

Official Board Packet



July Board Meeting

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

Wednesday, July 8, 2009
1:30 p.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
July 8, 2009 at 1:30 pm**

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

Robert "Bob" Jones
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
- 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 May 29, 2009. |
| Tab 2 | Discussion and Designation of a Vice Chair for the Texas State Affordable Housing Corporation Board of Directors. |
| Tab 3 | Discussion and Possible Approval of Audit Committee Membership. |
| Tab 4 | Presentation, Discussion and Possible Approval of a Loan under the Multifamily Direct Lending Program to the Mary Lee Foundation for the Willows Apartments Project. |
| Tab 5 | Presentation, Discussion and Possible Approval of a Resolution Regarding the Submission of an Application to the U.S. Department of Housing and Urban Development for Funding under the Neighborhood Stabilization Program Federal Competitive Application Round. |
| Tab 6 | Presentation, Discussion and Possible Approval of a Resolution Providing the President and the Executive Vice President with the Authority to Execute Compliance Agreements and Related Documents with Third Party Clients for the Provision of Compliance Review and Asset Oversight Services on Multifamily Portfolios with 60% or More of Their Rental Units Located Within Texas and Concerning Other Matters Incident and Related thereto. |
| Tab 7 | Presentation in Recognition of Thomas A. Leeper 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: Advisory Council, Texas State Affordable Housing Corporation

From: Paige McGilloway, Single Family Programs Manager

Date: May 8, 2009

Re: 2008 Texas Foundations Fund Grant Recommendations for Hurricane Relief –
Community Development Corporation of Brownsville

Staff 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. **Community Development Corporation of Brownsville (CDCB)** – The grant will be used for the rehabilitation and/or critical repair of owner-occupied homes affected by Hurricane Dolly in Cameron 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. Furthermore, the grant is designed to assist those individuals at or below 50% of the area median family income who were affected by the storm.

It is anticipated that approximately 10 single family homes will be repaired, \$5,000 allocated per home, utilizing this grant.

Since 1974, CDCB has been the major sub-recipient of over \$57M in federal, state, local and private funds. CDCB has considerable experience in all aspects of affordable housing development. CDCB has evolved into the largest producer of single family housing for homeownership in Texas. CDCB operates six housing and education programs to meet the needs of Cameron County residents.

TSAHC staff has reviewed the application for completion and threshold compliance. Staff is recommending that CDCB be awarded the full \$50,000.

Program Area Reports



Development Finance Programs Report

July 10, 2009

Summary of Activities

Affordable Communities of Texas Program

Development Finance Programs staff have been busy in all areas the past several months. Work on the Corporation's agreement with the Texas Department of Housing and Community Affairs ("TDHCA") regarding a contract for \$5 million related to the Neighborhood Stabilization Program ("NSP-1") continues to move slowly. TDHCA has been focused on processing applications and selecting awardees under its competitive application cycle for NSP-1. TDCHA is expected to approve our program proposal July 16, 2009, at its next board meeting.

Related to the NSP-1 program the Corporation has continued to develop its program guides, application and other materials related to the Affordable Communities of Texas program. Working with Neighborworks America and the National Community Stabilization Trust ("NCST") the Corporation has successfully launched a pilot program connecting local partners with foreclosure property listings through NCST's First Look program. The program provides local partners access to foreclosed property lists from more than 10 national financial institutions prior to properties being listed with REO service providers. This approach is intended to give local nonprofits better access and pricing to foreclosures in their target markets.

Additionally, the Corporation has expanded its list of ACT Local Partners from two to ten in the past few weeks as we work to bring the NCST program to full scale over the summer months. Staff estimates that we will be able to commit all \$5 million of the NSP-1 funding from TDHCA quickly given the range and ability of our local partners to absorb available properties.

Given the high demand from local partners in several markets, staff has prepared an application to the second round of NSP funding ("NSP-2") available through a competitive application to the U.S. Department of Housing and Urban Development ("HUD"). This application will be reviewed by the Board as an agenda item at today's meeting.

Lending Programs

Finally, the Corporation continues to work on a few applications to our lending programs. Specifically, we have completed the review of an application by the Mary Lee Foundation for The Willows Apartment complex in Austin, Texas. This application is being recommended for approval at today's meeting. A summary of the Corporation's loan program pipeline report and quarterly loan status report are included as an attachment to this summary of activities.

TSAHC Loan Portfolio Status

7/12/2009 14:44

Multifamily Direct Lending Program

Property Name	Year Awarded	Developer	Total Units	LI Units	VII Units	EU Units	SN	MR Units	TSAHC Program	Amount of TSAHC Award	Funding Source	Loan Amount	Loan Status
Bunker Hill Senior Village	2002	DF Affordable Housing Partners, L.P.	44	44			2		Direct Lending	\$ 550,000	FHLB/TSAHC	\$ 550,000	In Good Standing
Limestone Ridge Apts.	2002	Housing Authority of Big Spring / Crossroads Hous	76	76			4		Direct Lending	\$ 1,004,000	CDT	\$ 1,004,000	In Good Standing
Sagebrush Apartments	2002	DF Affordable Housing Partners, L.P.	60	58	2		3		Direct Lending	\$ 875,000	FHLB/TSAHC	\$ 875,000	In Good Standing
Keywest Senior Village	2003	United Affordable Housing Development, L.P.	120	120			6		Direct Lending	\$ 1,634,000	CDT	\$ 1,634,000	In Good Standing
Parkstone Crossroads Apartments	2003	Crossroads Housing Development Corp.	112	112			6		Direct Lending	\$ 1,525,000	CDT	\$ 1,525,000	In Good Standing
Marshall Meadows	2005	ALT Affordable Housing Services, Inc.	250	99	151		13		Direct Lending	\$ 500,000	TSAHC	\$ 500,000	In Good Standing
Rainbow Housing Portfolio	2007	Rainbow Housing Assistance Corp.	1,008	1,008			50		Direct Lending	\$ 500,000	Wells	\$ 500,000	In Good Standing
Fox Run Apartments	2008	Housing and Community Services, Inc.	133	133			7		Direct Lending	\$ 452,162	TSAHC	\$ 452,162	In Good Standing
Totals			1,803	99	1,702	2	90	0		\$ 7,040,162		\$ 7,040,162	

MF Leveraged Funds Analysis	
Loans through CDT	\$ 4,163,000
FHLB Funds	\$ 1,243,750
Wells Fargo Investments	\$ 944,000
Total Leveraged Funds	\$ 6,350,750

TSAHC Funds Committed
Leveraging Ratio
3.76

Interim Construction and Acquisition Loan Program

Property Name	Year Awarded	Developer	Total Units	LI Units	VII Units	EU Units	MR Units	TSAHC Program	Amount of TSAHC Award	Funding Source	Loan Amount	Loan Status
Donna Meadows Phase II	2007	Affordable Homes of South Texas	57						\$ 750,000	Wells/TSAHC	\$ 750,000	In Good Standing
LaSalle Street Project	2008	United Riverside Rebuilding Corp.	10						\$ 250,000	FHLB/TSAHC	\$ 250,000	Commitment Pending
Totals			67	0	0	0	0		\$ 1,000,000		\$ 1,000,000	

7/2/2009

Property Name	Developer	Property City	Property County	Total Units	LI Units	VLI Units	ELI Units	MR Units	Funding Source	Loan Amount	Loan Status
The Willows Kenville Apartments	Mary Lee Foundation S2A Consultants & Private Owner	Austin	Travis	64	4	28	32		ISAHC/FHLB	\$ 1,200,000	Application Under Review
		Kenville	Kerr	18	18				Unknown	\$ 1,200,000	Application Under Review
Totals				82	22	28	32	0		\$ 2,400,000	

Property Name	Developer	Property City	Property County	Total Units	LI Units	VLI Units	EI Units	MAR Units	Funding Source	Loan Amount
Totals										
				0	0	0	0	0	\$ -	-



July 2, 2009

Gavin Wilkinson
Corporate Services
Wells Fargo Bank, N.A.
MAC N9311-115, 11th Floor
625 MARQUETTE AVE
MINNEAPOLIS, MN 55402-2308

Re: EVENT OF DEFAULT— Texas State Affordable Housing Corporation Multifamily
Housing Revenue Bonds (South Texas Affordable Properties Corporation Portfolio)
Series 2002 (the “Bonds”) Non Compliance-Safe Harbor Requirement

Dear Sir:


This letter is to notify you that South Texas Affordable Properties -2002 Portfolio LLC (“South Texas”) is in default under the Regulatory Agreement and Declaration of Restrictive Covenants dated as of March 1, 2002 (the “Regulatory Agreement”). As the Issuer of the Bonds, and according to our responsibilities under the Regulatory Agreement, we are required to notify you of this default.

On April 14, 2009, South Texas was notified that the six properties in their portfolio financed by the Bonds, which are Remington, Summer Oaks, The Charleston, The Rafters, The Wharf, and Willowick (Collectively, the “Properties”), were out of compliance with respect Section 4(a) (the Safe Harbor Requirement) of the Regulatory Agreement. The Safe Harbor Requirement reads as follows: “Beginning no later than the end of the one-year period beginning on the closing date, no less than seventy-five percent (75%) of the residential units of each Property that are available for occupancy shall be occupied or held vacant and available for occupancy at all times by Low-Income Residents.” The closing date for the Bonds was March 1, 2002 and the one-year period established by the Safe Harbor Requirement expired on March 1, 2003.

According to Section 15 of the Regulatory Agreement, South Texas had 60 days to cure the default, which time expired on June 27, 2009.

Thank you for your attention to this important matter. Please do not hesitate to contact me at (512) 477-3555 ext. 402, if you require additional information.

Sincerely,



David Long
President

cc: David Cole, South Texas Affordable Properties Corporation
Robert Dransfield, Fulbright & Jaworski, L.L.P.
Robert Dubbelde, Greenburg Traurig, LLP
Michael Lancia, Municipal Bond Insurance Association

Monthly Budget and Investment Reports

TEXAS STATE AFFORDABLE HOUSING CORPORATION
UNAUDITED STATEMENT OF NET ASSETS
As of May 31, 2009

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	4,770,853
Building Maintenance Reserve		35,336
Computer Equipment and Furniture Reserve		4,644
Restricted Assets Held by Bond Trustee:		
Cash and Cash Equivalents		3,759,768
Short-term Investments, at Fair Market Value		2,464,627
Accrued Interest		547,258
Investments, at Fair Market Value		1,735,000
Accounts Receivable & Accrued Revenue, Net of uncollectible amts. of \$758,041		316,139
Accrued Interest Receivable		118,436
Loans Receivable, Current Portion		62,219
Notes Receivable, Current Portion		54,402
Prepaid Expenses		7,677
Total Current Assets:		13,876,359

Noncurrent Assets:

Loans Receivable, Net of uncollectible amounts of \$91,726		1,216,781
Notes Receivable		3,092,676
Mortgage Servicing Rights, Net of Accumulated Amortization of \$1,865,985		862,076
Fixed Assets, Net of Accumulated Depreciation of \$230,850		1,143,161
Custodial Cash and Cash Equivalents		207,123
Bond Issuance Costs, Net of Amortization of \$928,261		4,731,577
Restricted Investments Held by Bond Trustee, at Fair Market Value		271,506,190
Total Noncurrent Assets:		282,759,584

TOTAL ASSETS:

296,635,943

LIABILITIES & NET ASSETS

Current Liabilities:

Accounts Payable and Accrued Expenses		70,695
Notes Payable, Current Portion		16,636
Other Current Liabilities		25,532
Payable from Restricted Assets Held by Bond Trustee:		
Bonds Payable, Current Portion		11,312,980
Accrued Interest on Bonds		1,595,523
Total Current Liabilities:		13,021,366

Noncurrent Liabilities:

Multifamily Custodial and Reserve Funds		207,123
Notes Payable		2,841,325
Revenue Bonds Payable from Restricted Assets Held by Bond Trustee		264,591,577
Deferred Revenue		634,671
Total Noncurrent Liabilities:		268,274,696
Total Liabilities:		281,296,062

Net Assets:

Invested in Capital Assets		1,143,161
Building Maintenance Reserve		35,336
Computer Equipment and Furniture Reserve		4,644
Unrestricted Net Assets		14,156,740
Total Net Assets:		15,339,881

TOTAL LIABILITIES & NET ASSETS

\$ 296,635,943

TEXAS STATE AFFORDABLE HOUSING CORPORATION
UNAUDITED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Nine Month Period Ending May 31, 2009

