,919.98	2,572.11	1,347.87	246,265.56	200,023.83
104	9/1/2017	246,265.56	3,919.98	-	3,919.98	2,586.04	1,333.94	243,679.52	201,357.76
105	10/1/2017	243,679.52	3,919.98	-	3,919.98	2,600.05	1,319.93	241,079.47	202,677.70
106	11/1/2017	241,079.47	3,919.98	-	3,919.98	2,614.14	1,305.85	238,465.33	203,983.54
107	12/1/2017	238,465.33	3,919.98	-	3,919.98	2,628.30	1,291.69	235,837.03	205,275.23
108	1/1/2018	235,837.03	3,919.98	-	3,919.98	2,642.53	1,277.45	233,194.50	206,552.68
109	2/1/2018	233,194.50	3,919.98	-	3,919.98	2,656.85	1,263.14	230,537.65	207,815.82
110	3/1/2018	230,537.65	3,919.98	-	3,919.98	2,671.24	1,248.75	227,866.42	209,064.56
111	4/1/2018	227,866.42	3,919.98	-	3,919.98	2,685.71	1,234.28	225,180.71	210,298.84
112	5/1/2018	225,180.71	3,919.98	-	3,919.98	2,700.25	1,219.73	222,480.46	211,518.57
113	6/1/2018	222,480.46	3,919.98	-	3,919.98	2,714.88	1,205.10	219,765.58	212,723.67
114	7/1/2018	219,765.58	3,919.98	-	3,919.98	2,729.59	1,190.40	217,035.99	213,914.07
115	8/1/2018	217,035.99	3,919.98	-	3,919.98	2,744.37	1,175.61	214,291.62	215,089.68
116	9/1/2018	214,291.62	3,919.98	-	3,919.98	2,759.24	1,160.75	211,532.38	216,250.43
117	10/1/2018	211,532.38	3,919.98	-	3,919.98	2,774.18	1,145.80	208,758.20	217,396.23
118	11/1/2018	208,758.20	3,919.98	-	3,919.98	2,789.21	1,130.77	205,968.99	218,527.00
119	12/1/2018	205,968.99	3,919.98	-	3,919.98	2,804.32	1,115.67	203,164.67	219,642.66
120	1/1/2019	203,164.67	3,919.98	-	3,919.98	2,819.51	1,100.48	200,345.16	220,743.14
121	2/1/2019	200,345.16	3,919.98	-	3,919.98	2,834.78	1,085.20	197,510.38	221,828.34

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122	3/1/2019	197,510.38	3,919.98	-	3,919.98	2,850.14	1,069.85	194,660.25	222,898.19
123	4/1/2019	194,660.25	3,919.98	-	3,919.98	2,865.57	1,054.41	191,794.67	223,952.60
124	5/1/2019	191,794.67	3,919.98	-	3,919.98	2,881.10	1,038.89	188,913.58	224,991.49
125	6/1/2019	188,913.58	3,919.98	-	3,919.98	2,896.70	1,023.28	186,016.88	226,014.77
126	7/1/2019	186,016.88	3,919.98	-	3,919.98	2,912.39	1,007.59	183,104.49	227,022.36
127	8/1/2019	183,104.49	3,919.98	-	3,919.98	2,928.17	991.82	180,176.32	228,014.18
128	9/1/2019	180,176.32	3,919.98	-	3,919.98	2,944.03	975.96	177,232.29	228,990.13
129	10/1/2019	177,232.29	3,919.98	-	3,919.98	2,959.97	960.01	174,272.32	229,950.14
130	11/1/2019	174,272.32	3,919.98	-	3,919.98	2,976.01	943.98	171,296.31	230,894.12
131	12/1/2019	171,296.31	3,919.98	-	3,919.98	2,992.13	927.85	168,304.18	231,821.97
132	1/1/2020	168,304.18	3,919.98	-	3,919.98	3,008.34	911.65	165,295.84	232,733.62
133	2/1/2020	165,295.84	3,919.98	-	3,919.98	3,024.63	895.35	162,271.21	233,628.97
134	3/1/2020	162,271.21	3,919.98	-	3,919.98	3,041.01	878.97	159,230.20	234,507.94
135	4/1/2020	159,230.20	3,919.98	-	3,919.98	3,057.49	862.50	156,172.71	235,370.44
136	5/1/2020	156,172.71	3,919.98	-	3,919.98	3,074.05	845.94	153,098.66	236,216.37
137	6/1/2020	153,098.66	3,919.98	-	3,919.98	3,090.70	829.28	150,007.97	237,045.66
138	7/1/2020	150,007.97	3,919.98	-	3,919.98	3,107.44	812.54	146,900.53	237,858.20
139	8/1/2020	146,900.53	3,919.98	-	3,919.98	3,124.27	795.71	143,776.25	238,653.91
140	9/1/2020	143,776.25	3,919.98	-	3,919.98	3,141.20	778.79	140,635.06	239,432.70
141	10/1/2020	140,635.06	3,919.98	-	3,919.98	3,158.21	761.77	137,476.85	240,194.47
142	11/1/2020	137,476.85	3,919.98	-	3,919.98	3,175.32	744.67	134,301.53	240,939.14
143	12/1/2020	134,301.53	3,919.98	-	3,919.98	3,192.52	727.47	131,109.02	241,666.61
144	1/1/2021	131,109.02	3,919.98	-	3,919.98	3,209.81	710.17	127,899.21	242,376.78
145	2/1/2021	127,899.21	3,919.98	-	3,919.98	3,227.20	692.79	124,672.01	243,069.57
146	3/1/2021	124,672.01	3,919.98	-	3,919.98	3,244.68	675.31	121,427.33	243,744.87
147	4/1/2021	121,427.33	3,919.98	-	3,919.98	3,262.25	657.73	118,165.08	244,402.60
148	5/1/2021	118,165.08	3,919.98	-	3,919.98	3,279.92	640.06	114,885.16	245,042.67
149	6/1/2021	114,885.16	3,919.98	-	3,919.98	3,297.69	622.29	111,587.47	245,664.96
150	7/1/2021	111,587.47	3,919.98	-	3,919.98	3,315.55	604.43	108,271.92	246,269.39
151	8/1/2021	108,271.92	3,919.98	-	3,919.98	3,333.51	586.47	104,938.41	246,855.87
152	9/1/2021	104,938.41	3,919.98	-	3,919.98	3,351.57	568.42	101,586.84	247,424.28
153	10/1/2021	101,586.84	3,919.98	-	3,919.98	3,369.72	550.26	98,217.12	247,974.54
154	11/1/2021	98,217.12	3,919.98	-	3,919.98	3,387.97	532.01	94,829.15	248,506.55
155	12/1/2021	94,829.15	3,919.98	-	3,919.98	3,406.33	513.66	91,422.82	249,020.21
156	1/1/2022	91,422.82	3,919.98	-	3,919.98	3,424.78	495.21	87,998.05	249,515.42
157	2/1/2022	87,998.05	3,919.98	-	3,919.98	3,443.33	476.66	84,554.72	249,992.07
158	3/1/2022	84,554.72	3,919.98	-	3,919.98	3,461.98	458.00	81,092.74	250,450.08
159	4/1/2022	81,092.74	3,919.98	-	3,919.98	3,480.73	439.25	77,612.01	250,889.33
160	5/1/2022	77,612.01	3,919.98	-	3,919.98	3,499.58	420.40	74,112.43	251,309.73
161	6/1/2022	74,112.43	3,919.98	-	3,919.98	3,518.54	401.44	70,593.89	251,711.17
162	7/1/2022	70,593.89	3,919.98	-	3,919.98	3,537.60	382.38	67,056.29	252,093.56
163	8/1/2022	67,056.29	3,919.98	-	3,919.98	3,556.76	363.22	63,499.52	252,456.78
164	9/1/2022	63,499.52	3,919.98	-	3,919.98	3,576.03	343.96	59,923.50	252,800.73
165	10/1/2022	59,923.50	3,919.98	-	3,919.98	3,595.40	324.59	56,328.10	253,125.32
166	11/1/2022	56,328.10	3,919.98	-	3,919.98	3,614.87	305.11	52,713.23	253,430.43
167	12/1/2022	52,713.23	3,919.98	-	3,919.98	3,634.45	285.53	49,078.77	253,715.96
168	1/1/2023	49,078.77	3,919.98	-	3,919.98	3,654.14	265.84	45,424.63	253,981.80
169	2/1/2023	45,424.63	3,919.98	-	3,919.98	3,673.93	246.05	41,750.70	254,227.85
170	3/1/2023	41,750.70	3,919.98	-	3,919.98	3,693.83	226.15	38,056.87	254,454.00
171	4/1/2023	38,056.87	3,919.98	-	3,919.98	3,713.84	206.14	34,343.03	254,660.14
172	5/1/2023	34,343.03	3,919.98	-	3,919.98	3,733.96	186.02	30,609.07	254,846.17
173	6/1/2023	30,609.07	3,919.98	-	3,919.98	3,754.18	165.80	26,854.88	255,011.97
174	7/1/2023	26,854.88	3,919.98	-	3,919.98	3,774.52	145.46	23,080.36	255,157.43
175	8/1/2023	23,080.36	3,919.98	-	3,919.98	3,794.96	125.02	19,285.40	255,282.45
176	9/1/2023	19,285.40	3,919.98	-	3,919.98	3,815.52	104.46	15,469.88	255,386.91
177	10/1/2023	15,469.88	3,919.98	-	3,919.98	3,836.19	83.80	11,633.69	255,470.71
178	11/1/2023	11,633.69	3,919.98	-	3,919.98	3,856.97	63.02	7,776.72	255,533.72
179	12/1/2023	7,776.72	3,919.98	-	3,919.98	3,877.86	42.12	3,898.86	255,575.85
180	1/1/2024	3,898.86	3,919.98	-	3,898.86	3,877.75	21.12	0.00	255,596.97
181	2/1/2024	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
182	3/1/2024	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
183	4/1/2024	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
184	5/1/2024	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
185	6/1/2024	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
186	7/1/2024	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
187	8/1/2024	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
188	9/1/2024	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
189	10/1/2024	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
190	11/1/2024	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97







**Texas State Affordable Housing Corporation**  
Underwriting Analysis

329	6/1/2036	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
330	7/1/2036	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
331	8/1/2036	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
332	9/1/2036	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
333	10/1/2036	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
334	11/1/2036	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
335	12/1/2036	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
336	1/1/2037	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
337	2/1/2037	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
338	3/1/2037	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
339	4/1/2037	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
340	5/1/2037	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
341	6/1/2037	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
342	7/1/2037	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
343	8/1/2037	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
344	9/1/2037	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
345	10/1/2037	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
346	11/1/2037	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
347	12/1/2037	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
348	1/1/2038	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
349	2/1/2038	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
350	3/1/2038	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
351	4/1/2038	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
352	5/1/2038	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
353	6/1/2038	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
354	7/1/2038	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
355	8/1/2038	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
356	9/1/2038	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
357	10/1/2038	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
358	11/1/2038	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
359	12/1/2038	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97
360	1/1/2039	0.00	3,919.98	-	0.00	0.00	0.00	0.00	255,596.97

