

**Official Board Packet**



**April Board Meeting**

To be held at  
Treaty Oak Bank  
101 Westlake Dr.  
Treaty Oak Conference Room  
Austin, TX 78746

Friday, April 17, 2009  
10:30 a.m.

**BOARD MEETING  
TEXAS STATE AFFORDABLE HOUSING CORPORATION**

To be held at  
**Treaty Oak Bank  
101 Westlake Drive  
Treaty Oak Conference Room  
Austin, Texas 78746  
April 17, 2009 at 10:30 am**

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

Thomas Leeper  
Chair

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

**PRESIDENT'S REPORT**

David Long

- Legislative Update
- Texas Foreclosure Prevention Task Force
- Texas Foundations Fund Award and Potential Applications
- 501(c)(3) Bond Portfolio Update
- Program Area Reports
- Monthly Budget and Investment Reports

**ACTION ITEMS IN OPEN MEETING:**

- Tab 1            Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on March 13, 2009.
- Tab 2            Presentation, Discussion and Possible Approval of a Resolution Providing the President and the Executive Vice President with the Authority to (i) Periodically Update and Revise the Corporation's Compliance Manual for Qualified Residential Rental Projects, (ii) Waive Provisions in Regulatory Agreements, Compliance Agreements and Related Documents of the Corporation that are inconsistent with the Housing Assistance Tax Act of 2008 and Other Similar Statutes and (iii) Concerning Other Matters Incident and Related Thereto.
- Tab 3            Presentation, Discussion and Possible Approval of Changes to the Texas State Affordable Housing Corporation's Investment Policy.
- Tab 4            Presentation in Recognition of Jesse Coffey and his Dedication and Exemplary Service to the Texas State Affordable Housing Corporation.

**PUBLIC COMMENT**

**CLOSED MEETING**

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

**OPEN MEETING**

Action in Open Meeting on Items Discussed in Closed Meeting

**ADJOURN**

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

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

# PRESIDENT'S REPORT

# Texas Foundations Fund Award and Potential Applications



## M E M O R A N D U M

To: David Long, President, Texas State Affordable Housing Corporation

From: Advisory Council, Texas State Affordable Housing Corporation

Date: March 30, 2009

Re: 2008 Texas Foundations Fund Grant Recommendations for Hurricane Relief – Fort Bend CORPS

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The Advisory Council recommends that the following organization be awarded \$50,000 to fund the housing project described in its 2008 Texas Foundations Fund for Hurricane Relief proposal as follows:

- 1. Fort Bend CORPS** – The grant will be used for the rehabilitation and/or critical repair of owner-occupied homes affected by Hurricane Ike in Fort Bend County. Critical repair and/or rehabilitation is defined as construction work necessary to alleviate hurricane damage to a home that without repair would cause or is causing a health or safety problem for the individual or family. The grant is designed to assist those individuals at or below 50% of the area median family income who were affected by the storm. Fort Bend CORPS will not only be serving those at or below this income level, but will be giving priority to those individuals who are 62 years or older or have a disability. It is anticipated that a minimum of 10 single family homes will be repaired, \$5,000 allocated per home, utilizing this grant.

Fort Bend CORPS has extensive experience in completing home repairs. Since 1999, the CORPS has completed 1264 repair projects on 822 homes.

The Advisory Council has reviewed the application for completion and threshold compliance and is recommending Fort Bend CORPS for funding consideration under the 2008 Texas Foundations Fund for Hurricane Relief.

# 501(c)(3) Bond Portfolio Update

**TSAHC CHDO SUMMARY**

**August 2008**

Issue	Original Issue Amount	Principal Outstanding	Total Debt Outstanding*	Total Debt Outstanding as a % of Original Issue	% of Total Debt Outstanding with Missed Payments or Default	% of Total Debt Outstanding with Draws on DSR	Note
American Housing	\$ 128,605,000	\$ 117,405,000	\$ 119,586,600	93%	13%	87%	Defaults on junior lien bonds
American Opportunity	\$ 64,095,000	\$ 58,810,000	\$ 61,241,383	96%	20%	80%	Defaults on junior and subordinate bonds; MBIA credit enhancement removed.
South Texas	\$ 64,505,000	\$ 59,285,000	\$ 59,177,056	92%	2%	5%	Default on subordinate bonds
White Rock	\$ 22,546,172	\$ 20,931,903	\$ 20,931,903	93%	8%	0%	Payments not made on subordinate bonds - have not been declared in default
Worthing Oaks	\$ 11,285,000	\$ 11,035,000	\$ 11,035,000	98%	0%	0%	Series A is current - the Subordinate bonds are not but it isn't in default
<b>TOTAL</b>	<b>\$ 291,036,172</b>	<b>\$ 267,466,903</b>	<b>\$ 271,971,943</b>	<b>93%</b>			

\*Inc. accrued interest

**Foreclosed CHDO Transactions**

Agape Ashton			
Woodstock	\$ 11,485,000	Properties Sold in Foreclosure	
HIC	\$ 79,595,000	Trust Estate Foreclosed	
Agape Irving	\$ 20,697,000	Trust Estate Foreclosed	
NHT GTEX	\$ 69,230,000	Trust Estate Foreclosed	

# Program Area Reports



**2008 Mortgage Credit Certificate Program  
As of November 28, 2008 through April 7, 2009**

Month	# of Loans	% of Total Loans	Total Originated
Dec-08	5	17%	\$586,153
Jan-09	7	24%	\$730,879
Feb-09	7	24%	\$645,687
Mar-09	7	24%	\$777,714
Apr-09	3	10%	\$327,670
<b>Totals</b>	<b>29</b>	<b>100%</b>	<b>\$3,068,103</b>

Lender	Originated	# of Loans	Total %
PrimeLending	\$568,714	5	17%
Cornerstone Mortgage	\$392,096	3	10%
Colonial Savings	\$299,585	3	10%
Network Funding	\$221,360	2	7%
National City	\$204,573	2	7%
CTX Mortgage	\$142,760	1	3%
Allied Home Mortgage	\$135,762	1	3%
UAMC	\$128,510	1	3%
Liberty Mortgage	\$125,148	1	3%
SWBC	\$109,400	1	3%
Texas Mortgage Professionals	\$108,436	1	3%
1st Advantage Mortgage	\$103,632	1	3%
NTFN	\$100,107	1	3%
Primary Residential	\$99,053	1	3%
Houstonian Mortgage	\$75,752	1	3%
Directors Mortgage	\$69,862	1	3%
Southwest Funding	\$69,190	1	3%
Wells Fargo	\$66,137	1	3%
Global Mortgage Group	\$48,026	1	3%
<b>Total Committed</b>	<b>\$3,068,103</b>	<b>29</b>	<b>100%</b>

**Total Allocation**            \$7,142,857  
**Remaining to Commit**       \$4,074,754

<b>At a Glance</b>	
Total Amount Originated	\$3,068,103
Average Annual Income	\$40,708
Average Purchase Price	\$109,896
Average Loan Amount	\$105,797
Average Household Size	2
<b>New/Existing</b>	
New	24%
Existing	76%
<b>Professional Breakdown</b>	
Professional Educator	24%
Texas Hero	14%
80% AMFI or below	62%
<b>Type of Loan</b>	
Conventional	3%
FHA	87%
VA	7%
USDA-RD	3%
<b>Ethnicity</b>	
American Indian/Alaskan Native	0%
Asian or Pacific Islander	0%
Black	24%
Hispanic	14%
White	24%
Other	0%
Not Defined	38%
<b>Top Originating Counties</b>	
Harris	14
Travis	3
Dallas	2
Johnson	2
Montgomery	2
Bexar	1
Denton	1
El Paso	1
Ellis	1
Kleberg	1
Tarrant	1



## Development Finance Programs Report

April 17, 2009

### **Summary of Activities**

The Corporation's Multifamily Finance Program has been very busy working with the Texas Department of Housing and Community Affairs ("TDHCA") on an agreement for the Corporation to manage a statewide land bank using funding from the U.S. Department of Housing and Urban Development's Neighborhood Stabilization Program ("NSP").

While we had originally believed that the TDHCA would have a contract ready for execution by the end of March, we were informed after their board approval on March 12, 2009, that we would be required to submit an application to the program. The TDHCA application was published March 27, and staff submitted it on April 4, 2009. At this time we have been told that our contract should be in place by the end of April.

Additionally, staff has been busy working with possible applicants, providing technical assistance on the Corporation's Affordable Communities of Texas program policies that were approved by the Board in March. Staff is negotiating with national intermediaries access to foreclosure listing and bulk purchase agreements. The Corporation is also putting in place operating procedures and document packages to ensure a quick launch for the program once the NSP contract is executed.

The Corporation's loan and bond programs are also actively being marketed to developers. In March, staff attended the Texas Association of Community Development Corporation's annual conference. The program manager was invited to speak on one of the conference panels and also conducted a day long training session on bond finance for nonprofit developers.