Operating Revenues

Interest and Investment Income	\$	12,075,655
Net Increase in Fair Value of Investments		10,898,768
Single Family Program Issuer and Servicing Fees		119,326
Asset Oversight and Compliance Fees, Net of Bad Debt Expense of \$18,874		512,855
Loan Servicing Fees, Net of subservicer fees of \$87,178		210,086
Multifamily Bond Fees		92,125
Other Operating Revenue		347,579
Total Operating Revenues		<u>24,256,394</u>

Operating Expenses

Interest Expense on Bonds and Notes Payable	8,911,310
Down Payment Assistance Program	233,088
Salaries, Wages and Payroll Related Costs	953,828
Professional Fees and Services	227,523
Amortization	294,851
Office and Equipment Rental and Maintenance	80,111
Travel and Meals	45,208
Depreciation	14,271
Program and Loan Administration	395,771
Other Operating Expenses	101,736
Total Operating Expenses	<u>11,257,697</u>

Net Gain 12,998,697

Total Net Assets, Beginning 2,341,184

Total Net Assets, Ending \$ 15,339,881



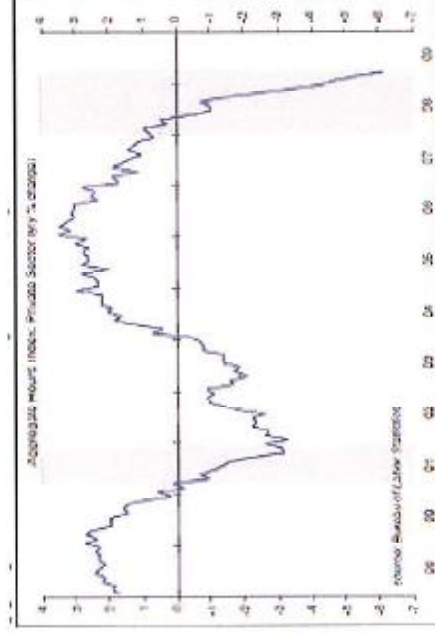
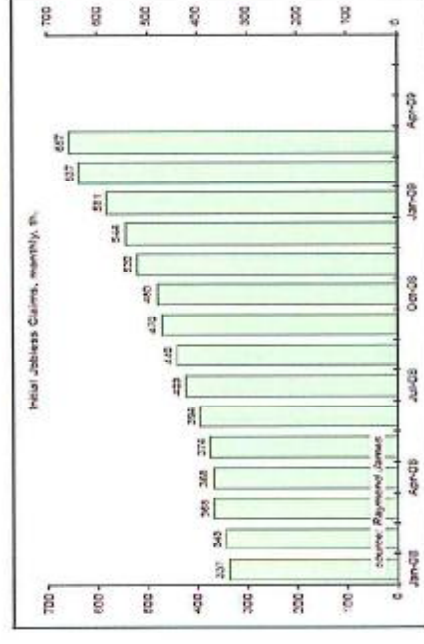
Monthly Investment Report

April 30, 2009

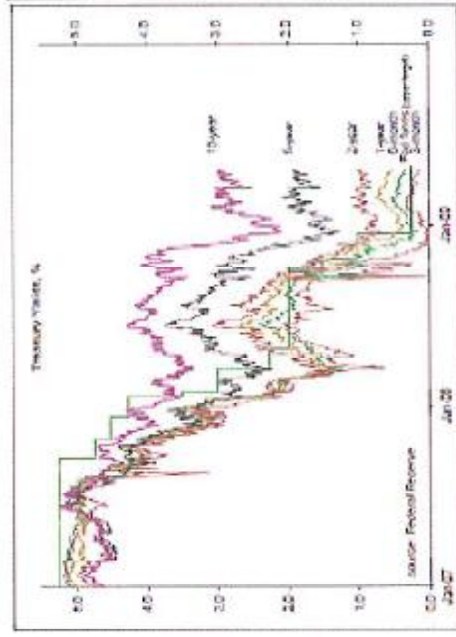


Changes are Coming – But Slowly

- Economic indicators in all segments of the economy are still negative but show, if not improvement, a slowing of the downward trends.
- Employment remains the wild card. Employment is a lagging indicator and will not turn soon.
- Without positive employment news consumers and business will stay cautious.
- Major changes at Bank of America; Chrysler files for bankruptcy, is GM next?

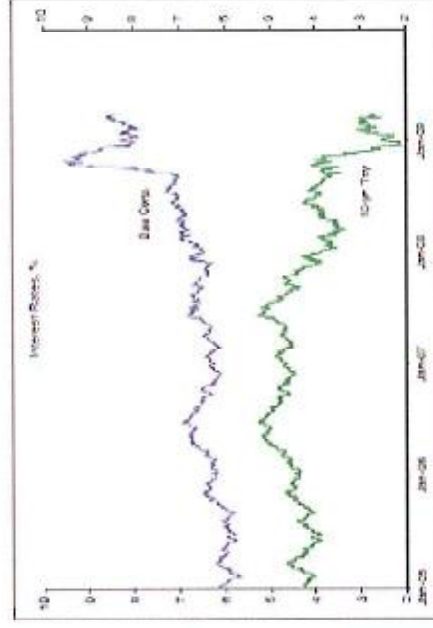


Some Life in the Markets but not the Economy



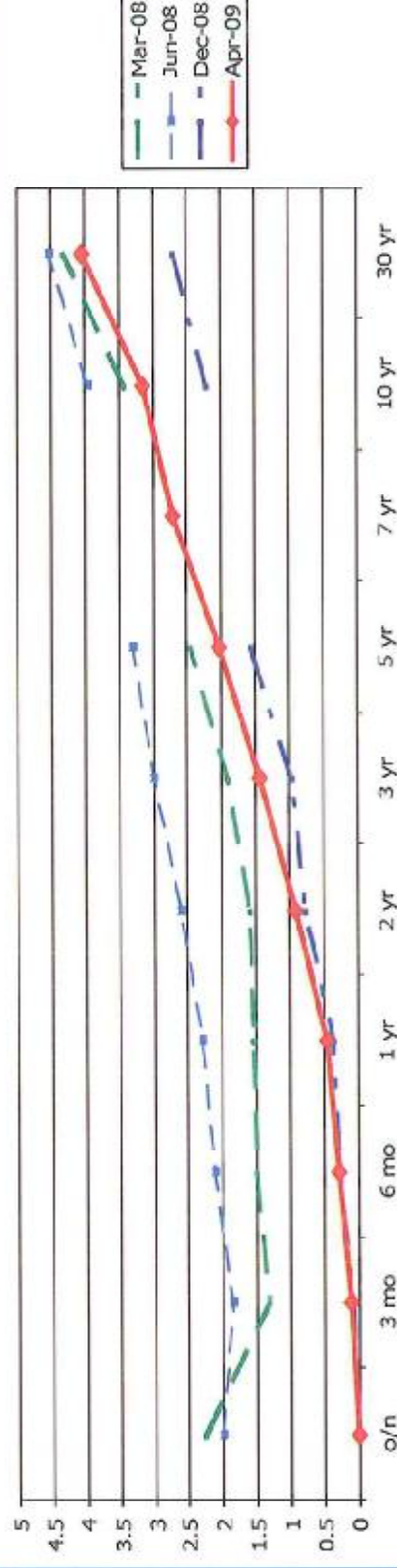
■ The US Treasury will have to issue enormous amounts of debt in order to pay for the scheduled stimulus programs. To do so they re-introduced the 7 yr. note in February and will now issue 30 yr. bonds monthly.

■ Along with a somewhat healthier outlook in equities and corporate debt, which draws money out of money market funds, the expected large supply of treasuries is already starting to increase rates slightly (as supply increases) as shown left.



■ GDP in the first quarter of 2009 nearly matched the sharp decline seen in the fourth quarter of 2008. Initially reported at -6.1%, it marks the third consecutive quarterly decline in GDP.

The Yield Curve is Moving – But Slowly

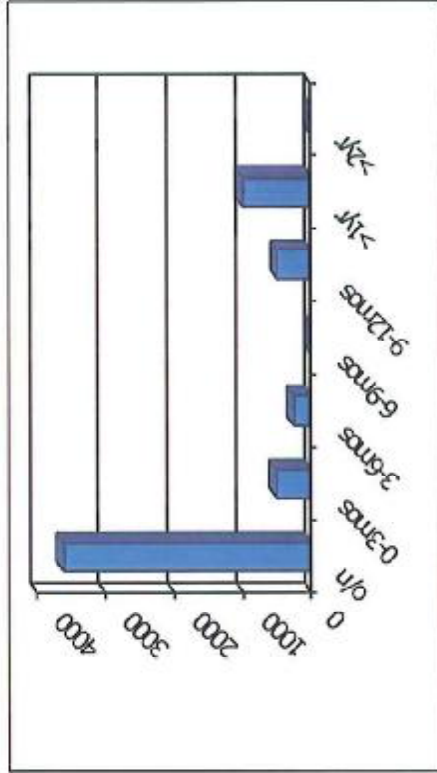
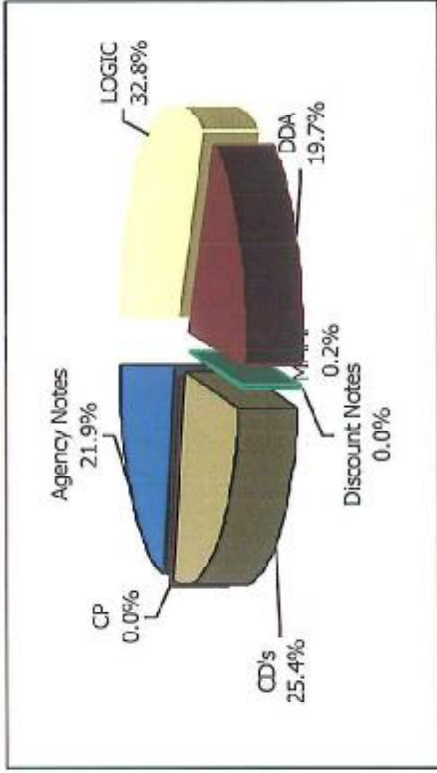


- The additional issuance is starting to have an effect on the curve. The expected growth in supply is forcing rates up ever so slowly.
- We estimate that the Fed will keep the overnight rate between 0% and .25% through 2Q 2010 in order to create cheap lending and not cut off growth.
- The Fed wants the curve to become steeper for banks, which borrow short term at “low rates” and lend longer term at higher rates. With the overnight rate kept at or near zero it will create a spread for the banks to borrow low and loan higher.
- Continued positive moves in the stock markets will take money out of very short term treasuries and money market funds which will add in the move towards higher rates.
- We may end up with a bell curve because the Fed and Treasury will want the long end – which controls the mortgage rates – to stay relatively low in order to assist the housing markets.

Your Portfolio

As of April 30, 2009

- 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 such as those we expect to see through the remainder of 2009.
- Impact in the bond markets and on your portfolio has primarily been lower rates and higher credit quality with the widening of federal guarantees. The extremely low rates are expected to continue, although the anticipated increase in the supply of securities is starting to bring some improvement in yields.
- The Fed Funds rate will remain at or near 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 current low level. Opportunities are limited but continue in CDs. As the supply of securities continues to rise, we expect some increase in rates on yield curve.