**RESOLUTION NO. 07-\_\_\_\_\_**

**TEXAS STATE AFFORDABLE HOUSING CORPORATION**

Resolution Authorizing the Issuance, Sale and Delivery of Single Family Mortgage Revenue Bonds (Fire Fighter and Law Enforcement or Security Officer Home Loan Program) Series 2007E; Authorizing a Trust Indenture, 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 a 2007E Texas State Affordable Housing Corporation Fire Fighter and Law Enforcement or Security Officer Home Loan Program; and Containing Other Matters Incident and Related Thereto

WHEREAS, the Texas State Affordable Housing Corporation (the "Issuer") has been duly created and organized pursuant to and in accordance with the provisions of the Texas Non-Profit Corporation Act, Article 1396-1.01 et seq. Vernon's Annotated Texas Civil Statutes, as amended and under the authority of Subchapter Y of Chapter 2306, Texas Government Code, as amended (the "Act"), the Issuer is authorized to establish a program to provide eligible fire fighters and law enforcement or security officers whose income does not exceed 115 percent of the area median family income, adjusted for family size, with low-interest home mortgage loans; and

WHEREAS, the Board of Directors of the Issuer has heretofore determined to adopt and implement a 2007E Texas State Affordable Housing Corporation Fire Fighter and Law Enforcement or Security Officer Home Loan Program (the "Program") to provide eligible fire fighters and law enforcement or security officers meeting the requirements of the Act with low interest home mortgage loans; 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, in order to carry out the Program, the Issuer, Wells Fargo Bank, National Association (the "Trustee"), a servicer/administrator to be determined by the Issuer, as Servicer/Administrator (the "Servicer/Administrator") and various commercial lending institutions doing business in the State of Texas (the "Participants"), will enter into an Origination, Sale and Servicing Agreement (the "Agreement"), pursuant to which: (a) the Issuer will indicate its intent to issue its bonds in an amount sufficient to enable the Issuer to acquire Government National Mortgage Association mortgage-backed certificates (the "GNMA Certificates"), Fannie Mae mortgage-backed securities (the "Fannie Mae Certificates") and Freddie Mac mortgage-backed securities (the "Freddie Mac Certificates") each backed by certain qualified home mortgage loans made to eligible fire fighters and law enforcement or security officers (the "Mortgage Loans"); (b) the Trustee will disburse funds on behalf of the Issuer to acquire the GNMA Certificates, the Fannie Mae Certificates and the Freddie Mac Certificates and to perform certain other duties in connection with the Program; (c) the Servicer/Administrator will be responsible for monitoring the Participants' performance, preparing certain periodic reports, and

performing certain other duties, including servicing the Mortgage Loans, in connection with the Program; (d) the Participants will originate and sell the Mortgage Loans; and (e) the Issuer, the Trustee, and the Servicer/Administrator and the Participants will perform certain actions and follow reasonable procedures to ensure compliance with Section 143 of the Code and the Act; and

WHEREAS, the Program has been designed to provide down payment and closing cost assistance to the mortgagors as provided in the Agreement; and

WHEREAS, the Issuer believes that the addition of the down payment assistance feature and the interest rate or rates associated with the Mortgage Loans will make the Program attractive to potential mortgagors; and

WHEREAS, in order to carry out the Program, the Board of Directors of the Issuer has determined that the Issuer shall issue its Single Family Mortgage Revenue Bonds (Fire Fighter and Law Enforcement or Security Officer Home Loan Program) Series 2007E (the "Bonds"), in the maximum aggregate principal amount of not to exceed \$50,000,000 pursuant to and as generally described in a Trust Indenture prepared in connection with the issuance of the Bonds (the "Indenture"), by and between the Issuer and the Trustee, thereby making funds available for acquiring GNMA Certificates, Fannie Mae Certificates and Freddie Mac Certificates, all under and in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Issuer further proposes to sell the Bonds, upon the issuance thereof, to RBC Dain Rauscher Inc. doing business under the name RBC Capital Markets, Morgan Keegan & Company, Inc. and any other firms designated in the Bond Purchase Agreement hereinafter defined (collectively, the "Purchaser"), all as referenced in the Bond Purchase Agreement between the Issuer and the Purchaser (the "Purchase Agreement"); and

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

1. the Indenture;
2. the Agreement;
3. the Continuing Disclosure Agreement by and between the Issuer and the Trustee (the "Disclosure Agreement");
4. the Bond Purchase Agreement; and
5. the Preliminary Official Statement relating to the Bonds (the "Preliminary Official Statement").

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

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

Section 1. Approval of Program. That the Issuer hereby expresses its intent to implement the Program, as described more fully in the Agreement, under which the Trustee, on behalf of the Issuer, will acquire GNMA Certificates, Fannie Mae Certificates and Freddie Mac Certificates, backed by mortgages on residences in the State of Texas owned and occupied by eligible fire fighters and law enforcement or security officers.

Section 2. Public Purposes of Program and Bonds. That the Issuer hereby finds, determines, recites and declares that the adoption and implementation of the Program, including the down payment assistance and the interest rate or rates 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, assisting eligible fire fighters and law enforcement or security officers in acquiring and owning adequate, safe and sanitary housing.

Section 3. Issuance, Execution and Delivery of the Bonds. That the issuance of the Bonds in one or more series in the maximum aggregate principal amount of not to exceed \$50,000,000 is hereby authorized, all under and in accordance with 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. The Bonds shall mature on the date or dates and in the amounts, shall bear interest and shall be subject to redemption prior to maturity on the date or dates and in the amounts as specified in the Indenture.

Section 4. Approval, Execution and Delivery of the Indenture. That the Indenture, in substantially the form and substance as presented to the Board of Directors at the meeting at which this Resolution was considered, with such changes or additions thereto as may be approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer (upon the advice of bond counsel to the Issuer), as evidenced by the execution of the Indenture by said Chairperson, Vice Chairperson, President or Executive Vice President, is hereby approved and that the proper officers of the Issuer are each hereby authorized and directed to execute and attest the Indenture and to deliver the Indenture to the Trustee.

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

Section 6. Purchase Agreement and Sale of Bonds. That the sale and delivery of the Bonds to the Purchaser, upon the terms and conditions set forth in the Purchase Agreement between the Issuer and the Purchaser is hereby authorized and approved. The Bonds shall be sold to the Purchaser at the purchase price specified in the Purchase Agreement. The Issuer hereby authorizes the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer, either individually or in any combination of such officers, for and on behalf of the Issuer, to determine the actual Purchaser and the terms of the Purchase Agreement and to execute and deliver the Purchase Agreement. Upon execution by the parties thereto and delivery thereof, the Purchase Agreement shall be binding upon the Issuer in accordance with the terms and provisions thereof. In addition, the officers of the Issuer are each authorized and

directed to execute any necessary certificates evidencing approval of any or all of the matters set forth in this Section 6. In the event it becomes necessary to engage any other investment banking firm or investment banking firms to assist in the sale of the Bonds, the President or the Executive Vice President of the Issuer shall be and hereby is authorized to engage the services of any such investment banking firm or firms.

Section 7. Approval, Execution and Delivery of the Disclosure Agreement. That the Disclosure Agreement, in substantially the form and substance of the Disclosure Agreement presented to the Board of Directors at the meeting at which this Resolution was considered, with such changes or additions thereto as may be approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer (upon the advice of bond counsel to the Issuer), as evidenced by the execution of the Disclosure Agreement by said Chairperson, Vice Chairperson, President or Executive Vice President, is hereby approved and that the proper officers of the Issuer are each hereby authorized and directed to execute and attest the Disclosure Agreement and to deliver the Disclosure Agreement to the Trustee.

Section 8. Approval, Execution, Use and Distribution of Offering Document. That the Preliminary Official Statement, in substantially the form and substance of the Preliminary Official Statement presented to the Board of Directors at the meeting at which this Resolution was considered, and the changes to the Preliminary Official Statement which will result in the final Official Statement proposed to be delivered in connection with the sale of the Bonds (the "Official Statement"), in substantially the form and substance approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer (upon advice of bond counsel to the Issuer) as evidenced by their execution thereof, are hereby approved and the Chairperson, Vice Chairperson, President and Executive Vice President of the Issuer are each, individually, hereby authorized and directed, for and on behalf of the Issuer, to execute the Preliminary Official Statement and the Official Statement. Delivery to the Purchaser of the Preliminary Official Statement and the Official Statement is hereby authorized.

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

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

Section 11. 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 and maturity of the Bonds to be issued pursuant to this Resolution, to establish the interest rate or rates to be borne by the Bonds, provided, however, that the interest rate shall never exceed 15% per annum and to determine the rate on the Mortgage Loans, provided however, that such rate shall not exceed 10% per annum. 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 12. 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 13. 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 fire fighters and law enforcement or security officers in the State of Texas to obtain adequate, safe and sanitary housing, thereby promoting the public health, welfare and safety for fire fighters and law enforcement or security officers in the State of Texas.

Section 14. 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 15. 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 16. 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 17. Authorization of Investment. That the Board of Directors of the Issuer hereby authorizes the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer to direct the Trustee to invest any funds received by the Trustee pursuant to the Indenture in Investment Securities as defined in the Indenture.

Section 18. Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

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PASSED, APPROVED AND EFFECTIVE this October 11, 2007.