# Monthly Budget and Investment Reports

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

**(Prepared on a Cash Basis)**

*For the Six Months Ending February 28, 2009*

<b>Revenues</b>	<b>FY 2008</b>		<b>% of Annual</b>
	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>
Servicing Revenue, Net of Subservicer Fees	383,000	195,419	51.02%
Multifamily Revenue	138,000	40,134	29.08%
Principal & Interest on Notes Receivable	166,000	83,081	50.05%
Asset Oversight Revenue	662,000	304,004	45.92%
Investment & Rental Income	200,000	97,376	48.69%
Single Family	1,153,000	1,075,996	93.32%
Grants & Donations	75,000	5,079	6.77%
<b>TOTAL REVENUES</b>	<b>2,777,000</b>	<b>1,801,089</b>	<b>64.86%</b>
<b>Expenditures</b>			
Salaries & Payroll Related Expenditures	1,400,000	624,444	44.60%
Professional Services - Legal, Audit & IT	391,000	206,560	52.83%
Office & Equipment Lease	174,000	69,695	40.05%
Travel & Meals	70,000	31,894	45.56%
Principal & Interest on Notes Payable	100,900	50,431	49.98%
Furniture, Equipment & Software	56,000	9,299	16.61%
Marketing	46,500	8,744	18.80%
Insurance	21,700	3,384	15.59%
Professional Dues & Training	20,000	14,317	71.59%
Sponsorships & Grants	12,600	1,900	15.08%
Communication	14,000	8,200	58.57%
Bank Fees & Charges	10,000	4,862	48.62%
Office Supplies	4,000	2,139	53.48%
Publications, Subscriptions, Office Maintenance	5,500	5,510	100.18%
Freight, Delivery & Postage	6,000	1,747	29.12%
Printing	4,000	518	12.95%
<b>TOTAL EXPENDITURES</b>	<b>2,336,200</b>	<b>1,043,644</b>	<b>44.67%</b>
<b>NET INCOME</b>	<b>440,800</b>	<b>757,445</b>	<b>171.83%</b>

**Target Percentage = 50.00%**

**TEXAS STATE AFFORDABLE HOUSING CORPORATION**  
**UNAUDITED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**As of February 28, 2009**

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**Operating Revenues**

Interest and Investment Income	\$	8,126,045
Net Increase in Fair Value of Investments		8,009,479
Single Family Program Issuer and Servicing Fees		119,326
Asset Oversight and Compliance Fees		454,744
Loan Servicing Fees, Net of subservicer fees of \$58,501		141,910
Multifamily Bond Fees		25,587
Rental Income		20,960
Other Operating Revenue		47,579
<b>Total Operating Revenues</b>		<u>16,945,630</u>

**Operating Expenses**

Interest Expense on Bonds and Notes Payable		7,904,107
Down Payment Assistance Program		233,088
Salaries, Wages and Payroll Related Costs		624,444
Professional Fees and Services		151,265
Amortization		190,266
Office and Equipment Rental and Maintenance		49,241
Travel and Meals		31,833
Depreciation		9,745
Program and Loan Administration		252,294
Other Operating Expenses		69,790
<b>Total Operating Expenses</b>		<u>9,516,073</u>

**Net Income** 7,429,557

**Total Net Assets, Beginning** 2,341,184

**Total Net Assets, Ending** \$ 9,770,741

**TEXAS STATE AFFORDABLE HOUSING CORPORATION**  
**UNAUDITED STATEMENT OF NET ASSETS**  
**As of February 28, 2009**

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents	\$	3,288,555
Restricted Assets Held by Bond Trustee:		
Cash and Cash Equivalents		2,981,529
Short-term Investments, at Fair Market Value		2,879,122
Accrued Interest		547,258
Investments, at Fair Market Value		2,983,393
Accounts Receivable & Accrued Revenue, Net of uncollectible amts. of \$739,167		499,463
Accrued Interest Receivable		110,687
Loans Receivable, Current Portion		62,219
Notes Receivable, Current Portion		54,402
Prepaid Expenses		12,856

**Total Current Assets:** 13,419,484

**Noncurrent Assets:**

Loans Receivable, Net of uncollectible amounts of \$91,726	1,235,749
Notes Receivable	2,995,534
Mortgage Servicing Rights, Net of Accumulated Amortization of \$1,845,812	882,249
Fixed Assets, Net of Accumulated Depreciation of \$226,390	1,133,174
Custodial Cash and Cash Equivalents	201,750
Bond Issuance Costs, Net of Amortization of \$843,848	4,815,990
Restricted Investments Held by Bond Trustee, at Fair Market Value	<u>275,745,367</u>

**Total Noncurrent Assets:** 287,009,813

**TOTAL ASSETS:** 300,429,297

**LIABILITIES & NET ASSETS**

**Current Liabilities:**

Accounts Payable and Accrued Expenses	61,905
Notes Payable, Current Portion	16,636
Other Current Liabilities	9,344
Payable from Restricted Assets Held by Bond Trustee:	
Bonds Payable, Current Portion	11,312,980
Accrued Interest on Bonds	<u>2,276,257</u>

**Total Current Liabilities:** 13,677,122

**Noncurrent Liabilities:**

Multifamily Custodial and Reserve Funds	201,750
Notes Payable	2,850,072
Revenue Bonds Payable	273,393,133
Deferred Revenue	<u>536,479</u>

**Total Noncurrent Liabilities:** 276,981,434

**Total Liabilities:** 290,658,556

**Net Assets:**

Invested in Capital Assets	1,133,174
Unrestricted Net Assets	<u>8,637,567</u>

**Total Net Assets:** 9,770,741

**TOTAL LIABILITIES & NET ASSETS** **\$ 300,429,297**

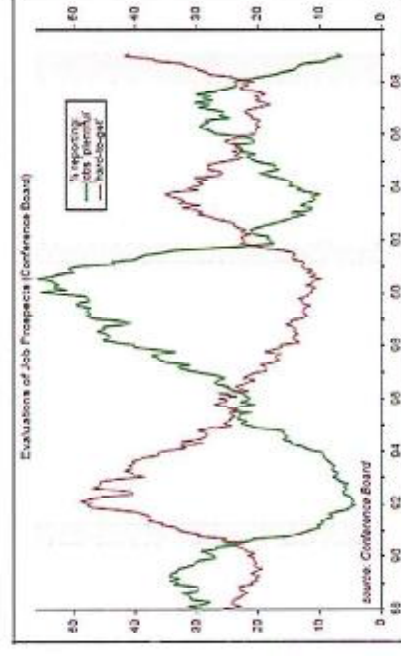
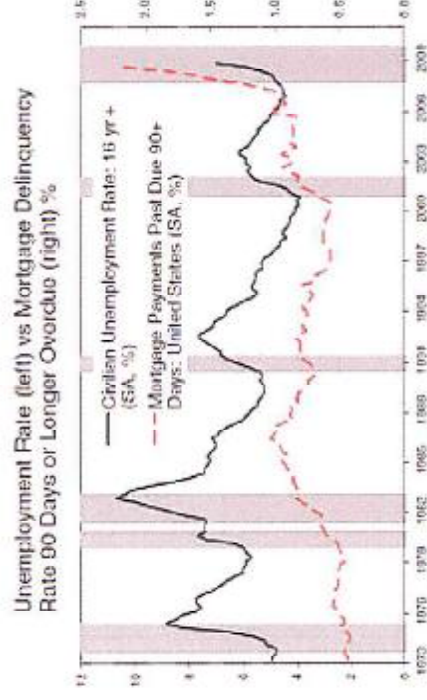


**Quarterly Investment Report**  
**December 1, 2008 – February 28, 2009**

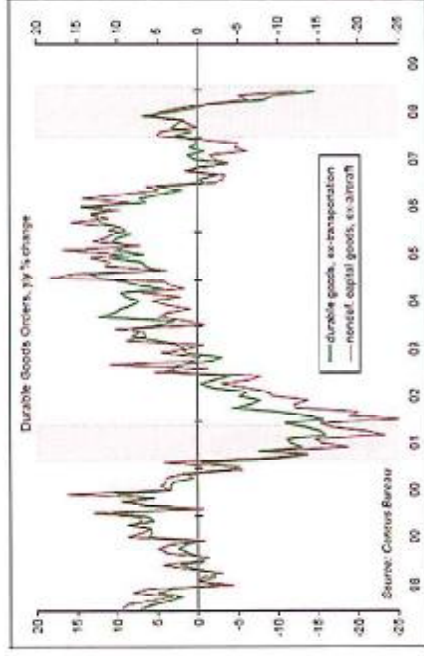


# Where is the bottom?

- The outlook for the economy is bleak. We are seeing massive job layoffs, severe declines in manufacturing, and a continuing reduction in residential housing starts and sales.
- There is no sign of a slowing, let alone a bottom. To see a bottom we have to see the rate of decay start to decay.
- In Feb. employment claims surged again to 667,000, which shows an accelerating deterioration in labor markets. Continuing claims spiked to 5.112 million leading the Fed to estimate an unemployment rate just under 9%. But economists are calling for 9% plus.
- This unemployment picture has taken confidence to all time lows.
  - Those finding jobs hard to get increased from 41.1% to 47.8%
  - Those seeing fewer jobs increased from 36.9% to 40.5%
  - Those who expect worsening economic conditions increased from 8.7% to 12.8%.