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

**Texas State Affordable Housing
Portfolio Management
Portfolio Summary
April 30, 2009**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 365 Equiv.
Certificates of Deposit - Bank	1,735,000.00	1,735,000.00	1,735,000.00	25.37	297	279	1.755
Federal Agency Coupon Securities	1,500,000.00	1,500,256.50	1,500,000.00	21.54	486	308	1.875
LCGIC	2,242,254.60	2,242,254.60	2,242,254.60	32.79	1	1	0.711
FH-LB Dallas-Money Fund	10,772.21	10,772.21	10,772.21	0.16	1	1	0.016
Federated Money Market Fund	79,510.44	79,510.44	79,510.44	1.16	1	1	0.066
Bank of America-Checking Account	1,265,470.92	1,265,470.92	1,265,470.92	18.51	1	1	0.372
Wells Fargo Bank	4,897.50	4,897.50	4,897.50	0.07	1	1	0.000
Investments	6,837,905.67	6,838,142.17	6,837,905.67	100.00%	182	139	1.159
Total Earnings	April 30 Month Ending	Fiscal Year To Date					
Current Year	5,809.08	83,277.34					
Average Daily Balance	7,033,159.87	6,219,930.77					

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 5/2009
Melinda Smith, Chief Financial Officer

Reporting period 04/01/2009-04/30/2009

Run Date: 05/20/2009 - 13:02

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



**Texas State Affordable Housing
Summary by Type
April 30, 2009
Grouped by Fund**

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

Security Type	Number of Investments	Par Value	Book Value	% of Portfolio	Average YTM 365	Average Days to Maturity
Fund: Bunker Hill Debt						
Bank of America-Checking Account	1	22,705.75	22,705.75	0.33	0.500	1
Subtotal	1	22,705.75	22,705.75	0.33	0.500	1
Fund: Bunker Hill Operating						
Bank of America-Checking Account	1	22,695.50	22,695.50	0.33	0.500	1
Subtotal	1	22,695.50	22,695.50	0.33	0.500	1
Fund: Bunker Hill Senior						
Bank of America-Checking Account	1	54,536.61	54,536.61	0.80	0.200	1
Subtotal	1	54,536.61	54,536.61	0.80	0.200	1
Fund: Disbursement						
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
Fund: General Investments						
Federated Money Market Fund	1	79,510.44	79,510.44	1.15	0.066	1
Certificates of Deposit - Bank	6	1,735,000.00	1,735,000.00	25.37	1.755	279
Federal Agency Coupon Securities	2	1,500,000.00	1,500,000.00	21.94	1.875	308
FHLB Dallas-Money Fund	1	10,772.21	13,772.21	0.18	0.018	1
LOGIC	1	2,242,254.60	2,242,254.60	32.79	0.711	1
Subtotal	11	5,567,537.25	5,567,537.25	81.42	1.339	170
Fund: Operating Fund						
Bank of America-Checking Account	1	425,880.37	425,880.37	6.23	0.369	1
Subtotal	1	425,880.37	425,880.37	6.23	0.369	1
Fund: Payment Clearing						
Bank of America-Checking Account	1	0.00	0.00	0.00	0.000	0

Portfolio TSAH
AP
ST (PRF, ST) 7.1.1
Report Ver. 7.1.4

Texas State Affordable Housing
Summary by Type
April 30, 2009
Grouped by Fund

Security Type	Number of Investments	Par Value	Book Value	% of Portfolio	Average YTM 365	Average Days to Maturity
Fund: Sagebrush Apartments						
Bank of America-Checking Account	1	43,442.69	43,442.69	0.64	0.100	1
Subtotal	1	43,442.69	43,442.69	0.64	0.100	1
Fund: Sagebrush Apartments - Debt						
Bank of America-Checking Account	1	38,897.91	38,897.91	0.57	0.500	1
Subtotal	1	38,897.91	38,897.91	0.57	0.500	1
Fund: Sagebrush Apartments - Oper.						
Bank of America-Checking Account	1	23,050.58	23,050.58	0.34	0.500	1
Subtotal	1	23,050.58	23,050.58	0.34	0.500	1
Fund: T & I						
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
Fund: Texas Foreclosure Prevention						
Bank of America-Checking Account	1	630,148.18	630,148.18	9.22	0.388	1
Subtotal	1	630,148.18	630,148.18	9.22	0.388	1
Fund: Texas Foundations						
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
Fund: TX Home Education						
Bank of America-Checking Account	1	4,111.33	4,111.33	0.06	0.000	1
Subtotal	1	4,111.33	4,111.33	0.06	0.000	1
Fund: Wells Fargo - CDC						
Wells Fargo Bank	1	4,897.50	4,897.50	0.07	0.000	1
Subtotal	1	4,897.50	4,897.50	0.07	0.000	1
Total and Average	25	6,837,905.67	6,837,905.67	100.00	1.159	139



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

**Texas State Affordable Housing
Fund BHDEBT - Bunker Hill Debt
Investments by Fund
April 30, 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											
969999991	0015	Bank of America	06/01/2006	22,705.75	22,705.75	22,705.75	0.500	0.493	0.500		1
		Subtotal and Average		22,705.75	22,705.75	22,705.75		0.493	0.500		1
		Total Investments and Average		22,705.75	22,705.75	22,705.75		0.493	0.500		1

Portfolio TSAH
AP
FI (PRF, FI) 7.1.1
Report Ver. 7.1.4

Fund BHOPER - Bunker Hill Operating
Investments by Fund
April 30, 2009

Page 2

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	0010	Bank of America	09/01/2006	22,695.50	22,695.50	22,695.50	0.500	0.493	0.500		1
			Subtotal and Average	22,695.50	22,695.50	22,695.50		0.493	0.500		1
			Total Investments and Average	22,695.50	22,695.50	22,695.50		0.493	0.500		1

Portfolio TSAH
AP
FI (PRF_FI) 7.1.1
Report Ver. 7.1.4

Fund BHSENIOR - Bunker Hill Senior
Investments by Fund
April 30, 2009

Page 3

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											
98999991	0009	Bank of America	09/01/2006	54,538.61	54,538.61	54,538.61	0.200	0.197	0.200		1
		Subtotal and Average		54,538.61	54,538.61	54,538.61		0.197	0.200		1
		Total Investments and Average		54,538.61	54,538.61	54,538.61		0.197	0.200		1

Portfolio T5AH
AP
F1 (PRF F) 7.1.1
Report Ver 7.1.4

Fund DISBURSE - Disbursement
Investments by Fund
April 30, 2009

Page 4

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	0007	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

Portfolio TSAH
AP
FI (PRF FI) 7.1.1
Report Ver. 7.1.4

Fund GENERAL - General Investments
Investments by Fund
April 30, 2009

Page 5

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Certificates of Deposit - Bank											
62479383	43	Certificate of Deposit	03/27/2009	245,000.00	245,000.00	245,000.00	2.303	2.268	2.300	03/27/2010	330
8900729	44	Certificate of Deposit	04/03/2009	245,000.00	245,000.00	245,000.00	1.850	1.824	1.850	02/02/2010	277
108561	45	Certificate of Deposit	04/10/2009	95,000.00	95,000.00	95,000.00	1.750	1.726	1.750	10/10/2009	162
108620	46	Certificate of Deposit	04/10/2009	95,000.00	95,000.00	95,000.00	1.750	1.726	1.750	10/10/2009	162
108662	47	Certificate of Deposit	04/10/2009	55,000.00	55,000.00	55,000.00	1.750	1.726	1.750	10/10/2009	162
8900736	48	Certificate of Deposit	04/20/2009	1,000,000.00	1,000,000.00	1,000,000.00	1.600	1.578	1.600	02/20/2010	295
		Subtotal and Average		1,735,000.00	1,735,000.00	1,735,000.00		1.731	1.755		273
Federal Agency Coupon Securities											
3133XQX23	36	FHLM Note	05/06/2008	500,000.00	500,000.00	500,156.50	2.625	2.589	2.625	05/05/2009	4
3128X8G08	42	FHLMC Note	02/04/2009	1,000,000.00	1,000,000.00	1,000,080.00	1.500	1.479	1.500	08/04/2010	460
		Subtotal and Average		1,500,000.00	1,500,000.00	1,500,236.50		1.849	1.875		308
LOGIC											
989999996	9005	Logic	08/01/2006	2,242,254.60	2,242,254.60	2,242,254.80	0.711	0.701	0.710		1
		Subtotal and Average		2,242,254.60	2,242,254.60	2,242,254.80		0.701	0.711		1
FHLM Dallas-Money Fund											
989999995	9002	FHLM Money Market Fund	08/01/2006	10,772.21	10,772.21	10,772.21	0.016	0.015	0.015		1
		Subtotal and Average		10,772.21	10,772.21	10,772.21		0.016	0.016		1
Federated Money Market Fund											
60934N307	6	Bank of America Money Market	09/01/2003	79,510.44	79,510.44	79,510.44	0.068	0.055	0.066		1
		Subtotal and Average		79,510.44	79,510.44	79,510.44		0.065	0.066		1
		Total Investments and Average		5,567,537.25	5,567,537.25	5,567,773.75		1.321	1.339		170

Portfolio TSAH
AP
R (PRF, R) 7.1.1
Report Ver 7.1.4

Fund OPERATING - Operating Fund
Investments by Fund
April 30, 2009

Page 6

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											
989999991	0001	Bank of America	09/01/2006	425,880.37	425,880.37	425,880.37	0.369	0.363	0.368		1
		Subtotal and Average		425,880.37	425,880.37	425,880.37		0.363	0.369		1
		Total Investments and Average		425,880.37	425,880.37	425,880.37		0.363	0.369		1

Portfolio TSAT-
AP
FI (PRF FI) 7.1.1
Report Ver 7.1.1

Fund PCLEAR - Payment Clearing
Investments by Fund
April 30, 2009

Page 7

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	0006	Bank of America	09/01/2009	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
April 30, 2009

Page 8

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											
360999991	0011	Bank of America	05/01/2006	43,442.69	43,442.69	43,442.69	0.100	0.098	0.100		1
			Subtotal and Average	43,442.69	43,442.69	43,442.69		0.099	0.100		1
			Total Investments and Average	43,442.69	43,442.69	43,442.69		0.099	0.100		1

Portfolio TSAH
AP
FI (PRF FI) 7.1.1
Report Ver. 7.1.2

Fund SBDEBT - Sagebrush Apartments - Debt
Investments by Fund
April 30, 2009

Page 9

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	0013	Bank of America	09/01/2008	38,897.91	38,897.91	38,897.91	0.500	0.493	0.500		1
		Subtotal and Average		38,897.91	38,897.91	38,897.91		0.493	0.500		1
		Total Investments and Average		38,897.91	38,897.91	38,897.91		0.493	0.500		1

Portfolio TSAH
AP
PI (PRF_FI) 7.1.1
Report ver 7.1.4

Fund SBOPER - Sagebrush Apartments - Oper.
Investments by Fund
April 30, 2009

Page 10

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	23,050.58	23,050.58	23,050.58	0.500	0.493	0.500		1
			Subtotal and Average	23,050.58	23,050.58	23,050.58		0.493	0.500		1
			Total Investments and Average	23,050.58	23,050.58	23,050.58		0.493	0.500		1

Portfolio TSAH
AP
FI (PRF FI) 7.1.1
Report Ver. 7.1.4

Fund TI - T & I
Investments by Fund
April 30, 2009

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CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Bank of America-Checking Account											
999999991	0008	Bank of America	09/01/2006	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
April 30, 2009

Page 12

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	35	Bank of America	04/01/2008	630,148.18	630,148.18	530,148.18	0.388	0.382	0.387		1
		Subtotal and Average		630,148.18	630,148.18	530,143.18		0.382	0.388		1
		Total Investments and Average		630,148.18	630,148.18	530,143.18		0.382	0.388		1

Portfolio TSAH
AP
FI (PRF FI) 7.1.1
Report Ver. 7.1.4

Fund TXFOUN - Texas Foundations
Investments by Fund
April 30, 2009

Page 13

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											
909909991	37	Bank of America	08/18/2008	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

Portfolio TSAH
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FI (PRF_FI) 7.1.1
Report Ver. 7.1.4

Fund TXHOME - TX Home Education

Investments by Fund

April 30, 2009

Page 14

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Bank of America-Checking Account											
999999991	0002	Bank of America	09/01/2006	4,111.33	4,111.33	4,111.33					1
			Subtotal and Average	4,111.33	4,111.33	4,111.33		0.000	0.000		1
			Total Investments and Average	4,111.33	4,111.33	4,111.33		0.000	0.000		1

Portfolio TSAH
AP
FI (PRF FI) 7.7.1
Report Ver. 7.1.4

Fund WELLS - Wells Fargo - CDC
Investments by Fund
April 30, 2009

Page 15

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 305	Maturity Date	Days To Maturity
Wells Fargo Bank 999999994	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

Portfolio TSA/H
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Patterson & Associates
301 Congress Ave
Suite 570
Austin, TX, 78701

**Texas State Affordable Housing
Cash Reconciliation Report
For the Period April 1, 2009 - April 30, 2009
Grouped by Fund**