TEXAS STATE AFFORDABLE HOUSING  
CORPORATION

\_\_\_\_\_  
Chairperson

ATTEST:

\_\_\_\_\_  
Secretary

**RESOLUTION NO. 07-\_\_\_\_\_**

**TEXAS STATE AFFORDABLE HOUSING CORPORATION**

Resolution Authorizing the Issuance, Sale and Delivery of Single Family Mortgage Revenue Bonds (Professional Educators Home Loan Program) Series 2007F; Authorizing a Trust Indenture, 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 a 2007F Texas State Affordable Housing Corporation Professional Educators Home Loan Program; and Containing Other Matters Incident and Related Thereto

WHEREAS, the Texas State Affordable Housing Corporation (the "Issuer") has been duly created and organized pursuant to and in accordance with the provisions of the Texas Non-Profit Corporation Act, Article 1396-1.01 et seq. Vernon's Annotated Texas Civil Statutes, as amended and under the authority of Subchapter Y of Chapter 2306, Texas Government Code, as amended (the "Act"), the Issuer is authorized to establish a program to provide eligible professional educators whose income does not exceed the amount permitted by the Act, with low-interest home mortgage loans; and

WHEREAS, the Board of Directors of the Issuer has heretofore determined to adopt and implement a 2007F Texas State Affordable Housing Corporation Professional Educators Home Loan Program (the "Program") to provide eligible professional educators meeting the requirements of the Act with low interest home mortgage loans; 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, in order to carry out the Program, the Issuer, Wells Fargo Bank, National Association (the "Trustee"), a servicer/administrator to be determined by the Issuer, as Servicer/Administrator (the "Servicer/Administrator") and various commercial lending institutions doing business in the State of Texas (the "Participants"), will enter into an Origination, Sale and Servicing Agreement (the "Agreement"), pursuant to which: (a) the Issuer will indicate its intent to issue its bonds in an amount sufficient to enable the Issuer to acquire Government National Mortgage Association mortgage-backed certificates (the "GNMA Certificates"), Fannie Mae mortgage-backed securities (the "Fannie Mae Certificates") and Freddie Mac mortgage-backed securities (the "Freddie Mac Certificates") each backed by certain qualified home mortgage loans made to eligible professional educators (the "Mortgage Loans"); (b) the Trustee will disburse funds on behalf of the Issuer to acquire the GNMA Certificates, the Fannie Mae Certificates and the Freddie Mac Certificates and to perform certain other duties in connection with the Program; (c) the Servicer/Administrator will be responsible for monitoring the Participants' performance, preparing certain periodic reports, and performing certain other duties, including servicing the Mortgage Loans, in connection with the Program; (d) the Participants will originate and sell the Mortgage Loans; and (e) the Issuer, the Trustee, and the



Servicer/Administrator and the Participants will perform certain actions and follow reasonable procedures to ensure compliance with Section 143 of the Code and the Act; and

WHEREAS, the Program has been designed to provide down payment and closing cost assistance to the mortgagors as provided in the Agreement; and

WHEREAS, the Issuer believes that the addition of the down payment assistance feature and the interest rate or rates associated with the Mortgage Loans will make the Program attractive to potential mortgagors; and

WHEREAS, in order to carry out the Program, the Board of Directors of the Issuer has determined that the Issuer shall issue its Single Family Mortgage Revenue Bonds (Professional Educators Home Loan Program) Series 2007F (the "Bonds"), in the maximum aggregate principal amount of not to exceed \$50,000,000 pursuant to and as generally described in a Trust Indenture prepared in connection with the issuance of the Bonds (the "Indenture"), by and between the Issuer and the Trustee, thereby making funds available for acquiring GNMA Certificates, Fannie Mae Certificates and Freddie Mac Certificates, all under and in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Issuer further proposes to sell the Bonds, upon the issuance thereof, to RBC Dain Rauscher Inc., Morgan Keegan & Company, Inc. and any other firms designated in the Bond Purchase Agreement hereinafter defined (collectively, the "Purchaser"), all as referenced in the Bond Purchase Agreement between the Issuer and the Purchaser (the "Purchase Agreement"); and

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

1. the Indenture;
2. the Agreement;
3. the Continuing Disclosure Agreement by and between the Issuer and the Trustee (the "Disclosure Agreement");
4. the Bond Purchase Agreement; and
5. the Preliminary Official Statement relating to the Bonds (the "Preliminary Official Statement").

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

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

Section 1. Approval of Program. That the Issuer hereby expresses its intent to implement the Program, as described more fully in the Agreement, under which the Trustee, on behalf of the Issuer, will acquire GNMA Certificates, Fannie Mae Certificates and Freddie Mac

Certificates, backed by mortgages on residences in the State of Texas owned and occupied by eligible professional educators.

Section 2. Public Purposes of Program and Bonds. That the Issuer hereby finds, determines, recites and declares that the adoption and implementation of the Program, including the down payment assistance and the interest rate or rates 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, assisting eligible professional educators in acquiring and owning adequate, safe and sanitary housing.

Section 3. Issuance, Execution and Delivery of the Bonds. That the issuance of the Bonds in one or more series in the maximum aggregate principal amount of not to exceed \$50,000,000 is hereby authorized, all under and in accordance with 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. The Bonds shall mature on the date or dates and in the amounts, shall bear interest and shall be subject to redemption prior to maturity on the date or dates and in the amounts as specified in the Indenture.

Section 4. Approval, Execution and Delivery of the Indenture. That the Indenture, in substantially the form and substance as presented to the Board of Directors at the meeting at which this Resolution was considered, with such changes or additions thereto as may be approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer (upon the advice of bond counsel to the Issuer), as evidenced by the execution of the Indenture by said Chairperson, Vice Chairperson, President or Executive Vice President, is hereby approved and that the proper officers of the Issuer are each hereby authorized and directed to execute and attest the Indenture and to deliver the Indenture to the Trustee.

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

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

Executive Vice President of the Issuer shall be and hereby is authorized to engage the services of any such investment banking firm or firms.

Section 7. Approval, Execution and Delivery of the Disclosure Agreement. That the Disclosure Agreement, in substantially the form and substance of the Disclosure Agreement presented to the Board of Directors at the meeting at which this Resolution was considered, with such changes or additions thereto as may be approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer (upon the advice of bond counsel to the Issuer), as evidenced by the execution of the Disclosure Agreement by said Chairperson, Vice Chairperson, President or Executive Vice President, is hereby approved and that the proper officers of the Issuer are each hereby authorized and directed to execute and attest the Disclosure Agreement and to deliver the Disclosure Agreement to the Trustee.

Section 8. Approval, Execution, Use and Distribution of Offering Document. That the Preliminary Official Statement, in substantially the form and substance of the Preliminary Official Statement presented to the Board of Directors at the meeting at which this Resolution was considered, and the changes to the Preliminary Official Statement which will result in the final Official Statement proposed to be delivered in connection with the sale of the Bonds (the "Official Statement"), in substantially the form and substance approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer (upon advice of bond counsel to the Issuer) as evidenced by their execution thereof, are hereby approved and the Chairperson, Vice Chairperson, President and Executive Vice President of the Issuer are each, individually, hereby authorized and directed, for and on behalf of the Issuer, to execute the Preliminary Official Statement and the Official Statement. Delivery to the Purchaser of the Preliminary Official Statement and the Official Statement is hereby authorized.

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

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

Section 11. 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 and maturity of the Bonds to be issued pursuant to this Resolution, to establish the interest rate or rates to be borne by the Bonds, provided, however, that the interest rate shall never exceed 15% per annum and to determine the rate on the Mortgage Loans, provided however, that such rate shall not exceed 10% per annum. 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 12. 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 13. 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 professional educators 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 14. 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 15. 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 16. 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 17. Authorization of Investment. That the Board of Directors of the Issuer hereby authorizes the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer to direct the Trustee to invest any funds received by the Trustee pursuant to the Indenture in Investment Securities as defined in the Indenture.

Section 18. Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

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PASSED, APPROVED AND EFFECTIVE this October 11, 2007.

TEXAS STATE AFFORDABLE HOUSING CORPORATION

\_\_\_\_\_  
Chairperson

ATTEST:

\_\_\_\_\_  
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 11th day of October, 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)

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 October 11, 2007.

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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)

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 another series of its proposed Single Family Mortgage Revenue Bonds (Professional Educators Home Loan Program) 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 11<sup>th</sup> day of October, 2007.

TEXAS STATE AFFORDABLE HOUSING CORPORATION

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# **Texas State Affordable Housing Corporation**

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## **Multifamily Programs Agenda Item**

Oct. 11, 2007

### **Agenda Item:**

Presentation, Discussion and Possible Approval of the Publication for Public Comment Guidelines, Scoring Criteria and Targeted Areas for the Allocation of Qualified Residential Rental Project Bond Funds under the 2008 Multifamily Housing Private Activity Bond Program Request for Proposals.

### **Summary:**

Pursuant to §2306.565 of the Texas Government Code, the Corporation directs the Texas Bond Review Board on the issuance of the portion of the residential rental project bond funds set aside for the Corporation under §1372.0231(a) of the Government Code. To accomplish this task the Corporation is instructed to release a Request for Proposals that complies with both state and federal requirements.

In order to accomplish this task the Corporation's Board of Directors, pursuant to §2306.565(b-e) of the Texas Government Code, adopts Targeted Areas for the allocation of bonds, reviews relevant needs assessment information, adopts criteria regarding the solicitation of proposals, and criteria for scoring and ranking applications. The attached Request for Proposals fulfills these statutory requirements.

# Texas State Affordable Housing Corporation

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## Draft 2008 Private Activity Bond Program Request for Proposals

The Texas State Affordable Housing Corporation is requesting proposals from qualified developers for the creation or preservation of multifamily residential rental projects. The Corporation is releasing this Request for Proposals to inform the public of the process and guidelines to be used in selecting qualified projects for financing with residential rental bond funds. **Applications to be considered for an Inducement Resolution at the Corporation's January 2008 Board meeting must be submitted by 5:00 pm on December 14, 2007.** All submissions thereafter must be submitted at least 21 days prior to the Corporation's Board meeting at which it will be considered for an Inducement Resolution.

### 1. Introduction.

- a. The Texas State Affordable Housing Corporation (the "Corporation") is a state sponsored nonprofit corporation that serves the housing needs of low, very low and extremely low-income Texans and other underserved populations who do not have comparable housing options through conventional financial channels. The Corporation will accept applications from residential rental developers ("Developers") to acquire and rehabilitate, or construct new affordable multifamily rental developments ("Developments"). Pursuant to §2306.565 of the Texas Government Code, the Corporation shall direct the Texas Bond Review Board on the issuance of the portion of state ceiling set aside for the Corporation under §1372.0231(a) of the Texas Government Code. The Corporation's available volume cap will be 10% of the State's available volume cap for residential rental private activity bonds. For 2008 the amount is estimated to be approximately \$44 million.
- b. This Request for Proposals (the "RFP") has been adopted by the Corporation's Board of Directors based on a review of the state's strategic housing needs, the demonstration of local community support, and solicitation from local and regional housing organizations, pursuant to §2306.565 of the Texas Government Code. This RFP defines the methodology that staff shall use to review applications and creates the criteria for scoring and ranking applications.
- c. This RFP shall be extended month-to-month until such time as the Corporation chooses to close the RFP to further submissions, based on the amount of funds awarded or induced by the Corporation's Board. A notice that the RFP has closed will be posted to the Corporation's website, and written notice will be provided to any Developer who submits an application prior to the release of the closing notice. The Corporation reserves the right to re-open the RFP in the event that additional volume cap becomes available, or otherwise.
- d. Contact Information. All questions about the RFP and Application Process can be directed in writing to:

David Danenfelzer  
Texas State Affordable Housing Corporation  
1005 Congress Ave, Suite 500  
Austin, Texas 78701  
Tel. 512-477-3555 ext.403  
Fax 512-477-3557  
Email. [ddanenfelzer@tsahc.org](mailto:ddanenfelzer@tsahc.org)

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Texas State Affordable Housing Corporation

1005 Congress Ave, Suite 500, Austin, Texas 78701

# Texas State Affordable Housing Corporation

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## Draft 2008 Private Activity Bond Program Request for Proposals