# No Support from Any Sector

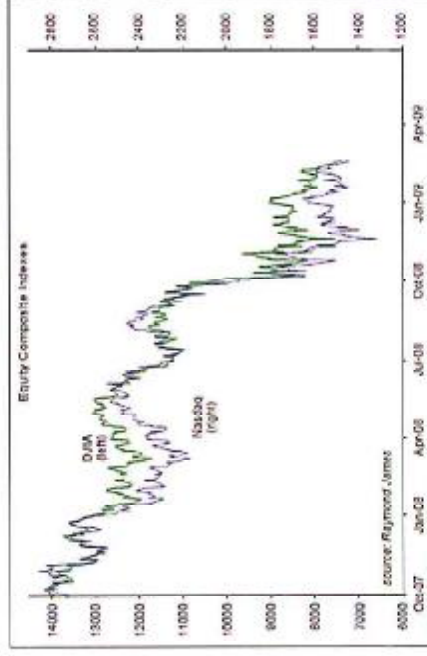


- The decline in housing is directly affected by confidence. The annualized pace of new home sales dropped 10.2% in Feb. Sales of completed homes is down 37% so the ability to reduce inventories is severely restricted.

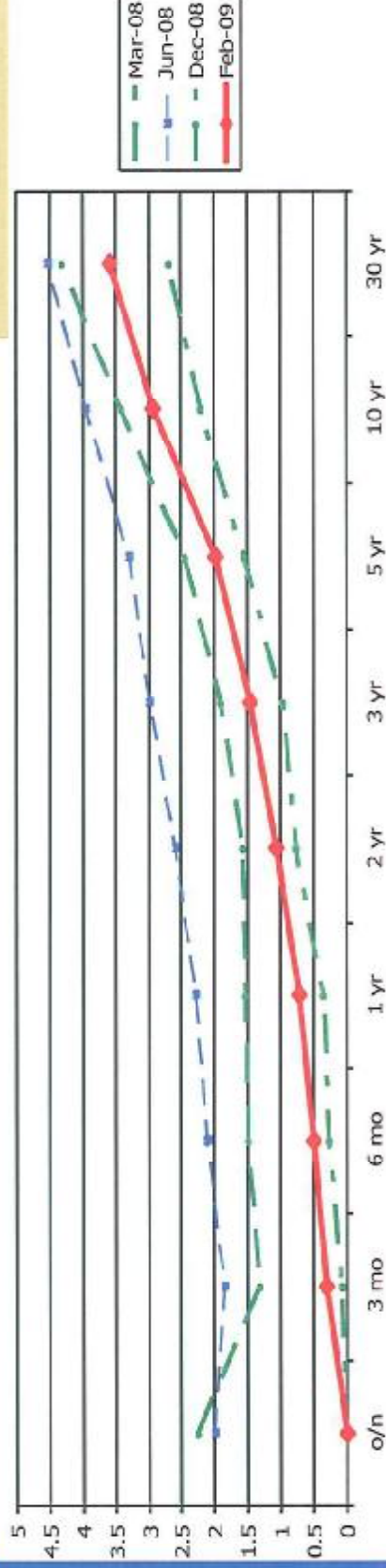
- The manufacturing sector continues to decline. Shipments plunged 3.7% in Feb. Critically, the inventory/shipments ratio shows inventories building faster than shipments.

- Until this administration stops playing only to the 'little man', stops its daily conflicting 'sound bites' and focuses on credit and TALF the markets will not respond.

- The markets need some concrete information on which to plan. Fluctuations and lack of plans will only drive the stocks lower and reducing confidence and raising fears.



# A Historical Curve – A Slow, Slow Change



- US Treasuries remain the “safe-harbor” for funds across the globe.
- Some yield curve influences seem quite probable in the near future:
  - The Fed will keep the overnight rate at 0% through 2009 in order to create cheap lending and not cut off growth. Plus the Fed wants the curve to become steeper for banks which borrow low and loan higher.
  - The Treasury is going to re-introduce the 4 year, 7 year and 20 year notes. These will be used to fund the stimulus and bank rescue programs.
  - The additional supply in new issuances will force prices down in the intermediate term of the curve, raising rates.
  - This will cause the curve to steepen as already seen in February 2009.
  - If the stock markets find something positive in Administration ‘plans’, funds will leave treasuries and result in still higher rates on the short end (out to one year).

*Texas State Affordable Housing Corporation*

Quarterly Investment Report  
 November 30, 2008 - February 28, 2009  
**Portfolio Summary Management Report**

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

<u>Portfolio as of November 30, 2008</u>		<u>Portfolio as of February 28, 2009</u>	
Beginning Book Value	\$ 6,750,316	Ending Book Value	\$ 6,384,369
Beginning Market Value	\$ 6,769,176	Ending Market Value	\$ 6,383,634
Unrealized Gain/Loss	\$ 18,860	Investment Income for the period	\$ 31,777
		Unrealized Gain/Loss	\$ (735)
		<b>Change in Unrealized Gain/Loss</b>	<b>\$ (19,595)</b>
WAM at Beginning Period Date <sup>1</sup>	92 days	WAM at Ending Period Date <sup>1</sup>	94 days
		Change in Market Value	\$ (385,542)
		Average Yield to Maturity for period	2.259%
		Average Yield 3 month Treasury bill for period	0.150%
		Average Yield 6 month Treasury bill for period	0.340%

Authorized by:



Ms. Melinda Smith, CFO  
 Texas State Affordable Housing Corporation



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

<sup>1</sup> WAM, represents weighted average maturity.

# Your Portfolio

As of February 28, 2009

tsahc

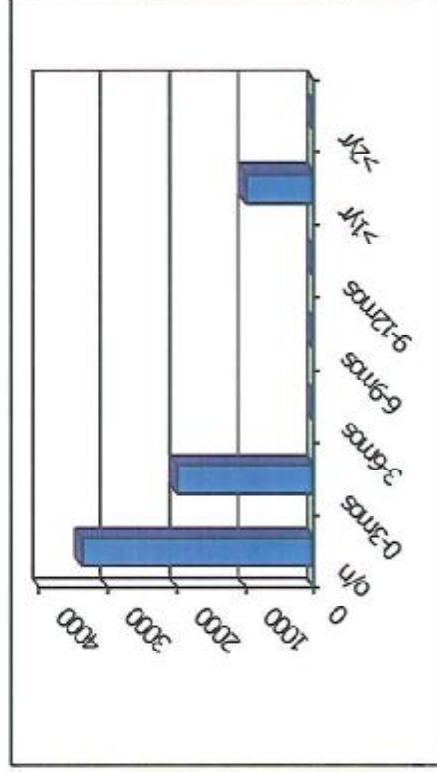
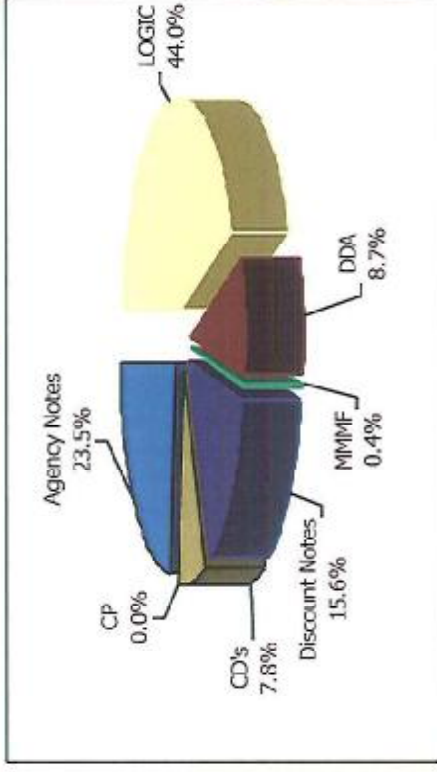
T E X A S  
State Affordable Housing Corporation

P&A constantly reviews your portfolio on the basis of its asset allocation and its weighted average maturity. A diversified portfolio can better adjust to volatile market conditions like the ones which we will continue to see through 2009.

Impact in the bond markets and on your portfolio has been primarily lower rates and higher credit quality with federal guarantees. The extremely low rates are expected to continue, although the anticipated increase in security supply is starting to bring some increase.

The Fed Funds rate will remain at 0% "for some time." The Fed is now free to pursue aggressive asset purchases and reserve expansion. This is to support the financial markets as well as stimulate the economy.

Our recommendation and actions continue to focus on short-term value in quality securities while avoiding total liquidity which will remain at the low level. Opportunities are limited but have been found in CDs this quarter. As the supply of securities continues, we expect some increase in rates in yield curve.