Trans. Date	Investment #	Fund	Trans. Type	Security ID	Par Value	Security Description	Maturity Date	Purchases	Interest	Redemptions	Cash
General Investments											
04/02/2009	44	GENERAL	Purchase	8900729	245,000.00	CD 0.2M 1.65% Mat. 02/02/2010	02/02/2010	-245,000.00	0.00	0.00	-245,000.00
04/10/2009	45	GENERAL	Purchase	106581	95,000.00	CD 0.1M 1.75% Mat. 10/10/2009	10/10/2009	-95,000.00	0.00	0.00	-95,000.00
04/10/2009	46	GENERAL	Purchase	106820	95,000.00	CD 0.1M 1.75% Mat. 10/10/2009	10/10/2009	-95,000.00	0.00	0.00	-95,000.00
04/10/2009	47	GENERAL	Purchase	106662	55,000.00	CD 0.1M 1.75% Mat. 10/10/2009	10/10/2009	-55,000.00	0.00	0.00	-55,000.00
04/20/2009	48	GENERAL	Purchase	8900730	1,000,000.00	CD 1.0M 1.60% Mat. 02/20/2010	02/20/2010	-1,000,000.00	0.00	0.00	-1,000,000.00
Subtotal								-1,490,000.00	0.00	0.00	-1,490,000.00
Total								-1,490,000.00	0.00	0.00	-1,490,000.00

Portfolio TSAH
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AC (PRF-AC) 7.1.4
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Texas State Affordable Housing

Purchases Report

Sorted by Fund - Fund

April 1, 2009 - April 30, 2009

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

CUSIP	Investment #	Fund	Sec. Type	Issuer	Original Par Value	Purchase Date	Payment Periods	Principal Purchased	Accrued Interest at Purchase	Rate at Purchase	Maturity Date	YTM	Ending Book Value
General Investments													
8900729	44	GENERAL	BCD	CD	245,000.00	04/02/2009	07/02 - Quarterly	245,000.00		1.850	02/02/2010	1.850	245,000.00
108581	45	GENERAL	BCD	CD	95,000.00	04/10/2009	05/10 - Monthly	95,000.00		1.750	10/10/2009	1.750	95,000.00
108620	46	GENERAL	BCD	CD	95,000.00	04/10/2009	05/10 - Monthly	95,000.00		1.750	10/10/2009	1.750	95,000.00
108662	47	GENERAL	BCD	CD	55,000.00	04/10/2009	05/10 - Monthly	55,000.00		1.750	10/10/2009	1.750	55,000.00
8900736	48	GENERAL	BCD	CD	1,000,000.00	04/20/2009	07/20 - Quarterly	1,000,000.00		1.600	02/20/2010	1.600	1,000,000.00
		Subtotal			1,490,000.00			1,490,000.00	0.00				1,490,000.00
		Total Purchases			1,490,000.00			1,490,000.00	0.00				1,490,000.00

Portfolio TSAH
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PU (PRF_PU) 7.1.1
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301 Congress Ave
Suite 570
Austin, TX 78701

Texas State Affordable Housing

Interest Earnings

Sorted by Fund - Fund

April 1, 2009 - April 30, 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
Fund: Bunker Hill Debt											
999999991	0015	BH-DEBT	BOA	22,705.75	22,696.42	22,696.73		0.500	9.33	0.00	9.33
		Subtotal		22,705.75	22,696.42	22,696.73		0.500	9.33	0.00	9.33
Fund: Bunker Hill Operating											
999999991	0010	BH-OPER	BOA	22,695.50	22,686.18	22,686.49		0.500	9.32	0.00	9.32
		Subtotal		22,695.50	22,686.18	22,686.49		0.500	9.32	0.00	9.32
Fund: Bunker Hill Senior											
999999991	0009	BH-SENIOR	BOA	54,538.61	53,796.36	53,796.65		0.200	8.92	0.00	8.92
		Subtotal		54,538.61	53,796.36	53,796.65		0.202	8.92	0.00	8.92
Fund: General Investments											
3128X8G09	42	GENERAL FHL/MC		1,000,000.00	1,000,000.00	1,000,000.00	08/04/2010	1.500	1,250.00	0.00	1,250.00
3133XQX23	38	GENERAL FHLB		500,000.00	500,000.00	500,000.00	05/05/2009	2.625	1,093.75	0.00	1,093.75
999999996	9005	GENERAL LOGIC		2,240,989.00	2,240,989.00	2,240,989.00		0.711	1,309.24	0.00	1,309.24
60934N807	8	GENERAL BOAMM		79,498.44	79,498.02	79,498.43		0.068	12.42	0.00	12.42
999999995	9002	GENERAL FHLBMM		17,427.21	17,427.02	17,427.42		0.016	0.14	0.00	0.14
108662	47	GENERAL CD		55,000.00	0.00	38,500.00	10/10/2009	1.750	55.38	0.00	55.38
8900736	43	GENERAL CD		1,000,000.00	0.00	366,666.67	02/20/2010	1.600	482.19	0.00	482.19
108620	46	GENERAL CD		95,000.00	0.00	66,500.00	10/10/2009	1.750	95.55	0.00	95.55
8900729	44	GENERAL CD		245,000.00	0.00	236,833.33	02/02/2010	1.850	360.12	0.00	360.12
108691	45	GENERAL CD		95,000.00	0.00	66,500.00	10/10/2009	1.750	95.55	0.00	95.55
62479083	43	GENERAL CD		245,000.00	245,000.00	245,000.00	03/27/2010	2.300	463.15	0.00	463.15
		Subtotal		5,567,537.25	4,082,670.80	4,857,914.86		1.307	5,217.59	0.00	5,217.69
Fund: Operating Fund											
999999991	0001	OPERATING	BOA	425,880.37	1,555,270.61	1,517,624.27		0.369	357.64	0.00	357.64
		Subtotal		425,880.37	1,555,270.61	1,517,624.27		0.287	357.64	0.00	357.64

Portfolio TSAH

AP

IE (PRF_E) 7.1.1
Report Ver: 7.1.4

Texas State Affordable Housing
Interest Earnings
April 1, 2009 - April 30, 2009

Page 2

CUSIP	Investment #	Fund	Issuer	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Annualized Rate	Annualized Yield	Adjusted Interest Earnings			
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings	
Fund: Sagebrush Apartments													
999999991	0011	SBAPT	BOA	43,442.69	42,439.15	42,439.27		0.100	0.101	3.54	0.00	3.54	
			Subtotal	43,442.69	42,439.15	42,439.27			0.101	3.54	0.00	3.54	
Fund: Sagebrush Apartments - Debt													
999999991	0013	SBDEBT	BOA	38,897.91	38,881.93	38,882.46		0.500	0.500	15.98	0.00	15.98	
			Subtotal	38,897.91	38,881.93	38,882.46			0.500	15.98	0.00	15.98	
Fund: Sagebrush Apartments - Oper.													
999999991	0012	SBOPER	BOA	23,050.58	23,041.11	23,041.43		0.500	0.500	9.47	0.00	9.47	
			Subtotal	23,050.58	23,041.11	23,041.43			0.500	9.47	0.00	9.47	
Fund: Texas Foreclosure Prevention													
999999991	35	TXFORE	BOA	630,148.18	435,730.37	442,210.96		0.300	0.489	177.19	0.00	177.19	
			Subtotal	630,148.18	435,730.37	442,210.96			0.488	177.19	0.00	177.19	
			Total	8,828,896.64	6,277,412.93	7,021,293.13			1.007	5,809.08	0.00	5,809.08	

Portfolio TSAH
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IE (PRF IE) 7.1.1
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**Texas State Affordable Housing
Projected Cashflow Report**
Sorted by Fund

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

For the Period May 1, 2009 - November 30, 2009

Projected Trans. Date	Investment #	Fund	Secure ID	Transaction Type	Issuer	Par Value	Original Cost	Principal	Interest	Total
General Investments										
05/05/2009	36	GENERAL	3133XQX23	Maturity	FHLB Note	500,000.00	530,000.00	500,000.00	6,562.50	506,562.50
05/10/2009	45	GENERAL	108581	Interest	Certificate of Deposit	95,000.00	95,000.00	0.00	141.20	141.20
05/10/2009	46	GENERAL	108620	Interest	Certificate of Deposit	95,000.00	95,000.00	0.00	141.20	141.20
05/10/2009	47	GENERAL	108662	Interest	Certificate of Deposit	55,000.00	55,000.00	0.00	81.75	81.75
06/10/2009	45	GENERAL	108581	Interest	Certificate of Deposit	95,000.00	95,000.00	0.00	141.20	141.20
06/10/2009	46	GENERAL	108620	Interest	Certificate of Deposit	95,000.00	95,000.00	0.00	141.20	141.20
06/10/2009	47	GENERAL	108662	Interest	Certificate of Deposit	55,000.00	55,000.00	0.00	81.75	81.75
07/10/2009	44	GENERAL	8900729	Interest	Certificate of Deposit	245,000.00	245,000.00	0.00	1,142.44	1,142.44
07/10/2009	45	GENERAL	108581	Interest	Certificate of Deposit	95,000.00	95,000.00	0.00	136.64	136.64
07/10/2009	46	GENERAL	108620	Interest	Certificate of Deposit	95,000.00	95,000.00	0.00	136.64	136.64
07/10/2009	47	GENERAL	108662	Interest	Certificate of Deposit	55,000.00	55,000.00	0.00	79.11	79.11
07/20/2009	43	GENERAL	8900736	Interest	Certificate of Deposit	1,000,000.00	1,000,000.00	0.00	4,032.88	4,032.88
08/04/2009	42	GENERAL	3128X8GQ9	Interest	FHLMC Note	1,000,000.00	1,000,000.00	0.00	7,500.00	7,500.00
08/10/2009	45	GENERAL	108581	Interest	Certificate of Deposit	95,000.00	95,000.00	0.00	141.20	141.20
08/10/2009	46	GENERAL	108620	Interest	Certificate of Deposit	95,000.00	95,000.00	0.00	141.20	141.20
08/10/2009	47	GENERAL	108662	Interest	Certificate of Deposit	55,000.00	55,000.00	0.00	81.75	81.75
09/10/2009	45	GENERAL	108581	Interest	Certificate of Deposit	95,000.00	95,000.00	0.00	141.20	141.20
09/10/2009	46	GENERAL	108620	Interest	Certificate of Deposit	95,000.00	95,000.00	0.00	141.20	141.20
09/10/2009	47	GENERAL	108662	Interest	Certificate of Deposit	55,000.00	55,000.00	0.00	81.75	81.75
10/02/2009	44	GENERAL	8900729	Interest	Certificate of Deposit	245,000.00	245,000.00	0.00	1,142.44	1,142.44
10/10/2009	45	GENERAL	108581	Maturity	Certificate of Deposit	95,000.00	95,000.00	95,000.00	132.09	95,132.09
10/10/2009	46	GENERAL	108620	Maturity	Certificate of Deposit	95,000.00	95,000.00	95,000.00	132.09	95,132.09
10/10/2009	47	GENERAL	108662	Maturity	Certificate of Deposit	55,000.00	55,000.00	55,000.00	78.47	55,078.47
10/20/2009	48	GENERAL	8900736	Interest	Certificate of Deposit	1,000,000.00	1,000,000.00	0.00	4,032.88	4,032.88
Total for General Investments						5,460,000.00	5,460,000.00	745,000.00	26,562.78	771,562.78
GRAND TOTALS:						5,460,000.00	5,460,000.00	745,000.00	26,562.78	771,562.78

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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
May 29, 2009 at 1:00 pm**

Summary of Minutes

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

The Board Meeting of the Texas State Affordable Housing Corporation (the “Corporation”) was called to order by Bob Jones, Chair, at 1:34 p.m., on May 29, 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

Bob Jones, Chair
Cynthia Leon, Member
R. Carter Sanders, Member
Jo Van Hovel, Member

Members Absent

William H. Dietz, Member

Staff Present

David Long, President
Katherine Closmann, Executive Vice President
Nick Lawrence, Controller
Paige McGilloway, Single Family Programs Manager
David Danenfelzer, Development Finance Programs Manager
Luceli Lopez, Asset Oversight and Compliance Specialist
Sarah Schildmier, Asset Oversight and Compliance Specialist
Janie Taylor, Manager of Marketing and Development
Katie Howard, Development Coordinator
Cynthia Gonzales, Office Manager and Assistant Corporate Secretary
Laura Ross, Corporate Secretary

Special Guests

Rob Dubbelde, Greenberg Traurig LLP
Elena Peinado, Texas Department of Housing and Community Affairs (TDHCA)

Public Comment

There was no public comment.

Tab 1 Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on April 17, 2009.