2. **Targeted Housing Needs.** Pursuant to §2306.565(b) of the Texas Government Code, the Corporation's Board has identified target areas of housing need within the State of Texas ("Targeted Housing Needs") for the allocation of qualified residential rental project bond funds. The Targeted Housing Needs are based on research conducted by the Corporation, including a review of the State's strategic housing needs, relevant housing needs assessments and information from local and regional stakeholders. To this end, the Corporation's Board has adopted four Targeted Housing Needs. The Corporation shall only accept applications in response to this RFP that fulfill at least one of the following Targeted Housing Needs.
  - a. ***At-Risk Preservation and Rehabilitation.*** At-Risk Preservation and Rehabilitation ("At-Risk") development shall be defined as existing affordable housing at-risk of losing its affordability due the end of regulatory agreements or LURAs. Rehab must involve at least \$12,000 per unit of rehab, but not more than \$4,000 per unit in site work costs may included in the calculation. At-Risk developments shall include temporary tenant relocation expenses, but may not involve the permanent relocation of existing low-income tenants.
  - b. ***Rural Housing*** A rental housing development located within an area that is: (a) outside the boundaries of a primary metropolitan statistical area (PMSA) or metropolitan statistical area (MSA); or (b) within the boundaries of PMSA or MSA, if the area has a population of 20,000 or less and does not share a boundary with an urban area; or (c) the development has received approval for funding from the Rural Housing Services of the United States Department of Agriculture (USDA).
  - c. ***Supportive Housing Development.*** A combination of affordable housing with services that helps people live more stable, productive lives. Supportive Housing should be designed for people who face serious challenges, such as homelessness, very low incomes, and serious persistent issues that may include substance abuse, mental illness, and HIV/AIDS.
  - d. ***Senior Housing*** A Proposed Development that meets the requirements of the federal Fair Housing Act and: a) is intended for, and solely occupied by, individuals 62 years of age or older; or b) is intended and operated for occupancy by at least one individual 55 years of age or older per unit, where at least 80% of the total housing units are occupied by at least one individual who is 55 years of age or older; and where the owner publishes and adheres to policies and procedures which demonstrate an intent by the owner and manager to provide housing for individuals 55 years of age or older. (See 42 U.S.C. Section 3607(b)).
3. **Application Submission.** The Corporation shall publish an application package to its website. Developers should download and complete the application pursuant to the guidelines for completion. At a minimum, applications must be completed in the following manner:
  - a. All applications must be signed and dated as required in the application package;
  - b. No faxed or emailed copies of the application will be accepted;
  - c. The application submission fee must be submitted with the complete package;
  - d. Five (5) complete copies of the executed application and attachments must be submitted in electronic format, as described in the application package, and included with the printed application materials submitted to the Corporation. ;

# Texas State Affordable Housing Corporation

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## Draft 2008 Private Activity Bond Program Request for Proposals

- e. The electronic copy of the application must be readable using Adobe PDF Reader software. Each tab or attachment must be properly bookmarked. Scanned documents must be legible and printable on standard 11" by 8.5" paper;
- f. Oversized documents should be scanned and submitted separately on paper with the application materials. Blue prints, plans and surveys may not be on paper larger than 11" by 17", unless otherwise requested by the Corporation;
- g. Applications must be typewritten on the printed application provided by the Corporation. Handwritten applications will not be accepted.

#### 4. Application Review.

- a. Applications to be considered for an Inducement Resolution at the Corporation's January 2008 Board meeting must be submitted by 5:00 pm on December 14, 2007. All submissions thereafter must be submitted at least 21 days prior to the Corporation's Board meeting at which it will be considered for an Inducement Resolution. Applications must be received by 5pm, regardless of delivery method, on the date listed on the Corporation's website as the 21 day deadline. The Corporation shall bring before the Board only those applications received in a timely manner that have completed the review process.
- b. The Corporation may delay the presentation of an application to the Board if there are errors, omissions or insufficient documentation that the Corporation deems necessary to complete its review. If an application fails to fulfill the minimum threshold criteria for the private activity bond ("PAB") program, the application will not be accepted by the Corporation for further review.
- c. All applications that have completed the review process shall be presented and recommendations for awards will be determined based on final scores and availability of funds. If the Corporation utilizes all of its volume cap prior to approving an Application, the Application shall be held for a period of 120 days from its date of submission and may be considered for a future award, if volume cap becomes available.

#### 5. Threshold Criteria. All applications submitted to the Corporation shall be required to meet the following minimum Threshold Criteria ("Threshold Criteria") in order to be considered for an award of Bonds by the Corporation. Applications not meeting the criteria listed below shall be subject to termination by the Corporation.

##### a. *Affordability Threshold.*

- i. The Corporation seeks to provide housing to a mix of eligible households, including low, very-low and extremely-low income persons. Developers who are successful at receiving an allocation of PABs shall agree to the following minimum terms and conditions through a Regulatory Agreement. At a minimum, all Developments will be required to meet the following income and rent restrictions:
  - A. A minimum of twenty percent (20%) of the units in a Qualified Residential Rental Development must have Gross Rents that are restricted to households with incomes no greater than fifty percent (50%) of the Area Median Income ("AMI"), adjusted for family size, or at least forty percent (40%) of the units in

# Texas State Affordable Housing Corporation

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## Draft 2008 Private Activity Bond Program Request for Proposals

the Development must be affordable to persons and families with incomes at or below sixty percent (60%) of the AMI, adjusted for family size.

- B. **Rent Restrictions.** Gross monthly rent charged on an income restricted unit will not exceed 30% of the applicable AMI.
- ii. The length of Affordability Requirements shall be maintained for a period of at least 15 years, or as long as the bonds are outstanding.
- b. ***Experience Threshold.*** All Developers must be able to demonstrate sufficient experience in the development, ownership and/or management of affordable housing developments in order to be considered for an allocation. Developers shall submit evidence that they have been involved in the development or ownership of the greater of 75 units or 50% of the total proposed development units.
- c. ***Construction Threshold.*** All Development must adhere to all construction, energy efficiency, accessibility and site development standards set by and approved under the 2008 Housing Tax Credit Qualified Allocation Plan (“QAP”) as approved and signed by the Governor of Texas. The Corporation’s Board reserves the right to set standards more stringent than the 2008 QAP, and Developers are encouraged to review both this RFP and the 2008 QAP for any differences.
- d. ***Compliance Threshold.*** All Developments must adhere to the Corporation’s Compliance Policies, which can be viewed on our website at: [www.tsahc.org](http://www.tsahc.org). Developers and their affiliates shall also be reviewed for compliance history with the Corporation’s and any other state or federal affordable housing program. The Corporation shall require the submission of compliance information and references in order to research a Developer’s compliance history.
- e. ***Resident Services Threshold.*** The Corporation strives to maintain one of the nation’s best resident services programs in properties that are financed by the Corporation. To obtain this goal and better serve low income tenants, Developers shall be required to maintain a sustained resident services program that provides at least five (5) approved services to tenants on a quarterly basis. Developers must ensure a dedicated budget for services, free transportation to services if off-site, and preferably on-site staff to direct services. The five (5) services must be listed in the Corporation’s Resident Services Program Guidelines, as attached in Appendix A, or as approved by the Corporation.
- f. ***Energy Efficiency Threshold.*** All Developments must adhere to the standard statewide energy code adopted by the State Energy Conservation Office (“SECO”), unless otherwise exempted by approval of the Corporation’s Board and TDHCA. Developments including either new construction or rehabilitation shall meet these standards. Developers may obtain additional information regarding these standards directly from SECO’s website: <http://www.seco.cpa.state.tx.us/>. This threshold must be certified to by the Development architect, consulting engineer, or other third party energy efficiency consultant, prior to closing and based upon a review of the construction specifications or scope of work provided by the Development’s general contractor. Additional incentives for Green Building methods and energy efficiency are included as scoring items.

# Texas State Affordable Housing Corporation

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## Draft 2008 Private Activity Bond Program Request for Proposals

- g. ***Environmental Review Threshold.*** Prior to the sale of the obligations, the Developer will be required to conduct a Phase I Environmental Site Assessment. At bond closing, the Developer will be required to provide an environmental indemnity in the form to be provided by Bond Counsel.
- h. ***Relocation Threshold.*** All Developments involving the rehabilitation, reconstruction or demolition of existing housing must adhere to the relocation requirements of the 2008 QAP. Developers are encouraged to review these requirements, especially as they may relate to a change in use for commercial or agricultural properties.
- i. ***Accessibility Threshold.*** All Developments shall be designed, built and rehabilitated in a manner that is consistent with the accessibility requirements of the 2008 QAP. This includes adherence with the Fair Housing Accessibility Standards, Section 504 Accessibility Standards, and §2306.514 of the Texas Government Code. Developers are encouraged to review these guidelines with their architect and/or construction team prior to application submission.
- j. ***Unit Amenities Threshold.*** All housing Developments must adhere to the standard unit and Development amenity requirements of the 2008 QAP.
- k. ***Community Support Threshold.*** Developers are encouraged to collect community input on their Development proposals. Any letter of support or opposition shall be provided to the Corporation as they are received. Developers shall submit with their response to the RFP two (2) of the following documents in order to demonstrate community support for the proposed development:
  - i. Letter of Support from the Mayor, City Manager, City Administrator, Superintendent of Schools or County Judge, from where the development is located;
  - ii. A resolution of support from the City Council, Local School Board or County Commissioner's Court;
  - iii. A letter of support from an affected neighborhood association;
  - iv. Evidence that a local government (city or county) entity is providing funding for the development; and/or
  - v. A letter of support from the State Representative or Senator representing the district in which the proposed development is located.
- l. ***Underwriting Threshold.*** The Corporation generally applies the same underwriting standards as required by the Texas Department of Housing and Community Affairs ("TDHCA"), pursuant to §§1.31 to 1.37 of the Texas Administrative Code, to ensure consistency with the tax credit underwriting process. The Corporation shall receive all third party reports, including, but not limited to, Property Condition Assessments, Environmental Reports, Market Analysis and Appraisals, that are required to be submitted to TDHCA. The Corporation shall determine the financial feasibility of Developments using the standards set out in §1.32(d) of the Texas Administrative Code. These standards include the following minimum requirements:

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- i. All Developments must maintain a Debt Coverage Ratio (“DCR”) that falls between a minimum of 1.15 to a maximum of 1.35. HOPE VI and USDA Rural Development transactions may underwrite to a DCR less than 1.15 based upon documentation provided by HUD or USDA;
  - ii. The Corporation generally requires an amortization period of not more than 40 years. The Corporation may consider longer amortization schedules for Supportive Housing and extremely low-income housing developments;
  - iii. The Corporation shall include a reserve of replacement expense of not less than \$300 per unit. The Corporation may require a higher reserve amount based on information provided in the Property Condition Assessment (the “PCA”);
  - iv. Compliance fees shall be included in the estimate of operating expenses and shall include, at a minimum, the Corporation’s Asset Oversight Agent Fee and Compliance Fee, as well as any fees required by TDHCA or other financial sources; and
  - v. The Corporation will include other reasonable and documented expenses, not including depreciation, interest expense, lender or syndicator’s asset management fees, or other ongoing partnership fees in its underwriting analysis. Lender or syndicator’s asset management fees or other ongoing partnership fees will not be considered in the calculation of debt coverage.
- m. **Property Tax Exemption.** Developers shall certify that they will, or will not, apply for a property tax exemption or payment in lieu of taxes (“PILOT”) agreement to reduce the property taxes due to local taxing entities. If a Developer agrees not to apply for a tax exemption or PILOT agreement, the Corporation shall require a restriction be added to the bond documents that prohibits any future application for exemption. If a Developer states that they will or may apply for a tax exemption or PILOT agreement, the Corporation shall require a notification to local tax appraisal district and the County Judge where the Development is located that such an exemption or agreement will be requested. Developers will also be required to submit confirmation of any exemptions or final agreements to the Corporation.
6. **Scoring.** Pursuant to §2306.565(e) of the Texas Government Code, the Corporation’s Board has adopted the following criteria to score and rank applications to the PAB program. The first three scoring criteria are required by state statute. The remaining criteria support the Corporation’s goals to target specific housing needs and underserved areas in the state. The maximum score is 100 points.
- a. **Cost Per Unit of Housing** Applications may receive up to 15 points for proposing housing developments with total residential costs within the following ranges:
    - i. 1515 points for;
      - A. Acquisition & Rehabilitation equal to or less than \$60,000 per unit
      - B. New Construction equal to or less than \$78,000 per unit; or
    - ii. 8 points for;