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

**Texas State Affordable Housing  
Portfolio Management  
Portfolio Summary  
February 28, 2009**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 365 Equiv.
Certificates of Deposit - Bank	500,000.00	500,000.00	500,000.00	7.83	180	29	3.457
Federal Agency Coupon Securities	1,500,000.00	1,496,932.00	1,500,000.00	23.49	486	369	1.075
Federal Agency Disc. - Amortizing	1,000,000.00	999,900.00	997,507.76	15.63	179	26	3.491
LOCIC	2,809,063.69	2,809,066.69	2,809,066.69	44.00	1	1	0.922
PHLB Dallas-Money Fund	24,082.16	24,082.16	24,082.16	0.38	1	1	0.102
Federated Money Market Fund	79,479.62	79,479.62	79,479.62	1.24	1	1	0.302
Bank of America-Checking Account	469,255.63	469,255.63	469,255.63	7.35	1	1	0.257
Wells Fargo Bank	4,897.50	4,897.50	4,897.50	0.00	1	1	0.000
<b>Investments</b>	<b>6,386,781.60</b>	<b>6,383,633.60</b>	<b>6,384,369.38</b>	<b>100.00%</b>	<b>157</b>	<b>94</b>	<b>1.685</b>

Total Earnings	February 28 Month Ending	Fiscal Year To Date
Current Year	8,301.02	69,013.08
<b>Average Daily Balance</b>	<b>6,355,841.13</b>	<b>6,065,763.28</b>

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

*Melinda Smith* 3/2009  
Melinda Smith, Chief Financial Officer

Reporting period 02/01/2009-02/28/2009

Run Date: 03/17/2009 - 12:11

Portfolio TSAH  
AP  
PM (PRF - PM) 7.1.1  
Report Ver. 7.1.4



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

Texas State Affordable Housing  
 Summary by Type  
 February 28, 2009  
 Grouped by Fund

Security Type	Number of Investments	Par Value	Book Value	% of Portfolio	Average YTM 365	Average Days to Maturity
<b>Fund: Bunker Hill Debt</b>						
Bank of America-Checking Account	1	22,686.79	22,685.79	0.36	0.500	1
<b>Subtotal</b>	<b>1</b>	<b>22,686.79</b>	<b>22,685.79</b>	<b>0.36</b>	<b>0.500</b>	<b>1</b>
<b>Fund: Bunker Hill Operating</b>						
Bank of America-Checking Account	1	22,676.55	22,676.55	0.36	0.500	1
<b>Subtotal</b>	<b>1</b>	<b>22,676.55</b>	<b>22,676.55</b>	<b>0.36</b>	<b>0.500</b>	<b>1</b>
<b>Fund: Bunker Hill Senior</b>						
Bank of America-Checking Account	1	53,053.93	53,053.93	0.83	0.200	1
<b>Subtotal</b>	<b>1</b>	<b>53,053.93</b>	<b>53,053.93</b>	<b>0.83</b>	<b>0.200</b>	<b>1</b>
<b>Fund: Disbursement</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>
<b>Fund: General Investments</b>						
Federated Money Market Fund	1	79,479.62	79,479.62	1.24	0.302	1
Certificates of Deposit - Bank	1	500,000.00	500,000.00	7.83	3.457	29
Federal Agency Disc. - Amortizing	1	1,000,000.00	997,687.78	15.63	3.491	26
FHLB Dallas-Money Fund	1	24,082.16	24,082.16	0.36	0.102	1
Federal Agency Coupon Securities	2	1,500,000.00	1,500,000.00	23.49	1.875	369
LOGIC	1	2,809,066.69	2,809,066.69	44.00	0.922	1
<b>Subtotal</b>	<b>7</b>	<b>5,912,628.47</b>	<b>5,910,218.25</b>	<b>92.57</b>	<b>1.800</b>	<b>101</b>
<b>Fund: Operating Fund</b>						
Bank of America-Checking Account	1	8,595.00	8,595.00	0.13	0.000	1
<b>Subtotal</b>	<b>1</b>	<b>8,595.00</b>	<b>8,595.00</b>	<b>0.13</b>	<b>0.000</b>	<b>1</b>
<b>Fund: Payment Clearing</b>						

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Texas State Affordable Housing  
 Summary by Type  
 February 28, 2009  
 Grouped by Fund

Security Type	Number of Investments	Par Value	Book Value	% of Portfolio	Average YTM 365	Average Days to Maturity
<b>Fund: Payment Clearing</b>						
Bank of America-Checking Account	1	0.00	0.00	0.00	0.000	0
Subtotal	1	0.00	0.00	0.00	0.000	0
<b>Fund: Sagebrush Apartments</b>						
Bank of America-Checking Account	1	41,435.57	41,435.57	0.65	0.100	1
Subtotal	1	41,435.57	41,435.57	0.65	0.100	1
<b>Fund: Sagebrush Apartments - Debt</b>						
Bank of America-Checking Account	1	38,865.43	38,865.43	0.61	0.500	1
Subtotal	1	38,865.43	38,865.43	0.61	0.500	1
<b>Fund: Sagebrush Apartments - Oper.</b>						
Bank of America-Checking Account	1	23,031.33	23,031.33	0.36	0.500	1
Subtotal	1	23,031.33	23,031.33	0.35	0.500	1
<b>Fund: T &amp; I</b>						
Bank of America-Checking Account	1	0.00	0.00	0.00	0.000	0
Subtotal	1	0.00	0.00	0.00	0.000	0
<b>Fund: Texas Foreclosure Prevention</b>						
Bank of America-Checking Account	1	255,853.76	255,853.76	4.01	0.203	1
Subtotal	1	255,853.76	255,853.76	4.01	0.203	1
<b>Fund: Texas Foundations</b>						
Bank of America-Checking Account	1	0.00	0.00	0.00	0.000	0
Subtotal	1	0.00	0.00	0.00	0.000	0
<b>Fund: TX Home Education</b>						
Bank of America-Checking Account	1	3,057.27	3,057.27	0.05	0.000	1
Subtotal	1	3,057.27	3,057.27	0.05	0.000	1
<b>Fund: Wells Fargo - CDC</b>						
Wells Fargo Bank	1	4,897.50	4,897.50	0.08	0.000	1
Subtotal	1	4,897.50	4,897.50	0.08	0.000	1

Total and Average

21

6,386,781.60

6,384,369.38

100.00

1.685

94



**Texas State Affordable Housing  
 Fund BHDEBT - Bunker Hill Debt  
 Investments by Fund  
 February 28, 2009**

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 Austin, TX, 78701

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM %60	YTM %65	Maturity Date	Days To Maturity
999999991	0015	Bank of America	09/01/2008	22,686.79	22,686.79	22,686.79	0.500	0.493	0.500		1
		<b>Subtotal and Average</b>		<b>22,686.79</b>	<b>22,686.79</b>	<b>22,686.79</b>		<b>0.463</b>	<b>0.500</b>		<b>1</b>
		<b>Total Investments and Average</b>		<b>22,686.79</b>	<b>22,686.79</b>	<b>22,686.79</b>		<b>0.463</b>	<b>0.500</b>		<b>1</b>

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**Fund BHOPER - Bunker Hill Operating  
Investments by Fund  
February 28, 2009**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 390	Maturity Date	Days To Maturity
Bank of America-Checking Account											
999999991	0010	Bank of America	09/01/2000	22,676.55	22,676.55	22,676.55	0.500	0.403	0.600		1
		Subtotal and Average		22,676.55	22,676.55	22,676.55		0.493	0.500		1
		Total Investments and Average		22,676.55	22,676.55	22,676.55		0.493	0.500		1

Fund BHSENIOR - Bunker Hill Senior  
 Investments by Fund  
 February 28, 2009

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
999999991	0000	Bank of America	09/01/2006	53,053.93	53,053.93	53,053.93	0.200	0.197	0.200		1
		<b>Subtotal and Average</b>		53,053.93	53,053.93	53,053.93		0.197	0.200		1
		<b>Total Investments and Average</b>		53,053.93	53,053.93	53,053.93		0.197	0.200		1

**Fund DISBURSE - Disbursement**  
**Investments by Fund**  
**February 28, 2009**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
999999991	0607	Bank of America	09/01/2006	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