Mr. Sanders made a motion to approve the minutes of the Board Meeting held on April 17, 2009. Mr. Jones seconded the motion. Motion passed unanimously.

Tab 2 Discussion and Designation of a Vice Chair for the Texas State Affordable Housing Corporation Board of Directors.

Mr. Jones nominated Mr. Sanders to be Vice Chair for the Texas State Affordable Housing Corporation Board of Directors. Ms. Leon seconded the motion. A vote was taken which resulted in three ayes and one nay. Motion passed.

Tab 3 Discussion and Possible Approval of Audit Committee Membership.

Mr. Long briefly explained that the Audit Committee membership was made up of the Vice Chair of the Board and one other board member, along with himself, Ms. Smith and Mr. Lawrence.

Mr. Sanders nominated Ms. Leon to serve on the Audit Committee and Ms. Leon declined. Mr. Sanders stood by his motion and Mr. Jones seconded the motion.

Ms. Leon nominated Mr. Dietz for the Audit Committee. This motion lacked a second so the motion died.

A vote was taken on Mr. Sanders' motion that Ms. Leon serve on the Audit Committee. There were only two ayes so the motion did not pass.

Before moving on to Tab 4, Ms. Van Hovel stated her availability to participate on the Committee. Mr. Jones made a motion to appoint Ms. Van Hovel as a member of the Audit Committee. Mr. Sanders seconded the motion. Motion passed unanimously.

Tab 4 Presentation, Discussion and Possible Approval of a Resolution Approving the Execution of Certain Freddie Mac Seller/Service Documents.

Mr. Long explained that the document before the Board was a requirement of Freddie Mac for all entities that maintained Seller/Service status. Mr. Long noted the resolution authorized him and Ms. Closmann to sign off on mortgage backed security transactions. Mr. Long informed the Board that they had already approved a resolution that gave him, Ms. Closmann and Ms. Smith signature authority, but the resolution before the Board today was specific to Freddie Mac. Mr. Long referred the Board to Exhibit A of the resolution that listed those with signature authority.

Mr. Sanders asked if Freddie Mac was asking the Corporation to do things differently then how they had been done in the past and Mr. Long responded that the resolution would not change how things had always been done. Mr. Long pointed out that Freddie Mac was asking for a formal resolution approved by the board that specified who had signature authority on their transactions. Mr. Dubbelde noted that the resolution was something of a formality, because signature authority had already been authorized by the Board. Mr. Dubbelde explained that

Freddie Mac needed a resolution that specified them by name and the Corporation as a seller/servicer. Discussion followed.

Ms. Van Hovel made a motion to approve the resolution approving the execution of certain documents required by Freddie Mac related to the Corporation's status as a Seller/Servicer. Ms. Leon seconded the motion. Motion passed unanimously.

President's Report

Mr. Long began by referring to the legislative information that was sent to the Board by Ms. Taylor and asked them to please let him know if they had questions. Mr. Sanders complemented Ms. Taylor on the great job she was doing.

Mr. Long then turned to the Foreclosure Prevention Task Force. Mr. Long reported that all the compliance visits for NFMC counseling organizations had been completed. Mr. Long also reported that an all member Task Force meeting had been held in Dallas the previous month. Mr. Long thanked Ms. Howard for all her hard work with the Task Force reporting activities to NFMC, as well as continuing to seek awards and funding for Task Force and Corporation initiatives. Mr. Sanders thanked Ms. Howard for her work.

Mr. Long then turned to the Foundations Fund and noted that the Corporation recently made an award to Self-Help Housing of East Texas for \$50,000. Mr. Long recalled that the awards made during this funding cycle of the Texas Foundations Fund would be used for rehab and reconstruction of homes damaged by Hurricane Ike and Dolly. Mr. Long reported that of the \$250,000 in funding available under this funding cycle, \$200,000 in awards had been made. Mr. Sanders inquired about what happened if a recipient of the funding wasn't about to utilize the funding. Mr. Long explained that the funds would then be returned to the Corporation. Mr. Long stated that thru the review process a strong effort was made to ensure that awards were made to entities with proven track records and the capacity to complete the proposed projects. Mr. Dubbelde added that a Grant Agreement between the Corporation and the recipient stated the recipient would return the funds if not used for the grant's purpose.

Mr. Long referred the Board to the program area reports. Mr. Long addressed the MCC program, noting that it was almost out of funds. Mr. Long reported that staff was working with the Corporation's professionals and the Bond Review Board to issue more funding for the program. Mr. Long turned to the Asset Oversight and Compliance reports. Ms. Schildmier informed the Board that at the time the report was compiled Summer Oaks, Willowick and Aguila Oaks were out of compliance with their set aside requirements. Ms. Schildmier stated that Aguila Oaks was now back in compliance. She also informed the Board that Summer Oaks and Willowick had been sent the proper documentation notifying them that they were in default. Ms. Schildmier then turned to the Resident Services Report and noted that all properties were meeting the required number of services per quarter. Mr. Sanders inquired about who funded the services and Ms. Schildmier reported that the properties paid for the services or they were sponsored by other organizations. Discussion followed on the services provided and how they were documented.

Mr. Long then turned to the monthly investment and budget report. Mr. Long informed the Board that there had been no major changes for the period ending March 31, 2009. Discussion followed regarding the Audit Committee – when they met and what they reviewed. Mr. Lawrence briefly turned to the income statement and noted that there was a net gain of \$12

million due to the net increase in fair value of investments. Mr. Sanders requested a flow chart that showed changes in revenues and expenses over the years that the Corporation had been in existence. Discussion followed.

Mr. Jones referred back to legislative session and inquired about the letter from the FB Heron Foundation. Mr. Long explained that the letter was sent to the Sunset Commission and supported a longer period between sunset reviews because it would make the Corporation more attractive to invest in and give grants to. Mr. Long also informed the board of a letter from Neighborworks that highlighted the Corporation's capacity as a non-profit entity. Mr. Long briefly discussed the ACT program and the Corporation's ability to purchase foreclosed properties that could then be sold as affordable housing. Discussion followed about the letters and also about current Sunset legislation.

Open Meeting

After discussion amongst the members, it was determined that the next board meeting would take place on July 10, 2009 at 1:30pm.

Adjournment

Mr. Sanders made a motion to adjourn the Board Meeting. Motion passed unanimously. The meeting officially adjourned at 2:17 pm.

Respectfully submitted by _____
Laura Ross, Corporate Secretary

Tab 2

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

Discussion

Tab 3

Discussion and Possible Approval of Audit Committee Membership.

Discussion



Development Finance Programs Report

July 8, 2009

Agenda Item:

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

Summary:

The Willows Apartment project is a 64 unit new construction housing development being proposed by the Mary Lee Foundation in Austin, Texas. The development will be built on the site of an existing 10 unit apartment complex, which is currently owned and operated by the Mary Lee Foundation and located within the boundaries of Lamar Square housing campus in south Austin. The total construction cost is estimated at approximately \$4.4 million and will have financial support from the Federal Home Loan Bank of Dallas, the City of Austin and private donors. The Corporation is proposing to lend \$1.2 million for construction and long-term financing to complete the financing package.

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 Secure Connect program and its own funds in order to ensure a reasonable rate of return on its investment.

Anticipated Closing Date:

December 1, 2009

Public Benefit:

The Corporation's funds will be used to help finance the construction of 64 affordable housing units for households from 30% to 80% of the area median income ("AMI"). The Mary Lee Foundation has provided housing to very-low and extremely low-income households for more than 46 years in Austin. The Willows will allow Mary Lee to significantly increase the number and quality of affordable housing for families and individual at-risk of homelessness in the community.

Public Comment:

The Mary Lee Foundation has a long track record of building community support for their developments. Mary Lee has submitted support letters from public official and surrounding neighborhood organizations.

Financial Summary:

The Mary Lee Foundation has requested a loan from the Corporation in the amount of \$1.2 million. Loan funds will be used for both construction and long-term financing for the development. The Willows has already received commitments from the Austin Housing Finance Corporation for \$2.25 million and a grant from the Federal Home Loan Bank of Dallas's Affordable Housing Program for \$500,000. The Corporation's loan will be in a first lien position.



Development Finance Programs Report

July 8, 2009

The total development cost of \$4.4 million dollars is considered reasonable given the size and nature of the development. The development will consist of one four story building with additional space for community activities, supportive services and leasing offices. Although the existing site does have ten units of affordable housing, all current tenants will be relocated to new units in adjacent housing developments.

Cash flow projections for the development are very strong. Mary Lee enjoys 100% tax exemption status from the City of Austin and local taxing authorities, and maintains a very efficient system for funding raising to support ongoing activities and tenant supportive services. Operating costs for the development are well below regional averages, however Mary Lee has supported their estimates with sufficient documentation from their other housing developments to support their operating assumptions. Staff believes that the fact that Mary Lee controls all of the adjacent housing developments creates very significant efficiencies in their maintenance and operations staffing.

The additional financing for The Willows from the Austin Housing Financing Corporation will be in the form of a 40 years deferred forgivable loan in second lien position. The Federal Home Loan Bank of Dallas has approved a \$500,000 grant, and the Mary Lee Foundation is raising an additional \$259,000 in grant funds to complete the long-term financing for the project. The Corporation's loan represents only 27.5% of the total financing.

The Corporation's loan commitment will be contingent on Mary Lee's ability to raise an additional \$259,000 in grant equity for the project prior to closing. The Mary Lee Foundation has demonstrated a strong history of fund raising for capital improvements over the past 46 years. Additional conditions to the loan commitment include:

- ☐ The loan term shall be 15 years with a 30 year amortization period;
- ☐ The interest rate shall be set to .25% above the 15 year rate for Federal Home Loan Bank's Secure Connect Interest notes;
- ☐ A 1% closing fee will be due at closing; and
- ☐ Closing by all other funders must at or before the closing of the Corporation's loan.

Market Conditions:

The Austin metropolitan market area has a population over 1.4 million person, according to recent census estimates. Although The Willows will target very-low and extremely low-income households, market surveys and news paper reports note that housing availability for households at or below 50% AMI for Austin is very poor. The Mary Lee Foundation also maintains waiting lists in excess of the 64 units that will become available once development is completed.

Staff also contacted similar projects in the Austin area that provide housing to persons and families at risk of homelessness. All programs contacted noted significant waiting lists of persons that could not be served by the current inventory of Single Room Occupancy and Section 8 housing units in Austin.



Development Finance Programs Report

July 8, 2009

The location of the Willows is in an area with a very high median income, making the development an excellent opportunity to locate affordable housing in an underserved market area. Additionally, Staff's assessment of completed value for the project is significantly higher than the Corporation's investment and provides more than adequate collateral.

Borrower Summary:

For forty-six years, the Mary Lee Foundation has managed multifamily housing and provided supportive services to low-income households in Austin, Texas. Mary Lee services more than 350 persons annually, manages more than 173 units of housing and has built more than 88 units of affordable housing since 2003. Mary Lee has extensive experience in managing construction projects involving federal oversight and has a clear internal auditing process that can ensure compliance with the Corporation's development standards.

Affordability:

The Willows Apartments is targeted to households and individuals at risk of homelessness. Half of all units will be affordable to households at 30% of less than the AMI. An additional 44% of units will be affordable to very-low income households at 50% AMI, with the remaining units affordable to households at 80% AMI. The Corporation will require a minimum affordability term of 30 years for its interest in the project.

Resident Services:

Residents at The Willows will have access to all of the supportive services provided to residents on the Mary Lee campus. Clients will have access to a variety of standard tenant supportive services including computer education, job training and educational classes. More direct case management services are available to tenants with disabilities or medical conditions for an additional fee, or is provided under Medicare/Medicaid contracts. All of Mary Lee's supportive services centers are located in the Lamar Square campus.

Fees:

The Corporation will collect a commitment fee of \$1,000 upon execution of the loan commitment and an additional closing fee of \$12,000 upon closing.

Recommendation:

Staff recommends that the Board approve a loan under the Multifamily Direct Lending Program to the Mary Lee Foundation for the Willows Apartments, in an amount not to exceed \$1.2 million.