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- A. Acquisition & Rehabilitation equal to or less than \$70,000 per unit
- B. New Construction equal to or less than \$90,000 per unit.
- b. **Proposed Rents.** Applications may receive up to 15 points for proposing Developments that ensure a percentage of rents are affordable to very-low and extremely low-income households. Developments supported by project based rental contracts may only include units not supported by contract rents in the calculation of the following set-aside selections:
  - i. 1515 points – at least 5% of units will be reserved for families who earn 30% or less than the area median income; or
  - ii. 1515 points – at least 40% of units will be reserved for families who earn 50% or less than the area median income.
- c. **Income Range for Residents.** The Corporation is interested in promoting mixed income housing as a means to improve the lives of residents and build stronger communities. Applications that propose to ensure the following mixed income guidelines shall receive 15 points:
  - i. Not more than 80% of the housing units will be reserved for persons earning 60% or less than the area median income; or
  - ii. At least 10% of the housing units will be reserved for persons earning between 80% and 60% of the area median income.
- d. **Small and Mid-sized Cities.** Applications shall receive 10 points for developments located in communities with populations less than 100,000, but not located adjacent to a PMSA or MSA with a total population of more than 250,000.
- e. **At-Risk Preservation.** Applications shall receive 10 points for the acquisition and rehabilitation of developments at-risk of losing affordable housing rental contracts or land use restrictions. Developments must meet the 2008 QAP definition of At-Risk Development to qualify for these points.
- f. **Green Building Features.** Applications will receive 10 points for certifying that all housing will meet at least 4 out of 6 of the following Green Building standards. Rehabilitation Developments are not exempt from meeting these requirements:
  - i. All electrical appliances (refrigerators, stoves, ranges, washers and dryers) shall be Energy-Star complaint. This includes appliances in community rooms, laundry facilities and group facilities;
  - ii. All gas ranges, stoves or heaters will have electronic ignition systems to reduce gas costs;
  - iii. All units air conditioning systems (not evaporative coolers) shall have a minimum SEER rating of at least 16, and be sized through the proper calculations approved by the State Energy Conservation Office;
  - iv. All interior paints shall be low in Volatile Organic Compounds (VOCs) to reduce off gassing and improve air quality;



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- v. All roofing projects shall include the instillation of radiant barriers to reduce heat penetration; or
  - vi. All landscapes shall include the installation or preservation of at least 1 tree per 5 units of housing for developments of less than 100 units, or at least 1.5 trees per 10 units for developments of 100 or more units.
- g. ***Accessible Housing Features.*** Applications will receive 5 points for certifying that the Development will meet the following housing accessibility standards. Rehabilitation Developments are not exempt from meeting these requirements, if the scoring item is selected:
- i. All housing units accessible through a ground floor entrance shall have at least one no-step entry with a 36” entrance door;
  - ii. All housing and community spaces will be accessible via pathways that meet ADA and Fair Housing accessibility standards;
  - iii. All door ways (including closets, bathrooms, storage areas, etc...) shall have doors with at least a 32 inch clear opening;
  - iv. All doors shall have lever handles and windows shall have accessible release and opening mechanisms;
  - v. All ground floor units shall have at least one ground floor bathroom with an accessible bath tub or roll in shower, and at least one ground floor bedroom;
  - vi. All electrical outlets, switches and control panels shall be no higher than 48 inches and no lower than 15 inches; and
  - vii. All ground floor units shall have kitchens that are accessible pursuant to the Fair Housing Accessibility Guidelines.
- h. ***Local Public Funding*** Applications shall receive 5 points for providing evidence that a commitment of financial support, equal to at least \$100 per unit, has been committed by a unit of government to the proposed development. The only qualifying units of government shall be Counties, Cities, Municipal Utility Districts, and Councils of Government. The Corporation considers fee waivers, grants and loans as financial support.
- i. ***Letters of Local Support.*** Applications shall receive 5 points for submitting letters of support from the Mayor or County Judge, Superintendent of Schools, State Representative and State Senator, whose districts include the Development site.
- j. ***Developer Experience.*** Applications shall receive 5 points for providing evidence that the Developer currently owns, and maintains in compliance, a number of multifamily housing units at least twice the amount proposed in the Application.
- k. ***Resident Services.*** Applications shall receive 5 points for agreeing to provide at least five (5) approved services to tenants on a monthly basis. This scoring criterion is a higher standard than the Corporation threshold criteria for resident services.

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1. ***Tie Breaker:*** The Corporation shall break all scoring ties by dividing the estimated per unit cost by the number of very-low and extremely-low income units. The application with the lowest ratio shall be determined the winner of the tie break.
7. **Subsequent Filing Requirements.** Prior to final approval of the Bonds by the Corporation's Board or the Texas Bond Review Board, Developers may be required to file such additional documents or statements in support of their Development, as considered relevant and appropriate by the Corporation, which may include, but are not limited to;
  - a. Such additional information as requested by the Corporation's Financial Advisor, Bond Counsel, or General Counsel;
  - b. A draft of any official statement, prospectus, or other offering memoranda through the use of which the proposed obligations are to be offered, sold or placed with a lender, purchaser, or investor, which offering, sale or placement materials shall contain prominent disclosure substantially to the effect that;
    - i. Neither the Corporation nor the State has undertaken to review or has assumed any responsibility for the matters contained therein except solely as to matters relating to the Corporation and to a description of the obligations being offered thereby;
    - ii. All findings and determinations by the Corporation and the State, respectively, are and have been made by each for its own internal uses and purposes in performing its duties under the legislation enabling the Corporation and this RFP;
    - iii. Notwithstanding its approval of the obligations and the Development, neither the State, nor the Corporation endorses or in any manner, directly or indirectly, guarantees or promises to pay such obligations from any source of funds of either or guarantees, warrants, or endorses the creditworthiness or credit standing of the Developer or of any Guarantor of such obligations, or in any manner guarantees, warrants, or endorses the investment quality or value of such obligations; and
    - iv. Such obligations are payable solely from funds and secured solely by property furnished and to be furnished and provided by the Developer and any Guarantor and are not in any manner payable wholly or partially from any funds or properties otherwise belonging to the Corporation or the State.
8. **Public Hearings and Meetings.**
  - a. The Corporation's Board, at its own discretion, may call any Developer to a scheduled meeting to review the Developer's experience, qualifications, and/or the characteristics of a Development.
  - b. The Corporation requires Developers to attend a public hearing in each of the communities where a Development is proposed. If the Development includes multiple sites in several cities, the Corporation may require an additional hearing to be conducted at a central location to all development sites. All public hearings shall be held prior to the final approval of the Bond Resolution by the Corporation's Board.
  - c. With respect to public hearings required by the Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA"), the Corporation shall plan and publish notice, at the expense of the

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Developer, of the hearing in the *Texas Register* and the local newspapers of general circulation in the participating jurisdictions at least fifteen (15) days prior to the planned TEFRA hearing. The *Texas Register* is published only on Fridays and such notice must be provided in advance pursuant to the requirements of the *Texas Register* guidelines. The Corporation will schedule an appropriate date, time and location for TEFRA hearings based on the schedule of publication.

- d. The TEFRA Hearing may not be held (and notice of such Hearing may not be published) prior to the date the Corporation approves the Inducement Resolution; provided, however, that such hearings may be scheduled and publication of the hearing notice may be prepared prior to selection as long as (a) the Corporation's staff determines that such action is appropriate, (b) the hearing and publication of notice do not actually occur until after selection by the Corporation and (c) the Borrower provides the deposit to the Corporation set forth herein.
- e. The Corporation also provides notice of TEFRA hearing(s) to certain members of the Texas Legislature, local public libraries, homeowners' associations or other recognized neighborhood organizations or groups, and other interested parties designated by the Corporation. The Corporation will not publish notice of a public hearing until it has received from the Developer:
  - i. The names and addresses of any affected homeowners' associations; and
  - ii. The names of the state legislators, city council members, Mayor, County commissioners, County Judge, Superintendent of Schools and School Board President, in whose district or precinct (as applicable) the Development(s) are located the information required by the corporation to give notice of the TEFRA hearing is available from the Corporation. A hearing information form must be returned to the Corporation at least 7 days prior to the date notice must be provided to the *Texas Register*. Failure to timely provide this information to the corporation may result in a delay in public notice and accordingly, a delay in the closing of the development.

### 9. Awards.

- a. The Corporation's Board may select Developers and alternate Developers for an inducement of volume cap based on the results of threshold and scoring criteria review from a response to the RFP and oral presentations. The Corporation reserves the right not to approve any inducement of volume cap to any Developer(s), even one that is awarded the most points during the scoring review.
- b. The Corporation reserves the right in its sole discretion to modify, suspend or amend this program at any time, with or without further notice to any interested party. All costs incurred in the response or application process are the sole responsibility of the Developer. All decisions of the Corporation are subject to such additional conditions, restrictions and requirements as determined by the Corporation in its sole discretion. In addition, the Corporation's selection of proposed Developments for possible allocation of private activity bond cap is subject to final allocation approval by the Texas Bond Review Board.

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### 10. Bond Review Board Approval.

- a. Obligations issued by the Corporation are subject to approval by the Texas Bond Review Board (the “BRB”). BRB rules provide an optional exemption from the formal approval process for Texas State Affordable Housing Corporation Multifamily conduit transactions unless such transactions involve an ad valorem tax reduction or exemption. If no ad valorem tax exemption or reduction is requested with respect to the Development, the formal BRB approval process may not be required. However, if one or more BRB members request it, the formal BRB approval process must be followed. If so, representatives of the Developer are expected to attend the BRB planning session and the BRB meeting at which the Development will be considered for approval. Additional information may be requested by BRB members and the Developer’s cooperation in providing this information is required.
- b. If the formal BRB approval process is required, the Corporation, with the assistance of its Bond Counsel, will prepare and file the notice of intent and the BRB Application for the Development. The Corporation will file the notice of intent and the BRB Application with the BRB only if it has timely received all required information and documentation for the completion of the BRB Application from the Developer and/or its consultants.