**Fund GENERAL - General Investments**  
**Investments by Fund**  
**February 28, 2009**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM	YTM	Maturity Date	Days To Maturity
								360	385		
<b>Certificates of Deposit - Bank</b>											
100072321654	40	Certificates of Deposit	10/01/2008	500,000.00	500,000.00	500,000.00	3.410	3.410	3.457	03/30/2009	29
		<b>Subtotal and Average</b>		<b>500,000.00</b>	<b>500,000.00</b>	<b>500,000.00</b>	<b>3.410</b>	<b>3.410</b>	<b>3.457</b>		<b>29</b>
<b>Federal Agency Coupon Securities</b>											
3133XOX23	36	FHLB Note	05/06/2000	500,000.00	500,000.00	501,719.00	2.825	2.990	2.625	06/06/2009	65
3128XGQ3	42	FHLMC Note	02/04/2009	1,050,000.00	1,000,000.00	995,233.00	1.500	1.478	1.600	08/04/2010	521
		<b>Subtotal and Average</b>		<b>1,550,000.00</b>	<b>1,500,000.00</b>	<b>1,496,952.00</b>	<b>1.849</b>	<b>1.875</b>	<b>1.875</b>		<b>360</b>
<b>Federal Agency Disc. -Amortizing</b>											
31305DP6	39	FHLD DN	09/28/2008	997,687.78	1,000,000.00	999,800.00		3.443	3.481	03/27/2009	26
		<b>Subtotal and Average</b>		<b>997,687.78</b>	<b>1,000,000.00</b>	<b>999,800.00</b>		<b>3.444</b>	<b>3.491</b>		<b>26</b>
<b>LOGIC</b>											
90999006	9005	Logic	09/01/2006	2,809,066.69	2,809,066.69	2,609,056.69	0.922	0.938	0.921		1
		<b>Subtotal and Average</b>		<b>2,809,066.69</b>	<b>2,809,066.69</b>	<b>2,609,056.69</b>		<b>0.909</b>	<b>0.922</b>		<b>1</b>
<b>FHLB Dallas-Money Fund</b>											
90999996	9002	FHLB Money Market Fund	09/01/2006	24,082.16	24,082.16	24,082.16	0.102	0.100	0.101		1
		<b>Subtotal and Average</b>		<b>24,082.16</b>	<b>24,082.16</b>	<b>24,082.16</b>		<b>0.100</b>	<b>0.102</b>		<b>1</b>
<b>Federated Money Market Fund</b>											
60934N907	8	Bank of America Money Market	09/01/2006	79,479.62	79,479.62	79,479.62	0.302	0.297	0.302		1
		<b>Subtotal and Average</b>		<b>79,479.62</b>	<b>79,479.62</b>	<b>79,479.62</b>		<b>0.298</b>	<b>0.302</b>		<b>1</b>
		<b>Total Investments and Average</b>		<b>5,910,216.25</b>	<b>5,812,628.47</b>	<b>5,509,480.47</b>		<b>1.776</b>	<b>1.800</b>		<b>100</b>

**Fund OPERATING - Operating Fund**  
**Investments by Fund**  
**February 28, 2009**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 385	Maturity Date	Days To Maturity
Bank of America-Checking Account											
999999991	0001	Bank of America	08/01/2006	8,595.00	8,595.00	8,595.00					1
		Subtotal and Average		8,595.00	8,595.00	8,595.00		0.000	0.000		1
		Total Investments and Average		8,595.00	8,595.00	8,595.00		0.000	0.000		1

**Fund PCLEAR - Payment Clearing  
Investments by Fund  
February 28, 2009**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
999999991	0005	Bank of America	09/01/2006	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

**Fund SBAPT - Sagebrush Apartments**  
**Investments by Fund**  
**February 28, 2009**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
000099991	0011	Bank of America	09/01/2006	41,435.57	41,435.57	41,435.57	0.100	0.098	0.100		1
		<b>Subtotal and Average</b>		41,435.57	41,435.57	41,435.57		0.099	0.100		1
		<b>Total Investments and Average</b>		41,435.57	41,435.57	41,435.57		0.099	0.100		1

**Fund SBDEBT - Sagebrush Apartments - Debt  
Investments by Fund  
February 28, 2009**

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 99999991	0013	Bank of America	09/01/2006	38,865.43	38,865.43	38,865.43	0.500	0.493	0.500		1
			Subtotal and Average	38,865.43	38,865.43	38,865.43		0.493	0.500		1
			Total Investments and Average	38,865.43	38,865.43	38,865.43		0.493	0.500		1

**Fund SBOPER - Sagebrush Apartments - Oper.**  
**Investments by Fund**  
**February 28, 2009**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Bank of America-Checking Account											
999999991	0012	Bank of America	09/01/2006	23,031.33	23,031.33	23,031.33	0.500	0.493	0.500		1
		Subtotal and Average		23,031.33	23,031.33	23,031.33		0.463	0.500		1
		Total Investments and Average		23,031.33	23,031.33	23,031.33		0.463	0.500		1

**Fund TI - T & I**  
**Investments by Fund**  
**February 28, 2009**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 363	Maturity Date	Days To Maturity
Bank of America-Checking Account											
999999991	0008	Bank of America	08/01/2006	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

**Fund TXFORE - Texas Foreclosure Prevention  
Investments by Fund  
February 28, 2009**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 395	Maturity Date	Days To Maturity
Bank of America-Checking Account											
999999991	35	Bank of America	04/01/2008	255,853.76	255,853.76	255,853.76	0.203	0.200	0.203		1
		Subtotal and Average		255,853.76	255,853.76	255,853.76		0.200	0.203		1
		Total Investments and Average		255,853.76	255,853.76	255,853.76		0.200	0.203		1

**Fund TXFOUN - Texas Foundations  
Investments by Fund  
February 28, 2009**

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											
999999981	37	Bank of America	06/18/2008	0.00	0.00	0.00					1
			Subtotal and Average	0.00	0.00	0.00		0.000	0.000		0
			Total Investments and Average	0.00	0.00	0.00		0.000	0.000		0

**Fund TXHOME - TX Home Education**  
**Investments by Fund**  
**February 28, 2009**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 385	Maturity Date	Days To Maturity
999999991	0002	Bank of America	09/01/2006	3,057.27	3,057.27	3,057.27					1
		Subtotal and Average		3,057.27	3,057.27	3,057.27		0.000	0.000		1
		Total Investments and Average		3,057.27	3,057.27	3,057.27		0.000	0.000		1

Fund WELLS - Wells Fargo - CDC  
 Investments by Fund  
 February 28, 2009

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Wells Fargo Bank 999309994	0014	Wells Fargo Bank	09/01/2006	4,897.50	4,897.50	4,897.50					1
		Subtotal and Average		4,897.50	4,897.50	4,897.50		0.000	0.000		1
		Total Investments and Average		4,897.50	4,897.50	4,897.50		0.000	0.000		1



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**Texas State Affordable Housing  
 Cash Reconciliation Report  
 For the Period December 1, 2008 - February 28, 2009  
 Grouped by Fund**

Trans. Date	Investment #	Fund	Trans. Type	Security ID	Par Value	Security Description	Maturity Date	Purchases	Interest	Redemptions	Cash
<b>General Investments</b>											
12/01/2008	40	GENERAL	Interest	10007232165	500,000.00	CD 0.5M 3.41% Mat. 03/30/2009	03/30/2009	0.00	1,420.83	0.00	1,420.83
01/01/2009	40	GENERAL	Interest	10007232165	500,000.00	CD 0.5M 3.41% Mat. 03/30/2009	03/30/2009	0.00	1,463.19	0.00	1,463.19
01/02/2009	41	GENERAL	Call	3133XSE53	1,000,000.00	0.0M 3.80%	10/02/2009	0.00	0.00	1,000,000.00	1,000,000.00
01/30/2009	38	GENERAL	Maturity	313386BF2	1,000,000.00	FHFN 1.0M 0.00% Mat. 01/30/2009	01/30/2009	0.00	0.00	1,000,000.00	1,000,000.00
02/01/2009	40	GENERAL	Interest	10007232165	500,000.00	CD 0.5M 3.41% Mat. 03/30/2009	03/30/2009	0.00	1,463.19	0.00	1,463.19
02/04/2009	42	GENERAL	Purchase	3128X8G09	1,000,000.00	FHLMC 1.0M 1.50% Mat. 08/04/2010	08/04/2010	-1,000,000.00	0.00	0.00	-1,000,000.00
					<b>Subtotal</b>			<b>-1,000,000.00</b>	<b>4,357.21</b>	<b>2,000,000.00</b>	<b>1,004,357.21</b>
					<b>Total</b>			<b>-1,000,000.00</b>	<b>4,357.21</b>	<b>2,000,000.00</b>	<b>1,004,357.21</b>



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**Texas State Affordable Housing  
 Purchases Report  
 Sorted by Fund - Fund  
 December 1, 2008 - February 28, 2009**

CUSIP	Investment #	Fund	Sec. Type	Issuer	Original Par Value	Purchase Date	Payment Periods	Principal Purchased	Accrued Interest at Purchase	Rate at Purchase	Maturity Date	YTM	Ending Book Value
General Investments													
3128XGGQ9	42	GENERAL	FAC	FHLMC	1,000,000.00	02/04/2009	08/04 - 02/04	1,000,000.00		1.500	08/04/2010	1.500	1,000,000.00
				Subtotal	1,000,000.00			1,000,000.00	0.00				1,000,000.00
				Total Purchases	1,000,000.00			1,000,000.00	0.00				1,000,000.00



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**Texas State Affordable Housing  
 Maturity Report**

Sorted by Maturity Date

Amounts due during December 1, 2008 - February 28, 2009

CUSIP	Investment #	Fund	Sec. Type	Issuer	Par Value	Maturity Date	Purchase Date at Maturity	Rate	Book Value at Maturity	Interest	Maturity Proceeds	Net Income
3133653F2	33	GENERAL	AFD	FIDN	1,000,000.00	01/30/2009	03/29/2008		1,000,000.00	0.00	1,000,000.00	0.00
<b>Total Maturities</b>					<b>1,000,000.00</b>				<b>1,000,000.00</b>	<b>0.00</b>	<b>1,000,000.00</b>	<b>0.00</b>