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 **Mary Lee Community**
Project Name **The Willows**

Number of Units **64**
Number of Buildings **1**

Location

Address **1330 & 1332 Lamar Square Drive**
City **Austin** State **TX** Zip **78704**
Census Tract **13.03** County **Travis**

Contact Person

Name **Becca Bruce Dobberfuhl**
Phone **512-633-8359** Fax
Email **vacridevelopment@gmail.com**

Financing Participants

Name of Source	Amount	Lien Position	Hard or Soft	% of Total
Austin Housing Finance Corp	\$ 2,250,000	2	soft	50.69%
TSAHC Direct Loan	\$ 1,200,000	1	Hard	27.03%
Federal Home Loan Bank Dallas	\$ 500,000			11.26%
Mary Lee Foundation/Fundraising	\$ 229,650			5.17%
	\$ -			0.00%
				0.00%
Gap	\$ 259,150			5.84%
Deferred Developer Fee	\$ -			0.00%
Developer Equity	\$ -			0.00%
Totals	\$ 4,438,800			100%

Texas State Affordable Housing Corporation
Underwriting Analysis

Operating Proforma

Applicant Mary Lee Community

Project Name The Willows

Number of Units

Residential Income

Unit type	Unit size	Rent	# Units	MOI income	MOI ratio	Initial	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 10	Year 15
EFF-30%MI	330	\$ 335.00	28	\$ 9,380	1.03	9688.00	\$ 112,560	\$ 115,937	\$ 119,415	\$ 122,997	\$ 126,687	\$ 130,488	\$ 146,865	\$ 170,257
EFF-30%MI	330	\$ 600.00	6	\$ 3,600	1.03	3621.00	\$ 43,200	\$ 44,496	\$ 45,831	\$ 47,206	\$ 48,622	\$ 50,081	\$ 56,366	\$ 65,344
EFF-30%MI	330	\$ 400.00	18	\$ 7,200	1.03	10836.00	\$ 86,400	\$ 88,992	\$ 91,682	\$ 94,412	\$ 97,244	\$ 100,161	\$ 112,732	\$ 130,688
EFF-30%MI	550	\$ 350.00	4	\$ 1,400	1.03	357.00	\$ 16,800	\$ 17,304	\$ 17,823	\$ 18,358	\$ 18,909	\$ 19,476	\$ 21,920	\$ 25,412
EFF-30%MI	550	\$ 650.00	4	\$ 2,620	1.03	2,624.00	\$ 30,240	\$ 31,147	\$ 32,082	\$ 33,044	\$ 34,035	\$ 35,056	\$ 39,456	\$ 45,741
EFF-30%MI	750	\$ 800.00	4	\$ 3,200	1.03	4,984.00	\$ 38,400	\$ 39,552	\$ 40,739	\$ 41,961	\$ 43,220	\$ 44,516	\$ 50,103	\$ 58,063
EFF-30%MI	750	\$ 1,000.00	4	\$ 4,000	1.03	6,000.00	\$ 48,000	\$ 49,440	\$ 50,928	\$ 52,464	\$ 54,048	\$ 55,680	\$ 62,400	\$ 72,000
EFF-30%MI	750	\$ 1,200.00	4	\$ 4,800	1.03	7,200.00	\$ 57,600	\$ 59,232	\$ 60,912	\$ 62,640	\$ 64,416	\$ 66,240	\$ 74,400	\$ 86,400
EFF-30%MI	750	\$ 1,400.00	4	\$ 5,600	1.03	8,400.00	\$ 67,200	\$ 69,024	\$ 70,896	\$ 72,816	\$ 74,784	\$ 76,800	\$ 86,400	\$ 100,800
EFF-30%MI	750	\$ 1,600.00	4	\$ 6,400	1.03	9,600.00	\$ 76,800	\$ 78,768	\$ 80,784	\$ 82,848	\$ 84,960	\$ 87,120	\$ 98,400	\$ 115,200
EFF-30%MI	750	\$ 1,800.00	4	\$ 7,200	1.03	10,800.00	\$ 86,400	\$ 88,512	\$ 90,672	\$ 92,880	\$ 95,136	\$ 97,440	\$ 110,400	\$ 130,800
EFF-30%MI	750	\$ 2,000.00	4	\$ 8,000	1.03	12,000.00	\$ 96,000	\$ 98,208	\$ 100,464	\$ 102,768	\$ 105,120	\$ 107,520	\$ 122,400	\$ 145,200
EFF-30%MI	750	\$ 2,200.00	4	\$ 8,800	1.03	13,200.00	\$ 105,600	\$ 107,968	\$ 110,384	\$ 112,848	\$ 115,360	\$ 117,920	\$ 133,600	\$ 158,400
EFF-30%MI	750	\$ 2,400.00	4	\$ 9,600	1.03	14,400.00	\$ 115,200	\$ 117,744	\$ 120,336	\$ 122,976	\$ 125,664	\$ 128,400	\$ 145,200	\$ 172,800
EFF-30%MI	750	\$ 2,600.00	4	\$ 10,400	1.03	15,600.00	\$ 124,800	\$ 127,504	\$ 130,256	\$ 133,056	\$ 135,904	\$ 138,800	\$ 156,000	\$ 187,200
EFF-30%MI	750	\$ 2,800.00	4	\$ 11,200	1.03	16,800.00	\$ 134,400	\$ 137,296	\$ 140,240	\$ 143,232	\$ 146,272	\$ 149,360	\$ 168,000	\$ 201,600
EFF-30%MI	750	\$ 3,000.00	4	\$ 12,000	1.03	18,000.00	\$ 144,000	\$ 147,072	\$ 150,208	\$ 153,396	\$ 156,636	\$ 159,928	\$ 180,000	\$ 216,000
EFF-30%MI	750	\$ 3,200.00	4	\$ 12,800	1.03	19,200.00	\$ 153,600	\$ 156,816	\$ 160,080	\$ 163,392	\$ 166,752	\$ 170,160	\$ 192,000	\$ 230,400
EFF-30%MI	750	\$ 3,400.00	4	\$ 13,600	1.03	20,400.00	\$ 163,200	\$ 166,544	\$ 169,936	\$ 173,376	\$ 176,864	\$ 180,400	\$ 204,000	\$ 249,600
EFF-30%MI	750	\$ 3,600.00	4	\$ 14,400	1.03	21,600.00	\$ 172,800	\$ 176,288	\$ 179,824	\$ 183,408	\$ 187,040	\$ 190,720	\$ 216,000	\$ 264,000
EFF-30%MI	750	\$ 3,800.00	4	\$ 15,200	1.03	22,800.00	\$ 182,400	\$ 186,032	\$ 189,712	\$ 193,440	\$ 197,216	\$ 201,040	\$ 228,000	\$ 278,400
EFF-30%MI	750	\$ 4,000.00	4	\$ 16,000	1.03	24,000.00	\$ 192,000	\$ 195,792	\$ 199,632	\$ 203,516	\$ 207,444	\$ 211,416	\$ 240,000	\$ 292,800
EFF-30%MI	750	\$ 4,200.00	4	\$ 16,800	1.03	25,200.00	\$ 201,600	\$ 205,536	\$ 209,520	\$ 213,552	\$ 217,632	\$ 221,760	\$ 252,000	\$ 307,200
EFF-30%MI	750	\$ 4,400.00	4	\$ 17,600	1.03	26,400.00	\$ 211,200	\$ 215,328	\$ 219,504	\$ 223,736	\$ 228,016	\$ 232,344	\$ 264,000	\$ 321,600
EFF-30%MI	750	\$ 4,600.00	4	\$ 18,400	1.03	27,600.00	\$ 220,800	\$ 225,072	\$ 229,408	\$ 233,796	\$ 238,232	\$ 242,712	\$ 276,000	\$ 336,000
EFF-30%MI	750	\$ 4,800.00	4	\$ 19,200	1.03	28,800.00	\$ 230,400	\$ 234,816	\$ 239,280	\$ 243,792	\$ 248,352	\$ 252,960	\$ 288,000	\$ 352,800
EFF-30%MI	750	\$ 5,000.00	4	\$ 20,000	1.03	30,000.00	\$ 240,000	\$ 245,008	\$ 250,064	\$ 255,168	\$ 260,320	\$ 265,520	\$ 300,000	\$ 370,200
EFF-30%MI	750	\$ 5,200.00	4	\$ 20,800	1.03	31,200.00	\$ 249,600	\$ 254,736	\$ 259,920	\$ 265,160	\$ 270,448	\$ 275,784	\$ 312,000	\$ 384,000
EFF-30%MI	750	\$ 5,400.00	4	\$ 21,600	1.03	32,400.00	\$ 259,200	\$ 264,528	\$ 269,904	\$ 275,336	\$ 280,816	\$ 286,344	\$ 324,000	\$ 400,800
EFF-30%MI	750	\$ 5,600.00	4	\$ 22,400	1.03	33,600.00	\$ 268,800	\$ 274,272	\$ 279,792	\$ 285,360	\$ 290,976	\$ 296,640	\$ 336,000	\$ 417,600
EFF-30%MI	750	\$ 5,800.00	4	\$ 23,200	1.03	34,800.00	\$ 278,400	\$ 284,032	\$ 289,712	\$ 295,440	\$ 301,216	\$ 307,040	\$ 348,000	\$ 434,400
EFF-30%MI	750	\$ 6,000.00	4	\$ 24,000	1.03	36,000.00	\$ 288,000	\$ 293,792	\$ 299,632	\$ 305,516	\$ 311,444	\$ 317,416	\$ 358,400	\$ 451,200
EFF-30%MI	750	\$ 6,200.00	4	\$ 24,800	1.03	37,200.00	\$ 297,600	\$ 303,504	\$ 309,456	\$ 315,456	\$ 321,504	\$ 327,600	\$ 369,600	\$ 468,000
EFF-30%MI	750	\$ 6,400.00	4	\$ 25,600	1.03	38,400.00	\$ 307,200	\$ 313,248	\$ 319,344	\$ 325,488	\$ 331,680	\$ 337,920	\$ 381,600	\$ 484,800
EFF-30%MI	750	\$ 6,600.00	4	\$ 26,400	1.03	39,600.00	\$ 316,800	\$ 322,992	\$ 329,232	\$ 335,516	\$ 341,844	\$ 348,216	\$ 392,400	\$ 501,600
EFF-30%MI	750	\$ 6,800.00	4	\$ 27,200	1.03	40,800.00	\$ 326,400	\$ 332,736	\$ 339,120	\$ 345,552	\$ 352,032	\$ 358,560	\$ 403,200	\$ 518,400
EFF-30%MI	750	\$ 7,000.00	4	\$ 28,000	1.03	42,000.00	\$ 336,000	\$ 342,480	\$ 348,960	\$ 355,488	\$ 362,064	\$ 368,688	\$ 414,400	\$ 535,200
EFF-30%MI	750	\$ 7,200.00	4	\$ 28,800	1.03	43,200.00	\$ 345,600	\$ 352,224	\$ 358,848	\$ 365,516	\$ 372,232	\$ 378,992	\$ 425,600	\$ 552,000
EFF-30%MI	750	\$ 7,400.00	4	\$ 29,600	1.03	44,400.00	\$ 355,200	\$ 361,968	\$ 368,736	\$ 375,552	\$ 382,416	\$ 389,328	\$ 436,800	\$ 568,800
EFF-30%MI	750	\$ 7,600.00	4	\$ 30,400	1.03	45,600.00	\$ 364,800	\$ 371,712	\$ 378,624	\$ 385,584	\$ 392,592	\$ 399,648	\$ 448,000	\$ 585,600
EFF-30%MI	750	\$ 7,800.00	4	\$ 31,200	1.03	46,800.00	\$ 374,400	\$ 381,456	\$ 388,512	\$ 395,616	\$ 402,768	\$ 409,968	\$ 459,200	\$ 602,400
EFF-30%MI	750	\$ 8,000.00	4	\$ 32,000	1.03	48,000.00	\$ 384,000	\$ 391,200	\$ 398,400	\$ 405,648	\$ 412,944	\$ 420,288	\$ 470,400	\$ 619,200
EFF-30%MI	750	\$ 8,200.00	4	\$ 32,800	1.03	49,200.00	\$ 393,600	\$ 400,944	\$ 408,288	\$ 415,680	\$ 423,120	\$ 430,608	\$ 480,800	\$ 636,000
EFF-30%MI	750	\$ 8,400.00	4	\$ 33,600	1.03	50,400.00	\$ 403,200	\$ 410,688	\$ 418,224	\$ 425,808	\$ 433,440	\$ 441,120	\$ 491,200	\$ 652,800
EFF-30%MI	750	\$ 8,600.00	4	\$ 34,400	1.03	51,600.00	\$ 412,800	\$ 420,432	\$ 428,112	\$ 435,840	\$ 443,616	\$ 451,440	\$ 501,600	\$ 669,600
EFF-30%MI	750	\$ 8,800.00	4	\$ 35,200	1.03	52,800.00	\$ 422,400	\$ 430,192	\$ 438,032	\$ 445,920	\$ 453,856	\$ 461,840	\$ 512,000	\$ 686,400
EFF-30%MI	750	\$ 9,000.00	4	\$ 36,000	1.03	54,000.00	\$ 432,000	\$ 440,000	\$ 448,040	\$ 456,120	\$ 464,240	\$ 472,400	\$ 522,400	\$ 703,200
EFF-30%MI	750	\$ 9,200.00	4	\$ 36,800	1.03	55,200.00	\$ 441,600	\$ 449,744	\$ 457,936	\$ 466,176	\$ 474,464	\$ 482,800	\$ 532,800	\$ 720,000
EFF-30%MI	750	\$ 9,400.00	4	\$ 37,600	1.03	56,400.00	\$ 451,200	\$ 459,504	\$ 467,856	\$ 476,256	\$ 484,704	\$ 493,200	\$ 544,000	\$ 736,800
EFF-30%MI	750	\$ 9,600.00	4	\$ 38,400	1.03	57,600.00	\$ 460,800	\$ 469,248	\$ 477,704	\$ 486,208	\$ 494,760	\$ 503,360	\$ 554,400	\$ 753,600
EFF-30%MI	750	\$ 9,800.00	4	\$ 39,200	1.03	58,800.00	\$ 470,400	\$ 479,008	\$ 487,616	\$ 496,272	\$ 504,976	\$ 513,728	\$ 564,800	\$ 770,400
EFF-30%MI	750	\$ 10,000.00	4	\$ 40,000	1.03	60,000.00	\$ 480,000	\$ 488,736	\$ 497,520	\$ 506,352	\$ 515,232	\$ 524,160	\$ 576,000	\$ 787,200
EFF-30%MI	750	\$ 10,200.00	4	\$ 40,800	1.03	61,200.00	\$ 489,600	\$ 498,480	\$ 507,408	\$ 516,384	\$ 525,408	\$ 534,480	\$ 586,400	\$ 804,000
EFF-30%MI	750	\$ 10,400.00	4	\$ 41,600	1.03	62,400.00	\$ 499,200	\$ 508,224	\$ 517,304	\$ 526,432	\$ 535,608	\$ 544,832	\$ 596,800	\$ 820,800
EFF-30%MI	750	\$ 10,600.00	4	\$ 42,400	1.03	63,600.00	\$ 508,800	\$ 517,968	\$ 527,136	\$ 536,352	\$ 545,616	\$ 554,928	\$ 607,200	\$ 837,600
EFF-30%MI	750	\$ 10,800.00	4	\$ 43,200	1.03	64,800.00	\$ 518,400	\$ 527,712	\$ 536,976	\$ 546,288	\$ 555,648	\$ 565,056	\$ 617,600	\$ 854,400
EFF-30%MI	750	\$ 11,000.00	4	\$ 44,000	1.03	66,000.00	\$ 528,000	\$ 537,408	\$ 546,816	\$ 556,272	\$ 565,776	\$ 575,328	\$ 628,000	\$ 871,200
EFF-30%MI	750	\$ 11,200.00	4	\$ 44,800	1.03	67,200.00	\$ 537,600	\$ 547,152	\$ 556,656	\$ 566,208	\$ 575,808	\$ 585,456	\$ 638,400	\$ 888,000
EFF-30%MI	750	\$ 11,400.00	4	\$ 45,600	1.03	68,400.00	\$ 547,200	\$ 556,896	\$ 566,496	\$ 576,144	\$ 585,840	\$ 595,584	\$ 648,800	\$ 904,800
EFF-30%MI	750	\$ 11,600.00	4	\$ 46,400	1.03	69,600.00	\$ 556,800	\$ 566,608	\$ 576,216	\$ 585,920	\$ 595,672	\$ 605,472	\$ 659,200	\$ 921,600
EFF-30%MI	750	\$ 11,800.00	4	\$ 47,200	1.03	70,800.00	\$ 566,400	\$ 576,336	\$ 585,944	\$ 595,656	\$ 605,416	\$ 615,224	\$ 669,600	\$ 938,400
EFF-30%MI	750	\$ 12,000.00	4	\$ 48,000	1.03	72,000.00	\$ 576,000	\$ 586,080	\$ 595,696	\$ 605,408	\$ 615,168	\$ 624,976	\$ 679,200	\$ 955,200
EFF-30%MI	750	\$ 12,200.00	4	\$ 48,800	1.03	73,200.00	\$ 585,600	\$ 595,824	\$ 605,440	\$ 615,216	\$ 624,992	\$ 634,816	\$ 689,600	\$ 972,000
EFF-30%MI	750	\$ 12,400.00	4	\$ 49,600	1.03	74,400.00	\$ 595,200	\$ 605,584	\$ 615,296	\$ 625,056	\$ 634,864	\$ 644,720	\$ 699,200	\$ 988,800
EFF-30%MI	750	\$ 12,600.00	4	\$ 50,400	1.03	75,600.00	\$ 604,800	\$ 614,864	\$ 624,528	\$ 634,296	\$ 644,064	\$ 653,880	\$ 709,600	\$ 1,005,600
EFF-30%MI	750	\$ 12,800.00	4	\$ 51,200	1.03	76,800.00	\$ 614,400	\$ 624,672	\$ 634,336	\$ 644,104	\$ 653,872	\$ 663,696	\$ 719,200	\$ 1,022,400
EFF-30%MI	750	\$ 13,000.00	4	\$ 52,000	1.03	78,000.00	\$ 624,000	\$ 634,176	\$ 643,840	\$ 653,608	\$ 663,376	\$ 673,192	\$ 729,600	\$ 1,039,200
EFF-30%MI	750	\$ 13,200.00	4	\$ 52,800	1.03	79,200.00	\$ 633,600	\$ 643,896	\$ 653,560	\$ 663,376	\$ 673,192	\$ 683,056	\$ 739	