### 11. Fees. Developers shall be responsible for fees and expenses incurred as a result of bonds issued on their behalf (the “Cost of Issuance”). Up to two percent (2%) of the Cost of Issuance may be financed through bond proceeds and will be considered part of the obligations authorized for issuance by the Corporation, where eligible under the Code. Developers shall commit to pay from other sources any Costs of Issuance not payable from tax-exempt bond proceeds. The following fees are payable at the times and in the amounts as described below. ALL FEES ARE NONREFUNDABLE, EXCEPT AS OTHERWISE PROVIDED HEREIN.

- a. **Application Fee** Developers shall submit a nonrefundable fee of \$1,500, made payable to the Corporation, upon submission of the Application.
- b. **Inducement Fee** Developers shall pay a deposit of \$7,500, and an additional \$1,000 for each property for Developments involving more than one (1) site, to cover expenses related to public hearings and the application for PAB allocation to the Texas Bond Review Board, within five (5) business days of the date the Inducement Resolution is approved by the Corporation’s Board. Additional reimbursements for expenses related to public hearings and application for private activity bond allocation may be requested by the Corporation.
- c. **Professional Fee Deposit.** Following the issuance of a reservation for volume cap from the Bond Review Board, Developers shall make a deposit with the Corporation which shall be credited against fees and expenses incurred by Bond Counsel, the Financial Advisor and Issuer’s Counsel in connection with the proposed financing. Such deposit shall be \$27,500, which represents a \$12,500 deposit for Bond Counsel fees, a \$10,000 deposit for Financial Advisor’s fees, and a \$5,000 deposit for Issuer’s Counsel fees. All fees and expenses incurred by Bond Counsel, the Financial Advisor and Issuer’s Counsel in connection with the Developer’s transaction shall be deducted from such deposit whether or not the obligations are issued. If the accrued fees and expenses of Bond Counsel, the Financial Advisor and/or Issuer's Counsel exceed the amount of such initial deposit, the Corporation may require the Developer to submit an additional deposit payment.

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- d. **Corporation Expenses.** Developers shall reimburse the Corporation for all costs and expenditures incurred by the Corporation, prior to and after the selection of the Development by the Board, to analyze the appropriateness and willingness of the Corporation to provide bond financing for the Developer's transaction, including, but not limited to, the reimbursement of costs and expenditures for (i) on-site visitation of multifamily residential developments to be financed (or the site(s) therefore), (ii) any reports deemed necessary or appropriate by the Corporation and not otherwise provided by the Developer, (iii) all costs and expenses (including travel and related expenses) of conducting public hearings and related meetings (described herein) and (iv) such other activities, inspections and investigations as are deemed necessary or appropriate by the Corporation in connection with its determination of the suitability of the Proposed Development for financing assistance to be offered by the Corporation. The Corporation will invoice the Developer for such costs and expenditures, and the Developer shall pay such invoices within ten (10) days of receipt. Failure to make prompt payment of such invoices may result in a termination of the participation of the Corporation and its consultants in the financing.
- e. **Financial Advisor Fees.** The fee to be paid to the Corporation's Financial Advisor, acting in a standard Financial Advisor role, shall be 1) for the first \$15,000,000 of bond principal, the fee shall be \$10,000 plus \$2.00/\$1,000 of the principal amount of debt issued with a minimum fee of \$20,000 (unless otherwise agreed to by the Corporation's Financial Advisor) and 2) for amounts above \$15,000,000 the fee shall be reduced to \$1.00/1000 for that amount over \$15,000,000. In addition, the Corporation's Financial Adviser shall also serve as the bidding agent for an additional fee with respect to all investment contracts to be entered into in connection with the investment of bond proceeds and revenues of the Developments. If the financing structure proposed by the Developer requires non-standard services to be performed by Financial Advisor or involves unique financing features including, but not limited to, multiple sites or complexes in a project, extreme credit quality concerns, hedge agreements, swap agreements, or trust structures the fees to be charged by the Financial Advisor shall be subject to adjustment. Any such adjustment must be agreed to in writing by the Developer before the submission of the Reservation Application to the Bond Review Board.
- f. **Bond Counsel Fees.** The fee to be paid to Bond Counsel, acting in a standard Bond Counsel role, shall be \$4/\$1,000 of the principal amount of debt issued for the first \$20,000,000 of the principal amount of debt issued, \$3/\$1,000 of the principal amount of debt issued for the next \$20,000,000 of the principal amount of debt issued, and \$2/\$1,000 of the principal amount of debt issued thereafter, with a minimum fee of \$25,000 (unless otherwise agreed to by Bond Counsel). If the financing structure proposed by the Developer requires non-standard services to be performed by Bond Counsel or involves unique financing features including, but not limited to, multiple sites or complexes in a project, extreme credit quality concerns, hedge agreements, swap agreements, or trust structures the fees to be charged by Bond Counsel shall be subject to adjustment. Any such adjustment must be agreed to in writing by the Developer before the submission of the Reservation Application to the Bond Review Board. In addition to the fees paid to Bond Counsel, the Developer will reimburse Bond Counsel for all out-of-pocket expenses incurred by Bond Counsel in connection with the Development. Such expenses include TEFRA notice publication, public hearing notices,

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Attorney General filing fees, and the preparation and filing of the BRB Applications and supplements thereto.

- g. **Issuer's Counsel Fees.** The fee to be paid to Issuer's Counsel, acting in a standard Issuer's Counsel role, shall be \$1.00/\$1,000 of the principal amount of debt issued for the first \$10,000,000, \$0.80/\$1,000 of the principal amount of debt issued for the next \$10,000,000, and \$0.70/\$1,000 of the principal amount of debt issued thereafter, with a minimum fee of \$7,500 (unless otherwise agreed to by Issuer's Counsel.) In addition to the fees paid to Issuer's Counsel, the Developer will reimburse Issuer's Counsel for all out-of-pocket expenses incurred by Issuer's Counsel in connection with the Development. If the financing structure proposed by the Developer requires non-standard services to be performed by Issuer's Counsel or involves unique financing features including, but not limited to, multiple sites or complexes in a project, extreme credit quality concerns, hedge agreements, swap agreements, or trust structures the fees to be charged by Issuer's Counsel shall be subject to adjustment. Any such adjustment must be agreed to in writing by the Developer before the submission of the Reservation Application to the Bond Review Board.
- h. **Closing Fees.** Concurrently with the closing of the financing, the Developer shall pay or cause to be paid all fees and expenses in connection with the issuance of the obligations including, Bond Counsel Fees, Financial Advisor Fees, Issuer's Counsel Fees, and the actual amount of any closing or acceptance fees of any trustee for the obligations, any fees and premiums for casualty and title insurance, any security filing costs, any fees for placing the obligations, any fees and expenses of any compliance agent appointed in connection with the review of any property, any out-of-pocket expenses incurred by professionals acting on behalf of the Corporation, and any other costs and expenses, including issuance expenses, relating to the obligations, their security, and the Development. Developers shall pay or cause to be paid a closing fee to the Texas Bond Review Board the greater of \$1,000 or 0.025% of the principal amount of the bonds certified as provided by §1372.039(a)(1), Government Code. Additionally, the Corporation shall receive a Closing Fee of \$0.50 per \$1,000 principal amount of obligations issued, with a minimum closing fee of \$5,000.
- i. **Administrative Fee** Until the final maturity of the obligations, the Developer will pay an Administrative Fee, remitted through the respective bond trustee to the Corporation on such basis as designated by the Corporation, in an amount equal to ten (10) basis points annually of the aggregate principal amount of the obligations outstanding, with a minimum annual fee of \$5,000. The first annual payment of the Administrative Fee shall be paid at closing. The Administrative Fee is exclusive of the trustee's fee, compliance agent fee, rebate analysts' fee, asset-oversight management fee (if required), audit fee, independent analyst fee, and any other costs or extraordinary costs as permitted under the respective bond documents. Payment of the Administrative Fee is to be covered by the bond credit enhancement and/or secured under the first mortgage on the property assigned to the bond trustee. The Corporation may require the payment of the Administrative Fee to be guaranteed by the Development owner and/or general partner(s).
- j. **Trustee's Fees.** The Developer shall select a bond trustee from a list of bond trustees approved by the Corporation to administer the funds and accounts pursuant to the trust indenture between the Corporation and the trustee bank. All trustee fees and expenses, including fees

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of trustee's counsel, shall be approved by the Corporation, and will be paid by the Developer.

- k. **Auditor's Fees.** The Corporation may at any time over the life of the Development appoint an auditor to review the financial transactions under the bond documents, the compliance agent, and a rebate analyst to perform an analysis of rebate requirements with respect to the issue. Such fees and costs shall be paid by the Developer.
  - l. **Continuing Costs.** Developers shall pay to the Corporation, in the manner described in the Development documents, the following amounts:
    - i. An annual asset oversight fee of \$25 per unit for the Development (as such fee may be adjusted in accordance with the Asset Oversight Agreement). The Corporation may require the owner of the Development and/or related entities or person to guaranty the payment of these fees;
    - ii. An annual compliance fee of \$20 per unit for the Development (as such fee may be adjusted in accordance with the Compliance Agreement). The Corporation may require the owner of the Development and/or related entities or person to guaranty the payment of these fees;
    - iii. Any amounts payable pursuant to any indemnity contract or agreement executed in connection with any financing by the Corporation completed as herein contemplated, and
    - iv. The amount allocable to each Developer (whose financing has been completed) of costs and expenses incurred by the Corporation in the administration of the indemnity contract or agreement, any program established in connection with the financing of a Development, and any obligations of the Corporation, including an annual accounting and/or audit of the financial records and affairs of the Corporation. The amount of costs or expenses paid or incurred by the Corporation under this clause shall be divided and allocated equally among all Developers whose financings have been completed.
  - m. **Changes in Fees.** The Corporation reserves the right at any time to change, increase or reduce the fees payable under this RFP. All fees imposed subsequent to closing by the Corporation under this RFP will be imposed in such amounts as will provide funds, as nearly as may be practical, equal to that amount necessary to pay the administrative costs of conducting the business and affairs of the Corporation, plus reasonable reserves therefore.
  - n. **Failure to Timely Pay Fees and Costs.** The Corporation will not consider submissions for future transactions proposed by Developers who are delinquent in the payment of any fees described herein.
12. **Document Preparation.** Bond Counsel shall have the primary responsibility for the preparation of the legal instruments and documents to be utilized in connection with the financing of the Development by the Corporation. No bonds or other obligations will be sold or delivered unless the legality and validity thereof have been approved by Bond Counsel. The Developer and its legal counsel shall cooperate fully with Bond Counsel, the Financial Advisor, the Issuer's Counsel and the Corporation's agents in the preparation of such materials.