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**Texas State Affordable Housing  
Interest Earnings**  
Sorted by Fund - Fund  
December 1, 2008 - February 28, 2009  
Yield on Average Book Value

CUSIP	Investment #	Fund	Issuer	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current/Annualized Rate	Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
<b>Fund: Bunker Hill Debt</b>												
999999901	0015	BHDEBT	BOA	22,686.79	22,658.86	22,668.66		0.500	0.500	27.93	0.00	27.93
		Subtotal		22,686.79	22,658.86	22,668.66			0.500	27.93	0.00	27.93
<b>Fund: Bunker Hill Operating</b>												
999999901	0010	BHOPEP	BOA	22,676.55	22,648.65	22,658.44		0.500	0.499	27.90	0.00	27.90
		Subtotal		22,676.55	22,648.65	22,658.44			0.499	27.90	0.00	27.90
<b>Fund: Bunker Hill Senior</b>												
999999901	0009	BHSENIOR	BOA	53,053.93	50,800.72	51,413.71		0.200	0.420	53.22	0.00	53.22
		Subtotal		53,053.93	50,800.72	51,413.71			0.420	53.22	0.00	53.22
<b>Fund: General Investments</b>												
3128XG09	42	GENERAL	FHLMC	1,000,000.00	0.00	277,777.78	08/04/2010	1.500	1.643	1,125.00	0.00	1,125.00
3133XOX23	36	GENERAL	FHLB	500,000.00	500,000.00	500,000.00	05/05/2009	2.625	2.661	3,281.25	0.00	3,281.25
3133XSE53	41	GENERAL	FHLB	1,000,000.00	1,000,000.00	355,555.56	10/02/2009	3.800	3.732	3,272.22	0.00	3,272.22
313385DF8	39	GENERAL	FHDN	1,000,000.00	985,237.78	993,459.17	03/27/2009	3.409	3.409	0.00	8,350.00	8,350.00
313385BF2	38	GENERAL	FHDN	1,000,000.00	994,483.33	664,858.43	01/30/2009	0.922	3.365	0.00	5.516.67	5,516.67
999999906	8005	GENERAL	LOGIC	2,805,066.69	218,038.50	1,815,627.38		0.922	1.123	5,028.19	0.00	5,028.19
60034N807	8	GENERAL	BOAMM	75,479.62	79,316.64	79,384.68		0.302	0.833	162.98	0.00	162.98
999999905	9002	GENERAL	FHLBMM	24,982.16	44,043.60	37,759.69		0.102	0.047	4.34	0.00	4.34
100072321664	40	GENERAL	CD	500,000.00	500,000.00	500,000.00	03/30/2009	3.410	3.457	4,262.50	0.00	4,262.50
		Subtotal		7,912,628.47	4,325,120.11	5,224,422.68			2.407	17,136.48	13,866.67	31,003.15
<b>Fund: Operating Fund</b>												
999999901	0001	OPERATIN	BOA	8,595.00	1,931,786.36	1,923,179.61			0.078	371.61	0.00	371.61
		Subtotal		8,595.00	1,931,786.36	1,923,179.61			0.078	371.61	0.00	371.61

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Texas State Affordable Housing  
Interest Earnings  
December 1, 2008 - February 28, 2009

CUSIP	Investment #	Fund	Issuer	Ending Per Value	Beginning Book Value	Average Book Value	Maturity Date	Current/Annualized Rate Yield	Interest Earned	Adjusted Interest Earnings		
										Amortization/ Accretion	Adjusted Interest Earnings	
<b>Fund: Sagebrush Apartments</b>												
999999991	0011	SBAPT	BOA	41,435.57	38,404.51	39,221.30		0.100	31.06	0.00	31.06	
			Subtotal	41,435.57	38,404.51	39,221.30		0.321	31.06	0.00	31.06	
<b>Fund: Sagebrush Apartments - Debt</b>												
999999991	0013	SBDEBT	BOA	38,865.43	38,817.60	38,834.39		0.500	47.83	0.00	47.83	
			Subtotal	38,865.43	38,817.60	38,834.39		0.459	47.83	0.00	47.83	
<b>Fund: Sagebrush Apartments - Oper.</b>												
999999991	0012	SBOPER	BOA	23,031.33	23,002.99	23,012.94		0.500	28.34	0.00	28.34	
			Subtotal	23,031.33	23,002.99	23,012.94		0.459	28.34	0.00	28.34	
<b>Fund: Texas Foreclosure Prevention</b>												
999999991	35	TXFORE	BOA	255,853.76	289,089.65	281,647.33		0.203	186.45	0.00	186.45	
			Subtotal	255,853.76	289,089.65	281,647.33		0.268	186.45	0.00	186.45	
			<b>Total</b>	<b>8,378,826.93</b>	<b>6,742,309.45</b>	<b>7,632,059.06</b>		<b>1.669</b>	<b>17,910.92</b>	<b>13,866.67</b>	<b>31,777.49</b>	



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

**Texas State Affordable Housing  
 Amortization Schedule  
 December 1, 2008 - February 28, 2009  
 Sorted By Fund - Fund**

Investment #	Fund	Maturity Date	Beginning Par Value	Purchase Principal	Original Premium or Discount	Ending Book Value	Amounts Amortized And Unamortized As of 12/31/2008	Amount Amortized This Period	Amt Amortized Through 02/28/2009	Amount Unamortized Through 02/28/2009
<b>General Investments</b>										
38	GENERAL	01/30/2009	1,000,000.00	988,690.83	-11,309.17	0.00	5,792.50	5,516.67	11,309.17	0.00
FHLB CN							-5,516.67			
39	GENERAL	03/27/2009	1,000,000.00	983,392.78	-16,607.22	997,587.78	5,845.00	8,350.00	14,195.00	-2,412.22
FILLO CN							-10,762.22			
			Subtotal	1,972,083.61	-27,916.39	997,587.78	11,637.50	13,866.67	25,504.17	-2,412.22
			Total	1,972,083.61	-27,916.39	997,587.78	11,637.50	13,866.67	25,504.17	-2,412.22
							-15,278.89			

Portfolio TSAH  
 AP  
 AS (PRF\_ASW) 7.1.1  
 Report Ver. 7.1.4



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 Suite 570  
 Austin, TX, 78701

**Texas State Affordable Housing  
 Projected Cashflow Report  
 Sorted by Fund  
 For the Period March 1, 2009 - September 30, 2009**

Projected Trans. Date	Investment #	Fund	Secura ID	Transaction Type	Issuer	Par Value	Original Cost	Principal	Interest	Total
<b>General Investments</b>										
03/01/2009	40	GENERAL	100072321854	Interest	Certificate of Deposit	500,000.00	500,000.00	0.00	1,326.11	1,326.11
03/27/2009	39	GENERAL	31338501P8	Maturity	FHLB DN	1,000,000.00	983,392.78	1,000,000.00	0.00	1,000,000.00
03/30/2009	40	GENERAL	100072321854	Maturity	Certificate of Deposit	500,000.00	500,000.00	500,000.00	1,373.47	501,373.47
05/05/2009	36	GENERAL	313330X23	Maturity	FHLB Note	500,000.00	500,000.00	500,000.00	6,662.50	506,662.50
08/04/2009	42	GENERAL	3128X6C39	Interest	FHLMC Note	1,000,000.00	1,000,000.00	0.00	7,500.00	7,500.00
<b>Total for General Investments</b>						<b>3,500,000.00</b>	<b>3,483,392.78</b>	<b>2,000,000.00</b>	<b>16,762.08</b>	<b>2,016,762.08</b>
<b>GRAND TOTALS:</b>						<b>3,500,000.00</b>	<b>3,483,392.78</b>	<b>2,000,000.00</b>	<b>16,762.08</b>	<b>2,016,762.08</b>

Portfolio TSAH  
 AP  
 PC (PRF\_PC) 7.1.1  
 Report Ver. 7.1.4

**BOARD MEETING  
TEXAS STATE AFFORDABLE HOUSING CORPORATION**

**Held at  
Treaty Oak Bank  
101 Westlake Drive  
Treaty Oak Conference Room  
Austin, Texas 78746  
March 13, 2009 at 10:30 am**

**Summary of Minutes**

**Call to Order, Roll Call  
Certification of Quorum**

**The Board Meeting of the Texas State Affordable Housing Corporation (the “Corporation”) was called to order by Thomas Leeper, Chair, at 10:35 a.m., on March 13, 2009 at Treaty Oak Bank, 101 Westlake Drive, Treaty Oak Conference Room, Austin, TX 78701. Roll Call certified that a quorum was present.**

**Members Present**

Thomas A. Leeper, Chair  
Robert Elliott Jones, Member  
R. Carter Sanders, Member  
Jo Van Hovel, Member

**Members Absent**

Jesse A. Coffey, Vice Chair

**Staff Present**

David Long, President  
Katherine Closmann, Executive Vice President  
Melinda Smith, Chief Financial Officer  
Nick Lawrence, Controller  
Paige McGilloway, Single Family Programs Manager  
David Danenfelzer, Development Finance Programs Manager  
Joshua Schirr, Asset Oversight and Compliance Manager  
Sarah Schildmier Bloom, Asset Oversight and Compliance Specialist  
Mindy Green, Asset Oversight and Compliance Specialist  
Luceli Lopez, Asset Oversight and Compliance Specialist  
Janie Taylor, Manager of Marketing and Development  
Katie Howard, Development Coordinator  
Laura Ross, Corporate Secretary

**Special Guests**

Rob Dubbelde, Greenberg Traurig  
Chris Spelbring, Morgan Keegan

**Public Comment**

There was no public comment.