Commercial Income

	\$C17	\$E33	# TRCLD
Tenant one:			
Tenant two:			
Tenant three:			
Tenant four:			
Potential gross income			
Commercial vacancy loss			
Effective Gross Commercial Income			
EFFECTIVE GROSS INCOME			

Texas State Affordable Housing Corporation

Underwriting Analysis

Operating Expenses

	Year 1	\$/EGI	Per Unit	Inflator
General & Administrative	\$ 7,000	2.30	\$ 109	1.04
Management Fee	\$ 15,200	4.98	\$ 238	1.04
Payroll and Related	\$ 61,200	20.07	\$ 956	1.04
Utilities	\$ 36,160	11.86	\$ 565	1.04
Maintenance & Repair	\$ 13,920	4.57	\$ 218	1.04
Taxes	\$ 15,000	4.92	\$ 234	1.04
Insurance	\$ 11,700	3.84	\$ 183	1.04
Operating Debt Service Reserves		0.00	\$ -	1.04
Replacement reserves	\$ 16,000	5.25	\$ 250	1.04
Resident Services Fee		0.00	\$ -	1.04
Asset/Compliance Fees	\$ 2,890	0.94	\$ 45	1.04
Other (specify):	\$ 18,840	6.18	\$ 294	1.04
Total Operating Expenses			\$ 3,092.19	
per unit				
Regional Avg.			\$ -	
Operating Expenses as a percentage of Effective Gross Income				

\$ 197,900

NET OPERATING INCOME

166,994.08

PRIMARY DEBT SERVICE

	Principal	Rate	Amort Period
ISAHC Direct Loan	\$ 1,200,000	5.30%	30
Total Primary Debt	\$ 1,200,000		
ISAHC Issuer Fee			
Net Cashflow After Primary Debt			
DSCR Primary Debt			

SOFT SUBORDINATE DEBT & EQUITY

Austin Housing Finance Corp.	\$ 2,250,000	0.00%	41
	\$ -	0.00%	0
	\$ -	0.00%	0
	\$ -	0.00%	0
	\$ -	0.00%	0
	\$ -	0.00%	0
Total Secondary Debt	\$ 2,250,000		

Total Debt Service
Cash Flow After Soft Subordinate Payments
DSCR total

Estimated Cap Rate	10.00%
Market Rate Adjustment Factor	0.17
Estimated value of completed real estate	\$ 6,149,833

\$ 7,000	\$ 7,280	\$ 7,571	\$ 7,874	\$ 8,189	\$ 8,517	\$ 9,963	\$ 12,122
\$ 15,200	\$ 15,808	\$ 16,440	\$ 17,098	\$ 17,782	\$ 18,493	\$ 21,634	\$ 26,321
\$ 61,200	\$ 63,648	\$ 66,194	\$ 68,842	\$ 71,595	\$ 74,439	\$ 87,107	\$ 105,979
\$ 36,160	\$ 37,606	\$ 39,111	\$ 40,675	\$ 42,302	\$ 43,994	\$ 51,467	\$ 62,617
\$ 13,920	\$ 14,477	\$ 15,056	\$ 15,658	\$ 16,284	\$ 16,936	\$ 19,813	\$ 24,105
\$ 15,000	\$ 15,600	\$ 16,224	\$ 16,873	\$ 17,548	\$ 18,250	\$ 21,350	\$ 25,975
\$ 11,700	\$ 12,168	\$ 12,655	\$ 13,161	\$ 13,687	\$ 14,235	\$ 16,653	\$ 20,261
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 16,000	\$ 16,640	\$ 17,306	\$ 17,998	\$ 18,718	\$ 19,466	\$ 22,773	\$ 27,707
\$ 2,890	\$ 2,995	\$ 3,115	\$ 3,240	\$ 3,369	\$ 3,504	\$ 4,099	\$ 4,987
\$ 18,840	\$ 19,594	\$ 20,377	\$ 21,192	\$ 22,040	\$ 22,922	\$ 26,815	\$ 32,625
\$ 197,900	\$ 205,816	\$ 214,049	\$ 222,611	\$ 231,515	\$ 240,776	\$ 281,673	\$ 342,699
\$ 3,092	\$ 3,216	\$ 3,345	\$ 3,478	\$ 3,617	\$ 3,762	\$ 4,401	\$ 5,355
64.9%	65.5%	66.2%	66.8%	67.5%	68.1%	70.6%	74.3%
\$107,025	\$108,257	\$109,446	\$110,589	\$111,681	\$112,716	\$116,184	\$118,527

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 10	Year 15
\$ 79,964	\$ 79,964	\$ 79,964	\$ 79,964	\$ 79,964	\$ 79,964	\$ 79,964	\$ 79,964
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 79,964	\$ 79,964	\$ 79,964	\$ 79,964	\$ 79,964	\$ 79,964	\$ 79,964	\$ 79,964
\$ 27,061	\$ 28,293	\$ 29,482	\$ 30,625	\$ 31,717	\$ 32,752	\$ 36,220	\$ 38,563
1.34	1.35	1.37	1.38	1.40	1.41	1.45	1.48

\$ 27,061	\$ 28,293	\$ 29,482	\$ 30,625	\$ 31,717	\$ 32,752	\$ 36,220	\$ 38,563
\$ 2,250,000	\$ 2,221,707	\$ 2,192,225	\$ 2,161,600	\$ 2,129,883	\$ 2,097,131	\$ 1,957,087	\$ 1,767,917
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 27,061	\$ 28,293	\$ 29,482	\$ 30,625	\$ 31,717	\$ 32,752	\$ 36,220	\$ 38,563
\$ 107,025	\$ 108,257	\$ 109,446	\$ 110,589	\$ 111,681	\$ 112,716	\$ 116,184	\$ 118,527
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Texas State Affordable Housing Corporation