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13. **Material Changes to Financing Structure.** Any and all material proposed changes to the financing structure, ownership of the Development, or scope or materials of or for the Proposed Development, from that set forth in the application must be disclosed to the Corporation immediately in writing and approved by the Corporation.
14. **Time Limits.** In the event that the Development does not close within the time frame established by the Corporation, the Corporation reserves the right to terminate its participation in the financing.
15. **Final Approval by the Corporation.** The Corporation's Board shall consider final action on the Bonds after the completion of the public hearings and upon recommendation by the Corporation's staff. If approved, the Board shall adopt a resolution, in such form as is recommended by Bond Counsel, authorizing the issuance of obligations to provide financing for the Development. Final approval will be granted only upon:
  - a. Receipt by the Board of evidence satisfactory to it that the Developer has complied in all material respects with this RFP not otherwise waived by the Board; and
  - b. An affirmative determination of the Board that:
    - i. All requirements for and prerequisites to final approval under this RFP have either been satisfied or waived and are in form and substance satisfactory to the Board; and
    - ii. The operation of the Development(s) will constitute a lawful activity, is qualified for approval by the State, complies with and promotes the purposes of the Corporation and satisfies the requirements of the Corporation.
16. **Closing of the Development.** Following the public hearing(s) and final approval by the Corporation and the BRB, if necessary, the Corporation will proceed to close the financing in accordance with the documents approved by the Corporation and when finally approved by the Texas Attorney General and Bond Counsel in accordance with the terms of the sale or placement.
  - a. **Structure of Bond Sale** Developers shall be responsible for determining the structures of the sale of bonds, but are encouraged to contact the Corporation's Financial Advisor for information regarding Bond transactions in Texas. Developers are required to execute an agreement in connection with awarding the sale of the Corporation's obligations to an underwriter or to an institutional purchaser through a private placement that obligates the Developer to the payment of the costs of issuing such obligations as more fully described herein.
  - b. **Public Sale Requirements.** Bonds to be sold publicly, whether by competitive bid or negotiated sale, shall have and be required to maintain a debt rating the equivalent of at least an "A" rating assigned to long-term obligations by a nationally recognized rating agency acceptable to the Corporation. If the Bond Rating is based upon a credit enhancement agreement provided by an institution other than the Developer or Development Owner, the form and substance of the credit enhancement must be approved by the Corporation and its Financial Advisor, and through the Bond Resolution, approved by the Corporation's Board. Remedies relating to failure to maintain appropriate credit ratings shall be provided in the financing documents relating to the Development.



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- c. Obligations with an investment grade rating of “AA” or higher may be in minimum denominations of \$5,000, if any. For the Corporation to approve transactions that are rated “BBB-” (or its equivalent) or higher but less than “AA,” the obligations must be sold in minimum initial denominations of \$100,000 and in integrated multiples of any amount for amounts in excess of \$100,000.
- d. **Limited Offering Requirements.** If the obligations do not have an investment grade rating of “BBB-“ (or its equivalent) or higher, the Corporation will consider such obligations to be non-rated for purposes of this subsection. The Corporation may require that the obligations be rated or permit, at its sole discretion, the issuance of the obligations without a rating. The Corporation requires that non-rated obligations be privately placed or offered on a limited basis with transfer and other restrictions. In order for a non-rated transaction to be considered by the Corporation, the placement must comply with the following minimum requirements: (i) the sale must be made to a “qualified institutional buyer” as defined in Rule 144A of the Securities Act of 1933 (a “QIB”) or an “institutional accredited investor” as defined in Rule 501(a)(1), (2), or (3) of Regulation D under such act (an “Institutional Accredited Investor”) and cannot be an underwriting or purchase with an intent to resell any portion of the obligations, (ii) if they are sold to QIBs or Institutional Accredited Investors, the obligations must be issued in minimum denominations of not less than \$250,000 and integral multiples of any amount in excess thereof, (iii) at such time as the bond financing is presented to the Corporation for final approval, the Developer (or placement agent, if applicable) must (a) identify the Purchaser of the obligations and (b) provide a written commitment from the Purchaser in form and content customarily used by real estate lending institutions outlining the terms and conditions of such commitment to purchase the obligations, (c) the Purchaser must represent that it is in the business of originating or acquiring and owning for its account, tax-exempt bonds or mortgage loans on multifamily rental housing properties, (d) there shall be no offering statement of the Corporation, or when a placement agent is involved in the sale of the obligations, there may be a placement memorandum prepared by the agent for the Purchaser, and (e) the Corporation may require that one physical obligation be issued with a legend stating that the initial and any subsequent purchaser(s) of such bond shall be a QIB or an Institutional Accredited Investor, as applicable. In the case of a private placement transaction, the Developer or placement agent, upon delivery of the obligations, shall provide the Corporation with an executed investment letter from the investor purchasing the obligations substantially to the effect that: (1) it is engaged in the business, among others, of investing in tax-exempt securities and is a QIB or an Institutional Accredited Investor, as applicable; (2) it has made an independent investigation into the financial position and business condition of the Developer and therefore waives any right to receive such information; and (3) it has received copies of the financing documents pursuant to which such obligations are issued. A complete form of such investment letter will be provided by the Corporation.
- e. Any variation to the requirements set forth above must be requested in writing by the Developer and must be approved by the Corporation, and be acceptable to the Bond Counsel, Financial Advisor, and Issuer’s Counsel.
- f. **Required Approvals.** No Developer, or any representative of any Developer or the Corporation, shall represent, directly or indirectly, to any lender (interim or otherwise)

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supplier, contractor, or other person, firm, or entity that the Corporation has agreed or is firmly committed to issue any obligations in relation to any Development or Response, or Reservation Detail until the Board has given final approvals for the issuance thereof under this RFP, and then subject to the governmental approvals required by this RFP and the approval of the Attorney General of the State of Texas, the approval of Bond Counsel and subject to any requirements imposed by the Corporation's Articles of Incorporation.

- g. **Offering Statement.** No Developer, or any representative of the Developer or the Corporation, shall ever make any representation, directly or indirectly, express or implied, of any fact contrary to the disclosures required to be made by this RFP.
- h. **Registration.** Neither the Developer nor any securities firm, underwriter, broker, dealer, salesman, or other person, firm, or entity shall offer, sell, distribute, or place any obligations authorized by the Corporation by any process, method, or technique or in any manner, transaction, or circumstances or to any person or persons, the effect of which would be to require such obligations to be registered or would require filings to be made with regard thereto under the laws of the state or jurisdiction where such offer, sale, distribution, or placement is made without first registering the same or making the filings regarding the same required by such laws.

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

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

**MULTI-FAMILY PRIVATE ACTIVITY BOND PROGRAM  
COMPLIANCE POLICY**

**FOR THE**

**TEXAS STATE AFFORDABLE HOUSING CORPORATION**

This PRIVATE ACTIVITY BOND COMPLIANCE POLICY was adopted on the \_\_\_\_ day of \_\_\_\_\_, 2007 by the Board of Directors of the Texas State Affordable Housing Corporation, a Texas public non-profit corporation (together with its successors and assigns the “**Corporation**”). This policy shall be binding on the employees of the Corporation.

Section 1. **Affordability Requirements.** Any applicant that utilizes private activity bonds issued by the Corporation for the development of affordable multi-family housing (the “**Applicant**”) shall agree to provide all requested documentation and complete all on-line reporting according to the terms and conditions set forth in any agreement between the Applicant and the Corporation to show compliance with affordability requirements therein or in any regulatory agreement related to the Applicant’s development.

Section 2. **Section 8 Policy:** The Applicant shall agree that with respect to any prospective resident who qualifies for and intends to supplement their monthly rent with funds and/or other assistance under the United States Housing Act of 1937, 42 U.S.C.A. Section 1437f, and the regulations promulgated pursuant thereto (“**Section 8 Residents**”), shall only be required to provide evidence to the Applicant that such Section 8 Residents monthly income is two and one-half times greater than the actual out-of-pocket amounts to be paid by the Section 8 Resident rather than two and one-half times greater than the actual monthly rent for the applicable unit, in order to qualify for such unit. For project based Section 8 properties, the Applicant shall agree to accept a HUD 50058 or 50059 as adequate income certification.

Section 3. **Asset Oversight Agent Agreement.** The Applicant shall agree to enter into an asset oversight agent agreement (the “**Asset Oversight Agreement**”) between the Corporation, or an agent of the Corporation, and such agent shall conduct a review of the Applicant’s development and provide recommendations.

Section 4. **Resident Services.** The Applicant shall provide a minimum of five resident services (chosen from the TSAHC Resident Services Program Guidelines for the applicable calendar year) offered at least once per quarter to the residents for any service provided. A resident services program plan is subject to review and approval on an annual basis (and can be amended throughout the year upon request) by the Issuer to show the upcoming years activities (the “**Program Plan**”). A line item budget must accompany the resident service Program Plan. The Applicant shall maintain a dedicated budget for such services, and to the extent feasible, the budget should include salaries for on-site staff to provide or coordinate services. If services are provided off-site, transportation costs may not be charged to the residents.

Section 5. **Management of the Properties.** The Corporation shall have the following rights and remedies, subject to reasonable limitations:

- (a) To approve any management agreement that may be assigned to the Issuer if an Event of Default has occurred and is continuing under any agreement entered into in accordance with this policy;
- (b) the Corporation shall have the authority to approve all Managers, including the initial Manager, which approval shall not be unreasonably withheld, conditioned or delayed;
- (c) the Corporation shall have the authority to remove the Managers in the event that:
  - (i) the Properties are not maintained in a manner which complies with Section 2306.186 of the Texas Government Code, as required by Section 2306.269 of the Texas Government Code; or
  - (ii) the Applicant does not follow the reasonable recommendations of an asset oversight agent of the Corporation in accordance with the Asset Oversight Agreement or as required by any agreement entered into in accordance with this policy.

Section 6. **Replacement Reserves.** The Applicant shall maintain the development and make repairs as necessary and shall otherwise comply with Section 2306.186(e), (f) and (g) of the Texas Government Code (the Corporation shall be considered the “department” under such statute) and the Asset Oversight Agreement. The Applicant shall grant the Corporation any and all rights to enter upon the Properties and such right of access thereto as necessary to comply with Section 2306.186(e), (f) and (g) of the Texas Government Code, this Compliance Policy and the Asset Oversight Agreement.

The Applicant shall further agree, subject to reasonable limitations, to grant the Corporation the right to withdraw an amount from available replacement reserves equal to the reasonable cost to maintain the physical needs of the development in order to comply with Section 2306.186(e), (f) and (g) of the Texas Government Code, the Asset Oversight Agreement and all requirements of any agreement entered into in accordance with this policy.

Section 7. **Annual Compliance Audit.** The Corporation, or a third party compliance monitoring agent selected by the Corporation (the “**Independent Consultant**”), will conduct at its own cost (other than cost of providing information) an annual audit to verify compliance with any agreement entered into in accordance with this Compliance Policy (including the Asset Oversight Agreement) and any further agreements between the Corporation and the Applicant. The Applicant shall agree to provide any documentation or information requested either by Corporation or by the Independent Consultant related to such audit that is reasonably available to the Applicant.