## **President's Report**

Mr. Long began by providing an update to the Board on legislative meetings and bills. Mr. Long referred to the Sunset legislation and recalled that the bill on the House side had been referred to the Urban Affairs Committee and the bill on the Senate side had been referred to the Government Organization Committee. Mr. Long informed the Board that staff would be speaking before each committee about the bills. Mr. Long asked that the Board contact staff should they have any questions.

Mr. Long referred to the Texas Foreclosure Prevention Task Force, noting that the Memorandum of Understanding (MOU) between the Corporation and the Texas Department of Housing and Community Affairs (TDHCA) had been signed and dictated that the Corporation would serve as the fiscal agent for an award given to TDHCA for the Task Force in the amount of \$491,000. Mr. Long also reported that he and Ms. DePenning, the co-chair of the Task Force had made two presentations to the Senate Intergovernmental Relations Committee. Mr. Long informed the Board that they, along with Ms. Howard, had made a presentation to the North Texas Housing Coalition at their quarterly membership meeting.

Mr. Long then turned to the Texas Foundations Fund and proudly informed the Board that an award in the amount of \$50,000 had been made to Southeast Texas Interfaith Organization. Mr. Long noted that the award would be used for rehabilitation and quick repair to six homes in Hardin, Jefferson and Orange counties that were affected by Hurricane Ike. The families assisted would be at or below 50 percent of the area median family income. Mr. Long noted that this was the first award being made under the hurricane funding cycle of the Texas Foundations Fund. Mr. Long reported that other applications had been received and staff was in the process of reviewing them.

Mr. Long referred to the single family lending report and gave a brief update on the Mortgage Credit Certificate (MCC) Program, noting that it was doing very well. Mr. Long also noted that, at Mr. Sanders' suggestion, staff would be launching an 'Avoiding Foreclosure' letter campaign. Mr. Long explained that delinquent borrowers under the Corporation's first time homebuyer programs would receive a letter from the Corporation offering them useful information on how to proceed and receive assistance.

Mr. Long turned to Development and announced that the FB Herron Foundation was renewing the Corporation's grant for an additional two years. Mr. Long also reported that the amount per year had been raised to \$50,000. Mr. Long then announced that Wells Fargo had awarded the Corporation a program related investment (PRI) award for \$350,000. Lastly, Mr. Long reported that he had received word this morning that the Meadows Foundation had awarded the Corporation with a \$250,000 grant to be used in support of the Task Force. Mr. Long thanked Ms. Taylor and Ms. Howard for all their work in getting these applications submitted.

Mr. Long referred to the Financial Report. Ms. Van Hovel inquired about the office and equipment lease and Ms. Smith responded that the item encompassed the copier and printers we leased. Ms. Smith reported that the copiers had been acquired two years prior after an extensive review of purchase versus lease options and maintenance fees. Ms. Smith affirmed that it was

cost effective to lease and Mr. Long added that with technology changing so rapidly, leasing afforded the Corporation the flexibility to trade in for newer equipment. Discussion followed.

Mr. Jones turned the discussion to the Development Finance report, inquiring as to the status of the agreement with TDHCA on the establishment of a state land bank using Neighborhood Stabilization Program (NSP) funds. Mr. Danenfelzer answered that the NOFA for NSP funding had been approved by TDHCA's board, and Corporation staff would be submitting a formal application to them for \$5 million of the NSP funds. Further discussion was deferred to Tab 3.

Mr. Long then turned the Board's attention to the two default notices regarding South Texas Affordable Properties Corporation (South Texas) and American Opportunity for Housing (AOH). While referring to the South Texas notice, Ms. Closmann explained that the revenues from the properties were not sufficient to make payments on the bonds, a problem that had been ongoing and affected most of the 501(c)(3) portfolios. Ms. Closmann further explained that the revenues from rents were not meeting the debt service requirements on the properties so they had to use reserve funding. Ms. Closmann then addressed the AOH notice, informing the Board that MBIA, the insurance company that insured the A bonds, removed the credit enhancer on the AOH bonds. Ms. Closmann reported that Mr. Dubbelde was working with the bondholder to raise the denominations at which the bonds were sold, something the new bondholder had agreed to do. Mr. Jones inquired as to the reasons these portfolios were doing so poorly. Ms. Closmann explained that these properties did not have tax credits and were underwritten to have a certain amount of revenue come in every month. Ms. Closmann noted that they were underwritten at a time when rents were higher. Since then the market had changed – occupancy had dropped and the rents had lowered. Discussion followed regarding the state of the market at this time.

Mr. Long ended by introducing the guests in the attendance: Mr. Spelbring with Morgan Keegan, one of the Corporation's underwriters; and Mr. Dubbelde with Greenberg Traurig, the Corporation's general counsel.

**Tab 1            Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on December 12, 2008.**

Mr. Jones made a motion to approve the minutes of the board meeting held on December 12, 2008. Mr. Leeper seconded the motion. Mr. Sanders and Ms. Van Hovel abstained. Motion passed.

**Tab 2            Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on February 13, 2009.**

Mr. Sanders made a motion to approve the minutes of the Board Meeting held on February 13, 2009. Ms. Van Hovel seconded the motion. Mr. Jones abstained from voting. Motion passed.

**Tab 3            Presentation, Discussion and Possible Approval of Policies Governing the Administration of the Affordable Communities of Texas Program.**

It was noted that Mr. Danenfelzer's title was changed to Development Finance Programs Manager to better align it with the full scope of his duties.

Mr. Danenfelzer briefly recalled that the Board had approved the creation of the Affordable Communities of Texas (ACT) program in November 2008. Mr. Danenfelzer explained that the

policies for that program were being presented today for the Board's approval. Mr. Danenfelzer highlighted the key aspects of the program: that it was a new avenue to create safe, decent, and affordable housing; that it provided home ownership and rental opportunities through the acquisition of foreclosed homes and properties throughout the state; that it allowed for the stabilization of neighborhoods and communities affected by the foreclosure crisis; and that it allowed the Corporation to assist local non-profits and government entities to achieve goals for developing affordable housing. Mr. Danenfelzer explained that under the program the Corporation, in partnership with local entities, would identify sites at risk and in need of stabilization, and would then purchase those properties. The properties would then become the Corporation's assets and the local partners would have exclusive rights to redevelopment of the sites. The local partners would then either sell the homes or lease them to low income Section 8 voucher holders or other low income tenants in the community. Mr. Danenfelzer also noted that ground leases were an option under the program. He explained that the Corporation could purchase properties that contained smaller multifamily apartment complexes and provide a ground lease to a local partner so they could rehabilitate the improvements and lease them to low income Texans while the Corporation still owned the land. Mr. Danenfelzer noted that under this option the Corporation would continue to monitor the project and ensure long term affordability. Mr. Danenfelzer spoke to the fact that a ground lease would allow the land to be tax exempt and opened up the project to benefit not only low income Texans but also extremely low income Texans, the homeless, those at risk of homelessness, low income seniors and persons with disabilities. Mr. Danenfelzer stated that the staff was in talks with TDHCA to receive NSP funds in support of the program.

Mr. Sanders inquired if there was a way the families, who's foreclosed homes the Corporation purchased, could benefit from the program. Mr. Danenfelzer stated that they could through the rental option and that the option of repurchasing would depend on credit. Discussion followed. Mr. Jones inquired about rent to own options in conjunction with the program and Mr. Danenfelzer stated that this might be a viable option in conjunction with the program. Discussion followed as to the structures anticipated to be purchased. It was noted that the local partner needed to be a 501(c)(3) non profit. Mr. Danenfelzer went into further detail about how the homes would be located.

Mr. Sanders asked if these funds could be used to help borrowers on the verge of foreclosure and it was addressed that the NSP funds were restricted to only go towards purchasing foreclosed properties. Discussion followed. Mr. Danenfelzer noted a goal for the program was to stabilize neighborhoods containing foreclosed properties. Mr. Danenfelzer spoke to the advantages of the Program. Security clauses within the policy were also discussed.

Mr. Sanders inquired about land leasing option. Mr. Danenfelzer discussed that the land would not be sold because owning the land meant that portion would be tax exempt. It also afforded the Corporation the opportunity to keep tabs on the properties to ensure affordability. Mr. Danenfelzer noted that any profits earned would go back into this and other programs. Discussion followed and possible scenarios for the land lease were discussed. It was noted that all transactions under the Program required the approval of the Board. It was clarified that NSP funds would be used to acquire properties under the ACT program, but any profits made would go back to the federal government.