Underwriting Analysis

Development Cost Estimates

Applicant	Mary Lee Community
Project Name	The Willows
Number of Units	64

	Total Cost	Cost Per Unit	% of Total Costs
Acquisition			
Site acquisition cost	\$ -	\$ -	0%
Existing building acquisition cost	\$ 183,600	\$ 2,869	4%
Closing costs & acq. legal fees	\$ 6,000	\$ 94	0%
Other ² (specify)		\$ -	0%
Subtotal	\$ 189,600	\$ 2,963	4%
Off - Sites			
Off-site Utilities	\$ 30,000	\$ 469	1%
Off-site Streets and Roads		\$ -	0%
Other ² (specify)		\$ -	0%
Subtotal	\$ 30,000	\$ 469	1%
Site Work			
Demolition	\$ 152,250	\$ 2,379	3%
Grading	\$ 134,085	\$ 2,095	3%
Utilities	\$ 155,925	\$ 2,436	4%
Streets/Sidewalks		\$ -	0%
Landscaping	\$ 40,000	\$ 625	1%
Fencing		\$ -	0%
Other (specify)	\$ 110,000	\$ 1,719	2%
Other (specify)	\$ 50,180	\$ 784	1%
Subtotal	\$ 642,440	\$ 10,038	14%
Construction Costs			
Hard Costs	\$ 2,387,500	\$ 37,305	54%
General Requirements (6% cap)	\$ 161,430	\$ 2,522	4%
Contractor Overhead	\$ 57,580	\$ 900	1%
Contractor Profit	\$ 160,800	\$ 2,513	4%
Contingency	\$ 200,000	\$ 3,125	5%
Other (Hard Costs Not Itemized)		\$ -	0%
Other (specify)	\$ 135,000	\$ 2,109	3%
Subtotal	\$ 3,102,310	\$ 48,474	70%

Texas State Affordable Housing Corporation

Underwriting Analysis

Development Cost Estimates

Applicant	Mary Lee Community
Project Name	The Willows
Number of Units	64

	Total Cost	Cost Per Unit	% of Total Costs
Indirect and Financing Costs			
Architecture / Engineering	\$ 139,500	\$ 2,180	3%
Professional Fees	\$ 20,000	\$ 313	0%
Building permits & related costs	\$ 11,500	\$ 180	0%
Appraisal	\$ 7,500	\$ 117	0%
Market analysis		\$ -	0%
Environmental assessment	\$ 8,000	\$ 125	0%
Survey	\$ 5,000	\$ 78	0%
Marketing		\$ -	0%
Course of construction insurance	\$ 128,000	\$ 2,000	3%
Hazard & liability insurance		\$ -	0%
Real property taxes		\$ -	0%
Personal property taxes		\$ -	0%
Tenant relocation expenses	\$ 10,000	\$ 156	0%
Other ² (Compliance and Contingency)		\$ -	0%
Developer Fee (15% cap)	\$ 100,000	\$ 1,563	2%
General & administrative		\$ -	0%
Cost of financing	\$ 35,800	\$ 559	1%
Subtotal	\$ 465,300	\$ 7,270	10%
Reserves			
Rent-up		\$ -	0%
Operating	\$ 9,150	\$ 143	0%
Replacement		\$ -	0%
Escrows		\$ -	0%
Subtotal	\$ 9,150	\$ 143	0%
TOTAL DEVELOPMENT COSTS	\$ 4,438,800	\$ 69,356	100%
Less Commercial Construction		\$ -	
TOTAL RESIDENTIAL COSTS	\$ 4,438,800	\$ 69,356	

Texas State Affordable Housing Corporation

Underwriting Analysis

Summary of Sources and Uses

Applicant	Mary Lee Community
Project Name	The Willows
Number of Units	64

Sources	Amount	Amount Per Unit	Percentage of Total
Austin Housing Finance Corp	\$ 2,250,000	\$ 35,156	51%
TSAHC Direct Loan	\$ 1,200,000	\$ 18,750	27%
Federal Home Loan Bank Dallas	\$ 500,000	\$ 7,813	11%
Mary Lee Foundation/Fundraising	\$ 229,650	\$ 3,588	5%
Deferred Developer Fee	\$ -	\$ -	0%
	\$ 259,150	\$ 4,049	
Total Sources	\$ 4,438,800	\$ 69,356	94%

Uses	Amount	Amount Per Unit	Percentage of Total
Acquisition	\$ 189,600	\$ 2,963	4%
Off-Site Construction	\$ 30,000	\$ 469	1%
On-site and Construction Costs	\$ 3,744,750	\$ 58,512	84%
Indirect Costs	\$ 329,500	\$ 5,148	7%
Financing Costs	\$ 35,800	\$ 559	1%
Reserve Accounts	\$ 9,150	\$ 143	0%
			0%
Developer Fees	\$ 100,000	\$ 1,563	2%
Total Uses	\$ 4,438,800	\$ 69,356	100%

Texas State Affordable Housing Corporation

Underwriting Analysis

Development Cost Analysis

Applicant **Mary Lee Community**
Project Name **The Willows**
Number of Units **64**

Expense Description	Total Cost	Per Unit	Per NSF
Acquisition Cost	\$ 189,600	2,963	7.41
Off-Sites	\$ 30,000	469	1.17
Sitework	\$ 642,440	10,038	25.10
Direct Construction	\$ 2,387,500	37,305	93.26
Contingency & Misc.	\$ 335,000	5,234	13.09
General Requirements	\$ 161,430	2,522	6.31
Contractor's Profit & O/H	\$ 218,380	3,412	8.53
Indirect Construction Costs	\$ 329,500	5,148	12.87
Developer's Profit	\$ 100,000	1,563	3.91
Financing (Interim)	\$ 35,800	559	1.40
Reserves	\$ 9,150	143	0.36
TOTALS	\$ 4,438,800	\$ 69,356	\$ 173

Average New Construction*	\$ 103,147	\$ 121
Average Acquisition Rehab*	\$ 72,345	\$ 85

Percent Difference from New Construction	-32.8%	42.9%
Percent Difference from Rehab	-4.1%	103.7%

Financial Ratio Analysis

This sheet contains several ratio calculations which create the basis for an analysis of an Applicant's financial status. Financial ratios are not the only means of determining the financial strength of a nonprofit entity and should be considered along with productivity, housing need and the past experience of the entity being reviewed.

Analysis for:

The Willows

The underwriter believes that the following analysis demonstrates that the applicant's financial status is sufficiently stable. The applicant's ratios are all within reasonable limits given the age of the organization, its successful management of long-term housing, and the nature of thier business model.

Data Points

Cash and Equivalents	\$ 66,749
Accounts Receivable	\$ 5,353
Fixed Assets	\$ 2,709,348
Total Assets	\$ 2,814,624
Accounts Payable	\$ 164,968
Long-term Debt	\$ 925,762
Total Liabilities	\$ 1,125,833
Total Liabilities and net	\$ 2,814,624

Rents and Income	\$ 295,206
Contribution Totals	\$ 57,717
Total Revenue	\$ 352,923

Program Expenses	\$ 299,200
Management	\$ 31,902
Other	
Total Expenses	\$ 331,102

Change in Net Assets	\$ 35,320
-----------------------------	------------------

Accounts Payable Aging Indicator

5.98

(accounts payable x 12) / total expenses

The accounts payable aging indicator may shed light upon the credit-worthiness of the organization. The lower the indicator, the faster the organization pays its bills.

Contributions and Grants Ratio

0.16

(contributions + grants) / total revenue

The contributions and grants ratio indicates the extent of the organization's dependence on voluntary support by calculating the percentage of total revenue made up by contributions and grants.

Debt Ratio

(total Liabilities / total assets)

0.40

The debt ratio indicates an organization's financial solvency by measuring the relationship of its total liabilities and debt to its total assets. Higher ratios could indicate financial problems in the future. An organization's debt ratio may be distorted if it carries a high proportion of "grants payable" or "grants receivable" on its balance sheet. Grants payable—the unpaid portion of grants and awards that the organization has committed to pay other organizations or individuals—are carried as liabilities on the balance sheet. Grants receivable—funds pledged to the organization by government agencies, foundations, and other organizations—are carried as assets on the balance sheet.

Fundraising Ratio

(contributions / total expenses)

16%

The fundraising ratio measures the relationship between fundraising expenses and the organization's total expenses. Fundraising costs are noted on Form 990 in Part I, line 15. They are not noted on Form 990-EZ. The fundraising ratio is perhaps the least useful of the ratios for several reasons. First, there is ample evidence that nonprofits do not report fundraising expenses reliably—about 60 percent of the public charities that file a Form 990 report no fundraising expenses at all. Second, unique circumstances facing a nonprofit might make its fundraising ratio higher or lower than that of another organization. For example, nonprofits that can rely largely on foundation funding will have much lower fundraising costs than organizations that must raise money through many smaller contributions.

Program Ratio

(program service expenses / total expenses)

90%

The program ratio measures the relationship between program expenses (funds a nonprofit devotes to its direct mission-related work) and the organization's total expenses. Younger organizations might have lower program ratios than more mature organizations as they set about building the infrastructure to support their mission. Also, some types of services simply require more overhead than others. Over time, organizations should strive to achieve ever-higher program ratios, devoting as many of their resources to "program activity" as possible.

Savings Ratio

(total revenue - total expenses) / total expenses

7%

The savings ratio reveals the rate of the nonprofit's savings by measuring the relationship between total annual savings and total expenses. Although the savings ratio is an important component of longevity, high ratios may indicate excessive savings. The savings ratio should be considered in combination with the liquid funds indicator. If the nonprofit has low liquid funds, a higher savings ratio may be desirable.



Development Finance Programs Report

Agenda Items July 8, 2009

Agenda Item:

Presentation, Discussion and Possible Approval of a resolution regarding the submission of an application to the U.S. Department of Housing and Urban Development for funding under the Neighborhood Stabilization Program federal competitive application round.

Summary:

The U.S. Department of Housing and Urban Development (“HUD”) has released a notice of funding availability regarding the allocation of approximately \$2 billion under the Neighborhood Stabilization Program (“NSP2”). This release of funds was authorized by the American Recovery and Reinvestment Act of 2009 as a competitive grant to address home foreclosure and abandonment and for the provision of capacity building and support for NSP grantees. Rating factors will include grantee capacity to execute projects, leveraging potential, and concentration of investment to achieve neighborhood stabilization. Grantees must expend at least 50 percent of each grant within 2 years and 100 percent within 3 years of grant award.

Staff is proposing to submit an application in order to expand financial resources for the Corporation’s Affordable Communities of Texas (“ACT”) program. Fourteen locally based nonprofit entities submitted applications to the Corporation’s ACT program and will be considered local partners for the sake of the application to the NSP2 competitive funding round. Each of the local partners have been reviewed and qualified under the Corporation’s ACT program policies.

Staff is planning to request approximately \$30 million to acquire foreclosed properties in communities serviced by the local partners. Additionally, funding will be available to demolish blighted and abandoned properties, and for program administration. The Corporation has made public notification of a public hearing to be held on July 8th, 2009 prior to the Board meeting scheduled for the same day.

A copy of the draft application is included after this summary.

Staff Recommendation:

Staff recommends approval of the resolution authorizing the submission of an application to the U.S. Department of Housing and Urban Development for funding under the Neighborhood Stabilization Program federal competitive application round.

RESOLUTION NO. 09-__

TEXAS STATE AFFORDABLE HOUSING CORPORATION

“Resolution Providing the President and the Executive Vice President with the Authority to Execute Compliance Agreements and Related Documents with Third Party Clients for the Provision of Compliance Review and Asset Oversight Services on Multifamily Portfolios with 60% or More of Their Rental Units Located Within Texas and 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, pursuant to Resolution 09-01 (the “Prior Resolution”), the Corporation established a Contract Compliance Services Program whereby the Corporation will provide compliance review and/or asset oversight services to third party clients as described in the Prior Resolution (the “Compliance Program”);

WHEREAS, in compliance 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 negotiate and execute applicable documents related to the Compliance Program for portfolio transactions (transactions including three or more multifamily housing rental projects, each a “Portfolio Transaction”) so long as sixty percent (60%) of the rental units in any Portfolio Transaction are located within the State of Texas (the “60% Threshold”);

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

Section 1. Approval of the 60% Threshold. That the Board hereby approves the 60% Threshold for Portfolio Transactions under the Compliance Program.

Section 2. Approval of Certain Actions Related to the Compliance Program. That the Board hereby authorizes the President of the Corporation and the Executive Vice President of the Corporation to pursue the activities enumerated in the Prior Resolution related to the Compliance Program so long as the 60% Threshold is maintained with respect to Portfolio Transactions.

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

Section 4. Purposes of Resolution. That the Board has expressly determined and hereby confirms that the establishment of the Compliance Program and the 60% Threshold 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 8th day of July, 2009.

TEXAS STATE AFFORDABLE HOUSING CORPORATION

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Tab 7

Presentation in Recognition of Thomas A. Leeper and his Dedication and Exemplary Service to the Texas State Affordable Housing Corporation.

Presentation