Section 8. **Corporation's Compliance/Asset Oversight Agent Fees.** For monitoring services to be performed by the Corporation, or its agent, for compliance and asset oversight, the Applicant shall pay all fees annually to TSAHC directly as an "Operating Expense" of any development.

Section 9. **Default; Enforcement by the Corporation.** Following the declaration of an Event of Default (after any applicable cure period) as set forth and defined in any agreement entered into in accordance with this policy, the Corporation, subject to being indemnified to its satisfaction with respect to the costs and expenses of any proceeding may, at its option, take any one or more of the following steps:

- (a) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Applicant to perform their obligations and covenants or enjoin any acts or things which may be unlawful or in violation of the rights of the Corporation;
- (b) have access to and inspect, examine and make copies of all of the books and records of the Applicant pertaining to the Properties during regular business hours following reasonable notice;
- (c) pursuant to Section 5, remove the Manager and replace the Manager with a Manager reasonably acceptable to the Corporation;
- (d) pursuant to Section 6, withdraw funds from replacement reserves to make repairs/replacements to the development(s);
- (e) pursuant to Section 10, the ex parte appointment of a receiver;
- (f) pursuant to Section 11, assess reasonable penalties for non-compliance; and
- (g) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Applicant;

The Applicant shall agree that specific enforcement of any Agreement entered into in accordance with this policy may be the only means by which the Corporation may obtain the benefits of such agreements made by the Applicant, and the Applicant therefore shall agree to the imposition of the remedy of specific performance against them in the case of any Event of Default by the Applicant.

Section 10. **Appointment of Receiver; Corporation in Possession.** As provided in Section 2306.125(b) of the Texas Government Code, if and only if all of the following have occurred; (i) a "Material Event of Default", defined below, has occurred and is continuing, and (ii) the Corporation has already pursued any remedies in accordance with Section 5 and 6 above and such Material Event of Default still remains, the Applicant shall agree that the Corporation as a matter of strict right and without notice to the Applicant, without the showing of any insolvency, fraud or mismanagement

on the part of the Applicant and without the necessity of filing any judicial or other proceeding other than for the appointment of a receiver, the Corporation shall be entitled to the ex parte appointment of a receiver to take possession of, protect, control, manage and operate any development in order to remedy the Material Event of Default with respect to such development but for only so long as the Material Event of Default is continuing and remains uncured. The Applicant shall irrevocably agree, consent to, waive any notice of or defense to the appointment of a receiver for any development subject to any agreement entered into in accordance with this policy. The Applicant shall further agree that, following an Extraordinary Additional Cure Period, the equitable appointment of a receiver hereunder is the only remedy available for the Corporation to ensure compliance with the terms of any agreement entered into in accordance with this policy and the safety and well-being of the residents of the development owned by the Applicant who has committed a Material Event of Default. Any receiver appointed shall have all usual powers and duties in such matters as ordered by a court, including, without limitation, the power to take possession of, enter upon, hold, develop, rent, lease, manage, maintain, operate and otherwise use and operate the development upon such terms and conditions as the receiver may deem to be prudent and reasonable under the circumstances in order to remedy the Material Event of Default with respect to such development.

During an Extraordinary Cure Period, the Corporation shall agree to cooperate fully with all parties (or their successors and assigns) that are named parties in the transaction and hold a significant financial interest in the development to rectify the Event(s) of Default in a diligent manner.

**“Material Event of Default”** means an Event of Default that materially adversely affects the health, welfare and/or safety of the tenants of the development that is continuing after the Extraordinary Additional Cure Period has passed.

**“Extraordinary Additional Cure Period”** means a period of an additional 90 days from the cure periods provided in any agreement entered into in accordance with this policy that begins on the date that the Applicant receives written notice from the Corporation that it intends to appoint a receiver as an enforcement remedy for a Material Event(s) of Default. If corrective action is instituted to cure such Material Event(s) of Default within this 90 day period, the Corporation shall agree this Extraordinary Additional Cure Period shall last so long as, in the reasonable discretion of the Corporation, the Applicant is diligently pursuing a remedy for such Material Event(s) of Default; provided, however in no event shall the Extraordinary Additional Cure Period last for more than 1 year from the date the Applicant receives notice as described above.

Section 11. **Assessment of Penalties by Corporation.** The Applicant shall grant to the Corporation the right to assess reasonable penalties for non-compliance against the defaulting Applicant. All penalties assessed will be for the compliance action and amounts per time period as provided in Appendix A attached hereto (the **“Penalties”**); provided that these amounts and time periods may be adjusted by the Corporation from time to time in its sole, but reasonable, discretion. All Penalties assessed shall be paid by the Applicant within 30 days of receipt of a written complaint

and assessment of penalties provided by Corporation to the Applicant. If any penalties remain unpaid for a period of 60 days after receipt by the Applicant of any written complaint and assessment of Penalties, additional Penalties may be assessed by the Corporation. Upon receipt of the written complaint and assessment of Penalties by the Applicant from the Corporation, the Applicant shall have 10 days to request an appearance before the Board of Directors of the Corporation (the “**Board**”) to contest the assessment of such Penalties by the Corporation by written notice to the Corporation within such 10 day period.

Section 12. **Assessment Lien.** The payments due under any agreement made in accordance with this policy shall be made a charge on the property of the development and, in order to secure the payment of the sums due, the Applicant shall grant a subordinate continuing lien (the “**Assessment Lien**”) upon such property against which the payments are due, and shall also be the continuing obligation of the Applicant. The Applicant shall further agree that the Assessment Lien may be foreclosed upon by non-judicial foreclosure pursuant to the provisions of Section 51.002 of the Texas Property Code (or any successor statute).

Section 13. **Compliance Agreement and Asset Oversight Agreement.** A representative form of a compliance agreement and asset oversight agreement that accords to this policy shall be available on the Corporation’s website; however, the form provided on the website is merely for illustrative purposes and the Corporation reserves the right to revise and/or modify the agreement in whole or in part and in all respects.

Section 14. **Indemnification.** Any agreement made between the Corporation and the Applicant shall include an indemnification provision that shall indemnify the Corporation from and against all liability, losses, damages, costs, expenses arising in any manner from the Corporation’s exercise of its rights under said agreement.

## APPENDIX A

### SCHEDULE OF PENALTIES

(Penalty Amounts and Time Periods Subject to Change)

<u>Compliance Action</u>	<u>Required Action to Regain Compliance</u>	<u>Potential Penalty for Continued Non-compliance and Time Periods</u>
Units leased to households that are not eligible because their income is in excess the allowable limit; occupied by non-eligible full time students; or noncompliance with senior age restrictions.	Lease labeled "Do not renew lease - as soon as possible, lease the unit to eligible household;" Lease to eligible household.	Compliance penalty up to \$500 for violation of do not renew restriction; Compliance penalty of up to \$500 for repeated violation.
Rents charged exceed allowable limits or improperly calculated utility allowance.	Borrower/manager demonstrates reduction in rent and/or recalculation of utility allowance and refund difference to tenants.	Compliance penalty up to the amount of uncorrected overcharge.
Failure to submit reports timely and or failure to execute and record program documents.	After written notice of failure to receive report owner must provide corrective action support within 30 days.	Compliance penalty of up to \$250 per additional notice sent for every 30 days of no response.
Failure to follow fair housing or federal laws providing access by the general public or failure to comply with Section 8 minimum income to rent standard.	Borrower must enter into a corrective action agreement and amend leasing requirements if appropriate.	Report for possible fair housing violation. Compliance penalty of up to \$250 per violation.
Failure to maintain adequate documentation or certification for compliance.	Borrower to recertify accordingly and provide documentation upon completion.	Compliance penalty of up to \$100 per request per day period of failure to provide documentation.
Low income units used on transient basis.	Borrower should execute at least six month lease and provide evidence.	Compliance penalty of up to \$100 per request per day for failure to provide documented lease.
Property condition violations	Appropriate repairs completed and provide evidence.	Compliance penalty based on severity of violation up to \$500 per violation.
Failure to provide agreed to resident services	Corrective action within 30 days.	Compliance penalty of up to \$500 per listed service not provided per month.
Failure to pay compliance review fees or compliance penalties timely.	After notice of fees due and payable within 30 days of notice.	Begin collection proceedings. Add State maximum interest rate and additional penalty of up to



<u>Compliance Action</u>	<u>Required Action to Regain Compliance</u>	<u>Potential Penalty for Continued Non-compliance and Time Periods</u>
Failure to meet minimum Rehabilitation Standards.	If discovered during development, potential correction of building. If discovered after building, establish an account to fund necessary modifications.	\$250 per 30 day period of nonpayment. Penalty up to \$500 per 30 day period of non-compliance.
Failure to remove Manager or replacement of Manager.	Remove Manager or replace Manager pursuant to Section 7 of the Compliance Agreement.	Penalty up to \$500 per 30 day period of non-compliance.
Failure to follow recommendations under the Asset Oversight Agreement.	Complete Actions required in recommendation of Asset Oversight Agreement or request such recommendations be modified.	Penalty up to \$500 per 30 period of non-compliance.
Determination of material non-compliance for more than the sum of all cure periods provided in the Compliance Agreement.	After notice of violation, corrective action plan developed with Issuer.	Institution of Appointment of Receivership and Possession by Issuer proceedings with all costs payable by Borrower.

# Texas State Affordable Housing Corporation

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## Marketing Agenda Item

Oct. 11, 2007

**Agenda Item:** Presentation, Discussion, and Possible Approval of a New Logo for the Corporation.

**Summary:** Changing an organization's logo requires a tremendous investment in time, money and emotion. It does provide an organization with an opportunity to signal change and send strategic messages to external audiences. With that in mind, it's crucial that a logo change happen for the right reasons. One reason to consider a logo change is an expanded business focus. An expanded business focus can produce the need for a logo that is more in line with, and appealing to an audience you are trying to reach.

At the direction of the Board, the Corporation has invested significant time and resources to expand fundraising efforts in support of our housing programs. Executing this new focus has required educating potential funders about the Corporation and its mission, primarily because of our unique quasi-governmental status. Foundations and corporations are accustomed to funding traditional non-profits. And while the Corporation is a certified 501(c)(3) non-profit, we are also a State entity and our current logo only reflects our relationship with the State.

Based on prior communications with potential funders, it was suggested that having a corporate logo which creates a unique look and places greater emphasis on our non-profit status would provide us with greater opportunities when working with charitable organizations. After much discussion internally, the staff decided to explore this idea further. We worked with the firm Haehnel Stewart, with whom we had an established working relationship, to create several logo options. As a result of that process, staff selected the logo we are presenting to you today.

We believe that not only does the new logo more accurately represent our non-profit status, it also represents the Corporation's expanded business focus and will enhance our potential for moving forward with new affordable housing initiatives. In order to further the Corporation's mission, we will need to expand our visibility and identify new and innovative resources to meet the affordable housing needs of low-income Texans. We feel this logo helps expand our visibility and unique identity in the affordable housing industry.

**Staff's Recommendation:** Staff recommends that the Board approve the new logo.

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State Affordable Housing Corporation