Ms. Van Hovel asked about the term of the land leases and Mr. Danenfelzer stated that terms could vary. Discussion followed on excess revenues would be accounted for and used.

Mr. Sanders inquired if authority should be given to the President to approve purchases up to a certain amount should a time limit prevent the Board from giving input. Mr. Danenfelzer explained that after long discussion among staff, it was determined that every transaction should be brought before the Board for approval. Discussion followed.

Mr. Jones inquired about rent restrictions and Mr. Danenfelzer explained that these would be in place to ensure that affordable housing was being provided. Mr. Danenfelzer stated that rents would be based on HUD guidelines for median income. Discussion followed.

Mr. Jones made a motion to approve of Policies governing the administration of the Affordable Communities of Texas Program. Mr. Sanders seconded the motion. Motion passed unanimously.

**Tab 5            Presentation, Discussion, and Possible Approval of the Establishment of a Contract Compliance Services Program.**

Mr. Schirr explained that staff was proposing to expand the services offered by the Asset Oversight and Compliance Department by creating the Contract Compliance Services Program. Mr. Schirr explained that staff would offer anywhere from 20 percent to 100 percent file reviews that would help new or existing owners, management companies, developers, non-profits or housing authorities determine if their properties were in compliance with affordability requirements. Mr. Schirr added that compliance training would also be offered under the Program.

Mr. Long took a moment to complement the Asset Oversight and Compliance staff for their initiative and creative thinking in looking for ways to expand their department.

Mr. Schirr elaborated on compliance training, stating that Corporation staff would provide training to on-site personnel that would further educate them on compliance and how to prepare for a compliance review.

Mr. Sanders made a motion to approve the establishment of the Contract Compliance Services Program. Mr. Jones seconded the motion.

Discussion followed regarding who these services would be marketed to and the fees that would be charged. Ms. Closmann referred to the resolution that was handed out and noted that it gave authority to establish the program, and also gave authority to Mr. Long or Ms. Closmann to enter contracts under the Program. Mr. Jones pointed out that this program would provide a new revenue stream for the Corporation and would reach out to a new client base.

A vote was called and the motion passed unanimously.

**Tab 4            Presentation, Discussion, and Possible Action regarding Future Performance under the Asset Oversight Agent Service Agreement between the Corporation and the Texas Department of Housing and Community Affairs.**

This item was moved to the end of the agenda.

Mr. Long updated the board as to the status of the Asset Oversight Agent Service Agreement with TDHCA. Mr. Long and Ms. Closmann explained that the TDHCA Board had approved the

TDHCA staff's recommendation that left the contract between our two entities in place but altered the underlying asset oversight contracts between the properties and TDHCA so that asset oversight services would be conducted on a voluntary basis.

Citing Government Code 551.071 consultation with legal counsel on legal matters, Mr. Leeper, Board Chair, called the Board into executive session at 12:00 pm. The board came out of closed session and into open session at 12:40pm. Mr. Leeper noted that the board had consulted with the attorney and discussion had occurred, but that no action was necessary at this time.

### **Closed Meeting**

Please refer to Tab 4.

### **Open Meeting**

After quick discussion, it was determined that the next board meeting would take place on Friday, April 17, 2009.

Mr. Jones briefly referred back to the Single Family Programs report and inquired about the interest rate. Mr. Long clarified that the mortgage and MCC program were two separate things and the rates varied.

### **Adjournment**

Mr. Sanders made a motion to adjourn the Board Meeting. Ms. Van Hovel seconded the motion. Motion passed unanimously. The meeting officially adjourned at 12:43pm.

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

**CERTIFICATION OF RESOLUTION 09-\_\_**

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 17<sup>th</sup> day of April, 2009, 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**

<u>Name</u>	<u>Office</u>
Thomas A. Leeper	Chairperson
Jesse A. Coffey	Vice Chairperson
Robert Elliott Jones	Director
R. Carter Sanders	Director
Jo Van Hovel	Director

**OFFICERS**

<u>Name</u>	<u>Office</u>
David Long	President (non-Board member)
Katherine Closmann	Executive Vice President (non-Board member)
Melinda Smith	Chief Financial Officer (non-Board member)
Laura Ross	Secretary (non-Board member)
Cynthia Gonzales	Assistant Secretary (non-Board member)

and all of said Board of Directors were present except \_\_\_\_\_, thus constituting a quorum. Whereupon, among other business, the following was transacted, to-wit: a written resolution (the “**Resolution**”) bearing the following caption was introduced:

**RESOLUTION NO. 09-\_\_**

**TEXAS STATE AFFORDABLE HOUSING CORPORATION**

“Resolution Providing the President and the Executive Vice President with the Authority to (i) Periodically Update and Revise the Corporation’s Compliance Manual for Qualified Residential Rental Projects, (ii) Waive Provisions in Regulatory Agreements, Compliance Agreements and Related Documents of the Corporation that are inconsistent with the Housing Assistance Tax

Act of 2008 and Other Similar Statues and (iii) Concerning Other  
Matters Incident and Related Thereto”

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

\_\_ AYES

\_\_ NOES

\_\_ ABSTENTIONS

2. That a true, full and correct copy of the aforesaid Resolution adopted at the meeting described in the above and foregoing paragraph is attached to 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 April 17, 2009.

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Secretary, Texas State Affordable Housing  
Corporation

RESOLUTION NO. 09-\_\_

TEXAS STATE AFFORDABLE HOUSING CORPORATION

“Resolution Providing the President and the Executive Vice President with the Authority to (i) Periodically Update and Revise the Corporation’s Compliance Manual for Qualified Residential Rental Projects, (ii) Waive Provisions in Regulatory Agreements, Compliance Agreements and Related Documents of the Corporation that are inconsistent with the Housing Assistance Tax Act of 2008 and Other Similar Statutes and (iii) Concerning Other Matters Incident and Related Thereto”

WHEREAS, the Texas State Affordable Housing Corporation (the “**Corporation**”) 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**”);

WHEREAS, in accordance with the Act, the Board of Directors of the Corporation (the “**Board**”) now desires for the President and the Executive Vice President of the Corporation to have authority to periodically update and revise the Corporation’s Compliance Manual for the Qualified Residential Rental Projects (the “**Manual**”) to keep it current with new statutes and policies of the Corporation related to compliance review and asset oversight services (the “**Compliance Program**”);

WHEREAS, the Board now desires to provide the President of the Corporation and the Executive Vice President of the Corporation with the authority to waive provisions in regulatory agreements, compliance agreements and related documents of the Corporation that are inconsistent with (i) the Housing Assistance Tax Act of 2008 or (ii) any subsequent state or federal statute that creates such an inconsistency (the “**Waiver**”)

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

Section 1. Approval of Certain Actions Related to the Manual and a Waiver.  
That the Board hereby authorizes the President of the Corporation and the Executive Vice President of the Corporation to pursue the following activities related to the Manual and a Waiver:

- (1) With the assistance of the Manager of Asset Oversight and Compliance of the Corporation and related staff, conduct periodic updates and revisions of the Manual to keep it current with new statutes and policies of the Corporation related to the Compliance Program;
- (2) With the assistance of the Manager of Asset Oversight and Compliance of the Corporation and related staff, consent to any appropriate Waiver; and

(3) Negotiate and execute all required documents to provide for the updates and revisions of the Manual and/or a Waiver to third parties of regulatory agreements or compliance agreements of the Corporation.

Section 2 Execution and Delivery of Certain Contracts and Other Documents. That the Board hereby authorizes the President of the Corporation and the Executive Vice President of the Corporation to consent to, accept, execute and attest to such other contracts, certificates, documents, instruments, 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 purpose of the updates and revisions to the Manual, a Waiver and this Resolution to the extent the President of the Corporation and/or the Executive Vice President of the Corporation concludes such contracts or other documents are in the best interest of the Corporation.

Section 3. Ratification of Certain Prior Actions. That all prior actions taken by or on behalf of the Corporation in connection with the topics of this Resolution are hereby authorized, ratified, confirmed and approved.

Section 4. Purposes of Resolution. That the Board has expressly determined and hereby confirms that the actions of this Resolution accomplish a valid public purpose of the Corporation.

Section 5 Conflicting Prior Actions. That all orders, resolutions, or any actions or parts thereof of the Board in conflict herewith are hereby expressly repealed to the extent of any such conflict.

Section 6. Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

PASSED, APPROVED AND EFFECTIVE this 17<sup>th</sup> day of April, 2009.

TEXAS STATE AFFORDABLE HOUSING CORPORATION

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## **Tab 3**

### **Presentation, Discussion and Possible Approval of Changes to the Texas State Affordable Housing Corporation's Investment Policy.**

Changes to be presented at the meeting.

## **Tab 4**

# **Presentation in Recognition of Jesse Coffey and his Dedication and Exemplary Service to the Texas State Affordable Housing Corporation.**

Presentation